

Weekly Wrap: History rhymes, sometimes

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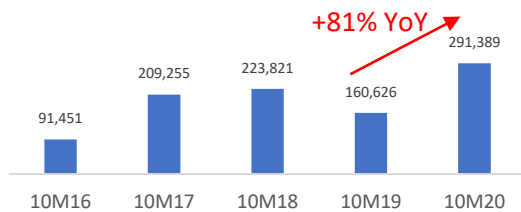
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The VNI had another solid week, rising by 3% to reach a closing high of 966 on Nov 13. This was a post-Tet high and leaves just 3.5% upside to our 1000-point index target for 2020. The mainboard again underperformed stronger weekly gains of 4-8% in the main ASEAN markets (in USD terms) but average daily turnover surged 32% to reach US\$389mn. Domestic individuals opened another 37K trading accounts in October, bringing newly opened trading accounts in the first 10 months of 2020 to a record 291K (+81% YoY).

No. of new securities accounts



Index, Flows, and FX Performance

- **VNINDEX:** 966 (+3.0% WoW / +0.6% YTD / -4.6% YoY)
- **VHINDEX:** 145 (+3.9% WoW / +41.2% YTD / +35.0% YoY)
- **UPCOM Index:** 64.7 (+1.8% WoW / +14.4% YTD / +13.9% YoY)
- **Average daily turnover:** US\$389mn (+32.1% WoW)
- **Foreigners net sold** US\$66mn of 3-index constituents
- **VND:USD rate:** 23,176 (-4bps WoW / -1bp YTD / +11bp YoY)

VN30 Components

Ticker	Closing price (VND K)	WoW chg	Cont to VN30 (WoW)	TTM PE (x)
BID	40.3	3.2%	1%	19
CTG	32.0	5.6%	6%	11
EIB	17.2	-0.6%	0%	25
FPT	53.8	2.7%	4%	13
GAS	73.5	3.8%	1%	15
HDB	25.9	3.0%	3%	8
HPG	32.0	5.1%	13%	10
KDH	24.8	0.6%	0%	12
MBB	19.3	7.2%	10%	6
MSN	90.1	0.2%	0%	45
MWVG	111.1	5.8%	8%	13
NVL	62.0	-0.2%	0%	11
PLX	48.8	1.0%	0%	71
PNJ	73.8	0.7%	0%	16
POW	10.0	2.2%	0%	15
REE	44.5	6.2%	2%	10
ROS	2.2	-0.4%	0%	--
SAB	185.0	0.5%	0%	29
SBT	16.2	6.6%	1%	23
SSI	17.8	3.8%	1%	10
STB	13.9	4.1%	4%	11
TCB	23.0	6.5%	16%	7
TCH	18.7	-0.8%	0%	7
VCB	86.9	2.2%	3%	19
VHM	78.3	3.4%	5%	11
VIC	107.4	2.2%	6%	40
VJC	112.7	6.6%	8%	--
VNM	107.4	-1.3%	-4%	22
VPB	24.5	4.3%	8%	6
VRE	27.2	6.3%	3%	27

Source: Vietnam Securities Depository, HNX, Bloomberg, Yuanta Vietnam. Pricing date: November 13, 2020.

The large cap VN30 components mostly moved higher, with 25 gainers vs just 5 losers. Breadth was similarly positive in the broader market as the VNI saw 244 gainers vs 110 losers. Full-FOL banks did well during the week, including Yuanta top pick MBB (+7.2%), as well as TCB (+6.5%) and VPB (+4.3%). The VN Diamond ETF (FUEVFNVD VN), which focuses on full-FOL shares, outperformed the broader market to close up 5.5% WoW at a record high. The ETF has gained an impressive 39.5% since its May 12 listing.

Securities trading accounts continue to soar. The VSD reported last week that another 37k new accounts were opened in October, bringing total accounts to 2.7mn and new accounts opened in the first ten months of the year to a record high of 291K (+81% YoY). Separately, the HNX reported 8,319 new derivative trading accounts in October, a new record high. Total derivative trading accounts have thus reached 154k, including 60K that were opened YTD (+132% YoY).

History doesn't repeat itself, but it often rhymes. Securities trading accounts now represent slightly less than 3% of Vietnam's population, an admittedly imperfect measure of capital markets penetration that resembles the same ratio in Taiwan in 1985. Taiwan went on to host a legendary five-year bull market/bubble that was driven by 1) a persistent and substantial current account balance, 2) martial law-era controls on cross-border capital flows, and 3) US pressure to allow the domestic currency to appreciate. Does any of that sound familiar?

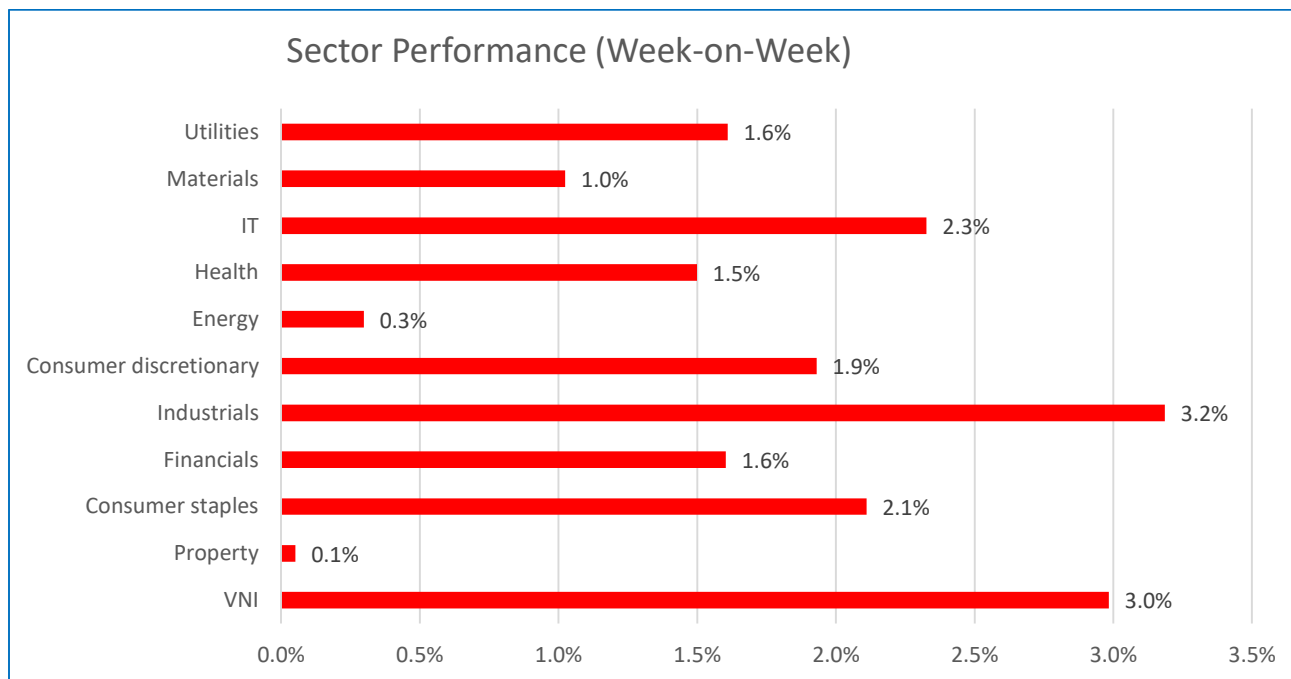
We reiterate our 1000-point index target which is just 3.5% higher – hardly a stretch at this point. More importantly, we think that surging domestic liquidity is likely to carry the market even higher heading into 1Q20; barring a widespread secondary outbreak of COVID-19, we think the VNI could push as high as 1150 points in the next six months.

Yuanta Vietnam Coverage Universe

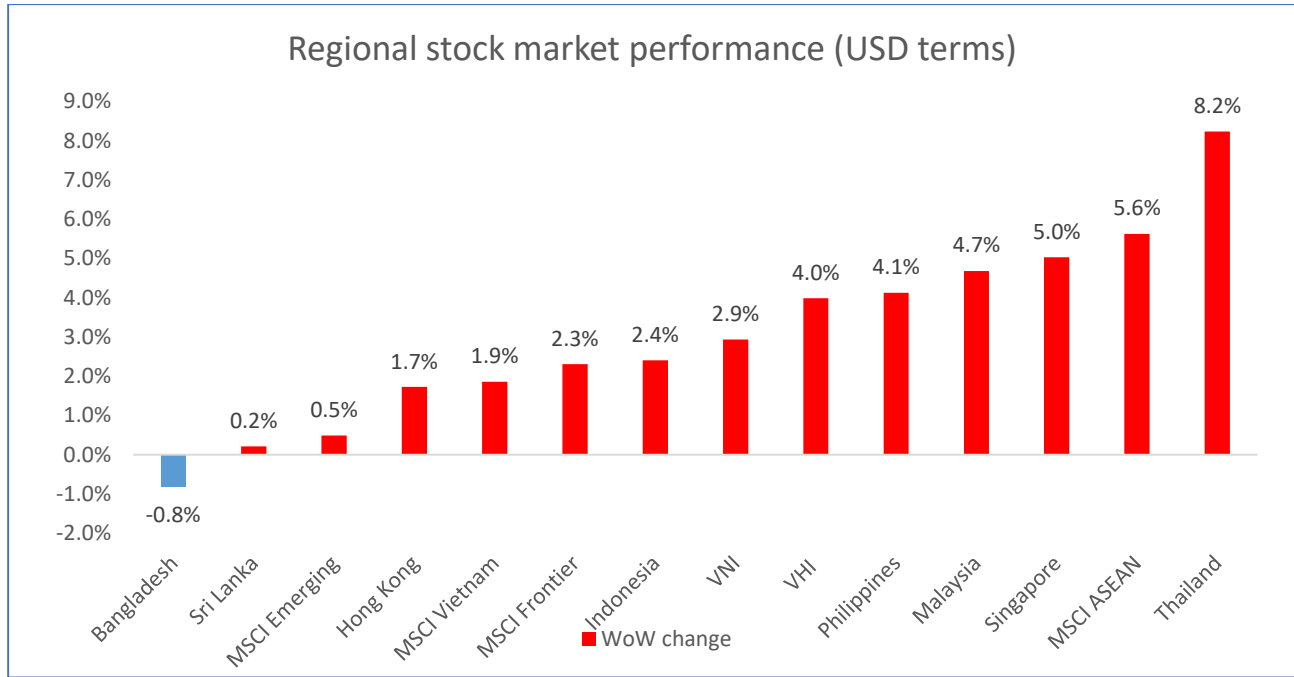
Sector	Company	Stock code	Market cap (USDm)	3-month ADT (USDm)	Yuanta Rating	Current price (VND)	Target price (VND)	Up (down) side	2020E Dividend yield	12-m TSR*
Banks	Asia Commercial Bank	ACB VN	2,472	8.6	BUY	26,500	25,690	-3%	0.0%	-3%
	BIDV	BID VN	6,994	2.9	SELL	40,300	37,300	-7%	0.0%	-7%
	HD Bank	HDB VN	1,401	1.8	HOLD-Underperform	25,850	23,820	-8%	0.0%	-8%
	MB Bank	MBB VN	2,309	5.0	BUY	19,300	22,500	17%	0.0%	17%
	Sacombank	STB VN	1,082	7.9	BUY	13,900	12,950	-7%	0.0%	-7%
	Vietcombank	VCB VN	13,907	3.8	HOLD-Underperform	86,900	75,140	-14%	0.0%	-14%
	Vietnam Prosperity Bank	VPB VN	2,577	5.7	HOLD-Underperform	24,500	22,500	-8%	0.0%	-8%
Brokers	HCM City Securities	HCM VN	301	2.6	BUY	22,900	26,532	16%	5.8%	22%
	Saigon Securities	SSI VN	462	3.8	HOLD-Outperform	17,800	18,328	3%	3.5%	6%
	Viet Capital Securities	VCI VN	301	1.4	HOLD-Underperform	42,100	26,449	-37%	2.0%	-35%
	VNDirect Securities	VND VN	156	0.8	HOLD-Underperform	17,300	13,150	-24%	4.0%	-20%
Energy	PV POW	POW VN	1,010	2.1	BUY	10,000	13,137	31%	3.0%	34%
	PV NT2	NT2 VN	288	0.2	BUY	23,200	25,181	9%	8.6%	17%
	PCC1	PC1 VN	172	0.3	BUY	24,950	24,092	-3%	0.0%	-3%
Consumer	Masan Group	MSN VN	4,567	7.4	HOLD-Outperform	90,100	84,908	-6%	0.0%	-6%
	Phu Nhuan Jewelry	PNJ VN	717	2.4	HOLD-Outperform	73,800	86,200	17%	2.7%	20%
	Digiworld	DGW VN	125	1.1	HOLD-Outperform	67,500	31,574	-53%	2.1%	-51%
Oil & GAS	PV Drilling	PVD VN	215	2.9	HOLD-Outperform	11,850	10,429	-12%	0.0%	-12%
Property	Nam Long	NLG VN	337	1.1	BUY	28,400	36,400	28%	1.8%	30%
	Novaland	NVL VN	2,637	3.6	HOLD-Outperform	62,000	65,073	5%	0.0%	5%
	Khang Dien	KDH VN	597	0.8	BUY	24,750	31,081	26%	2.0%	28%
	Vinhomes	VHM VN	11,114	7.1	BUY	78,300	94,862	21%	0.0%	21%
Transport	Airports Corp Vietnam	ACV VN	6,481	0.6	HOLD-Underperform	69,000	76,400	11%	0.7%	11%

*Notes: 1) TSR = Total shareholder return over the next 12 months inclusive of expected share price change and dividends. 2) 3-month ADT refers to matched orders and does not include put-through blocks. 3) Stock ratings and pricing data is as of close on November 13, 2020.

Source: Bloomberg, Yuanta Vietnam



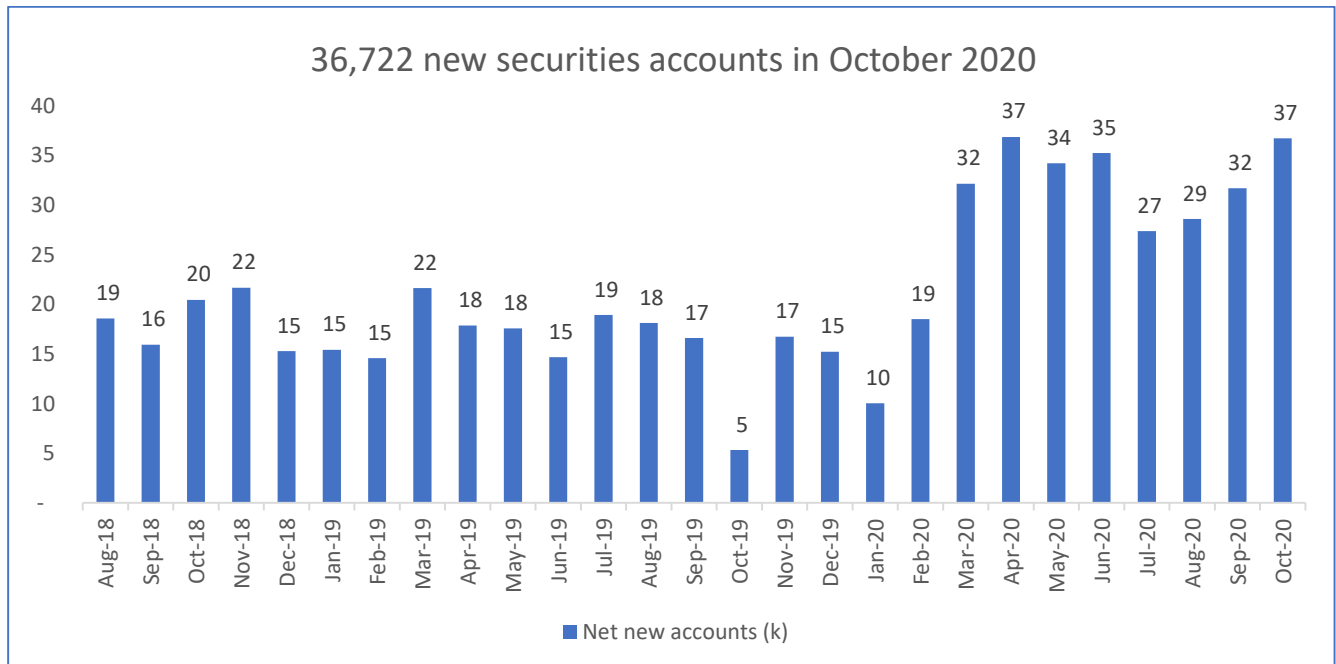
Source: Bloomberg



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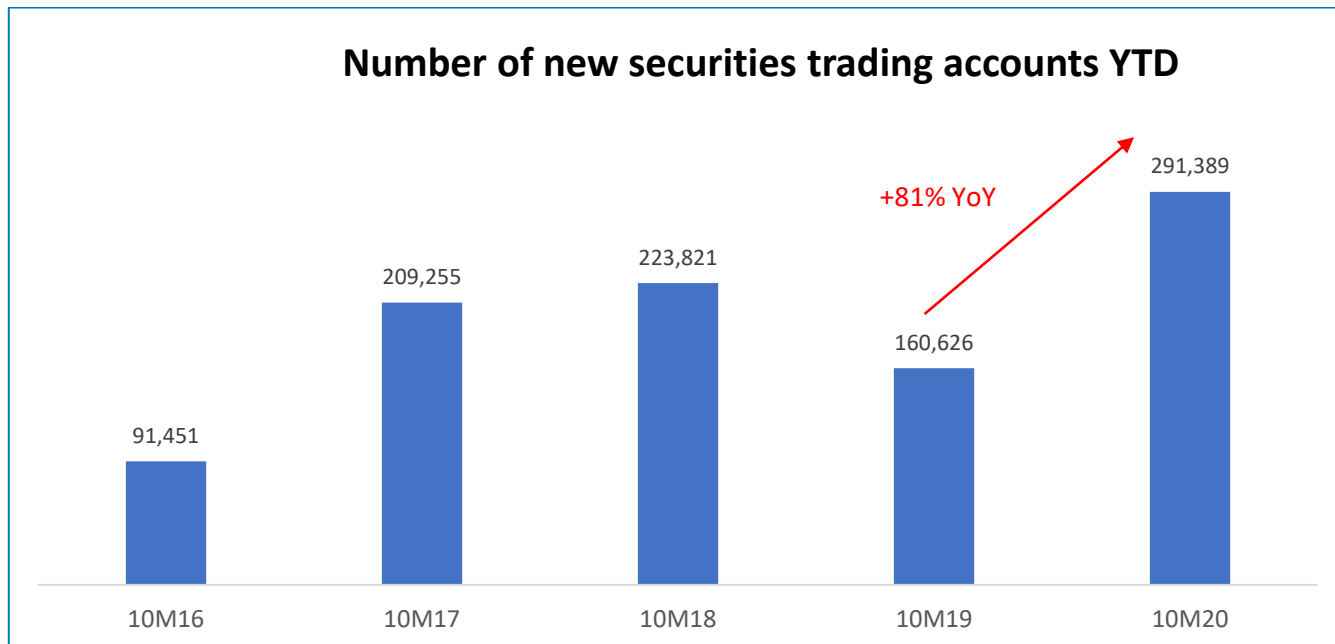
New Securities Trading Accounts Continued to Soar in October

According to the Vietnam Securities Depository, another 36,722 new securities trading accounts were opened in October, the third highest figure of any prior month for which we have the data and just slightly below April's 36,867 new accounts. Interestingly, the historical peak appears to be 41,505 new accounts in March 2018; although this marked the peak of the record bull market of 2017-18, we suspect that many of these new accounts were IPO-related as newly listed SOE employees looked to offload bonus and ESOP shares, in many cases never to return to the market.



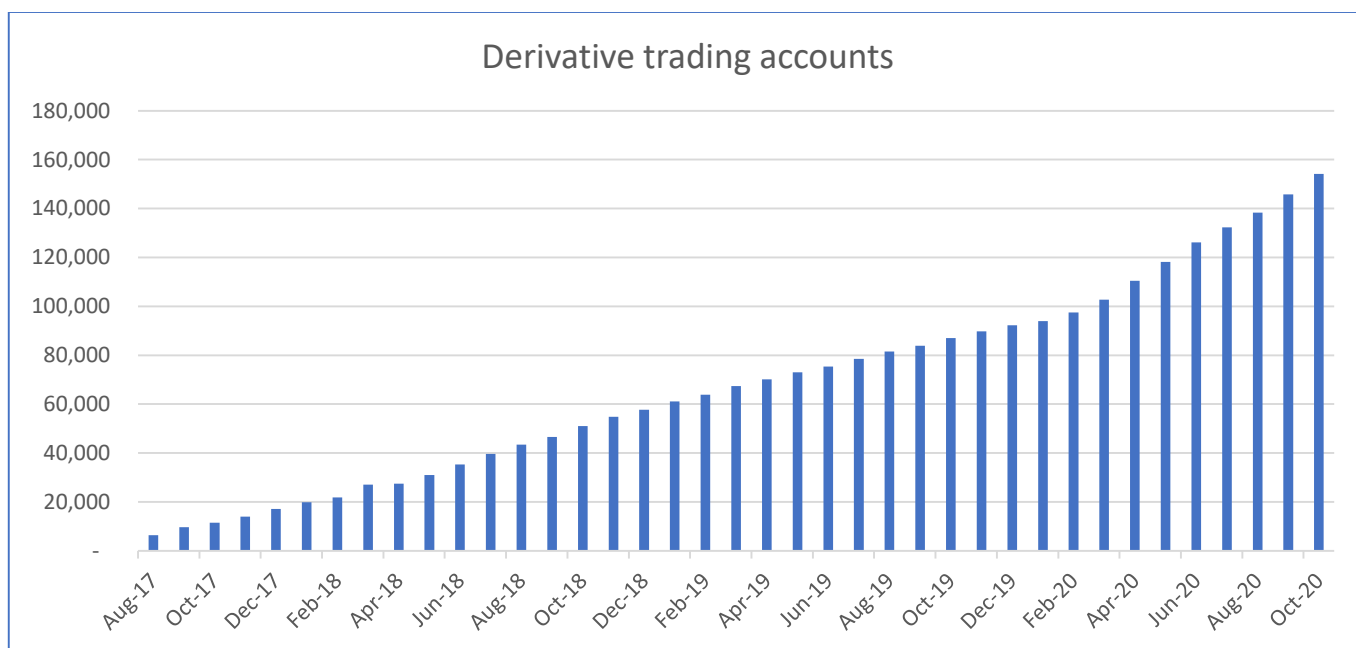
Source: Vietnam Securities Depository

In any case, the October figure brings 10M20 new accounts to 291,389 (+81% YoY), which is by far a record historical high. Total securities trading accounts have reached 2,666,283 (+1.4% QoQ / +13.8% YoY).



Source: Vietnam Securities Depository

Separately, the Hanoi Stock Exchange reported 8,319 new derivative trading accounts opened in October, which is a new record high for a product (index futures) that has only existed since 2017. Total derivative trading accounts have thus reached 154k, including 60K that were opened YTD (+132% YoY). We would dearly love to report that these accounts have been opened with prudent risk management as the key motivating factor, but we suspect that the punting leverage that index futures provide remains the key attraction.



Source: Hanoi Stock Exchange

Taiwan as a historical template for how Vietnam's markets may develop. Measured as a percentage of the population, Vietnam's securities accounts / total population is slightly less than 3%, equivalent to where Taiwan was in

the mid-1980s. The use of this ratio as an indicator of securities investment penetration is admittedly imprecise given that an unknown number of investors will have multiple accounts. However, the same condition was true of Taiwan 35 years ago (and it's still true today). Perhaps a more critical inference is that traders typically open new accounts because they intend to use them, so the new account data suggests that the high market liquidity is likely to persist and perhaps even gain momentum heading into 2021. Short term prognostication aside, we are highly confident in our view that Vietnam's capital market participation rate has a substantial runway for growth in the years ahead. Taiwan could provide a roadmap for how this will happen.

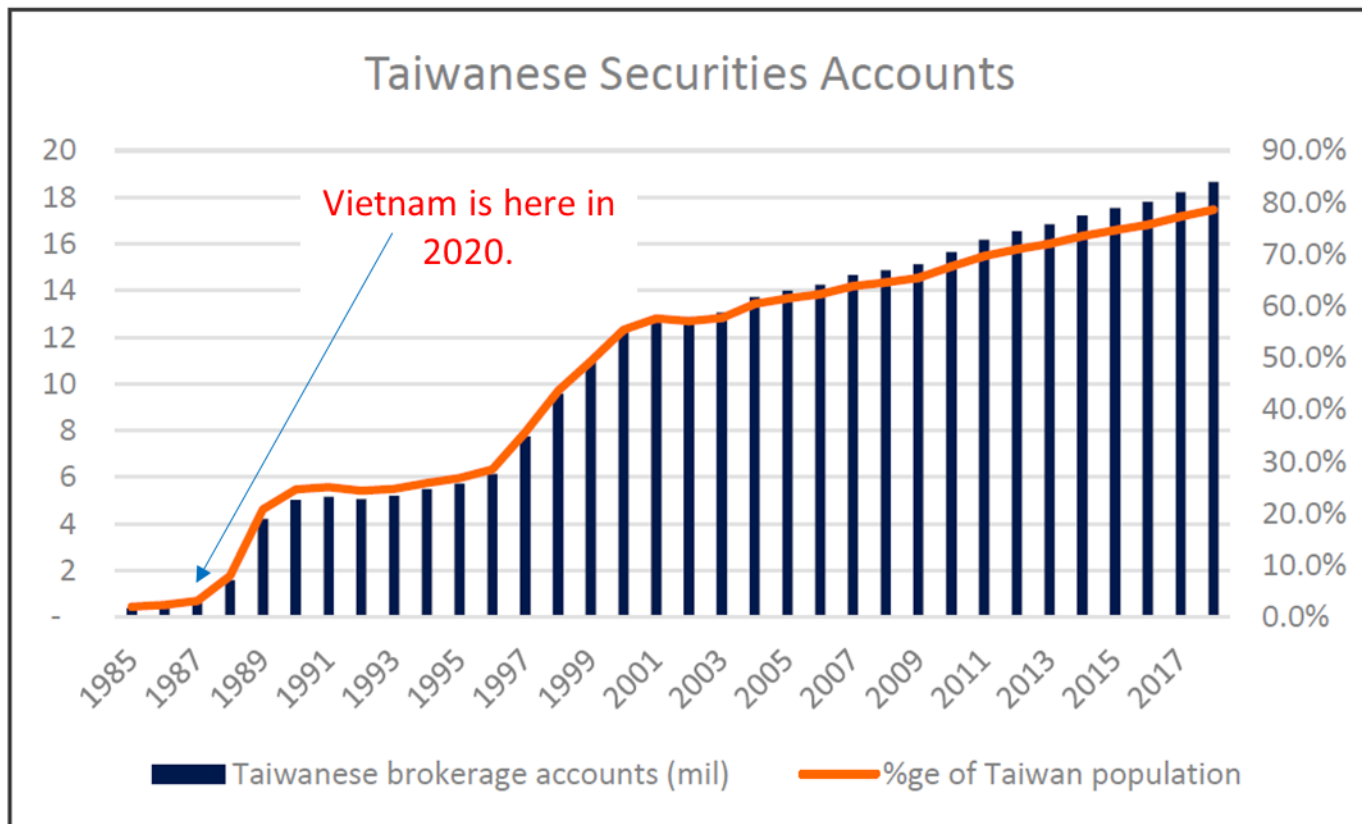
In Taiwan, trading accounts soared in the late 1980s as the market bubbled up on

- 1) a persistent and substantial current account surplus,
- 2) controls on cross-border capital flows, and
- 3) US pressure to allow the (massively undervalued) currency to appreciate,

all of which led to a flood of internal liquidity that had to go somewhere, and did.

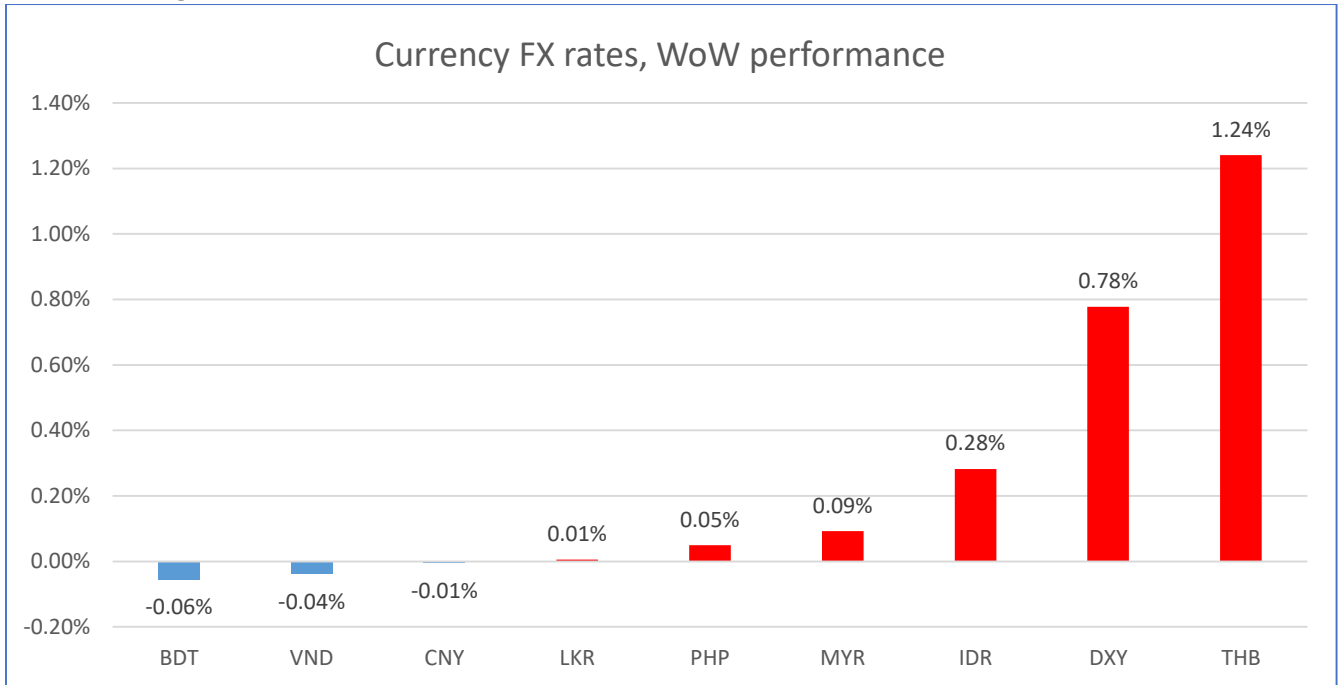
A cultural predilection for taking a good punt for fun and profit did the 1980s bubble no harm. Taiwan was under martial law then, and alternative investment channels (i.e., offshore investments) were highly limited and effectively nonexistent for the increasingly large middle class. The 1980s bubble lasted five years before deflating. However, **Taiwan's stock markets** (and the number of Taiwanese playing the market) **soared again in the late 1990s starting with – wait for it – MSCI Emerging Markets Index inclusion** in 1995-1996.

Does any of this sound familiar? History rarely repeats itself, but it often does rhyme.



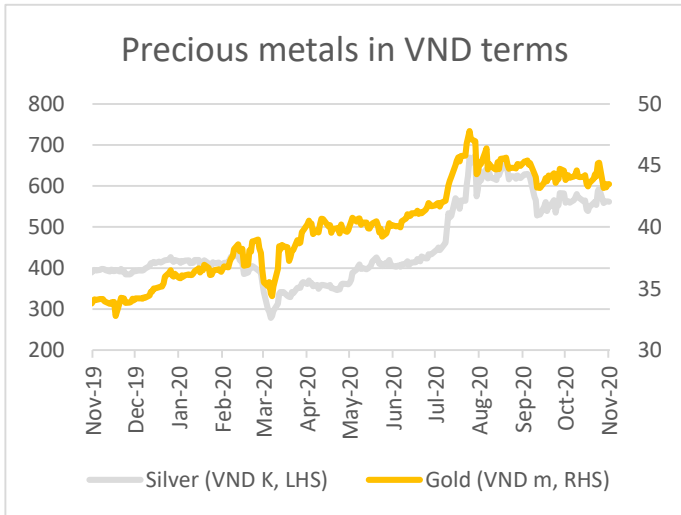
Source: Taiwan Economic Journal

Regional currencies: VND declined 4bps WoW vs a 78bp increase in DXY



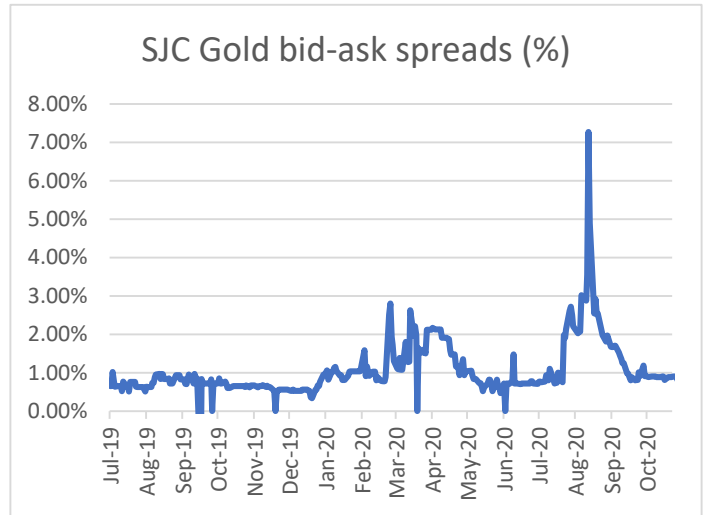
Source: Bloomberg

Gold spiked +3.7% WoW following the uncertain outcome of the US elections.



Source: Bloomberg, Yuanta Vietnam. This data represents XAUVND and XAGVND and is not an on-the-ground price.

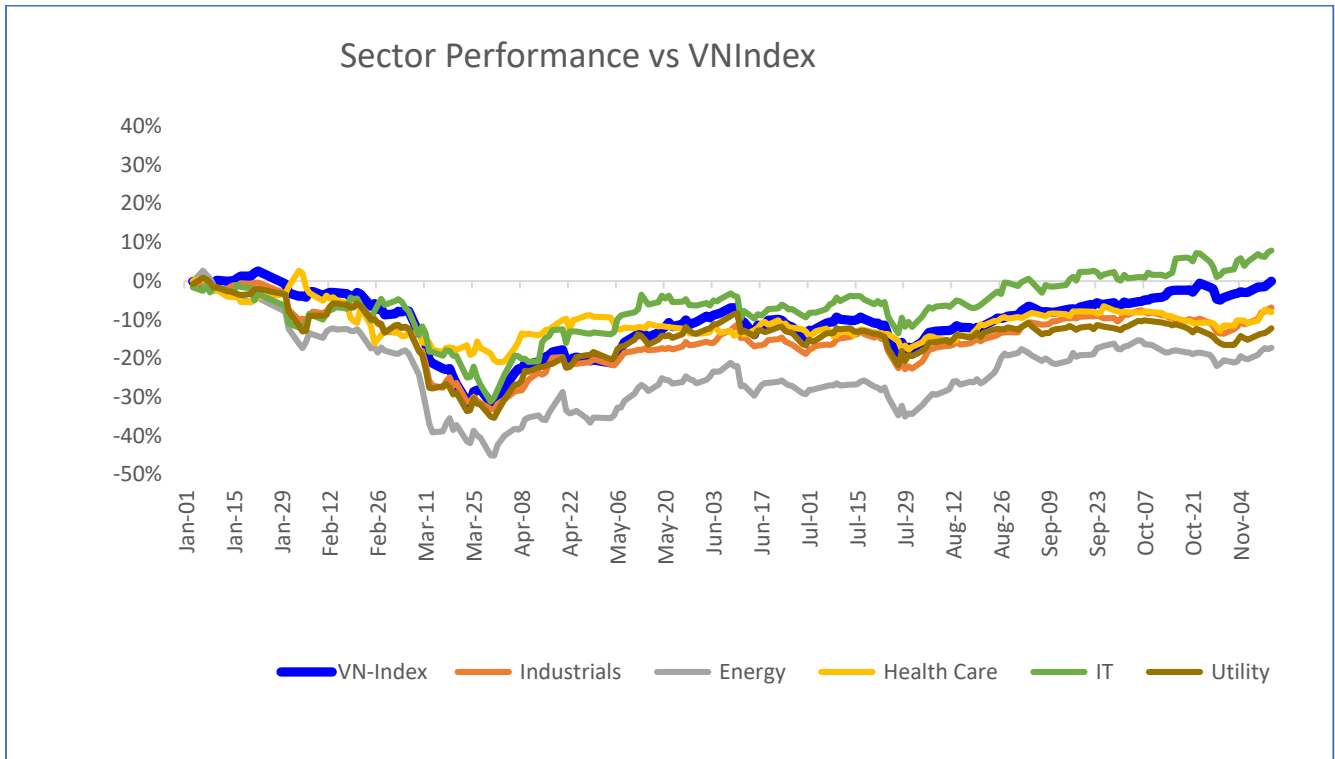
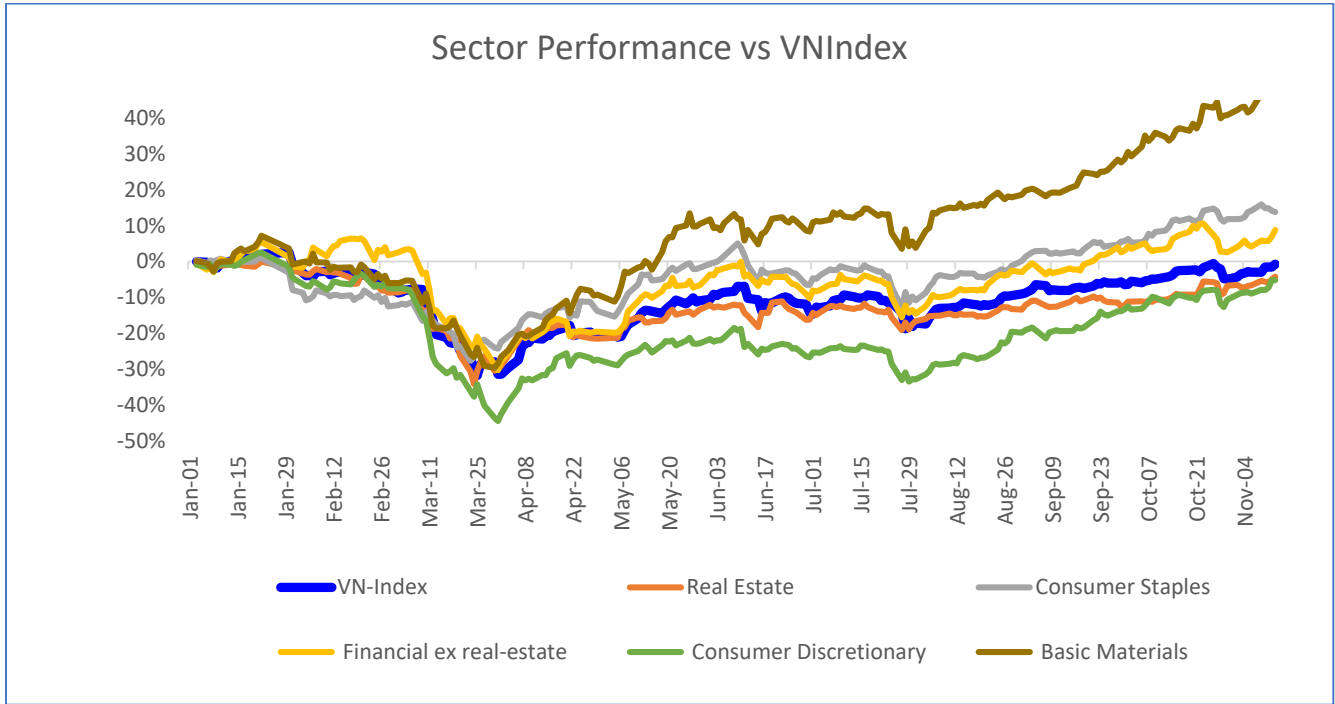
Physical gold spreads remain subdued in Vietnam. That could change if gold's global rally continues.



Source: FiinPro, Yuanta Vietnam

Note: The Aug 12 bid-ask spread was highest since Feb 2015.

Four BBG sectors are now in positive territory YTD: basic materials (+49%), consumer staples (+14%), financials (+14%), and IT (+8%).



Source: Bloomberg

Yuanta Universe: Valuations and ratings

Sector	Stock Code	PER (x)			EPS Growth (%)			PEG (x)			PBV (x)			ROE (%)			ROA (%)		
		2019A	2020E	2021E	2019A	2020E	2021E	2019A	2020E	2021E	2019A	2020E	2021E	2019A	2020E	2021E	2019A	2020E	2021E
Banks	ACB VN	7.3	9.0	7.0	18.1	(19.0)	28.2	0.4	n/a	0.2	1.6	1.5	1.3	24.2	18.6	19.2	1.7	1.5	1.8
	BID VN	22.6	19.4	16.0	9.1	16.5	21.4	2.5	1.2	0.7	2.1	2.0	1.9	10.5	10.9	12.4	0.5	0.5	0.6
	HDB VN	7.7	7.3	7.1	10.5	5.8	2.6	0.7	1.3	2.8	1.5	1.8	1.5	19.4	22.5	23.2	1.5	1.6	1.7
	MBB VN	5.5	5.7	5.2	44.3	(2.4)	8.7	0.1	n/a	0.6	1.2	1.1	0.9	21.1	19.0	18.5	2.0	2.0	2.0
	STB VN	12.4	12.7	9.5	43.3	(2.3)	33.8	0.3	n/a	0.3	0.9	0.9	0.8	7.9	7.1	8.8	0.5	0.4	0.5
	VCB VN	19.4	19.1	15.5	34.8	1.3	23.6	0.6	14.6	0.7	4.0	3.3	2.8	23.2	18.9	19.7	1.4	1.3	1.5
	VPB VN	7.3	8.4	6.5	11.6	(13.9)	28.8	0.6	n/a	0.2	1.4	1.2	1.0	21.5	15.5	17.0	2.4	1.8	2.1
Brokers	HCM VN	15.6	15.7	9.7	(49.0)	(0.3)	61.2	n/a	n/a	0.2	1.6	1.6	1.5	11.7	11.0	17.1	6.2	5.9	8.8
	SSI VN	11.6	12.6	9.0	(32.5)	(8.0)	39.4	n/a	n/a	0.2	1.1	1.0	1.0	9.8	8.7	11.4	3.6	2.9	3.5
	VCI VN	10.1	15.0	11.7	(16.3)	(32.6)	28.4	n/a	n/a	0.4	1.7	1.6	1.4	18.0	11.1	13.0	9.9	5.9	6.8
	VND VN	9.9	15.6	9.8	(4.3)	(36.1)	59.5	n/a	n/a	0.2	1.1	1.1	1.0	12.3	7.4	11.2	3.3	1.9	2.7
Energy	PVD VN	26.4	99.4	(117.5)	(4.0)	(73.4)	(184.6)	n/a	n/a	n/a	0.4	0.4	0.4	17.1	0.4	(0.3)	0.9	0.2	(0.2)
	NT2 VN	9.0	9.7	9.0	(2.7)	(6.6)	7.2	n/a	n/a	1.3	1.6	1.7	1.7	19.3	7.4	19.7	9.2	9.9	11.7
	PC1 VN	11.2	7.3	7.9	(32.1)	52.4	(7.7)	n/a	0.1	n/a	1.1	0.9	0.8	10.2	14.4	11.8	4.8	6.6	5.6
Consumer	MSN VN	18.9	20.9	17.0	4.8	(9.6)	22.9	4.0	n/a	0.7	3.0	2.6	2.3	17.3	13.5	14.5	8.4	7.0	8.0
	PNJ VN	16.0	12.9	10.5	(13.6)	24.4	22.4	n/a	0.5	0.5	2.7	2.2	1.8	27.5	27.9	27.7	17.8	16.9	18.1
	DGW VN	19.9	16.1	14.9	24.5	23.3	8.5	0.8	0.7	1.7	3.2	2.9	2.6	17.1	18.9	18.4	6.1	7.1	7.1
Oil & GAS	POW VN	11.9	10.4	9.7	(18.0)	14.1	7.5	n/a	0.7	1.3	0.7	0.7	0.7	6.8	7.4	7.6	3.9	4.5	4.5
Property	NLG VN	11.5	7.4	6.9	(29.6)	54.4	7.6	n/a	0.1	0.9	1.3	1.2	1.1	12.9	16.9	16.4	6.7	10.0	11.0
	NVL VN	23.5	19.0	17.8	(23.3)	23.8	6.6	n/a	0.8	2.7	2.8	2.8	2.8	10.2	11.2	11.1	3.1	3.4	3.3
	KDH VN	16.7	12.2	11.0	(15.8)	37.0	10.6	n/a	0.3	1.0	1.8	1.6	1.4	11.9	14.5	14.2	7.5	8.9	9.4
	VHM VN	14.3	11.2	8.4	20.4	27.1	33.5	0.7	0.4	0.3	1.2	0.9	0.7	30.0	28.7	28.5	11.6	11.9	12.7
Transportati	ACV VN	24.3	22.4	17.4	5.0	8.3	28.8	4.9	2.7	0.6	4.2	3.6	3.0	20.7	18.8	20.2	12.1	11.4	11.3

Stock ratings and pricing data is as of close on November 13, 2020.

Source: Bloomberg, Yuanta Vietnam



Appendix A: Important Disclosures

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