

Strategy Weekly: Sea of volatility

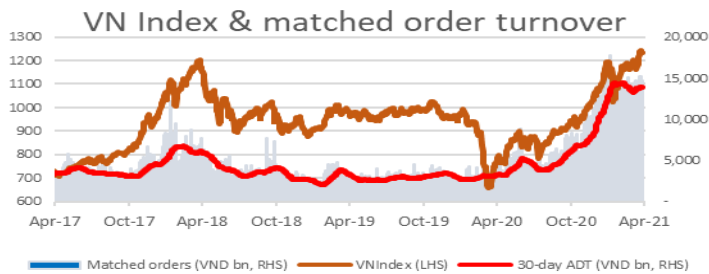
Matthew Smith, CFA

Head of Research

+84 28 3622 6868

matthew.smith@yuanta.com.vn

Stock prices appear to have topped out for the short term. The VNI reached an intraday weekly high of 1286 points, precisely 1.08% below our April target of 1300. We still have four days to go in April, but at this point we think that Thursday's peak is likely to be the next major resistance line and we don't think the market will challenge this level for a while. This is despite Friday afternoon's bounce, which saw the VNI bounce 2.7% from its daily low but which was concentrated in the big caps.



Index, Flows, and FX Performance

- **VNINDEX:** 1249 (+0.8% WoW / +13.1% YTD / +61.3% YoY)
- **VHINDEX:** 283 (-3.2% WoW / +39.6% YTD / +165.1% YoY)
- **UPCOM Index:** 80.4 (-1.7% WoW / +8.0% YTD / +55.4% YoY)
- **Average daily turnover:** US\$1,062 mn (-5% WoW)
- **Foreigners net sold** US\$48mn of three-index constituents
- **VND:USD rate:** 23,064 (-1bp WoW / +15bp YTD / +1.87% YoY)

VN30 Components

Ticker	Closing price (VND K)	WoW chg	Cont to VN30 (WoW)	TTM PE (x)
BID	42.0	0.0%	0%	24
BVH	59.0	1.9%	0%	28
CTG	41.3	-1.7%	-2%	11
FPT	83.0	4.1%	10%	18
GAS	86.0	0.0%	0%	21
HDB	26.9	0.9%	1%	9
HPG	56.4	3.3%	16%	14
KDH	35.3	12.4%	7%	17
MBB	30.3	0.3%	1%	10
MSN	100.0	-0.1%	0%	93
MWG	147.5	10.1%	21%	16
NVL	107.0	-0.9%	-2%	27
PDR	78.5	10.6%	7%	26
PLX	51.0	-3.4%	-1%	70
PNJ	96.0	5.6%	5%	19
POW	12.6	-4.5%	-1%	12
REE	52.3	2.5%	1%	10
SBT	20.4	-7.3%	-2%	21
SSI	33.0	-2.9%	-2%	16
STB	22.5	1.6%	3%	15
TCB	40.5	0.1%	1%	11
TCH	22.3	-2.8%	-1%	9
TPB	28.0	1.1%	1%	7
VCB	104.0	8.0%	16%	21
VHM	105.0	4.0%	9%	13
VIC	138.3	-3.3%	-14%	81
VJC	129.5	0.4%	1%	962
VNM	99.5	2.7%	10%	21
VPB	51.0	4.2%	18%	11
VRE	32.8	-3.4%	-3%	31

Source: Bloomberg, Yuanta Vietnam. Pricing date: April 23, 2021.

Market breadth was unconvincing given that the index increase was concentrated in several large caps. Specifically, the big cap VN30 posted 18 gainers vs. 10 losers on the week, whereas the wider VNI saw negative breadth of 141 gainers vs 236 losers. We see this largely as the result of Friday afternoon's rally.

Margin finance may be a factor behind the rally in the VN30, the components of which are more likely to be accepted as collateral than smaller stocks are. Typical commentators focus on margin loans / GDP as indicating that margin finance is too small to represent a substantial systemic risk, which is correct. However, we estimate that 1Q21 margin loans represent at least 5.3% of the VNI's free float market cap, which is the highest level ever and could represent an overhang for share prices.

Our cautious outlook for May is essentially a short-term call on market liquidity... Flows may reverse from here given that the bull market has been driven primarily by individual investors, who may be less inclined to keep plunging on small caps as their prices fall, while the limited (i.e., negative) institutional interest means that value-focused fund managers should not be expected to act as an offsetting force.

...but we don't believe the market is poised to collapse. The VNI's 15.4x forward PE multiple suggests attractive valuations, especially considering Vietnam's compelling growth story that should persist beyond the 2021 recovery. Our positive medium-term outlook is supported by persistently low rates, a resilient currency, and the continued surge of Vietnamese investors into the stock market.

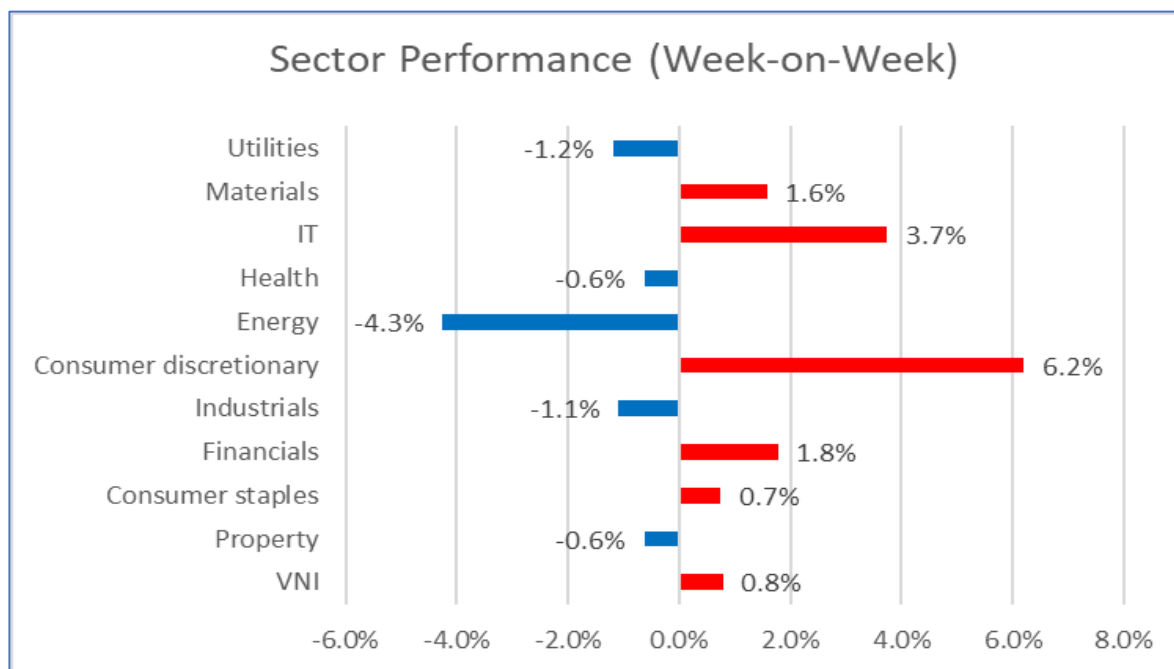
However, as the army of neophyte investors will inevitably learn, stocks do not only move in one direction. We would not be surprised to see the VNI drift back to its 100-day moving average at c.1150 in May/June, which would set up a more attractive entry level for a continued bull market in 2H21.

Yuanta Vietnam Coverage Universe

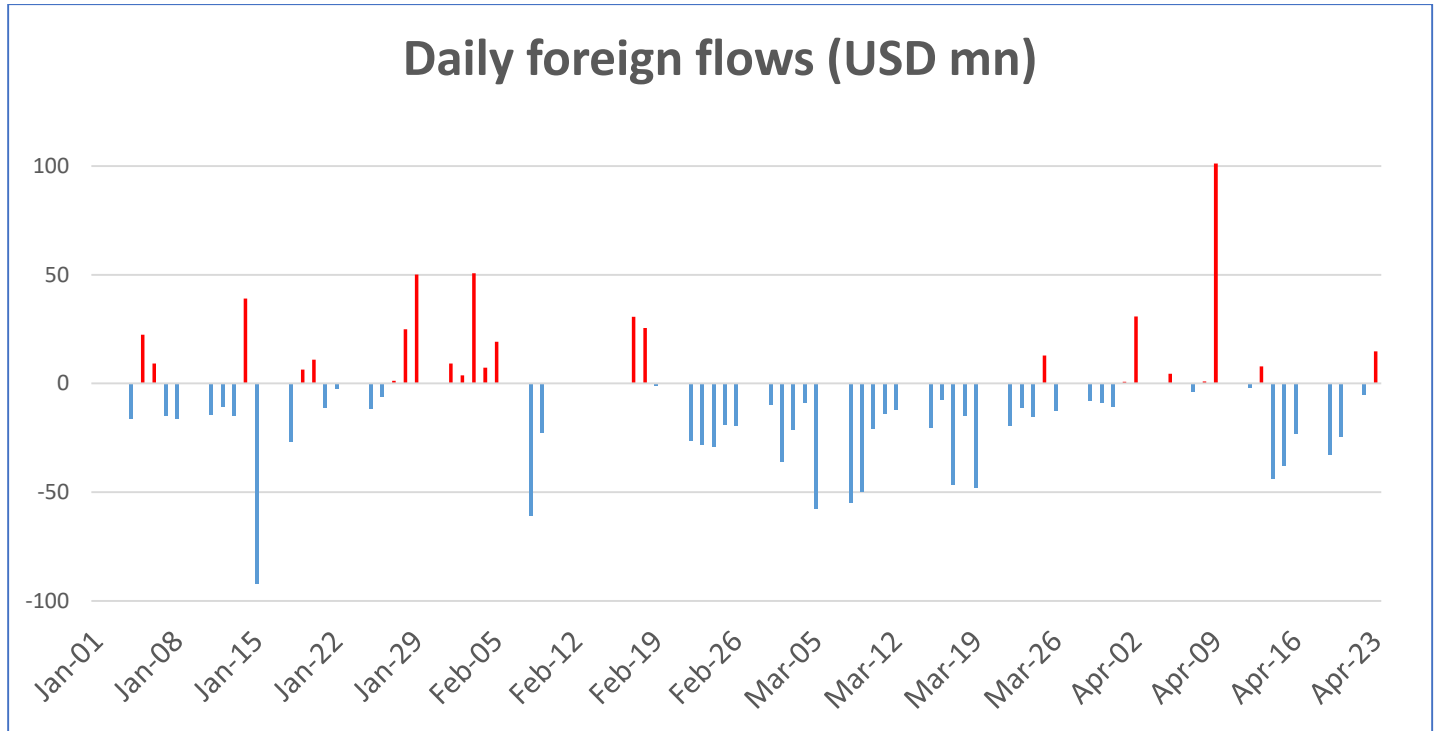
Sector	Company	Stock code	Market cap (USDm)	3-month ADT (USDm)	Yuanta Rating	Current price (VND)	Target price (VND)	Up (down) side	2020E Dividend yield	12-m TSR*
Banks	Asia Commercial Bank	ACB VN	3,130	12.6	BUY	33,400	38,115	14%	0.0%	14%
	BIDV	BID VN	7,324	5.0	SELL	42,000	37,300	-11%	0.0%	-11%
	HD Bank	HDB VN	1,859	5.0	BUY	26,900	31,656	18%	0.0%	18%
	MB Bank	MBB VN	3,677	21.5	BUY	30,300	34,233	13%	0.0%	13%
	Sacombank	STB VN	1,756	26.4	HOLD-Underperform	22,450	16,790	-25%	0.0%	-25%
	Vietcombank	VCB VN	16,724	6.8	BUY	104,000	114,650	10%	0.8%	11%
	Vietnam Prosperity Bank	VPB VN	5,428	11.0	HOLD-Underperform	51,000	22,500	-56%	0.0%	-56%
Brokers	HCM City Securities	HCM VN	417	5.9	BUY	31,500	26,532	-16%	4.2%	-12%
	Saigon Securities	SSI VN	924	18.5	HOLD-Outperform	33,000	18,328	-44%	1.9%	-43%
	Viet Capital Securities	VCI VN	447	3.5	HOLD-Underperform	62,200	26,449	-57%	1.3%	-56%
	VNDirect Securities	VND VN	338	7.3	HOLD-Underperform	36,300	13,150	-64%	1.9%	-62%
Energy	PV POW	POW VN	1,279	8.7	BUY	12,600	13,137	4%	2.4%	7%
	PV NT2	NT2 VN	266	0.7	SELL	21,300	19,318	-9%	7.0%	-2%
	PCC1	PC1 VN	209	1.1	BUY	25,200	34,864	38%	0.0%	38%
Consumer	Masan Group	MSN VN	5,093	7.8	HOLD-Outperform	100,000	84,908	-15%	0.0%	-15%
	Phu Nhuan Jewelry	PNJ VN	946	2.1	BUY	96,000	92,197	-4%	1.9%	-2%
	Digiworld	DGW VN	213	1.5	HOLD-Outperform	114,000	31,574	-72%	1.3%	-71%
Oil & GAS	PV Drilling	PVD VN	374	9.3	HOLD-Outperform	20,500	10,429	-49%	0.0%	-49%
Property	Kinh Bac City	KBC VN	756	10.9	BUY	37,100	55,226	49%	1.3%	50%
	Khang Dien House	KDH VN	855	2.6	BUY	35,300	31,081	-12%	1.4%	-11%
	Nam Long	NLG VN	432	2.5	BUY	34,950	30,517	-13%	1.4%	-11%
	Novaland	NVL VN	4,598	10.0	HOLD-Outperform	107,000	65,073	-39%	0.0%	-39%
	Vinhomes	VHM VN	14,976	14.1	BUY	105,000	94,862	-10%	0.0%	-10%
Transport	Airports Corp Vietnam	ACV VN	6,862	0.8	HOLD-Underperform	72,700	76,400	5%	0.7%	6%
Industrials	Dohaco	DHC VN	222	1.0	BUY	91,500	97,871	7%	4.9%	12%

*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 April 26, 2021.

Source: Bloomberg, Yuanta Vietnam



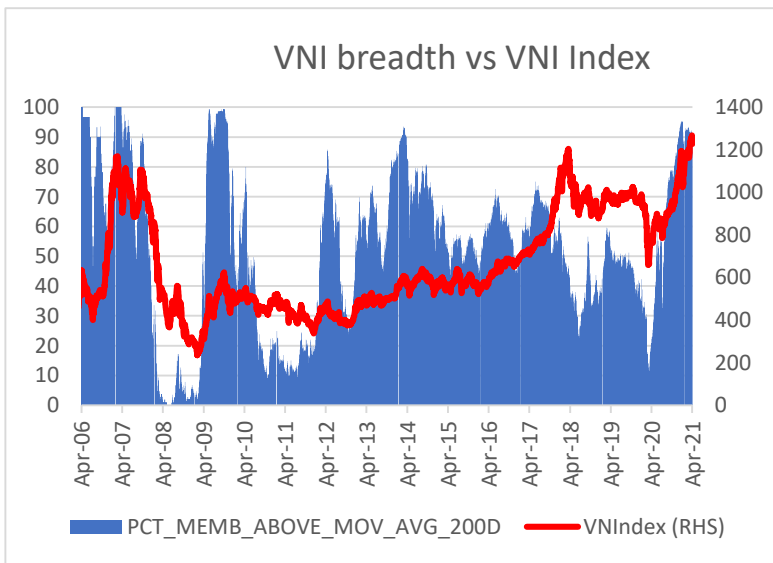
Source: Bloomberg (April 26)



Source: FiinPro, Yuanta Vietnam (April 23)

Market breadth was unconvincing given that the rally was concentrated in a few names. The big cap VN30 posted 18 gainers vs. 10 losers on the week, while the wider VNI saw negative breadth of 141 gainers vs 236 losers. We see this largely as the result of Friday afternoon’s rally, which saw the market swing up 2.7% from its daily low and which was concentrated in the big caps.

As of Thursday (22 April), 87% of VNI component stocks were trading at above their 200-day moving averages, down from the low 90s (in percentage terms) in the previous week. This is the first time this ratio has dipped below 90% since February 9. The percentage of stocks trading higher than their 50-day moving averages is inherently more volatile; this ratio slipped to 47% as of 22 April, the lowest reading since February 2.



Source: Bloomberg, Yuanta Vietnam (April 23)

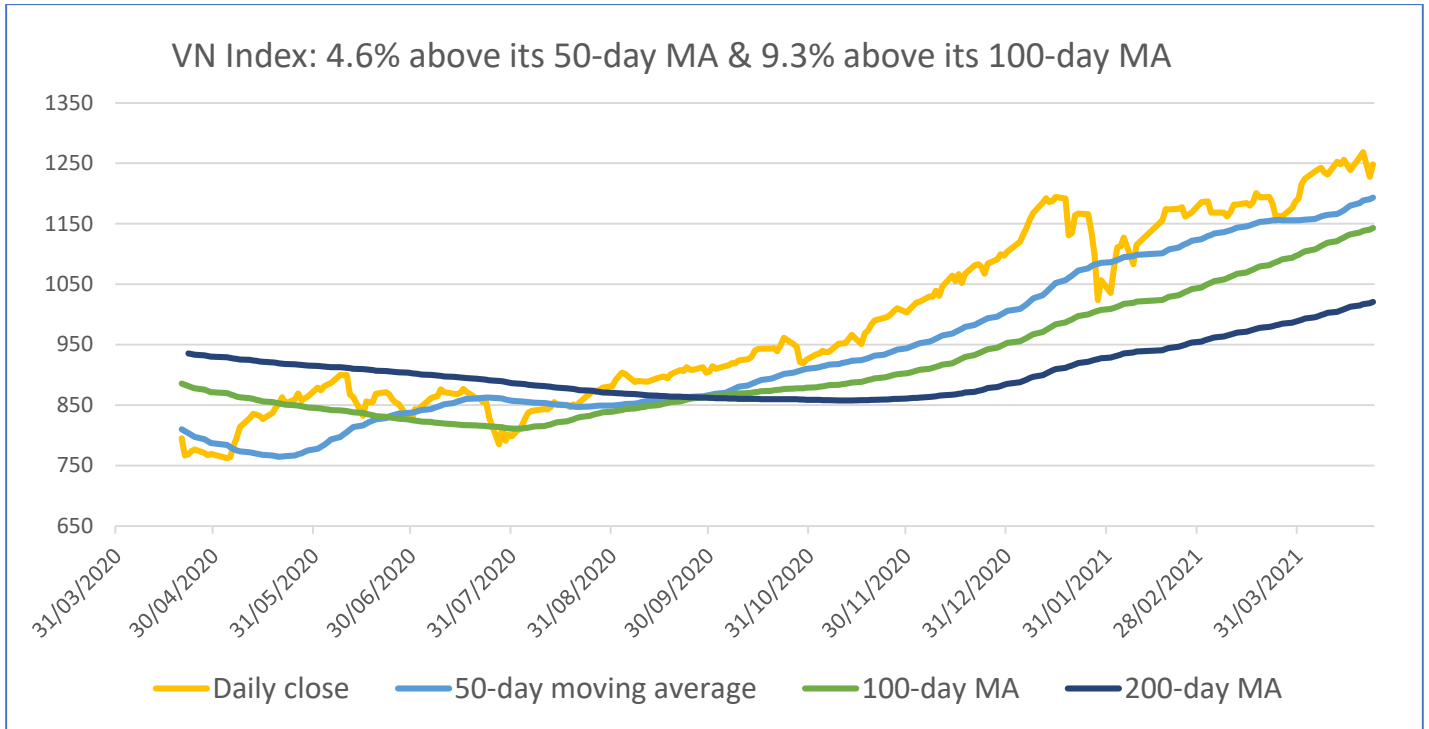
VN 30 breadth			
	WoW	MoM	YTD
Gainers	18	18	22
Losers	10	12	8

Source: Bloomberg (April 23)

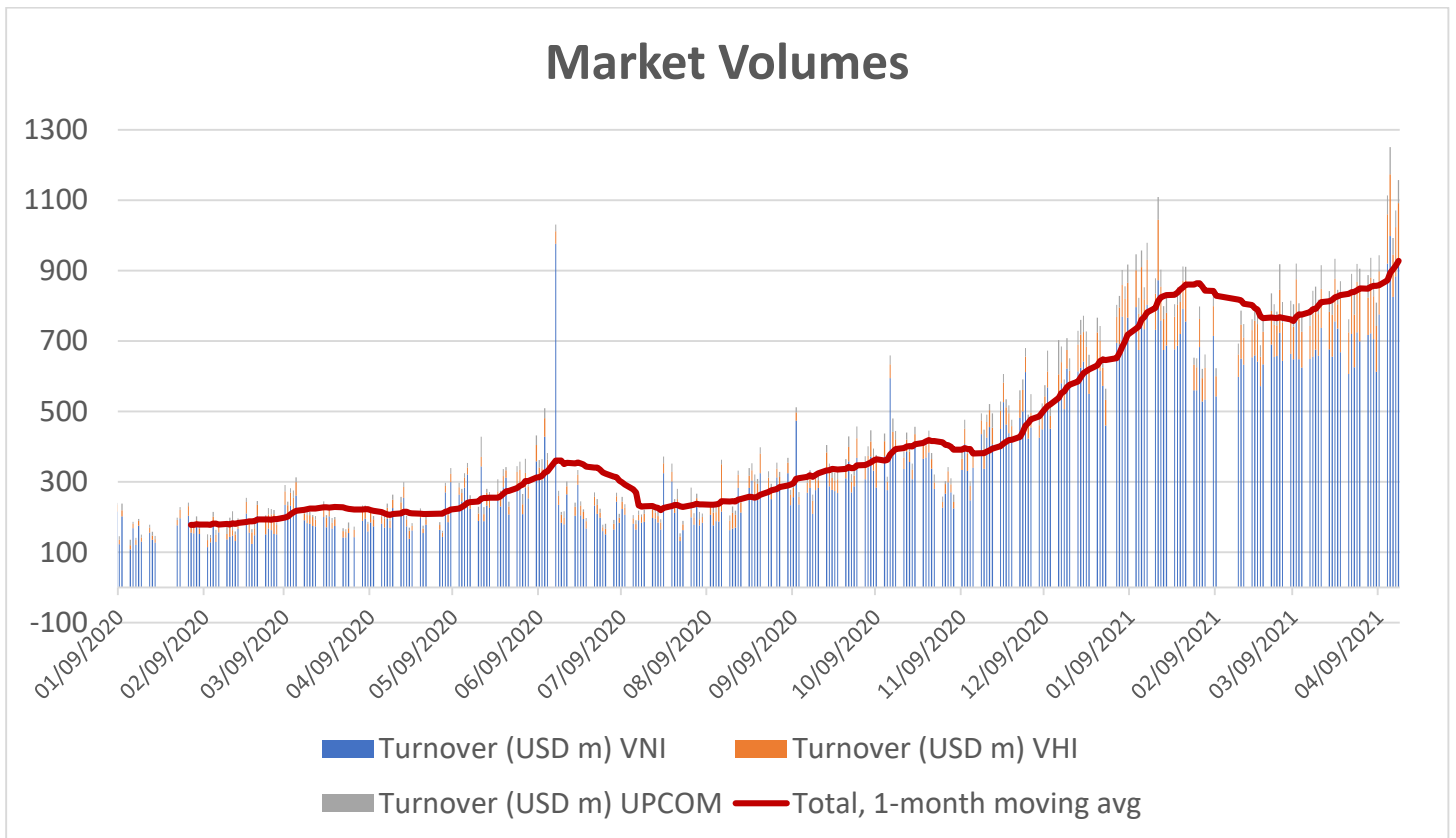
VN Index breadth			
	WoW	MoM	YTD
Gainers	141	154	270
Losers	236	222	108

Source: Bloomberg (April 23)

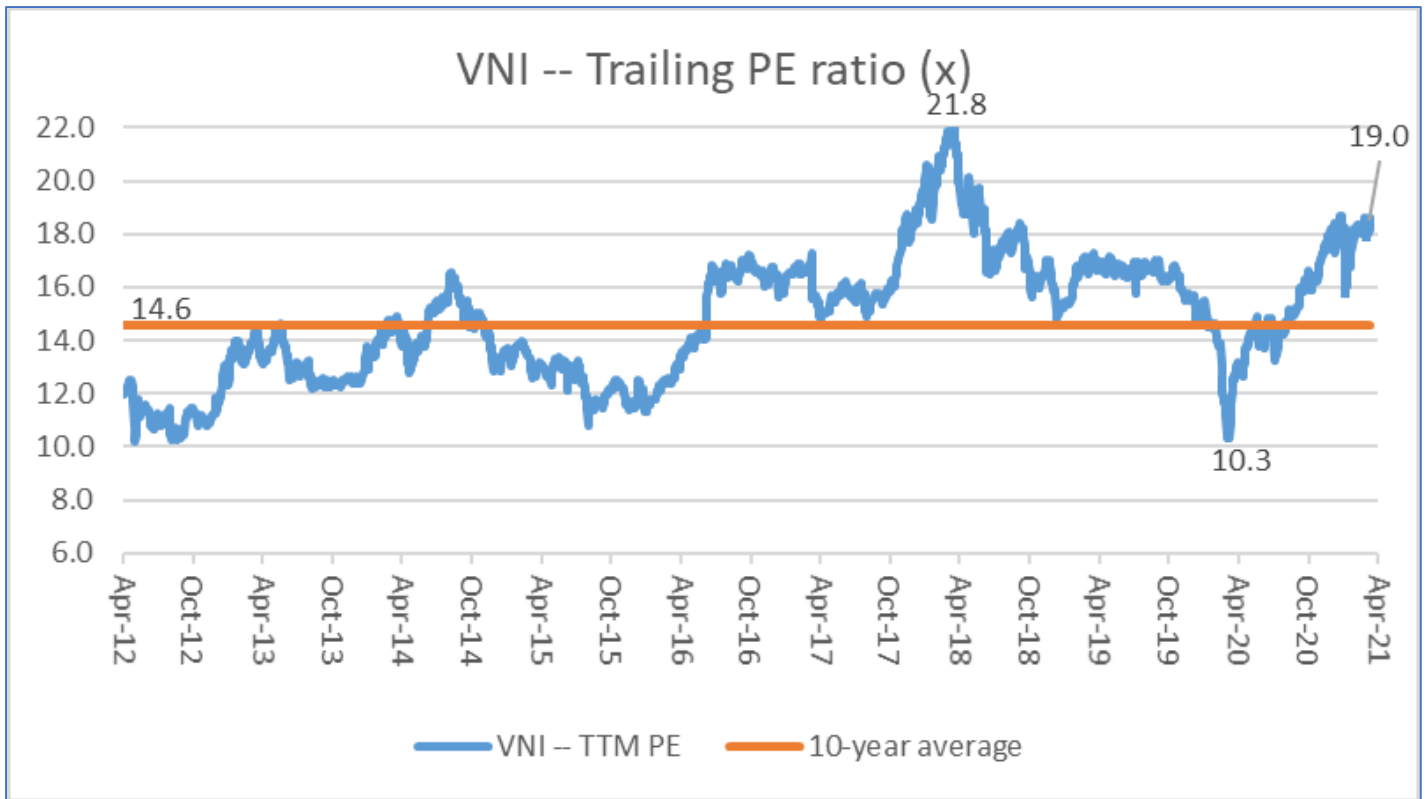
Source: Bloomberg, Yuanta Vietnam



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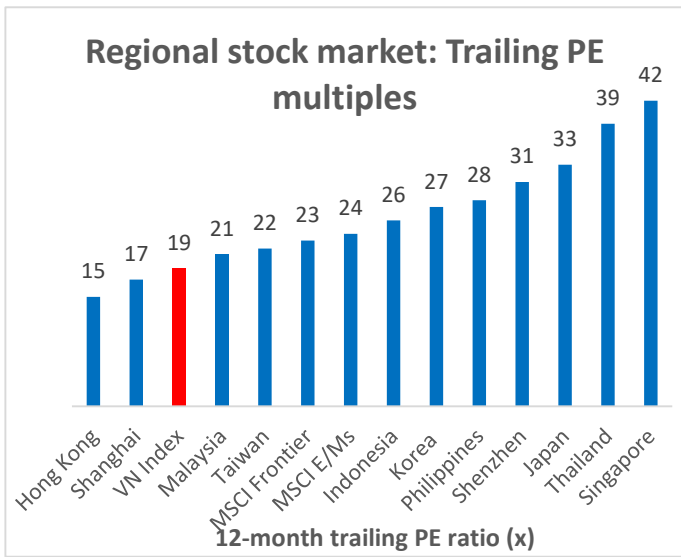


Source: FiinPro, Bloomberg, Yuanta Vietnam (April 23)



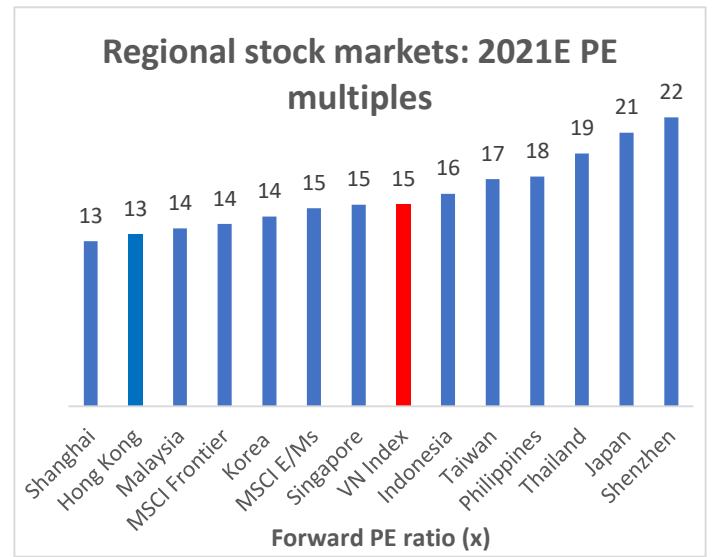
Source: Bloomberg, Yuanta Vietnam (April 23)

Vietnam stocks are cheap vs. the region on a trailing P/E basis...

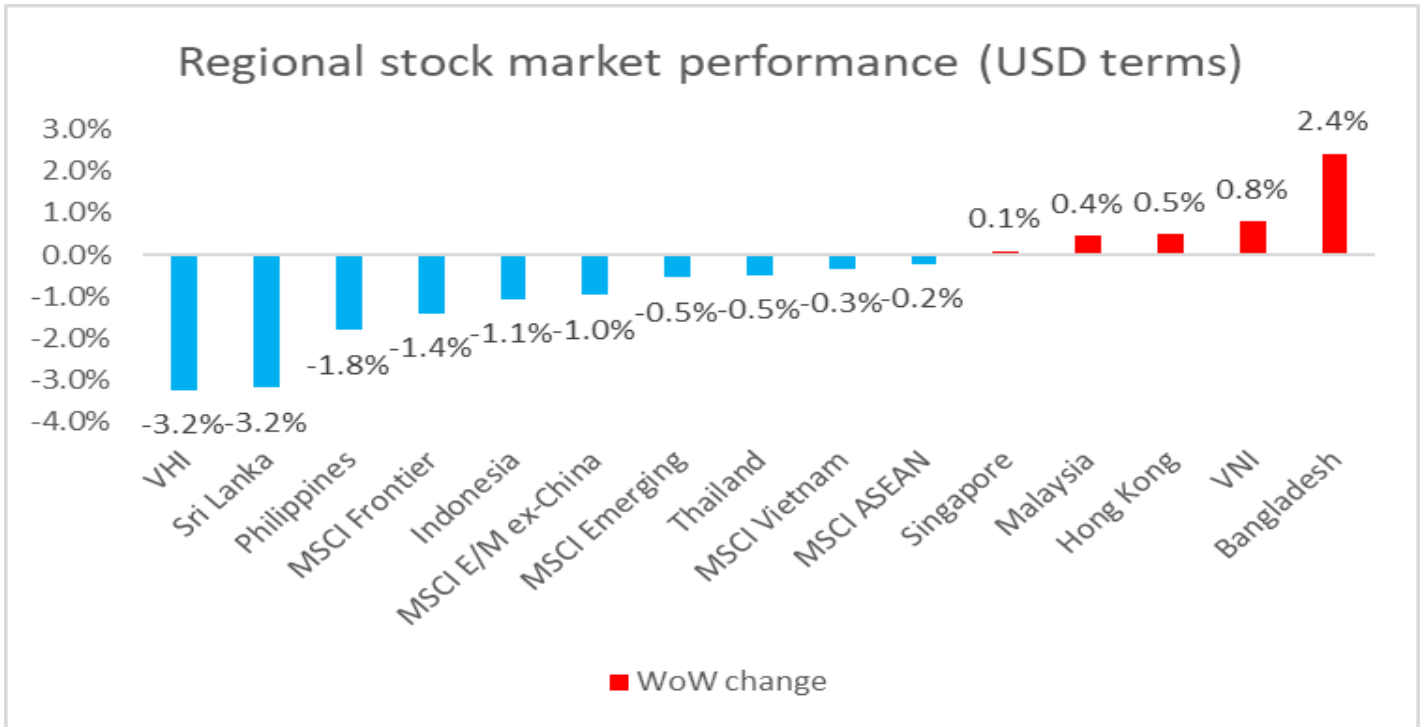


Source: Bloomberg, Yuanta Vietnam

...but in the middle of the pack on forward earnings multiples.

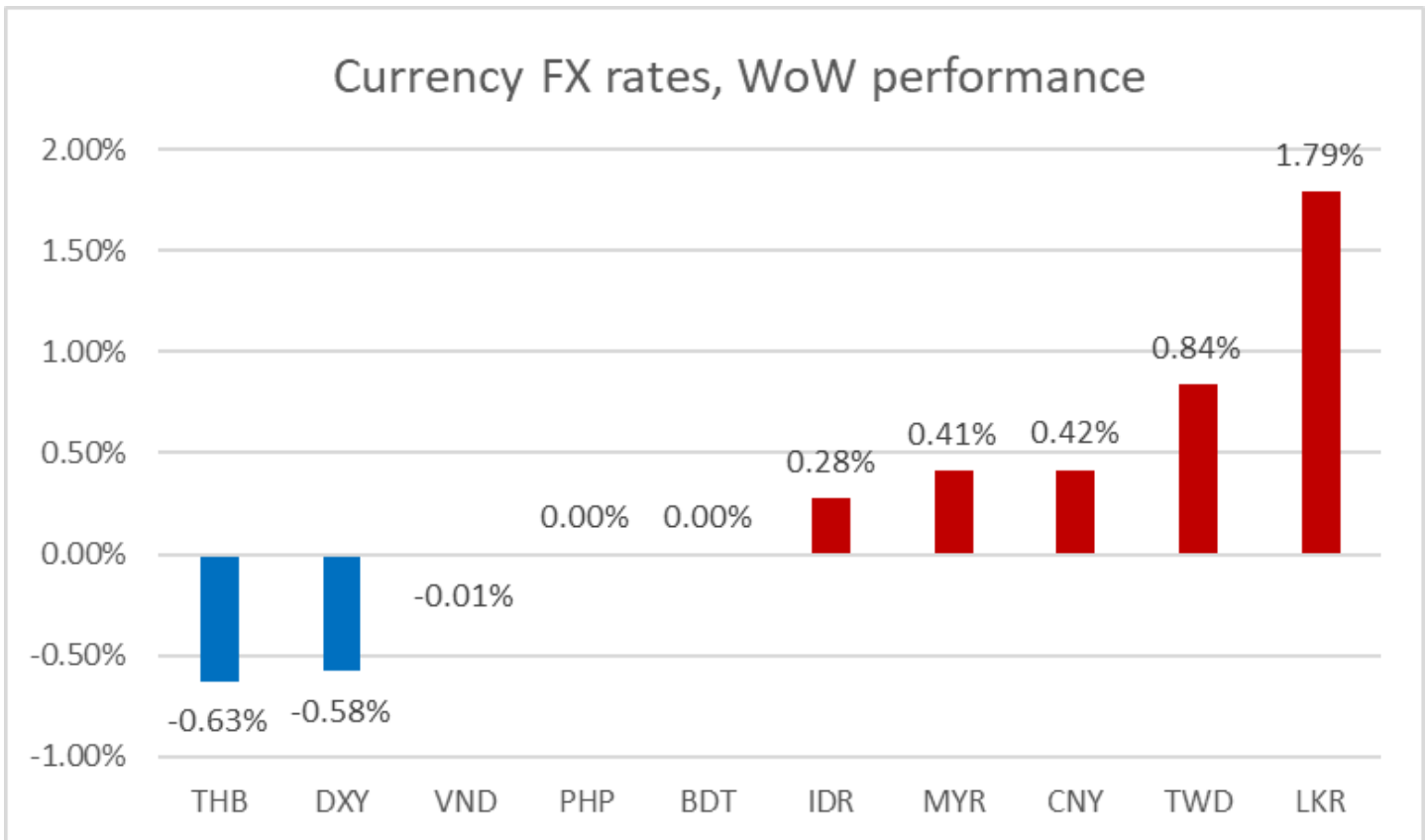


Source: Bloomberg (2021E consensus PE), Yuanta Vietnam



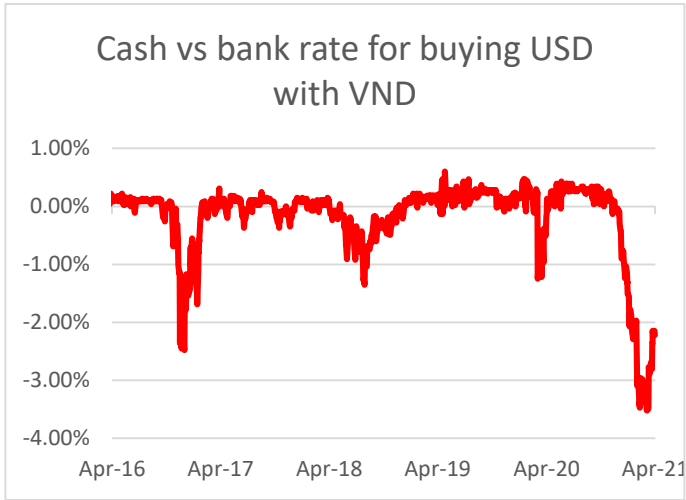
Source: Bloomberg, Yuanta Vietnam (April 23)

Regional currencies: VND retains its low-volatility characteristics amid the global interest rate ruckus



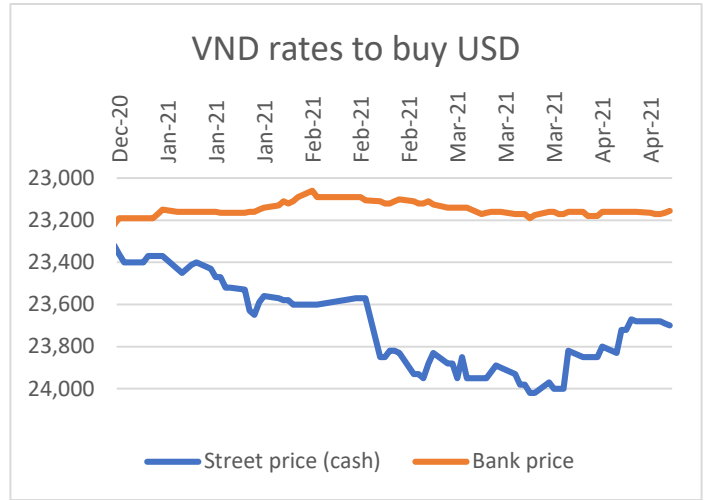
Source: Bloomberg (April 23)

Grey market US dollar cash premium is down in the past 3 weeks after reaching 3.5% in March...



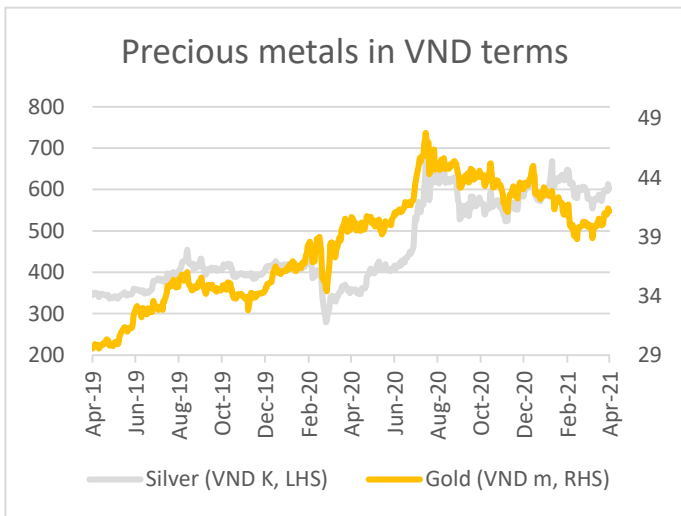
Source: FiinPro, Yuanta Vietnam. Bank data refers to VCB's published electronic selling price vs. the "free market" price for USD notes.

... as the premium for USD cash has been eroded in April.



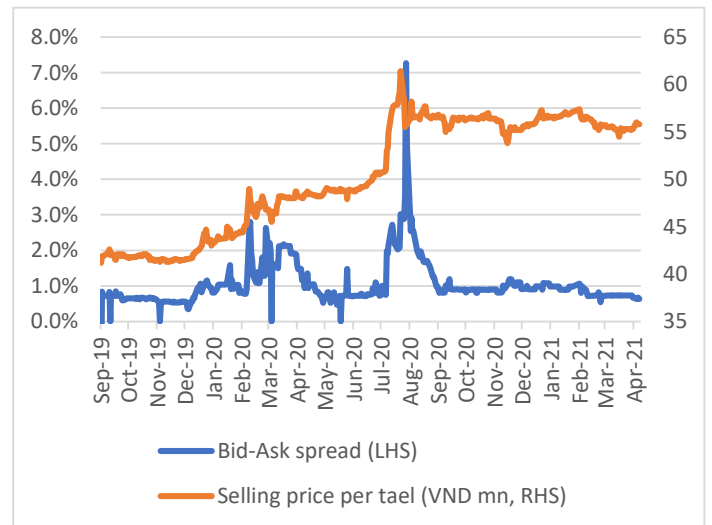
Source: FiinPro, Yuanta Vietnam

Global precious metals prices (in VND terms) continued to rebound last week...



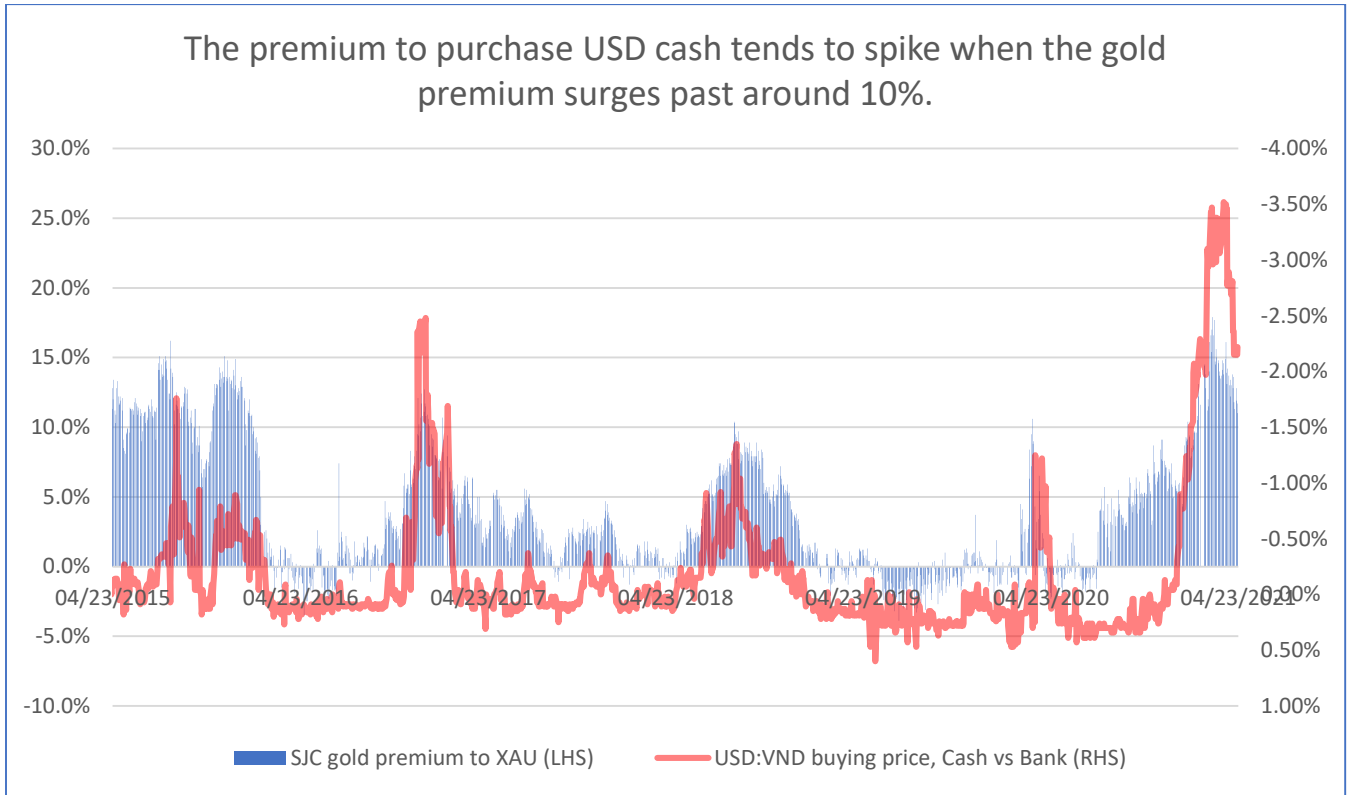
Source: Bloomberg, Yuanta Vietnam. This data represents XAUVND and XAGVND and are not on-the-ground or physical metal prices.

... while the Saigon Jewelry Co's physical gold selling prices rose by a modest 0.9% WoW.



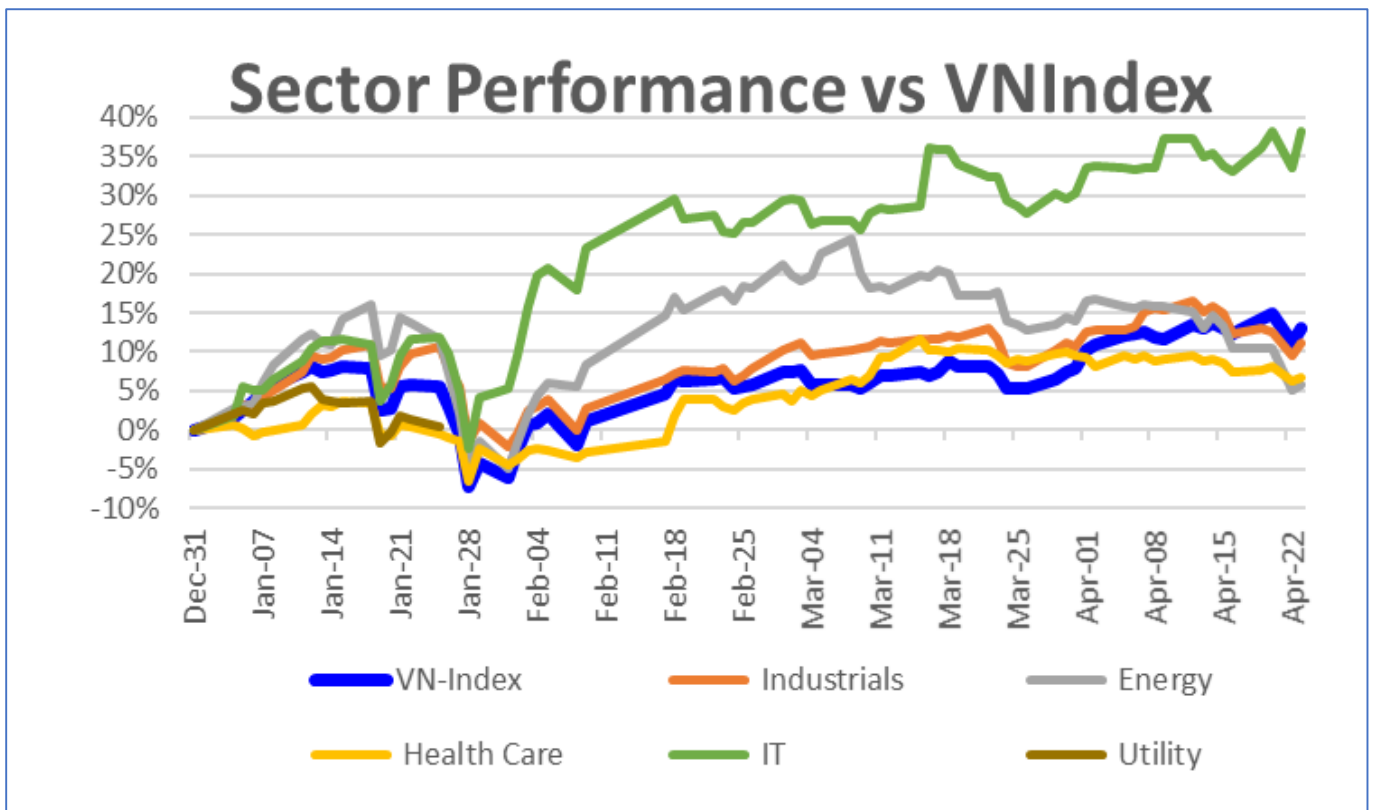
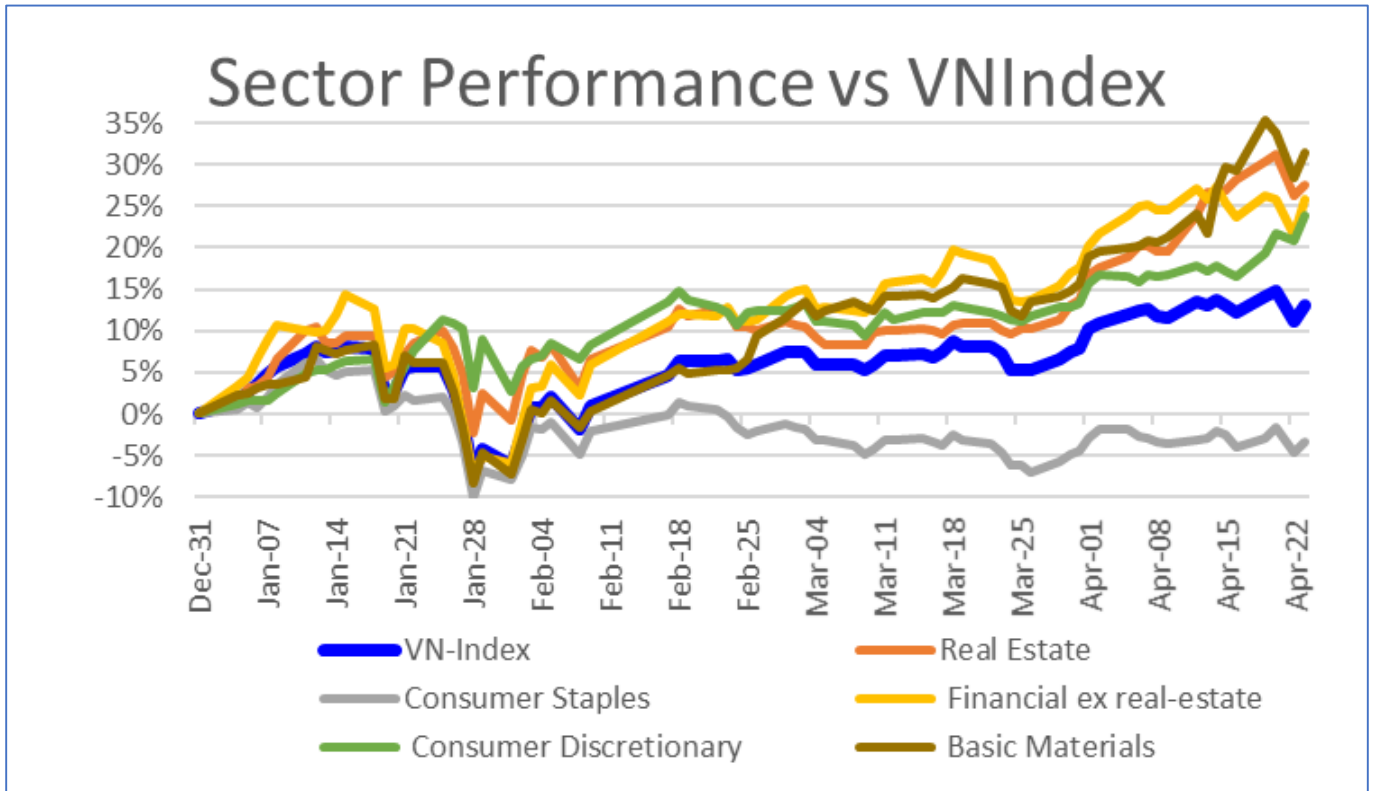
Source: FiinPro, Yuanta Vietnam

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



Source: FiinPro, Yuanta Vietnam (April 23).

Sector performance YTD: Consumer discretionary was a notable outperformer amid last week's sea of volatility.



Source: Bloomberg (April 23)

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	9.2	9.5	7.9	18.1	(3.3)	20.3	0.5	n/a	0.4	2.0	2.0	1.6	24.2	24.0	22.8	1.7	1.8	1.9
	BID VN	23.6	20.3	16.7	9.1	16.5	21.4	2.6	1.2	0.8	2.2	2.1	1.9	10.5	10.9	12.4	0.5	0.5	0.6
	HDB VN	12.0	10.1	8.1	(26.4)	19.4	24.7	n/a	0.5	0.3	1.4	1.9	1.5	19.3	18.8	19.2	1.6	1.5	1.5
	MBB VN	11.0	10.1	7.7	14.1	8.5	31.2	0.8	1.2	0.2	1.9	1.8	1.5	19.8	18.4	20.1	1.9	1.8	2.1
	STB VN	20.1	18.2	13.5	43.3	10.5	34.3	0.5	1.7	0.4	1.5	1.4	1.3	7.9	8.0	9.8	0.5	0.5	0.6
	VCB VN	23.2	23.4	17.8	34.8	(0.6)	31.4	0.7	n/a	0.6	4.8	4.1	3.4	23.2	18.8	21.0	1.4	1.3	1.5
	VPB VN	15.1	17.5	13.6	11.6	(13.9)	28.8	1.3	n/a	0.5	2.9	2.5	2.1	21.5	15.5	17.0	2.4	1.8	2.1
Brokers	HCM VN	21.5	21.6	13.4	(49.0)	(0.3)	61.2	n/a	n/a	0.2	2.2	2.2	2.0	11.7	11.0	17.1	6.2	5.9	8.8
	SSI VN	21.5	23.3	16.7	(32.5)	(8.0)	39.4	n/a	n/a	0.4	2.0	1.9	1.8	9.8	8.7	11.4	3.6	2.9	3.5
	VCI VN	14.9	22.2	17.3	(16.3)	(32.6)	28.4	n/a	n/a	0.6	2.5	2.3	2.1	18.0	11.1	13.0	9.9	5.9	6.8
	VND VN	20.9	32.7	20.5	(4.3)	(36.1)	59.5	n/a	n/a	0.3	2.3	2.3	2.1	12.3	7.4	11.2	3.3	1.9	2.7
Energy	PVD VN	45.7	172.0	(203.2)	(4.0)	(73.4)	(184.6)	n/a	n/a	n/a	0.6	0.6	0.6	17.1	0.4	(0.3)	0.9	0.2	(0.2)
	NT2 VN	8.3	10.0	13.4	(2.7)	(17.1)	(25.3)	n/a	n/a	n/a	1.5	1.4	1.6	14.8	7.4	15.9	9.2	9.0	7.4
	PC1 VN	11.3	8.4	9.4	(32.1)	34.7	(11.3)	n/a	0.2	n/a	1.1	0.8	0.8	10.2	11.9	9.0	4.8	5.3	3.6
Consumer	MSN VN	20.9	23.2	18.8	4.8	(9.6)	22.9	4.4	n/a	0.8	3.3	2.9	2.6	17.3	13.5	14.5	8.4	7.0	8.0
	PNJ VN	22.6	24.6	18.0	(20.2)	(8.2)	36.8	n/a	n/a	0.5	3.6	3.1	2.7	28.7	25.9	20.3	17.8	16.0	13.2
	DGW VN	33.6	27.3	25.1	24.5	23.3	8.5	1.4	1.2	3.0	5.5	4.9	4.4	17.1	18.9	18.4	6.1	7.1	7.1
Oil & GAS	POW VN	14.9	13.1	12.2	(18.0)	14.1	7.5	n/a	0.9	1.6	0.8	0.9	0.9	6.8	7.4	7.6	3.9	4.5	4.5
Property	KBC VN	13.1	12.1	9.4	23.0	(54.0)	400.0	2.6	n/a	0.3	2.3	1.9	1.6	10.0	3.0	20.0	6.0	1.0	9.0
	KDH VN	23.9	17.4	15.8	(15.8)	37.0	10.6	n/a	0.5	1.5	2.5	2.2	2.0	11.9	14.5	14.2	7.5	8.9	9.4
	NLG VN	7.8	12.1	14.9	27.0	(35.0)	(19.0)	0.3	n/a	n/a	1.8	1.8	1.8	18.0	13.0	12.0	10.0	7.0	6.0
	NVL VN	40.5	32.7	30.7	(23.3)	23.8	6.6	n/a	1.4	4.6	4.9	4.9	4.9	10.2	11.2	11.1	3.1	3.4	3.3
	VHM VN	19.2	15.1	11.3	20.4	27.1	33.5	0.9	0.6	0.3	1.6	1.2	0.9	30.0	28.7	28.5	11.6	11.9	12.7
Transportation	ACV VN	25.6	23.6	18.3	5.0	8.3	28.8	5.1	2.8	0.6	4.5	3.8	3.2	20.7	18.8	20.2	12.1	11.4	11.3

Stock ratings and pricing data is as of close on April 26, 2021.

Source: Bloomberg, Yuanta Vietnam



Appendix A: Important Disclosures

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SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

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PT YUANTA SECURITIES INDONESIA
(A member of the Yuanta Group)
Equity Tower, 10th Floor Unit EFGH
SCBD Lot 9
Jl. Jend. Sudirman Kav. 52-53
Tel: (6221) - 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Thailand)
127 Gaysorn Tower, 16th floor
Ratchadamri Road, Pathumwan
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Vietnam)
4th Floor, Saigon Centre
Tower 1, 65 Le Loi Boulevard,
Ben Nghe Ward, District 1,
HCMC, Vietnam

YUANTA SECURITIES NETWORK



YUANTA SECURITIES VIETNAM OFFICE

Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Institutional Research

Matthew Smith, CFA
 Head of Research
 Tel: +84 28 3622 6868 (ext. 3815)
matthew.smith@yuanta.com.vn

Binh Truong
 Deputy Head of Research (O&G, Energy)
 Tel: +84 28 3622 6868 (3845)
binh.truong@yuanta.com.vn

Tanh Tran
 Analyst (Banks)
 Tel: +84 28 3622 6868 (3874)
tanh.tran@yuanta.com.vn

Tam Nguyen
 Analyst (Property)
 Tel: +84 28 3622 6868 (3874)
tam.nguyen@yuanta.com.vn

Di Luu
 Assistant Analyst
 Tel: +84 28 3622 6868 (ext. 3845)
di.luu@yuanta.com.vn

Institutional Sales

Huy Nguyen
 Head of Institutional sales
 Tel: +84 28 3622 6868 (3808)
huy.nguyen@yuanta.com.vn

Tu Nguyen
 Sales Trader
 Tel: +84 28 3622 6868 (3890)
tu.nguyen1@yuanta.com.vn

Trung Nguyen
 Sales Trader
 Tel: +84 28 3622 6868 (3890)
trung.nguyen2@yuanta.com.vn