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| **Strategy Weekly: Momentum continues to point north**  **June 11, 2021** | | | | |
| **Matthew Smith, CFA**  **Head of Research**  +84 28 3622 6868  [matthew.smith@yuanta.com.vn](mailto:matthew.smith@yuanta.com.vn) | **A modest correction.** The VNI finally posted a correctionlast week, but Friday’s rally ensured that the index closed at just -1.6% lower week-on-week. The market remains remarkably resilient in light of the ongoing (and worsening, in HCMC at least) pandemic outbreak. Turnover remains strong, and capital increases by the brokers should ensure continued margin finance availability going forward. | | |
|  | | **Index, Flows, and FX Performance**   * **VNINDEX**: 1352 (-1.6% WoW / +22.5% YTD / +55.8% YoY) * **VHINDEX**: 317 (-4.0% WoW / +55.9% YTD / +172.9% YoY) * **UPCOM Index**: 88.9 (-1.8% WoW / +19.4% YTD / +59.0% YoY) * **Average daily turnover:** US$1,431 mn (-1.5% WoW) * **Foreigners net sold** US$32 mn of three-index constituents * **VND:USD rate: 22,973** (28bps WoW / +54bp YTD / +98bp YoY) |  | | |

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| |  |  |  |  |  | | --- | --- | --- | --- | --- | | **VN30 Components** | | |  |  | | **Ticker** | **Closing price (VND K)** | **WoW chg** | **Cont to VN30 (WoW)** | **TTM PE (x)** | | BID | 45.2 | -7.8% | -4% | 22 | | BVH | 57.3 | 0.4% | 0% | 22 | | CTG | 52.9 | -2.0% | -6% | 11 | | FPT | 83.5 | -1.4% | -6% | 20 | | GAS | 87.0 | -4.8% | -3% | 22 | | HDB | 34.5 | -2.8% | -8% | 11 | | HPG | 53.1 | -2.6% | -23% | 13 | | KDH | 36.8 | 3.4% | 3% | 19 | | MBB | 39.4 | -5.2% | -24% | 11 | | MSN | 106.0 | -1.2% | -4% | 82 | | MWG | 137.0 | -0.4% | -1% | 15 | | NVL | 104.9 | 1.8% | 7% | 34 | | PDR | 87.4 | 6.8% | 8% | 32 | | PLX | 54.0 | -5.6% | -3% | 18 | | PNJ | 96.9 | -3.7% | -5% | 20 | | POW | 12.1 | -8.0% | -3% | 12 | | REE | 54.9 | -4.4% | -2% | 10 | | SBT | 21.3 | 1.9% | 1% | 19 | | SSI | 50.1 | 2.8% | 4% | 17 | | STB | 30.5 | -5.1% | -19% | 20 | | TCB | 52.6 | -3.7% | 31% | 13 | | TCH | 21.9 | -0.9% | -0% | 9 | | TPB | 36.6 | -6.2% | -10% | 10 | | VCB | 102.8 | -2.0% | -6% | 18 | | VHM | 106.0 | 1.4% | 5% | 13 | | VIC | 118.0 | -2.5% | -12% | 54 | | VJC | 115.5 | 7.5% | 16% | 51 | | VNM | 92.0 | 4.1% | 27% | 20 | | VPB | 71.7 | 0.0% | 0% | 15 | | VRE | 31.5 | -2.2% | -3% | 27 | | Source: Bloomberg, Yuanta Vietnam. Pricing date: Jun 11, 2021. | | | | | | Banks and basic materials took a breather last week after driving the index northward since April. Not surprisingly, weekly breadth was negative, with the VNI posting 160 gainers vs. 207 losers and the VN30 large caps (which have provided much of the broader market’s YTD upside) posting 9 gainers vs. 20 losers. In keeping with the spirit of the times, airline VJC (+7.5%) outperformed the other big caps amid mixed, but largely negative, newsflow on the ongoing COVID-19 outbreak.  The [extension](https://yuanta.com.vn/wp-content/uploads/2021/06/Impact-of-Document-3947-NHNN.pdf) of regulator-mandated forbearance on borrowers who have been impacted by COVID-19 came as no surprise. The extension of this policy is highly sensible given the exogenous shock presented by COVID-19. But analyst Tanh Tran argues that the implied deterioration in bank asset quality compels investors to focus on [high-quality banks](https://yuanta.com.vn/wp-content/uploads/2021/05/Banks_CAMEL_1Q21_Updated.pdf). Specifically, we those with high LLR ratios, as such banks are better prepared for the eventual recognition of increased NPLs. [VCB](https://yuanta.com.vn/wp-content/uploads/2021/01/VCB_Company-Update_Jan_2021.pdf) is our top pick.    *Source: FiinPro, SBV, Yuanta Vietnam*  Stick to quality. Tanh’s mantra on the banks is applicable across the universe of Vietnamese stocks. Our top picks remain VHM, KDH, VCB, and DHC. |



**August 17, 2020**

*Source: Bloomberg (Jun 11)*

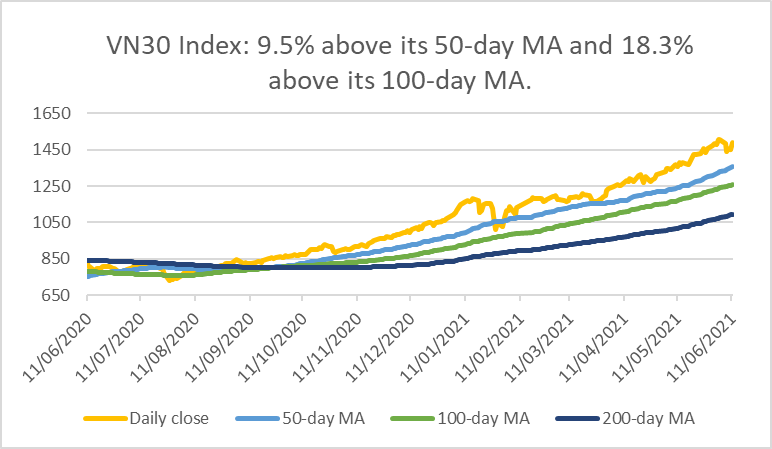
*Source: FiinPro, Bloomberg, Yuanta Vietnam (June 11)*

**Breadth has been trending down gradually, with most stocks trading below their 50-day moving averages**

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|  |  | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **VN 30 breadth** | | | | |  | | |  | **WoW** | | **MoM** | | **YTD** | | | Gainers | 9 | | 24 | | 24 | | | Losers | 20 | | 5 | | 6 | | | Source: Bloomberg (Jun 11) | | | | |  | | | **VNI breadth** | | | |  | |  | | |  | | **WoW** | | **MoM** | | **YTD** | | | Gainers | | 160 | | 244 | | 267 | | | Losers | | 207 | | 133 | | 106 | | | Source: Bloomberg (Jun 11) | | | | | |  | | |

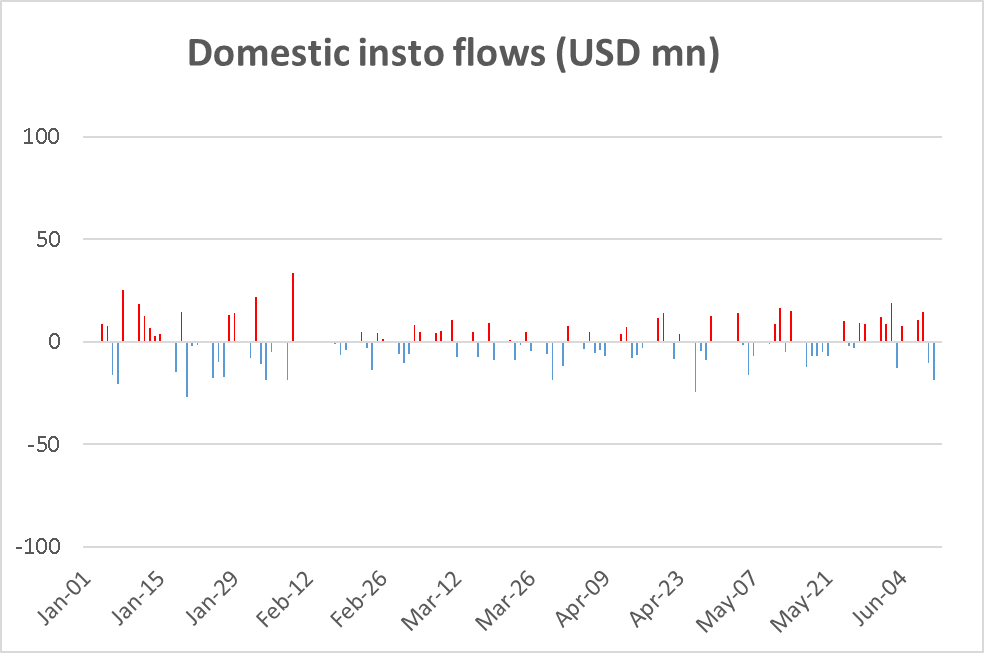
*Source: Bloomberg, Yuanta Vietnam (Jun 11) Source: Bloomberg, Yuanta Vietnam*

*Source: Bloomberg, Yuanta Vietnam*

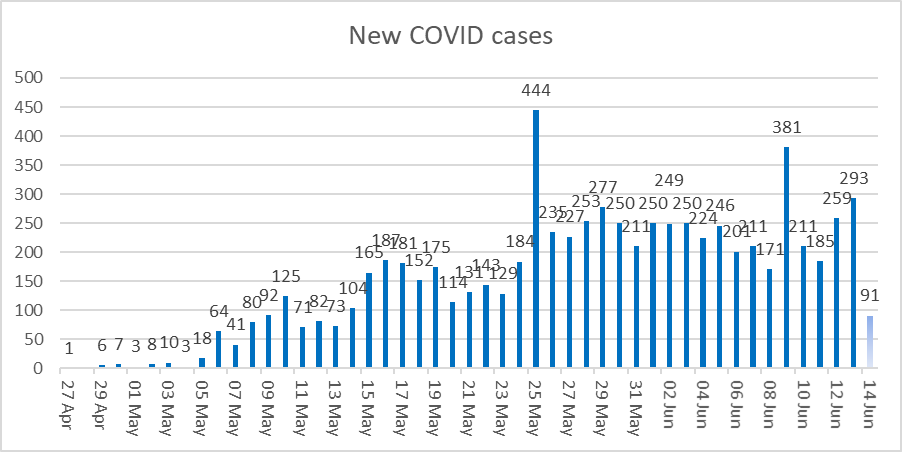
**** *Source: Bloomberg, Yuanta Vietnam*

*Source: Bloomberg, Yuanta Vietnam*

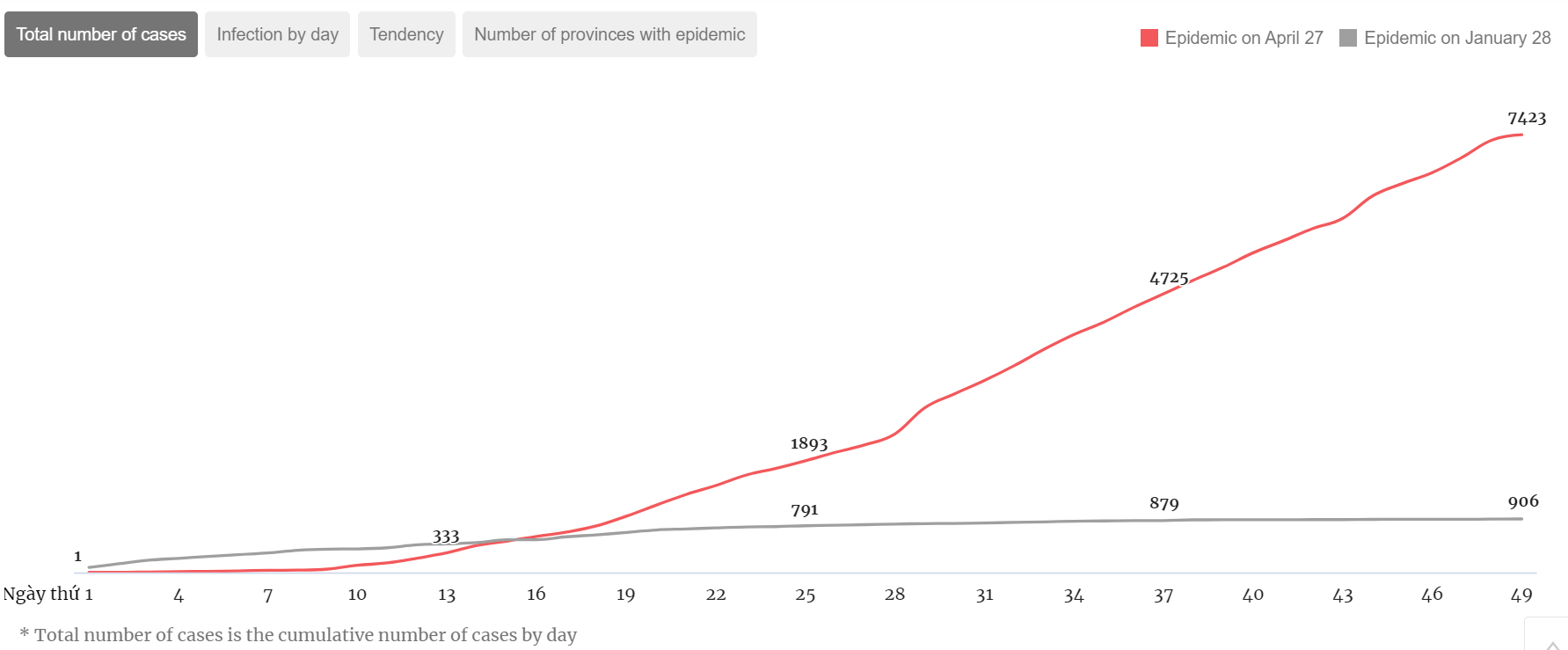
*Source: FiinPro, Yuanta Vietnam (Jun 11)*

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*Source: FiinPro, Yuanta Vietnam (data updated to Jun 11)*



*Source: Vnexpress (Note: June 14 datapoint reflects the total new cases as of noon).*

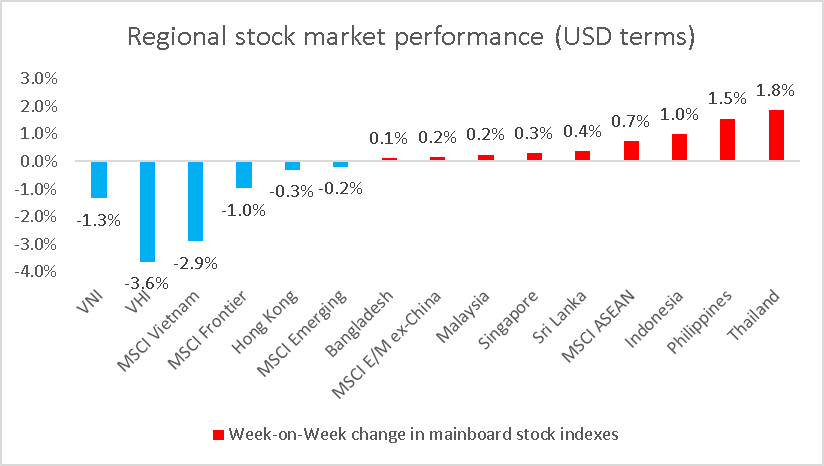
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*Source: Vnexpress*

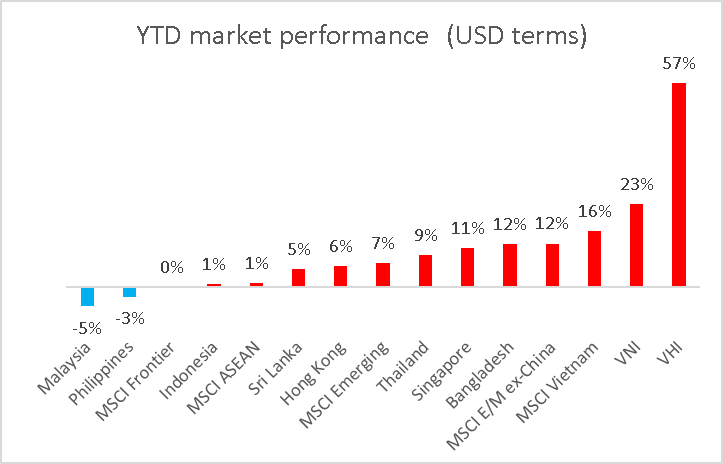
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| **The VNI’s trailing PE ratio as of Friday’s close was 18.5x.** |  | **The mainboard’s forward (2021E) PE is now 16.4x, based on Bloomberg consensus.** |
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| *Source: Bloomberg, Yuanta Vietnam* |  | *Source: Bloomberg (2021E consensus PE), Yuanta Vietnam* |

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| **Vietnam stocks are cheap vs. the region on a trailing P/E basis…** |  | **…but in the middle of the pack on forward earnings multiples.** |
|  |  |  |
| *Source: Bloomberg, Yuanta Vietnam (Jun 11)* |  | *Source: Bloomberg (2021E consensus PE), Yuanta Vietnam (Jun 11)* |

**Vietnam stocks posted a rare week of underperformance vs the region last week.**

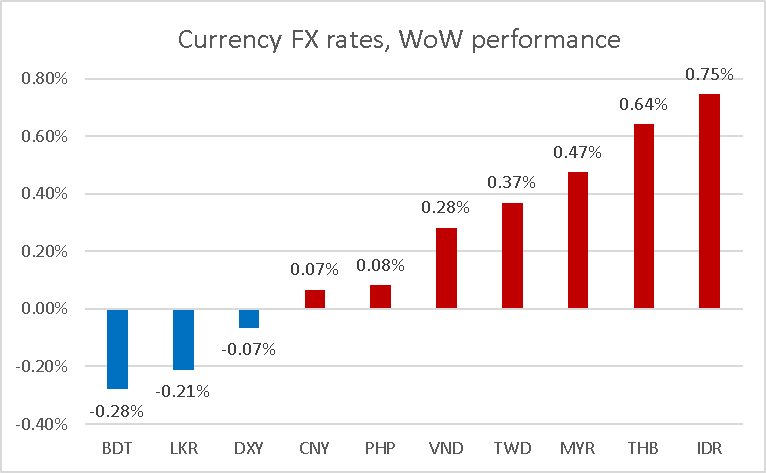
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*Source: Bloomberg, Yuanta Vietnam (Jun 11)*



*Source: Bloomberg, Yuanta Vietnam (Jun 11)*

**Regional currencies: VND strengthened sharply against the USD, along with regional peer currencies**

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*Source: Bloomberg (Jun 11)*

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| **Grey market US dollar cash premium bounced a few basis points last week…** |  | **…but only because of an unusually sharp increase in the official VND cross rate.** |
|  |  |  |
| Source: FiinPro, Yuanta Vietnam. Bank data refers to VCB’s published electronic selling price vs. the “free market” price for USD notes. |  | Source: FiinPro, Yuanta Vietnam |
| **Global precious metals prices have been on a roll in recent weeks after the worst 1Q in years.** |  | **Even the SJC’s official gold price has started to move higher, albeit far more gradually.** |
|  |  |  |
| Source: FiinPro, Yuanta Vietnam. Bank data refers to VCB’s published electronic selling price vs. the “free market” price for USD notes. |  | Source: FiinPro, Yuanta Vietnam |

***Sector performance YTD -- Banks & materials have been the market leaders, but both sectors saw profit-taking amid last week’s burst of volatility.***

*Source: Bloomberg* *(Jun 11)*



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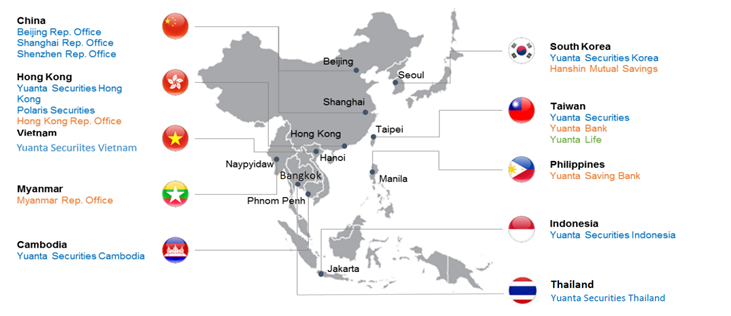
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