

## Strategy: Best week for stocks in 13 years

**Matthew Smith, CFA**

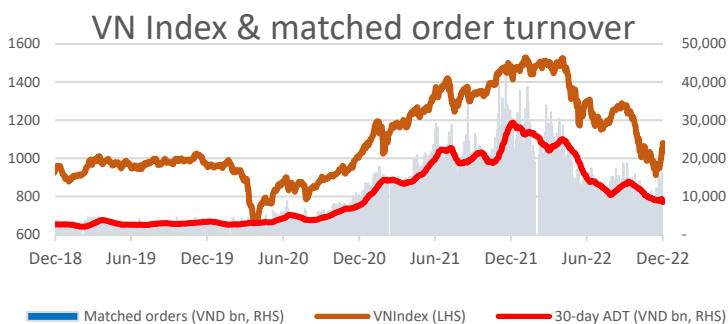
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The VNI's +11.2% WoW gain was the best weekly performance in the past 13 years. Surging volumes (+80% WoW) and foreign net buying support confidence that a bottom has been reached. This doesn't preclude a short-term pullback, as hopes for credit policy loosening may not bear fruit immediately. But seller exhaustion appears to have set in, as the margin deleveraging trap that had ensnared a handful of large caps since early November finally appears to be over.



### Index, Flows, and FX Performance

- **VNINDEX:** 1080 (+11.2% WoW / -27.9% YTD / -27.1% YoY)
- **VHINDEX:** 216 (+9.8% WoW / -54.4% YTD / -52.9% YoY)
- **UPCOM Index:** 72 (+5.6% WoW / -35.9% YTD / -37.0% YoY)
- **Average daily turnover:** US\$828 mn (+79.7% WoW)
- **Foreigners net bought** US\$380mn of three-index constituents
- **VND:USD rate:** 24,447 (+145bp WoW / -663bp YTD / -7.1% YoY)

### VN30 Components

Ticker	Closing price (VND K)	WoW chg	Cont to VN30 (WoW)	TTM PE (x)
ACB	23.5	9.3%	4.5%	6
BID	41.2	3.0%	0.2%	13
BVH	48.2	2.8%	0.1%	20
CTG	28.0	8.3%	1.2%	9
FPT	77.4	7.5%	3.8%	16
GAS	111.2	6.1%	0.5%	16
GVR	15.5	14.8%	0.3%	15
HDB	16.5	10.4%	2.1%	5
HPG	19.5	27.1%	12.0%	7
KDH	29.1	29.6%	2.9%	16
MBB	18.8	16.0%	5.3%	5
MSN	103.9	10.5%	5.0%	15
MWG	47.0	24.3%	8.9%	13
NVL	23.8	16.4%	2.2%	16
PDR	15.6	20.9%	0.6%	5
PLX	31.5	11.3%	0.3%	43
POW	11.7	7.8%	0.3%	23
SAB	177.0	-1.7%	-0.1%	21
SSI	19.5	13.7%	2.0%	9
STB	20.9	10.3%	2.9%	9
TCB	28.8	25.2%	11.8%	5
TPB	22.8	12.3%	1.7%	6
VCB	85.0	16.3%	5.1%	15
VHM	57.2	21.7%	9.6%	8
VIB	21.4	16.9%	3.0%	5
VIC	68.8	5.8%	2.7%	240
VJC	106.5	4.4%	0.9%	933
VNM	84.0	2.2%	1.1%	22
VPB	17.3	11.6%	6.2%	6
VRE	31.6	15.1%	3.1%	35

Source: Bloomberg, Yuanta Vietnam. Pricing date: Dec 02, 2022.

**Seller exhaustion?** The market's impressive performance was ostensibly driven by news / chatter about policy – specifically, the loosening of credit quotas and addressing the bond market's difficulties. But financial conditions are tight, with another policy rate hike not impossible after the Fed's decision on Dec 14 – realistically, the decision here probably depends on how the USD performs following the Fed's move, as Vietnam's interest rate policy is currently geared at underpinning the value of the VND, in our view.

**For the record,** this was the 16<sup>th</sup> best weekly result in the market's 24-year history and the best since 2009. Friday's +4.2% DoD gain was the fourth highest daily result for the VNI in at least the past seven years, and Monday (+3.5% DoD) was also in the top-10 days since 2015.

**Foreign net buying continues to surge,** with another US\$380 million of net buying last week alone. In local currency terms, November's VND16.0 trillion in net FINI buying on the HSX alone was the second highest monthly net buying number in history, exceeded only by the IPO-fueled excitement of May 2018 (VND22.8 trillion). This has clearly helped to support share prices, but the stock market inflows are dwarfed by the massive FDI disbursement of US\$19.68 billion (+15.1% YoY) in the first 11 months of 2022. If capital flight from Vietnam is occurring, it's not being driven by foreigners.

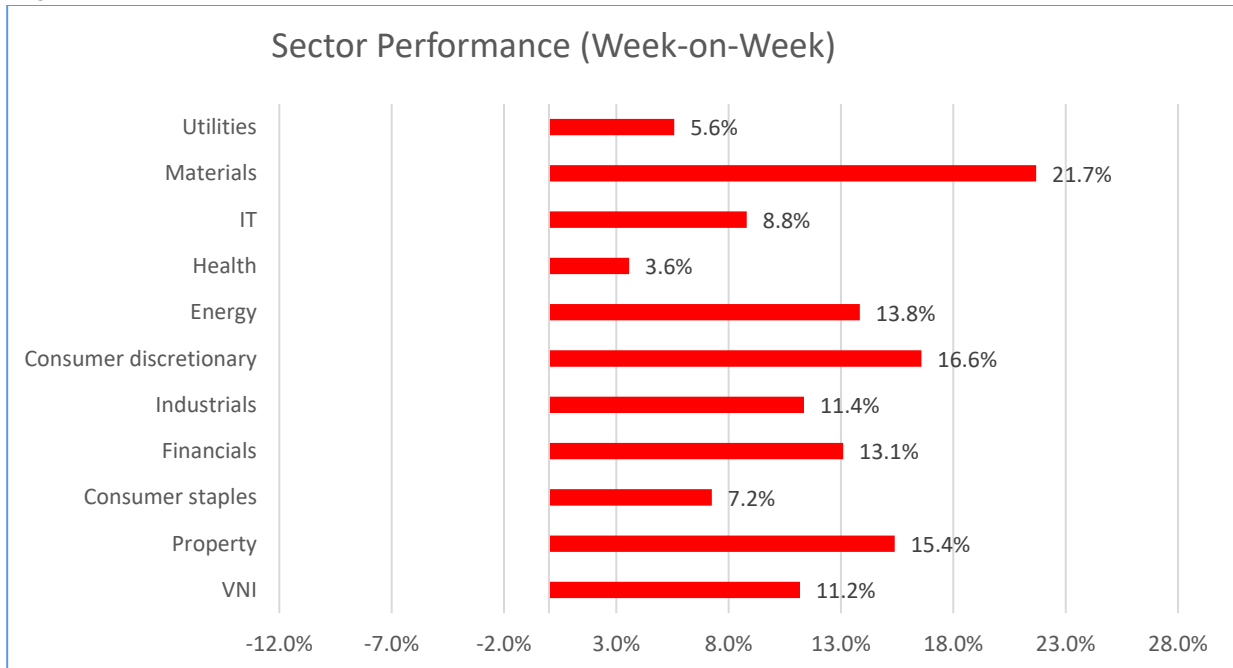
**Macro slowdown confirmed.** The November Index of Industrial Production rose by 5.3% YoY, substantially slower than in previous months as new orders decline and input costs remain high amid supply constraints. Slowing growth is partially a function of the higher base but the tepid global demand is clearly hitting new orders. The forward-looking manufacturing PMI hit 47.4 in November, the first negative result in the past 13 months. Retail sales were still up a very solid +17.5%, indicating that domestic demand remains robust. We still expect GDP growth of close to 8% this year (it was 8.8% in 9M22), but a slowdown to 5-6% range is likely in 2023.

## Yuanta Vietnam Coverage Universe

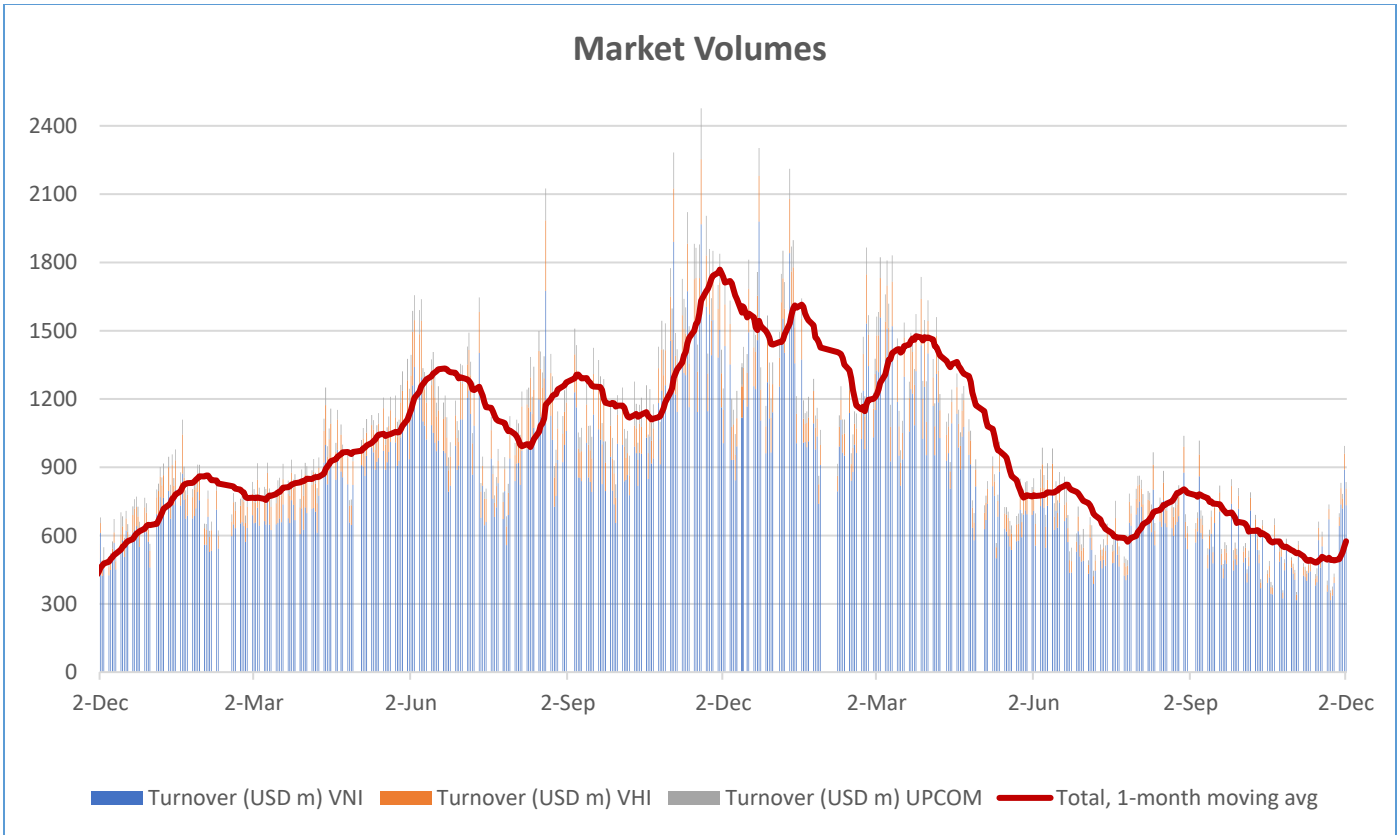
Sector	Company	Stock code	Market cap (USDm)	3-month ADT (USDm)	Yuanta Rating	Current price (VND)	Target price (VND)	Up (down) side	2022E Dividend yield	12-m TSR*
<b>Banks</b>	Asia Commercial Bank	ACB VN	3,247	4.3	BUY	23,500	31,883	36%	0.0%	36%
	BIDV	BID VN	8,525	2.3	HOLD-Underperform	41,200	38,860	-6%	1.1%	-5%
	HD Bank	HDB VN	1,698	2.7	HOLD-Outperform	16,500	26,480	60%	0.0%	60%
	MB Bank	MBB VN	3,487	10.3	BUY	18,800	32,792	74%	0.0%	74%
	Sacombank	STB VN	1,608	15.3	BUY	20,850	28,860	38%	0.0%	38%
	Vietcombank	VCB VN	16,455	4.3	BUY	85,000	89,851	6%	2.0%	8%
	Vietnam Prosperity Bank	VPB VN	4,751	12.8	BUY	17,300	32,547	88%	0.0%	88%
<b>Brokers</b>	HCM City Securities	HCM VN	419	5.8	BUY	22,400	29,957	34%	5.6%	39%
	Saigon Securities	SSI VN	1,185	14.3	BUY	19,450	26,092	34%	2.3%	36%
	Viet Capital Securities	VCI VN	448	7.6	BUY	25,150	47,656	89%	8.8%	98%
	VNDirect Securities	VND VN	692	12.6	BUY	13,900	26,539	91%	2.0%	93%
<b>Energy</b>	PV POW	POW VN	1,121	5.7	SELL	11,700	12,157	4%	2.6%	6%
	PV NT2	NT2 VN	316	1.7	SELL	26,850	19,318	-28%	7.4%	-21%
	PCC1	PC1 VN	219	2.0	BUY	19,800	50,728	156%	0.0%	156%
<b>Consumer</b>	Masan Group	MSN VN	6,051	7.0	Suspended	103,900	N/A	N/A	0.0%	N/A
	Phu Nhuan Jewelry	PNJ VN	1,157	2.8	BUY	115,000	135,453	18%	1.6%	19%
	Digiworld	DGW VN	314	3.1	Suspended	47,000	N/A	N/A	3.9%	N/A
<b>Oil &amp; GAS</b>	PV Drilling	PVD VN	372	7.4	BUY	16,350	36,103	121%	4.3%	125%
<b>Property</b>	Kinh Bac City	KBC VN	678	8.3	BUY	21,600	38,300	77%	0.0%	77%
	Dat Xanh Group	DXG VN	364	8.0	BUY	14,600	40,500	177%	0.0%	177%
	Khang Dien House	KDH VN	853	4.4	BUY	29,100	55,300	90%	1.7%	92%
	Nam Long	NLG VN	461	3.6	HOLD-Outperform	29,350	55,500	89%	3.4%	93%
	Novaland	NVL VN	1,898	16.9	HOLD-Underperform	23,800	70,400	196%	0.0%	196%
	Vinhomes	VHM VN	10,188	7.5	BUY	57,200	108,100	89%	2.6%	92%
<b>Transport</b>	Airports Corp Vietnam	ACV VN	7,594	0.5	HOLD-Underperform	85,000	76,400	-10%	0.0%	-10%
<b>Industrials</b>	Dohaco	DHC VN	109	0.7	BUY	37,900	63,571	68%	6.6%	74%
	Biwase	BWE VN	343	0.4	BUY	43,500	70,902	63%	3.2%	66%

\*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 Dec 02 2022

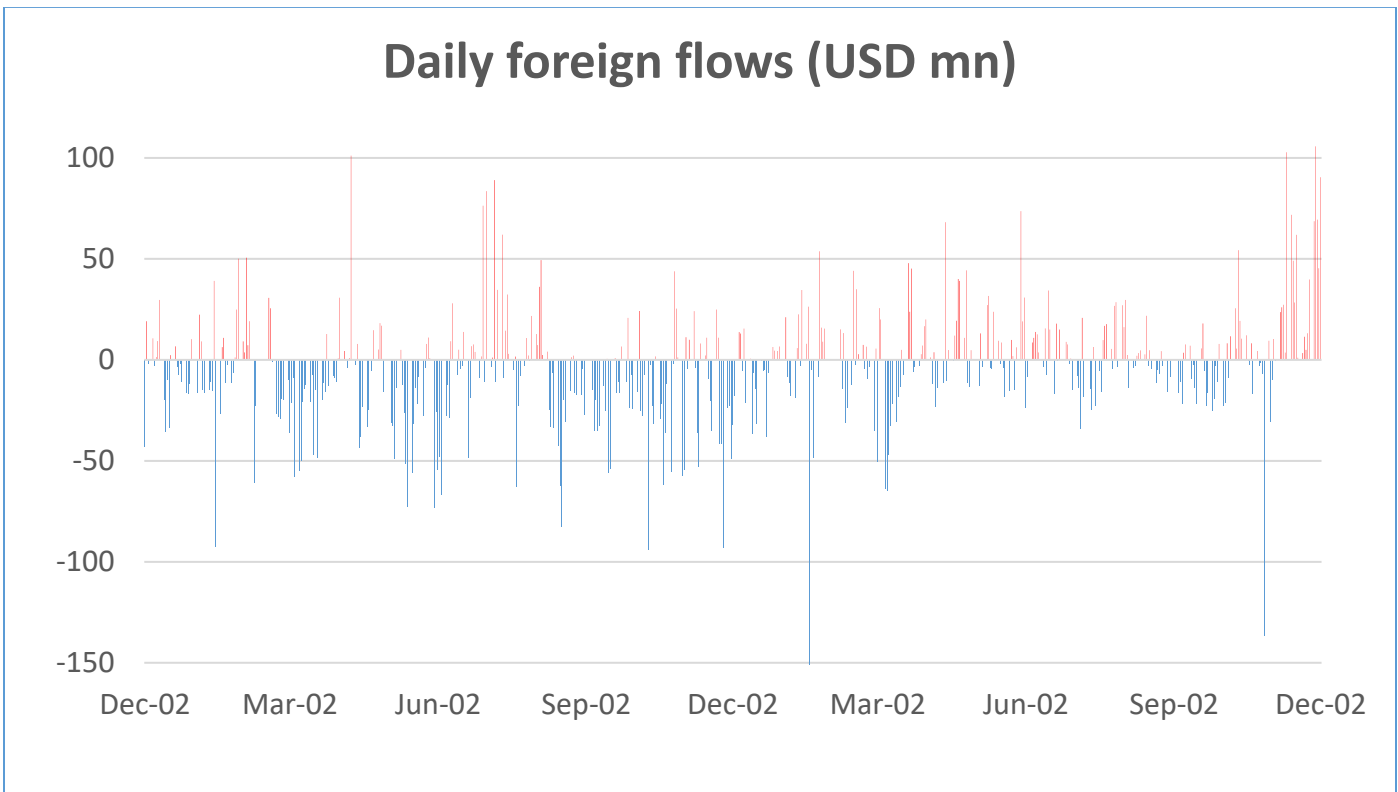
Source: Bloomberg, Yuanta Vietnam



Source: Bloomberg (Dec 02)



Source: FiinPro, Yuanta Vietnam (Dec 02)



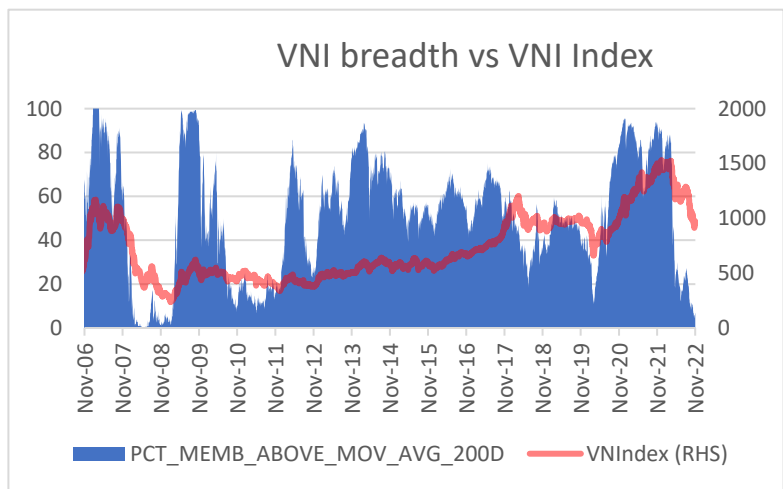
Source: FiinPro, Yuanta Vietnam (Dec 02)

## Domestic institutional flows (USD mn)



Source: FiinPro, Yuanta Vietnam (Dec 02)

### Weekly breadth was positive on both VNIndex and VN30



Source: Bloomberg, Yuanta Vietnam (Nov 25)

### VN 30 breadth

	WoW	MoM	YTD
Gainers	29	24	7
Losers	1	6	23

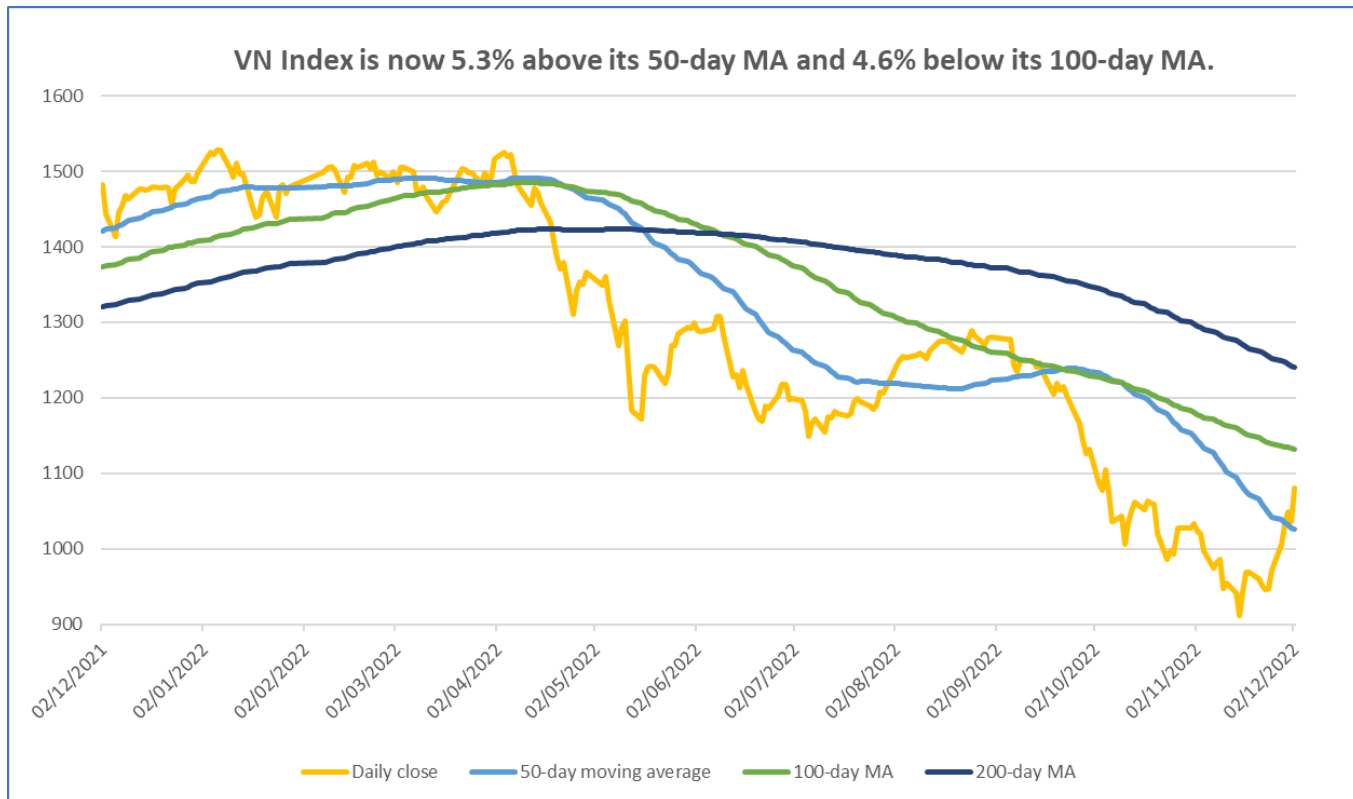
Source: Bloomberg (Dec 02)

### VNI breadth

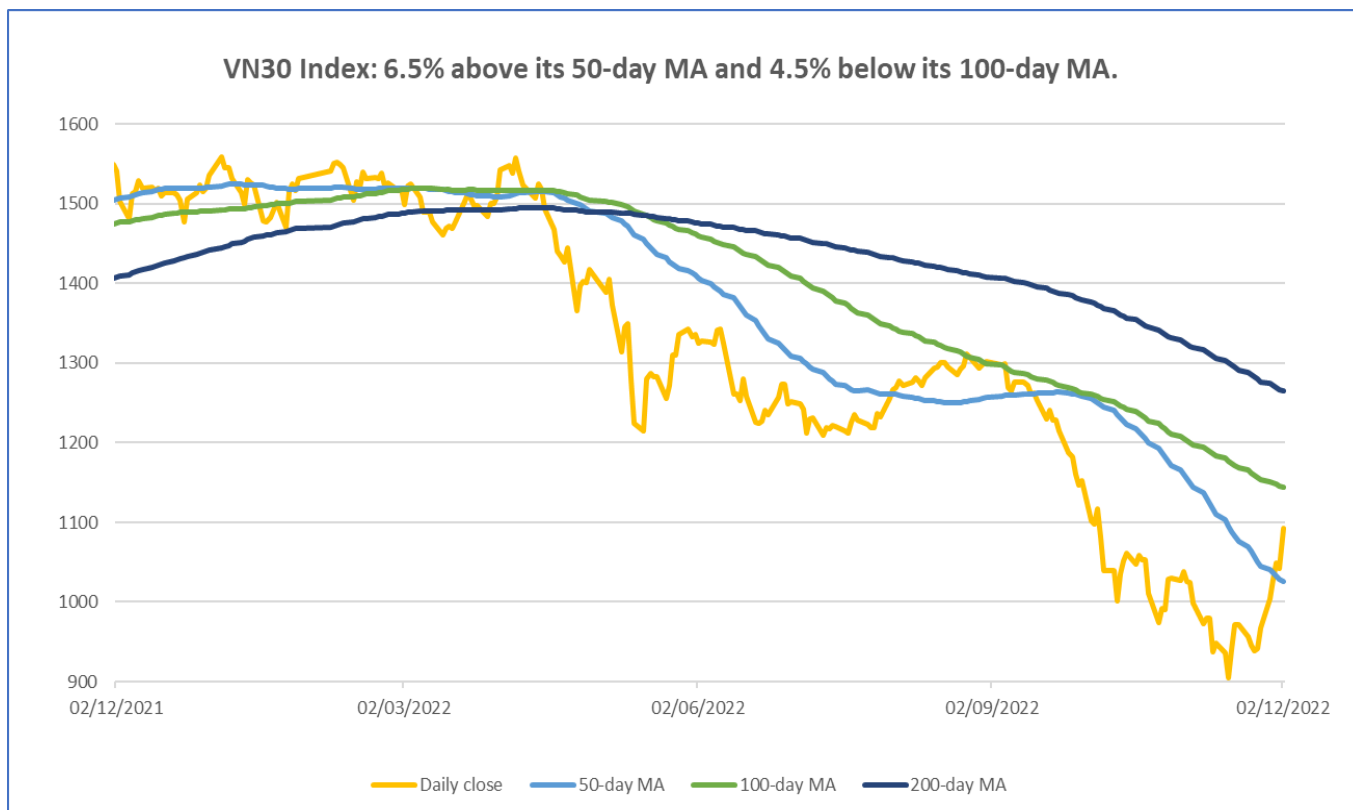
	WoW	MoM	YTD
Gainers	333	186	50
Losers	52	201	334

Source: Bloomberg (Dec 02)

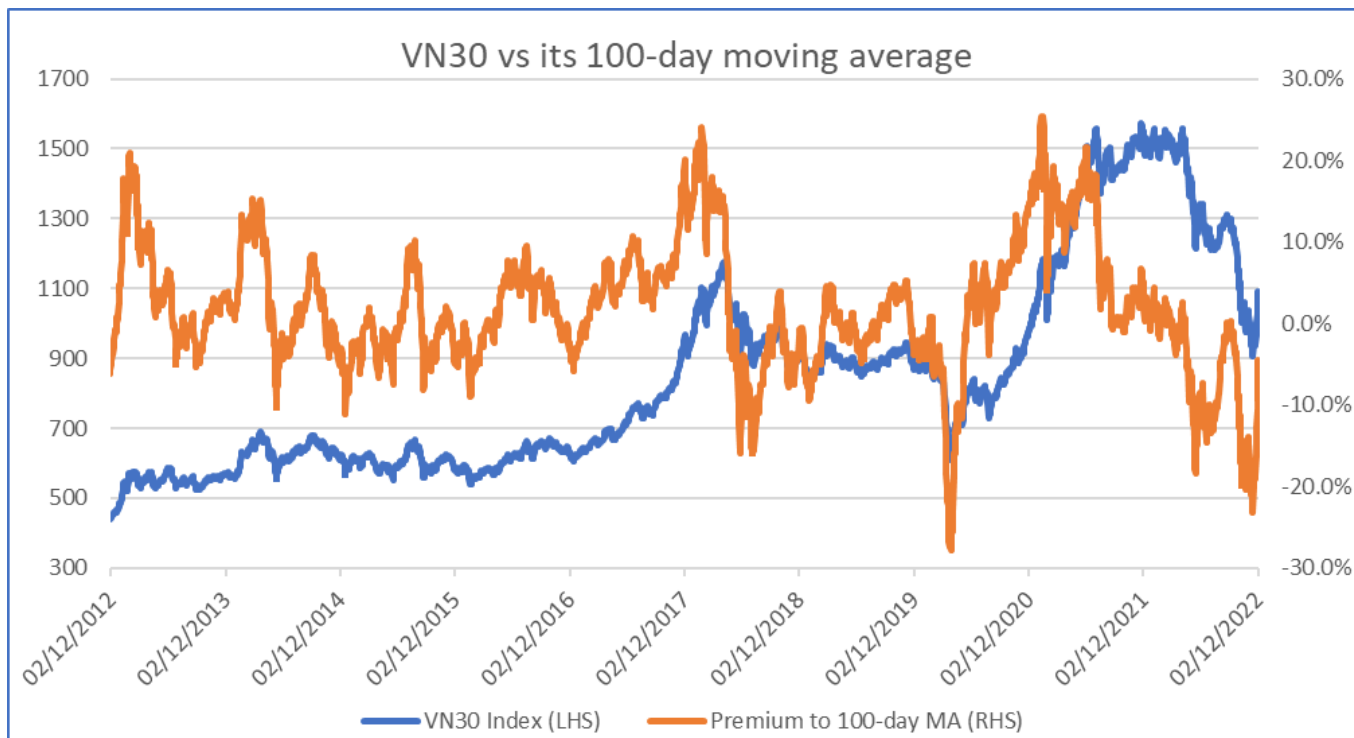
Source: Bloomberg, Yuanta Vietnam



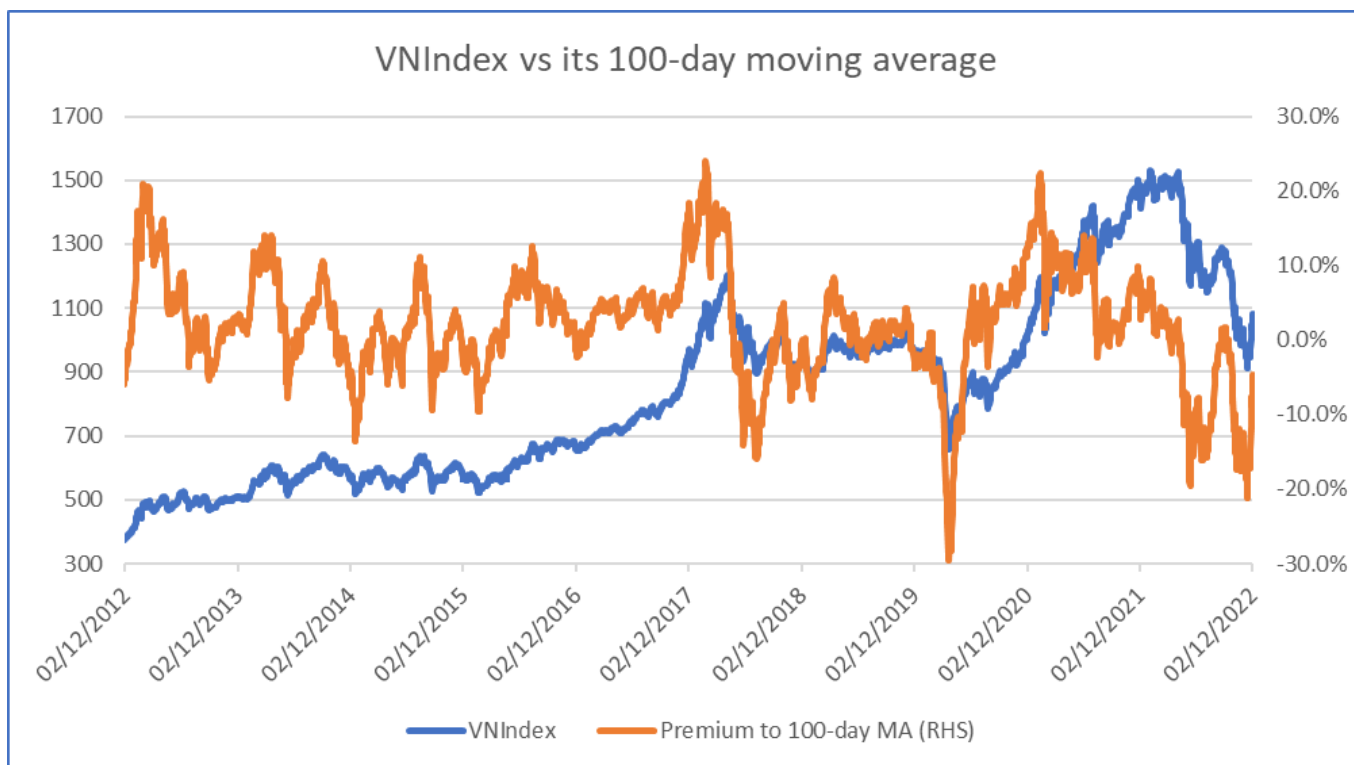
Source: Bloomberg, Yuanta Vietnam



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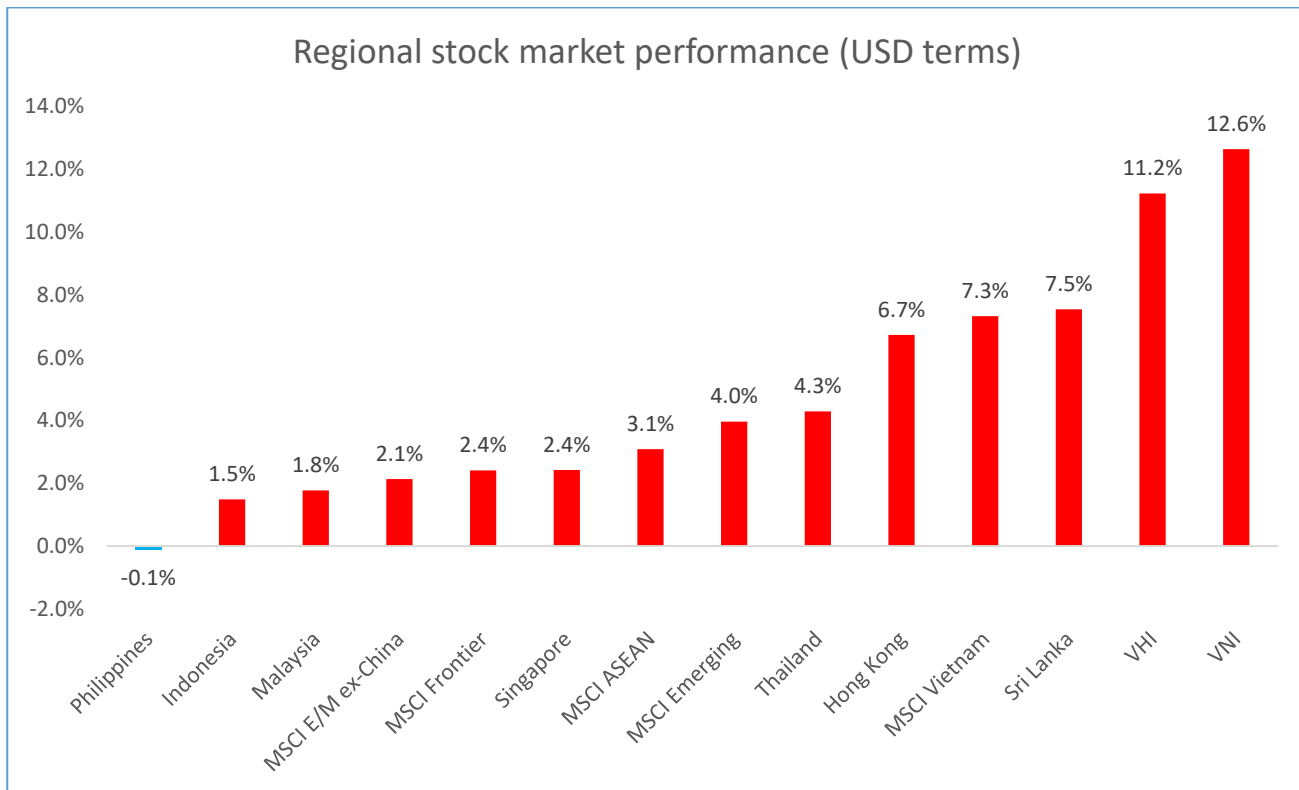


Source: Bloomberg, Yuanta Vietnam



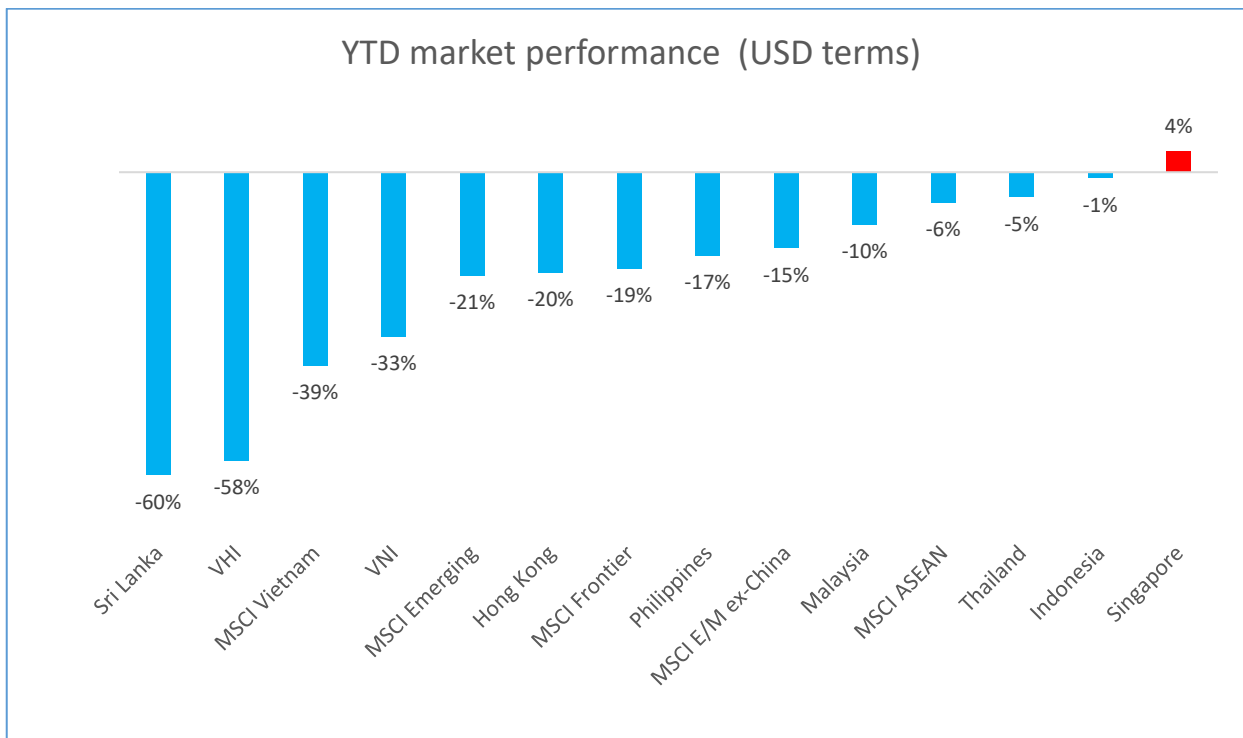
Source: Bloomberg, Yuanta Vietnam

The VNI +12.6% WoW in USD terms



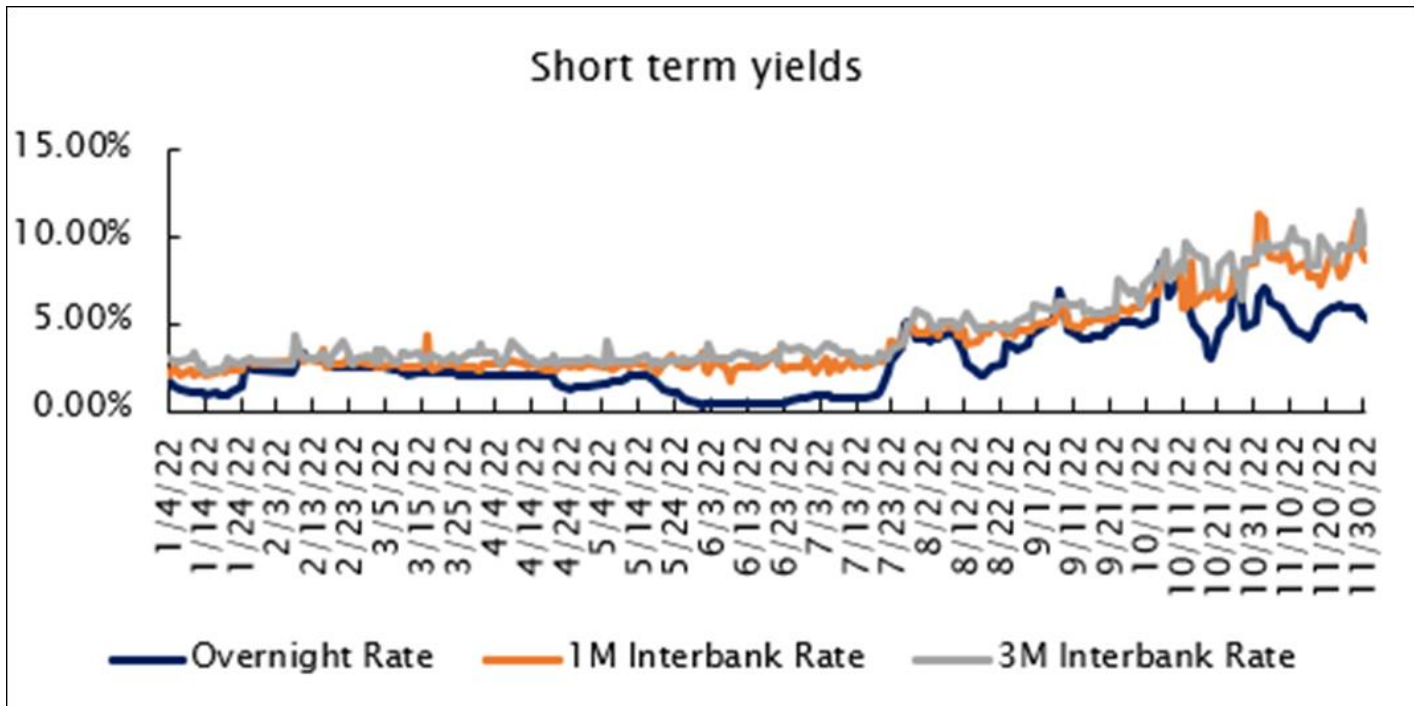
Source: Bloomberg, Yuanta Vietnam (Dec 02)

Vietnam: Not quite the “worst performing market in the world” in USD terms



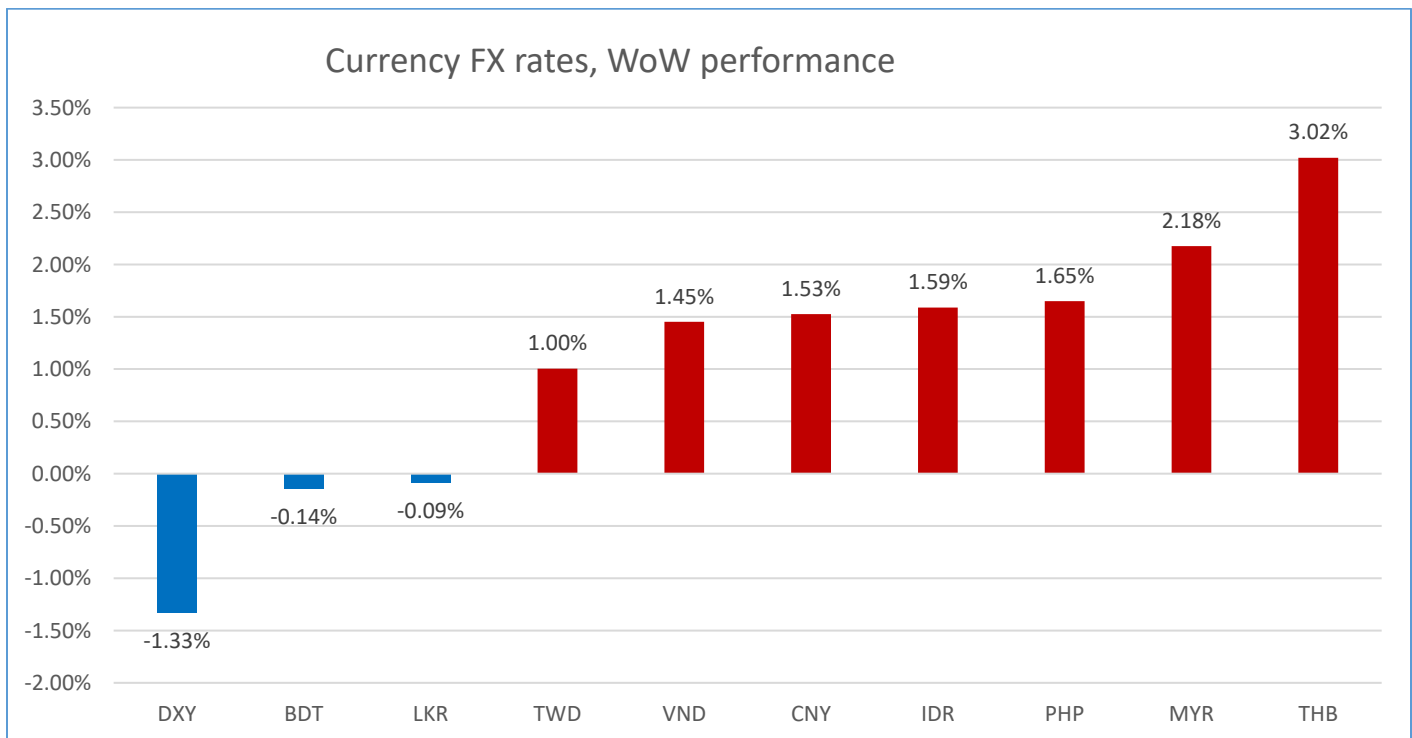
Source: Bloomberg, Yuanta Vietnam (Dec 02)

- Liquidity loosened slightly this week, but financial markets remain tight overall.
- The overnight rate decreased by -78bps WoW to reach 5.32% on Nov 30.



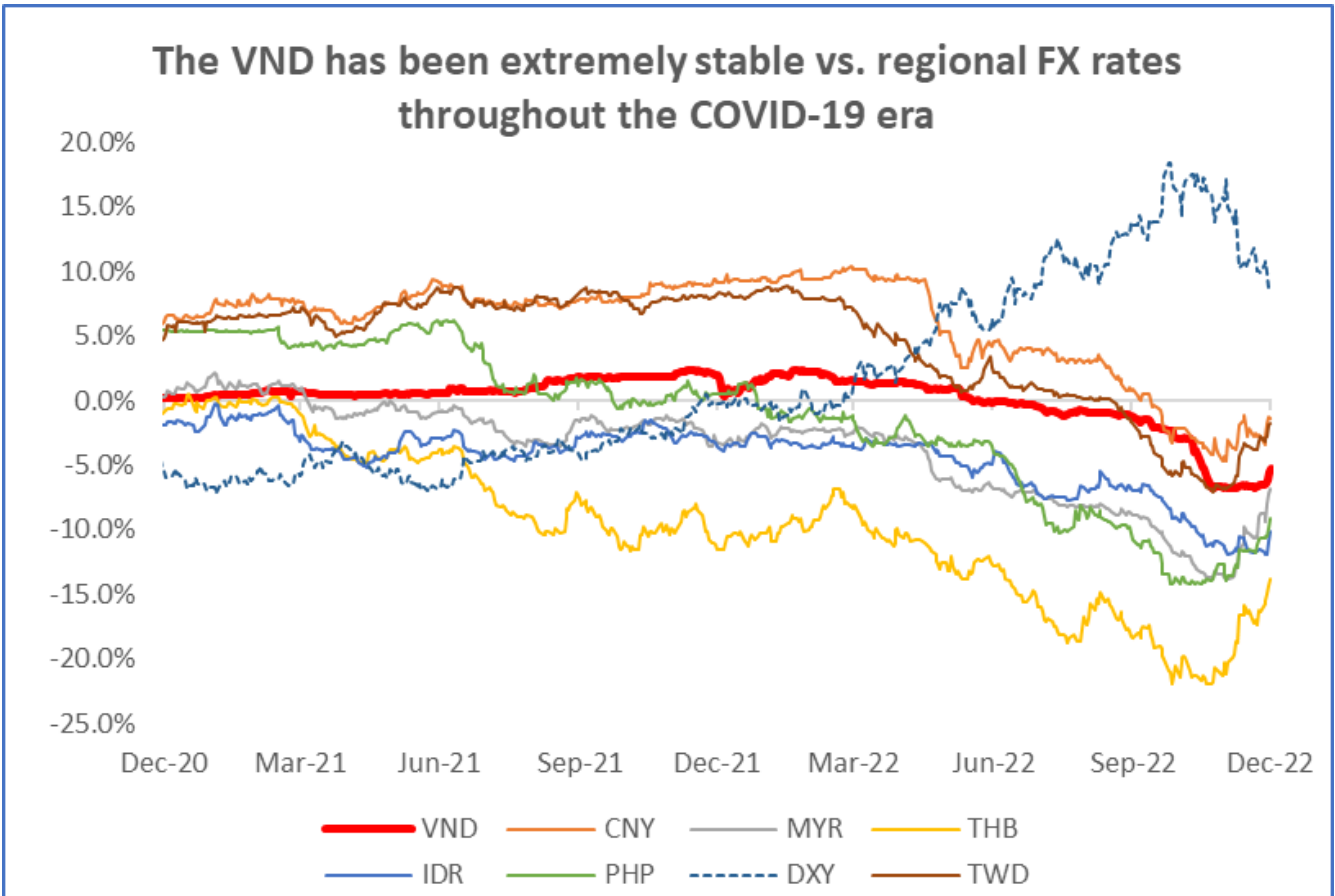
Source: SBV

**Regional currencies: VND was up +145bps against a weakening USD last week**



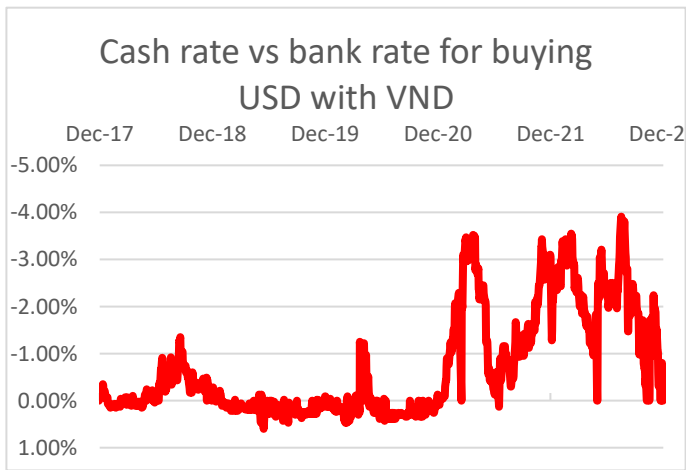
Source: Bloomberg (Dec 02)





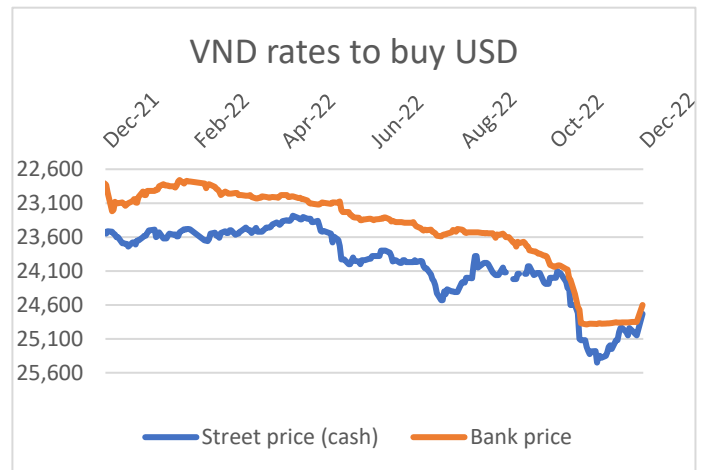
Source: Bloomberg (Dec 02)

**US dollar cash premium to the official bank rate has declined to just 1%...**



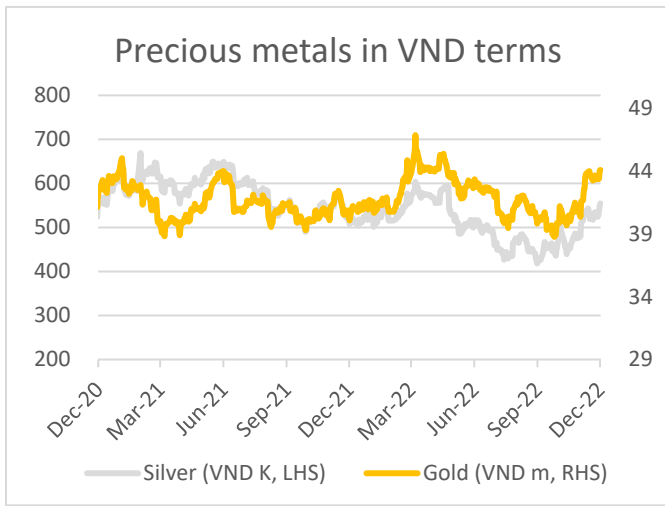
Source: FiinPro, Yuanta Vietnam. Bank data refers to VCB's published electronic selling price vs. the "free market" price for USD notes.

**...as the official rate has fallen sharply, especially last week.**



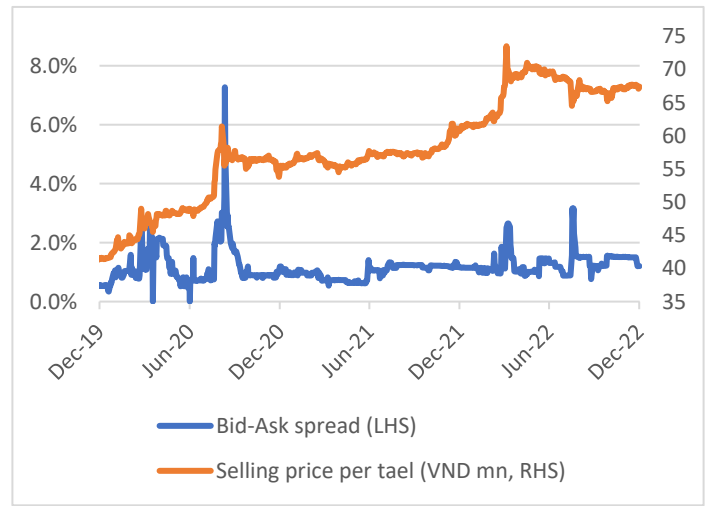
Source: FiinPro, Yuanta Vietnam

**Global precious metals may be bottoming vs. the USD (and thus, the VND too).**



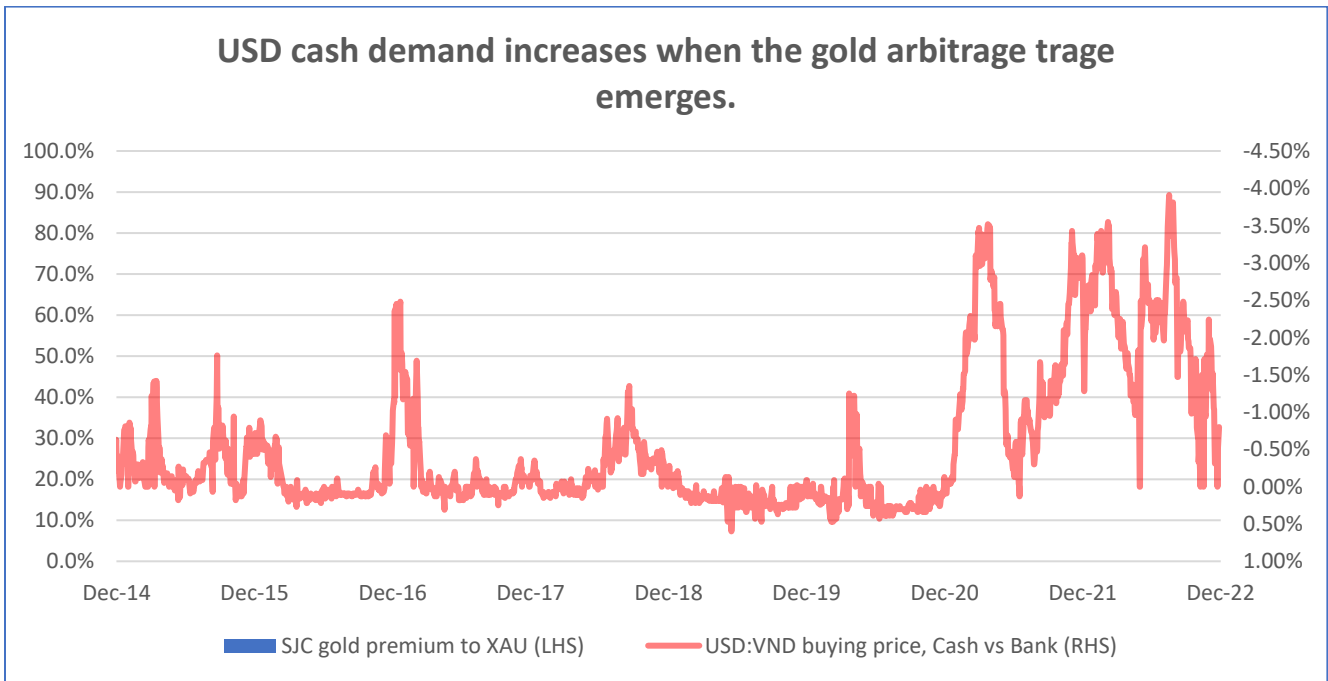
Source: FiinPro, Yuanta Vietnam. Bank data refers to VCB's published electronic selling price vs. the "free market" price for USD notes.

**SJC gold premium remains high, but bid-ask spreads have come down.**



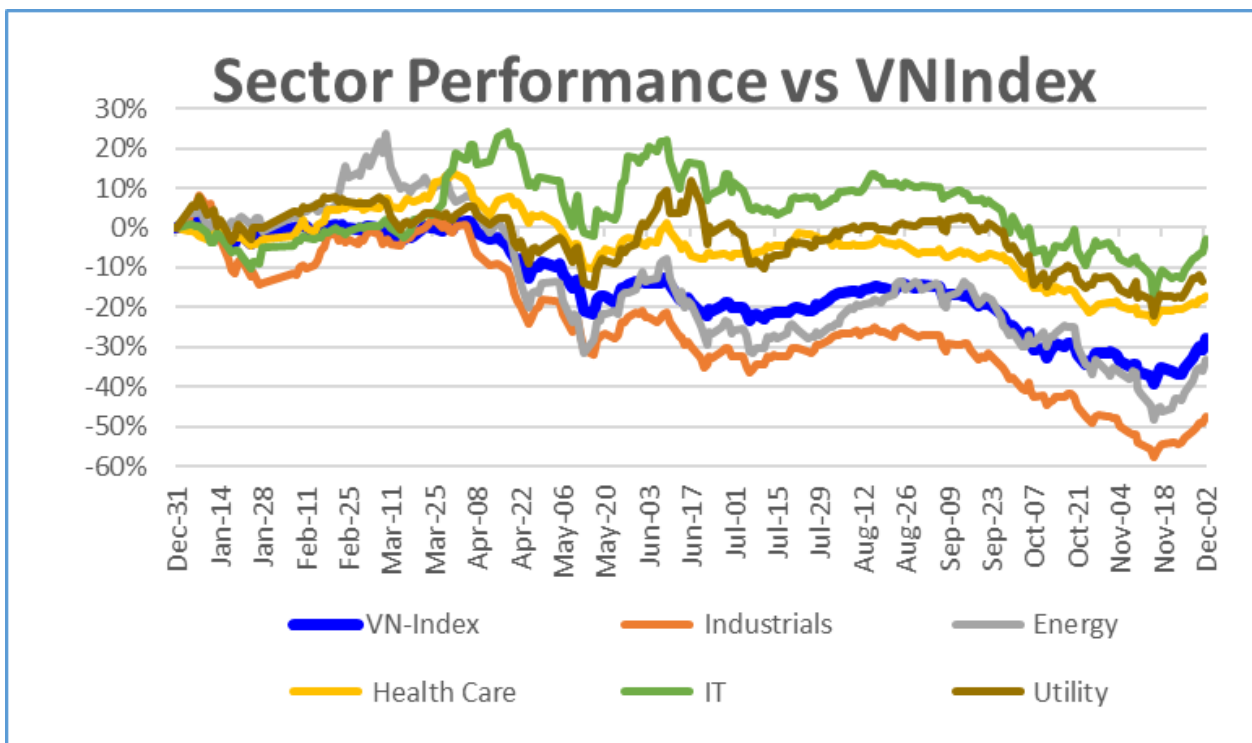
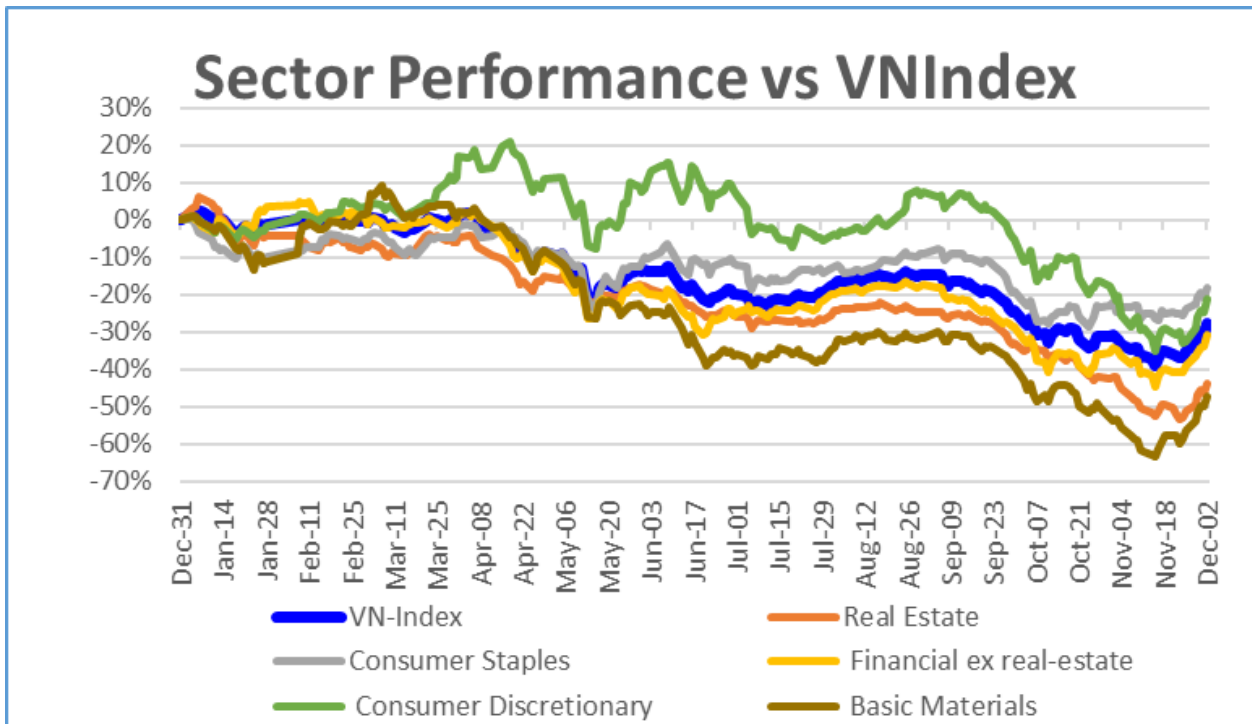
Source: FiinPro, Yuanta Vietnam

**USD cash demand increases when the gold arbitrage trade emerges.**



Source: FiinPro, Bloomberg, Yuanta Vietnam (Dec 02)

Sector performance YTD



Source: Bloomberg (Dec 02)

**Yuanta Universe: Valuations and ratings**

Sector	Stock Code	PER (x)			EPS Growth (%)			PEG (x)			PBV (x)			ROE (%)			ROA (%)		
		2021A	2022E	2023E	2021A	2022E	2023E	2021A	2022E	2023E	2021A	2022E	2023E	2021A	2022E	2023E	2021A	2022E	2023E
<b>Banks</b>	ACB VN	6.2	5.5	4.3	7.7	12.9	28.1	0.8	0.4	0.2	1.4	1.1	0.9	23.0	22.9	23.4	2.0	2.2	2.4
	BID VN	23.8	15.2	12.1	50.3	56.3	26.3	0.5	0.3	0.5	2.5	2.2	1.9	10.5	14.8	16.3	0.7	0.9	1.0
	HDB VN	5.7	4.4	3.5	9.7	30.8	26.0	0.6	0.1	0.1	1.1	0.9	0.7	20.5	21.1	21.3	1.8	2.0	2.2
	MBB VN	5.1	4.6	3.7	24.1	10.9	23.1	0.2	0.4	0.2	1.2	0.9	0.8	21.4	21.5	21.6	2.4	2.7	2.9
	STB VN	12.8	11.1	9.4	30.5	15.1	19.0	0.4	0.7	0.5	1.1	1.0	0.9	9.5	9.8	10.5	0.7	0.8	0.8
	VCB VN	14.6	11.2	9.1	31.4	29.5	23.4	0.5	0.4	0.4	2.8	2.4	2.0	21.0	22.8	23.6	1.7	1.9	2.1
	VPB VN	5.1	3.9	3.7	(19.9)	31.0	6.1	n/a	0.1	0.6	1.0	0.8	0.6	16.9	19.9	17.0	2.4	3.5	3.4
<b>Brokers</b>	HCM VN	8.1	7.9	7.7	109.5	2.4	2.7	0.1	3.3	2.9	1.4	1.2	1.1	19.5	16.9	15.9	6.2	4.7	3.9
	SSI VN	5.7	8.0	7.9	49.8	(28.8)	1.4	0.1	n/a	5.5	1.3	1.2	1.1	22.5	18.5	14.0	6.2	6.8	6.5
	VCI VN	5.7	5.4	5.2	(3.1)	5.4	2.9	n/a	1.0	1.8	1.3	1.1	1.0	22.9	22.7	20.9	8.8	8.8	8.3
	VND VN	5.5	6.0	5.1	212.3	(7.4)	17.9	0.0	n/a	0.3	1.5	1.4	1.1	34.9	27.0	25.6	8.7	7.4	8.1
<b>Energy</b>	PVD VN	358.4	10.7	5.7	(89.7)	3,245.0	88.4	n/a	0.0	0.1	0.5	0.5	0.4	0.1	4.6	8.8	0.1	3.2	5.7
	NT2 VN	16.9	13.1	11.8	(25.3)	28.7	11.1	n/a	0.5	1.1	2.1	2.0	2.0	15.9	17.5	17.7	7.4	9.6	10.4
	PC1 VN	7.1	5.4	4.6	(6.8)	31.3	17.8	n/a	0.2	0.3	0.7	0.7	0.6	12.6	13.6	14.1	4.7	5.1	6.4
<b>Consumer</b>	MSN VN	19.6			22.9	20.9	4.2	0.9	0.9	0.9	2.7	2.3	2.0	14.5	15.2	13.7	8.0	8.9	8.2
	PNJ VN	27.6	15.0	12.9	(3.4)	68.4	16.2	n/a	0.2	0.8	4.4	3.6	3.4	17.2	23.2	26.5	11.2	13.9	15.6
	DGW VN	10.4	8.8		8.5	17.8	(100.0)	1.2	0.5	n/a	1.8	1.8	1.8	18.4	18.4	18.4	7.1	7.1	7.1
<b>Oil &amp; GAS</b>	POW VN	12.1	11.3	11.9	14.8	6.8	(5.0)	0.8	1.7	n/a	0.9	0.8	0.7	7.4	7.6	6.9	4.5	4.6	3.8
<b>Property</b>	KBC VN	7.4	3.9	2.8	230.0	91.0	40.0	0.0	0.0	0.1	1.0	0.8	0.7	14.0	22.0	26.0	6.0	10.0	12.0
	DXG VN	7.5	9.7	4.9	(303.0)	(22.0)	97.0	n/a	n/a	0.1	1.0	1.0	0.9	14.0	9.0	15.0	6.0	4.0	6.0
	KDH VN	21.2	13.1	10.5	(31.0)	61.0	25.0	n/a	0.2	0.4	2.2	2.1	2.0	11.0	17.0	21.0	6.0	10.0	13.0
	NLG VN	9.8	9.3	7.8	(3.0)	5.0	20.0	n/a	1.9	0.4	1.0	1.1	1.0	12.0	12.0	14.0	6.0	7.0	7.0
	NVL VN	10.2	8.6	5.6	(41.7)	18.3	53.3	n/a	0.5	0.1	0.7	0.6	0.8	10.0	10.6	14.8	2.3	2.4	3.4
	VHM VN	6.5	5.4	5.0	8.5	19.0	8.4	0.8	0.3	0.6	1.7	1.3	1.1	31.0	28.0	25.0	14.0	14.0	14.0
<b>Transport</b>	ACV VN	21.5			28.8			0.7	n/a	n/a	3.7	3.5	3.2	20.2	11.0	12.6	11.3	5.2	5.3
<b>Industrials</b>	DHC VN	5.5	5.7	5.3	25.4	(3.4)	6.6	0.2	n/a	0.8	1.5	1.3	1.2	31.1	25.6	23.9	20.6	12.7	10.1
	BWE VN	13.0	11.1	8.9	46.1	17.0	24.9	0.3	0.7	0.4	2.1	1.9	1.7	20.4	18.8	20.6	8.6	8.6	10.6

Stock ratings and pricing data is as of close on Dec 02 2022

Source: Bloomberg, Yuanta Vietnam



## Appendix A: Important Disclosures

### Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

### Ratings Definitions

**BUY:** We have a positive 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 add to their position.

**HOLD–Outperform:** In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

**HOLD–Underperform:** In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

**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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**Restricted:** The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

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