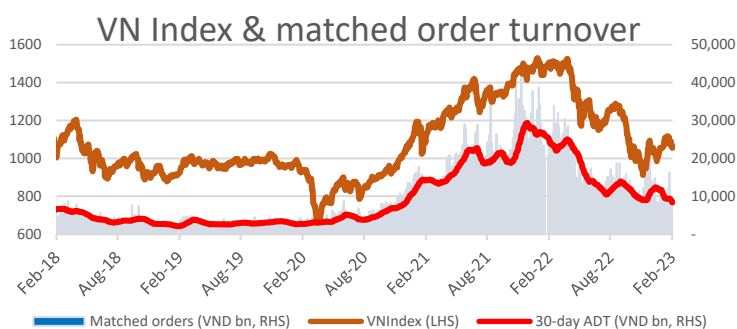


## Strategy: What the world needs now

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**Di Luu**
**Assistant Analyst**

The VNI closed at 1055 points Friday, down -2.0% WoW and just 1 point higher than the intraday weekly low (which was also reached on Friday). The market had traded up to as high as 1092 on Tuesday, but it reversed the uptrend with a wave of heavy selling pressure in late trading. This was the second straight week in which the market sold down under volume when it pushed up against the 1100-point line, which clearly represents substantial resistance.



### Index, Flows, and FX Performance

- **VNINDEX:** 1055 (-2.0% WoW / +4.8% YTD / -30.0% YoY)
- **VHINDEX:** 209 (-3.1% WoW / +1.6% YTD / -51.3% YoY)
- **UPCOM Index:** 77 (+2.4% WoW / +7.9% YTD / -31.3% YoY)
- **Average daily turnover:** US\$469 mn (-27.8% WoW)
- **Foreigners net bought** US\$37.4mn of three-index constituents
- **VND:USD rate:** 23,575 (-53bp WoW / +25bp YTD / -3.73% YoY)

### VN30 Components

Ticker	Closing price (VND K)	WoW chg	Cont to VN30 (WoW)	TTM PE (x)
ACB	24.2	-1.2%	-2.7%	6
BCM	84.5	0.6%	0.1%	64
BID	43.0	-0.9%	-0.3%	12
BVH	49.8	0.2%	0.0%	24
CTG	29.1	0.2%	0.1%	8
FPT	80.7	0.7%	1.8%	17
GAS	106.1	0.9%	0.3%	14
GVR	14.7	-4.9%	-0.4%	16
HDB	18.2	-2.2%	-2.2%	6
HPG	20.5	-2.8%	-5.9%	14
MBB	18.3	-1.6%	-2.3%	5
MSN	91.2	-5.5%	-10.1%	36
MWG	42.1	-11.9%	-17.3%	15
NVL	13.8	-8.0%	-3.7%	12
PDR	12.1	-12.0%	-1.4%	7
PLX	38.3	2.7%	0.4%	33
POW	12.0	-1.2%	-0.3%	15
SAB	189.4	-1.8%	-0.7%	24
SSI	19.0	-3.8%	-2.4%	13
STB	23.7	-9.2%	-12.9%	9
TCB	27.0	-0.6%	-1.1%	5
TPB	23.6	-1.9%	-1.3%	6
VCB	94.5	1.6%	2.5%	15
VHM	45.4	-5.6%	-8.7%	7
VIB	21.0	-9.7%	-6.7%	5
VIC	54.0	-3.6%	-5.8%	24
VJC	102.0	-6.5%	-5.6%	--
VNM	75.9	-0.1%	-0.3%	21
VPB	17.5	-4.1%	-10.6%	7
VRE	28.2	-3.4%	-2.8%	23

Source: Bloomberg, Yuanta Vietnam. Pricing date: Feb 10, 2023.

**The best that you can do.** Weekly breadth was negative on the VNI (130 gainers / 252 losers) and VN30 (7 gainers / 23 losers). The VN30 Index saw the removal of KDH (BUY) by BCM (Not Rated); Interestingly, the change had little obvious impact on either stock: KDH ended the week up +2% WoW, outperforming the VNI by 2ppt, while BCM was up by a scant +0.6%.

**Stock turnover declined by -28% WoW** to an average US\$469 per day across the three bourses. Volumes peaked at US\$577mn on Tuesday as the VNI encountered substantial selling at just below the 1100-point line, which ultimately reversed the market's advance and pushed the VNI down by -2% on the day. Resistance at 1100 is likely to remain an upside barrier until ADT recovers. A potential catalyst for volume resurgence could be a reduction in bank deposit rates, as the SBV works to curtail competition for funding.

**Gold – They long to be close to you.** Analyst Di Luu notes that Vietnam's gold demand growth was highest in ASEAN in 2022. Total gold demand in Vietnam jumped by 38%, the strongest in a decade, while jewelry sales surged by +51% YoY. The data support our positive outlook on [PNJ \(BUY\)](#), which remains Di's top pick in the consumer space. See page 10 for details.

**Banks: 4Q22 CAMEL update.** Tanh Tran has once again updated his CAMEL analytical framework to encompass the 4Q22 results from the 27 listed & OTC banks. Unsurprisingly, the Top-4 banks in our rankings are VCB (BUY), TCB (Not Rated), ACB (BUY), and MBB (BUY). See page 8-9.

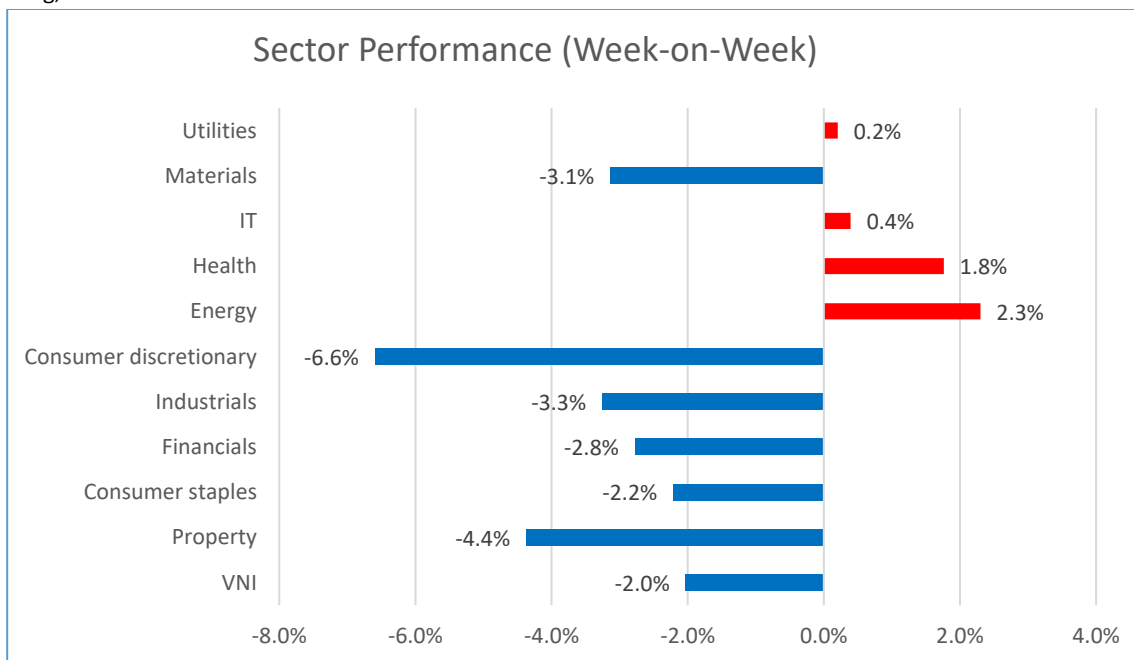
**Strategy Outlook: Year of the Cat.** Readers of our weekly & monthly strategy reports are hopefully familiar with our views, but popular demand required us to publish a broad summary of our top-down [2023 Strategy Outlook](#) as well as breakout sections on the main sectors under coverage: banks, consumer, energy, and property. We reiterate our 2023 VNI target of 1300, implying an attractive +23% upside from the Feb 10 close.

## 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	3,467	3.5	BUY	24,200	27,958	16%	0.0%	16%
	BIDV	BID VN	9,216	3.2	HOLD-Underperform	42,950	38,860	-10%	1.0%	-8%
	HD Bank	HDB VN	1,936	1.8	BUY	18,150	23,510	30%	0.0%	30%
	MB Bank	MBB VN	3,519	8.6	BUY	18,300	25,480	39%	0.0%	39%
	Sacombank	STB VN	1,891	20.9	BUY	23,650	28,860	22%	0.0%	22%
	Vietcombank	VCB VN	18,970	4.6	BUY	94,500	93,230	-1%	0.6%	-1%
	Vietnam Prosperity Bank	VPB VN	4,983	16.7	BUY	17,500	32,547	86%	0.0%	86%
<b>Brokers</b>	HCM City Securities	HCM VN	460	5.8	BUY	23,700	29,957	26%	5.3%	32%
	Saigon Securities	SSI VN	1,200	15.8	BUY	19,000	26,092	37%	2.4%	40%
	Viet Capital Securities	VCI VN	491	7.5	BUY	26,600	47,656	79%	8.3%	87%
	VNDirect Securities	VND VN	723	16.1	BUY	14,000	26,539	90%	2.0%	92%
<b>Energy</b>	PV POW	POW VN	1,192	4.1	SELL	12,000	12,157	1%	2.5%	4%
	PV NT2	NT2 VN	343	0.8	SELL	28,100	19,318	-31%	7.1%	-24%
	PCC1	PC1 VN	295	1.8	BUY	25,750	50,728	97%	0.0%	97%
<b>Consumer</b>	Masan Group	MSN VN	5,508	3.7	Suspended	91,200	N/A	N/A	0.0%	N/A
	Phu Nhuan Jewelry	PNJ VN	1,159	1.3	BUY	83,300	101,700	22%	2.2%	24%
	Digiworld	DGW VN	281	1.7	Suspended	39,700	N/A	N/A	4.7%	N/A
<b>Oil &amp; GAS</b>	PV Drilling	PVD VN	479	4.3	BUY	20,300	36,103	78%	3.4%	81%
<b>Property</b>	Kinh Bac City	KBC VN	724	6.6	BUY	22,250	38,300	72%	0.0%	72%
	Dat Xanh Group	DXG VN	300	6.9	BUY	11,600	40,500	249%	0.0%	249%
	Khang Dien House	KDH VN	836	2.7	BUY	27,500	55,300	101%	1.8%	103%
	Nam Long	NLG VN	436	2.4	HOLD-Outperform	26,750	55,500	107%	3.7%	111%
	Novaland	NVL VN	1,137	18.1	HOLD-Underperform	13,750	70,400	412%	0.0%	412%
	Vinhomes	VHM VN	8,386	6.0	BUY	45,400	108,100	138%	3.3%	141%
<b>Transport</b>	Airports Corp Vietnam	ACV VN	7,812	0.2	HOLD-Underperform	84,600	76,400	-10%	0.0%	-10%
<b>Industrials</b>	Dohaco	DHC VN	125	0.6	BUY	36,500	63,571	74%	6.8%	81%
	Biwase	BWE VN	384	0.2	BUY	46,900	70,902	51%	3.0%	54%

\*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 Feb 10 2022

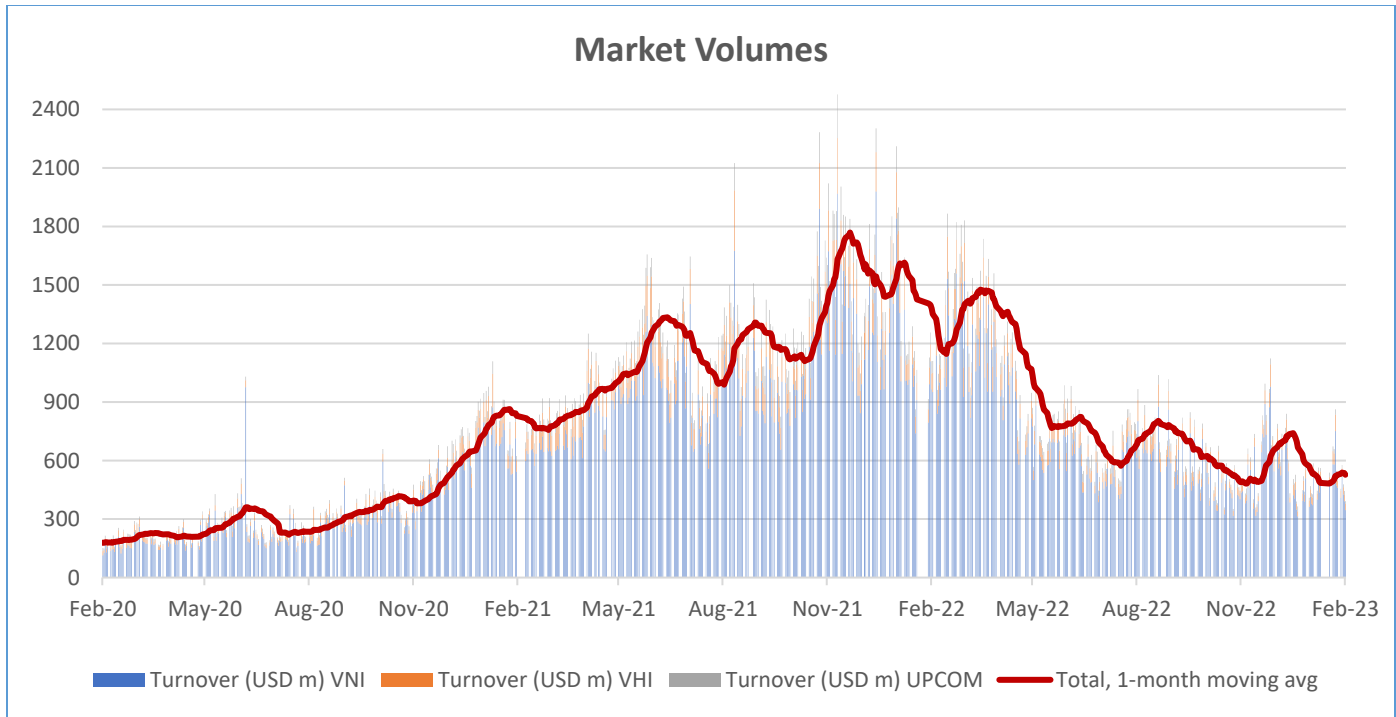
Source: Bloomberg, Yuanta Vietnam



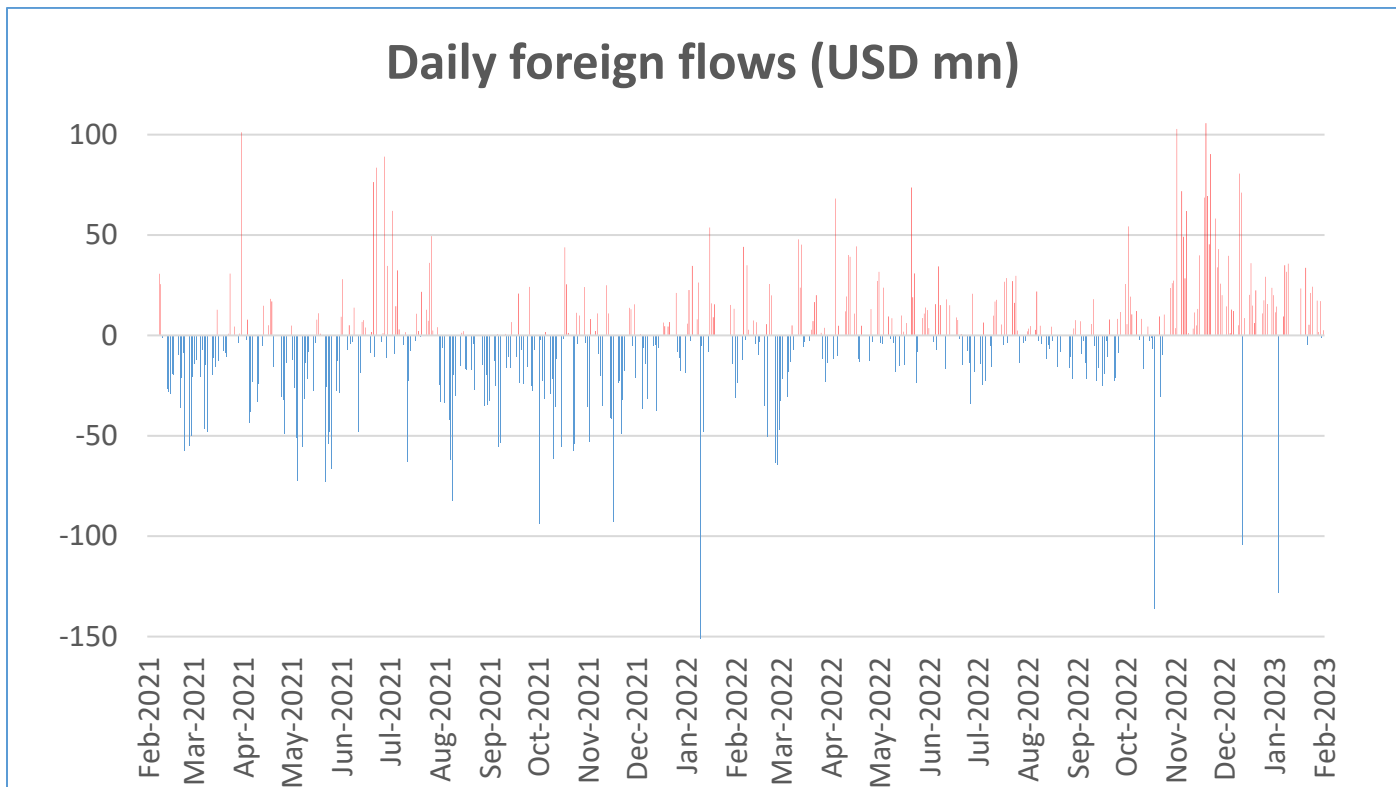
Source: Bloomberg (Feb 10)

“Knowing when to leave may be the smartest thing anyone can learn.”

—Mr. [Burt Bacharach](#) (1928-2023)

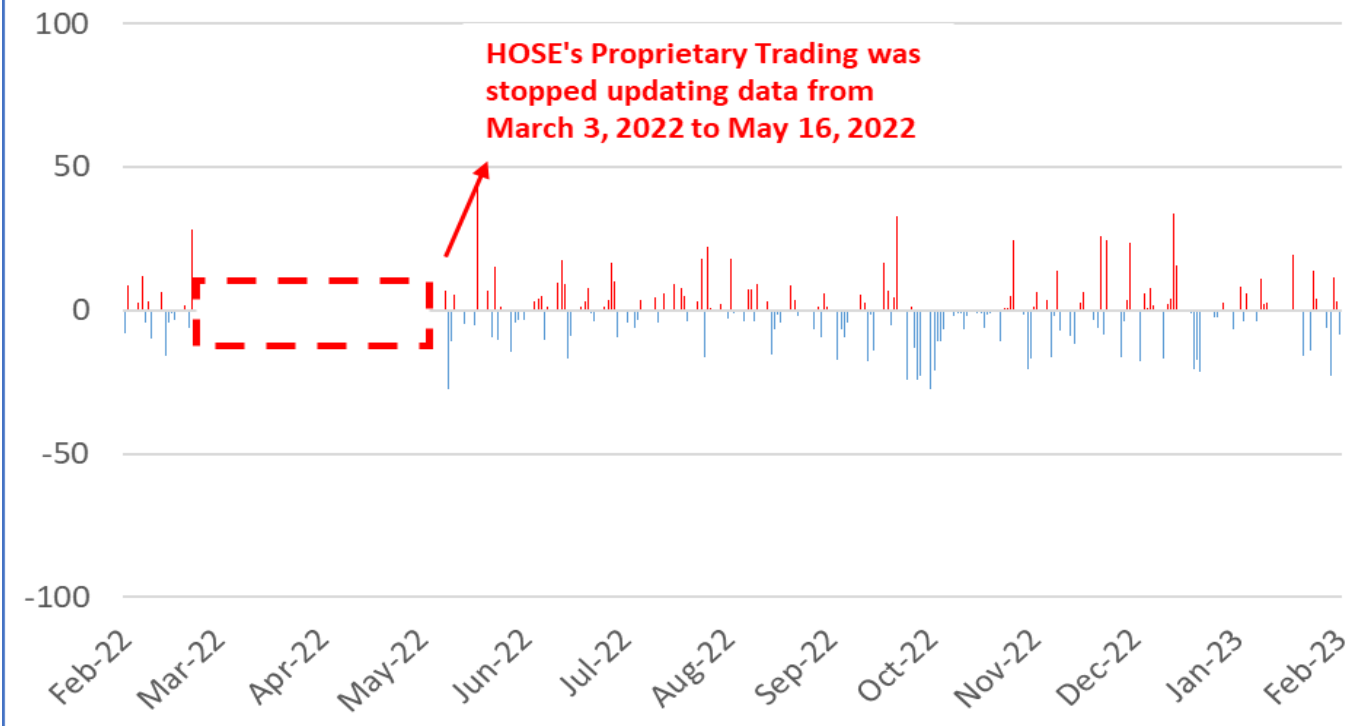


Source: FiinPro, Yuanta Vietnam (Feb 10)



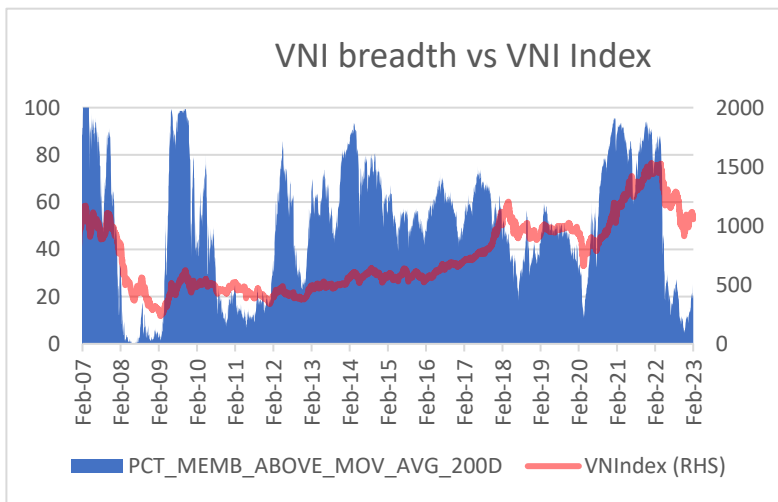
Source: FiinPro, Yuanta Vietnam (Feb 10)

## Domestic institutional flows (USD mn)



Source: FiinPro, Yuanta Vietnam (Feb 10)

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



Source: Bloomberg, Yuanta Vietnam (Feb 10)

### VN 30 breadth

	WoW	MoM	YTD
Gainers	7	18	22
Losers	23	12	8

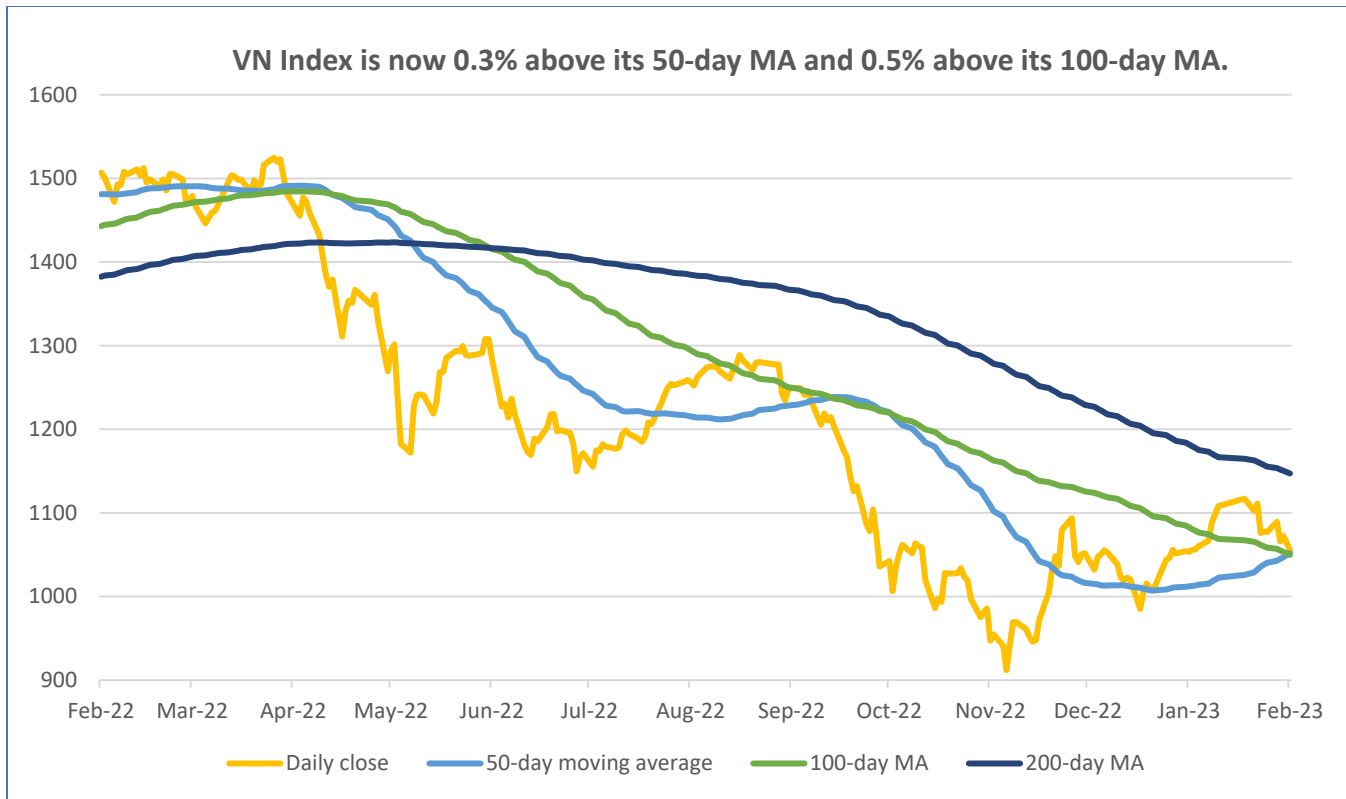
Source: Bloomberg (Feb 10)

### VNI breadth

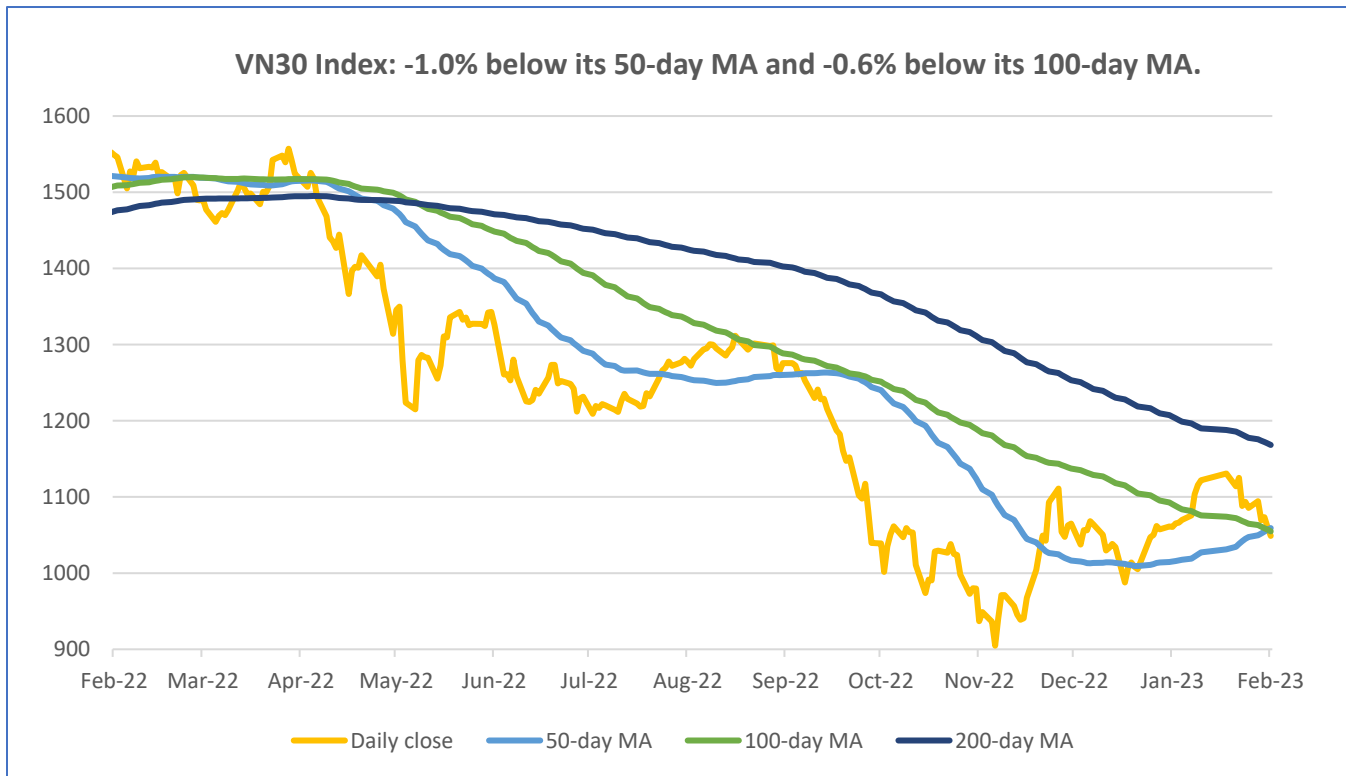
	WoW	MoM	YTD
Gainers	130	222	251
Losers	252	160	134

Source: Bloomberg (Feb 10)

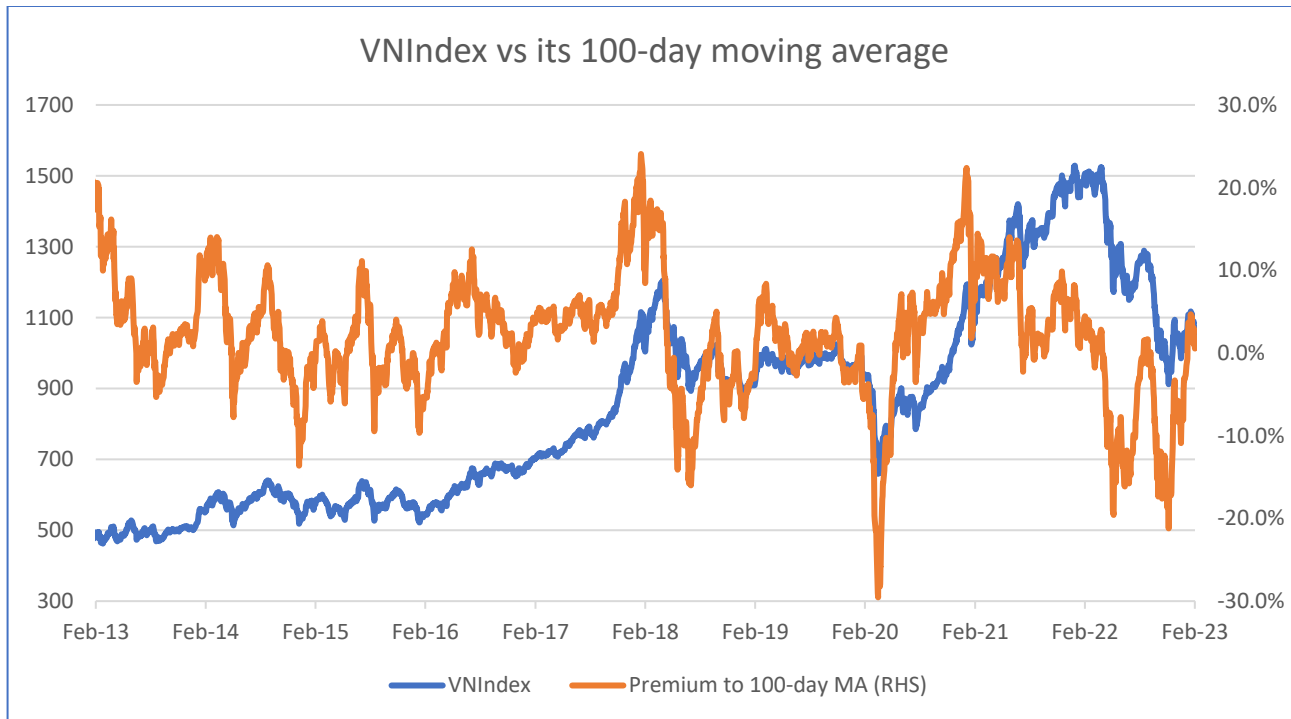
Source: Bloomberg, Yuanta Vietnam



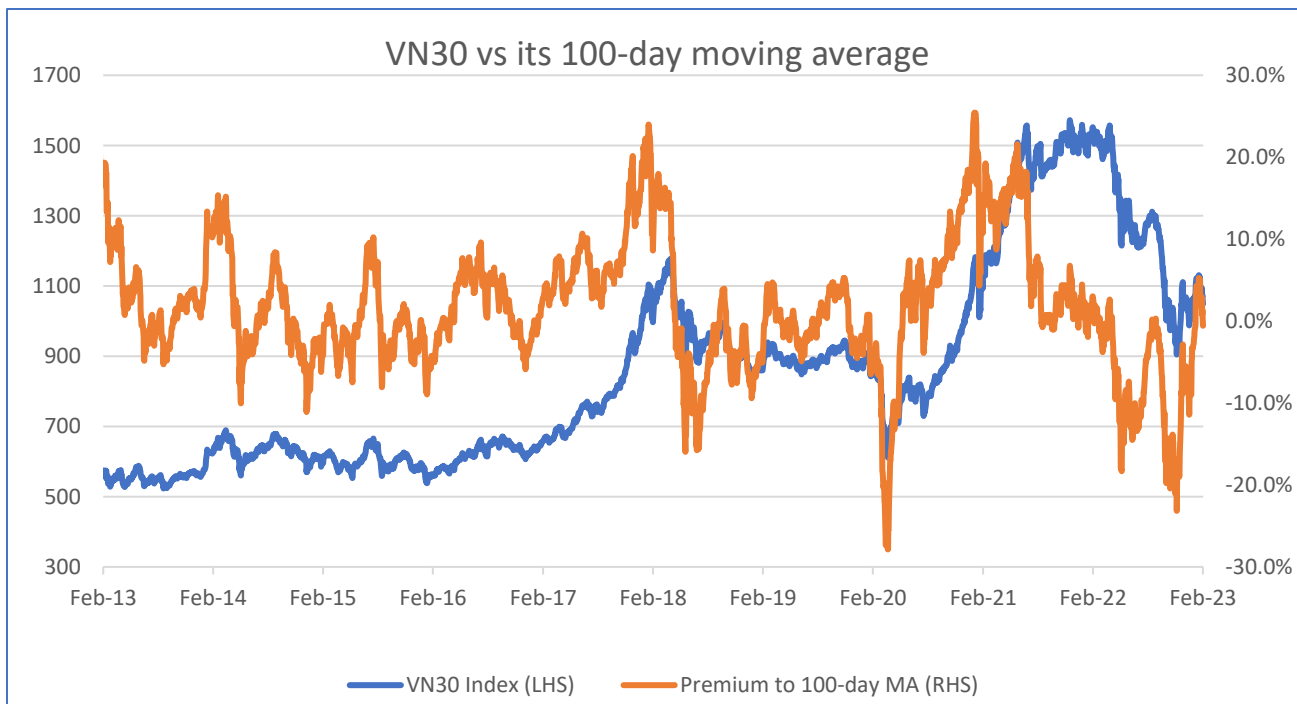
Source: Bloomberg, Yuanta Vietnam



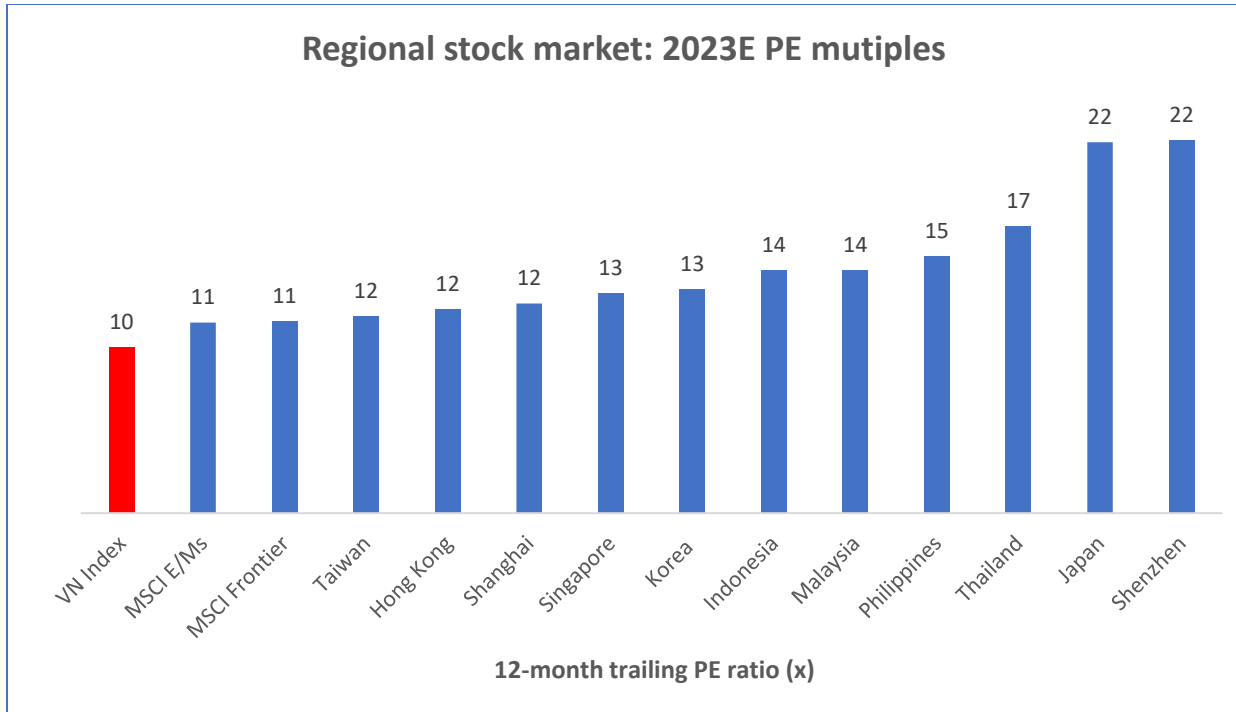
Source: Bloomberg, Yuanta Vietnam



Source: Bloomberg, Yuanta Vietnam

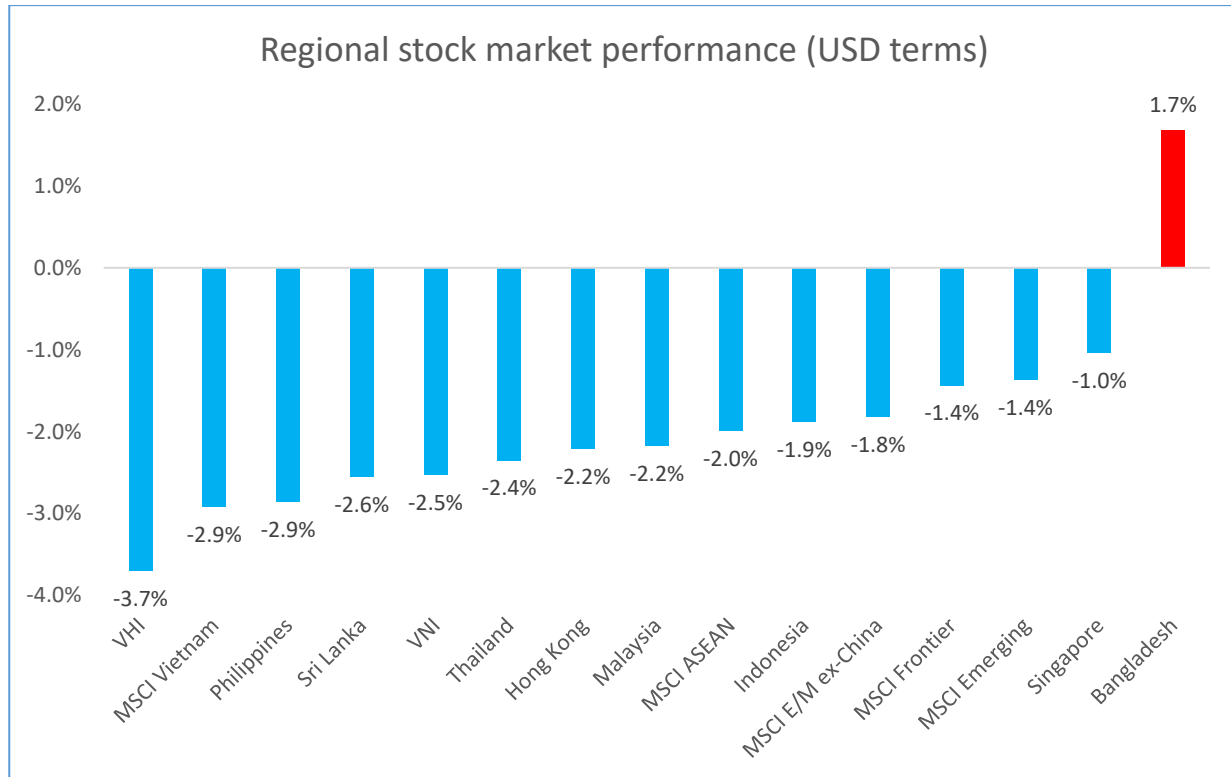


Source: Bloomberg, Yuanta Vietnam



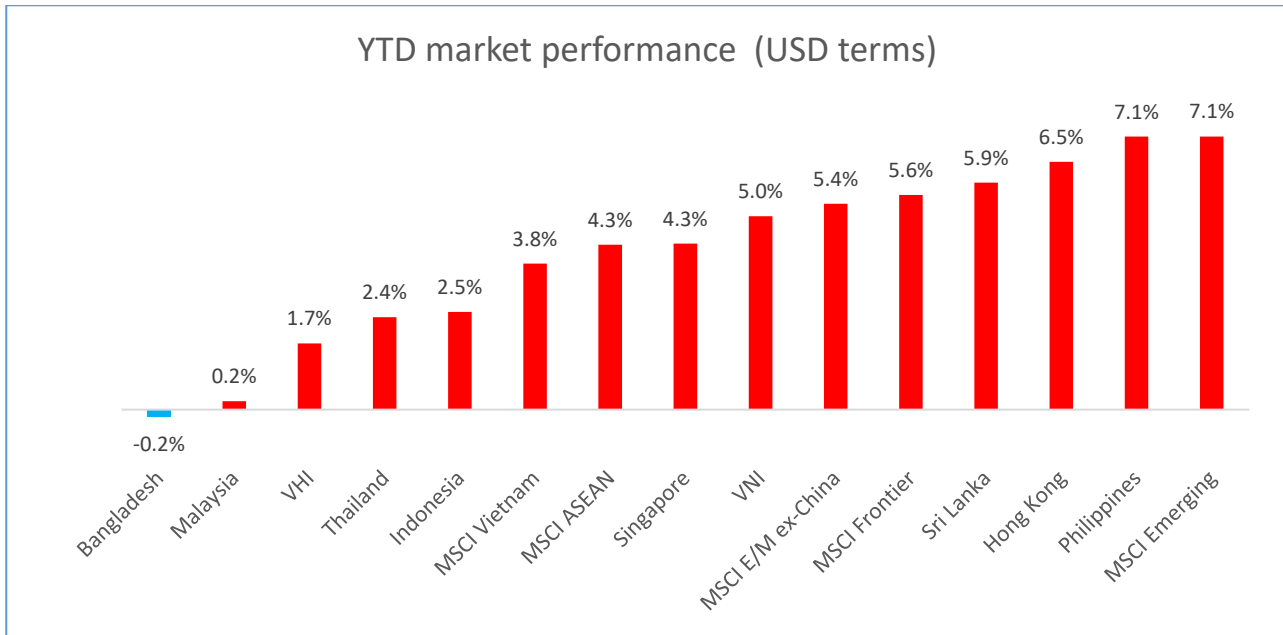
Source: Bloomberg, Yuanta Vietnam (Feb 10)

**The VNI -2.5% WoW ...**



Source: Bloomberg, Yuanta Vietnam (Feb 10)

... but +5.0% YTD in USD terms

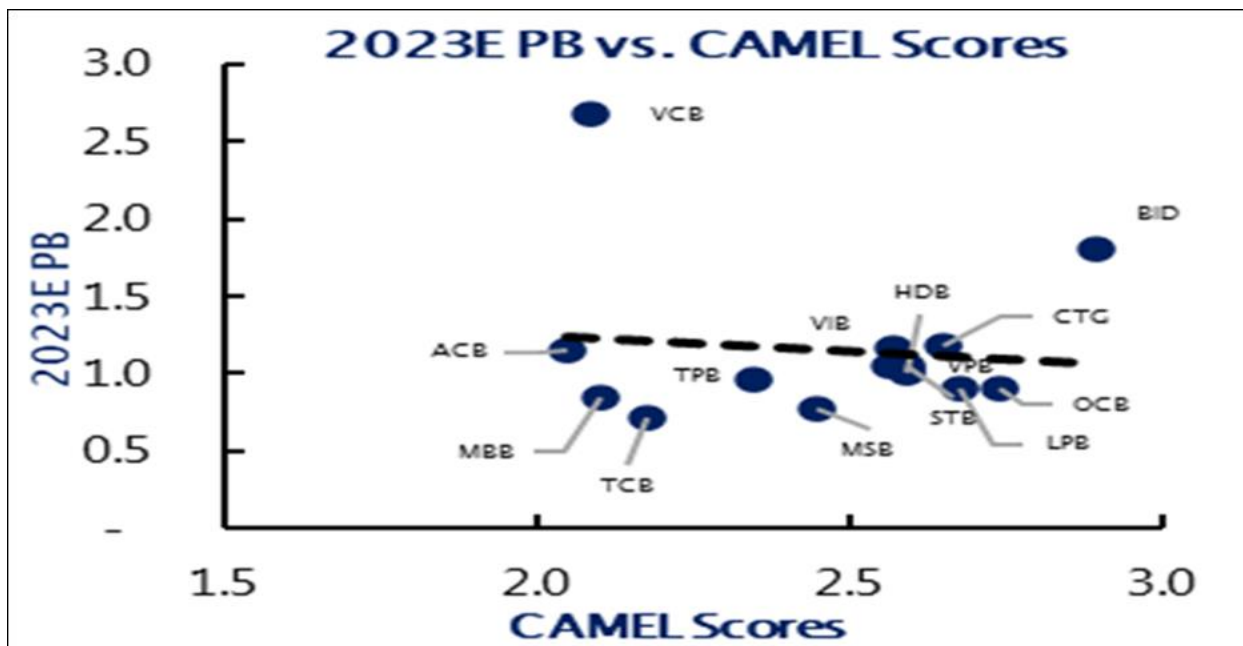


Source: Bloomberg, Yuanta Vietnam (Feb 10)

### Bank Sector: 4Q22 CAMEL update

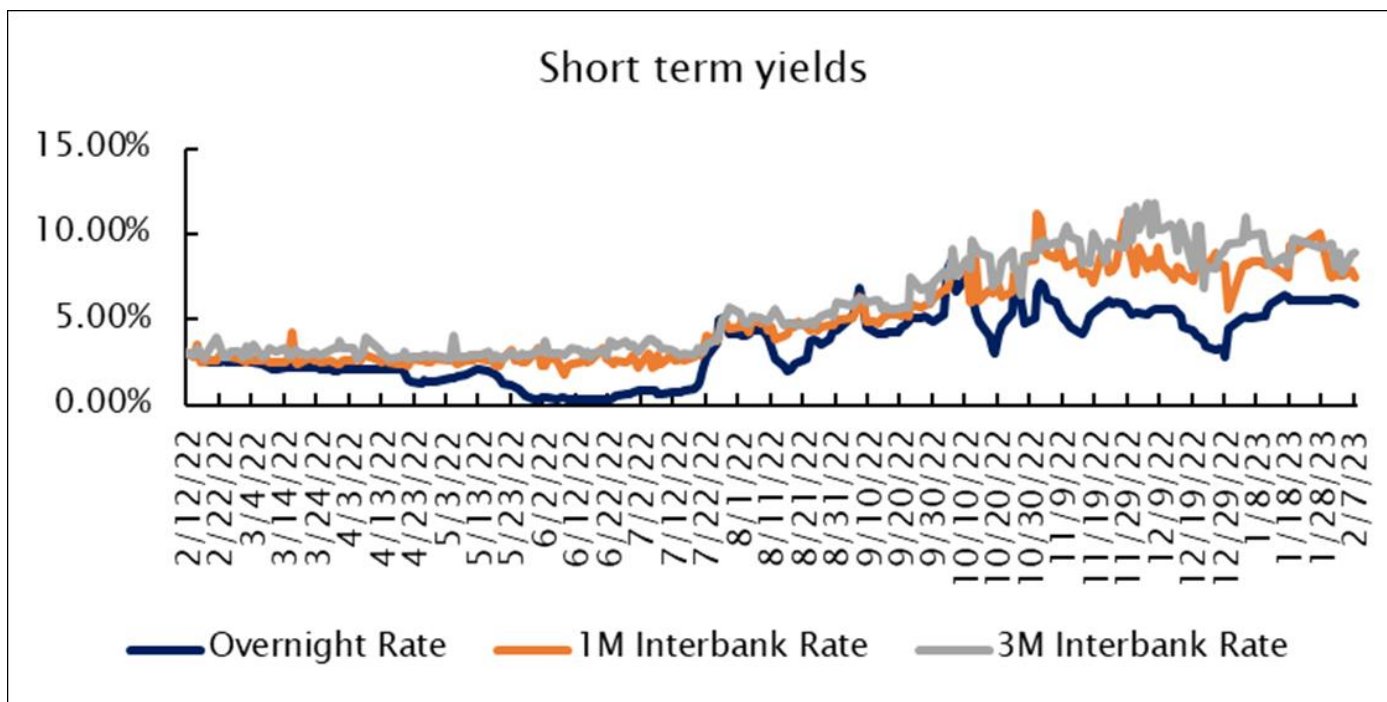
- **Unsurprising! VCB, TCB, ACB, and MBB continue to rank as top 4** on our 4Q22 CAMEL framework.
- ACB and VCB continue to have strong asset quality as demonstrated by relatively low NPL ratios and high LLR ratios.
- Specifically, those two banks have zero/or nearly zero exposure to corporate bonds, which should provide confidence for investors who are concerned about default risk.
- **Sector aggregate PATMI was VND44 tn (-9% QoQ/+21% YoY)** in 4Q22.
- **2022 sector PATMI increased by +35% YoY**, largely driven by increased net interest income.
- **We forecast aggregate 2023E PATMI to increase by +16% YoY** across the 27 listed banks as credit growth slows and provisioning rises.
- **Valuations are still attractive** at the current median level of 1.0x 2023E P/B with 2023E ROE of 18% (Bloomberg Consensus).
- Our top picks are [MBB \(BUY\)](#), [ACB \(BUY\)](#), and [VCB \(BUY\)](#), reflecting our preference for high-quality banks.
- Please see the pdf link below for more details: [https://yuanta.com.vn/wp-content/uploads/2023/02/Banks\\_CAMEL\\_4Q22\\_Updated-1.pdf](https://yuanta.com.vn/wp-content/uploads/2023/02/Banks_CAMEL_4Q22_Updated-1.pdf)





Source: Yuanta Vietnam

- **Financial system liquidity improved slightly last week.**
- The overnight rate decreased to 5.96% (-27bp WoW) as of Feb 7, 2023.
- We continue expect financial system conditions to ease as the SBV rebuilds its FX reserves by buying US dollars.
- The main risk to our view is unexpected USD strength – watch this week’s inflation numbers for clues on the Fed’s next move.



Source: SBV

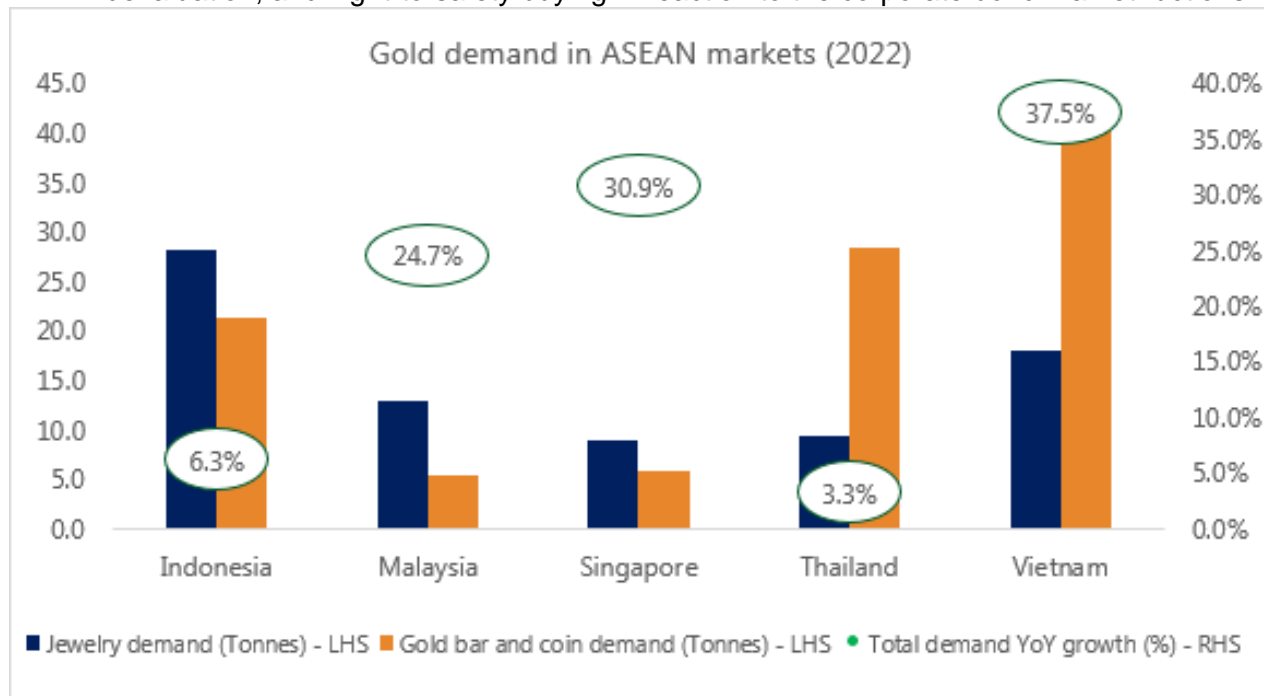
## Property Sector: In search of solutions

- On Feb 8, the SBV had a meeting with real estate developers to resolve liquidity issues. Overall, there were no breakthrough solutions for the problems confronting the real estate industry, but we remain hopeful that such solutions will eventually be adopted.
- The SBV has made specific requirements to commercial to help resolve difficulties for the real estate market in 2023:
  - In which, the SBV requires banks to control the exposure to some large customers/groups of customers, or customers related to major shareholders of the banks.
  - The SBV also requires banks to make maximum effort to reduce operating costs to have room to reduce lending rates for borrowers, including home buyers, legally completed real estate projects with the ability to repay debt.
  - Focus credit resources on projects, feasible borrowing plans, ensure legal compliance, projects that have the ability to be completed, put into use soon, have good consumption ability, repay loans fully and on time, and meet real housing needs.
  - Consider providing credit to both investors, construction contractors, home buyers, and suppliers of construction materials to enhance the flow of funds and balance the real estate market.
  - Actively inspect, classify, and evaluate the real estate projects being funded to have solutions for handling difficulties and obstacles for each project; timely provide funding solutions for well-functioning businesses.
- State Bank of Vietnam Deputy Governor Dao Minh Tu asserts that the central bank has not restricted the provision of real estate loans.
- The SBV aims for a 14-15% credit growth rate this year, which may be adjusted based on market conditions.
- The SBV emphasized that it is not rigidly directing credit growth towards real estate, but rather providing general guidance to credit organizations based on prudent operations.
- The SBV has adopted several objectives to support the real estate market, as follows:
  - Reduce loan interest rates for developers that have completed legal procedures and a demonstrated ability to repay debts.
  - Reduce loan interest rates for homebuyers.
  - Focus on high-quality projects with strong legal standing and high feasibility, meeting real housing demand.
  - Maintain strict credit conditions to prevent bad debt.
  - Proactively monitor and evaluate ongoing real estate projects to find solutions and overcome difficulties.
  - Ensure proper implementation of credit agreement contracts with real estate companies and homebuyers.
  - Consider granting credit to investors, contractors, homebuyers, and manufacturers supplying construction materials to increase capital mobility and liquidity.
  - Improve the quality of appraisal and credit granting, especially for businesses issuing real estate bonds to maturity and investing in corporate bonds per regulations.
- **We believe that the industrial property sector will be a bright spot for Vietnam in 2023.**
- According to Reuters, Chinese display maker BOE Technology Group Co Ltd, a supplier of both Apple Inc and Samsung Electronics Co Ltd, plans to invest a substantial sum to build two factories in north Vietnam.
- The investment may total up to USD400 mn in the area of up to 100ha.

- The plan underscores efforts by technology firms led by U.S. iPhone maker Apple and Taiwanese device assembler Foxconn to lower supply chain exposure to China amid trade and geopolitical tension between Beijing and Washington and production disruption caused by China's COVID-19 containment measures.
- The Ministry of Finance said tax support policies and land-use fee reductions for businesses should be continued throughout 2023 despite shortfalls in state budget collection.
- However, it will not include a value-added tax (VAT) reduction of 2%, which it said has been challenging and complicated to implement.
- The ministry proposes the government's policy to give businesses more time to meet their financial duties and a 30% reduction in land-use fees as part of an effort to support businesses.
- Also, a key priority for the government this year is speeding up the disbursement of public investment projects.

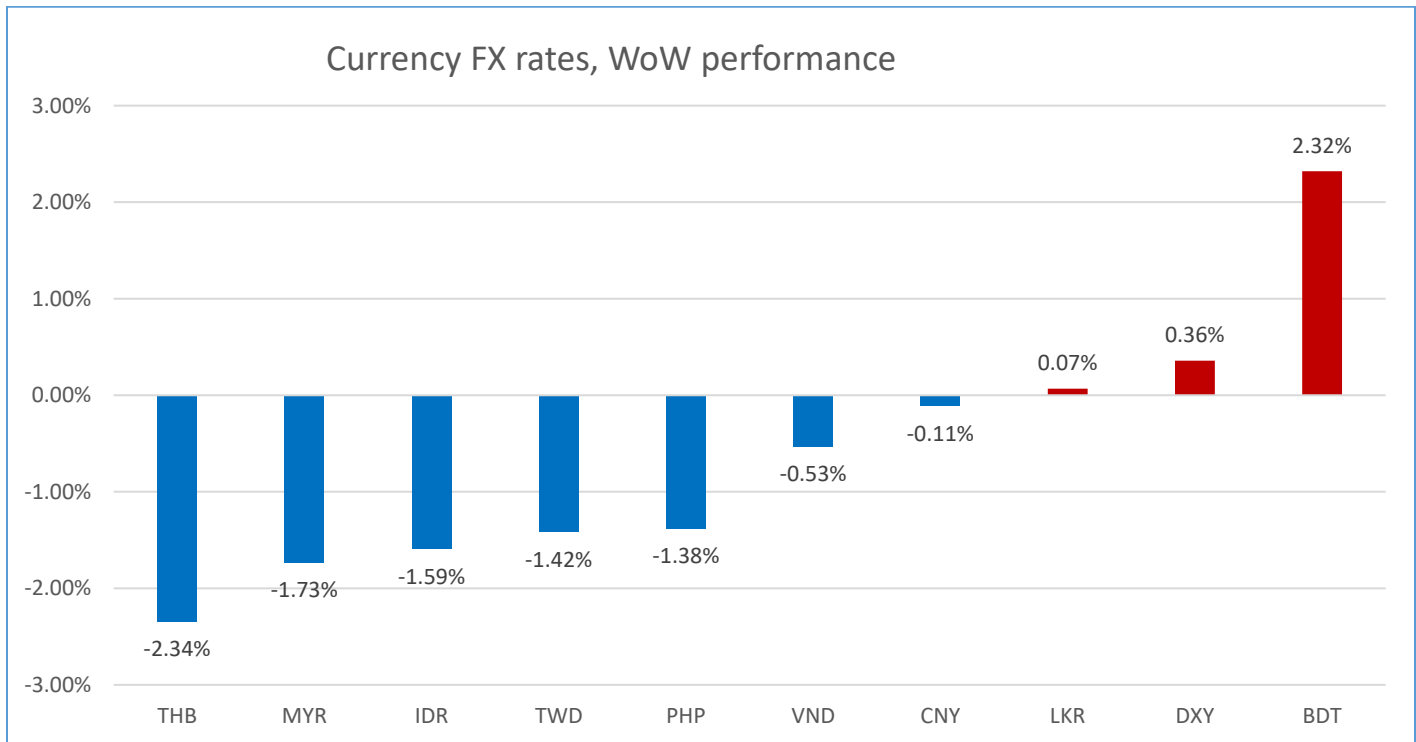
### Consumer sector: Gold demand continues to soar (positive for PNJ)

- According to the World Gold Council, Vietnam gold demand posted the highest growth among ASEAN markets in 2022
- The data supports our preference for consumer discretionary and especially PNJ (BUY).
- Annual gold demand in Vietnam jumped by 38% YoY to 59.1t in 2022. This was the strongest growth figure in over a decade.
- Jewelry demand surged by 51% YoY to 18.1t given a slight drop in the local government-controlled gold price in 4Q22, rising income levels, and strengthening consumer confidence.
- Bar & coin demand increased by 32.1% to 41.0t. This is attributable to rising inflation, currency devaluation, and flight-to-safety buying in reaction to the corporate bond market ructions.

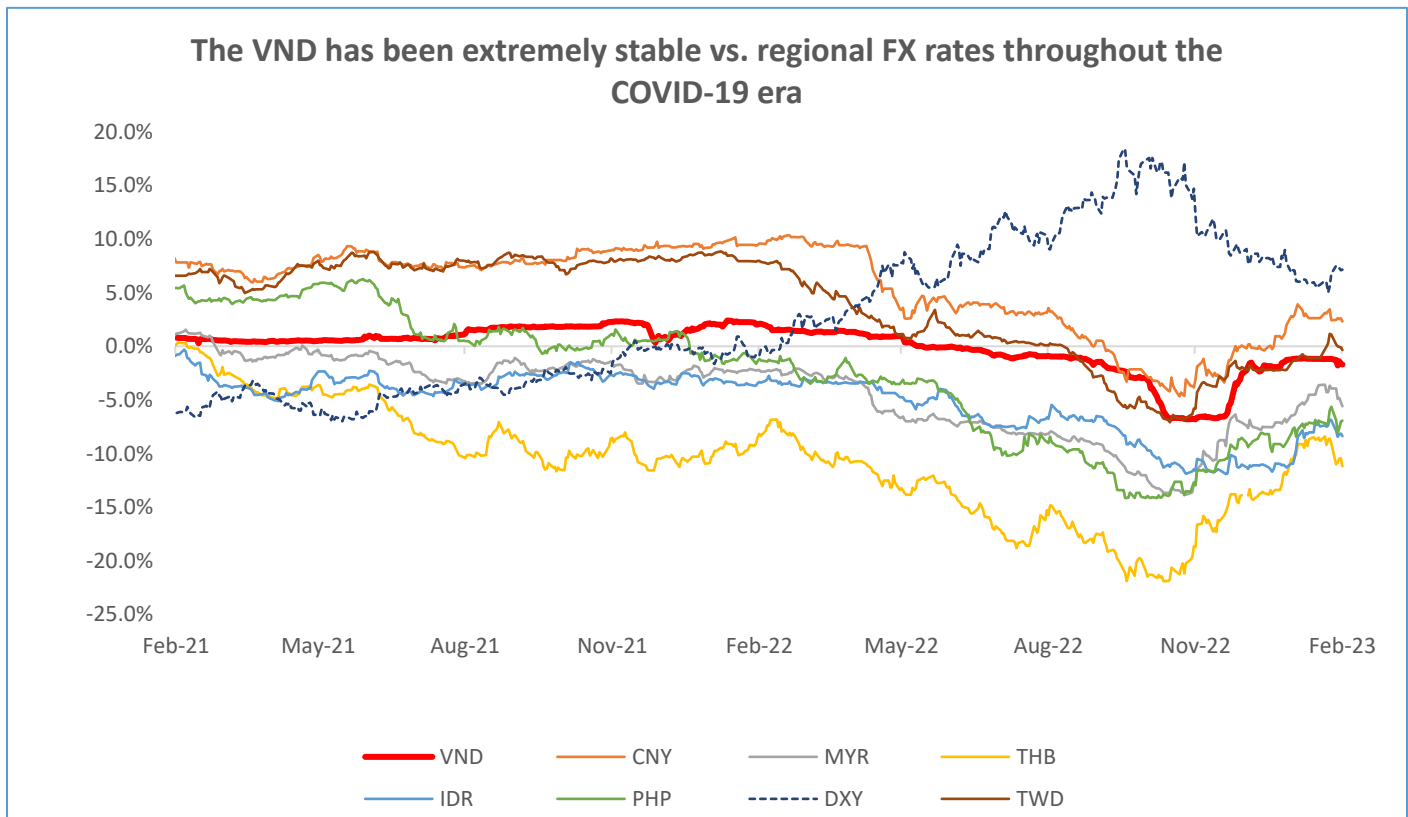


Source: World Gold Council, Yuanta Vietnam

Regional currencies: VND was down -53bps last week

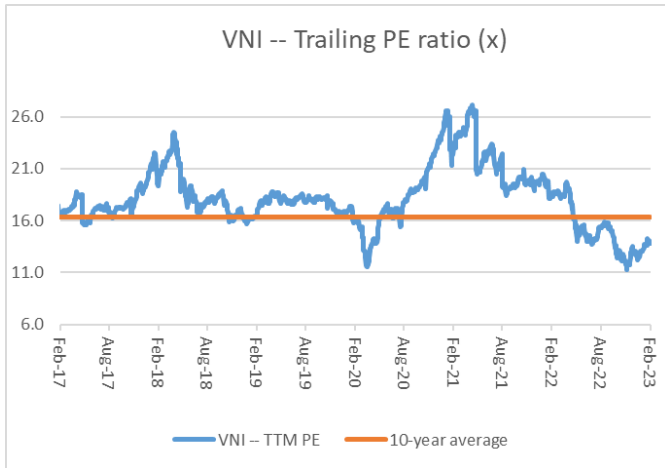


Source: Bloomberg (Feb 10)



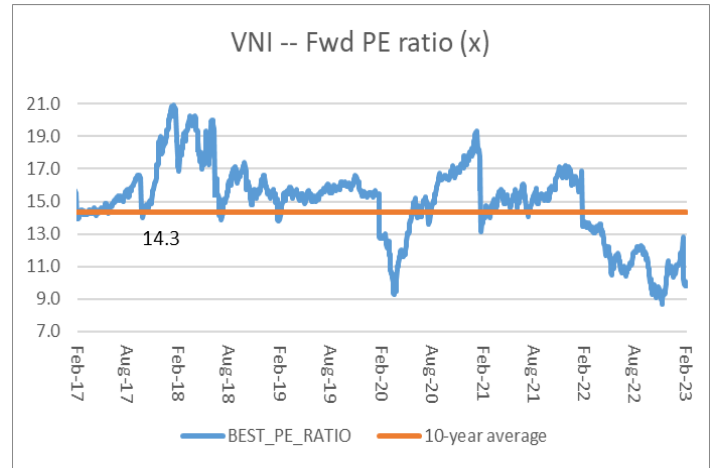
Source: Bloomberg (Feb 10)

**The VNI's trailing 12-m PE multiple is now just 13.7x, well below the 16.3x historical mean**



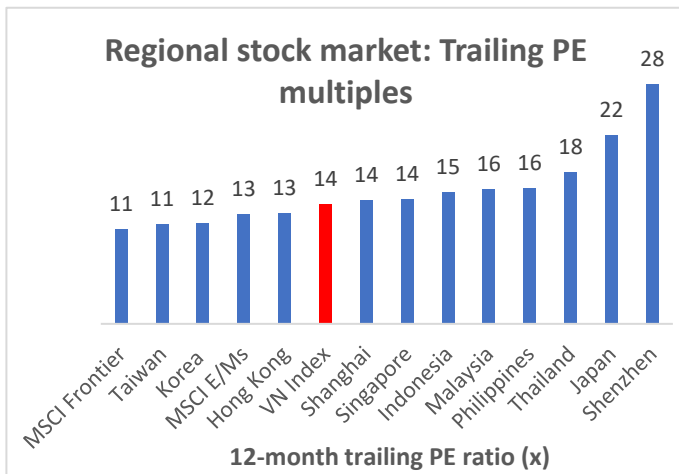
Source: Bloomberg, Yuanta Vietnam (Feb 10)

**...while the forward PE multiple is just 9.8x.**



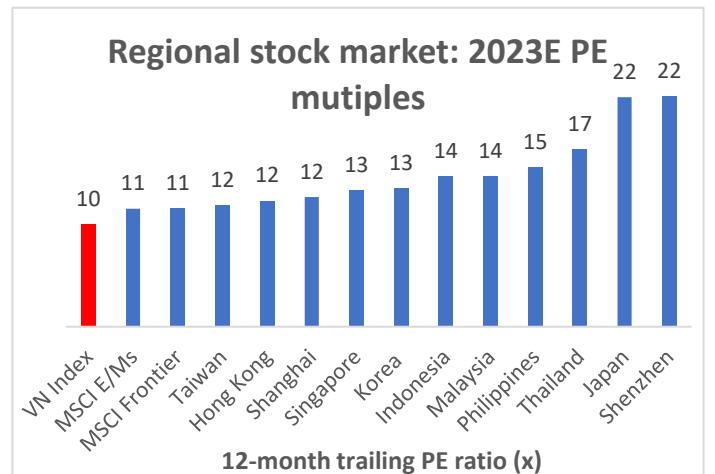
Source: Bloomberg (2022E consensus PE), Yuanta Vietnam (Feb 10)

**Vietnam stocks are now basically in line with the region on a trailing P/E basis...**



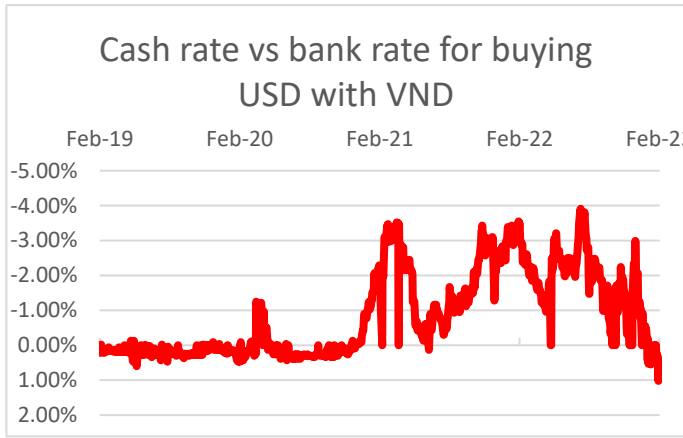
Source: Bloomberg, Yuanta Vietnam (Feb 10)

**...but forward P/E is well below the ASEAN median, and even cheaper than HK now**



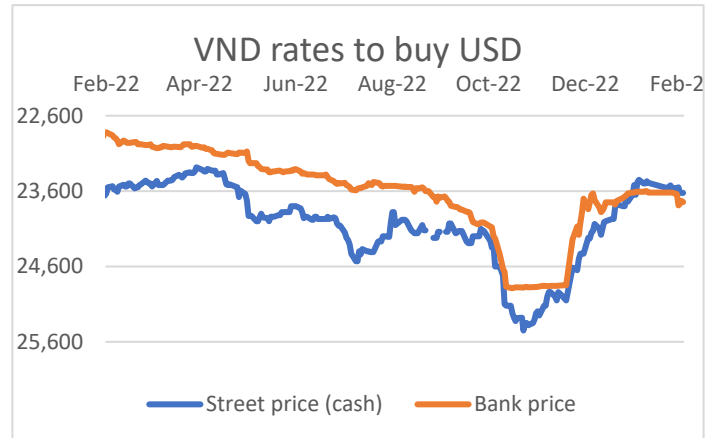
Source: Bloomberg (2023E consensus PE), Yuanta Vietnam (Feb 10)

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



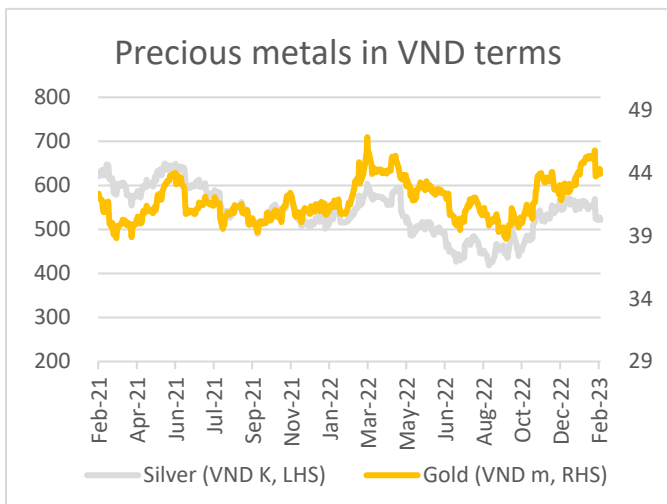
Source: FiinPro, Yuanta Vietnam. Bank data refers to VCB's published electronic selling price vs. the "free market" price for USD notes.

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



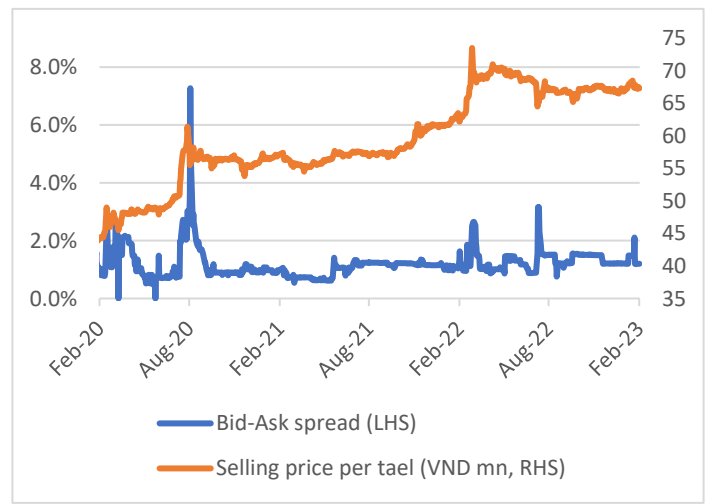
Source: FiinPro, Yuanta Vietnam

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

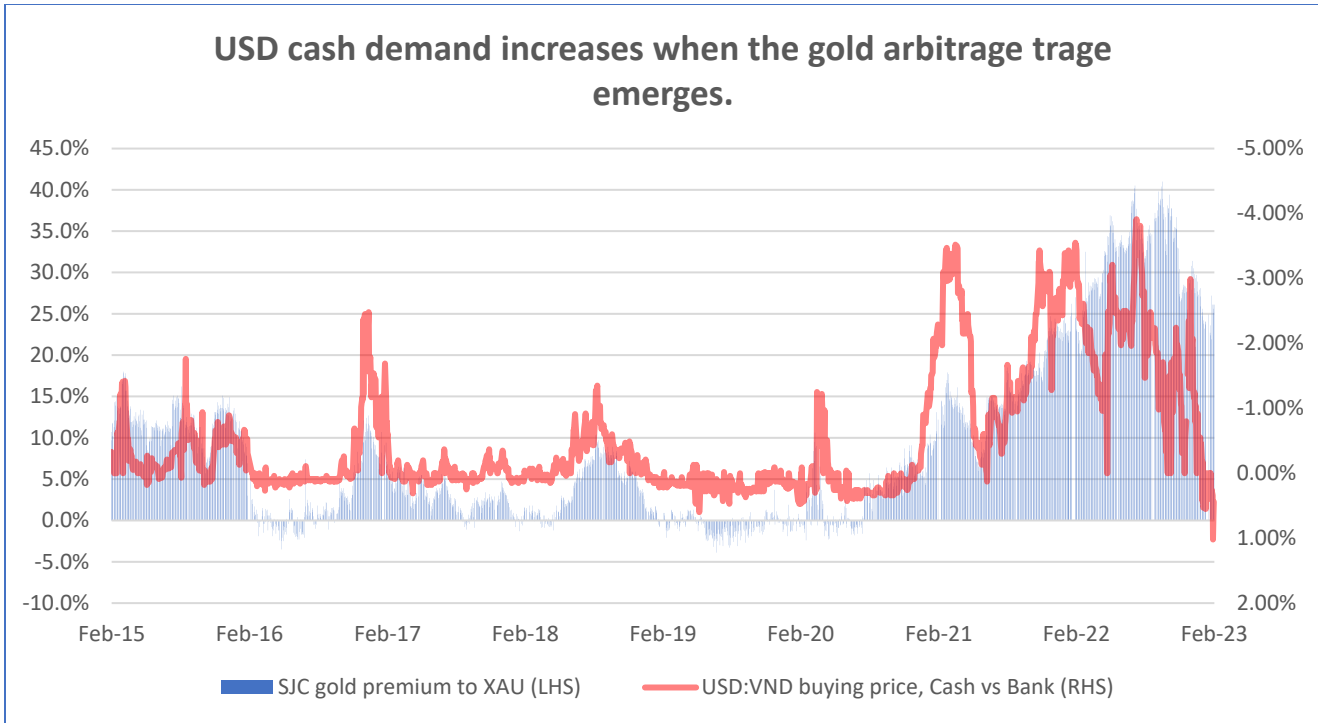


Source: FiinPro, Yuanta Vietnam. Bank data refers to VCB's published electronic selling price vs. the "free market" price for USD notes.

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

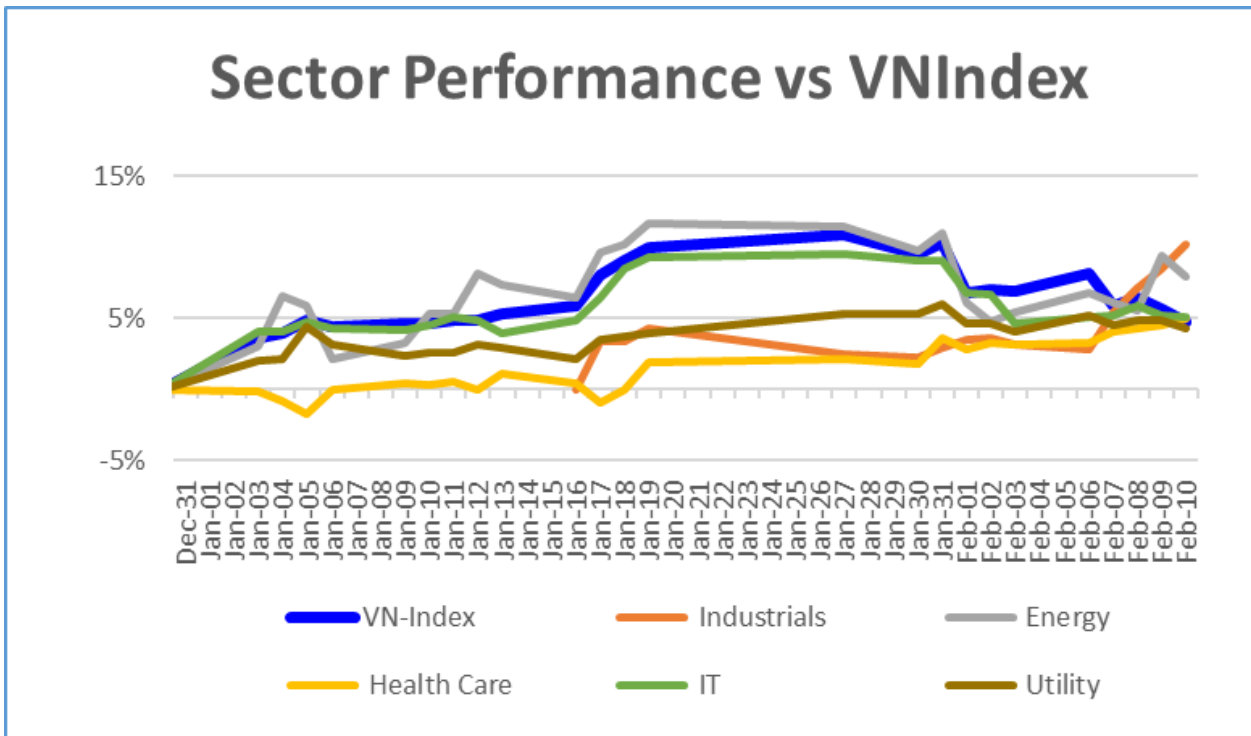
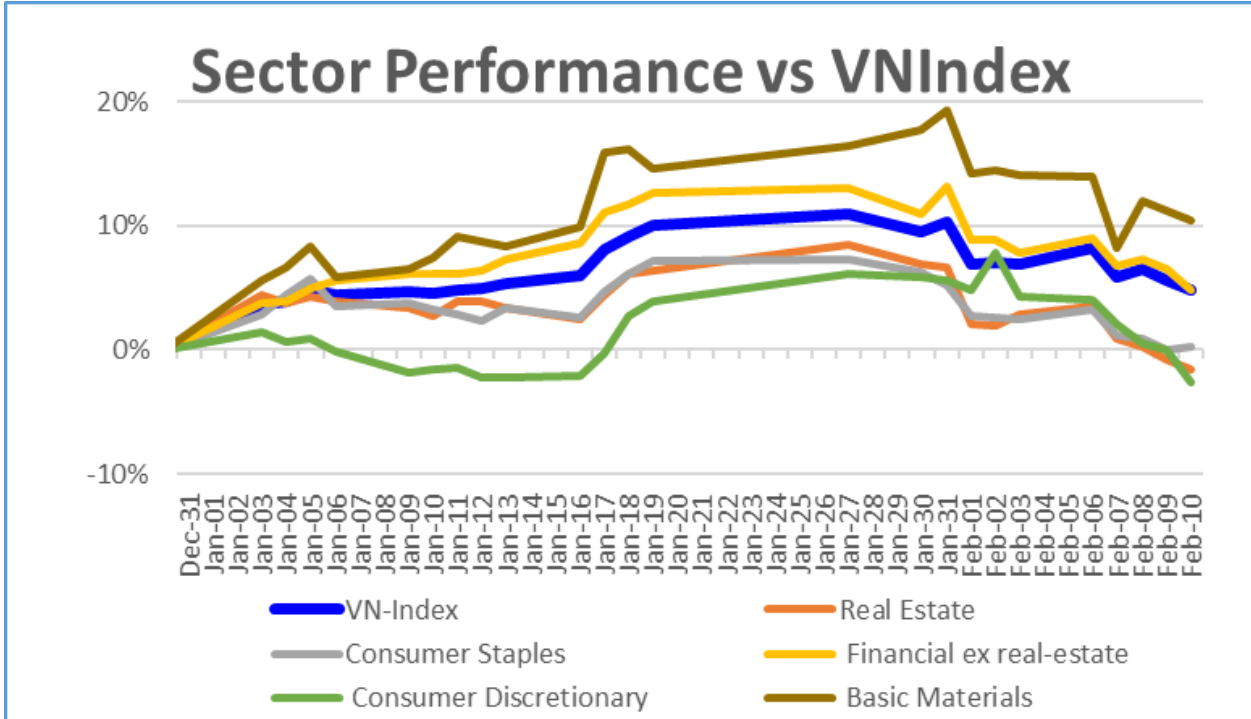


Source: FiinPro, Yuanta Vietnam



Source: FiinPro, Bloomberg, Yuanta Vietnam (Feb 10)

Sector performance YTD



Source: Bloomberg (Feb 10)



**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	6.9	5.3	5.2	24.6	29.5	3.6	0.3	0.2	1.4	1.5	1.4	1.1	23.5	26.6	23.8	2.0	2.5	2.6
	BID VN	24.8	15.9	12.6	50.3	56.3	26.3	0.5	0.3	0.5	2.6	2.3	2.0	10.5	14.8	16.3	0.7	0.9	1.0
	HDB VN	6.0	5.2	4.7	15.1	15.8	8.7	0.4	0.3	0.5	1.2	1.2	0.9	21.8	22.6	21.7	1.9	2.0	2.1
	MBB VN	4.7	4.3	4.0	39.1	11.1	7.8	0.1	0.4	0.5	1.2	1.1	0.8	22.6	24.8	22.7	2.4	2.8	2.9
	STB VN	14.5	12.6	10.6	30.5	15.1	19.0	0.5	0.8	0.6	1.3	1.2	1.1	9.5	9.8	10.5	0.7	0.8	0.8
	VCB VN	22.5	17.7	12.6	23.9	27.1	40.2	0.9	0.7	0.3	4.1	3.2	2.6	19.6	20.1	22.5	1.6	1.8	2.1
	VPB VN	5.2	3.9	3.7	(19.9)	31.0	6.1	n/a	0.1	0.6	1.0	0.8	0.7	16.9	19.9	17.0	2.4	3.5	3.4
	<b>Brokers</b>	HCM VN	8.5	8.3	8.1	109.5	2.4	2.7	0.1	3.5	3.1	1.4	1.3	1.2	19.5	16.9	15.9	6.2	4.7
	SSI VN	5.6	7.9	7.7	49.8	(28.8)	1.4	0.1	n/a	5.3	1.3	1.1	1.0	22.5	18.5	14.0	6.2	6.8	6.5
	VCI VN	6.0	5.7	5.6	(3.1)	5.4	2.9	n/a	1.1	1.9	1.4	1.2	1.1	22.9	22.7	20.9	8.8	8.8	8.3
	VND VN	5.6	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	445.0	13.3	7.1	(89.7)	3,245.0	88.4	n/a	0.0	0.1	0.6	0.6	0.6	0.1	4.6	8.8	0.1	3.2	5.7
	NT2 VN	17.7	13.7	12.4	(25.3)	28.7	11.1	n/a	0.5	1.1	2.1	2.1	2.1	15.9	17.5	17.7	7.4	9.6	10.4
	PC1 VN	9.2	7.0	5.9	(6.8)	31.3	17.8	n/a	0.2	0.3	1.0	0.8	0.7	12.6	13.6	14.1	4.7	5.1	6.4
<b>Consumer</b>	MSN VN	17.2			22.9	20.9	4.2	0.7	0.7	0.7	2.3	2.0	1.8	14.5	15.2	13.7	8.0	8.9	8.2
	PNJ VN	20.0	10.9	9.4	(3.4)	68.4	16.2	n/a	0.2	0.6	3.2	2.6	2.5	17.2	23.2	26.5	11.2	13.9	15.6
	DGW VN	8.7	7.4		8.5	17.8	(100.0)	1.0	0.4	n/a	1.5	1.5	1.5	18.4	18.4	18.4	7.1	7.1	7.1
<b>Oil &amp; GAS</b>	POW VN	12.4	11.6	12.2	14.8	6.8	(5.0)	0.8	1.7	n/a	0.9	0.8	0.8	7.4	7.6	6.9	4.5	4.6	3.8
<b>Property</b>	KBC VN	7.6	4.0	2.8	230.0	91.0	40.0	0.0	0.0	0.1	1.0	0.9	0.7	14.0	22.0	26.0	6.0	10.0	12.0
	DXG VN	6.0	7.7	3.9	(303.0)	(22.0)	97.0	n/a	n/a	0.1	0.8	0.8	0.7	14.0	9.0	15.0	6.0	4.0	6.0
	KDH VN	20.0	12.4	9.9	(31.0)	61.0	25.0	n/a	0.2	0.4	2.1	2.0	1.9	11.0	17.0	21.0	6.0	10.0	13.0
	NLG VN	9.0	8.5	7.1	(3.0)	5.0	20.0	n/a	1.7	0.4	0.9	1.0	0.9	12.0	12.0	14.0	6.0	7.0	7.0
	NVL VN	5.9	5.0	3.2	(41.7)	18.3	53.3	n/a	0.3	0.1	0.4	0.4	0.5	10.0	10.6	14.8	2.3	2.4	3.4
	VHM VN	5.1	4.3	4.0	8.5	19.0	8.4	0.6	0.2	0.5	1.3	1.0	0.8	31.0	28.0	25.0	14.0	14.0	14.0
<b>Transport</b>	ACV VN	21.4			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	5.3	5.4	5.1	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	14.1	12.0	9.6	46.1	17.0	24.9	0.3	0.7	0.4	2.3	2.0	1.8	20.4	18.8	20.6	8.6	8.6	10.6

Stock ratings and pricing data is as of close on Feb 10 2022

Source: Bloomberg, Yuanta Vietnam



## Appendix A: Important Disclosures

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