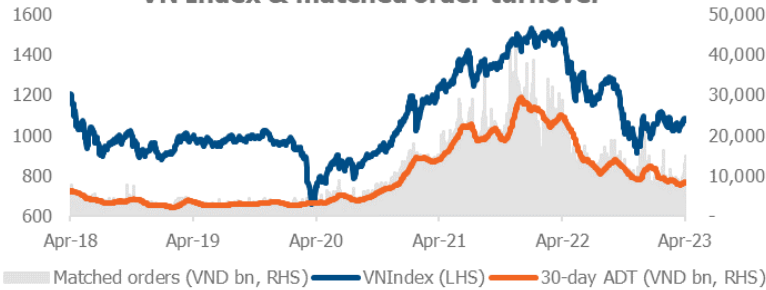


## Strategy: Uninspiring performance ahead of next week's holidays

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**Assistant Analyst**

**“Sell in May and go away” looms, as does a 5-day weekend.** The VNI has dipped below its 50- and 100-day moving averages, which are now almost at parity. We can cling to the technical straw that is the 100-day MA, which is still moving up for now. A “pause” signal from the US Fed on May 3 could put a cap on the USD and provide support for emerging markets broadly. But our near-term outlook for the VNI is nevertheless imbued with caution. A glass-half-full interpretation: Further softness in the weeks ahead could set up an even better entry opportunity for a 2H market rally.

### VN Index & matched order turnover



### Index, Flows, and FX Performance

- **VNINDEX:** 1043 (-0.9% WoW / +3.6% YTD / -24.4% YoY)
- **VHINDEX:** 207 (-0.2% WoW / +0.8% YTD / -43.6% YoY)
- **UPCOM Index:** 78 (-0.9% WoW / +8.8% YTD / -25.6% YoY)
- **Average daily turnover:** US\$442 mn (-32.7% WoW)
- **Foreigners net sold** US\$13.2mn of three-index constituents
- **VND:USD rate:** **23,490** (-20bp WoW / +61bp YTD / -2.24% YoY)

### VN30 Components

Ticker	Closing price (VND K)	WoW chg	Cont to VN30 (WoW)	TTM PE (x)
ACB	24.3	-2.8%	-12.2%	6
BCM	79.1	-0.3%	-0.1%	59
BID	44.2	-0.6%	-0.3%	12
BVH	46.9	-2.4%	-0.5%	22
CTG	28.6	-1.7%	-2.2%	8
FPT	79.3	-0.4%	-1.7%	16
GAS	95.4	-2.8%	-1.6%	12
GVR	15.1	-1.3%	-0.2%	16
HDB	18.8	-3.6%	-7.4%	6
HPG	20.7	0.2%	1.0%	14
MBB	18.1	-1.4%	-3.9%	5
MSN	76.4	-2.2%	-6.7%	31
MWG	39.3	-1.8%	-4.7%	14
NVL	13.6	-4.2%	-3.9%	12
PDR	13.0	-3.0%	-0.7%	10
PLX	36.8	0.7%	0.2%	32
POW	12.8	-2.3%	-1.1%	15
SAB	170.5	2.1%	1.6%	22
SSI	21.7	2.1%	3.0%	14
STB	25.6	-0.4%	-1.2%	10
TCB	28.7	-0.7%	-2.8%	5
TPB	22.6	-2.8%	-3.8%	6
VCB	87.5	-1.0%	-2.9%	14
VHM	50.3	0.6%	2.1%	8
VIB	20.2	-3.1%	-4.2%	5
VIC	52.7	-0.4%	-1.2%	22
VJC	97.5	-1.0%	-1.7%	--
VNM	70.9	-2.6%	-9.7%	20
VPB	19.5	-5.1%	-29.3%	7
VRE	27.9	-2.4%	-3.9%	23

Source: Bloomberg, Yuanta Vietnam. Pricing date: Apr 21, 2023.

**ADT plunged by -33% WoW** to just US\$442mn last week after surging above \$650mn in the prior two weeks. We don't expect a resurgence in activity ahead of the five-day holiday weekend (Apr 29-May 3). Foreigners were small net sellers for the fourth consecutive week; but we don't see this as a strong negative signal given that total FINI selling in the 4-week period is just US\$68mn. Breadth was negative for the third straight week on the VNI (145 gainers / 229 losers) and VN30 Index (5 gainers / 25 losers).

**Banks: More forbearance.** Reports of the SBV requiring banks to restructure debt payment schedules for stressed manufacturing sector borrowers without downgrading the loans remind us of a similar directive to support COVID-impacted corporate borrowers during the pandemic. We expect the new policy to result in lower NIMs, but also lower provisioning. Supporting corporate borrowers in the industrial downturn is a wise policy, but the policy is very [unlikely to drive a rerating for bank stocks](#) (page 8-9).

**Tourism: Still waiting for the flood.** As discussed at our 1Q23 regional [conference](#) in February, expectations for an immediate surge of PRC tourists to historical norms are overblown. Monthly arrivals from the PRC are up 4-5x since China reopened in January, but the 140k arrivals in 1Q23 represent an -89% decline from 1Q19, and the 1Q23 mix is probably dominated by business travelers rather than tourists. Yuanta's China research team notes that outbound travel bookings for the May Day holiday week have [surged](#) but total numbers are still likely to be down by -60% vs. May 2019 (page 14).

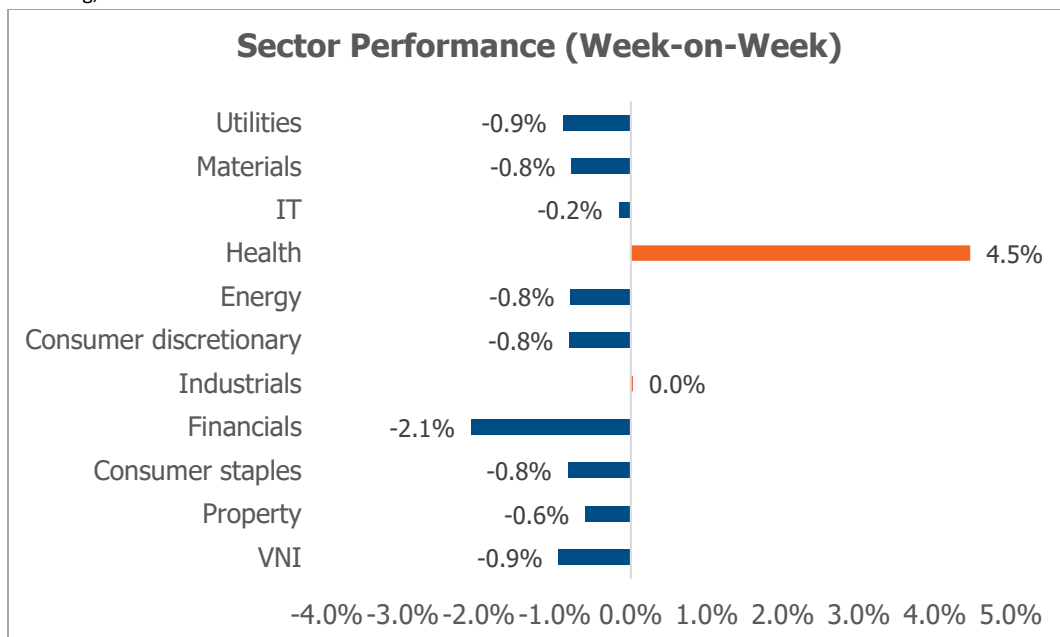
**Spotlight on Vinfast.** We hosted a discussion with Vingroup CIO Anne Pham on Friday morning, a timely call given last week's [announcement](#) of the shipment of 1.9k VF8s to North America. US EV unit sales soared by +45% YoY to reach 7.2% of total auto shipments in 1Q23, so it's clearly game time for EV players in the USA. Reach out if you'd like to view the recording.

### Yuanta Vietnam Coverage Universe

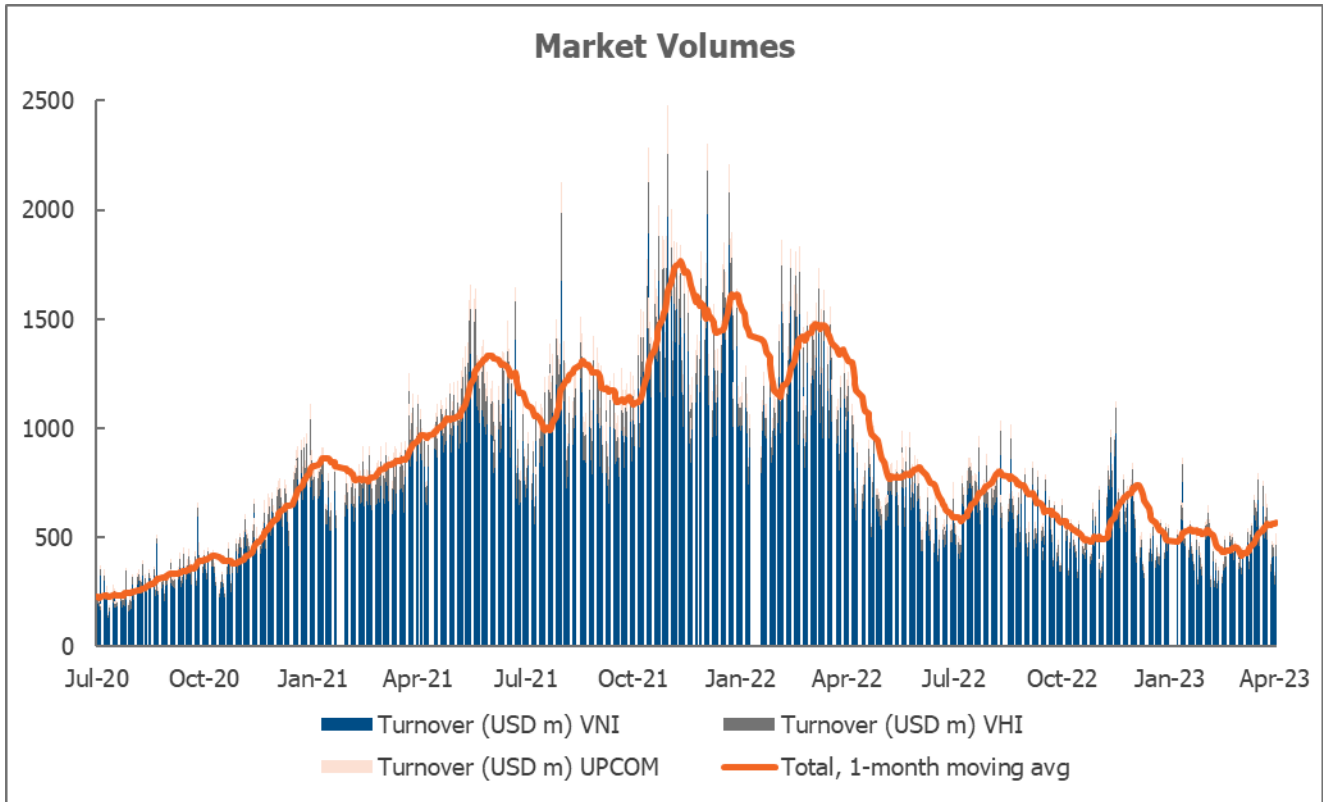
Sector	Company	Stock code	Market cap (USDm)	3-month ADT (USDm)	Yuanta Rating	Current price (VND)	Target price (VND)	Up (down) side	2022E Dividend yield	12-m TSR*
<b>Banks</b>	Asia Commercial Bank	ACB VN	3,486	3.9	BUY	24,250	27,958	15%	0.0%	15%
	BIDV	BID VN	9,517	2.0	HOLD-Underperform	44,200	38,860	-12%	1.0%	-11%
	HD Bank	HDB VN	2,013	2.0	BUY	18,800	23,510	25%	0.0%	25%
	MB Bank	MBB VN	3,483	6.5	BUY	18,050	25,480	41%	0.0%	41%
	Sacombank	STB VN	2,054	20.6	BUY	25,600	28,860	13%	0.0%	13%
	Vietcombank	VCB VN	17,626	3.2	BUY	87,500	93,230	7%	0.7%	7%
	Vietnam Prosperity Bank	VPB VN	5,558	14.4	BUY	19,450	22,060	13%	0.0%	13%
<b>Brokers</b>	HCM City Securities	HCM VN	498	6.0	BUY	25,600	29,957	17%	4.9%	22%
	Saigon Securities	SSI VN	1,381	15.0	BUY	21,650	26,092	21%	2.1%	23%
	Viet Capital Securities	VCI VN	586	7.3	BUY	31,600	47,656	51%	7.0%	58%
	VNDirect Securities	VND VN	780	13.4	BUY	15,050	26,539	76%	1.9%	78%
<b>Energy</b>	PV POW	POW VN	1,276	4.5	BUY	12,800	16,877	32%	0.0%	32%
	PV NT2	NT2 VN	363	0.8	SELL	29,600	19,318	-35%	6.8%	-28%
	PCC1	PC1 VN	319	2.0	BUY	27,700	50,728	83%	0.0%	83%
<b>Consumer</b>	Masan Group	MSN VN	4,630	3.4	Suspended	76,400	N/A	N/A	0.0%	N/A
	Phu Nhuan Jewelry	PNJ VN	1,075	1.5	BUY	77,000	101,700	32%	2.4%	35%
	Digiworld	DGW VN	245	2.1	Suspended	34,450	N/A	N/A	5.4%	N/A
<b>Oil &amp; GAS</b>	PV Drilling	PVD VN	480	3.7	BUY	20,300	36,103	78%	3.4%	81%
<b>Property</b>	Kinh Bac City	KBC VN	800	4.9	BUY	24,500	38,300	56%	0.0%	56%
	Dat Xanh Group	DXG VN	328	7.6	BUY	12,650	40,500	220%	0.0%	220%
	Khang Dien House	KDH VN	867	1.7	BUY	28,400	55,300	95%	1.8%	96%
	Nam Long	NLG VN	499	1.8	HOLD-Outperform	30,500	55,500	82%	3.3%	85%
	Novaland	NVL VN	1,129	10.8	Coverage Suspended	13,600	-	-	-	-
	Vinhomes	VHM VN	9,323	4.6	BUY	50,300	108,100	115%	3.0%	118%
<b>Transport</b>	Airports Corp Vietnam	ACV VN	7,181	0.1	HOLD-Underperform	77,500	76,400	-1%	0.0%	-1%
<b>Industrials</b>	Dohaco	DHC VN	140	0.2	BUY	40,900	63,571	55%	6.1%	62%
	Biwase	BWE VN	369	0.1	BUY	44,900	70,902	58%	3.1%	61%

\*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 Apr 21 2022

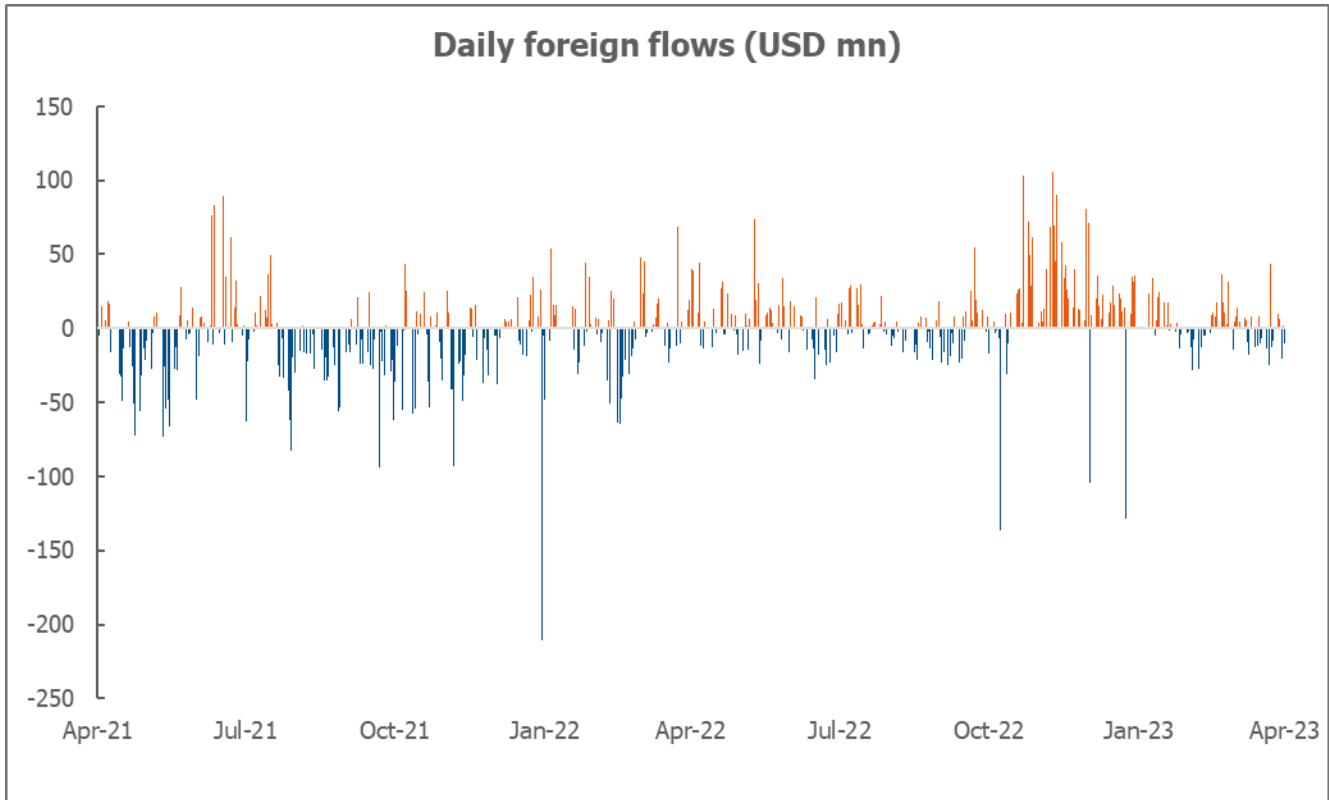
Source: Bloomberg, Yuanta Vietnam



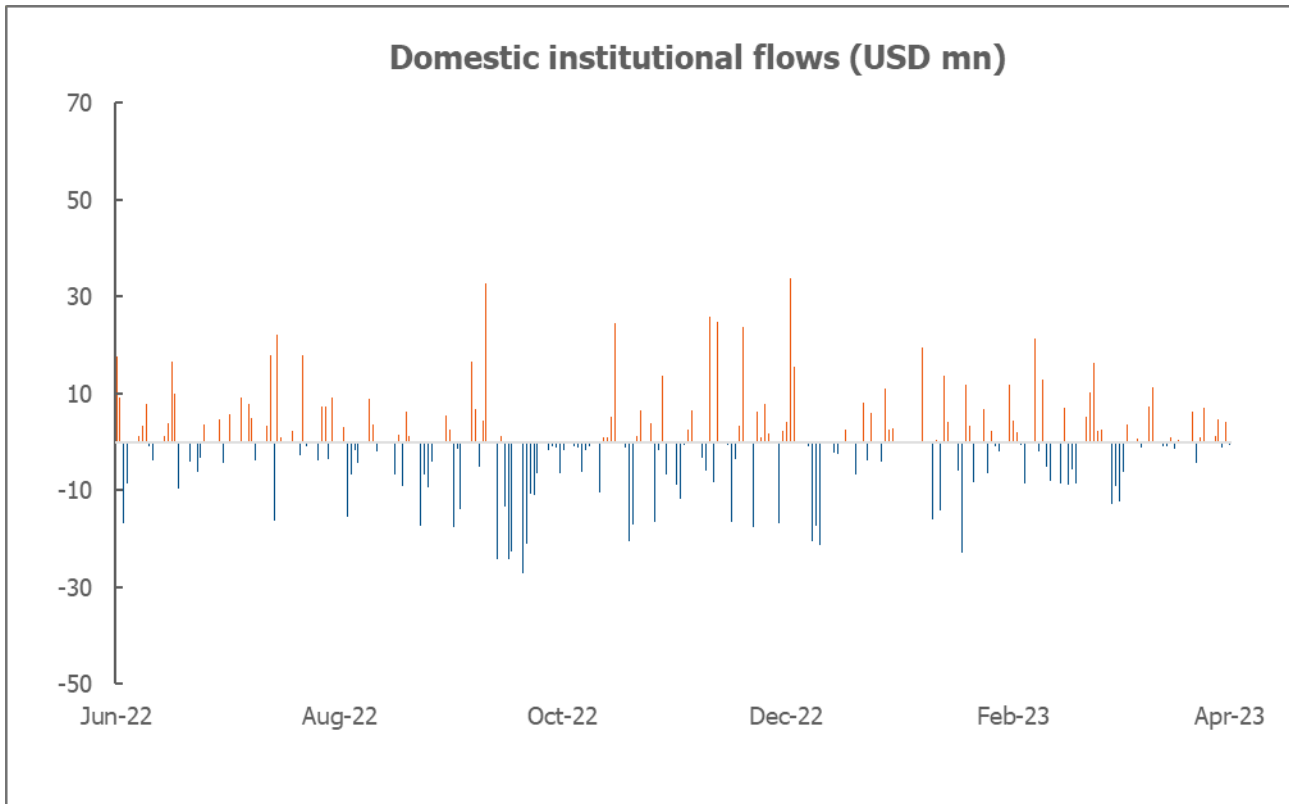
Source: Bloomberg (Apr 21)



Source: FiinPro, Yuanta Vietnam (Apr 21)

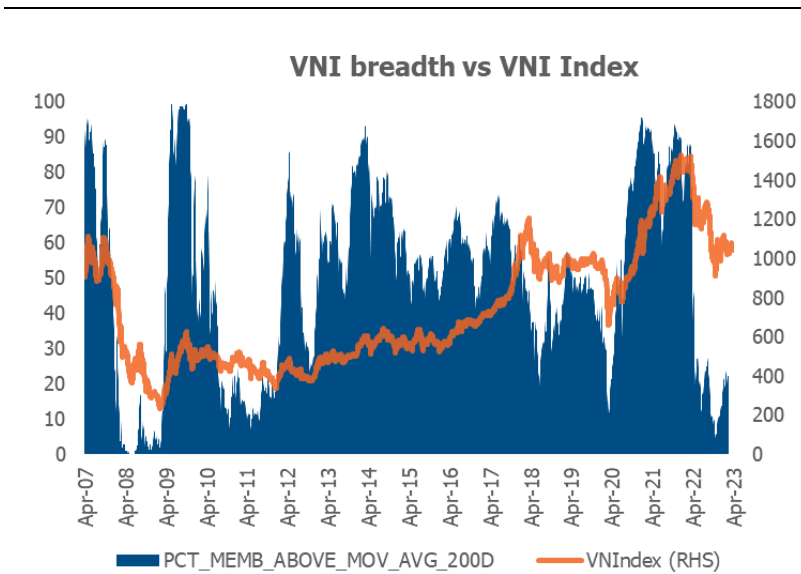


Source: FiinPro, Yuanta Vietnam (Apr 21)



Source: FiinPro, Yuanta Vietnam (Apr 21)

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



Source: Bloomberg, Yuanta Vietnam (Apr 21)

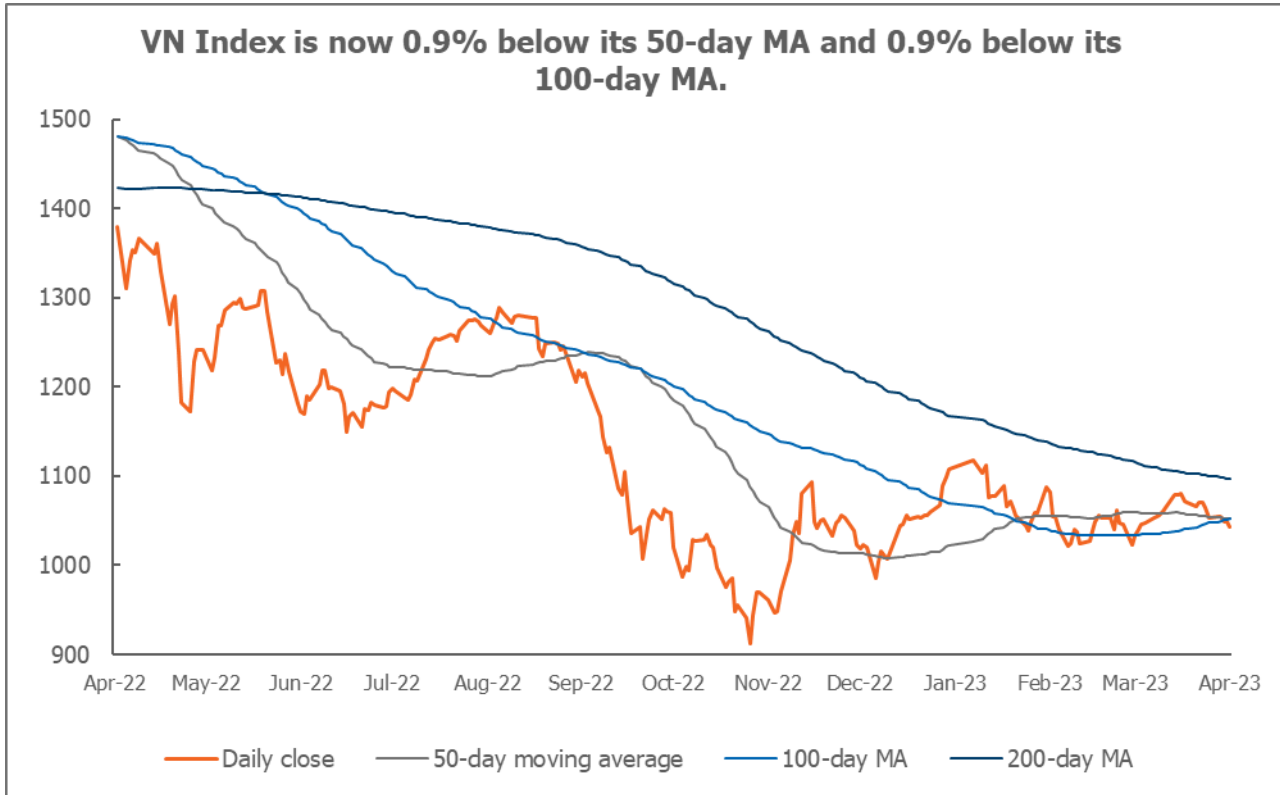
VN 30 breadth			
	WoW	MoM	YTD
Gainers	5	17	21
Losers	25	13	9

Source: Bloomberg (Apr 21, 2023)

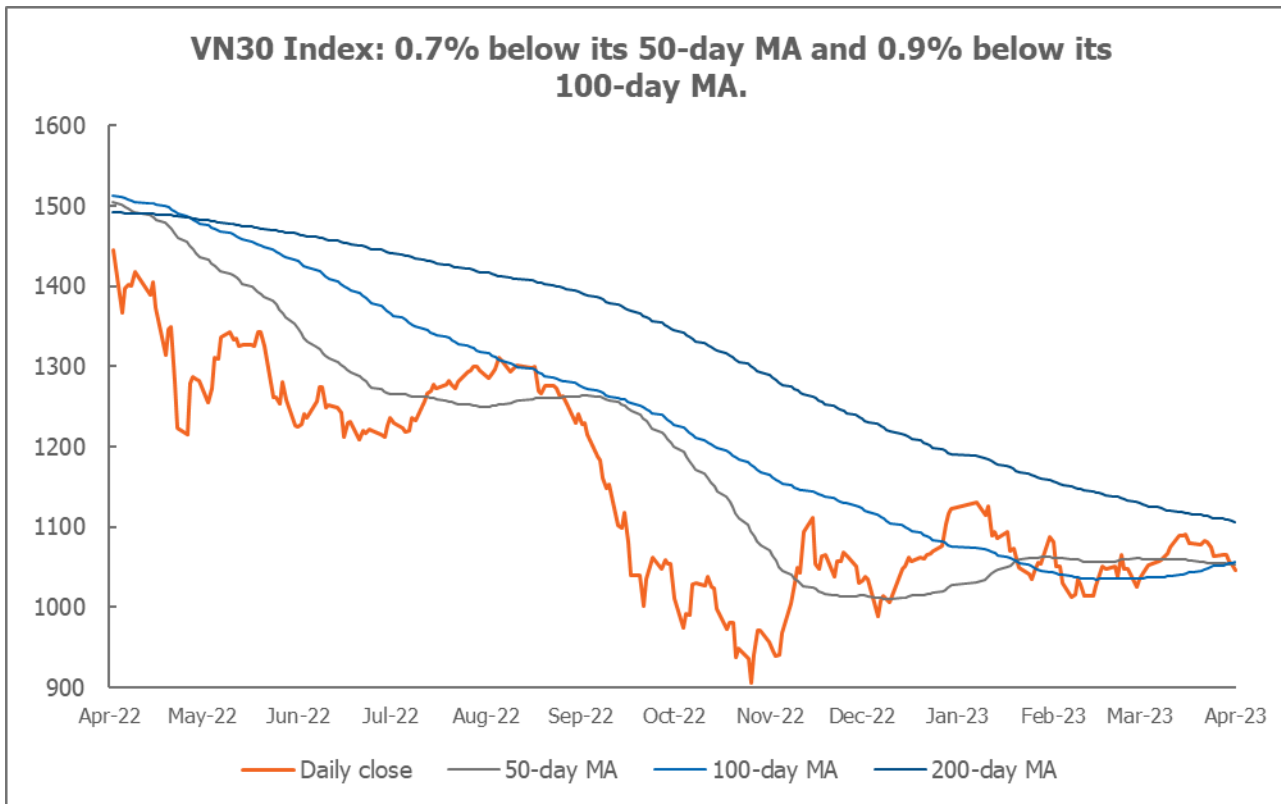
VNI breadth			
	WoW	MoM	YTD
Gainers	145	240	248
Losers	229	141	141

Source: Bloomberg (Apr 21, 2023)

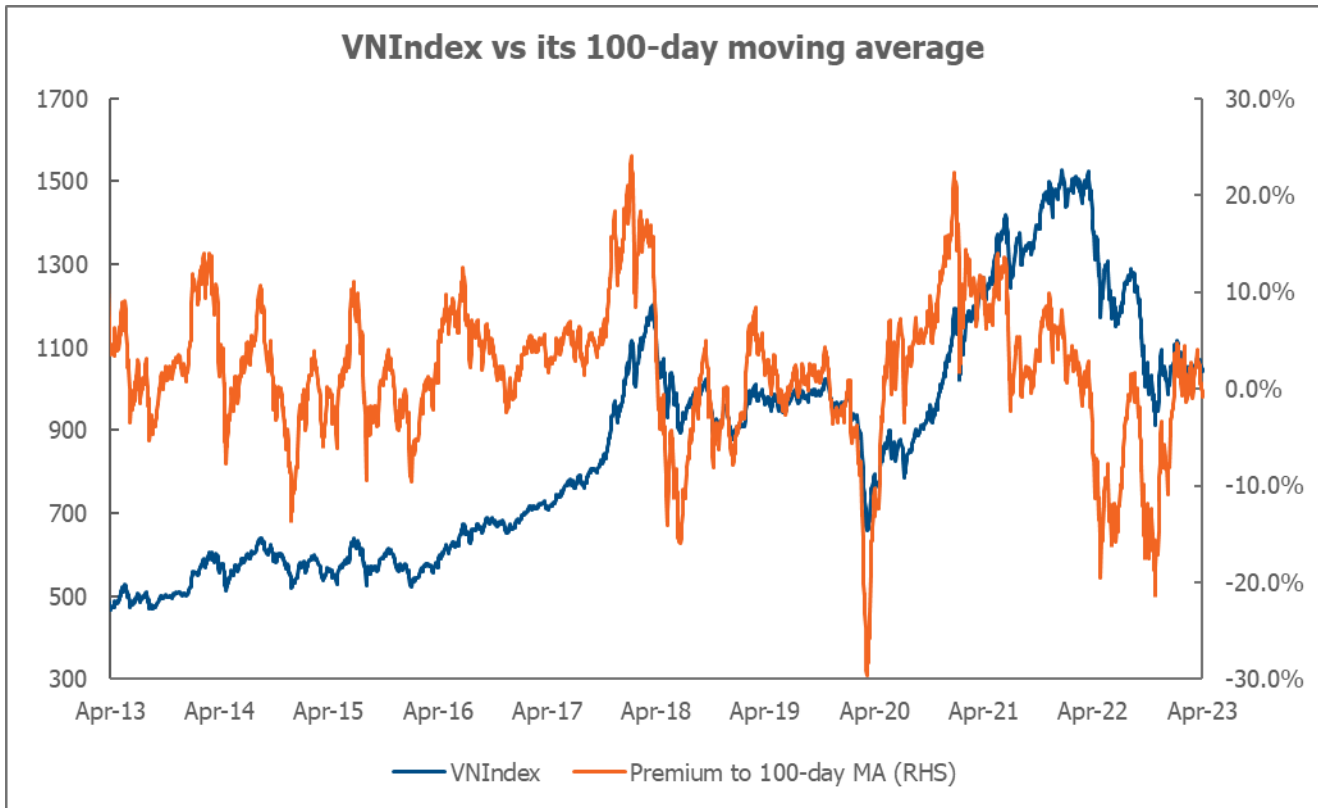
Source: Bloomberg, Yuanta Vietnam



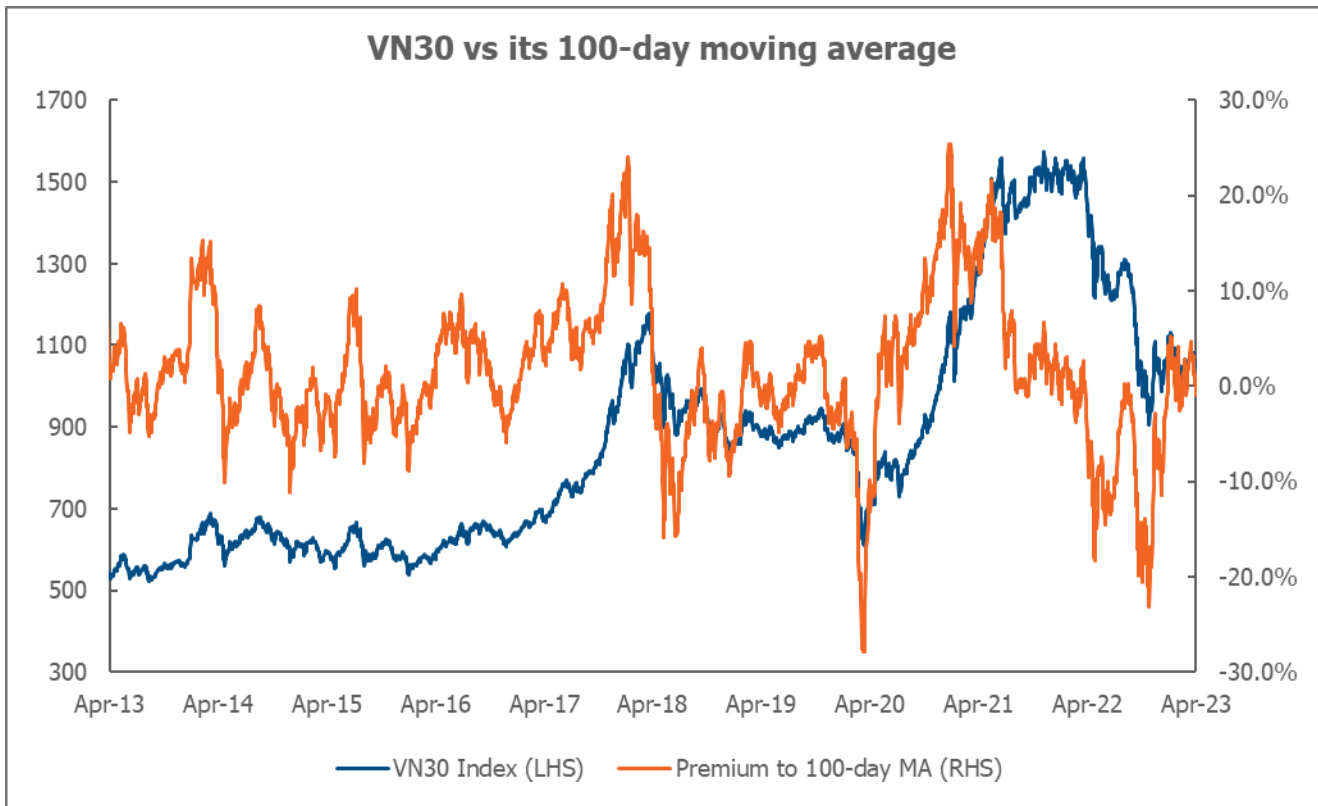
Source: Bloomberg, Yuanta Vietnam



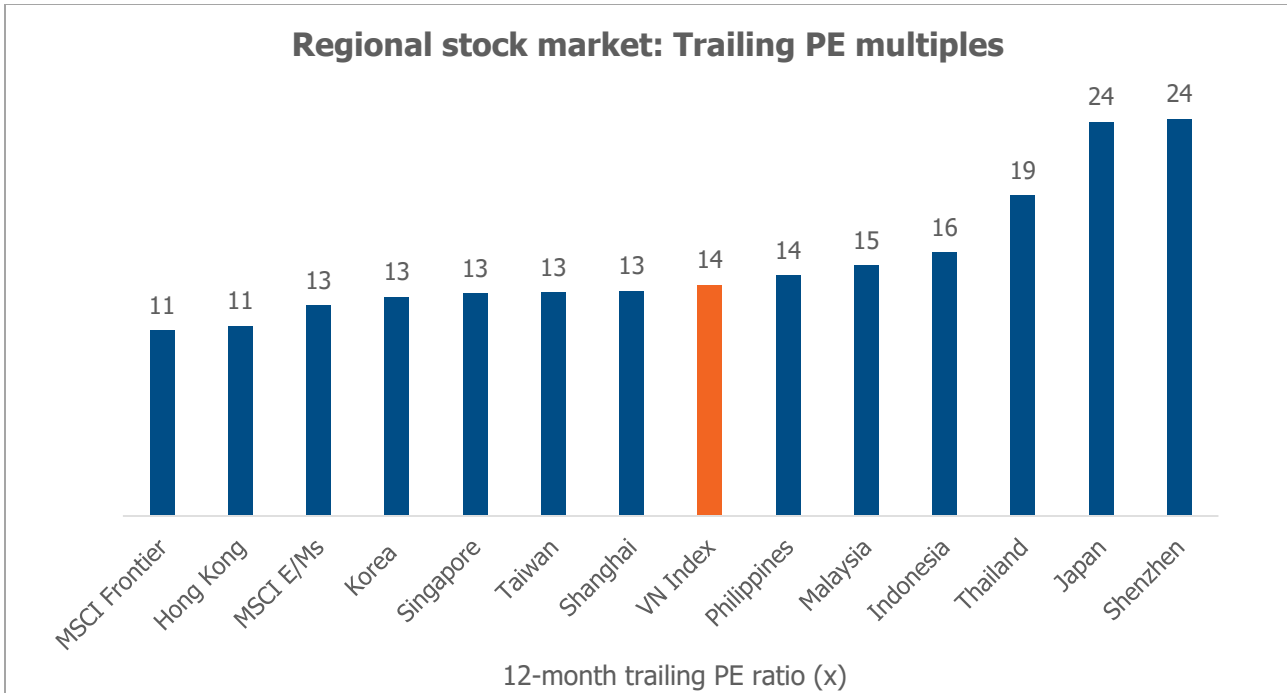
Source: Bloomberg, Yuanta Vietnam



Source: Bloomberg, Yuanta Vietnam

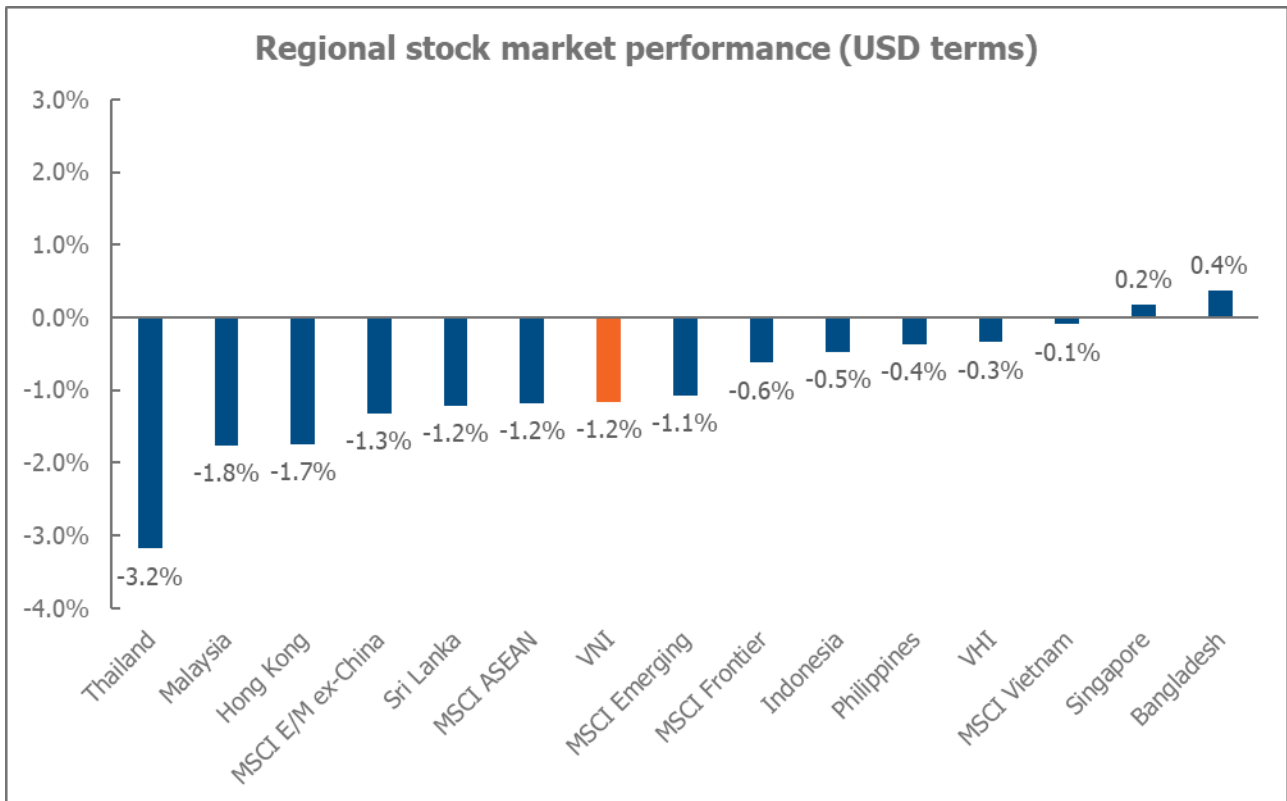


Source: Bloomberg, Yuanta Vietnam



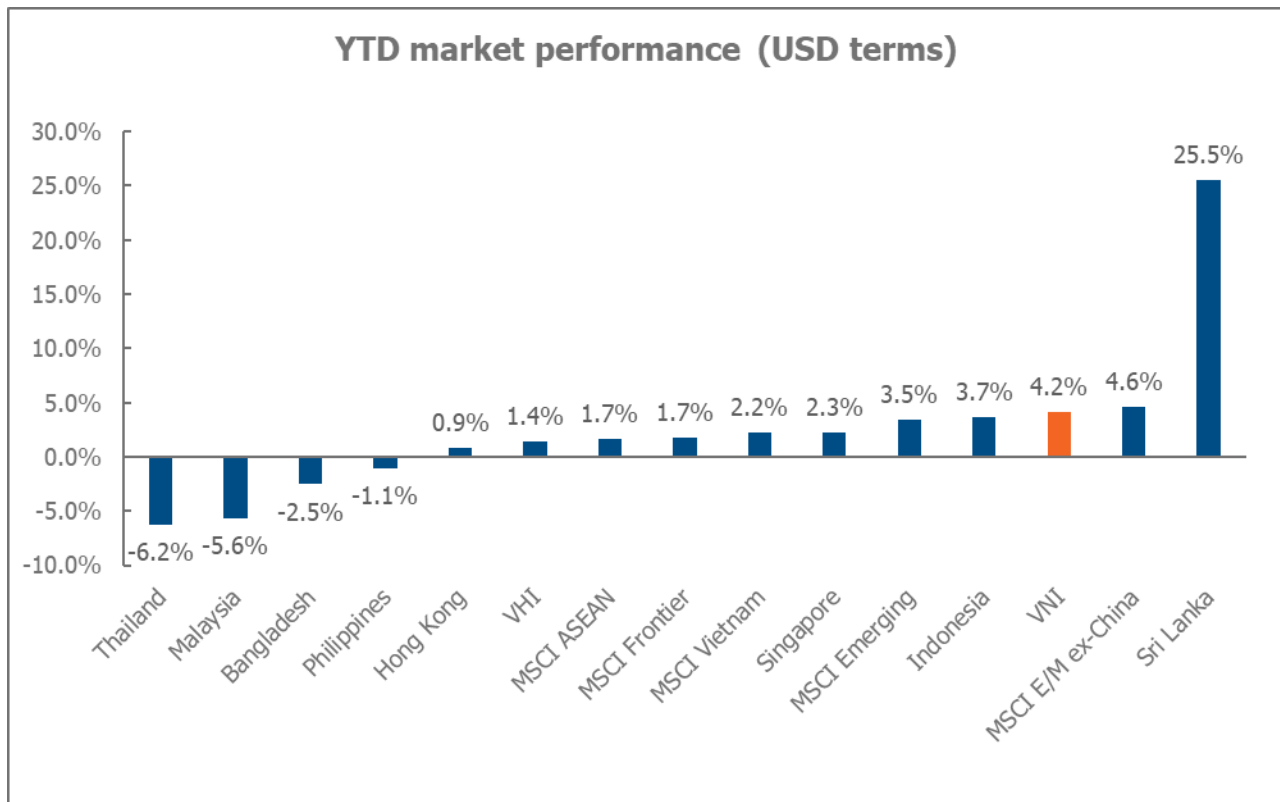
Source: Bloomberg, Yuanta Vietnam (Apr 21)

**The VNI was down by -1.2% WoW (in USD terms)...**



Source: Bloomberg, Yuanta Vietnam (Apr 21)

... but +4.2% YTD in USD terms



Source: Bloomberg, Yuanta Vietnam (Apr 21)

## Bank Sector Analysis --

### More forbearance for distressed corporate borrowers?

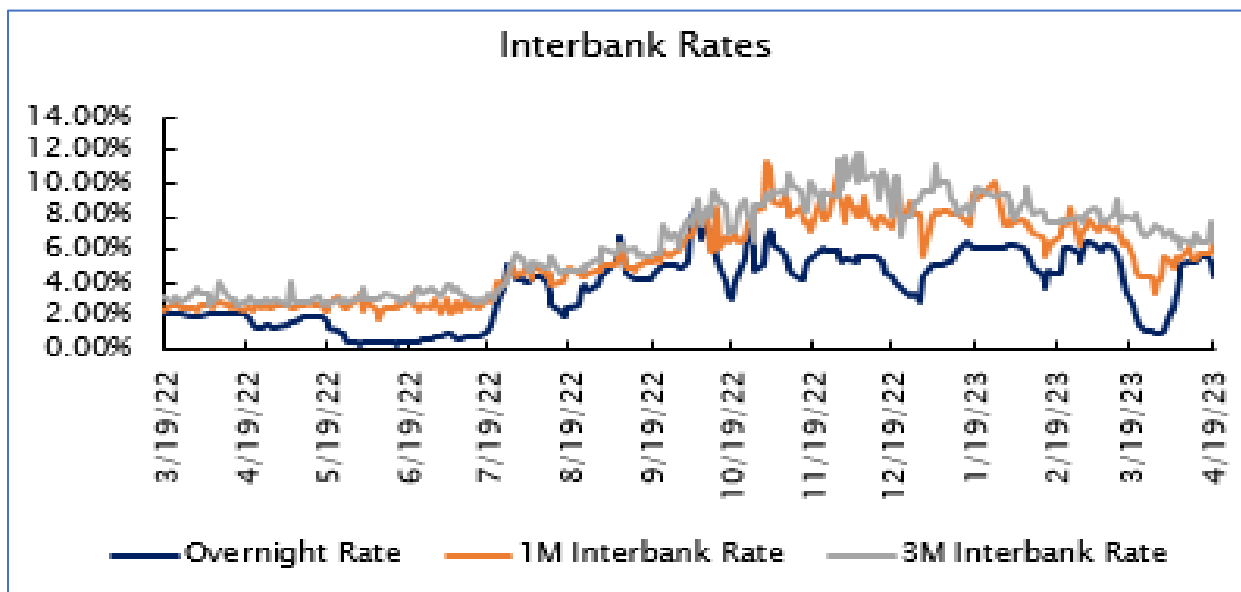
- **The SBV is drafting a circular** to require banks to restructure debt payment schedules without changing debt classifications for clients facing difficulties in production and business activities.
- **This policy will apply to loans disbursed prior to the effective date of the Circular**, with payment deadlines (including principal and interest payments) within the period of the new Circular's effective date until Dec 31, 2023.
- **The period of restructured repayments is to be capped at 12 months** from the due date of the original loans that are restructured.
- **Provisioning policy:** There are two options: 1) banks will make full provisioning for NPLs, 2) banks will make 50% provisioning for NPLs until Dec 12, 2023, and another 50% until Dec 12, 2024.
- **Our view:**
- **This policy aims to alleviate financial pressures facing borrowers** during the economic downturn. It reminds us of the SBV's Covid-era requirement for banks not to reclassify (i.e., downgrade) affected loans.
- **NIMs may come under further pressure too** as accrued interest will be booked off balance sheet and thus presumably not booked through the P&L until it is actually collected. Meanwhile, funding costs will have to be paid in real time, suggesting reduced net interest income and NIM.
- **Transparency of asset quality is obviously a concern** raised by this Circular. Reported NPLs ratios might remain under control under the forbearance policy, but these metrics would not fully reflect the underlying asset quality deterioration in our opinion.



- **Banks are cheap but this policy will not catalyze a re-rating.** That said, sometimes systemic issues require this type of solution.
- **The actual impact will depend on the scale of loan restructuring,** which remains unclear to us.
- **See our full report on the new policy** for more information: [https://yuanta.com.vn/wp-content/uploads/2023/04/Bank\\_Sector\\_a-draft-circular-on-loans-restructuring.pdf](https://yuanta.com.vn/wp-content/uploads/2023/04/Bank_Sector_a-draft-circular-on-loans-restructuring.pdf)

**Bank system liquidity:**

- The SBV has injected VND7.2 tn (\$306 mn) into the market through OMO operations from Apr 17 to Apr 20.
- **Bank system liquidity has improved.**
- The overnight rate decreased by -84 bps WoW to 4.48% on Apr 19.



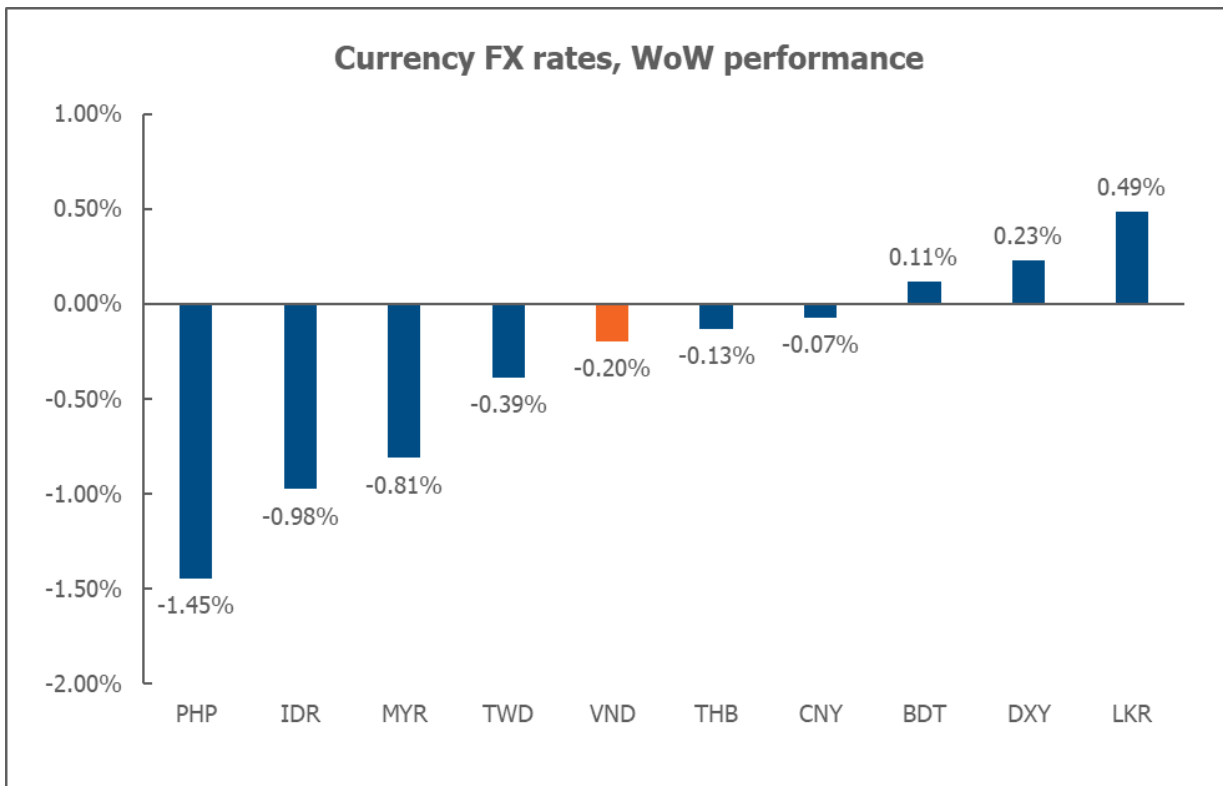
Source: SBV

**Residential property news:**

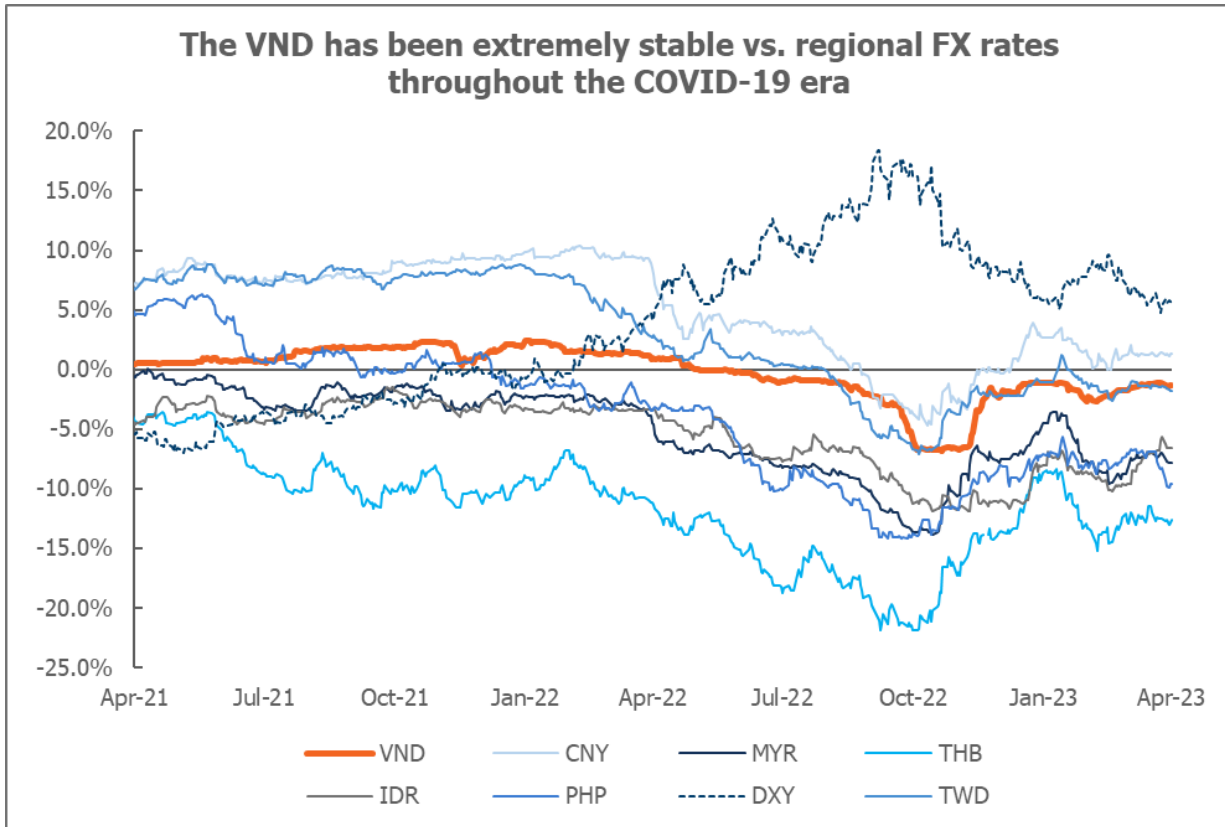
- **CBRE released an updated property outlook report.** The key highlights –
- **HCMC – Improved supply but slower absorption.**
- In 1Q23, HCMC condominium supply was improved with c. 2,900 new units launched, +2 times YoY and +1.2 times QoQ.
- Among this, Vinhomes Grand Park continued to offer c. 50% of the new supply.
- However, new supply in HCMC remains limited, with only three new projects.
- Most of the new supply is in the high-end segment.
- Total units sold were just 960, -17% QoQ.
- Sales policies are very flexible to match the current market conditions, especially the payment terms.
- Some projects need only 5% of the total contract value to sign SPA, and buyers must pay only 35% of the unit value until handover.
- Many developers are also undertaking initiatives to support buyers with better interest rate packages and/or prolonged promotion periods.
- **Hanoi - Cautious sentiment among both developers and buyers**

- 2,000 condominium units were launched in Hanoi, -43% QoQ and 44% YoY, this is the lowest quarterly new launch since 1Q20.
- Mid-end segment accounted for 55% of the new launch, while high-end covered the remaining share.
- The number of units sold in 1Q23 was at a similar level to that of new launches during the quarter, -58%% YoY and 54% QoQ.
- CBRE observes the return of foreign buyers, especially from Hongkong and Singapore, in the Hanoi market, which sets a positive signal to the market during the current period.
- **Separately, according to the Department of Construction, no hospitality unit was sold in Khanh Hoa province** during 1Q23 – not great news for developers hoping to profit from the peripheral property markets.

**Regional currencies: VND was down -20bps last week**



Source: Bloomberg (Apr 21)



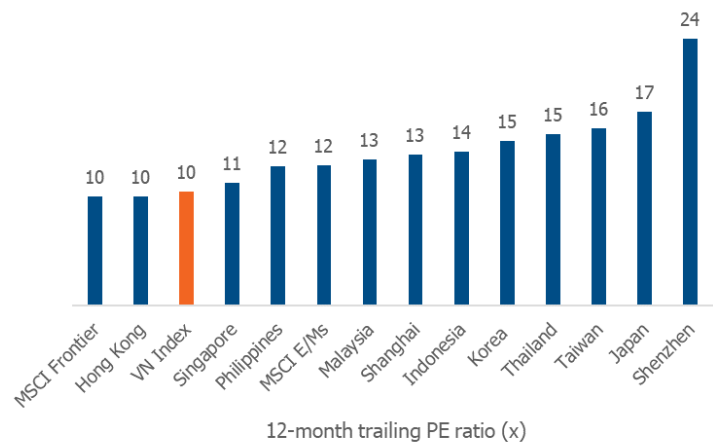
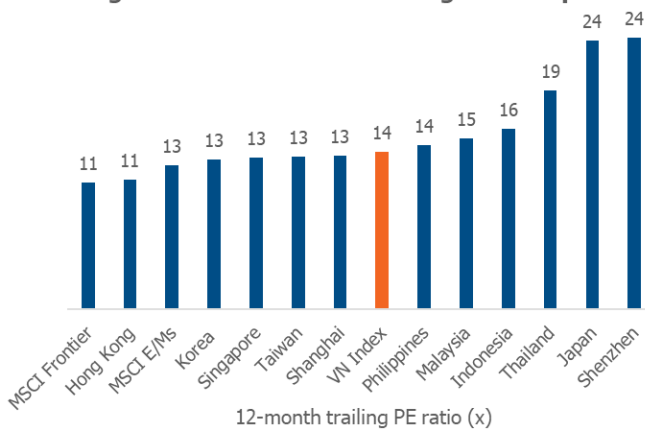
Source: Bloomberg (Apr 21)

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

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

Regional stock market: Trailing PE multiples

Regional stock market: 2023E PE multiples

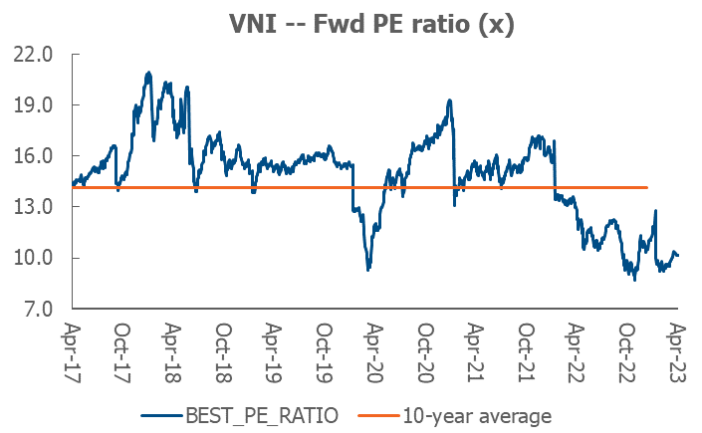
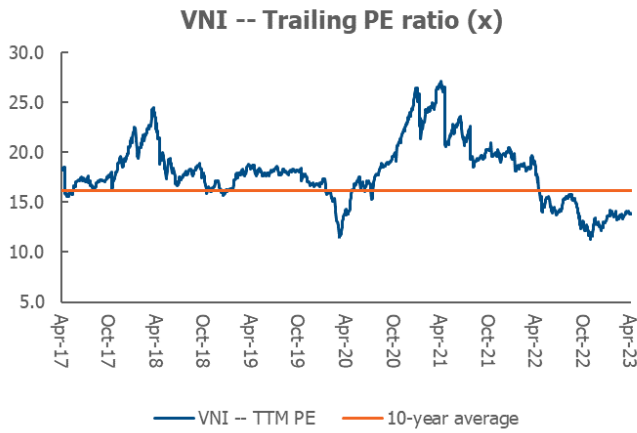


Source: Bloomberg, Yuanta Vietnam (Apr 21)

Source: Bloomberg (2023E consensus PE), Yuanta Vietnam (Apr 21)

The VNI's trailing PE ratio is now 13.8x.

The mainboard's 2023E PE is now 10.1x, based on Bloomberg consensus.

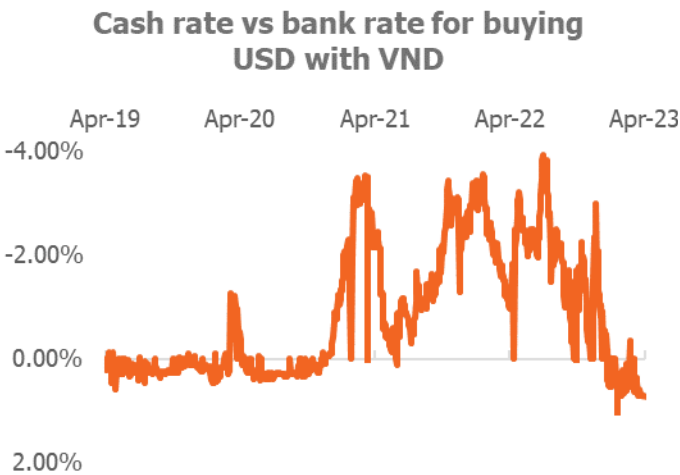


Source: Bloomberg, Yuanta Vietnam

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

US dollar cash premium to the official bank rate has evaporated

...as the official rate has fallen sharply, especially in the last two weeks.



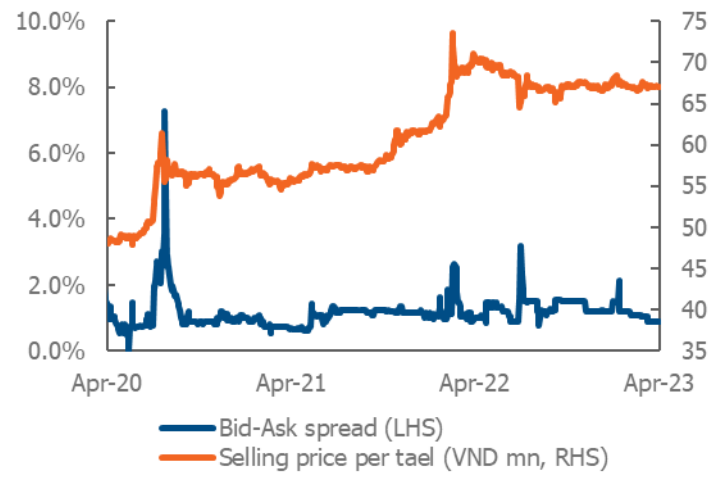
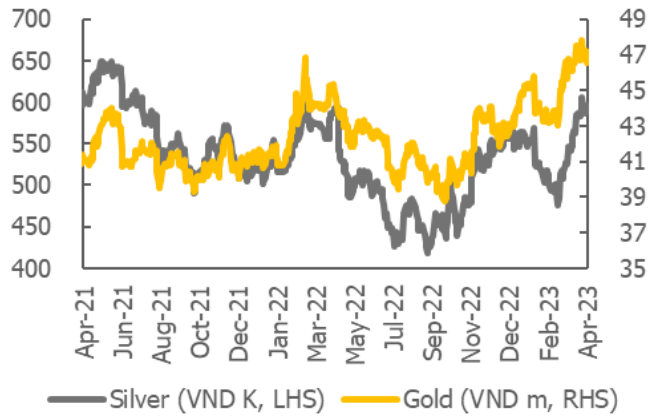
Source: FiinPro, Yuanta Vietnam. Bank data refers to VCB's published electronic selling price vs. the "free market" price for USD notes.

Source: FiinPro, Yuanta Vietnam

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

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

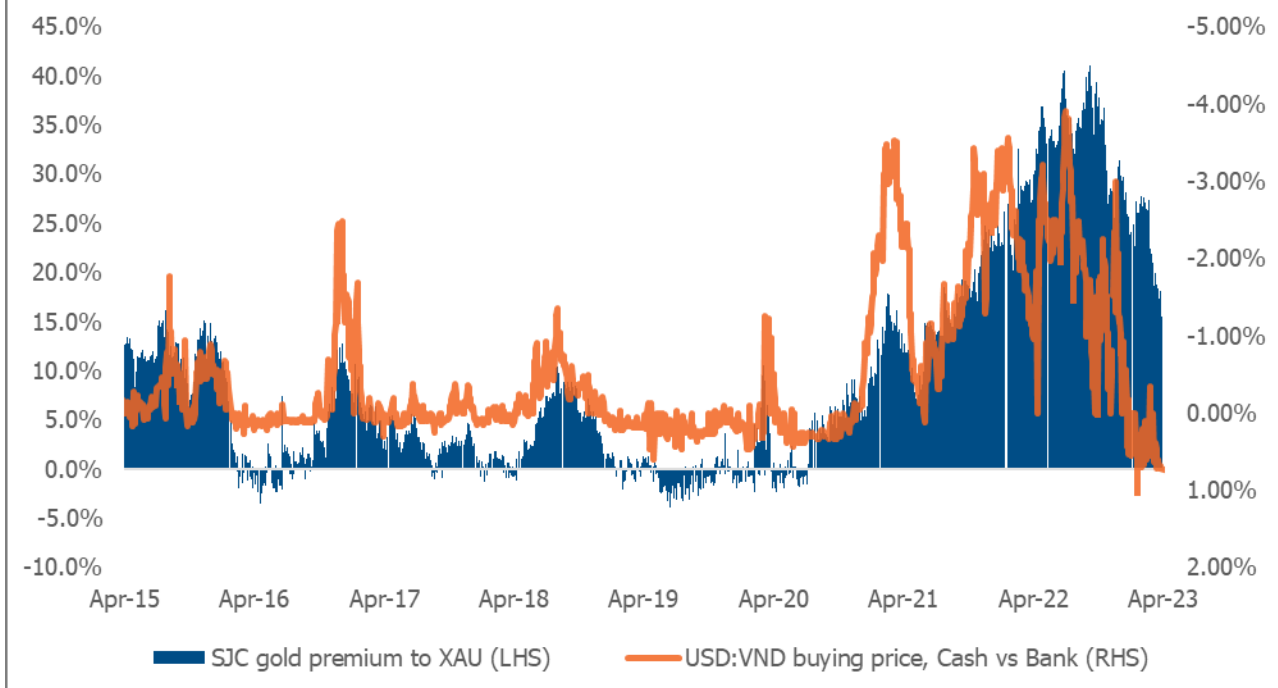
**Precious metals in VND terms**



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

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

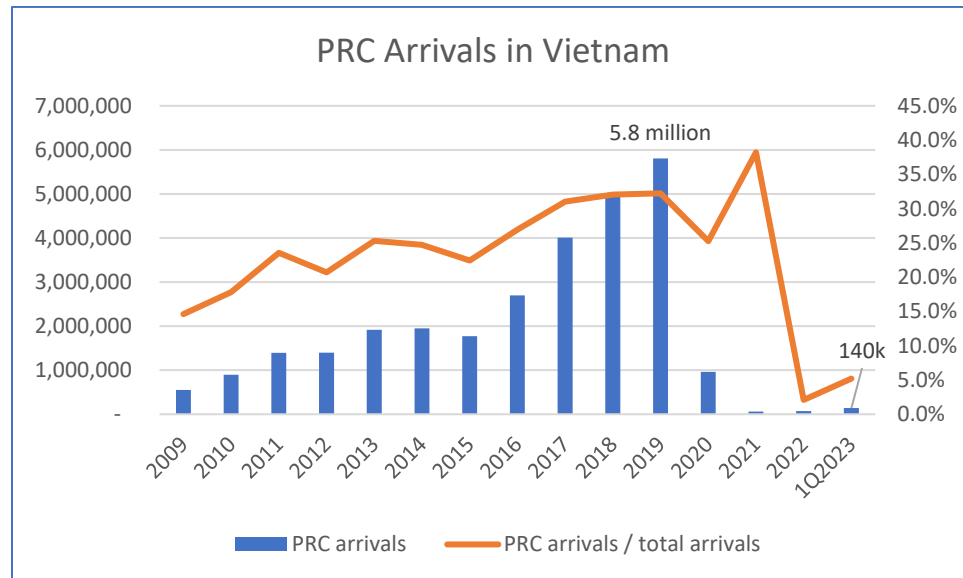


Source: FiinPro, Bloomberg, Yuanta Vietnam (Apr 21)

## Tourism: Still waiting for the flood of PRC arrivals

As discussed at our 1Q23 regional [conference](#) in February, expectations for an immediate surge of PRC tourists to historical norms are overblown. At the time of the call, China had reopened its borders but pointedly refrained from including Vietnam in its initial list of approved destination countries for outgoing group tours, and Vietnam's consular offices in China weren't even offering tourist visas. Since then, the policy narrative appears to have improved as Vietnam was included on the updated list of approved countries for group tours.

So that's a start, but the effect has yet to show up in the actual numbers. Although monthly arrivals from the PRC are up 4-5x since China reopened in January, reaching a multiyear peak of 69k in March, the numbers are dwarfed by the historical PRC tourist arrival figures prior to COVID. More specifically, the 140k PRC arrivals in 1Q23 (a period in which China was mostly open) represent a stunning -89% decline from 1Q19. Moreover, the 1Q23 mix is probably dominated by business travelers and family visitors as opposed to tourists.



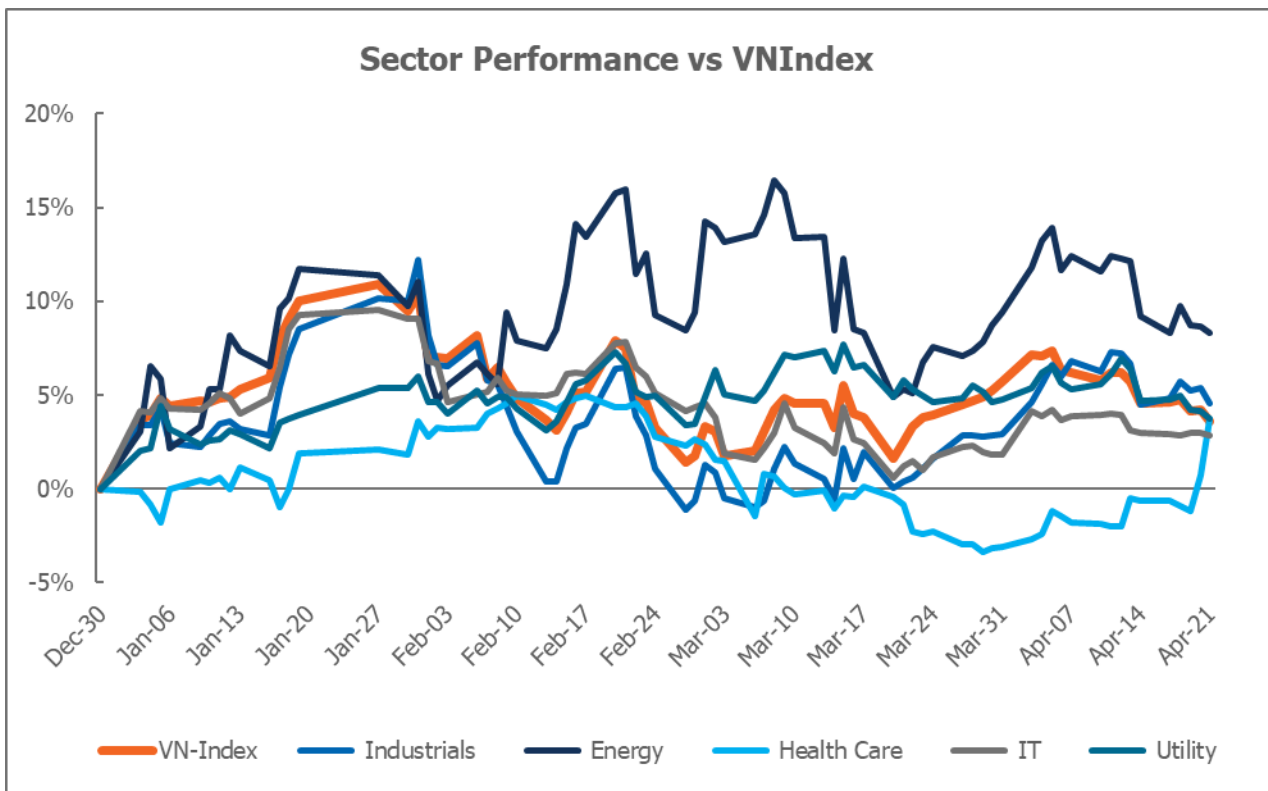
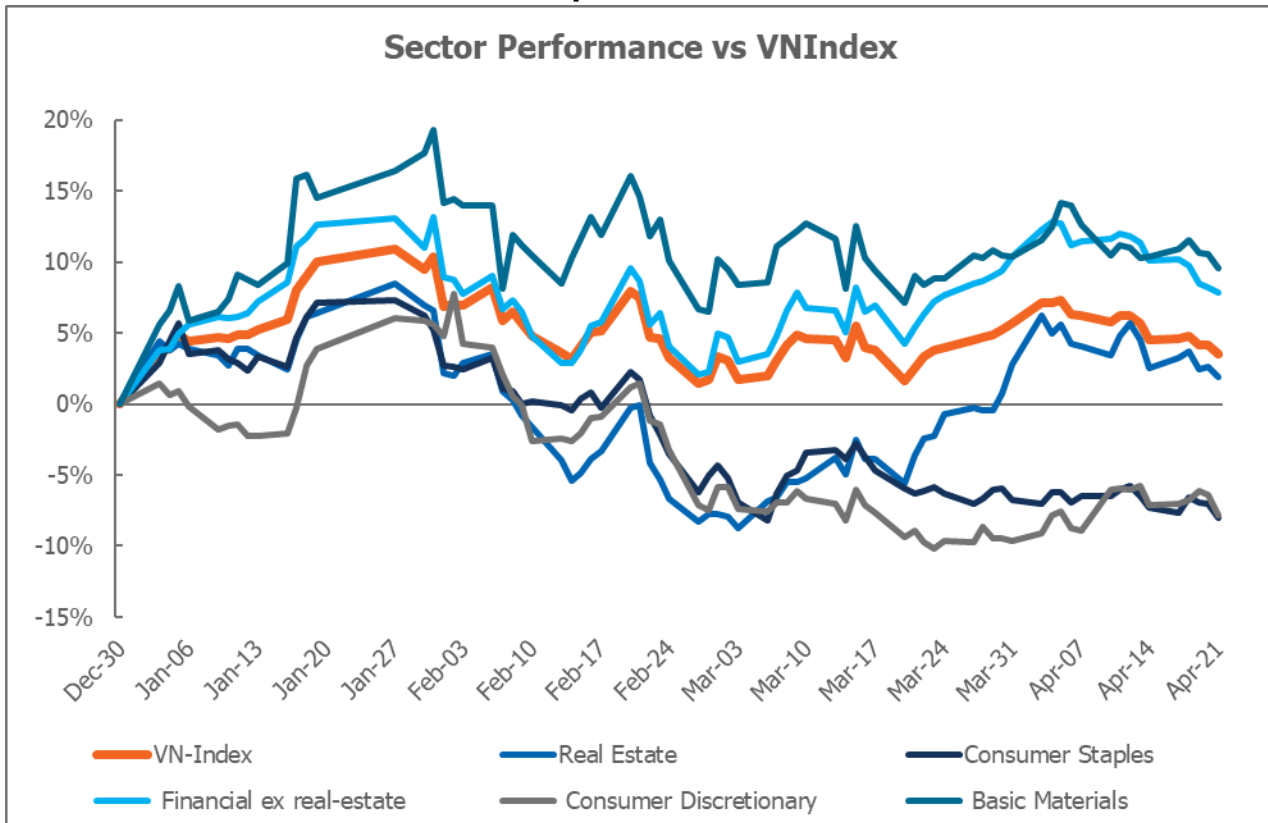
Source: Ministry of Culture, Sports, and Tourism

Industry officials are reportedly (and wisely) targeting the high-spending 10% of PRC travelers rather than focusing on numbers of individual arrivals as a key value driver. This makes sense, as a return to the days of “zero-dong” tours – in which travelers pay for services using PRC-based financial platforms – would be highly unwelcome by most domestic industry operators and retail businesses.

In any case, targeting a return to the mass arrivals of 2019 seems pointless given that the tourism infrastructure is not ready. With three years having passed since the start of the pandemic, the landscape of the tourism industry has structurally shrunk with thousands of businesses having closed and tens of thousands (or more) of qualified employees let go. Rebuilding that capacity will be no easy task, and willingness to risk the capital necessary to do so is likely to be low.

In addition, Yuanta's China research team notes that outbound travel bookings from the PRC for the upcoming May holidays have [surged](#), but total numbers are still likely to be down by -60% vs. May 2019. We are guessing that the decline in outbound travelers to Vietnam will be in that ballpark. So things are indeed looking up for the tourism industry, but it only looks good relative to the deep depression of 2020-22. The industry still faces a long road to full recovery.

**Sector performance YTD**



Source: Bloomberg (Apr 21)

## Yuanta Universe: Valuations and ratings

Sector	Stock Code	PER (x)			EPS Growth (%)			PEG (x)			PBV (x)			ROE (%)			ROA (%)		
		2021A	2022A	2023E	2021A	2022A	2023E	2021A	2022A	2023E	2021A	2022A	2023E	2021A	2022A	2023E	2021A	2022A	2023E
Banks	ACB VN	6.9	5.4	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	25.6	16.4	12.9	50.3	56.3	26.3	0.5	0.3	0.5	2.7	2.4	2.1	10.5	14.8	16.3	0.7	0.9	1.0
	HDB VN	6.2	5.3	4.9	15.1	15.8	8.7	0.4	0.3	0.6	1.2	1.2	1.0	21.8	22.6	21.7	1.9	2.0	2.1
	MBB VN	4.7	4.2	3.9	39.1	11.1	7.8	0.1	0.4	0.5	1.1	1.1	0.8	22.6	24.8	22.7	2.4	2.8	2.9
	STB VN	15.7	13.7	11.5	30.5	15.1	19.0	0.5	0.9	0.6	1.4	1.3	1.1	9.5	9.8	10.5	0.7	0.8	0.8
	VCB VN	20.9	16.4	11.7	23.9	27.1	40.2	0.9	0.6	0.3	3.8	2.9	2.4	19.6	20.1	22.5	1.6	1.8	2.1
	VPB VN	7.5	7.1	7.9	(39.2)	5.8	(9.3)	n/a	1.2	n/a	1.6	1.3	1.2	16.9	19.2	14.9	2.4	2.9	2.2
	Brokers	HCM VN	9.2	9.0	8.8	109.5	2.4	2.7	0.1	3.7	3.3	1.6	1.4	1.3	19.5	16.9	15.9	6.2	4.7
SSI VN		6.4	9.0	8.8	49.8	(28.8)	1.4	0.1	n/a	6.1	1.5	1.3	1.2	22.5	18.5	14.0	6.2	6.8	6.5
VCI VN		7.2	6.8	6.6	(3.1)	5.4	2.9	n/a	1.3	2.3	1.6	1.4	1.3	22.9	22.7	20.9	8.8	8.8	8.3
VND VN		6.0	6.5	5.5	212.3	(7.4)	17.9	0.0	n/a	0.3	1.6	1.5	1.2	34.9	27.0	25.6	8.7	7.4	8.1
Energy	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	18.6	14.5	13.0	(25.3)	28.7	11.1	n/a	0.5	1.2	2.3	2.3	2.2	15.9	17.5	17.7	7.4	9.6	10.4
	PC1 VN	9.9	7.5	6.4	(6.8)	31.3	17.8	n/a	0.2	0.4	1.0	0.9	0.8	12.6	13.6	14.1	4.7	5.1	6.4
Consumer	MSN VN	14.4			22.9	20.9	4.2	0.6	0.6	0.6	2.0	1.7	1.5	14.5	15.2	13.7	8.0	8.9	8.2
	PNJ VN	18.5	10.1	8.7	(3.4)	68.4	16.2	n/a	0.1	0.5	2.9	2.4	2.3	17.2	23.2	26.5	11.2	13.9	15.6
	DGW VN	7.6	6.4		8.5	17.8	(100.0)	0.9	0.4	n/a	1.3	1.3	1.3	18.4	18.4	18.4	7.1	7.1	7.1
Oil & GAS	POW VN	17.7	16.7	12.0	(25.0)	5.6	40.0	n/a	3.0	0.3	1.2	1.1	1.0	5.8	5.9	7.6	3.4	3.5	4.7
Property	KBC VN	8.4	4.4	3.1	230.0	91.0	40.0	0.0	0.0	0.1	1.1	0.9	0.8	14.0	22.0	26.0	6.0	10.0	12.0
	DXG VN	6.5	8.4	4.3	(303.0)	(22.0)	97.0	n/a	n/a	0.1	0.9	0.8	0.7	14.0	9.0	15.0	6.0	4.0	6.0
	KDH VN	20.7	12.8	10.2	(31.0)	61.0	25.0	n/a	0.2	0.4	2.1	2.1	2.0	11.0	17.0	21.0	6.0	10.0	13.0
	NLG VN	10.2	9.7	8.1	(3.0)	5.0	20.0	n/a	1.9	0.4	1.1	1.2	1.0	12.0	12.0	14.0	6.0	7.0	7.0
	NVL VN	-	-	-	(41.7)	18.3	53.3	n/a	-	-	-	-	-	10.0	10.6	14.8	2.3	2.4	3.4
	VHM VN	5.7	4.8	4.4	8.5	19.0	8.4	0.7	0.3	0.5	1.5	1.2	0.9	31.0	28.0	25.0	14.0	14.0	14.0
Transport	ACV VN	19.6			28.8			0.7	n/a	n/a	3.4	3.2	2.9	20.2	11.0	12.6	11.3	5.2	5.3
Industrials	DHC VN	5.9	6.1	5.7	25.4	(3.4)	6.6	0.2	n/a	0.9	1.7	1.4	1.3	31.1	25.6	23.9	20.6	12.7	10.1
	BWE VN	13.5	11.5	9.2	46.1	17.0	24.9	0.3	0.7	0.4	2.2	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 Apr 21 2022

Source: Bloomberg, Yuanta Vietnam



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