

Strategy: Spooky market sentiment continues

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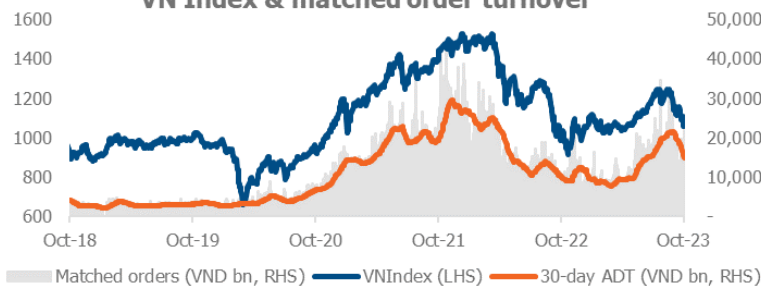
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Di Luu

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The VNI plunged by another -4.3% WoW last week as softening sentiment shifted into panic mode. Momentum indicators are largely negative. Weekly ADT of US\$670mn was boosted by US\$1.1bn in trading on Thursday, when the market fell by -4.2%. So the pattern of spiking volumes accompanying major down-days that has been in place since August continues as we near the end of October. In case it's not obvious to you, this is not a good technical sign.

VN Index & matched order turnover



Index, Flows, and FX Performance

- **VNINDEX:** 1061 (-4.3% WoW / +5.3% YTD / +3.2% YoY)
- **VHINDEX:** 218 (-4.6% WoW / +6.2% YTD / +2.1% YoY)
- **UPCOM Index:** 83 (-2.9% WoW / +16.0% YTD / +7.5% YoY)
- **Average daily turnover:** US\$670 mn (-11.2% WoW)
- **Foreigners net sold** US\$53.2mn of three-index constituents
- **VND:USD rate:** 24,580 (-15bps WoW / -385bp YTD / +1.04% YoY)

VN30 Components

Ticker	Closing price (VND K)	WoW chg	Cont to VN30 (WoW)	TTM PE (x)
ACB	21.6	-1.6%	-2.2%	5
BCM	59.0	-8.7%	-0.4%	179
BID	42.0	3.7%	0.6%	10
BVH	39.5	-3.7%	-0.2%	17
CTG	28.2	-4.1%	-1.6%	8
FPT	87.0	-6.4%	-11.4%	18
GAS	77.6	-6.7%	-1.2%	14
GVR	19.3	-5.9%	-0.3%	27
HDB	17.3	-2.8%	-1.9%	6
HPG	23.4	-4.1%	-5.9%	--
MBB	17.5	-2.8%	-2.7%	5
MSN	57.8	-16.2%	-11.6%	67
MWG	42.0	-6.0%	-5.3%	39
PLX	33.0	-6.8%	-0.5%	16
POW	11.0	-1.8%	-0.2%	16
SAB	63.1	-9.9%	-1.7%	16
SHB	10.3	-1.4%	-0.8%	5
SSB	25.6	4.5%	3.2%	18
SSI	29.5	-5.9%	-3.5%	21
STB	28.7	-4.7%	-4.8%	8
TCB	29.6	-5.0%	-6.5%	6
TPB	16.2	-1.8%	-0.7%	6
VCB	85.0	0.2%	0.2%	15
VHM	39.2	-11.9%	-9.8%	4
VIB	18.1	-1.4%	-0.6%	5
VIC	41.6	-4.0%	-3.7%	37
VJC	99.8	-5.1%	-2.7%	--
VNM	68.0	-5.9%	-6.5%	19
VPB	20.2	-6.5%	-11.8%	13
VRE	22.9	-13.9%	-5.6%	13

Source: Bloomberg, Yuanta Vietnam. Pricing date: Oct 27, 2023.

Momentum indicators are largely negative, as the 50-day moving indicator crossed below the 100-day MA (both of which are now declining) and the 200-day MA looks set to end its upward shift in the next few days. Friday afternoon's bounce (+2.2% off the intraday low of 1,037) provided some relief; but the same pattern prevailed the previous Friday, so we think it would be tough to call this a bottom. **Margin loans represented around 7.7% of total market free float – the highest such figure ever – at 3Q23.** This suggests that market volatility may persist for a while (see pages 7-9).

Weekly breadth remains very negative with 65 winners / 311 losers on the VNI and 3 winners / 27 losers among the VN30 constituents. Large caps leaders on the way down included MSN (-16% WoW), VRE (-14%), VHM (-12%), SAB (-10%), and FPT (-6%). Despite capturing substantial mindshare among market watchers last week, VIC's share price was only down -4%.

PNJ (BUY): A closer look at inventories. The persistent gap between PNJ's full-year free cashflow and net income is mostly due to changes in net working capital, and more specifically growth in inventories. Di Luu's [Oct 27 report](#) attempts to square this with the growth of PNJ's retail footprint, online sales, and wholesale business. Ultimately, our analysis may not provide definitive answers, but at least it raises questions that shareholders might be wise to ponder (and perhaps to seek greater clarity from management).

PNJ: Gap between net income and FCFF in 2016-2022 period

Unit: VND bn	2016A	2017A	2018A	2019A	2020A	2021A	2022A
Net income	450	725	960	1,194	1,069	1,033	1,811
FCFF	54	164	(459)	(657)	1,645	(623)	228
Difference:	396	561	1,419	1,851	(576)	1,656	1,582
Aggregate 2016-22 gap	6,890						

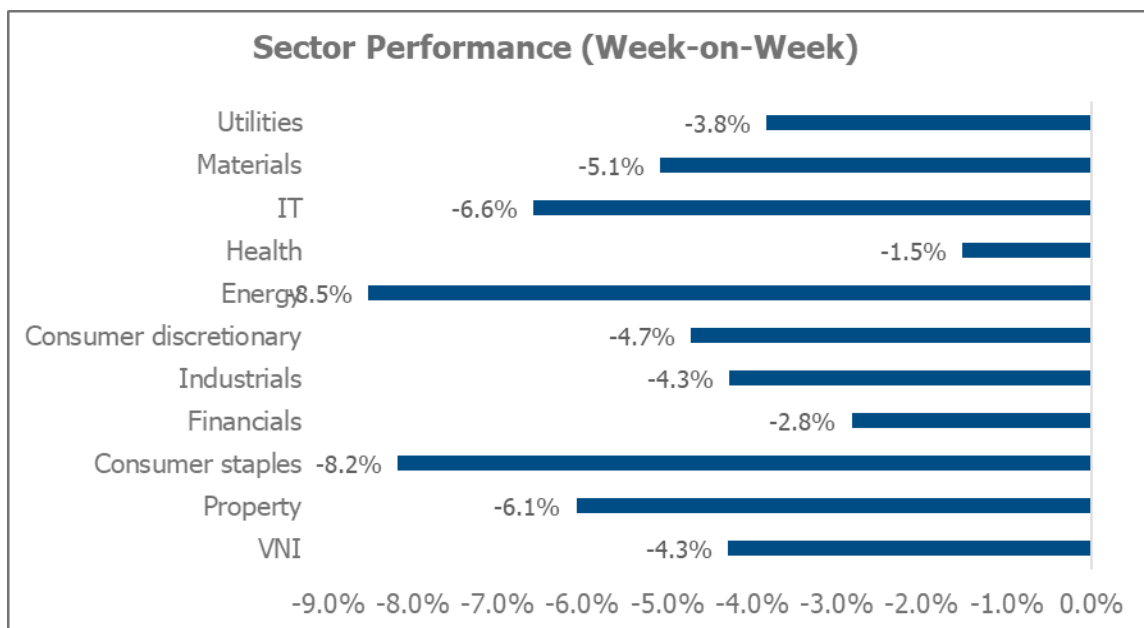
Source: Yuanta Vietnam

Yuanta Vietnam Coverage Universe

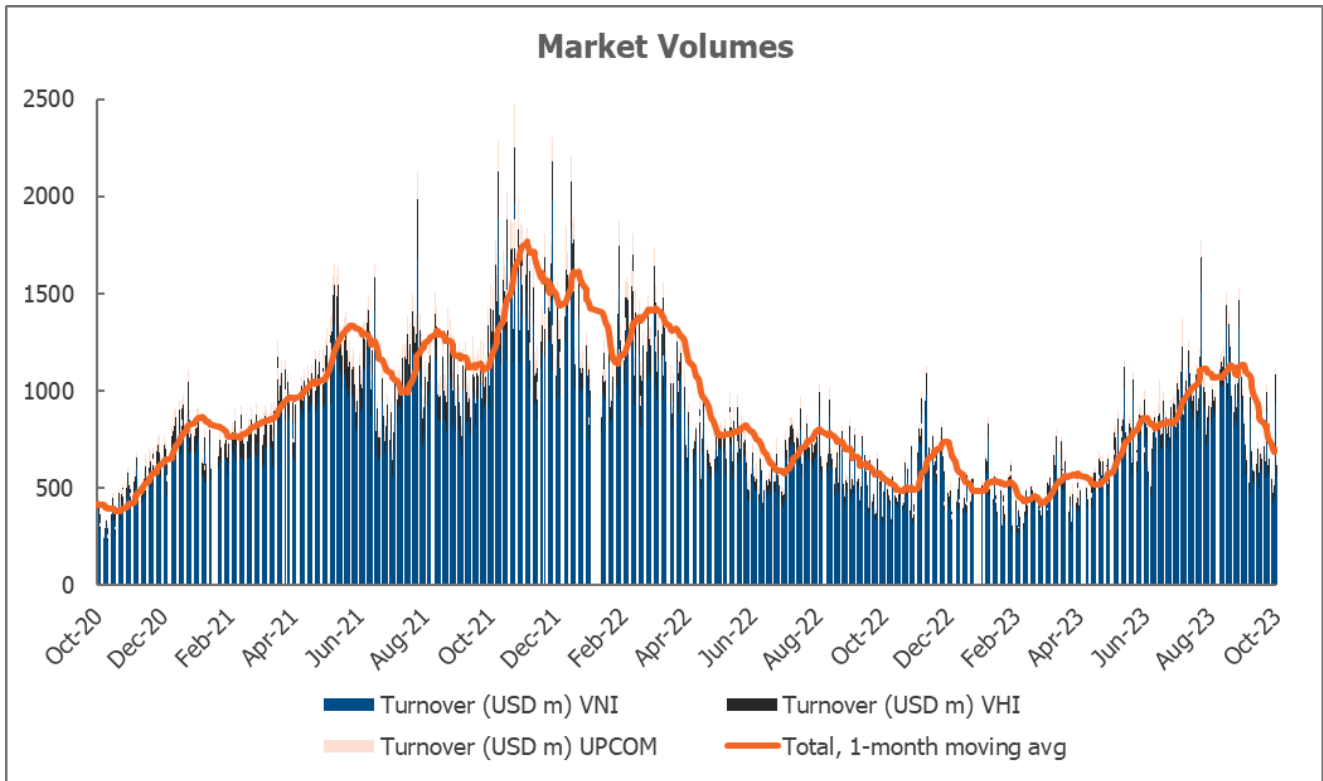
Sector	Company	Stock code	Market cap (USDm)	3-month ADT (USDm)	Yuanta Rating	Current price (VND)	Target price (VND)	Up (down) side	2023E Dividend yield	12-m TSR*
Banks	Asia Commercial Bank	ACB VN	3,405	7.3	BUY	21,550	28,510	32%	4.6%	37%
	BIDV	BID VN	8,644	2.6	HOLD-Underperform	42,000	42,780	2%	0.0%	2%
	HD Bank	HDB VN	2,030	4.2	BUY	17,250	22,390	30%	5.8%	36%
	MB Bank	MBB VN	3,702	7.4	BUY	17,450	25,260	45%	2.9%	48%
	Sacombank	STB VN	2,201	27.6	HOLD-Underperform	28,700	33,575	17%	0.0%	17%
	Vietcombank	VCB VN	19,328	4.4	BUY	85,000	99,420	17%	0.9%	18%
	Vietnam Prosperity Bank	VPB VN	6,520	14.8	BUY	20,200	25,540	26%	5.0%	31%
Brokers	HCM City Securities	HCM VN	512	8.1	BUY	27,500	33,805	23%	2.9%	26%
	Saigon Securities	SSI VN	1,796	34.9	BUY	29,450	32,187	9%	1.3%	11%
	Viet Capital Securities	VCI VN	634	9.4	BUY	35,600	45,580	28%	2.8%	31%
	VNDirect Securities	VND VN	917	26.8	BUY	18,500	24,019	30%	2.5%	32%
Energy	PV POW	POW VN	1,048	4.5	BUY	11,000	16,877	53%	0.0%	53%
	PV NT2	NT2 VN	269	0.8	SELL	23,000	19,318	-16%	8.7%	-7%
	PCC1	PC1 VN	291	4.4	BUY	26,450	34,123	29%	0.0%	29%
Consumer	Masan Group	MSN VN	3,365	6.3	Suspended	57,800	N/A	N/A	0.0%	N/A
	Phu Nhuan Jewelry	PNJ VN	982	2.1	BUY	73,600	90,100	22%	1.8%	24%
	Digiworld	DGW VN	330	5.0	Suspended	48,550	N/A	N/A	0.0%	N/A
	FPT Digital Retail	FRT VN	514	3.5	BUY	92,800	100,607	8%	1.1%	9%
Oil & GAS	PV Drilling	PVD VN	583	5.9	BUY	25,800	36,103	40%	2.7%	43%
Property	Kinh Bac City	KBC VN	890	12.6	BUY	28,500	38,300	34%	0.0%	34%
	Dat Xanh Group	DXG VN	432	17.8	BUY	17,400	40,500	133%	0.0%	133%
	Khang Dien House	KDH VN	963	2.3	HOLD-Underperform	29,600	35,500	20%	0.0%	20%
	Nam Long	NLG VN	530	4.0	HOLD-Underperform	33,900	37,800	12%	1.5%	13%
	Novaland	NVL VN	1,055	29.0	Coverage Suspended	13,300	-	-	-	-
	Vinhomes	VHM VN	6,944	11.6	BUY	39,200	76,900	96%	0.0%	96%
	Vincom Retail	VRE VN	2,117	6.1	BUY	22,900	38,000	66%	0.0%	66%
Transport	Airports Corp Vietnam	ACV VN	6,235	0.2	HOLD-Underperform	70,400	76,400	9%	0.0%	9%
Industrials	Dohaco	DHC VN	130	0.6	BUY	39,650	63,571	60%	9.0%	69%
	Biwase	BWE VN	346	0.4	BUY	44,100	70,902	61%	4.5%	65%
Technology	FPT Corporation	FPT VN	4,495	9.1	BUY	87,000	120,740	39%	2.3%	41%

*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 Oct 27 2023

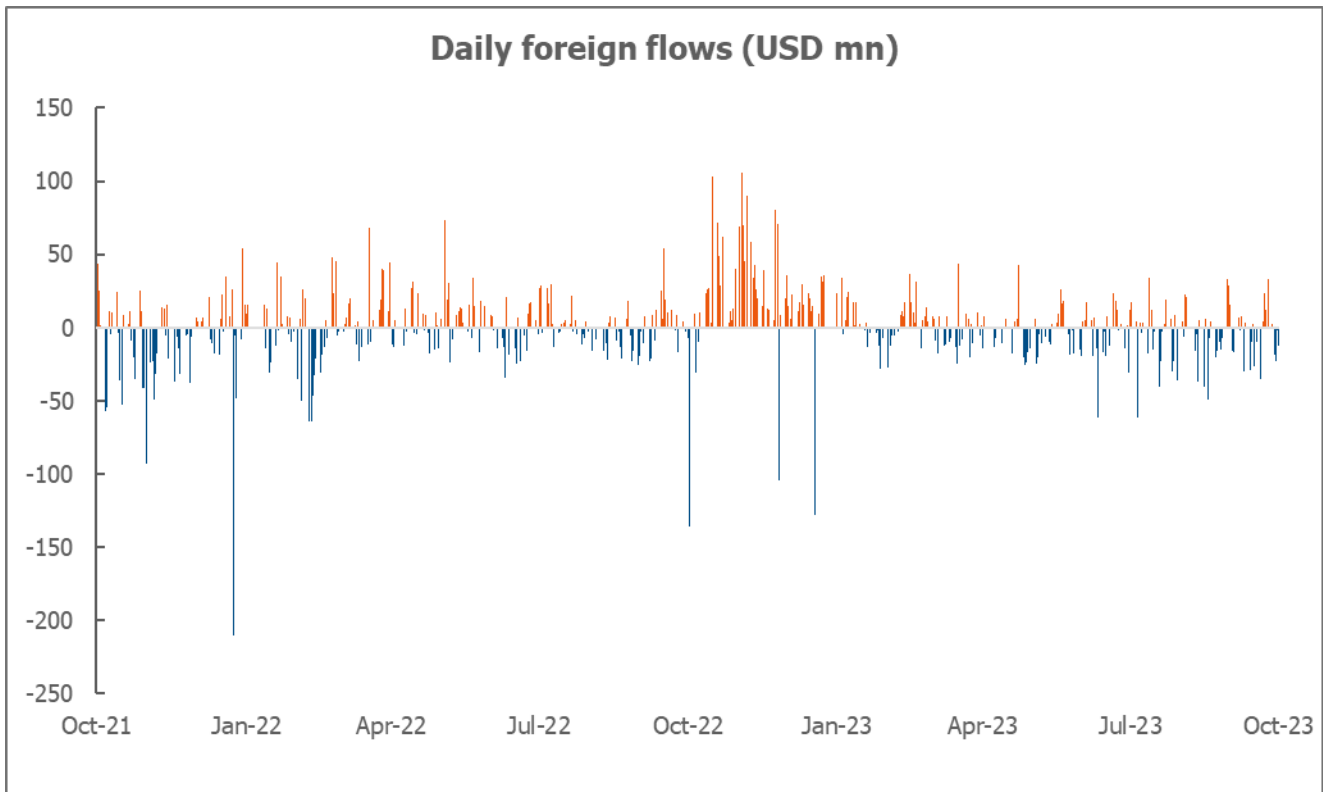
Source: Bloomberg, Yuanta Vietnam



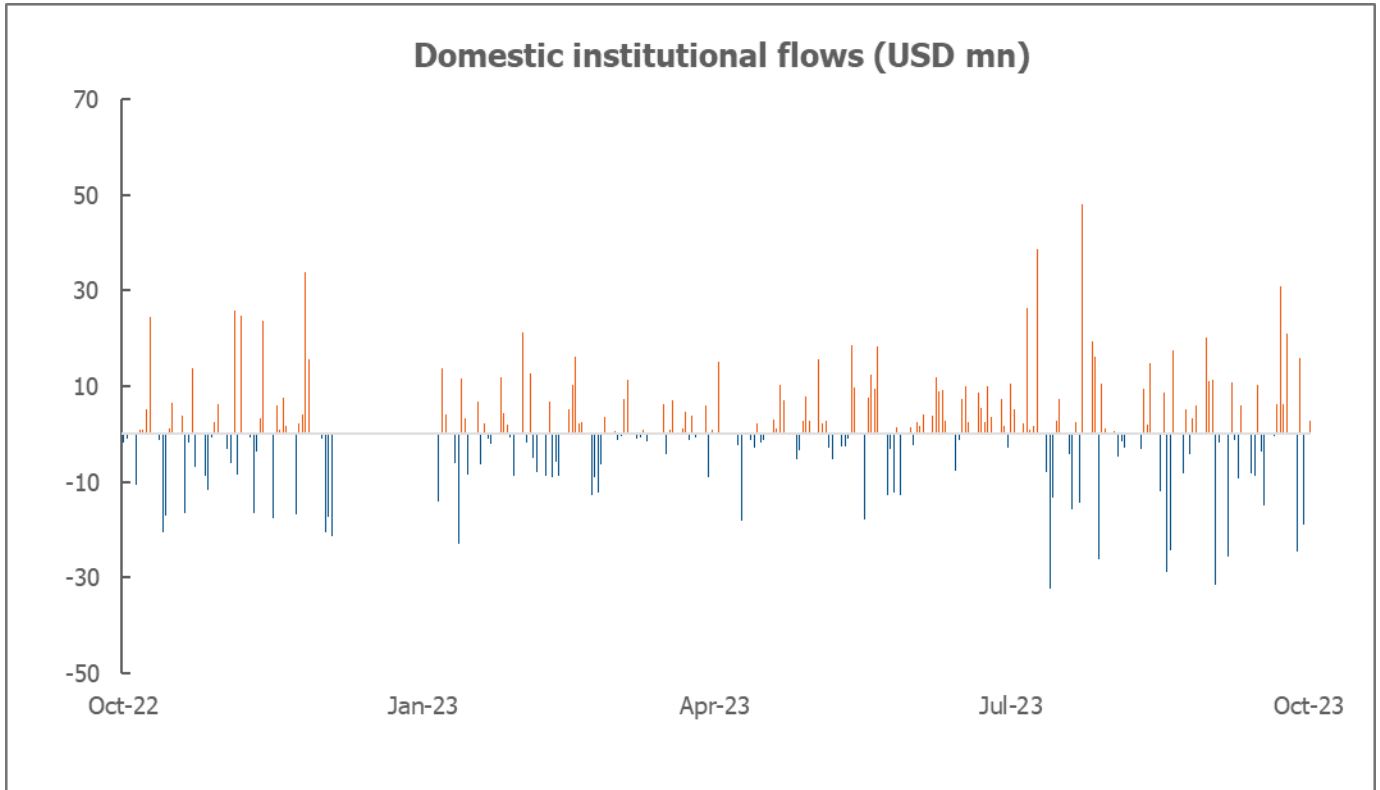
Source: Bloomberg (Oct 27)



Source: FiiPro, Yuanta Vietnam (Oct 27)

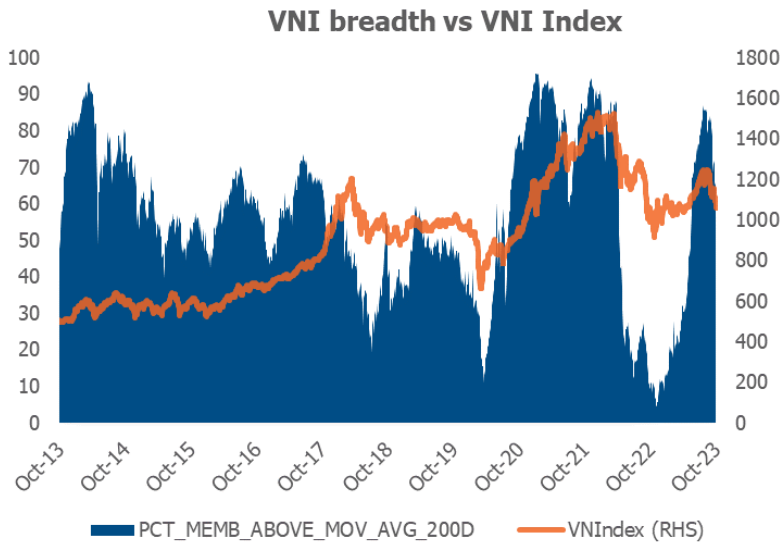


Source: FiiPro, Yuanta Vietnam (Oct 27)



Source: FiinPro, Yuanta Vietnam (Oct 27)

Weekly breadth was highly negative on both VN30 and VNIndex.



Source: Bloomberg, Yuanta Vietnam (Oct 27)

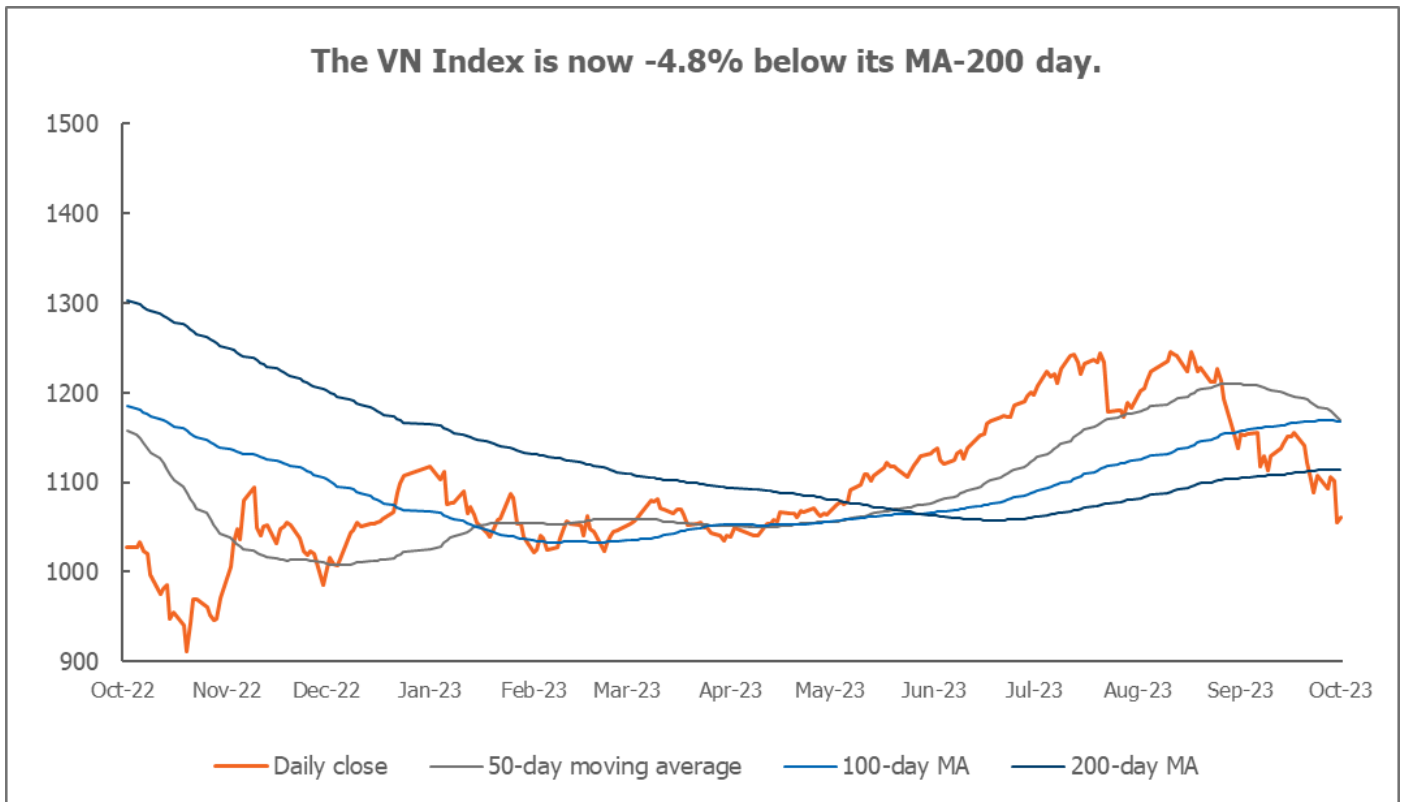
VN 30 breadth			
	WoW	MoM	YTD
Gainers	3	1	18
Losers	27	29	12

Source: Bloomberg (Oct 27, 2023)

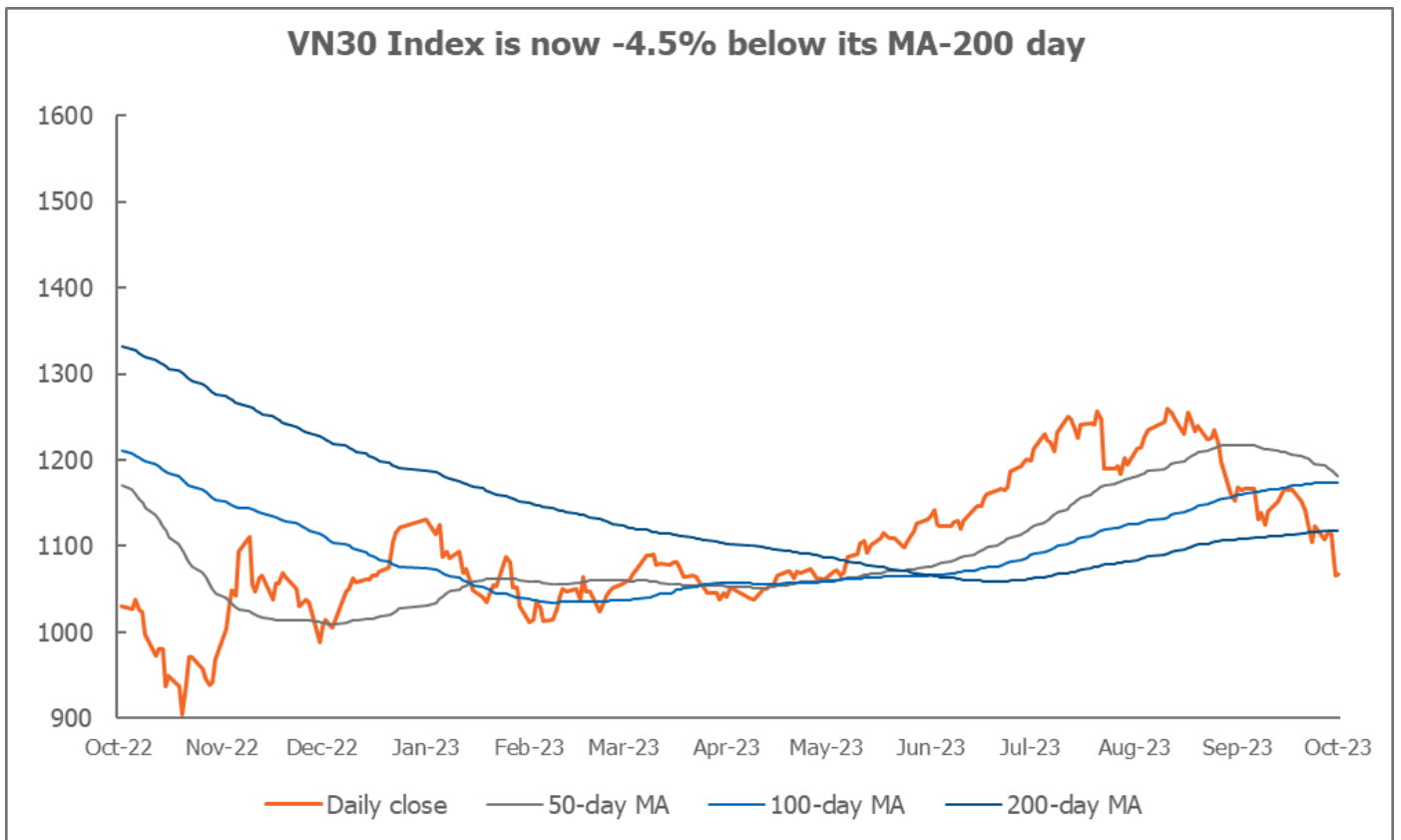
VNI breadth			
	WoW	MoM	YTD
Gainers	65	69	258
Losers	311	315	124

Source: Bloomberg (Oct 27, 2023)

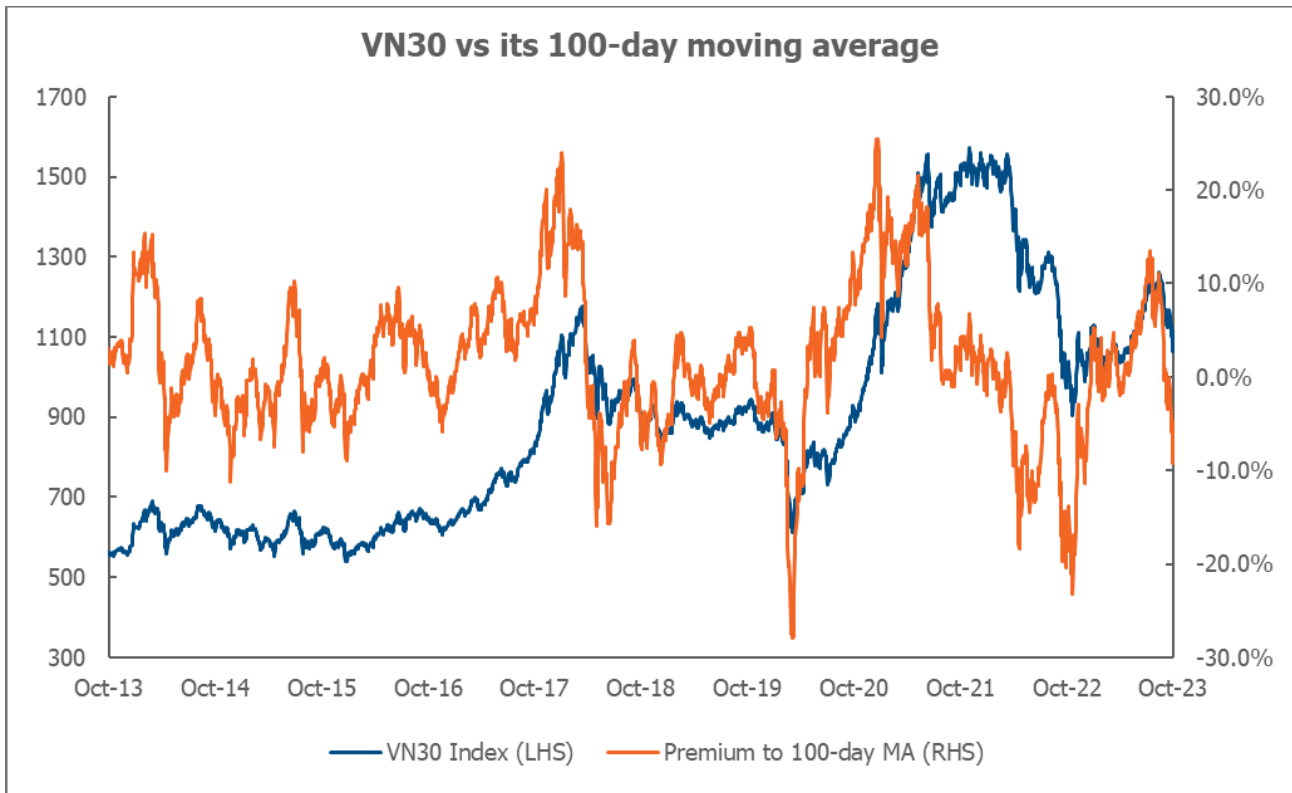
Source: Bloomberg, Yuanta Vietnam



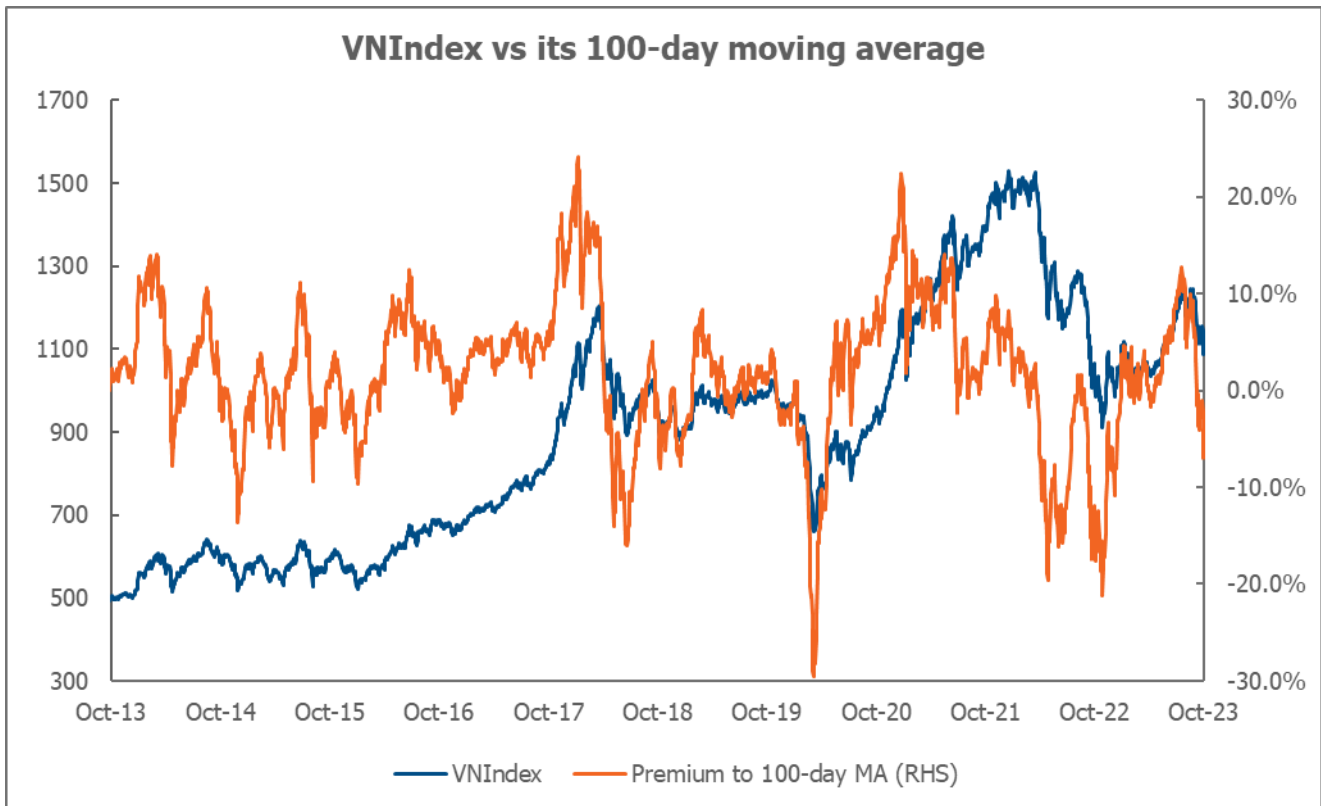
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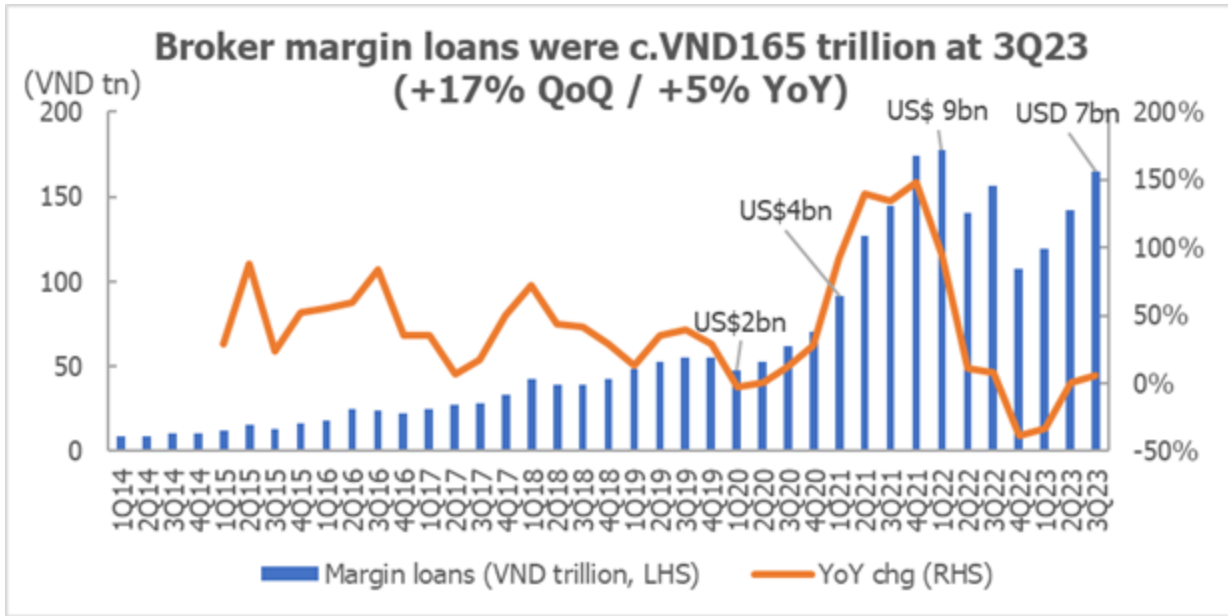
Source: Bloomberg, Yuanta Vietnam

Gauging the level of margin leverage in stocks. FiinPro shows the total margin figure as VND141 trillion but they are just summing up the brokers that have already reported and ignoring the brokers that have not reported. Most of the top margin lenders grew their margin loans by double digits QoQ so I think it's safe to assume that the real aggregate is higher than VND141 trillion. We'll get the final figure next week, I guess.

Ticker	Organization Name	Margin Loans				
		Q3 - 2023	QoQ	vs Q1	vs 4Q22	vs 3Q22
SSI	SSI Securities	14,713,011,826,180	12.28%	34.35%	35.33%	-4.38%
MASC	Mirae Asset Securities	14,017,859,014,910	3.82%	23.26%	11.02%	-7.19%
TCBS	TCBS Securities	12,497,083,667,696	27.40%	35.09%	49.45%	-16.17%
HCM	HSC Securities	11,331,472,375,131	27.68%	64.06%	53.56%	3.70%
VPBS	VPS Securities	10,309,345,681,291	0.87%	46.18%	74.56%	29.63%
MBS	MB Securities	6,367,330,116,057	23.46%	73.83%	82.23%	-3.63%
KISVN	KIS Vietnam Securities	6,165,761,362,403	-0.60%	18.76%	29.79%	34.53%
VCI	Vietcap Securities	5,697,503,957,745	7.61%	13.99%	14.68%	-10.94%
VCBS	VCBS Securities	4,898,035,359,022	6.94%	62.84%	60.60%	38.93%
KBSV	KB Securities Vietnam	4,751,017,029,352	-5.45%	5.09%	-7.79%	-15.97%
BSI	BIDV Securities	4,480,312,344,303	11.29%	32.18%	66.26%	84.39%
FTS	FPT Securities	4,008,507,049,956	13.27%	18.82%	15.82%	-7.84%
SHS	Sai Gon - Ha Noi Securities	3,681,045,220,644	0.00%	38.58%	60.50%	20.01%
FSC	Yuanta Securities Vietnam	2,916,725,720,740	36.38%	37.90%	31.28%	-25.93%
PHS	Phu Hung Securities	2,815,888,147,335	1.45%	12.76%	43.54%	-7.75%
CTS	Vietinbank Securities	2,524,950,167,615	22.07%	74.59%	72.16%	41.91%
VIX	VIX Securities	2,489,987,285,145	80.57%	60.90%	48.41%	80.02%
BVS	Bao Viet Securities	2,477,292,739,817	4.48%	25.87%	32.44%	8.35%
NASC	Shinhan Securities Vietnam	2,399,725,848,273	-10.17%	19.37%	61.20%	14.69%
DNSE	DNSE Securities	2,103,479,254,225	-15.66%	-10.70%	-6.52%	-11.06%
	Others	20,602,604,591,791	-37.12%	-21.70%	-19.54%	-46.67%
	Sum	141,248,938,759,631	-0.30%	21.15%	24.39%	-9.70%

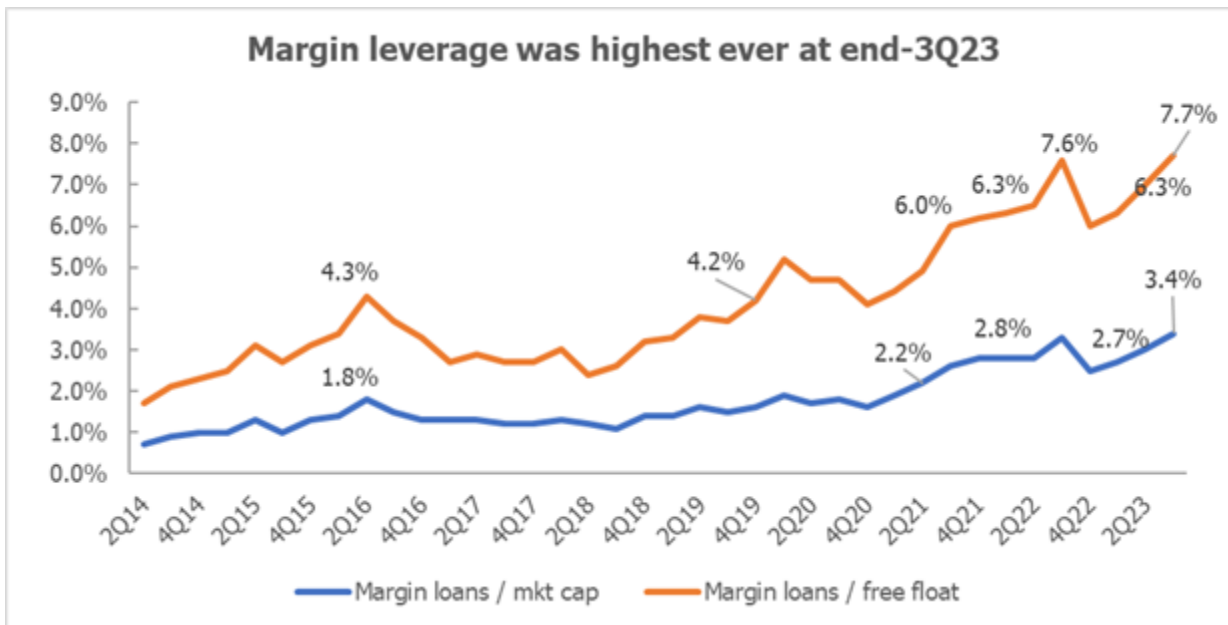
The website cafeF gives an “estimate” of VND165 trillion for total brokerage loans at 3Q23 and I assume this is coming from their sources at the stock exchange. 165 trillion would be up +16.5% QoQ and +5% YoY. These numbers are obviously unofficial but they look correct to us.

We also think it's safe to assume that margin loans were higher in early September and then fell at the end of the quarter because some big players reportedly cut their margin lending in the final couple of weeks of the quarter. They might have done this for risk management reasons but we think that some brokers reduce leverage at the end of the quarter to comply with regulations / KPIs for the balance sheet print date (i.e., window dressing).



Assuming VND165 trillion (a bit less than US\$7 billion) is correct, then margin loans / total market cap (3.4%) and margin loans / free float (7.7%) were at their highest ever at end-September. As you know, high leverage ratios typically indicate risk to share prices. I like to believe that brokers learned their lessons about concentration risk in 4Q 2022, but we have to be realistic.

The credit markets are still not functioning properly so I don't think it's too difficult to believe that a meaningful percentage of these "margin loans" are / were really pledged-share loans to major shareholders who leverage their stock for cash for other purposes.



Looking at it from a liquidity perspective, VND165 trillion represents 6.7x 3Q23 ADT for the entire market. That's actually not very high vs. history. BUT – sadly, ADT has fallen so far in October and we can't go

back in time to unwind our margin positions in 3Q23. If we instead use the October ADT figure (Oct 1-20), end-quarter margin loans represent around 10 days of trading, which is not quite so comfortable.

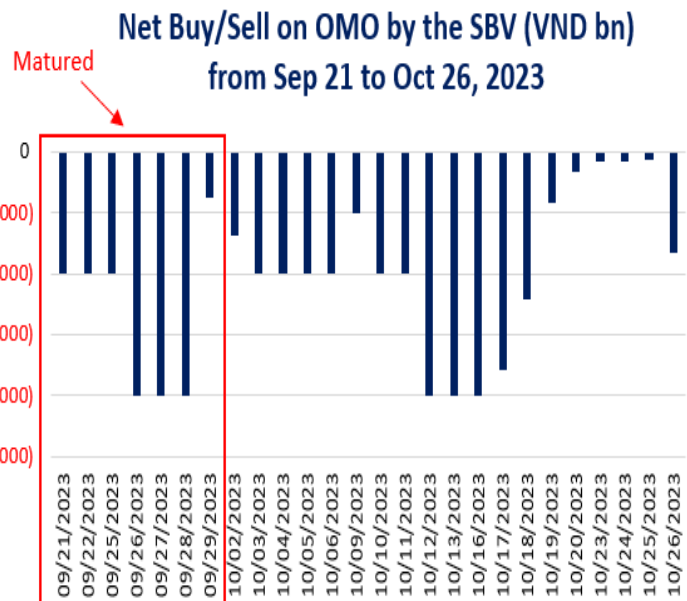


Banks Sector – tightening liquidity

Banks Sector – Financial liquidity continues to tighten on SBV open market operations

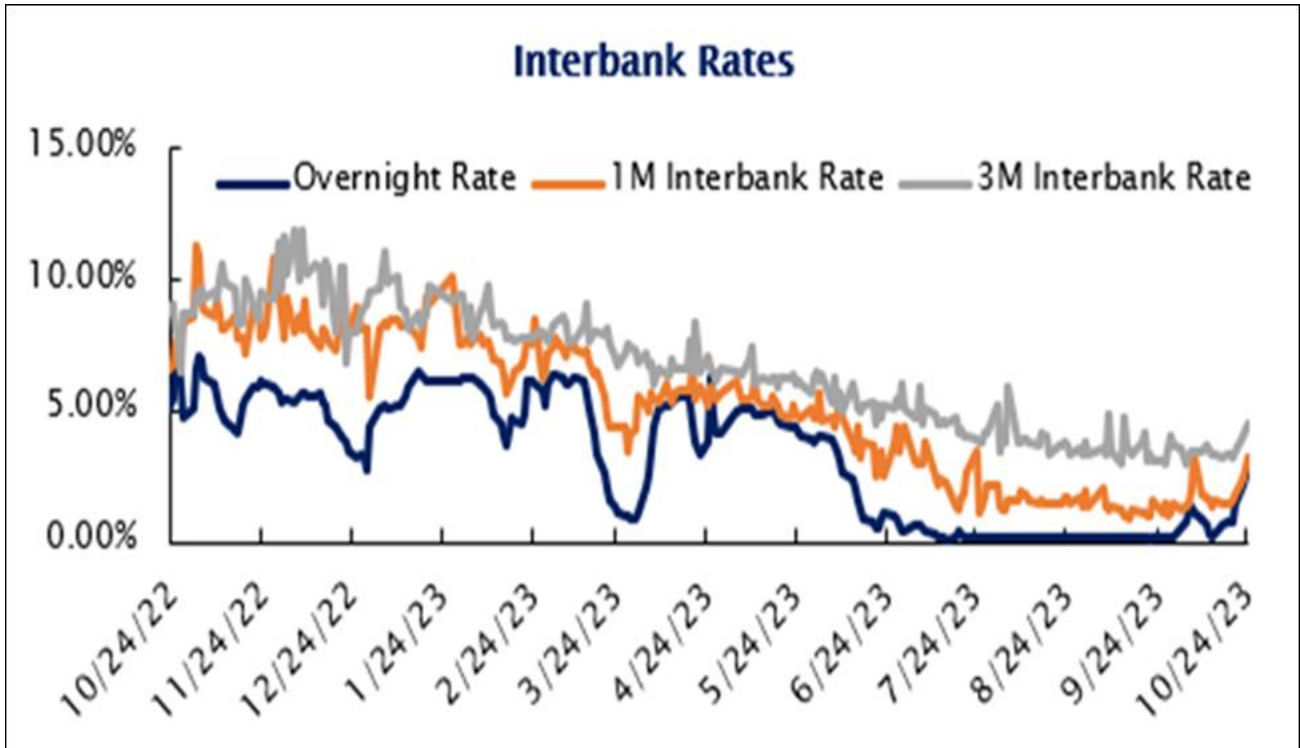
- From Oct 23 to Oct 26, the SBV issued T-Bills with a total value of VND10.6 tn at an average interest rate of 1.45%.
- **The SBV has withdrawn a net amount of VND178 tn (US\$7.4 billion) from the financial system since Sep 21.**

Date	Issue T-Bills (VND bn)	Interest rates (% p.a.)	Term (days)	No. of participants (winning bid)	Maturity Date
21-Sep	10,000	0.69%	28	17/2	19-Oct
22-Sep	10,000	0.50%	28	16/5	20-Oct
25-Sep	10,000	0.49%	28	13/4	23-Oct
26-Sep	20,000	0.58%	28	11/9	24-Oct
27-Sep	20,000	0.65%	28	12/9	25-Oct
28-Sep	20,000	0.70%	28	11/8	26-Oct
29-Sep	3,800	1.00%	28	4/4	27-Oct
2-Oct	6,900	1.00%	28	8/6	30-Oct
3-Oct	10,000	1.18%	28	7/6	31-Oct
4-Oct	10,000	1.30%	28	7/5	1-Nov
5-Oct	10,000	1.30%	28	9/6	2-Nov
6-Oct	10,000	0.90%	28	11/10	3-Nov
9-Oct	5,000	1.00%	28	10/4	6-Nov
10-Oct	10,000	0.80%	28	11/6	7-Nov
11-Oct	10,000	0.68%	28	10/4	8-Nov
12-Oct	20,000	0.90%	28	11/10	9-Nov
13-Oct	20,000	0.95%	28	9/8	10-Nov
16-Oct	20,000	1.00%	28	10/9	13-Nov
17-Oct	17,950	1.00%	28	8/6	14-Nov
18-Oct	12,050	1.00%	28	9/8	15-Nov
19-Oct	4,250	1.45%	28	5/5	16-Nov
20-Oct	1,650	1.45%	28	5/4	17-Nov
23-Oct	850	1.45%	28	5/3	20-Nov
24-Oct	850	1.45%	28	4/3	21-Nov
25-Oct	600	1.45%	28	2/2	22-Nov
26-Oct	8,250	1.50%	28	6/6	23-Nov



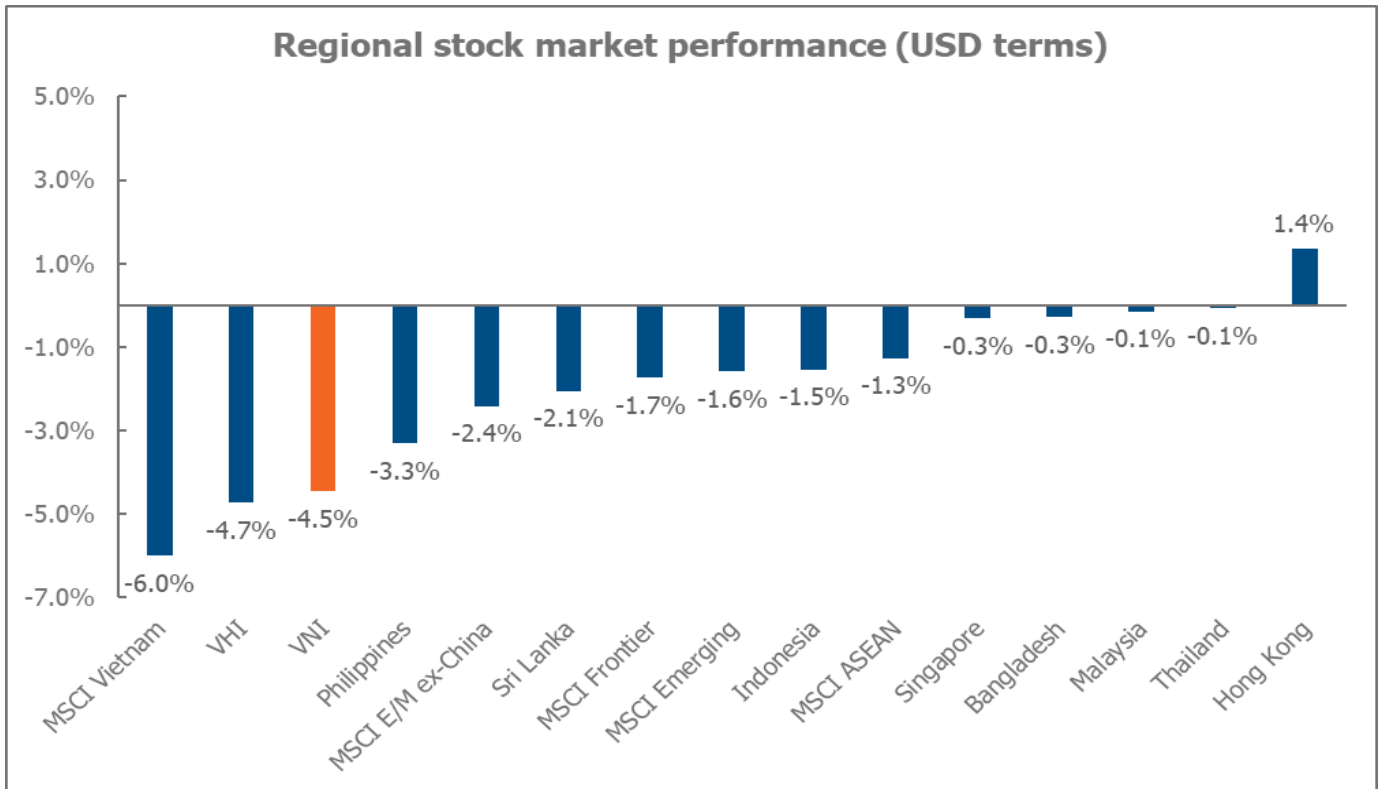
Source: SBV

- **Financial system liquidity thus tightened substantially this week.**
- The overnight rate surged by +2.1ppt WoW to 2.84%.
- The 1M interbank rate jumped by +1.7ppt WoW to 3.20% on Oct 24.
- But this is still well below the YTD peak for the overnight rate of 6.48% on Jan 16.



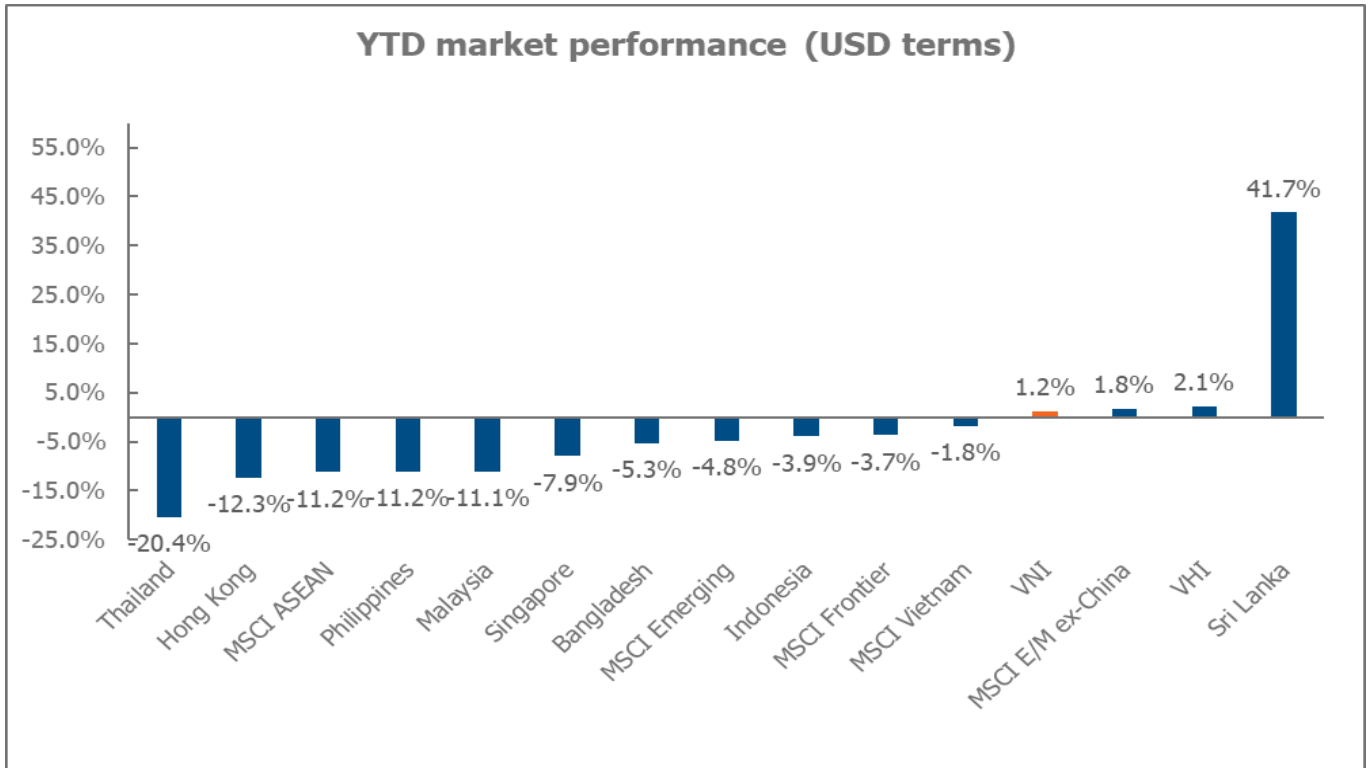
Source: SBV

The VNI was down by -4.5% WoW (in USD terms) ...



Source: Bloomberg, Yuanta Vietnam (Oct 27)

... and up by +1.2% YTD in USD terms



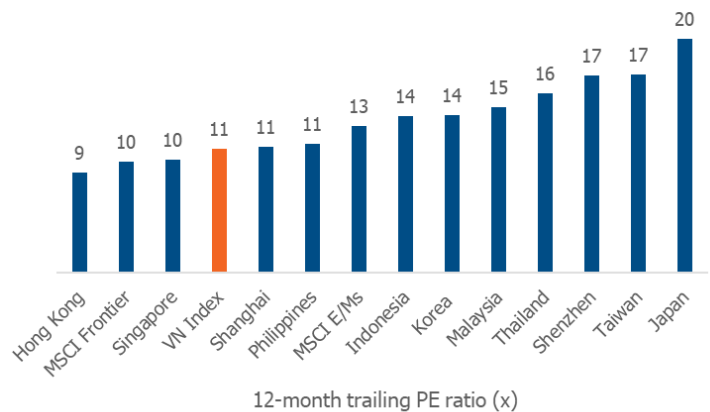
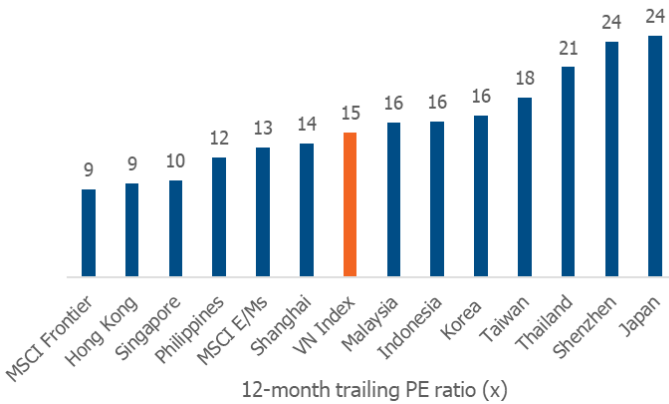
Source: Bloomberg, Yuanta Vietnam (Oct 27)

Vietnam stocks no longer look cheap vs. the region on a trailing P/E basis...

...but forward P/E is still reasonable (not screamingly cheap), at 11x.

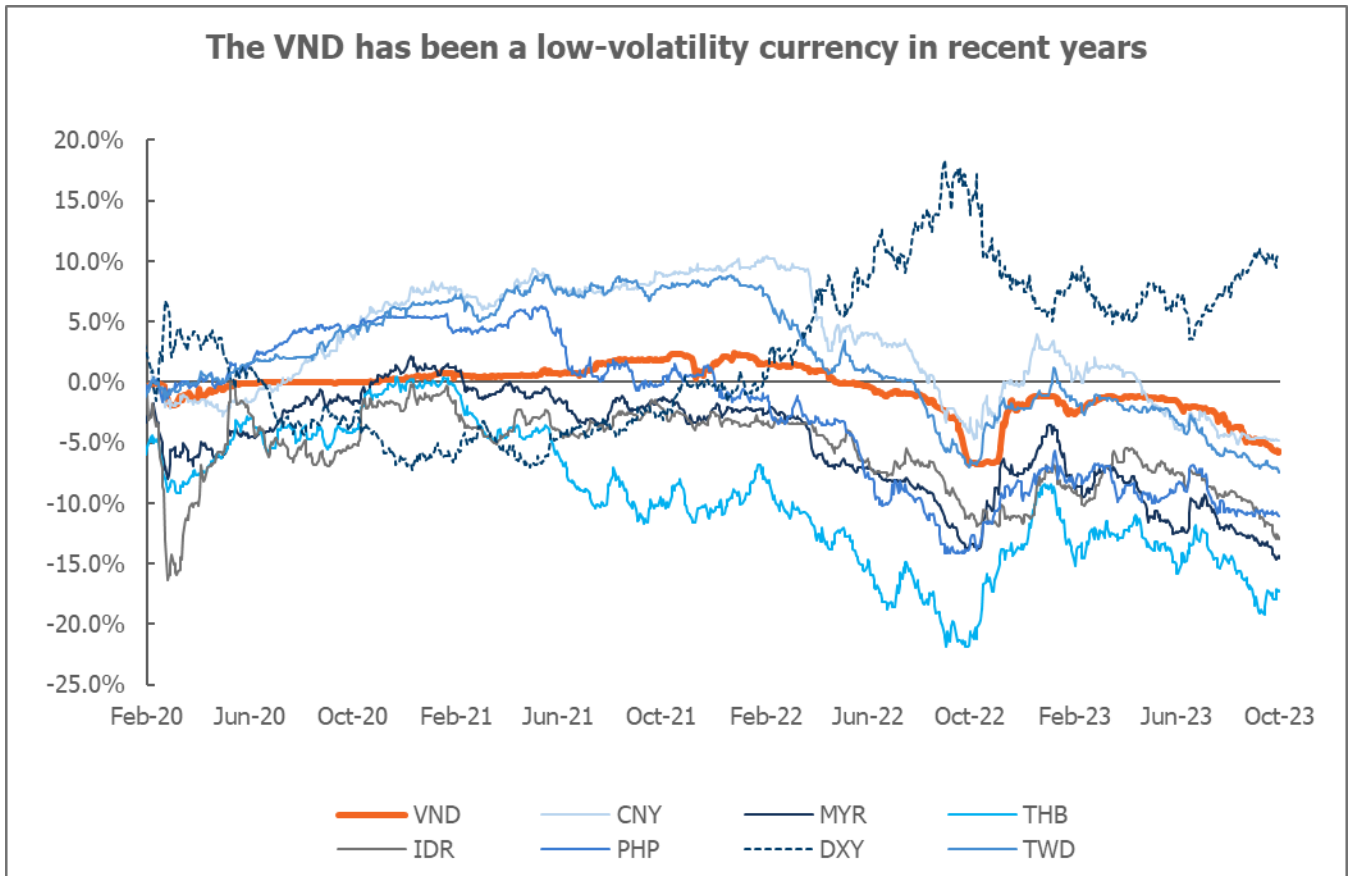
Regional stock market: Trailing PE multiples

Regional stock market: 2023E PE multiples



Source: Bloomberg, Yuanta Vietnam (Oct 27)

Source: Bloomberg (2023E consensus PE), Yuanta Vietnam (Oct 27)

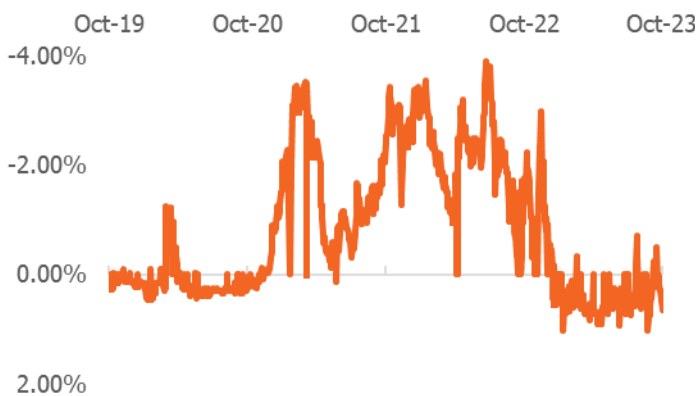


Source: Bloomberg, Yuanta Vietnam (Oct 27)

US dollar cash premium to the official bank rate has evaporated

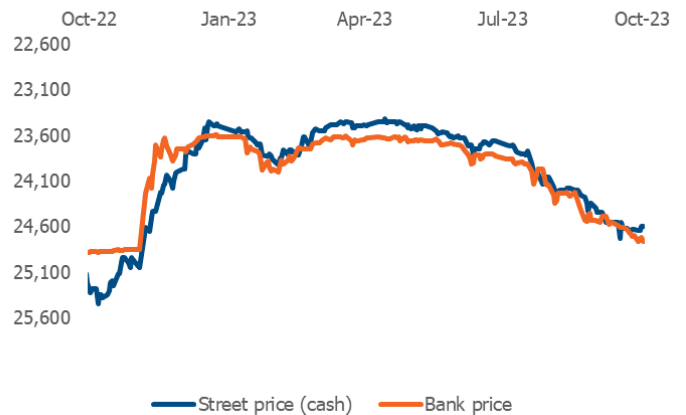
...as the official rate has flattened, relatively, so far in 2023.

Cash rate vs bank rate for buying USD with VND



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

VND rates to buy USD

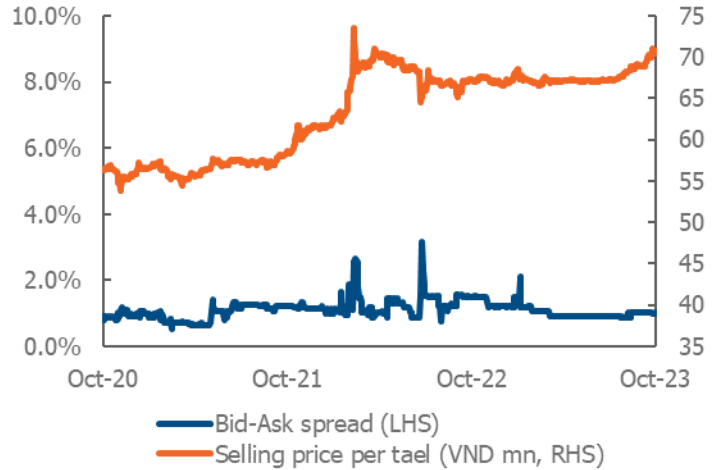
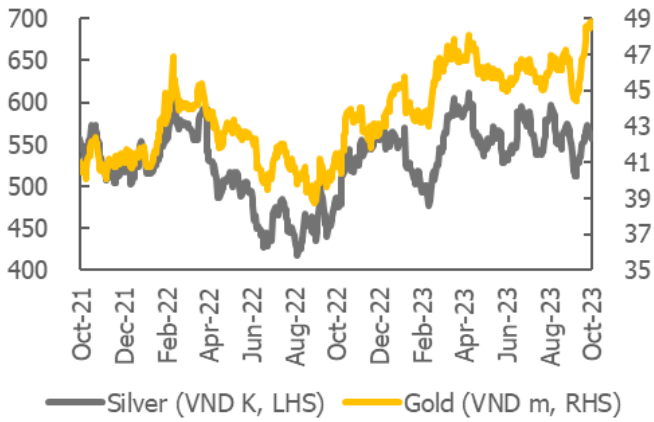


Source: FiinPro, Yuanta Vietnam

Global precious metals are have been soft

SJC gold premium has normalized

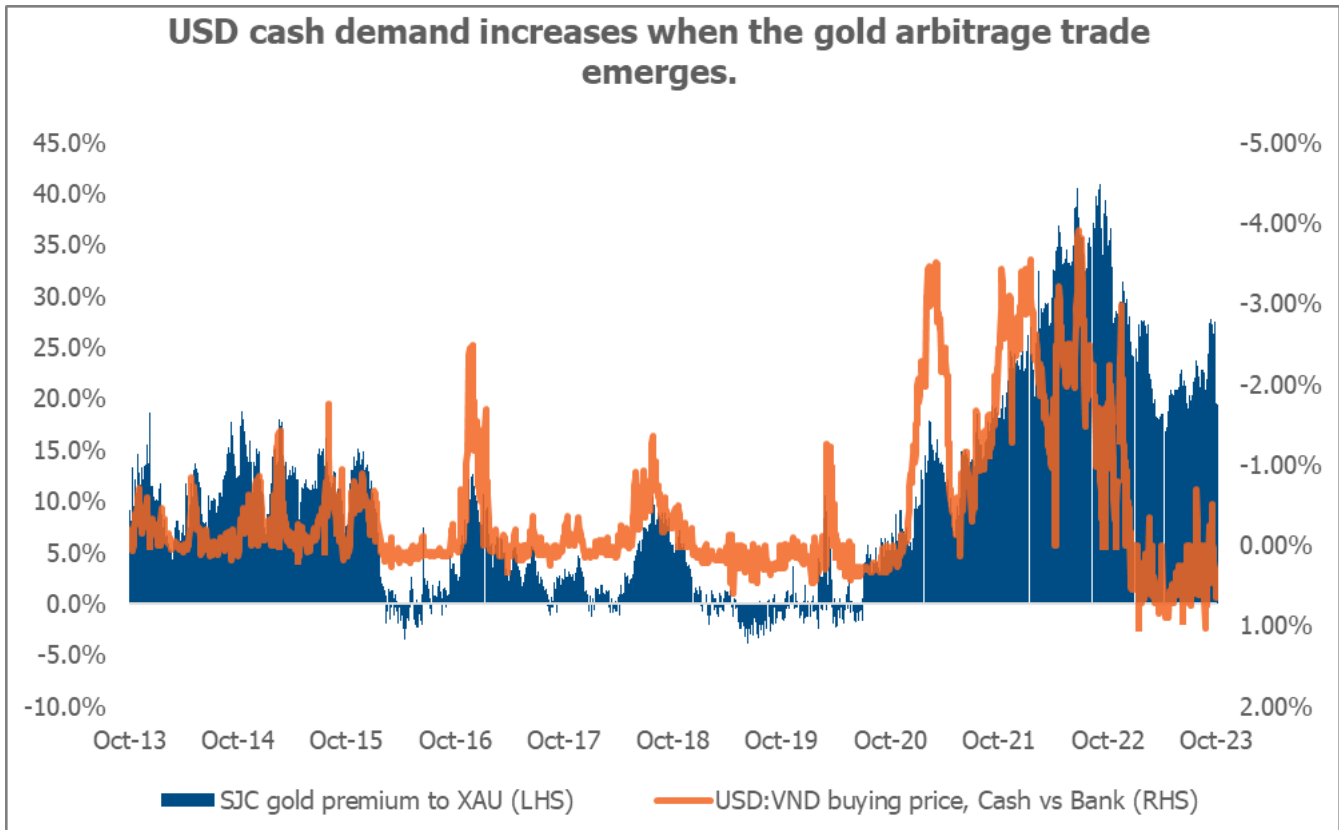
Precious metals in VND terms



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 (Oct 27)

Yuanta Universe: Valuations and ratings

Sector	Stock Code	PER (x)			EPS Growth (%)			PEG (x)			PBV (x)			ROE (%)			ROA (%)		
		2022A	2023E	2024E	2022A	2023E	2024E	2022A	2023E	2024E	2022A	2023E	2024E	2022A	2023E	2024E	2022A	2023E	2024E
Banks	ACB VN	5.4	5.4	4.4	43.2	(1.2)	24.0	0.1	n/a	0.2	1.2	1.2	1.0	26.2	23.9	24.4	2.4	2.4	2.6
	BID VN	13.4	11.5	9.6	81.0	16.9	19.6	0.2	0.7	0.5	2.0	1.7	1.5	16.6	16.3	16.7	0.9	1.0	1.1
	HDB VN	5.6	5.3	4.1	28.2	5.0	30.1	0.2	1.1	0.1	1.2	1.1	0.9	22.2	22.0	23.8	2.1	2.2	2.3
	MBB VN	4.8	4.8	3.8	16.0	(0.3)	25.9	0.3	n/a	0.1	1.0	1.0	0.8	24.3	22.4	23.1	2.7	2.6	2.9
	STB VN	10.7	8.1	5.0	63.8	32.0	63.7	0.2	0.3	0.1	1.4	1.2	1.0	13.8	15.8	21.4	0.9	1.2	1.7
	VCB VN	14.6	14.3	10.5	39.9	2.1	36.4	0.4	7.0	0.3	3.0	2.9	2.3	22.5	22.1	24.4	1.9	1.9	2.3
	VPB VN	7.4	8.3	6.3	54.0	(9.9)	31.5	0.1	n/a	0.2	1.4	1.3	1.1	19.1	15.3	18.1	2.9	2.1	2.4
Brokers	HCM VN	14.7	16.9	15.4	(32.8)	(12.7)	9.5	n/a	n/a	1.6	1.6	1.6	1.5	11.2	10.3	10.2	4.3	5.2	5.1
	SSI VN	19.8	13.1	12.2	(56.1)	51.3	6.7	n/a	0.3	1.8	2.0	1.8	1.6	12.2	14.2	13.6	4.3	6.3	6.3
	VCI VN	18.2	15.2	13.4	(55.7)	19.5	13.2	n/a	0.8	1.0	2.4	2.2	2.0	13.4	15.3	15.9	6.0	6.9	7.2
	VND VN	21.1	13.3	13.1	(65.1)	59.3	1.0	n/a	0.2	12.9	1.7	1.6	1.5	10.0	12.8	12.1	3.0	4.6	4.4
Energy	PVD VN	(124.6)	9.0	5.7	n/a	n/a	57.0	n/a	n/a	0.1	0.8	0.7	n/a	n/a	8.8	13.2	n/a	0.1	3.2
	NT2 VN	12.4	7.5	9.7	(14.6)	65.5	(23.0)	n/a	0.1	n/a	1.8	1.7	n/a	15.9	17.5	17.7	9.6	10.4	10.6
	PC1 VN	13.8	7.0	6.6	(31.9)	97.5	5.5	n/a	0.1	1.2	1.0	0.9	n/a	13.7	14.2	13.1	4.8	5.9	6.5
Consumer	MSN VN				20.9	4.2	-	n/a	n/a	n/a	1.3	1.1	n/a	15.2	13.7	-	8.9	8.2	-
	PNJ VN	14.1	14.9	11.9	25.5	(5.3)	24.8	0.6	n/a	0.5	2.1	2.0	1.9	21.4	19.3	22.5	15.1	13.9	15.9
	DGW VN	9.1			17.8		-	0.5	n/a	n/a	1.9	1.9	n/a	18.4	18.4	-	7.1	7.1	-
	FRT VN	28.2	96.3	27.3	(12.0)	(70.8)	252.9	n/a	n/a	0.1	5.4	6.2	n/a	19.4	6.8	19.9	3.8	1.2	3.8
Oil & GAS	POW VN	14.4	10.3	9.3	5.6	40.0	10.0	2.6	0.3	0.9	0.9	0.9	n/a	5.9	7.6	7.8	3.5	4.7	4.8
Property	KBC VN	5.1	3.6		91.0	40.0	-	0.1	0.1	n/a	1.1	0.9	n/a	22.0	26.0	-	10.0	12.0	-
	DXG VN	11.5	5.9		(22.0)	97.0	-	n/a	0.1	n/a	1.1	1.0	n/a	9.0	15.0	-	4.0	6.0	-
	KDH VN	19.3	27.6	15.8	(18.0)	(30.0)	75.0	n/a	n/a	0.2	1.8	1.8	1.7	10.0	6.0	11.0	6.0	4.0	6.0
	NLG VN	25.2	22.2	23.2	(57.0)	13.0	(4.0)	n/a	1.7	n/a	1.4	1.4	1.4	6.0	7.0	5.0	3.0	3.0	3.0
	NVL VN	-	-	-	18.3	53.3	-	-	-	n/a	-	-	-	10.6	14.8	-	2.4	3.4	-
	VHM VN	5.9	5.7	6.7	(20.0)	(1.0)	(16.0)	n/a	n/a	n/a	1.2	1.0	0.9	21.0	19.0	14.0	10.0	9.0	7.0
	VRE VN	18.7	12.6	12.7	111.4	48.7	(0.5)	0.2	0.3	n/a	1.6	1.5	1.3	8.7	12.2	11.0	6.9	9.5	8.7
Transport	ACV VN				-	-	-	n/a	n/a	n/a	2.9	2.6	n/a	11.0	12.6	-	5.2	5.3	-
Industrials	DHC VN	7.3	5.5	3.8	(22.1)	32.2	47.3	n/a	0.2	0.1	1.4	1.3	n/a	22.0	23.9	30.8	20.6	10.1	15.2
	BWE VN	11.3	9.0	6.4	17.0	24.9	41.7	0.7	0.4	0.2	1.9	1.7	n/a	18.8	20.6	25.5	8.6	10.6	14.7
Technology	FPT VN	22.8	18.7	14.3	22.9	22.0	30.5	1.0	0.8	0.5	4.4	3.8	3.2	22.7	23.9	15.3	10.1	11.6	13.3

Stock ratings and pricing data is as of close on Oct 27 2023

Source: Bloomberg, Yuanta Vietnam

Appendix A: Important Disclosures

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