

Strategy: Transitions

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Stock trading is likely to remain subdued this week following Friday's announcement of the passing of General Secretary Nguyen Phu Trong, Vietnam's leader since 2011. Mr. Trong's legacy will include a laudable record during his tenure of strong economic growth and ambitious anti-corruption actions. We are market participants and not commentators on politics. However, we tend to agree with the Consensus view that going forward, Vietnam is very likely to remain on the persistent course of economic and foreign policy stability that the government has established under Mr. Trong's leadership.

VN Index & matched order turnover



Index, Flows, and FX Performance

- **VNINDEX:** 1265 (-1.2% WoW / +11.9% YTD / +7.8% YoY)
- **VHINDEX:** 241 (-1.8% WoW / +4.1% YTD / +3.9% YoY)
- **UPCOM Index:** 97 (-1.4% WoW / +11.2% YTD / +11.1% YoY)
- **Average daily turnover:** US\$ 878mn (-1.1% WoW)
- **Foreigners net sold** US \$29.8mn of three-index constituents
- **VND:USD rate:** 25,323 (+37bps WoW/-416bps YTD/-6.63% YoY)

VN30 Components

Ticker	Closing price (VND K)	WoW chg	Cont to VN30 (WoW)	TTM PE (x)
ACB	25.1	4.6%	108.7%	7
BCM	67.8	4.3%	2.8%	31
BID	47.7	2.4%	6.0%	13
BVH	45.8	0.5%	0.4%	19
CTG	33.4	4.4%	27.7%	9
FPT	126.0	-5.8%	-214.3%	28
GAS	77.8	-0.3%	-0.5%	16
GVR	34.5	-9.0%	-11.6%	56
HDB	25.0	3.3%	42.1%	7
HPG	28.2	-1.1%	-24.5%	19
MBB	25.4	10.4%	181.1%	6
MSN	71.0	-5.1%	-61.0%	330
MWG	65.6	1.2%	22.3%	92
PLX	46.9	1.3%	1.8%	18
POW	13.3	-12.5%	-18.3%	42
SAB	55.2	-1.4%	-2.6%	17
SHB	11.3	-0.5%	-3.9%	5
SSB	21.1	1.2%	8.2%	13
SSI	34.8	1.0%	8.8%	21
STB	30.3	1.8%	24.8%	7
TCB	23.4	2.6%	66.3%	8
TPB	18.4	2.5%	11.9%	9
VCB	87.5	-0.1%	-1.4%	15
VHM	37.9	-1.7%	-19.6%	7
VIB	21.5	0.7%	4.1%	7
VIC	40.8	-2.4%	-26.3%	17
VJC	105.6	3.5%	26.1%	96
VNM	65.3	-1.5%	-19.3%	17
VPB	18.8	-1.1%	-22.1%	13
VRE	19.9	-4.1%	-17.4%	10

Source: Bloomberg, Yuanta Vietnam. Pricing date: Jul 19, 2024.

Flattish close masks higher intraday volatility. The index was down by -1.2% WoW and also down by -1.2% since our last weekly strategy note (July 8 – [The Dog Days](#)). However, intraday trading has been wilder during the past two weeks than these range-bound closing numbers would imply. The mainboard traded as low as 1256 points during the selloff of July 17, while it peaked at 1298 points – again, hitting but not exceeding our 2024 target – on July 10, for a 2-week shift of 3.3%.

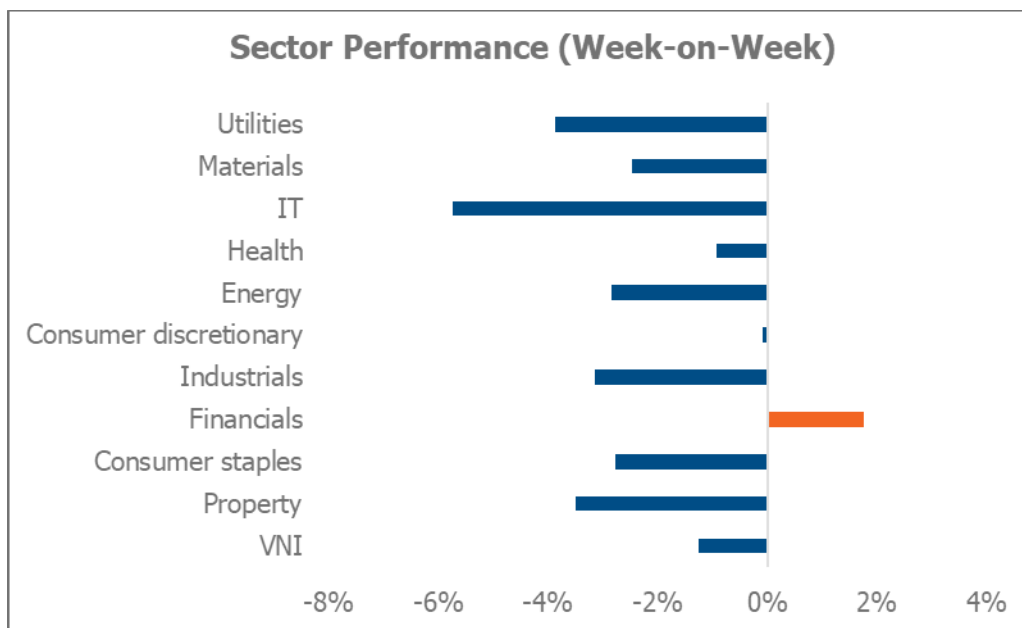
ADT of US\$878mn was boosted by Wednesday's selloff, as turnover reached US\$1.3bn on July 17, the 13th busiest day of 2024 so far. Stripping out that outlier day, ADT for the week would have been a rather dull US\$768 million. At the risk of repeating ourselves *ad nauseum*, this trend since 3Q23 of soaring volume on panicky sell-off days is not a confidence-builder. Strong volumes driving strong share prices would be a preferable outcome.

Foreign investors were almost net buyers last week – Well, they still net sold US\$30mn on a weekly basis, but that's a pittance compared to recent outflows and barely budged the YTD net selling total (US\$2,375mn). Interestingly, FINIs were actual net buyers on a daily basis during Wednesday's selloff (US\$24mn) and again on Thursday (US\$42mn – the third biggest day of net inflows YTD). Could this dip-buying by FINIs be a sign of seller exhaustion? Maybe -- we reckon that the remaining c.US\$20bn in non-strategic foreign ownership of the VNI will not go to zero.

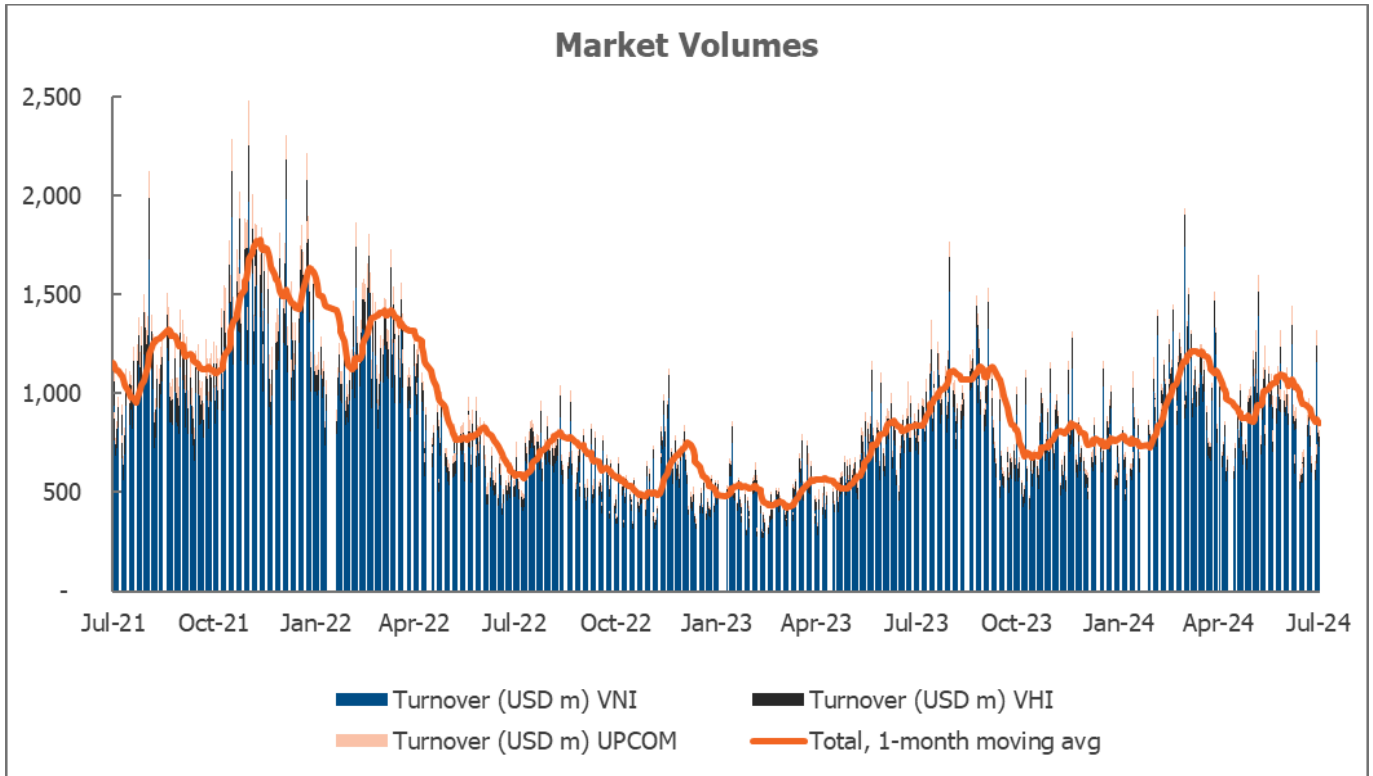
Property: Mixed impact from detailed guidance on legal amendments. Tam Nguyen examines the draft implementation decrees related to the various legal amendments taking effect on August 1. This is still a work-in-progress / wait-and-see situation, but we think that the impact of the changes will generally tend to benefit developers with strong execution capabilities, such as KDH ([BUY](#)), VHM ([BUY](#)) and NLG (Hold-Underperform). (p. 7-8).

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	2024E Dividend yield	12-m TSR*
Banks	Asia Commercial Bank	ACB VN	4,427	9.1	BUY	25,100	28,513	14%	4.0%	18%
	BIDV	BID VN	10,738	3.8	HOLD-Underperform	47,700	47,470	0%	0.0%	0%
	HD Bank	HDB VN	2,870	7.4	BUY	24,950	28,450	14%	4.0%	18%
	MB Bank	MBB VN	5,322	14.8	BUY	25,400	31,980	26%	2.0%	28%
	Sacombank	STB VN	2,256	13.8	HOLD-Outperform	30,300	34,930	15%	0.0%	15%
	Vietcombank	VCB VN	19,312	5.7	BUY	87,500	106,910	22%	0.0%	22%
	Vietnam Prosperity Bank	VPB VN	5,890	15.3	BUY	18,800	22,400	19%	5.3%	24%
Brokers	HCM City Securities	HCM VN	723	7.8	BUY	26,000	28,524	10%	3.1%	13%
	Saigon Securities	SSI VN	2,074	18.0	BUY	34,800	32,187	-8%	1.1%	-6%
	Viet Capital Securities	VCI VN	829	8.9	BUY	47,500	45,580	-4%	2.1%	-2%
	VNDirect Securities	VND VN	956	9.5	BUY	15,900	24,019	51%	2.9%	54%
Energy	PV POW	POW VN	1,230	7.5	SELL	13,300	13,358	0%	0.0%	0%
	PV NT2	NT2 VN	236	0.7	SELL	20,800	19,318	-7%	9.6%	2%
	PCC1	PC1 VN	372	5.3	BUY	30,300	34,268	13%	0.0%	13%
Consumer	Masan Group	MSN VN	4,033	15.7	Suspended	71,000	N/A	N/A	0.0%	N/A
	Phu Nhuan Jewelry	PNJ VN	1,264	4.9	HOLD-Underperform	95,700	90,100	-6%	0.0%	-6%
	Digiworld	DGW VN	441	4.6	Suspended	66,900	N/A	N/A	0.0%	N/A
	FPT Digital Retail	FRT VN	947	4.6	BUY	176,000	166,800	-5%	0.0%	-5%
	Mobile World Group	MWG VN	3,787	23.4	BUY	65,600	59,300	-10%	0.0%	-10%
Oil & GAS	PV Drilling	PVD VN	616	5.2	BUY	28,050	38,259	36%	0.0%	36%
Property	Kinh Bac City	KBC VN	825	5.8	BUY	27,200	38,300	41%	0.0%	41%
	Dat Xanh Group	DXG VN	384	5.0	BUY	13,500	20,700	53%	0.0%	53%
	Khang Dien House	KDH VN	1,155	4.8	BUY	36,600	47,300	29%	0.0%	29%
	Nam Long	NLG VN	624	4.6	HOLD-Underperform	41,050	37,800	-8%	1.2%	-7%
	Novaland	NVL VN	916	8.2	Coverage Suspended	11,900	-	-	-	-
	Vinhomes	VHM VN	6,508	10.9	BUY	37,850	58,444	54%	0.0%	54%
	Vincom Retail	VRE VN	1,786	8.0	BUY	19,900	38,000	91%	0.0%	91%
Transport	Airports Corp Vietnam	ACV VN	9,362	2.1	HOLD-Underperform	108,900	76,400	-30%	0.0%	-30%
Industrials	Dohaco	DHC VN	125	0.7	BUY	39,450	63,571	61%	9.1%	70%
	Biwase	BWE VN	374	0.8	BUY	43,100	70,902	65%	4.6%	69%
Technology	FPT Corporation	FPT VN	7,267	30.2	BUY	126,000	144,660	15%	1.6%	16%

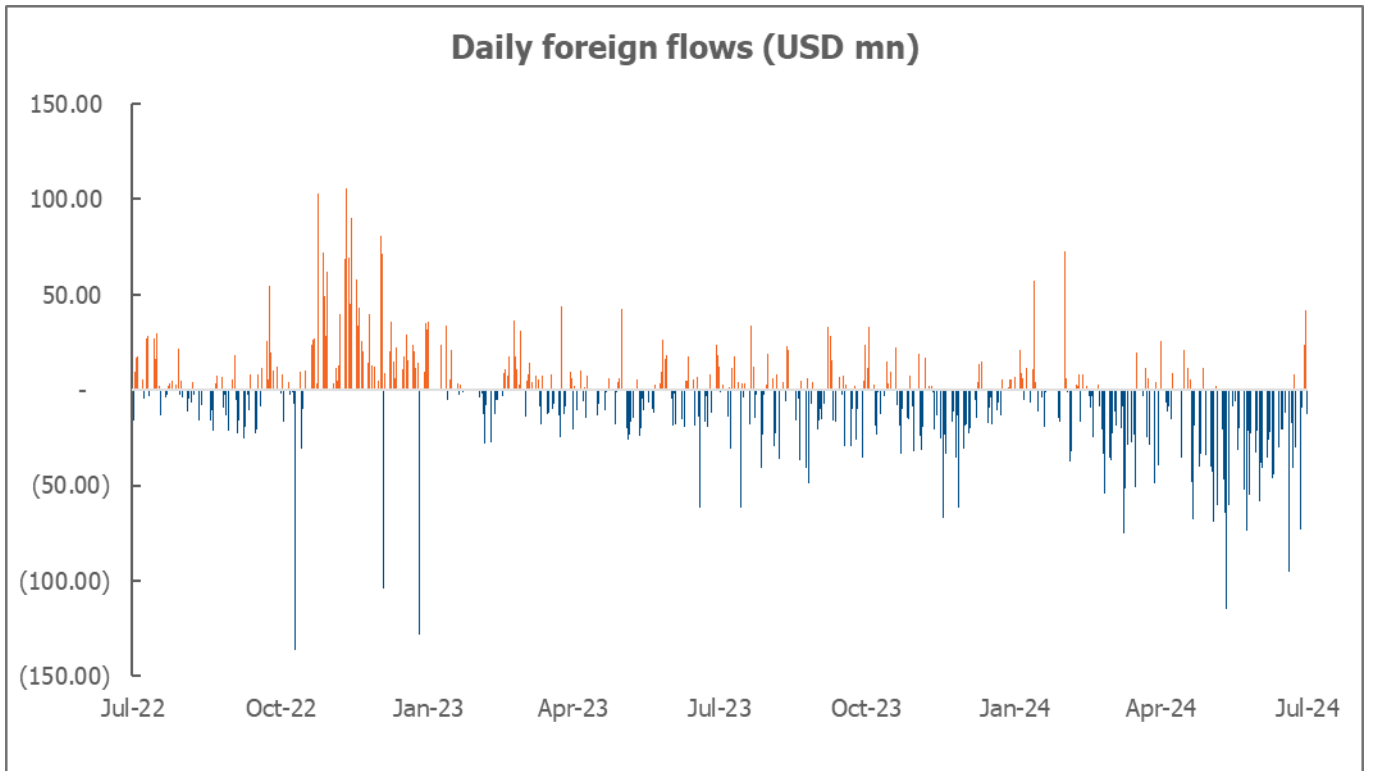
*Notes: 1) TSR = Total shareholder return over the next 12 months inclusive of expected share price change and dividends. 2) 3-month ADT refers to matched orders and does not include put-through blocks. 3) Stock ratings and pricing data is as of close on Jul 19, 2024



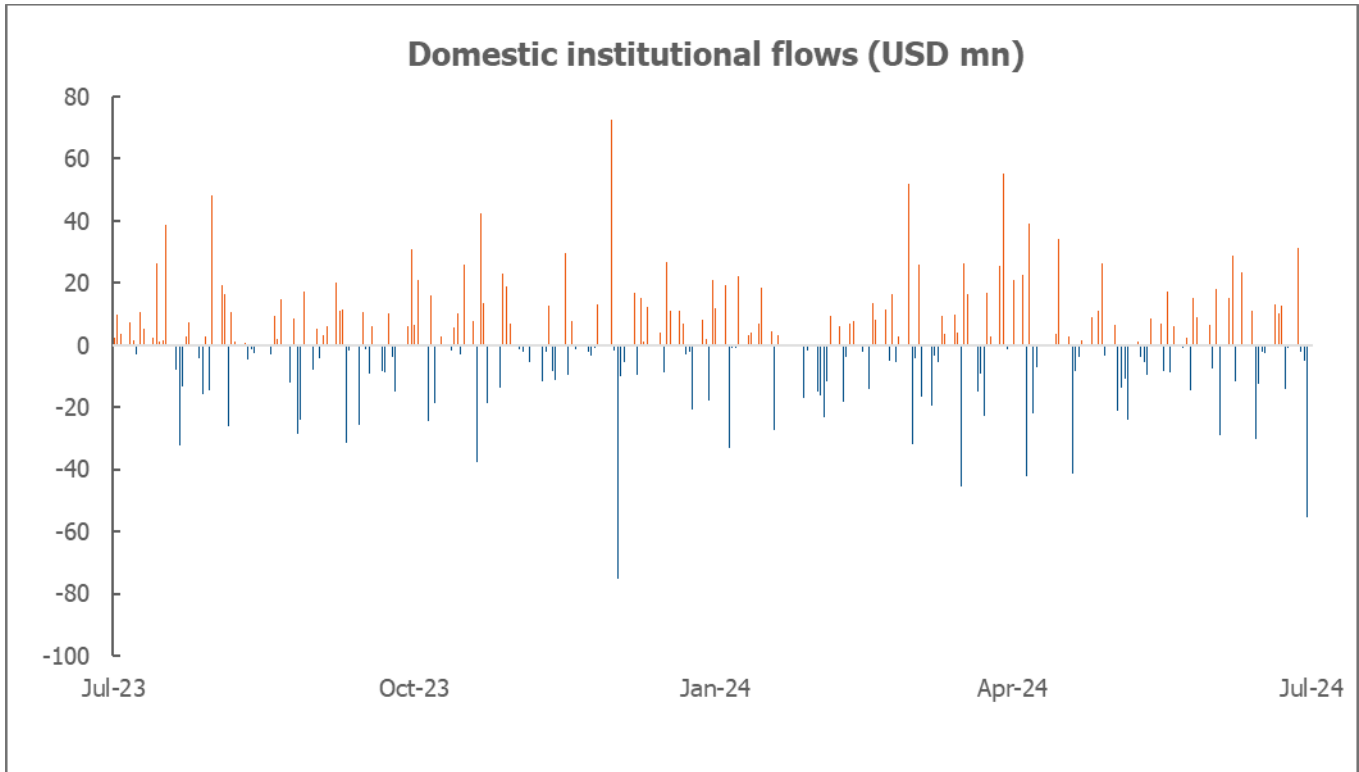
Source: Bloomberg (Jul 19)



Source: FiinPro, Yuanta Vietnam (Jul 19)

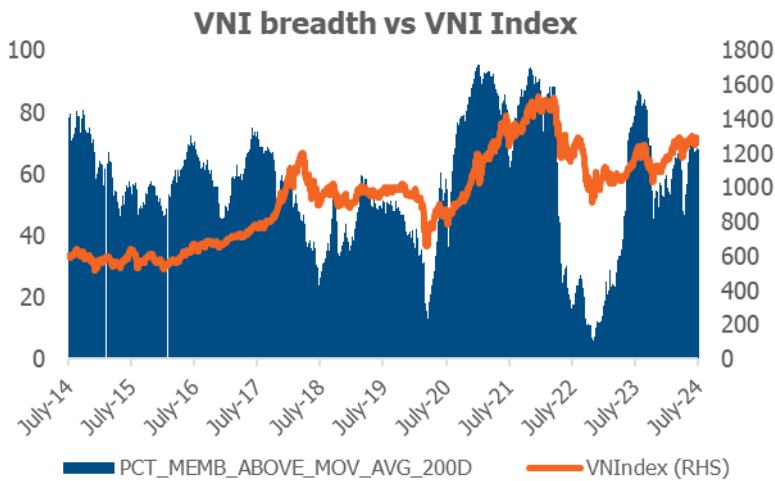


Source: FiinPro, Yuanta Vietnam (Jul 19)



Source: FiinPro, Yuanta Vietnam (Jul 19)

Weekly breadth was positive on both VN30 and VNIindex.



Source: Bloomberg, Yuanta Vietnam (Jul 19)

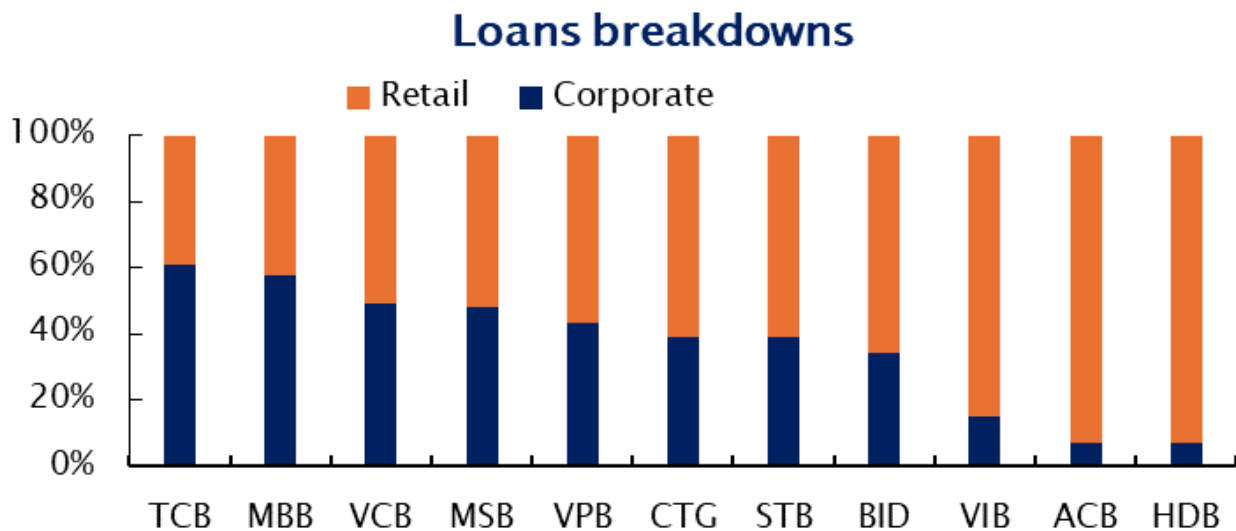
VN 30 breadth			
	WoW	MoM	YTD
Gainers	16	13	23
Losers	14	16	7

Source: Bloomberg (Jul 19, 2024)

VNI breadth			
	WoW	MoM	YTD
Gainers	110	140	243
Losers	263	241	136

Source: Bloomberg (Jul 19, 2024)

Banks – A quick view of the sector fundamentals from sector analyst Tanh Tran



1) Credit growth will improve along with the economic recovery:

- GDP jumped by 6.9% in 2Q24, and 1H24 average GDP growth was 6.25% vs. target of 6.50%.
- We expect retail loans will boom in 2H24 □ leading to better NIM for banks in 2H24, particularly those focusing on retails lending such as HDB, ACB, VIB (please see the chart)
- Real estate liquidity bottle neck might be resolved gradually once the new real estate laws will be effective from Aug 1, 2024 (5 months earlier than the previous announcement).

2) Cheap funding costs is no longer the case

- SBV might hike rates to support VND currency given:
 - 1) Fed fund rates remain high;
 - 2) Gold price still on an uptrend;
 - 3) average CPI increased: 4.1% in 6M24, close to the Government full-year target of 4.5%.
- However, there is a chance the Fed will cut rates in September, which could alleviate some pressure on the VND.
- ST fundings used for MLT loans tightened to only 30% from Oct 2023. Banks will need to raise more medium to long-term capital (i.e. bonds) which bear higher rates than short-term ones (i.e. deposits from customers).
- We estimate a differential of about 1-2ppt between bonds and customer deposits.
- According to VIS Rating, banks might to issue about VND280 tn bonds to raise their Tier 2
- Thus, banks need to pay additional interest expenses of about VND4.2 tn (~ 2% of banks' PATMI).

3) But NIM will be stable or slightly higher YoY

- The economy has picked up, and banks may not be under pressure to reduce lending rates significantly to support borrowers in 2H24,
- This should allow for a faster increase in lending rates, which will support NIM.

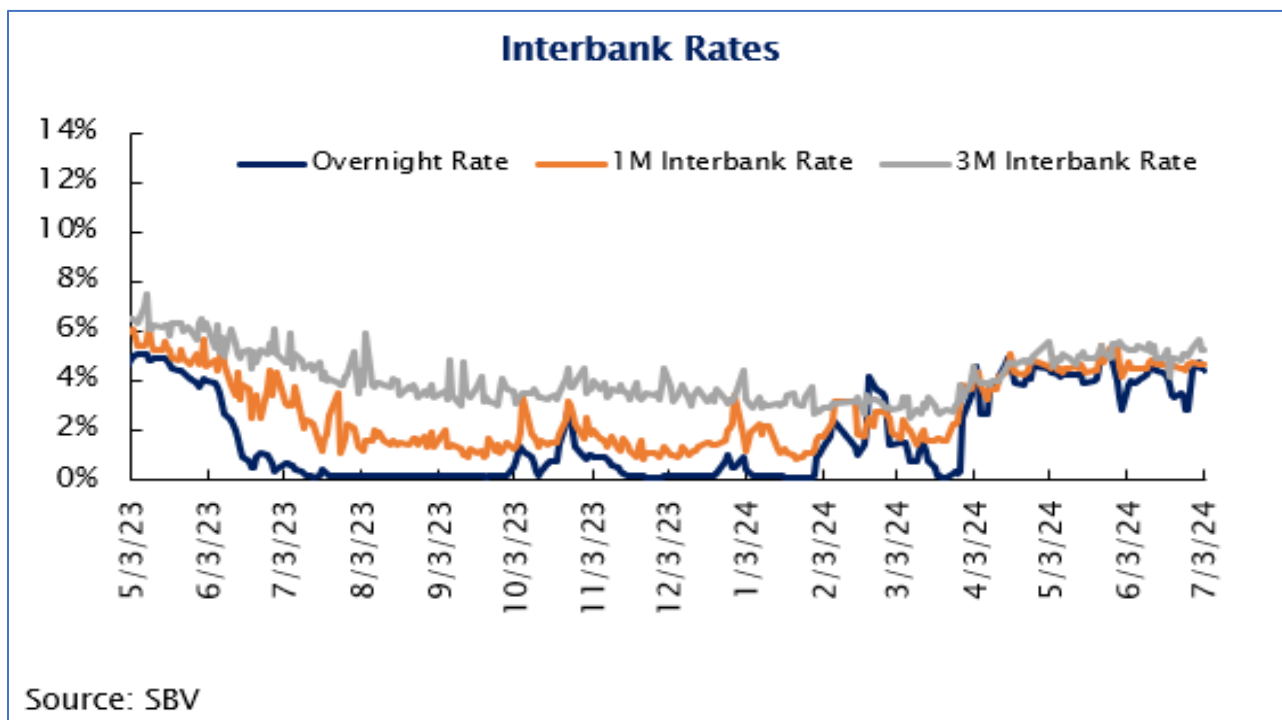
- Asset yield will also be better given our expectation of retail lending recovery in 2H24.

4) Asset quality will improve in 2H24.

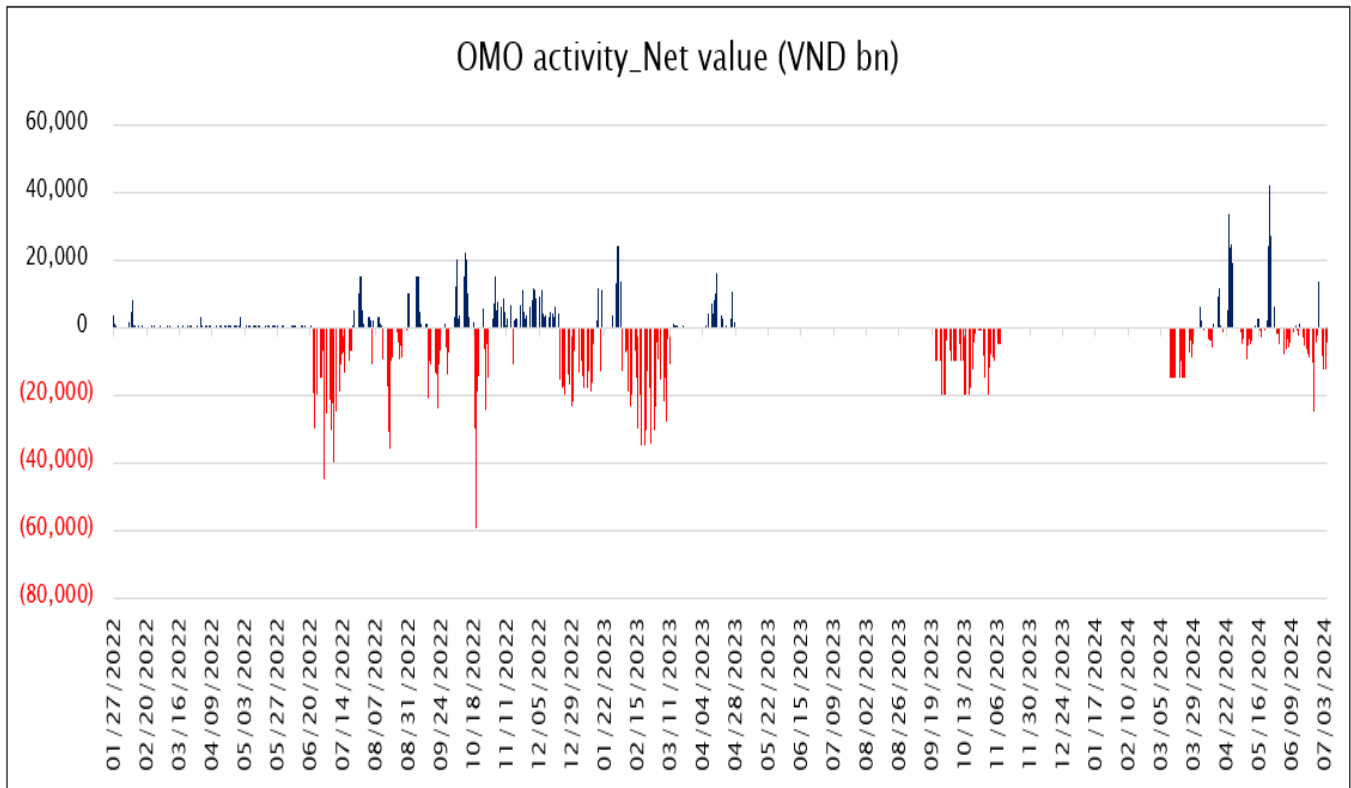
- NPL ratio might be at peak level and will cool down going forward.
- Real estate liquidity bottle neck might be resolved gradually once the new real estate laws will be effective from Aug 1, 2024 (5 months earlier than the previous announcement),
- This will help resolve legal issues for real estate projects -> improving banks' asset quality -> reducing provisioning -> boosting banks' earnings.

Banks – Financial system liquidity tightens up again

- Liquidity tightened substantially this week.
- The overnight rate jumped by +161bp WoW to 4.45% on Jul 3.
- The 1M interbank rate increased by +30bp WoW to 4.69% on Jul 3.



- **Open market operations:** In June, the SBV issued VND122 tn in 14-day and 28-day T-bills, while it pumped VND28 tn with a tenor of 7-day.
- The SBV increased the T-bill rates by 25bps to 4.5% on Jun 26, pushing up interbank rates as it seeks to counter pressure on the VND's exchange rate.



Source: SBV

Property Developers: New Laws Update – Detailed Guidance Brings Mixed Impacts (Analyst: Tam Nguyen)

Following the approval of the four amended laws—the Land Law, Housing Law, Real Estate Business Law, and Credit Institution Law—which will take effect on August 1, 2025, the government is drafting several decrees to provide detailed guidance for these amended laws. These decrees are expected to be completed before August 1, 2025, to ensure synchronized implementation.

From a positive perspective, the new law should alleviate bottlenecks by allowing developers who own factory land in areas planned for housing to develop residential projects. In contrast, the government will recalculate the land use right fee or land rent for the entire area of a project when the detailed planning (scale of 1/500) is adjusted by either the landowner's request or by the government.

We believe that the changes aim to support developers with strong execution capabilities, such as KDH ([BUY](#)), VHM ([BUY](#)) and NLG (Hold-Underperform), in developing the property market more professionally.

First, the positive impact: the government is drafting a National Congress decree that will allow developers who own factory land in areas planned for housing to develop residential projects. This decree is crucial for addressing the administrative bottlenecks that many developers face with prolonged delays in projects in central tier-one cities. For example, a quick review of the landbank of key developers shows that VHM has two projects in central Hanoi, DXG has four projects in HCMC and Binh Duong province, HDG has one project in Ho Chi Minh City, and NVL has 5-7 projects in Ho Chi Minh City.

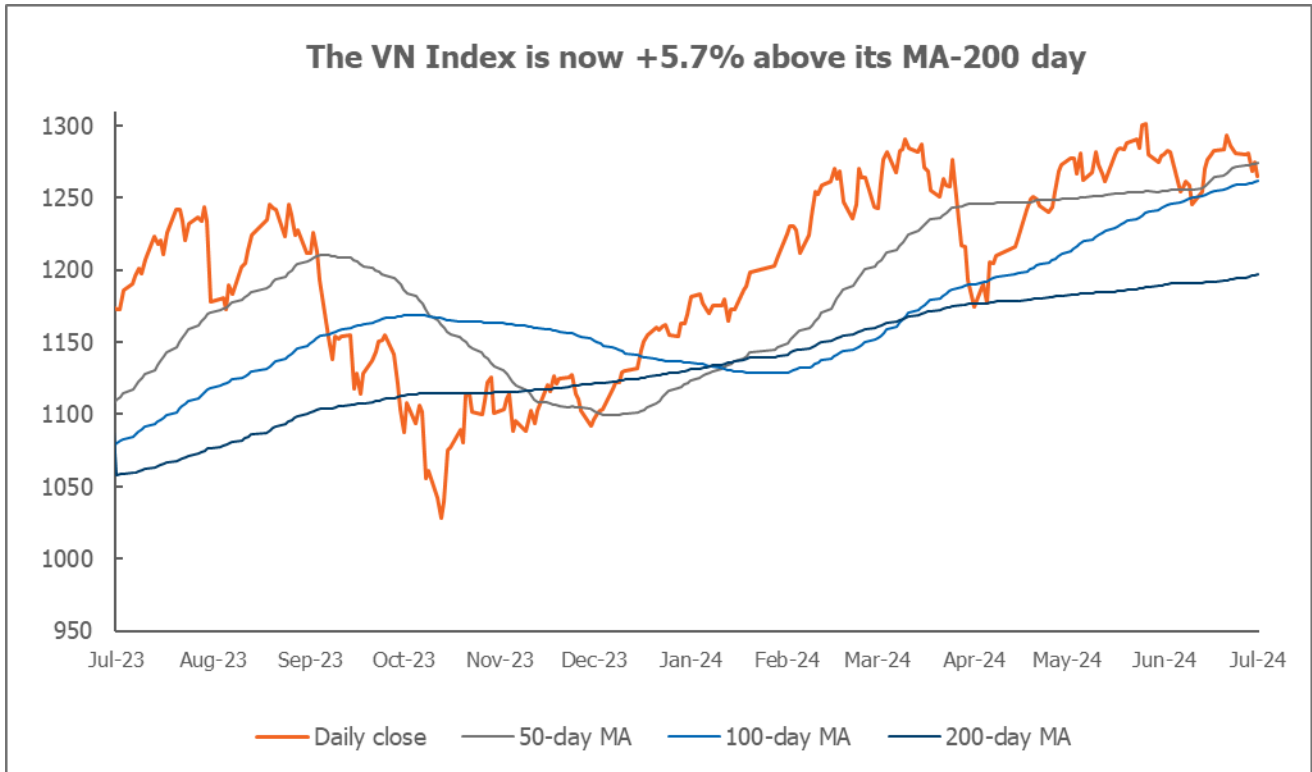
Second, the negative impact: a draft decree on land use right fees and land rent, regulated under Articles 14 and 36, stipulates that the government will recalculate the land use right fee or land rent for the entire area of a project when the detailed planning (scale of 1/500) is adjusted by either the landowner's request or the government. Notably, this regulation will apply to all projects, including residential, industrial, and other business projects.

From the lawmaker's perspective: If detailed planning is adjusted (e.g., changes in population or building density), the LUR fee or land rent will be recalculated to align with the land use efficiency. For instance, if a project benefits from state-invested infrastructure and the investor requests to adjust the detailed planning to better exploit the land value (e.g., increasing building density), the LUR fee or land rent should be recalculated accordingly.

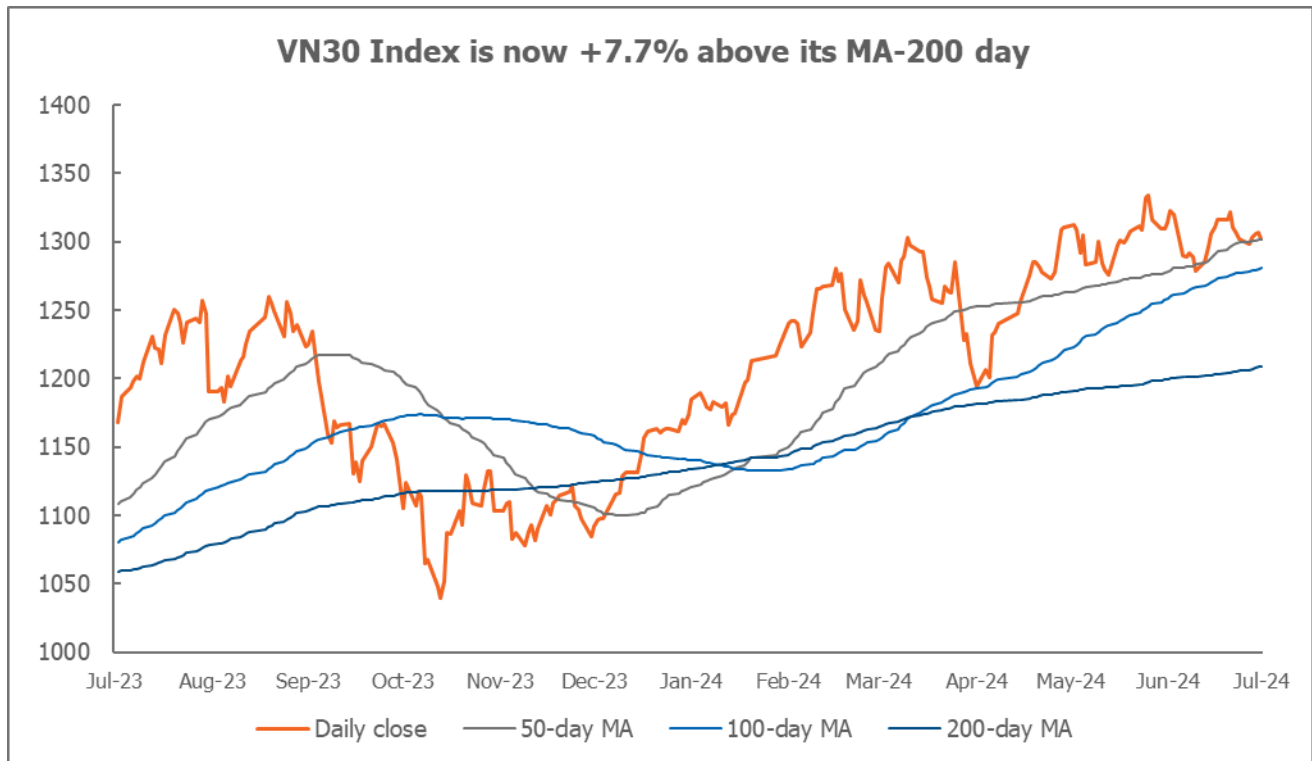
Follow us to stay updated on the changes. We believe that lawmakers may aim to prohibit landowners from speculating on land, not utilizing it efficiently, and making significant profits by holding onto the land for a long time instead of building factories or houses promptly. However, the regulation may have unexpected impacts if it takes effect (detail below). Therefore, we will continue to monitor any changes or adjustments from other drafts or the official decree to keep you informed.

Generally, regulations have been revised to foster market development. The government has amended four key laws to aim for the efficient allocation of the country's land resources. Therefore, no specific developer directly benefits from the changes, but it is clear that the changes aim to support developers with strong execution capabilities, such as KDH ([BUY](#)), VHM ([BUY](#)) and NLG (Hold-Underperform), in developing the property market more professionally.

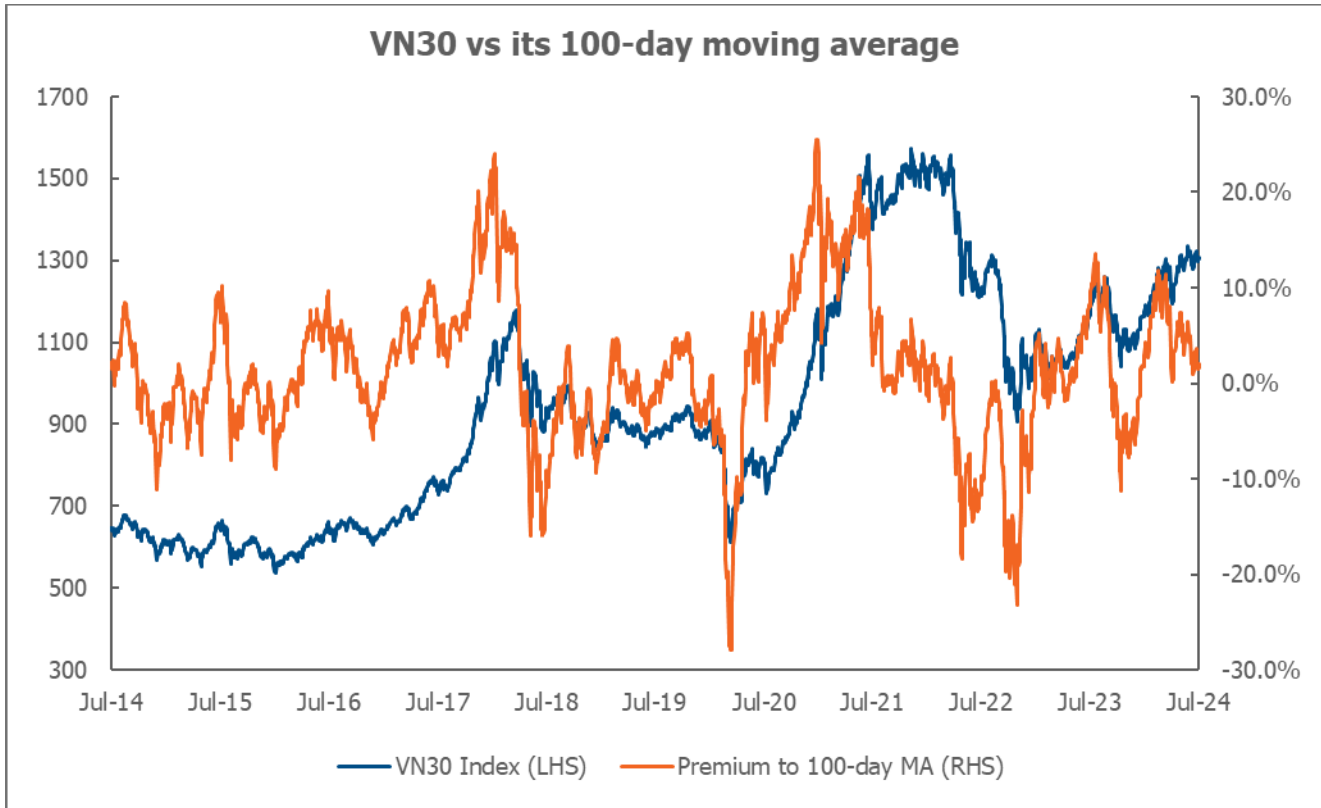
Please see the link for Tam's full report: <https://yuanta.com.vn/wp-content/uploads/2024/07/Property-sector-Express-note-Detailed-Guidance-Brings-Mixed-Impacts.pdf>



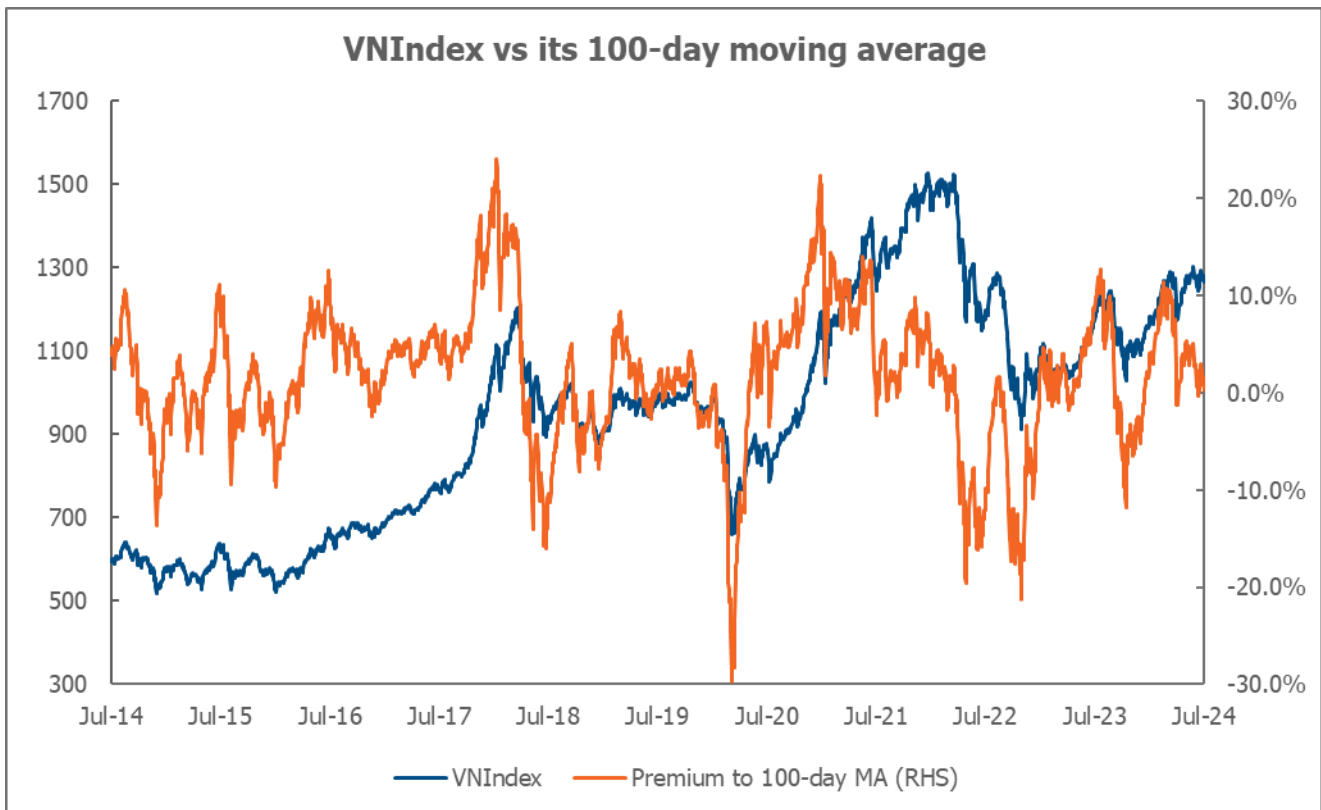
Source: Bloomberg, Yuanta Vietnam (Jul 19)



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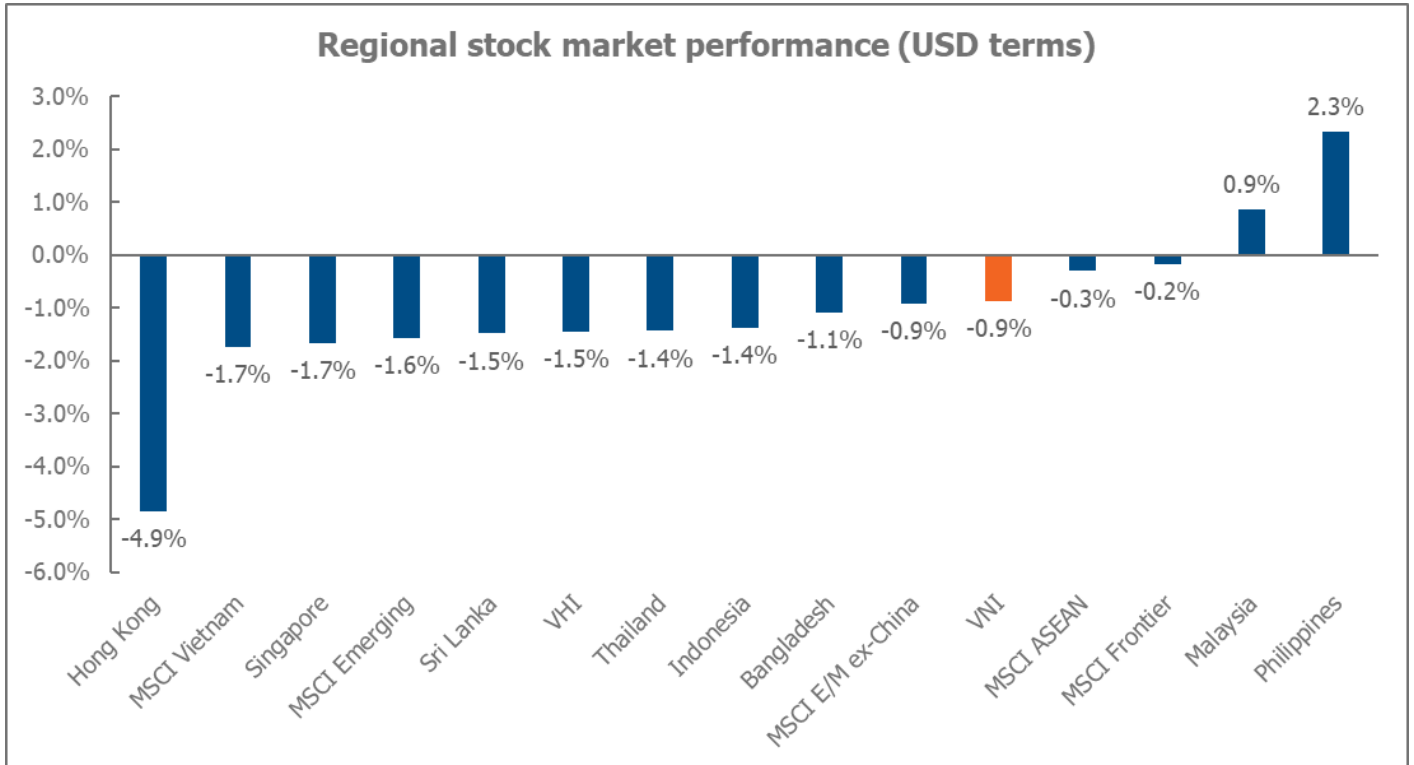


Source: Bloomberg, Yuanta Vietnam (Jul 19)



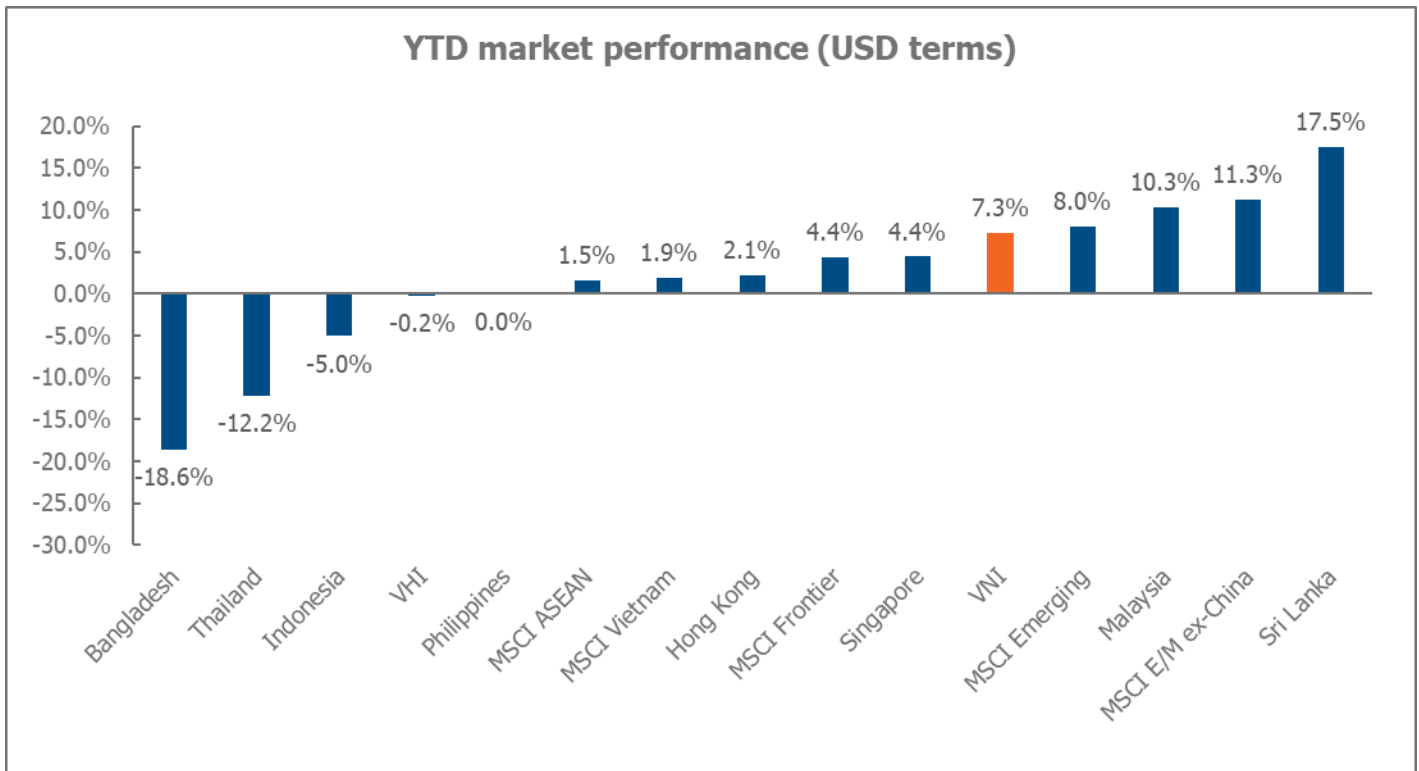
Source: Bloomberg, Yuanta Vietnam (Jul 19)

The VNI was down by -0.9% WoW (in USD terms) ...



Source: Bloomberg, Yuanta Vietnam (Jul 19)

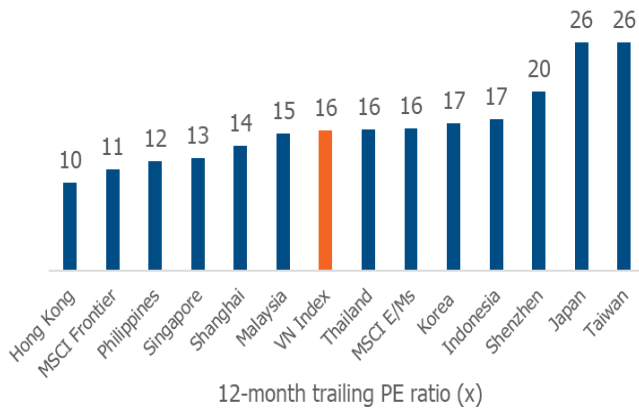
... and up by +7.3% since Jan 1, 2024 in USD terms



Source: Bloomberg, Yuanta Vietnam (Jul 19)

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

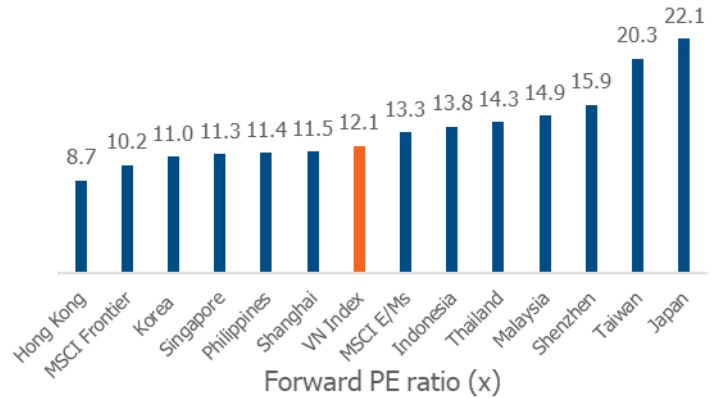
Regional stock market: Trailing PE multiples



Source: Bloomberg, Yuanta Vietnam (Jul 19)

...and forward P/E at 12.1x.

Regional stock market: 2024E PE multiples



Source: Bloomberg (2024E consensus PE), Yuanta Vietnam (Jul 19)

The VNI's trailing PE ratio is now 15.8x.

VNI -- Trailing PE ratio (x)



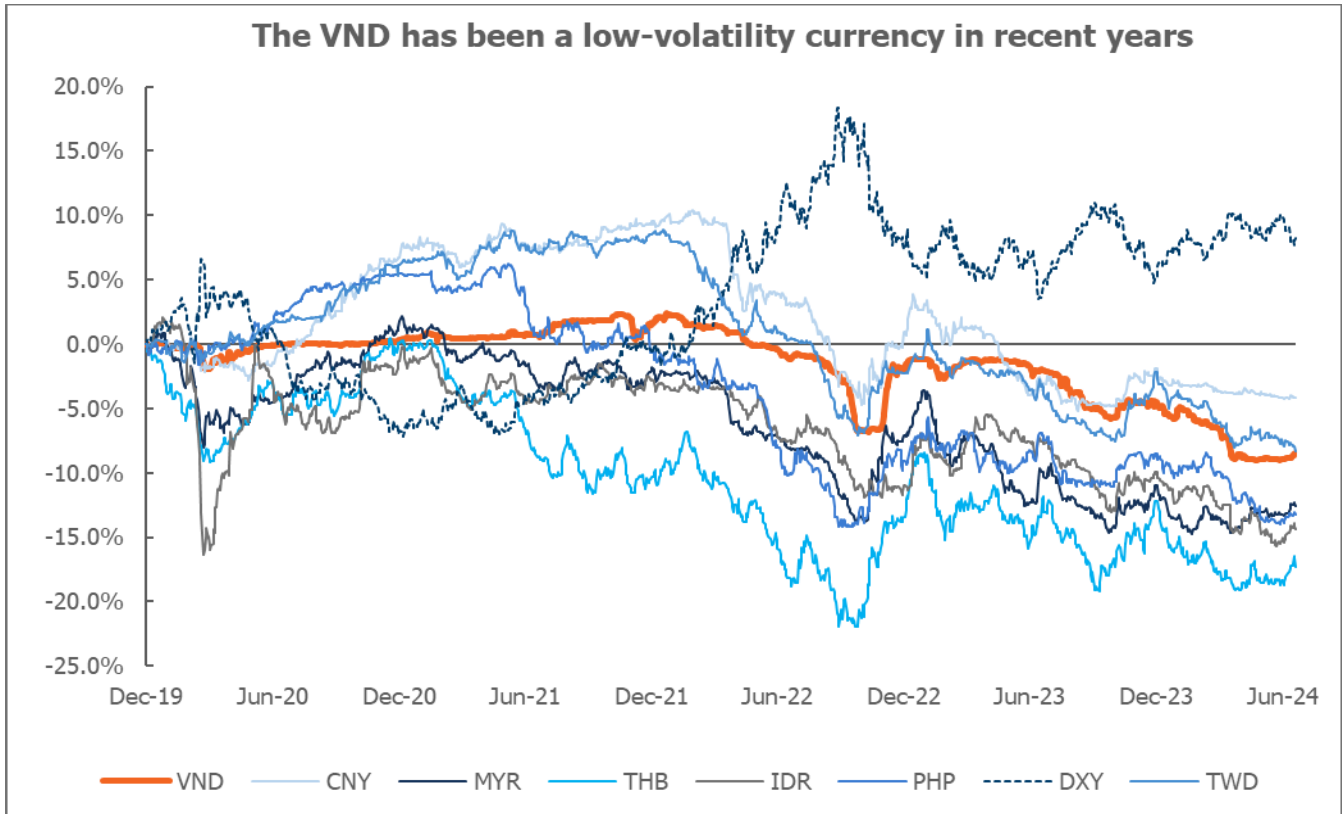
Source: Bloomberg, Yuanta Vietnam

The mainboard's 2024E PE is now 12.1x, based on Bloomberg consensus.

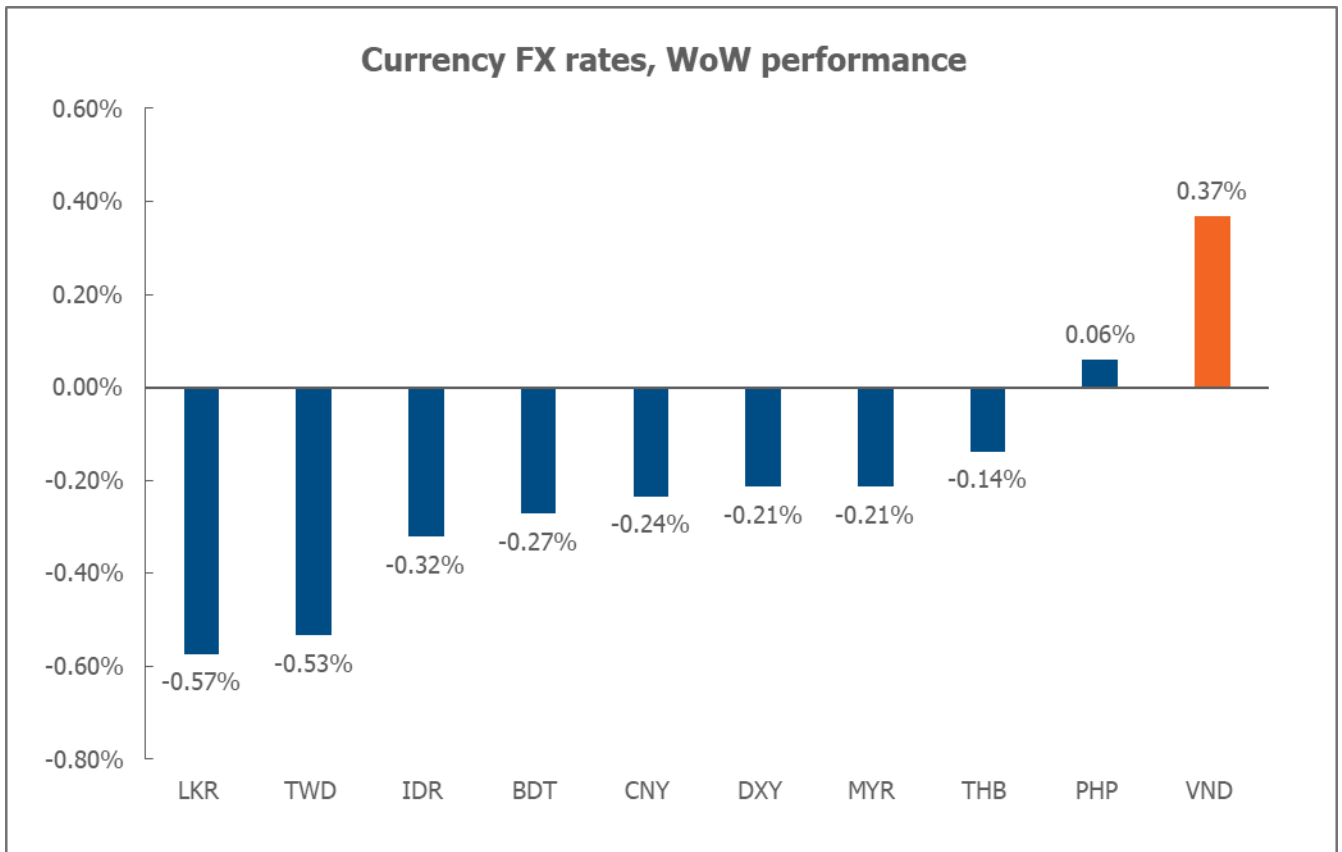
VNI -- 2024E PE ratio (x)



Source: Bloomberg (2024E consensus PE), Yuanta Vietnam



Source: Bloomberg, Yuanta Vietnam (Jul 19)

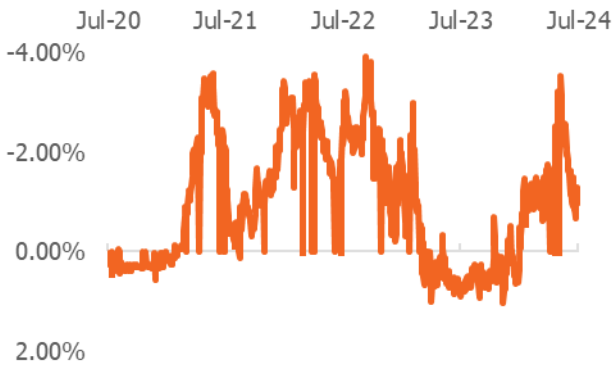


Source: Bloomberg, Yuanta Vietnam (Jul 19)

US dollar cash premium to the official bank rate has picked up again

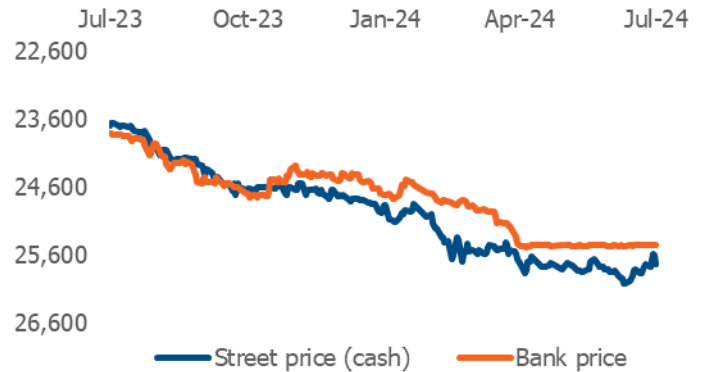
...as the official rate has recovered slightly since September, whereas the street price is flattish.

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

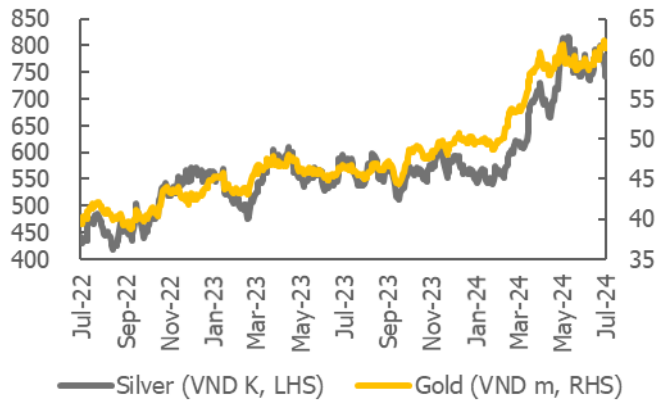


Source: FiinPro, Yuanta Vietnam

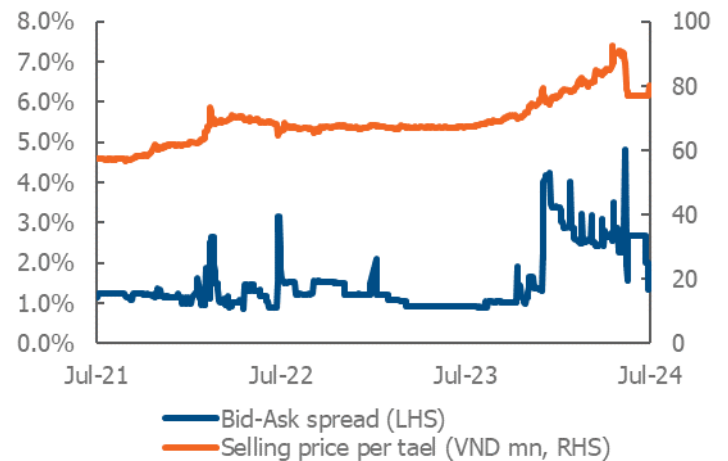
Global precious metals are gaining steam...

...but SJC has also increased its pricing.

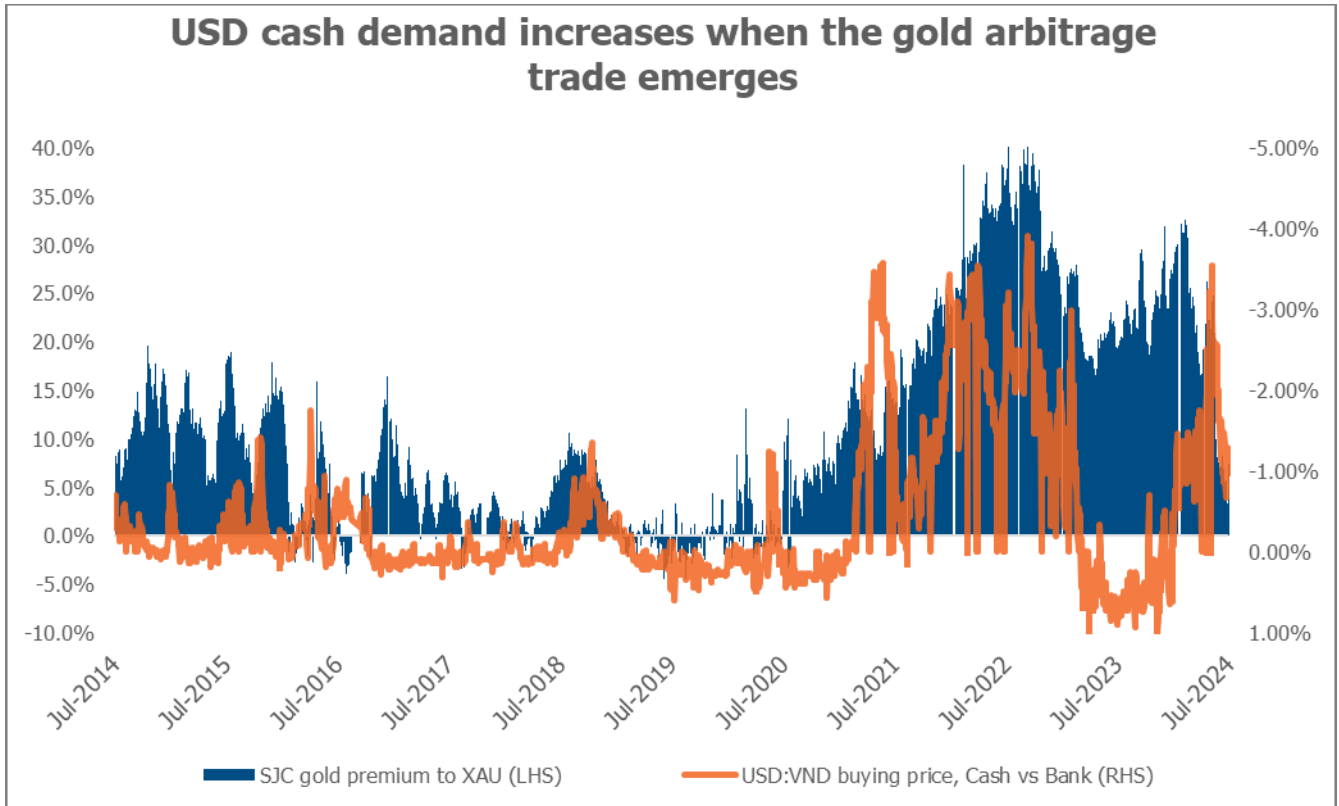
Precious metals in VND terms



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

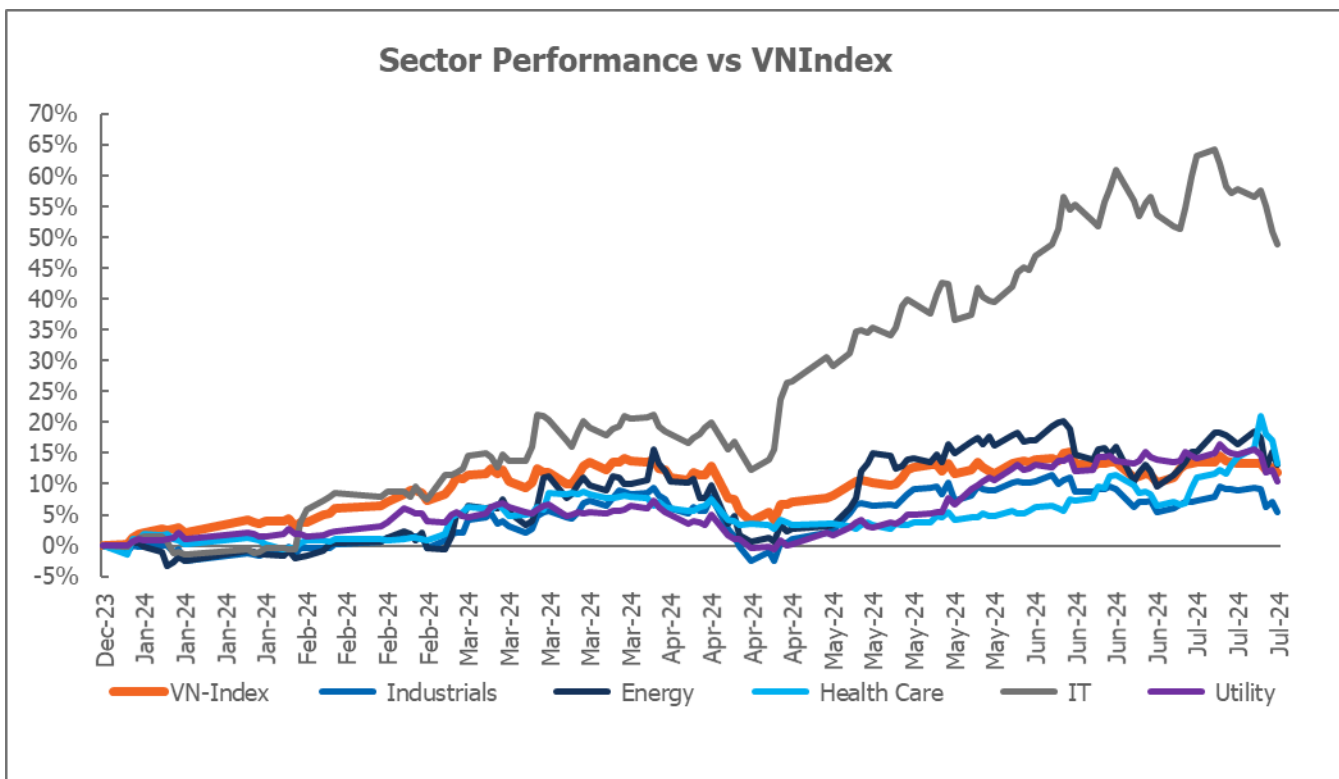
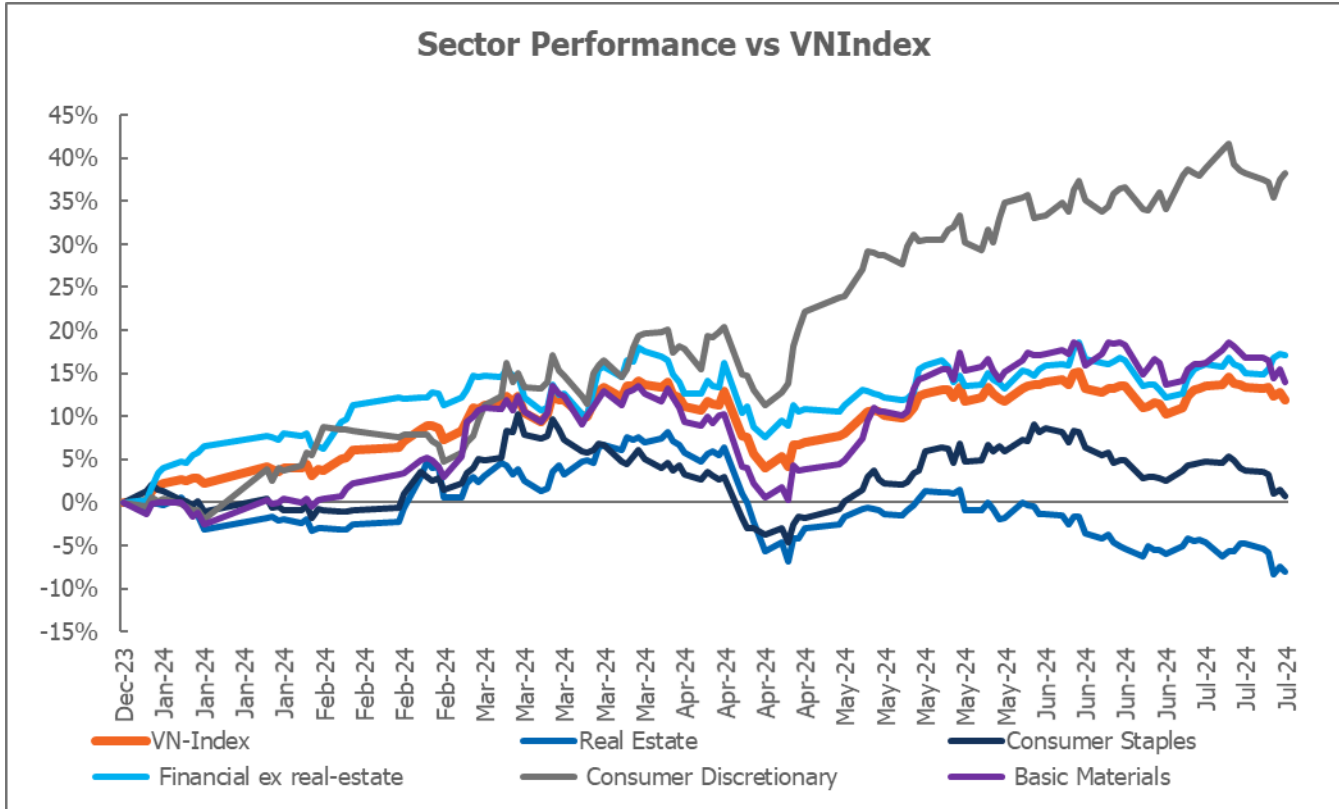


Source: FiinPro, Yuanta Vietnam



Source: FiinPro, Bloomberg, Yuanta Vietnam (Jul 19)

Sector performance YTD



Source: Bloomberg (Jul 19)

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	6.3	6.2	5.1	43.2	1.5	20.8	0.1	4.0	0.2	1.5	1.4	1.1	26.2	24.4	24.3	2.4	2.4	2.5
	BID VN	15.3	13.7	11.6	81.0	11.5	18.3	0.2	1.2	0.6	2.4	2.3	1.9	16.6	16.5	17.3	0.9	1.0	1.1
	HDB VN	8.1	7.2	5.5	28.2	13.0	29.4	0.3	0.6	0.2	1.7	1.6	1.3	22.2	23.6	25.2	2.1	2.0	2.0
	MBB VN	7.0	6.8	5.5	16.0	2.9	23.3	0.4	2.3	0.2	1.5	1.4	1.2	24.3	23.1	23.4	2.7	2.5	2.5
	STB VN	11.3	8.4	6.0	63.8	35.0	41.1	0.2	0.2	0.1	1.5	1.2	1.0	13.8	16.1	18.9	0.9	1.2	1.5
	VCB VN	15.0	16.1	13.2	39.9	(6.5)	21.5	0.4	n/a	0.6	3.1	2.9	2.4	22.5	20.0	19.7	1.9	1.8	2.0
	VPB VN	6.9	13.0	9.9	54.0	(46.8)	31.8	0.1	n/a	0.3	1.3	1.1	1.1	19.1	8.3	10.5	2.9	1.2	1.7
	Brokers	HCM VN	13.9	16.0	14.6	(32.8)	(12.7)	9.5	n/a	n/a	1.5	1.5	1.5	1.4	11.2	10.3	10.2	4.3	5.2
SSI VN		23.4	15.4	14.5	(56.1)	51.3	6.7	n/a	0.3	2.2	2.3	2.1	1.9	12.2	14.2	13.6	4.3	6.3	6.3
VCI VN		24.3	20.3	17.9	(55.7)	19.5	13.2	n/a	1.0	1.4	3.2	2.9	2.7	13.4	15.3	15.9	6.0	6.9	7.2
VND VN		18.1	11.4	11.3	(65.1)	59.3	1.0	n/a	0.2	11.1	1.4	1.3	1.3	10.0	12.8	12.1	3.0	4.6	4.4
Energy	PVD VN	(135.5)	26.9	12.6	n/a	n/a	113.9	n/a	n/a	0.1	1.1	1.0	1.0	n/a	4.2	8.8	n/a	2.7	5.7
	NT2 VN	11.2	6.8	8.8	(14.6)	65.5	(23.0)	n/a	0.1	n/a	1.6	1.6	n/a	15.9	17.5	17.7	9.6	10.4	10.6
	PC1 VN	15.8	70.9	22.8	(31.9)	(77.6)	210.3	n/a	n/a	0.1	1.2	1.3	n/a	6.9	2.0	5.8	2.4	0.7	2.1
Consumer	MSN VN				20.9	4.2	-	n/a	n/a	n/a	1.6	1.4	n/a	15.2	13.7	-	8.9	8.2	-
	PNJ VN	18.3	17.4	15.5	25.5	5.5	12.1	0.7	3.2	1.3	2.8	3.2	2.5	21.4	20.1	22.4	15.1	15.2	15.9
	DGW VN	12.5			17.8		-	0.7	n/a	n/a	2.6	2.6	n/a	18.4	18.4	-	7.1	7.1	-
	FRT VN	53.4	(69.4)	136.4	(12.0)	(177.0)	150.9	n/a	n/a	0.9	10.2	13.9	n/a	19.4	(19.1)	10.2	3.8	(2.5)	1.4
	MWG VN	23.3	570.9	27.5	(17.4)	(95.9)	1,979	n/a	n/a	0.0	4.0	4.1	n/a	17.1	0.7	13.0	7.3	0.3	5.7
Oil & GAS	POW VN	22.2	39.2	34.4	(9.3)	(43.4)	14.0	n/a	n/a	2.5	1.1	1.1	n/a	5.9	3.1	2.7	3.5	1.6	1.3
Property	KBC VN	4.9	3.5		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	38.0	46.7		(81.7)	(18.6)	114.7	n/a	n/a	0.2	0.9	0.9	n/a	3.9	1.1	3.7	1.8	0.5	1.9
	KDH VN	23.8	40.7	21.7	(18.0)	(42.0)	87.0	n/a	n/a	0.2	2.3	2.2	2.0	10.0	5.0	9.0	6.0	3.0	5.0
	NLG VN	30.5	26.9	28.1	(57.0)	13.0	(4.0)	n/a	2.1	n/a	1.8	1.7	1.6	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	5.7	5.5	6.5	(20.0)	(1.0)	(16.0)	n/a	n/a	n/a	1.1	0.9	0.8	21.0	19.0	14.0	10.0	9.0	7.0
	VRE VN	16.3	11.0	11.0	111.4	48.7	(0.5)	0.1	0.2	n/a	1.4	1.3	1.1	8.7	12.2	11.0	6.9	9.5	8.7
Transport	ACV VN				-	-	-	n/a	n/a	n/a	4.4	4.1	n/a	11.0	12.6	-	5.2	5.3	-
Industrials	DHC VN	7.3	5.5	3.7	(22.1)	32.2	47.3	n/a	0.2	0.1	1.4	1.2	n/a	22.0	23.9	30.8	20.6	10.1	15.2
	BWE VN	11.0	8.8	6.2	17.0	24.9	41.7	0.7	0.4	0.1	1.8	1.6	n/a	18.8	20.6	25.5	8.6	10.6	14.7
Technology	FPT VN	33.0	27.2	23.5	22.9	21.6	15.3	1.4	1.3	1.5	6.3	5.3	5.5	22.7	23.4	27.1	10.1	11.6	13.3

Stock ratings and pricing data is as of close on Jul 19, 2024

Source: Bloomberg, Yuanta Vietnam

Appendix A: Important Disclosures

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