

Strategy: Monetary policy flexibility now appears lower than we had hoped

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Sentiment indicators don't suggest an immediate breakout above the top of the YTD trading range at c.1300, in our view. The market has reached this level but failed to push above it several times this year, and our sense is that it will take more than the relatively light trading volumes of last week to break out. US rates have rebounded, suggesting that the SBV has perhaps less policy flexibility than we had hoped. FTSE's Oct 8 [statement](#) suggests, encouragingly, that a 2025 E/M upgrade is still possible, but not predetermined.

VN Index & matched order turnover



Index, Flows, and FX Performance

- **VNINDEX:** 1288 (+1.4% WoW / +14.0% YTD / +12.0% YoY)
- **VHINDEX:** 231 (-0.6% WoW / +0.1% YTD / -2.4% YoY)
- **UPCOM Index:** 93 (+0.2% WoW / +6.4% YTD / +5.5% YoY)
- **Average daily turnover:** US\$685mn (-18.5% WoW)
- **Foreigners net sold** US\$27mn of three-index constituents
- **VND:USD rate:** 24,814 (-23bps WoW/-220bps YTD/-1.58% YoY)

VN30 Components

Ticker	Closing price (VND K)	WoW chg	Cont to VN30 (WoW)	TTM PE (x)
ACB	26.1	2.8%	10.4%	7
BCM	68.3	0.6%	0.1%	28
BID	49.4	0.4%	0.2%	12
BVH	44.1	2.9%	0.3%	17
CTG	36.3	1.8%	1.9%	10
FPT	139.6	4.1%	20.2%	29
GAS	73.2	-0.1%	0.0%	15
GVR	35.5	1.7%	0.4%	51
HDB	27.4	0.2%	0.4%	7
HPG	27.3	4.2%	14.5%	16
MBB	25.6	1.8%	4.8%	6
MSN	81.1	7.3%	13.8%	169
MWG	64.5	-2.9%	-7.8%	43
PLX	44.7	-0.9%	-0.2%	15
POW	12.6	-2.7%	-0.7%	29
SAB	57.5	1.6%	0.5%	18
SHB	10.8	-0.5%	-0.6%	5
SSB	17.6	0.6%	0.6%	11
SSI	27.5	0.5%	0.7%	18
STB	33.8	2.1%	4.9%	8
TCB	24.5	1.7%	6.7%	8
TPB	17.5	1.4%	1.2%	10
VCB	91.5	-0.9%	-1.8%	15
VHM	43.6	5.1%	10.4%	8
VIB	19.1	-0.8%	-0.7%	7
VIC	41.8	2.0%	3.4%	42
VJC	108.9	3.4%	4.0%	62
VNM	67.7	-1.2%	-2.4%	16
VPB	20.7	3.5%	12.4%	14
VRE	19.0	3.8%	2.4%	9

Source: Bloomberg, Yuanta Vietnam. Pricing date: Oct 11, 2024.

Sentiment indicators don't suggest an immediate breakout above the YTD ceiling at c.1300, in our view. Weekly breadth was very positive (218 gainers / 133 losers on the VNI). But ADT fell -19% WoW to reach US\$685mn, suggesting limited excitement among domestic punters.

Domestic institutions net bought US\$28mn, which offset the US\$27mn of FINI net selling last week. Prop trader top buys are often deal-related, so we note with interest the VND277bn of MWG that they added last week. We reckon MWG will be added back into the VN Diamond Index at the next index announcement (Oct 21?). A 16% index weight would imply US\$84mn of buying by FUEVFNVD VN, the HSX's largest ETF by net asset value.

Macro Monthly. In case you missed it, we published our [monthly macro note](#) on Oct 10. Key highlights: 1) 3Q24 GDP surprised at +7.8%. 2) September's typhoon impact dented output, but only temporarily. 3) Public investment continues to lag. 4) YoY growth in retail spending is slowing as the low-base effect from tourism comes to an end. 5) Capital flight – the 2Q BoP data makes you go “hmmm”. 6) US Fed is not going back to ZIRP.

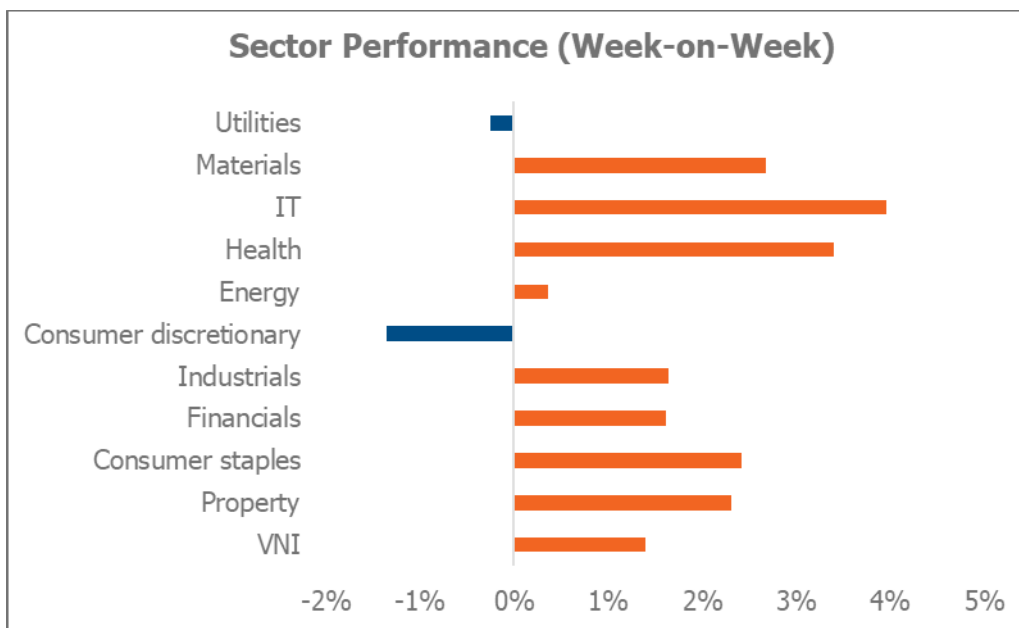
Policy flexibility, we barely knew ya. Further to item 6 above, recent US employment and CPI data have driven longer-duration US rates sharply higher, which complicates our “greater SBV policy flexibility” story for 4Q24. Interestingly, the SBV halted bills issuance last week (at least up to Thursday), but VND interbank rates fell anyway. The VND fell another -23bp WoW and is now -1.1% below its most recent peak of Sep 16 (p.12-14)

HCMC condo market -- signs of life. CBRE indicates that new supply remains limited, with only 127 additional units coming into the market in 3Q24. However, 2.7k units began taking bookings and CBRE projects 3k units of new supply in 4Q24, a threefold increase YoY. Meanwhile, primary prices were up +4% QoQ / +8% YTD (secondary prices: +3% QoQ / +5% YTD). The CBRE data support property analyst Tam Nguyen's thesis that the worst is past, but the industry upcycle is only likely to start in 2H25 (p.6).

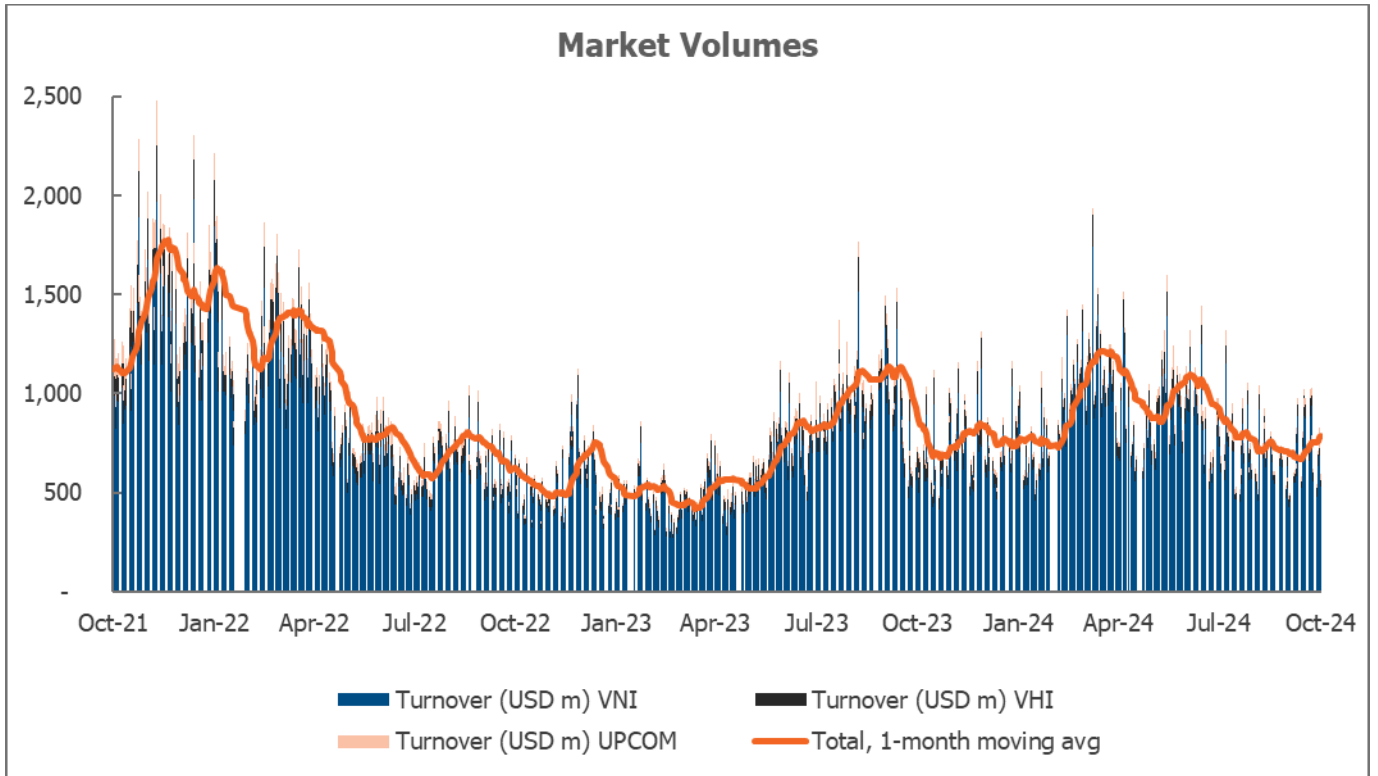
Yuanta Vietnam Coverage Universe

Sector	Company	Stock code	Market cap (USDm)	3-month ADT (USDm)	Yuanta Rating	Current price (VND)	Target price (VND)	Up (down) side	2025 Dividend yield	12-m TSR*
Banks	Asia Commercial Bank	ACB VN	4,698	8.5	BUY	26,100	28,513	9%	3.8%	13%
	BIDV	BID VN	11,348	4.6	HOLD-Underperform	49,400	47,470	-4%	0.0%	-4%
	HD Bank	HDB VN	3,210	8.0	BUY	27,350	28,450	4%	3.7%	8%
	MB Bank	MBB VN	5,464	16.9	BUY	25,550	31,980	25%	1.9%	27%
	Techcombank	TCB VN	6,942	14.4	BUY	24,450	26,470	8%	4.1%	12%
	Sacombank	STB VN	2,568	13.3	HOLD-Underperform	33,800	34,930	3%	0.0%	3%
	Vietcombank	VCB VN	20,609	5.3	BUY	91,500	106,910	17%	0.0%	17%
	Vietnam Prosperity Bank	VPB VN	6,619	17.4	BUY	20,700	22,400	8%	4.8%	13%
Brokers	HCM City Securities	HCM VN	885	10.5	BUY	31,200	28,524	-9%	2.9%	-6%
	Saigon Securities	SSI VN	2,171	16.5	BUY	27,450	32,187	17%	3.9%	21%
	Viet Capital Securities	VCI VN	853	8.9	BUY	36,850	45,580	24%	3.6%	27%
	VNDirect Securities	VND VN	932	6.9	BUY	15,200	20,449	35%	3.9%	38%
Energy	PV POW	POW VN	1,189	4.5	SELL	12,600	13,358	6%	0.0%	6%
	PV NT2	NT2 VN	228	0.4	SELL	19,650	19,318	-2%	12.7%	11%
	PCCI	PC1 VN	350	3.2	BUY	27,900	34,268	23%	0.0%	23%
Consumer	Masan Group	MSN VN	4,701	14.9	Suspended	81,100	N/A	N/A	0.0%	N/A
	Phu Nhuan Jewelry	PNJ VN	1,299	5.0	BUY	95,400	125,200	31%	1.9%	33%
	Digiworld	DGW VN	400	3.7	Suspended	45,650	N/A	N/A	0.0%	N/A
	FPT Digital Retail	FRT VN	988	3.5	BUY	180,000	166,800	-7%	0.6%	-7%
	Mobile World Group	MWG VN	3,800	21.8	BUY	64,500	59,300	-8%	0.8%	-7%
Oil & GAS	PV Drilling	PVD VN	617	4.1	BUY	27,550	38,259	39%	2.5%	41%
	Property	Kinh Bac City	KBC VN	865	3.5	BUY	27,950	38,300	37%	0.0%
Dat Xanh Group		DXG VN	449	6.8	BUY	15,450	20,700	34%	0.0%	34%
Khang Dien House		KDH VN	1,374	4.2	BUY	37,500	47,300	26%	0.0%	26%
Nam Long		NLG VN	624	2.7	HOLD-Underperform	40,250	37,800	-6%	1.2%	-5%
Novaland		NVL VN	849	6.5	Coverage Suspended	10,800	N/A	N/A	0.0%	N/A
Vinhomes		VHM VN	7,651	16.7	BUY	43,600	58,444	34%	0.0%	34%
Vincom Retail		VRE VN	1,740	7.3	BUY	19,000	38,000	100%	0.0%	100%
Transport		Airports Corp Vietnam	ACV VN	9,975	1.1	HOLD-Underperform	113,700	76,400	-33%	0.0%
Industrials	Dohaco	DHC VN	120	0.2	BUY	37,050	63,571	72%	17.2%	89%
	Biwase	BWE VN	408	0.5	BUY	46,000	70,902	54%	6.5%	61%
Technology	FPT Corporation	FPT VN	8,216	22.2	BUY	139,600	144,660	4%	1.4%	5%

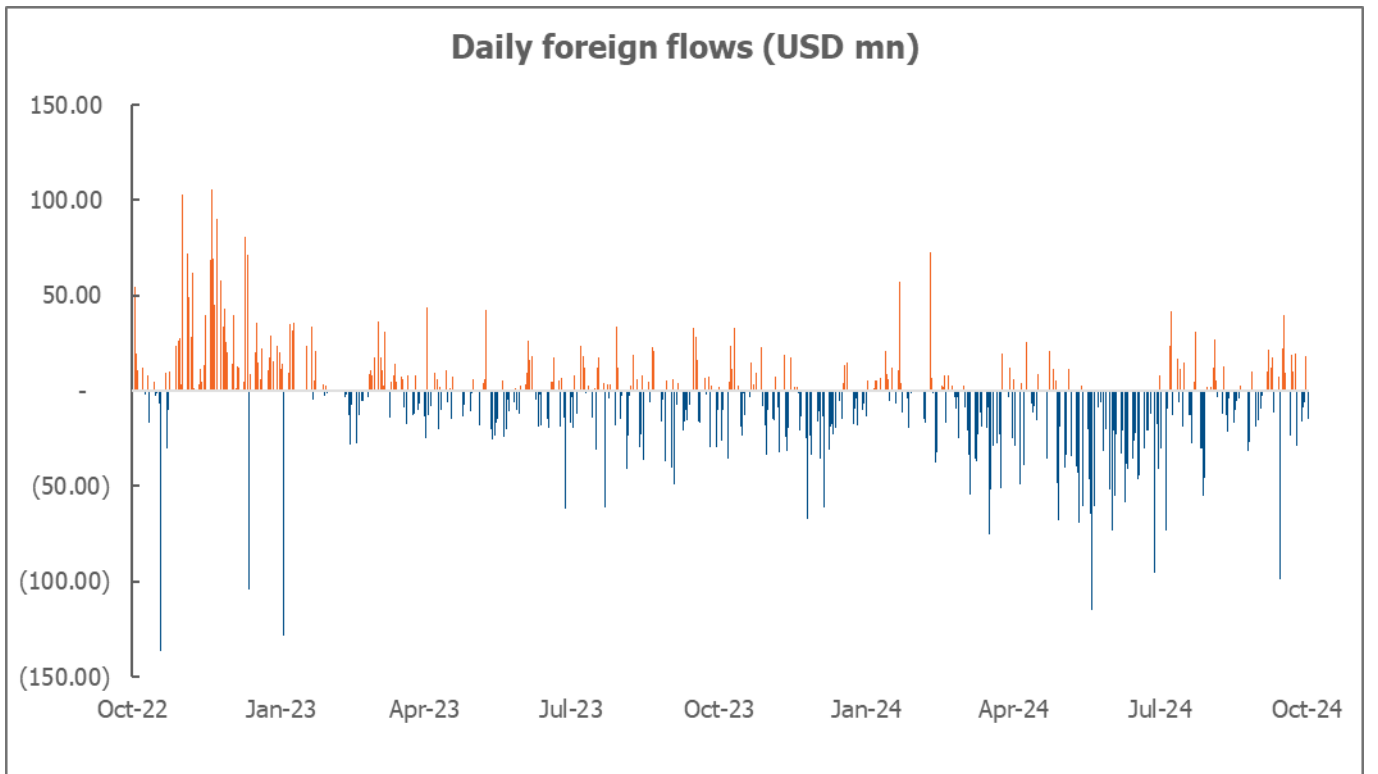
*Notes: 1) TSR = Total shareholder return over the next 12 months inclusive of expected share price change and dividends. 2) 3-month ADT refers to matched orders and does not include put-through blocks. 3) Stock ratings and pricing data is as of close on Oct 11, 2024



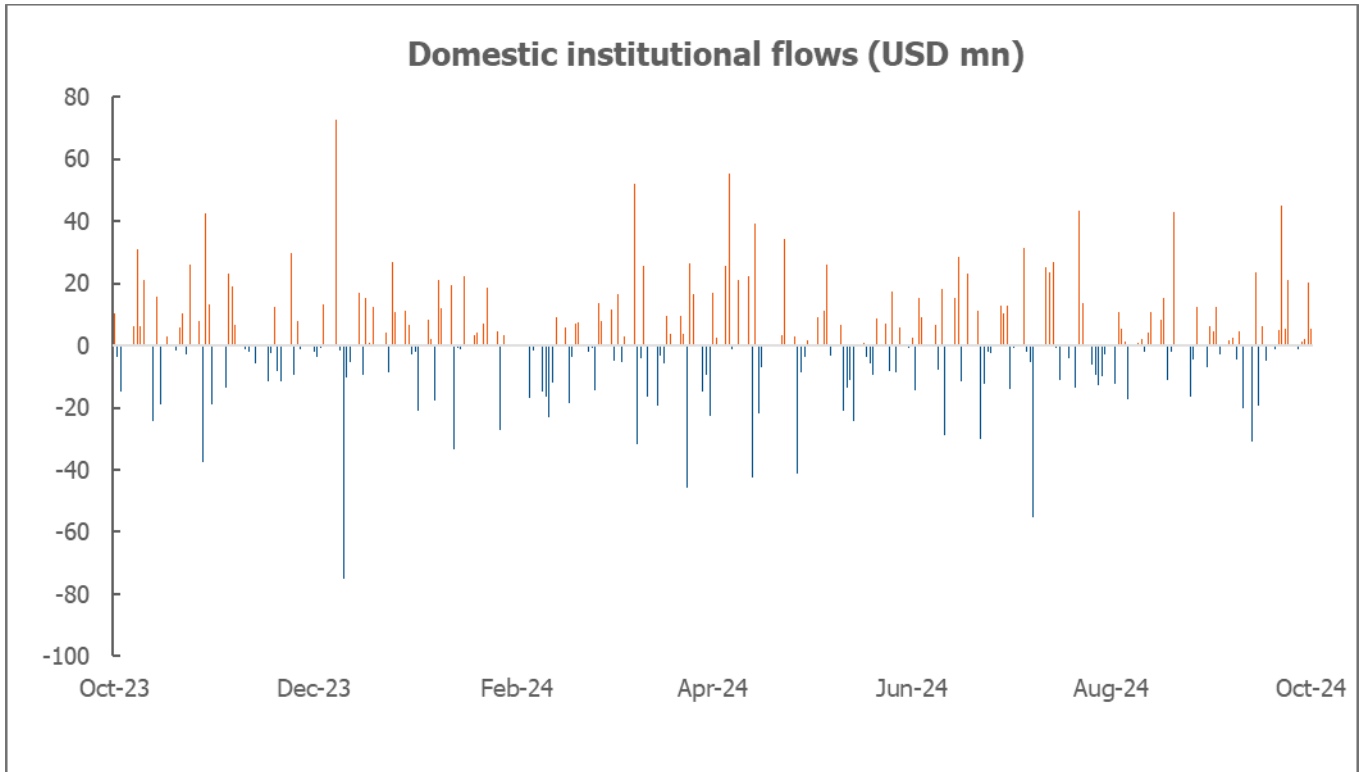
Source: Bloomberg (Oct 11)



Source: FiinPro, Yuanta Vietnam (Oct 11)

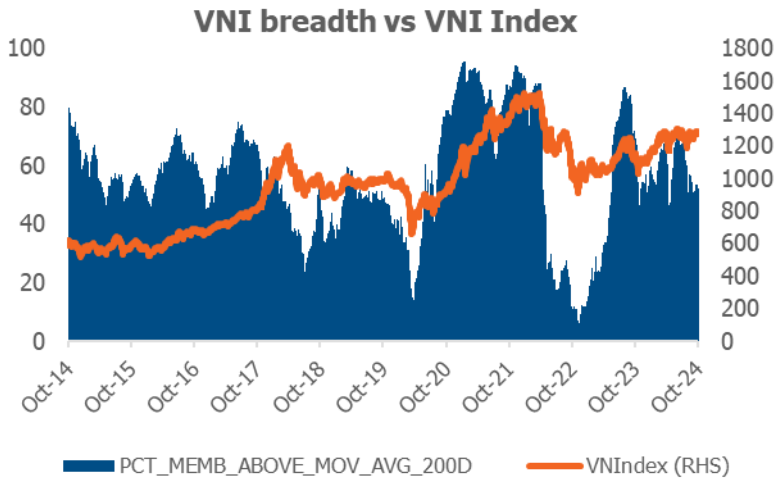


Source: FiinPro, Yuanta Vietnam (Oct 11)



Source: FiinPro, Yuanta Vietnam (Oct 11)

Weekly breadth was positive on both VN30 and VNIIndex.



Source: Bloomberg, Yuanta Vietnam (Oct 11)

VN 30 breadth			
	WoW	MoM	YTD
Gainers	22	13	26
Losers	8	16	4

Source: Bloomberg (Oct 11, 2024)

VNI breadth			
	WoW	MoM	YTD
Gainers	218	143	221
Losers	133	220	152

Source: Bloomberg (Oct 11, 2024)

Macro Monthly – Surprise! 7.8% GDP growth in 3Q24


Strategy

Vietnam Macro
10 October 2024

3Q24 GDP growth reached +6.8% YTD



What's new?

- 3Q24 GDP growth of 7.4% surprised everybody, we think.
- Yagi softened Sept industrial output, but export surge continues.
- Domestic economic indicators are still a bit soft.
- Credit growth +9.0% YTD to Sep 30.
- Sept CPI +2.6% – inflation risks have eased.

Our View

- Typhoon's impact is just a temporary hit to the export manufacturing boom.
- Retail spending growth to ease in 4Q as low-bases affect them; tourism comes to an end.
- US jobs data and resulting USD bounce in recent days present a challenge to our "increased SBV policy flexibility" story.
- Capital flight remains a concern but may ease in 3H24 as the gold arb trade is over.

Industrial output +10.8% in 2024



Credit growth +9.0% YTD to end-Sept



Net errors & omissions in 1H24: US\$12.7bn (+55% YoY)



Sources: GSO, SBV, FinPro, various domestic media, Bloomberg, Yuanta Vietnam

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Lots to like in the Sept macro data

What's good? Industrial output declined MoM in Sept, but only marginally (-0.2% MoM), while YoY IP was still up +10.8% YoY. This strong monthly result outperformed our expectations which were cautious due to the expected negative impact of Typhoon Yagi during the month. 3Q24 IP thus increased by +6.34% YoY, driven by +9.8% growth in manufacturing output YTD. The manufacturing PMI slid below 50 for the first time in five months, but this likewise appears like a transitory dip as manufacturers' confidence for the next year improved to a 3-month high. Sept CPI (+2.1% YTD / +2.6% YoY) indicates that inflationary pressures have eased.

What's bad? State investment has been sluggish YTD – a sharp contrast to FDI. Public investment in 3Q24 reached VND428 trillion, up by just +2.0% YoY and equivalent to 55.7% of the annual budget. Retail sales of goods and services in September rose by +7.6% YoY. That result may not appear to be bad, but the growth trajectory might continue to slow as the low base from tourism comes to an end. Tourism receipts are only c.1% of YTD retail sales, but this official data understates the actual impact because most tourist spending is incorporated into general retail sales.

Hopes for further sharp cuts by the Fed may be misplaced. The latest data from the USA indicates that the employment market is hot, and the earlier soft numbers – that were used to justify the Fed's 50bp pivot on Sep 17 – have now been revised sharply higher. This is feeding through to higher long-duration US Treasury rates and a stronger USD. The implied return of depreciation pressure on the VND may limit the degree to which the SBV can loosen to support the domestic economy in 4Q24.

Credit growth YTD to end-3Q24 reached +9.0% YoY. This figure is up substantially vs. the +6.6% YTD growth of end-August, suggesting another banker KPI-inspired surge of lending into the end-Sept quarterly balance sheet close. We are confident that the SBV's +15% growth target for 2024E is still achievable. But the back-dated quarter-end growth is likely to persist, with much of the added lending to occur in Dec.

Capital flight to ease in 2H24? The GSO's balance of payments data indicates that net errors and omissions – in part, an indicator of offshore wealth transfers by domestic HNWI's – were negative US\$4.3bn in 2Q24. As such, net E&O outflows reached US\$12.7bn in 1H24, up +55% YoY and c.5-6% of GDP on an annualized basis. We would postulate that the gold arbitrage trade's demise since June may result in this figure declining in 3Q24. However, the disclosure schedule for the quarterly BoP data suggests that we'll have to wait another three months to find out.

See the full report available here –

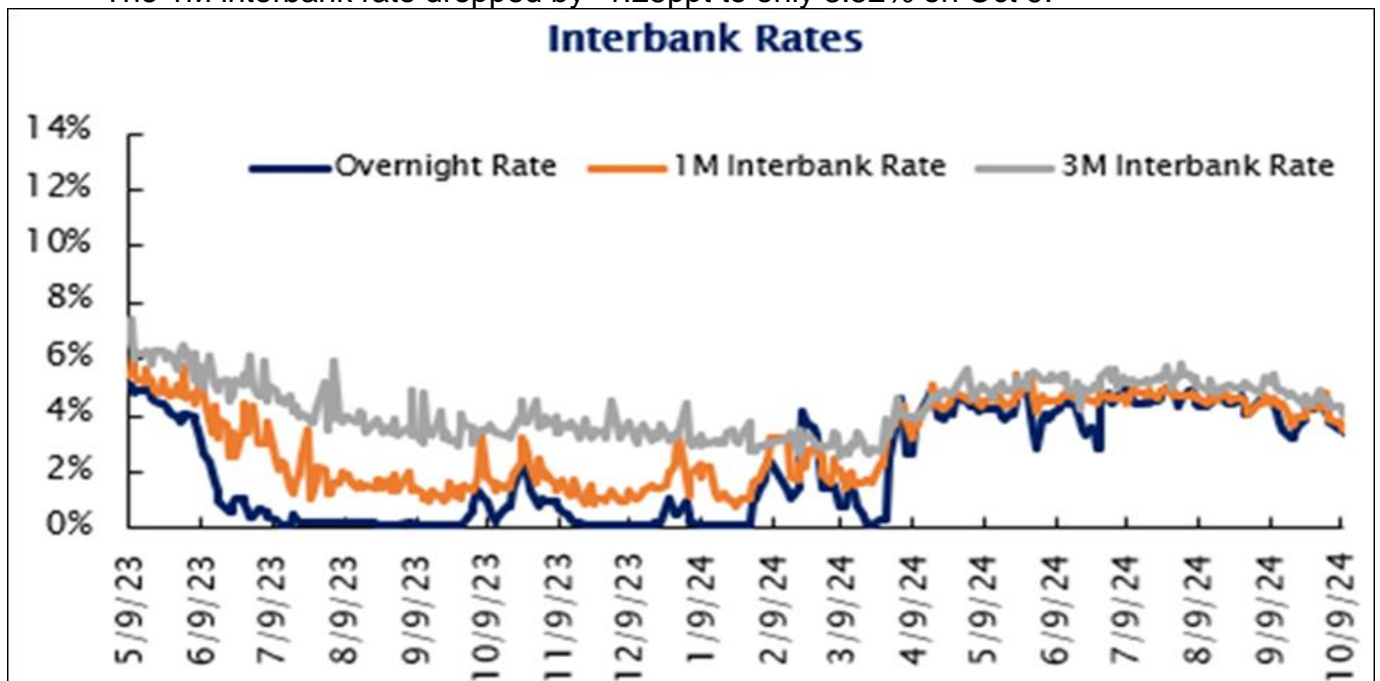
<https://yuanta.com.vn/wp-content/uploads/2024/10/VN-Macro-October-2024.pdf>

Residential property: HCMC Condominium Market Update for 3Q24.

- According to CBRE, new supply launches in Ho Chi Minh City's condominium market for 3Q24 were limited, with only 127 units coming from ongoing projects.
- However, 2,700 units have started receiving bookings, a positive signal.
- CBRE projects new supply in 4Q24 to reach around 3,000 units, a threefold increase YoY.
- This would bring total new supply for 2024 to approximately 5,000 units, a -43% decrease YoY.
- Meanwhile, primary market prices have risen by 4% QoQ and 8% YTD, with secondary prices increasing by 3% QoQ and 5% YTD.

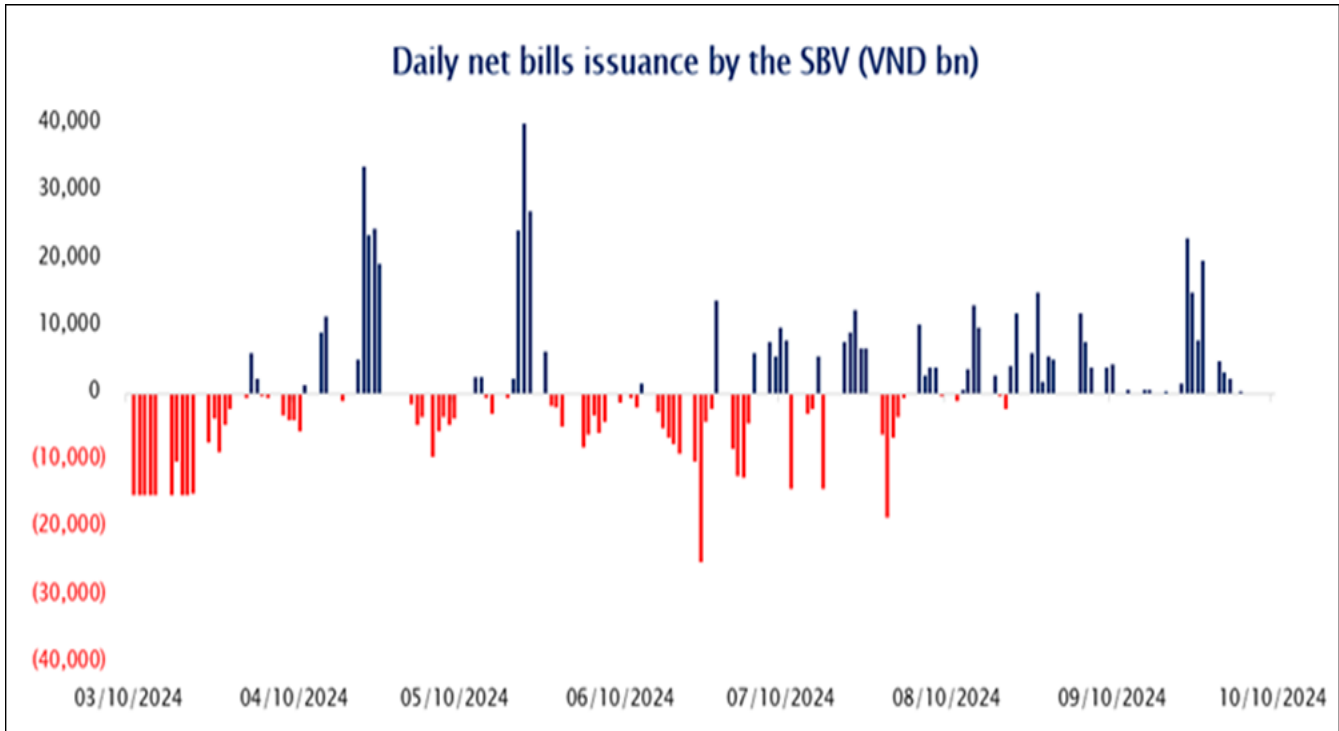
Banks – Interbank rates fell, but bills issuance went to zero this week

- **Financial system liquidity was mixed this week.**
- Interbank rates declined.
- The overnight interbank rate declined by -78bps WoW to 3.39% on Oct 9.
- The 1M interbank rate dropped by -1.25ppt to only 3.52% on Oct 9.



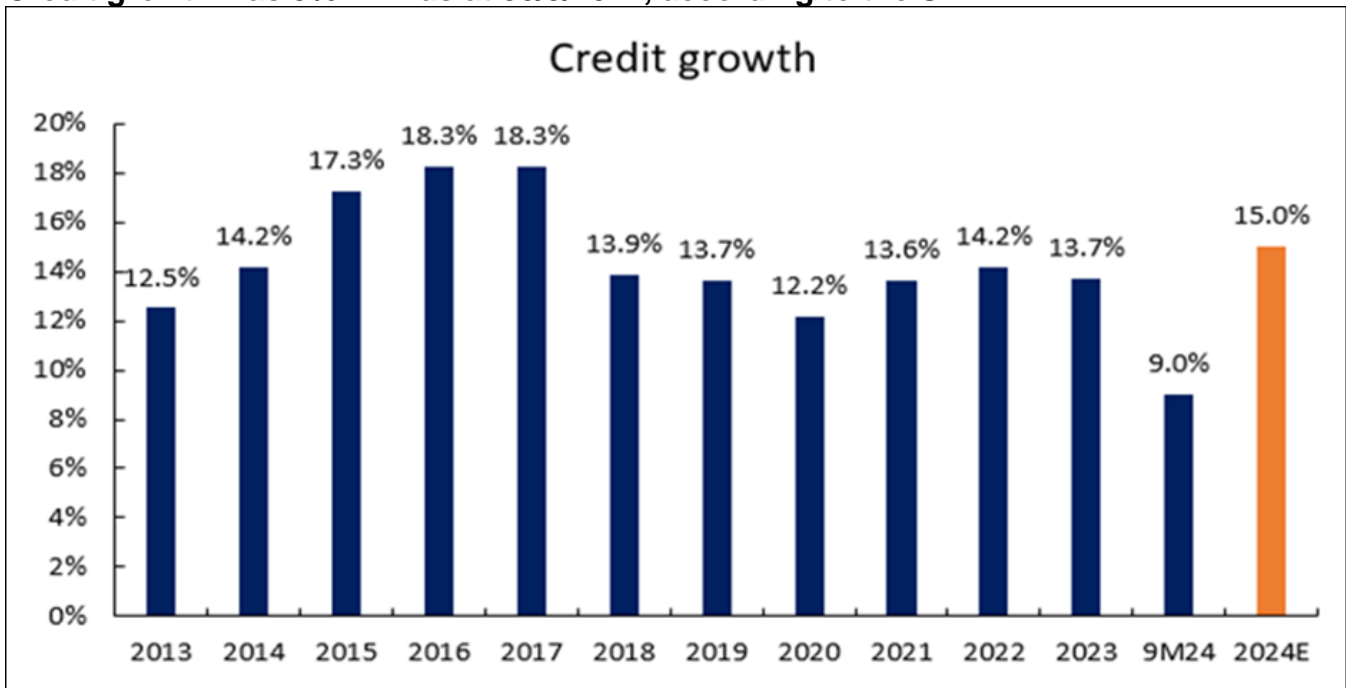
Source: SBV

- **Open market operations:** It seems like that the SBV plans to stop liquidity injecting via OMO.
- There were no OMO activities recorded during this week.

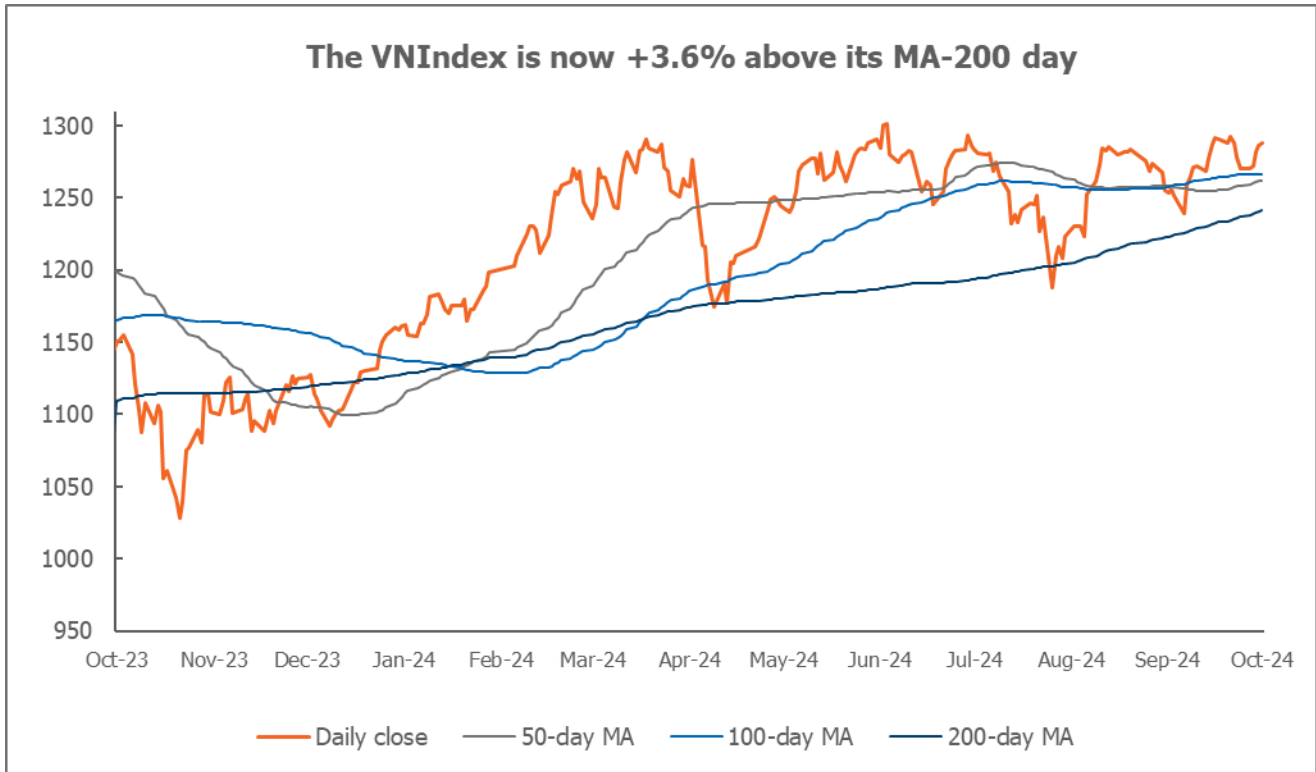


Source: SBV

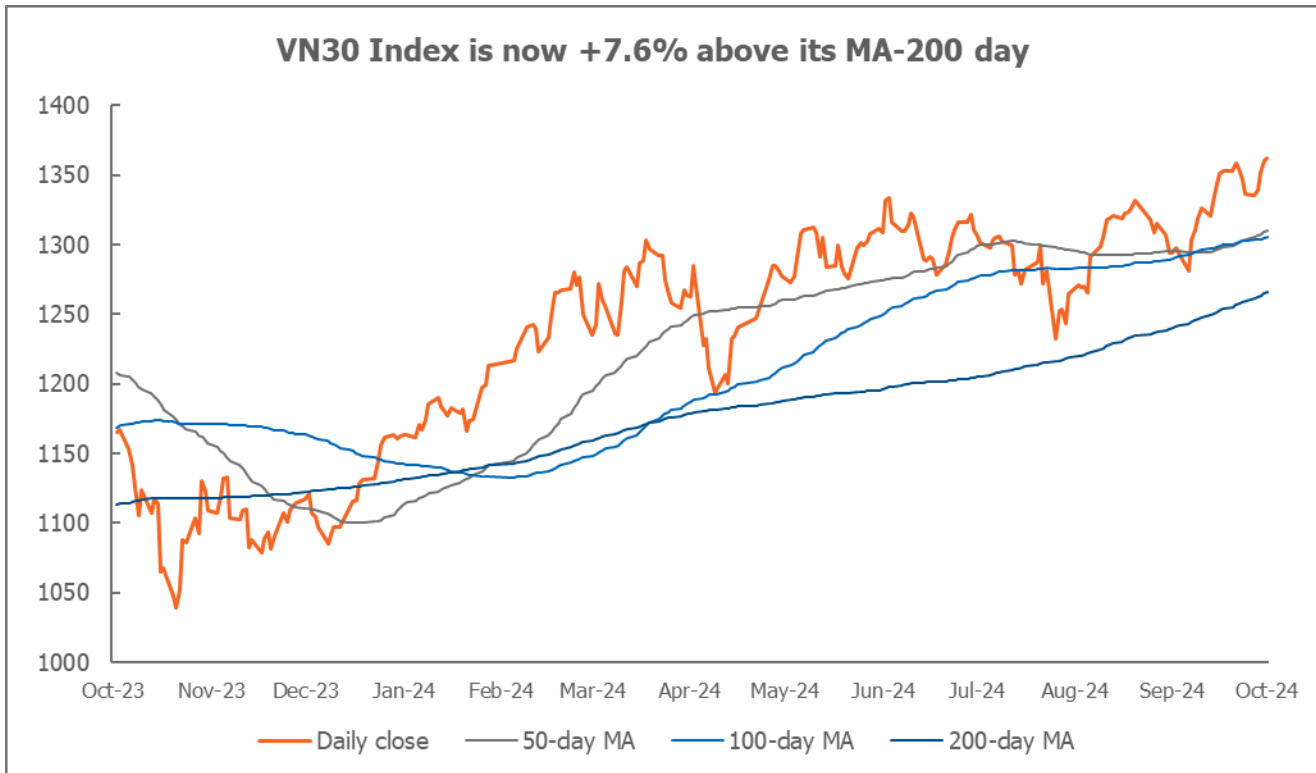
Credit growth was 9% YTD as at 30/9/2024, according to the SBV.



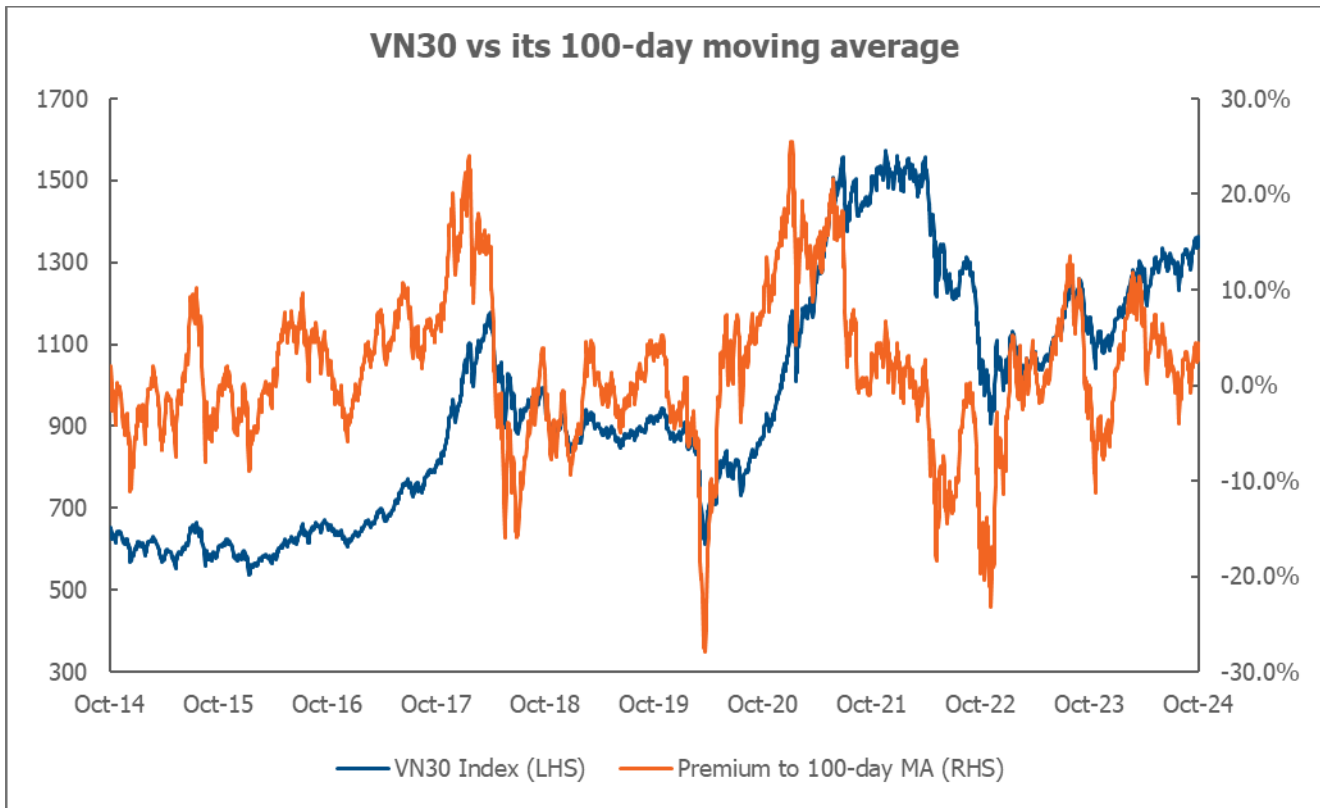
Source: SBV, FiinPro-X (Note: 2024E is the SBV's credit growth target)



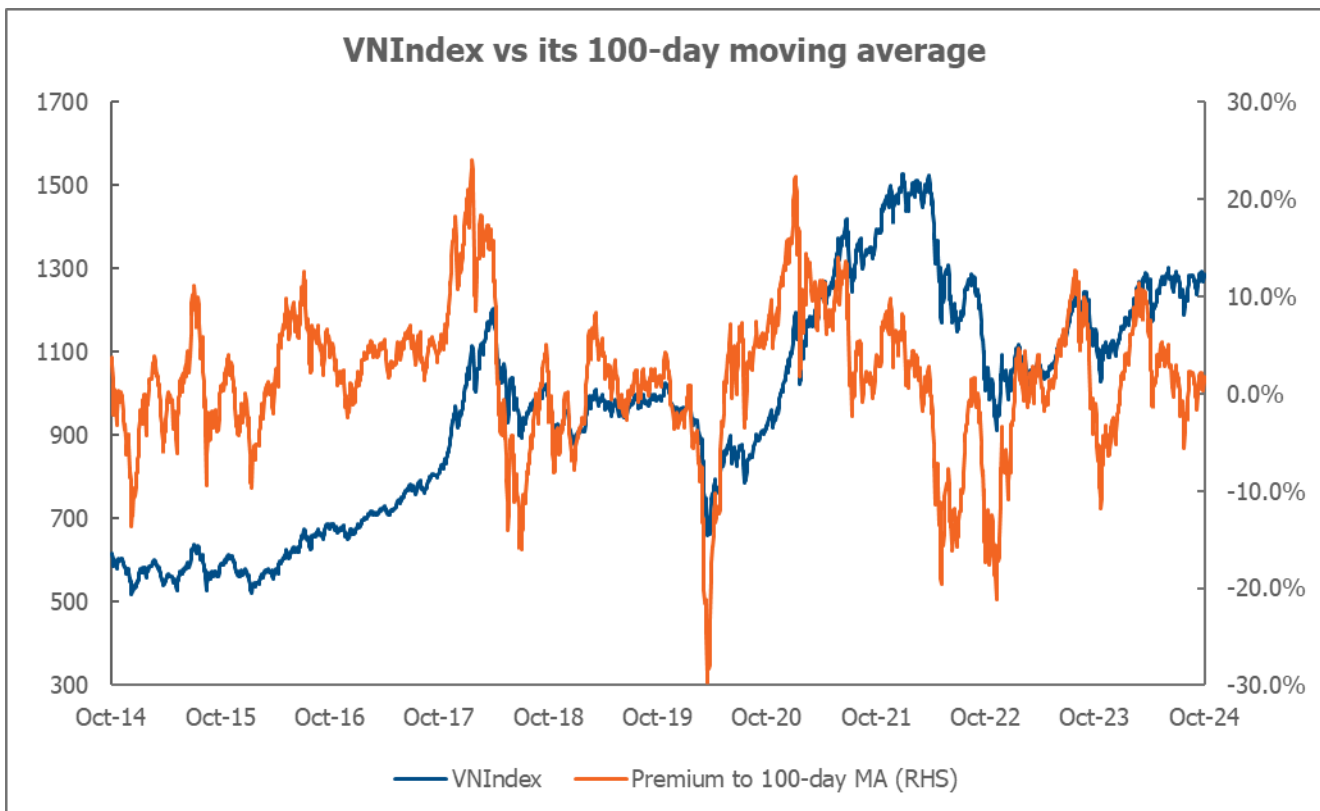
Source: Bloomberg, Yuanta Vietnam (Oct 11)



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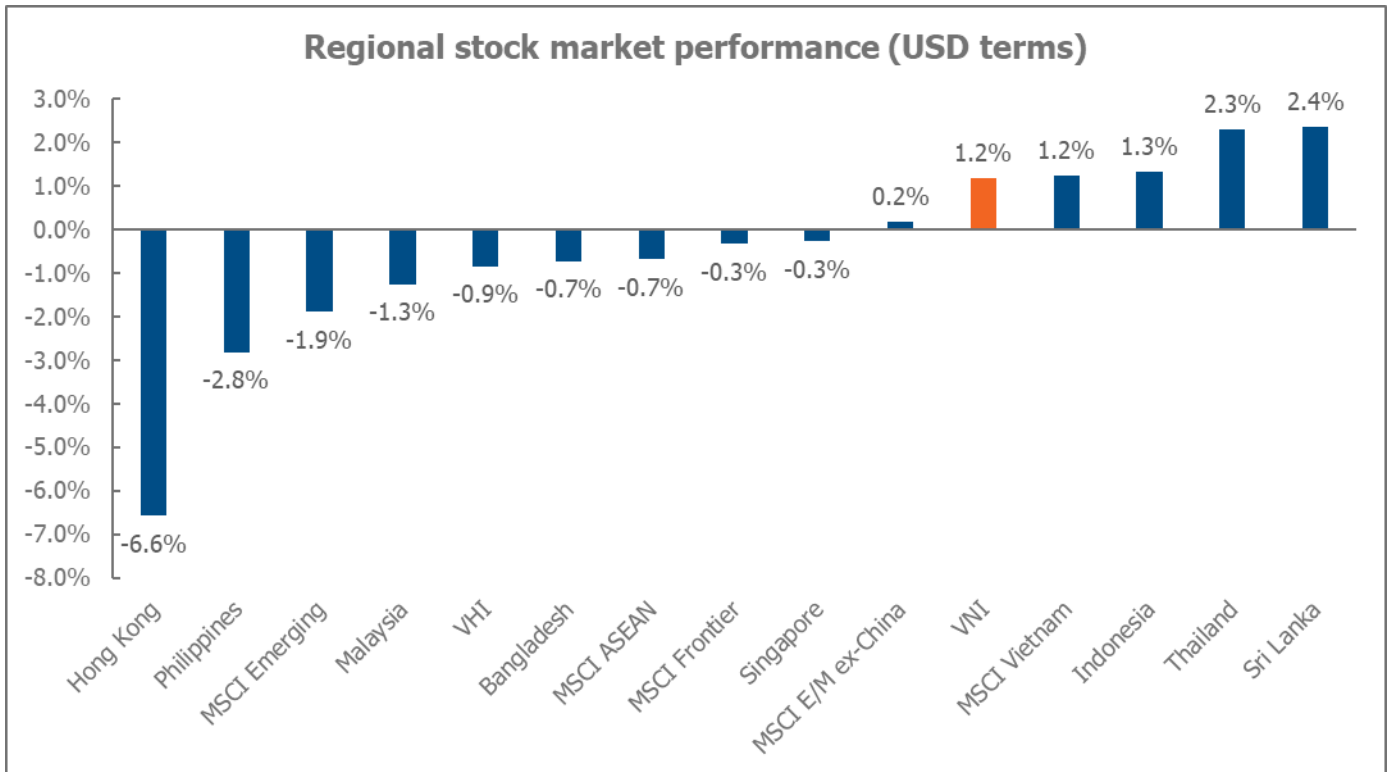


Source: Bloomberg, Yuanta Vietnam (Oct 11)



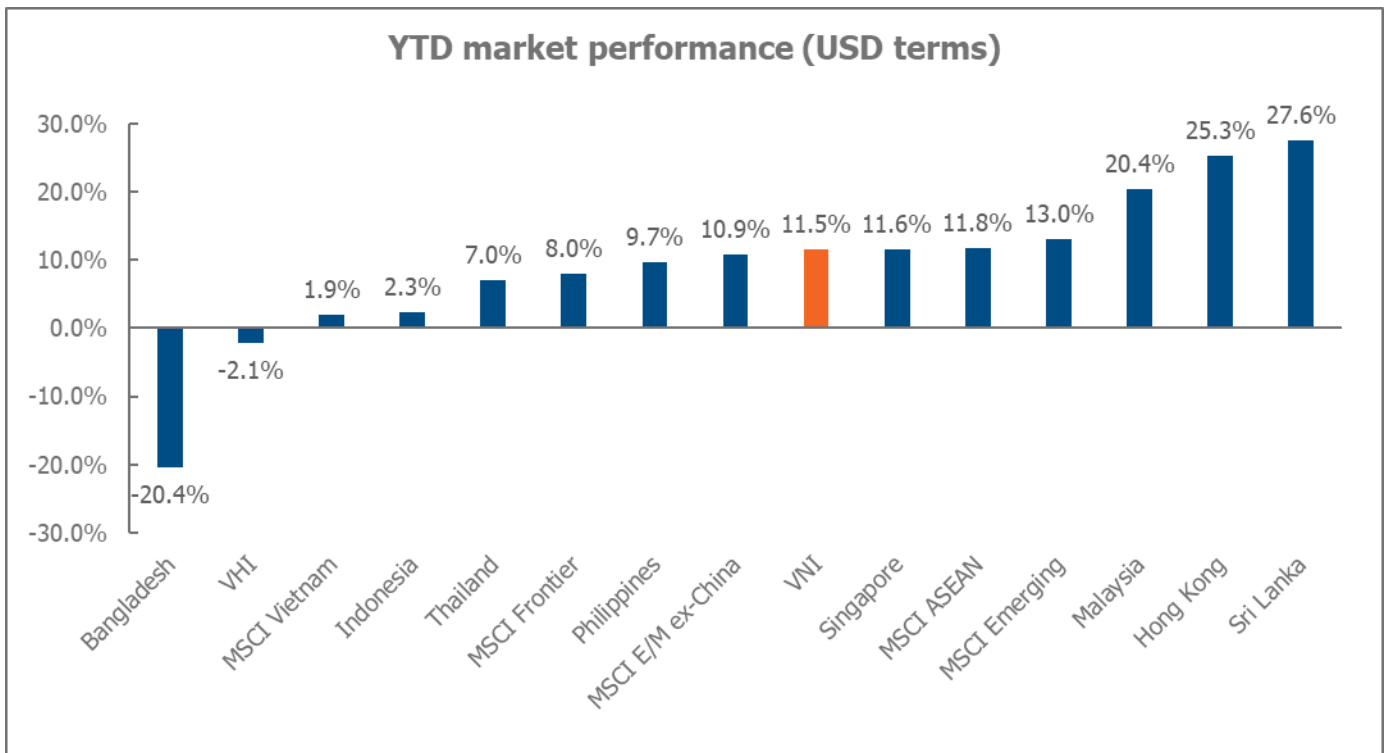
Source: Bloomberg, Yuanta Vietnam (Oct 11)

The VNI was up by +1.2% WoW (in USD terms) ...



Source: Bloomberg, Yuanta Vietnam (Oct 11)

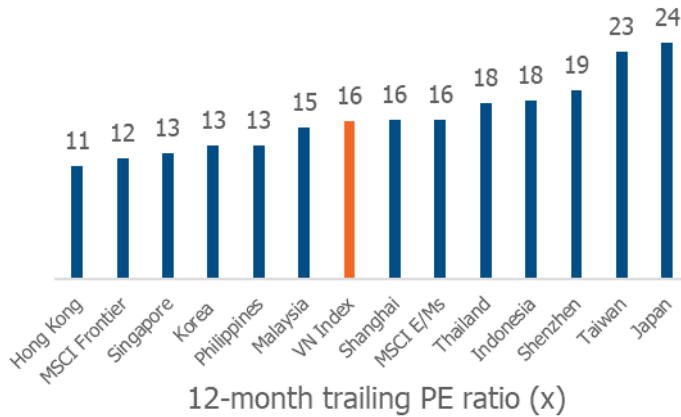
... and up by +11.5% since Jan 1, 2024 in USD terms



Source: Bloomberg, Yuanta Vietnam (Oct 11)

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

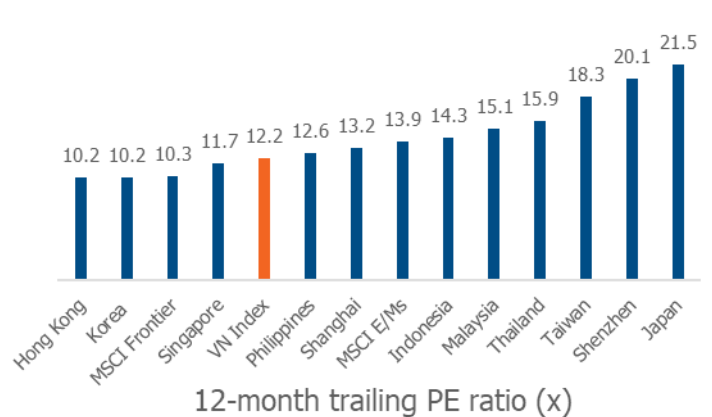
Regional stock market: Trailing PE multiples



Source: Bloomberg, Yuanta Vietnam (Oct 11)

...and forward P/E at 12.2x.

Regional stock market: 2024E PE multiples



Source: Bloomberg (2024E consensus PE), Yuanta Vietnam (Oct 11)

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

VNI -- Trailing PE ratio (x)



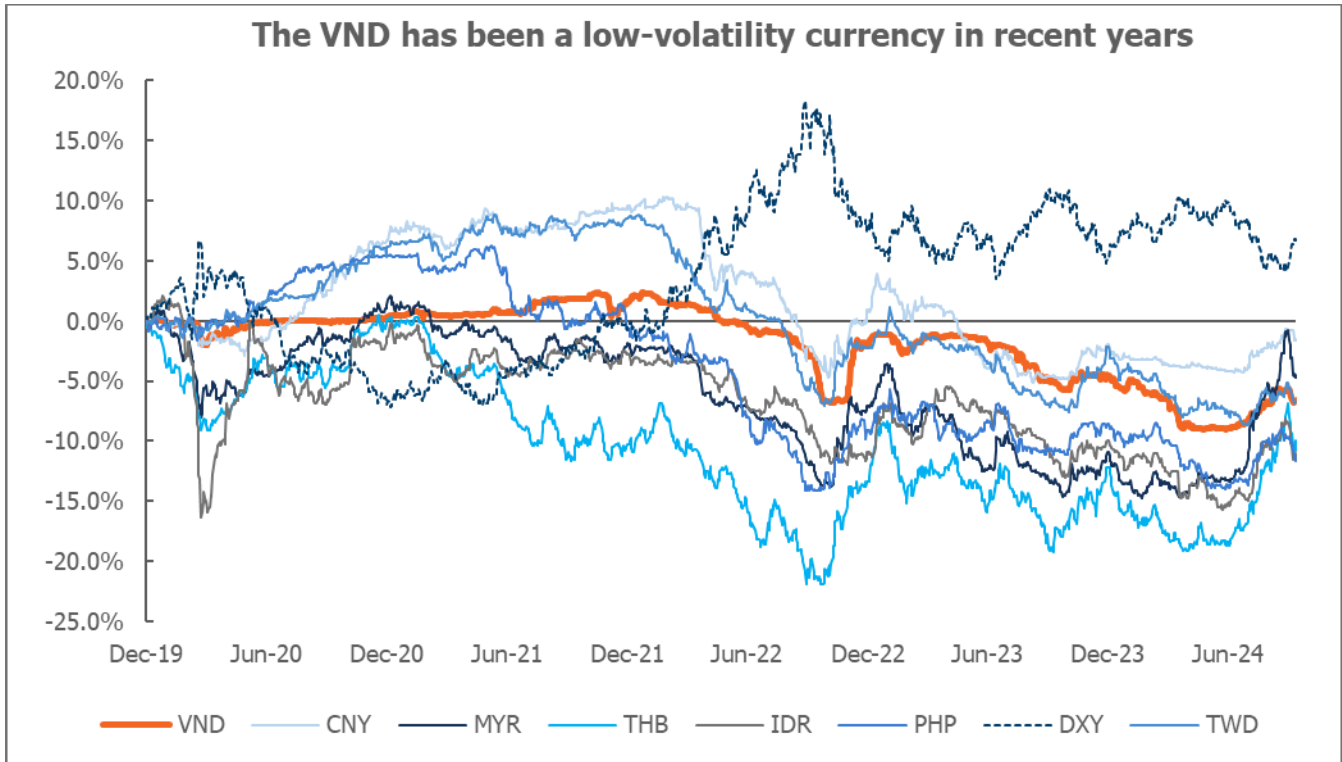
Source: Bloomberg, Yuanta Vietnam

The mainboard's 2024E PE is now 12.2x, based on Bloomberg consensus.

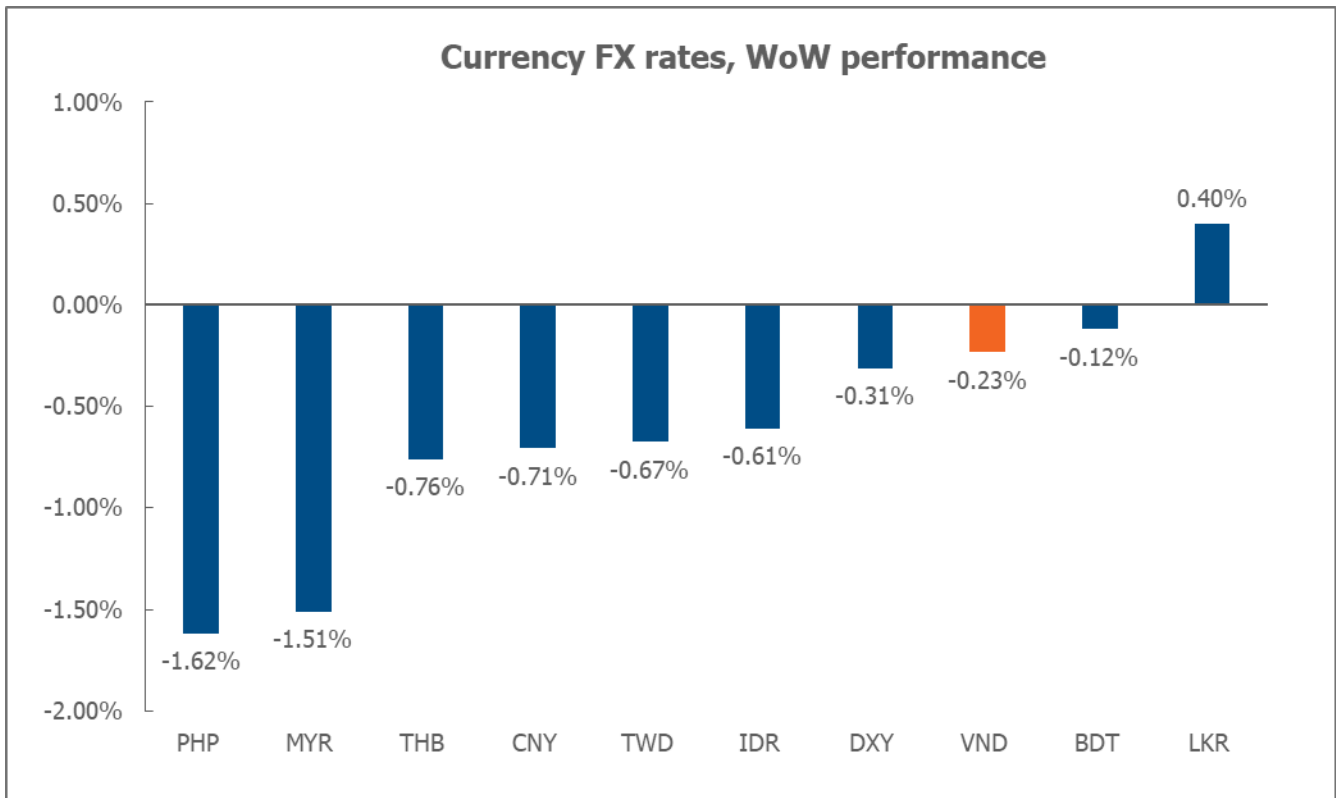
VNI -- Trailing PE ratio (x)



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



Source: Bloomberg, Yuanta Vietnam (Oct 11)

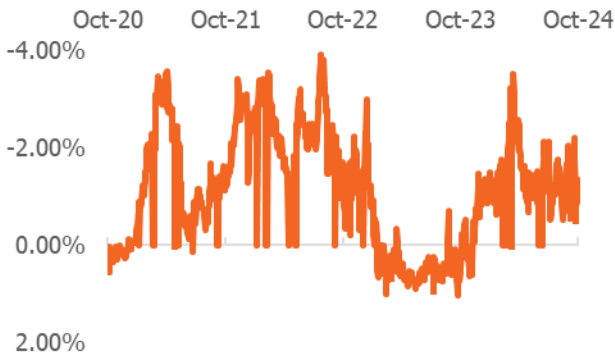


Source: Bloomberg, Yuanta Vietnam (Oct 11)

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

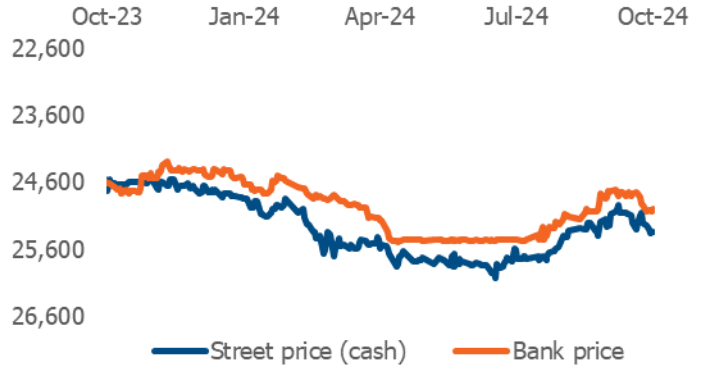
...as the official rate has recovered slightly since September, whereas the street price is flattish.

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

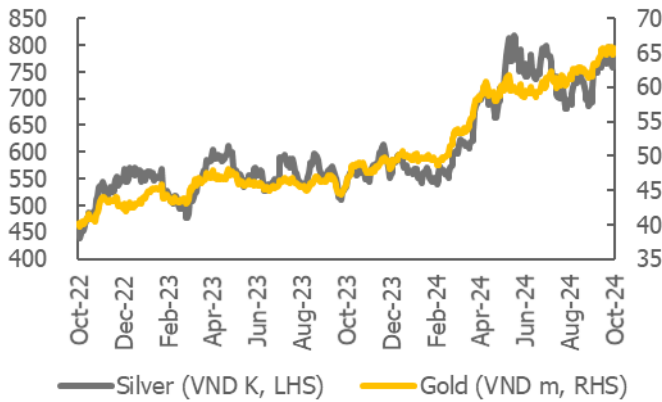


Source: FiinPro, Yuanta Vietnam

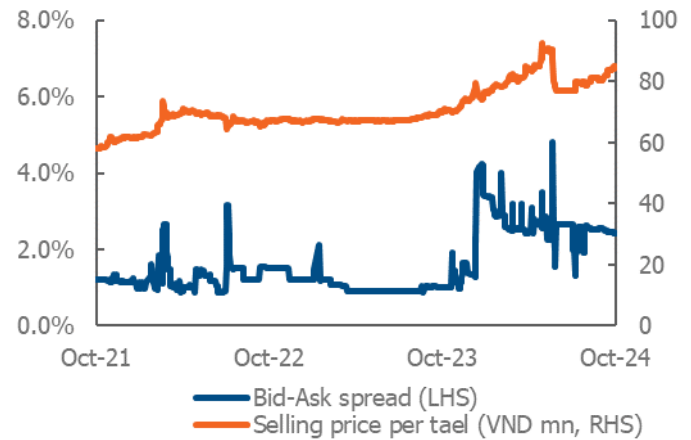
Global precious metals are gaining steam...

...but SJC has also increased its pricing.

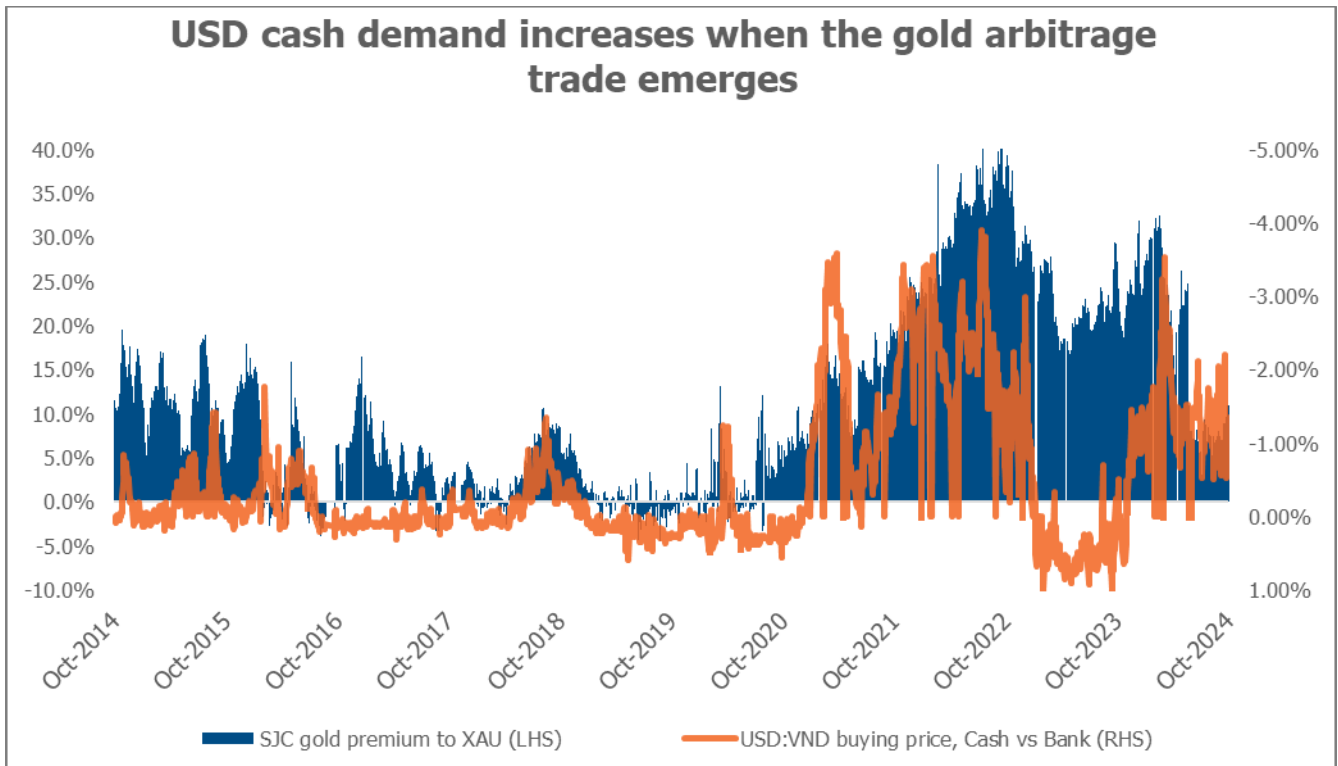
Precious metals in VND terms



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

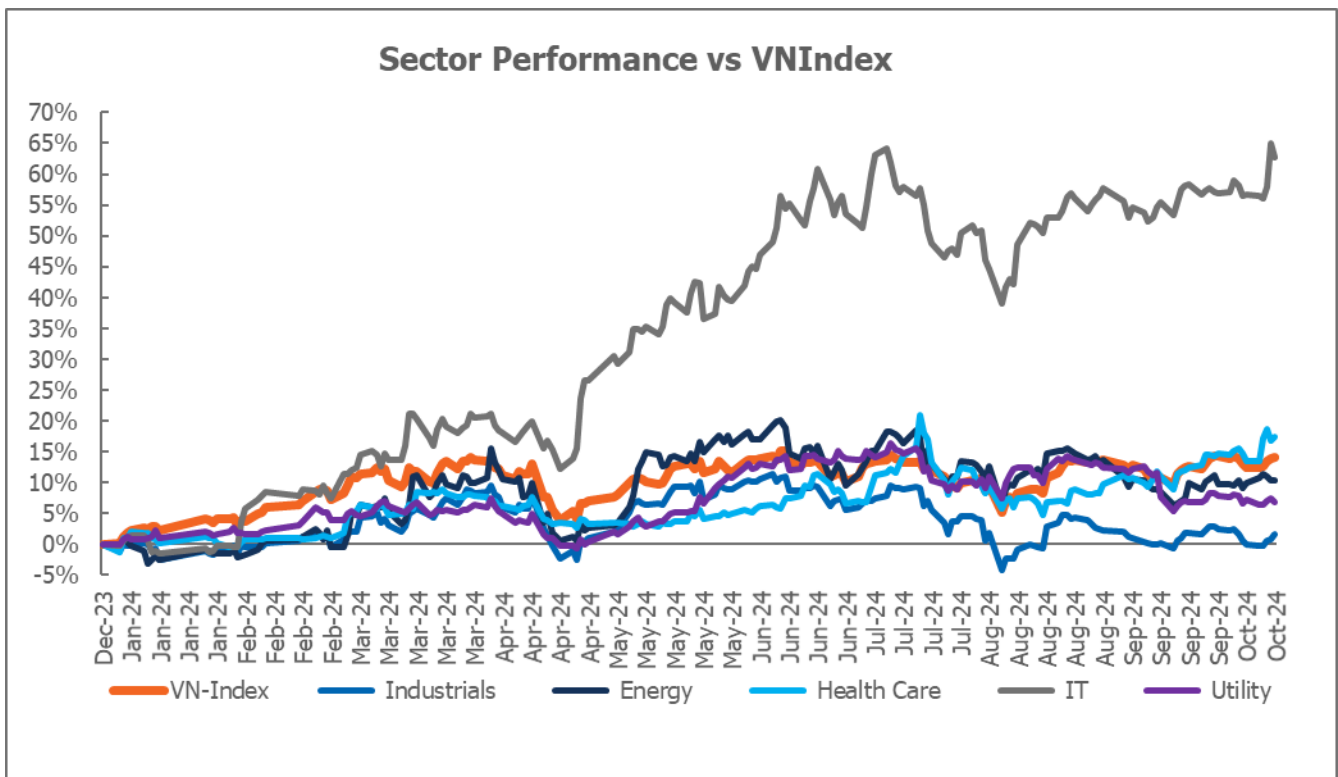
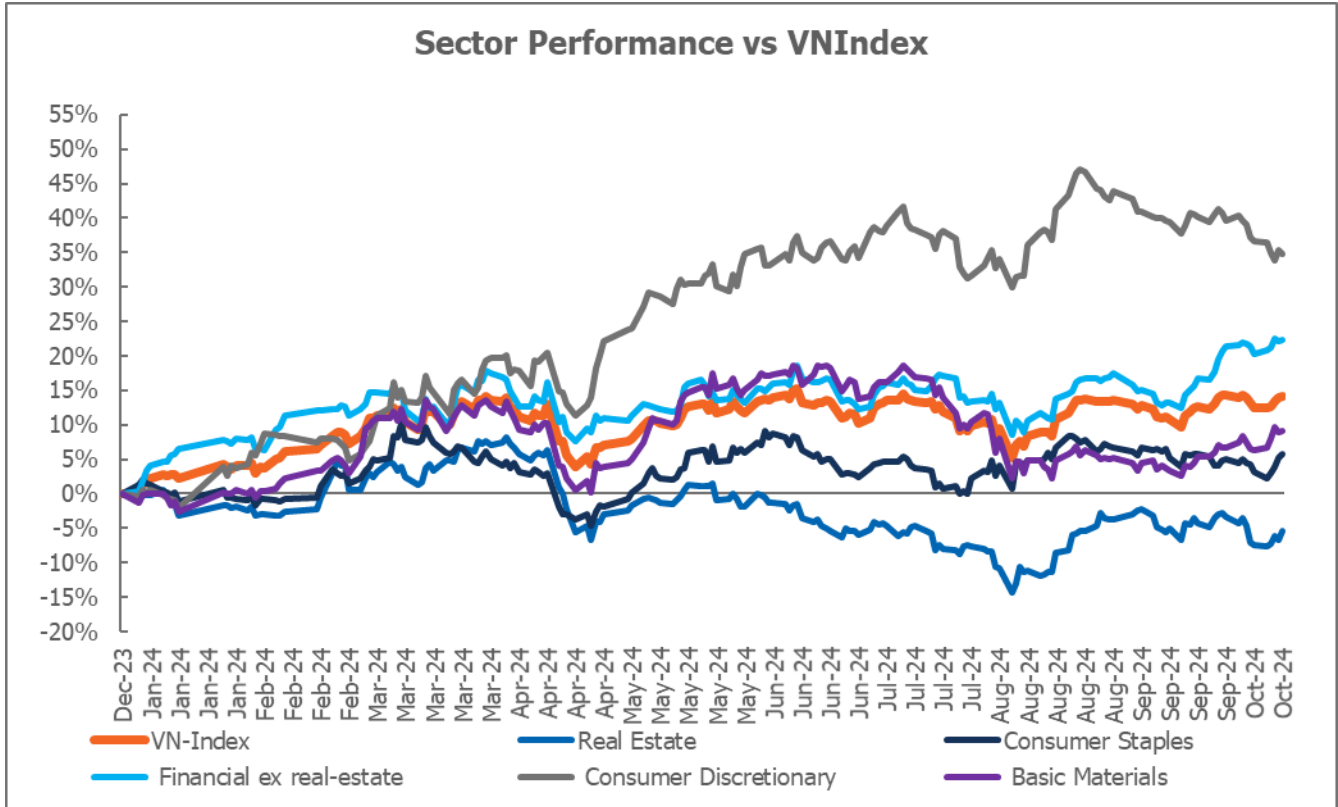


Source: FiinPro, Yuanta Vietnam



Source: FiinPro, Bloomberg, Yuanta Vietnam (Oct 11)

Sector performance YTD



Source: Bloomberg (Oct 11)

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	6.5	6.4	5.3	43.2	1.5	20.8	(14.5)	0.2	4.2	1.6	1.6	1.5	26.2	24.4	24.3	2.4	2.4	2.5
	BID VN	15.8	14.2	12.0	81.0	11.5	18.3	0.6	0.2	1.2	2.6	2.4	2.5	16.6	16.5	17.3	0.9	1.0	1.1
	HDB VN	8.9	7.9	6.1	28.2	13.0	29.4	(0.3)	0.3	0.6	1.9	2.4	1.9	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	0.6	0.4	2.3	1.5	1.6	1.5	24.3	23.1	23.4	2.7	2.5	2.5
	STB VN	12.6	9.4	6.6	63.8	35.0	41.1	0.7	0.2	0.3	2.1	1.9	1.6	13.8	16.1	18.9	0.9	1.2	1.5
	VCB VN	15.7	16.8	13.8	39.9	(6.5)	21.5	1.1	n/a	(2.6)	4.5	4.0	3.2	22.5	20.0	19.7	1.9	1.8	2.0
	VPB VN	7.6	14.3	10.9	54.0	(46.8)	31.8	(0.2)	n/a	(0.3)	1.0	1.8	1.4	19.1	8.3	10.5	2.9	1.2	1.7
Brokers	HCM VN	16.7	19.2	17.5	(32.8)	(12.7)	9.5	n/a	n/a	(1.5)	2.1	1.9	1.8	11.2	10.3	10.2	4.3	5.2	5.1
	SSI VN	18.4	12.2	11.4	(56.1)	51.3	6.7	n/a	(0.3)	0.2	1.7	1.9	1.8	12.2	14.2	13.6	4.3	6.3	6.3
	VCI VN	18.8	15.7	13.9	(55.7)	19.5	13.2	n/a	(0.3)	0.8	1.3	1.9	2.5	13.4	15.3	15.9	6.0	6.9	7.2
	VND VN	17.3	13.2	13.6	(65.1)	31.8	(3.5)	n/a	(0.3)	n/a	3.3	1.7	1.4	10.0	10.7	9.8	3.0	3.8	3.5
Energy	PVD VN	(133.1)	26.5	12.4	n/a	n/a	113.9	n/a	n/a	n/a	0.8	0.8	0.8	n/a	4.2	8.8	n/a	2.7	5.7
	NT2 VN	10.6	6.4	8.3	(14.6)	65.5	(23.0)	n/a	(0.7)	n/a	1.3	1.5	n/a	15.9	17.5	17.7	9.6	10.4	10.6
	PC1 VN	14.6	65.3	21.0	(31.9)	(77.6)	210.3	n/a	n/a	(0.8)	0.9	1.0	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	2.4	2.1	n/a	15.2	13.7	-	8.9	8.2	-
	PNJ VN	16.5	15.9	14.5	48.8	3.7	9.6	(1.4)	0.3	4.3	4.1	3.6	2.8	21.4	20.1	19.6	13.6	13.7	15.5
	DGW VN	8.5			17.8		-	1.2	n/a	n/a	2.0	1.8	n/a	18.4	18.4	-	7.1	7.1	-
	FRT VN	54.6	(71.0)	139.5	(12.0)	(177.0)	150.9	n/a	n/a	0.4	11.6	8.5	n/a	19.4	(19.1)	10.2	3.8	(2.5)	1.4
	MWG VN	23.0	561.3	27.0	(17.4)	(95.9)	1,979	n/a	n/a	(5.9)	2.9	4.6	n/a	17.1	0.7	13.0	7.3	0.3	5.7
Oil & GAS	POW VN	21.1	37.2	32.6	(9.3)	(43.4)	14.0	n/a	n/a	(0.9)	1.0	1.2	n/a	5.9	3.1	2.7	3.5	1.6	1.3
Property	KBC VN	5.0	3.6		91.0	40.0	-	0.0	0.1	n/a	1.4	1.3	n/a	22.0	26.0	-	10.0	12.0	-
	DXG VN	43.5	53.5		(81.7)	(18.6)	114.7	n/a	n/a	(2.9)	1.3	1.1	n/a	3.9	1.1	3.7	1.8	0.5	1.9
	KDH VN	24.4	41.7	22.3	(18.0)	(42.0)	87.0	n/a	n/a	(1.0)	2.7	2.4	2.3	10.0	5.0	9.0	6.0	3.0	5.0
	NLG VN	29.9	26.4	27.5	(57.0)	13.0	(4.0)	n/a	(0.5)	n/a	1.9	1.4	1.7	6.0	7.0	5.0	3.0	3.0	3.0
	NVL VN	-	-	-	18.3	53.3	-	-	-	n/a	0.4	0.3	0.3	10.6	14.8	-	2.4	3.4	-
	VHM VN	6.6	6.4	7.5	(20.0)	(1.0)	(16.0)	n/a	n/a	n/a	1.7	1.5	1.3	21.0	19.0	14.0	10.0	9.0	7.0
	VRE VN	15.5	10.5	10.5	111.4	48.7	(0.5)	(0.7)	0.1	n/a	1.5	1.4	1.3	8.7	12.2	11.0	6.9	9.5	8.7
Transport	ACV VN				-	-	-	n/a	n/a	n/a	5.9	5.0	n/a	11.0	12.6	-	5.2	5.3	-
Industrials	DHC VN	6.9	5.2	3.5	(22.1)	32.2	47.3	n/a	(0.3)	0.2	1.8	1.5	n/a	22.0	23.9	30.8	20.6	10.1	15.2
	BWE VN	11.8	9.4	6.7	17.0	24.9	41.7	0.3	0.7	0.4	2.5	2.3	n/a	18.8	20.6	25.5	8.6	10.6	14.7
Technology	FPT VN	36.6	30.1	26.1	22.9	21.6	15.3	(1.8)	1.6	1.4	5.9	5.9	7.0	22.7	23.4	27.1	10.1	11.6	13.3

Stock ratings and pricing data is as of close on Oct 11, 2024

Source: Bloomberg, Yuanta Vietnam

Appendix A: Important Disclosures

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