Weekly Market Roundup: A grim retrospective despite some positive news

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The week ending Feb 28 didn't end quickly enough, with the VNI being crushed along with global markets to close down 6% on the week. Breadth on the mainboard was horrible, with just 79 gainers and 282 losers. But the news wasn't all bad, as the SSC approved the "full FOL" VN Diamond ETF on Feb 27. Domestic investor front-running of the ETF's underlying shares may not materialize given the market panic. If such opportunism does not occur, the 14 stocks in the index might remain underpriced ahead of the ETF's HOSE listing, likely in May.

Weekly Index Performance

- **VNINDEX**: 882 (-5.5% WoW / -8.2% YTD / -8.6% YoY)
- **HNINDEX**: 110 (+1.4% WoW / +6.9% MoM / +3.5% YoY)
- **UPCOM Index**: 55 (-2.2% WoW / -2.7% MoM / -0.1% YoY)
- **Average daily turnover:** US$159 mn (+13% WoW)
- **Foreigners net sold** US$41.3 million of VNIndex constituents.
- **VND:USD rate: 23,236** (+5bp WoW, -27bps YTD, -16bps YoY)

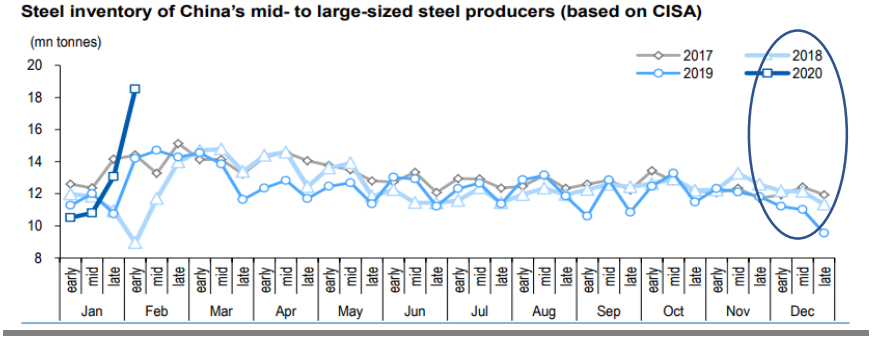
VN30 Components

Ticker	Closing price (VND K)	WoW chg	Cont to VN30 (WoW)	TTM PE (x)
VNM	104.5	-3.7%	-8%	19
TCB	22.3	-3.7%	-7%	8
VIC	105.4	-4.1%	-8%	46
VPB	27.2	-5.6%	-10%	8
HPG	22.4	-5.1%	-7%	9
VJC	121.9	-5.2%	-7%	16
MWG	106.5	-3.7%	-5%	12
VHM	80.4	-6.6%	-8%	12
FPT	55.1	0.7%	1%	13
MBB	20.4	-3.8%	-4%	6
VCB	82.4	-7.4%	-7%	16
MSN	49.0	-7.5%	-7%	10
STB	11.6	2.7%	2%	9
HDB	27.8	-2.1%	-2%	7
EIB	17.2	-0.6%	0%	24
NVL	53.5	-0.9%	-1%	15
PNJ	81.7	-2.5%	-1%	15
VRE	28.5	-7.2%	-3%	22
SAB	162.0	-10.3%	-5%	22
CTG	25.8	-0.4%	0%	10
BID	45.5	-8.1%	-2%	19
GAS	75.8	-11.2%	-3%	12
REE	34.1	-2.6%	-1%	6
SBT	21.7	-1.6%	0%	42
PLX	51.6	-2.3%	0%	15
SSI	15.9	-8.9%	-2%	9
POW	9.9	-8.4%	-2%	9
BVH	54.9	-6.2%	-1%	34
CTD	62.3	-6.9%	-1%	7
ROS	7.3	-14.6%	-1%	23

Source: Bloomberg, Yuanta Vietnam

A grim story. Every subsector declined WoW except IT and every member of the VN30 declined except for FPT (Not rated) which managed to climb by slightly less than 1%. The table at left presents the decidedly ugly results.

Yuanta Korea analyst Hyun-soo Yi published a timely analysis of China's steel inventory for Jan-Feb 2020. The inventory build-up is pertinent for Vietnam given 1) the implications for industry competition (Vietnam is China's second largest steel export market) and 2) the potential policy backlash (ahead of a US election) from steel product transshipment for tariff avoidance purposes (which presents a policy risk while adding close to zero value to Vietnam's economy).



Source: China Iron and Steel Association, Yuanta Korea

Outlook: Our 2020 VNI target of 1000 points no longer seems conservative. But positive policy expectations for 2021 may start to be discounted later this year, potentially driving a market rebound. We also think that stimulus in China and a resumption of infrastructure projects at home could be in the cards, with positive implications for a rebound in beaten-down sectors such as construction and O&G.

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	2019E Dividend yield	12-m TSR*
Banks	BIDV	BID VN	7,874	1.8	SELL	45,500	37,300	-18%	1.8%	-16%
	HD Bank	HDB VN	1,152	1.8	Hold-Underperform	27,800	30,970	11%	0.0%	11%
	MB Bank	MBB VN	2,060	4.7	BUY	20,400	28,694	41%	3.3%	44%
	Sacombank	STB VN	900	2.5	BUY	11,600	14,049	21%	0.0%	21%
	Vietcombank	VCB VN	13,150	3.0	Hold-Outperform	82,400	92,035	12%	1.0%	13%
	Vietnam Prosperity Bai	VPB VN	2,853	2.9	BUY	27,200	25,530	-6%	0.0%	-6%
Brokers	HCM City Securities	HCM VN	225	0.9	BUY	17,150	29,931	75%	5.5%	80%
	Saigon Securities	SSI VN	354	1.2	Hold-Underperform	15,900	23,525	48%	6.0%	54%
	Viet Capital Securities	VCI VN	184	0.1	Hold-Outperform	26,000	32,437	25%	4.8%	30%
	VNDirect Securities	VND VN	121	0.1	BUY	13,500	13,231	-2%	4.4%	2%
Energy	PV POW	POW VN	993	0.9	BUY	9,850	17,457	77%	3.0%	80%
	PV NT2	NT2 VN	244	0.2	Hold-Outperform	19,700	29,195	48%	10.2%	58%
	PCC1	PC1 VN	98	0.2	BUY	14,350	24,092	68%	0.0%	68%
Consumer	Masan Group	MSN VN	2,465	2.8	BUY	49,000	84,143	72%	0.0%	72%
	Phu Nhuan Jewelry	PNJ VN	792	2.2	Hold-Underperform	81,700	86,300	6%	2.4%	8%
	Digiworld	DGW VN	45	0.5	Hold-Outperform	25,200	31,574	25%	4.7%	30%
Oil & GAS	PV Drilling	PVD VN	213	1.6	BUY	11,750	19,896	69%	0.0%	69%
Property	Nam Long	NLG VN	269	0.5	BUY	25,000	36,400	46%	2.0%	48%
	Novaland	NVL VN	2,232	0.9	Hold-Ourperform	53,500	65,073	22%	0.0%	22%
	Khang Dien	KDH VN	575	0.3	BUY	24,550	31,081	27%	2.0%	29%
	Vinhomes	VHM VN	11,380	3.8	BUY	80,400	94,862	18%	1.2%	19%
Transport	Airports Corp Vietnam	ACV VN	4,806	0.2	Hold-Underperform	51,300	76,400	49%	1.8%	51%

*Note: TSR = Total shareholder return over the next 12 months inclusive of expected share price change and dividends.
Pricing data as of close on Feb 28, 2020.
Source: Bloomberg, Yuanta Vietnam

News and Macro Musings – Select items that caught our eye last week.

16 coronavirus cases reported in Vietnam (no additional cases during the week) with 100% reported recovery rate. The authorities have garnered well-deserved plaudits from the World Health Organization and **international media** for their rapid and effective response to (so far) effectively contain the outbreak. Targeted bans on entry of persons who have recently travelled through **areas of COVID-19 concentration overseas** were broadened to include the impacted areas of Korea last week.

The tourism / travel industry is hurting, with the loss of Chinese tourists exacerbated by the spreading virus **in Korea**, the second largest source of foreign tourist numbers (measured by individual travellers) to Vietnam. **Aviation officials report a 40% YoY decline in international passengers** during February, with overall passengers (including domestic) down 14% YoY. In response, Vietjet (VJC VN, Not rated) is promoting **"green, eco-friendly"** 50%-discounted flights, which has drawn **attention from international environmental groups**. Our take: budget airlines jammed full of passengers should be relatively eco-efficient on a per-passenger carbon-mile basis. In addition, any publicity is good publicity for this beleaguered industry.

The **Customs Department reported a small trade deficit** in the first two weeks of February. In the Jan 1 – Feb 14 period, which encompassed the Tet (Lunar New Year) holiday for both years, exports rose by 5.4% YoY while imports fell by 1.3% YoY, for a minor trade deficit of US$410 million. The FDI sector accounted for two thirds of YTD exports and 58% of imports, with the FDI segment contributing a US$2.0 bn trade surplus. Our sense is that the full effects of China's upstream manufacturing difficulties are not yet reflected in the YTD numbers. **Border trade with China reportedly remains slow**.

Recent Institutional Research Publications

Tien Phong Bank (TPB, Not rated): Near-term catalysts from new ETF and buybacks (Feb 28)

Strategy: SSC approves VN Diamond ETF (Feb 27)

TCB (Not rated): Analyst meeting takeaways (Feb 27)

Banks Sector: SBV Orders Banks to Ease Repayment Terms Amid COVID-19 (Feb 25)

Weekly Market Wrap: Diamonds in the rough (Feb 24)

PC1 Initiation (BUY): Leveraged to the energy value chain (Feb 21)

Yuanta Asia Regional Monthly Strategy View (Feb 20)

VNM (Not Rated): Conference call takeaways (Feb 20)

NVL (HOLD-O/P): Meeting takeaways – Calamity is Man's True Touchstone (Feb 19)

BIDV (BID VN, Downgrade to SELL): Enough is enough (Feb 14)

Oil and Gas Sector: Oil Price Spike To Lift Vietnam O&G stocks (Feb 14)

Strategy: 4Q19 margin lending hit a 4-year high (Feb 13)

Weekly Market Wrap: Volatility on the rise (Feb 10)

Banks Sector: 4Q19 CAMEL update (Feb 7)

Sabeco (SAB VN, Not Rated) analyst conference takeaways (Feb 7)

Oil & Gas Sector: Risks have risen but we remain bullish (Feb 6)

Strategy: Coronavirus & the market sell-off (Feb 4)

PV Power (POW VN, BUY): +30% YoY PAT growth in 2019, despite provisioning loss

Vinhomes (VHM VN, BUY): Analyst call takeaways: 4Q19 PBT +78% YoY; 2020 outlook is solid (Jan 31)

Masan (MSN VN, HOLD-Outperform): A top-line miss and bottom-line beat in 2019 (Jan 31)

Petrovietnam Nhon Trach 2 (NT2 VN, HOLD-Outperform): Preliminary 2019 earnings -3% YoY (Jan 20)

Strategy: Diamonds back in style in 1Q20 (Jan 20)

Asia Commercial Bank (ACB VN, Not rated): Analyst meeting takeaways (Jan 16)

Vietnam Prosperity Bank (VBP, BUY) Initiation: Regulatory fears are overdone (Jan 15)

Masan (MSN, HOLD-O/P): Vincommerce deal conference call takeaways (Jan 10)

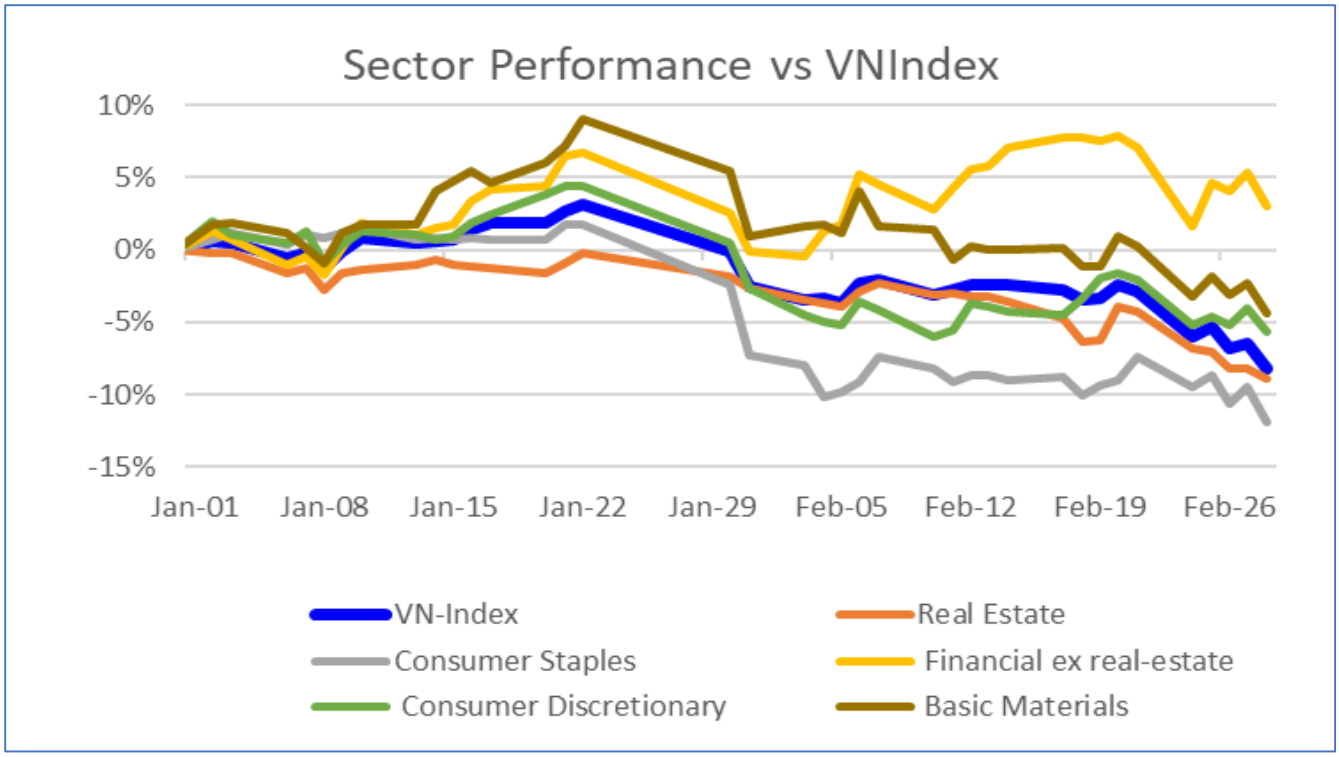
VCB (VCB VN, HOLD-O/P): 2019 preliminary PBT beat our forecast by 8% (Jan 10)

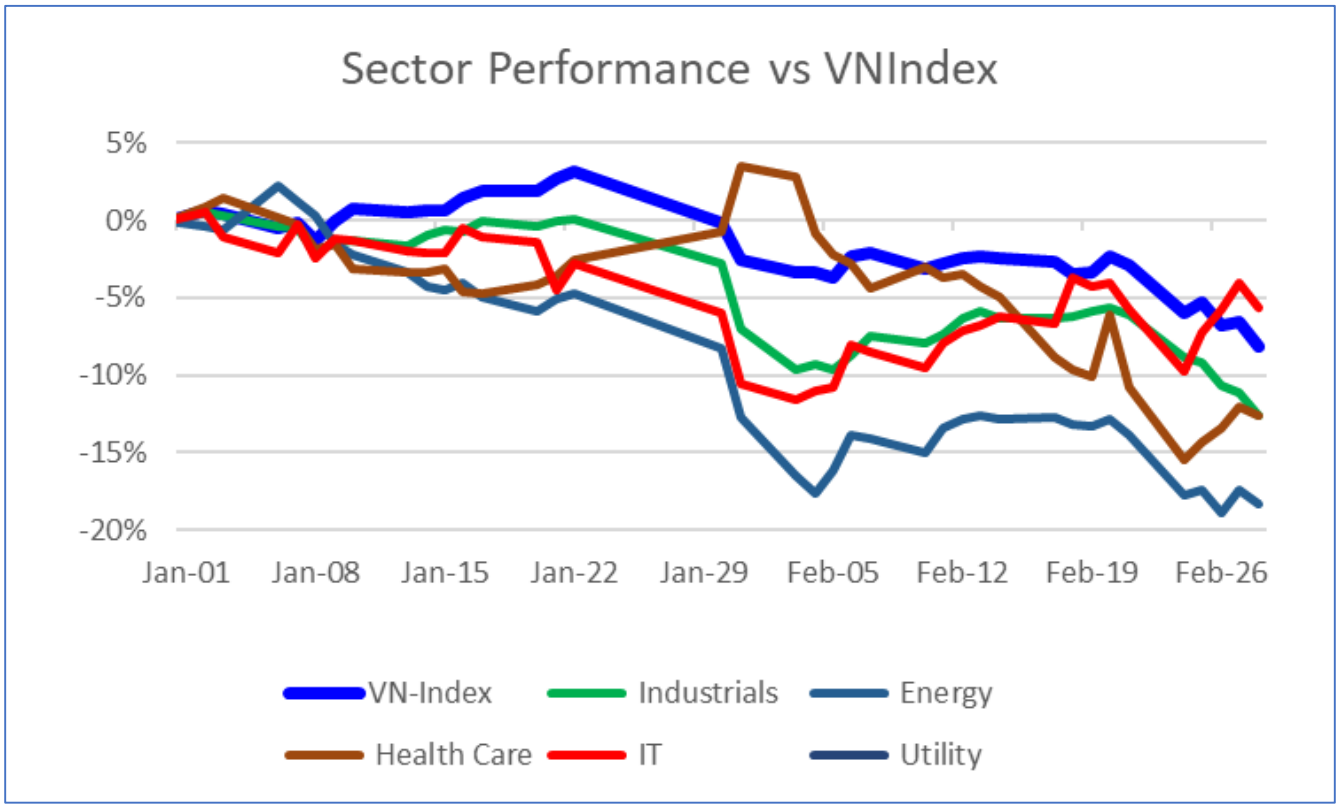
BID (BID VN, HOLD-O/P): Preliminary 4Q19 PBT +61% QoQ / +69% YoY (Jan 9)

Vietnam Macro: Takeaways from the Banking University of HCMC forum (Jan 7)

Phu Nhuan Jewelry (PNJ VN, HOLD-O/P): Surging gold price --What is the impact? (Jan 6)

Strategy: Oil price spike is positive for O&G, negative for airlines (Jan 6)





Source: Bloomberg

Yuanta Universe: Valuations and ratings

Sector	Stock Code	PER (x)			EPS Growth (%)			PEG (x)			PBV (x)			ROE (%)			ROA (%)		
		2018A	2019F	2020F	2018A	2019F	2020F	2018A	2019F	2020F	2018A	2019F	2020F	2018A	2019F	2020F	2018A	2019F	2020F
Banks	BID VN	27.9	25.6	21.9	8.9	9.1	16.5	3.1	2.8	1.3	2.8	2.4	2.2	11.4	10.5	10.9	0.44	0.47	0.52
	HDB VN	9.1	8.3	6.9	48.1	10.5	20.1	0.2	0.8	0.3	1.6	1.6	1.5	18.0	19.4	22.5	1.40	1.49	1.64
	MBB VN	7.2	5.8	4.9	72.1	25.1	18.1	0.1	0.2	0.3	1.3	1.1	0.9	19.2	20.8	20.8	1.81	2.05	2.19
	STB VN	14.9	10.1	8.7	40.8	47.1	15.5	0.4	0.2	0.6	0.8	0.8	0.7	5.9	8.1	8.6	0.36	0.49	0.52
	VCB VN	23.0	19.9	12.7	79.7	15.7	56.0	0.3	1.3	0.2	4.8	3.8	3.1	22.5	21.2	26.7	1.22	1.31	1.82
	VPB VN	9.0	8.8	6.9	7.2	2.5	27.8	1.2	3.5	0.2	1.9	1.7	1.3	22.8	20.3	21.5	2.45	2.17	2.40
Brokers	HCM VN	3.6	14.6	10.1	26.1	(75.4)	44.5	0.1	(0.2)	0.2	1.7	1.2	1.1	23.1	10.6	12.5	10.39	5.89	7.03
	SSI VN	7.0	9.4	7.7	3.1	(25.3)	21.6	2.2	(0.4)	0.4	0.9	0.9	0.8	14.8	9.3	10.7	5.69	3.41	3.62
	VCI VN	4.5	6.9	7.2	(1.2)	(33.9)	(3.8)	(3.7)	(0.2)	(1.9)	1.2	1.0	0.9	24.7	16.3	14.1	12.51	8.46	6.87
	VND VN	7.4	8.7	8.7	(22.4)	(14.9)	0.2	(0.3)	(0.6)	46.5	1.0	0.9	0.8	13.7	11.3	10.4	3.83	2.95	2.56
Energy	PVD VN	25.1	48.8	15.4	336.8	(48.7)	218.0	0.1	(1.0)	0.1	0.4	0.4	0.3	1.4	0.7	2.3	0.92	0.49	1.58
	NT2 VN	7.5	7.9	7.6	(2.9)	(5.2)	3.9	(2.6)	(1.5)	2.0	1.5	1.5	1.5	18.0	19.6	19.9	8.31	8.79	10.29
	PC1 VN	4.4	6.4	4.2	120.5	(32.1)	52.4	0.0	(0.2)	0.1	0.7	0.6	0.5	14.3	10.2	14.4	6.82	4.78	6.65
Consumer	MSN VN	10.7	11.8	11.2	67.2	(9.2)	5.6	0.2	(1.3)	2.0	1.9	1.7	1.5	20.7	15.2	14.0	8.78	7.31	7.19
	PNJ VN	15.3	17.7	14.3	(17.2)	(13.6)	24.4	(0.9)	(1.3)	0.6	3.6	3.0	2.4	28.7	27.5	27.9	17.79	17.79	16.93
	DGW VN	9.3	7.4	6.0	37.4	24.5	23.3	0.2	0.3	0.3	1.3	1.2	1.1	15.2	17.1	18.9	5.80	6.12	7.13
Oil & GAS	POW VN	12.0	9.3	7.2	(14.0)	29.6	29.0	(0.9)	0.3	0.2	0.9	0.9	0.9	7.0	9.1	11.1	3.24	4.44	5.97
Property	NLG VN	7.1	10.1	6.5	17.7	(29.6)	54.4	0.4	(0.3)	0.1	1.1	1.1	1.0	16.8	12.9	16.9	9.28	6.66	10.00
	NVL VN	15.5	20.3	16.4	10.0	(23.3)	23.8	1.6	(0.9)	0.7	2.5	2.5	2.5	10.2	11.2	11.1	3.12	3.42	3.33
	KDH VN	14.0	16.6	12.1	40.0	(15.8)	37.0	0.3	(1.1)	0.3	1.5	1.8	1.6	11.7	11.9	14.5	7.92	7.45	8.88
	VHM VN	17.7	14.7	11.5	93.7	20.4	27.1	0.2	0.7	0.4	5.6	4.2	3.2	30.7	30.0	28.7	12.35	11.56	11.88
Transportatio	ACV VN	19.0	18.1	16.7	55.1	5.0	8.3	0.3	3.6	2.0	3.5	3.1	2.7	21.2	20.7	18.8	11.97	12.13	11.39

Pricing data as of close on Feb 28, 2020.

Source: Bloomberg, Yuanta Vietnam

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