

Weekly Market Roundup: Cold Comfort – Outperforming in a bear market

Matthew Smith, CFA

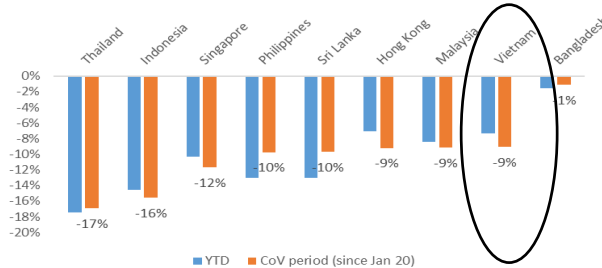
Head of Research

+84 28 3622 6868

matthew.smith@yuanta.com.vn

Berkshire Hathaway’s Charlie Munger was asked in February for advice for graduates embarking on careers in finance. His answer: “Lower your expectations.” This directive seems wise for many human endeavors in 2020. The global manufacturing supply shock appears to be shifting to a demand shock, as exogenous risks continue to pressure the market. However, Vietnam at least offers the cold comfort of outperforming relative to ASEAN peers in what we see as a bear market.

Stock market performance (in USD terms)



Weekly Performance

- **VNINDEX:** 891 (+1.0% WoW / -7.2% YTD / -10.4% YoY)
- **HNINDEX:** 114 (+3.7% WoW / +10.9% YTD / +4.8% YoY)
- **UPCOM Index:** 55 (+0.7% WoW / -2.0% YTD / -1.1% YoY)
- **Average daily turnover:** US\$178 mn (+7% WoW)
- **Foreigners net sold** US\$41.5 million of VNIndex constituents.
- **VND:USD rate:** 23,206 (+15bp WoW, -14bps YTD, -3bps YoY)

VN30 Components

Ticker	Closing price (VND K)	WoW chg	Cont to VN30 (WoW)	TTM PE (x)
BID	46.9	3.0%	6%	19
BVH	55.1	0.4%	0%	34
CTD	70.0	12.4%	8%	8
CTG	25.8	0.2%	0%	10
EIB	17.2	0.0%	0%	24
FPT	54.0	-2.0%	-16%	13
GAS	77.5	2.2%	4%	13
HDB	28.0	0.7%	4%	8
HPG	22.4	0.2%	2%	9
MBB	20.7	1.2%	9%	6
MSN	54.4	11.0%	75%	11
MWG	103.1	-3.2%	-26%	12
NVL	54.0	0.9%	4%	15
PLX	49.7	-3.7%	-5%	14
PNJ	80.7	-1.2%	-5%	15
POW	10.1	2.5%	3%	9
REE	32.0	-1.5%	-2%	6
ROS	7.4	1.2%	1%	24
SAB	162.6	0.4%	1%	22
SBT	20.1	-7.2%	-10%	40
SSI	16.7	5.0%	7%	9
STB	12.3	5.6%	33%	9
TCB	22.1	-0.9%	-12%	8
VCB	84.5	2.5%	17%	17
VHM	80.9	0.6%	5%	12
VIC	105.0	-0.4%	-5%	46
VJC	120.5	-1.1%	-10%	15
VNM	104.2	-0.3%	-4%	19
VPB	27.5	1.1%	14%	8
VRE	28.5	0.0%	0%	23

Source: Bloomberg, Yuanta Vietnam

Cold comfort: Outperforming in a bear market. Vietnam stocks have delivered the second best performance in USD terms among regional markets (see chart at upper left), with the VND standing out in the region for its relative stability. We were gratified to see the big gains from consumer stalwart MSN (BUY) which may finally be benefiting from its status as a key consumer staples supplier. Other index outperformers include CTD (N/R) and STB (BUY).

Sector scuttlebutt: Property analyst Tam Nguyen checks in with details on a property project launched in HCMC last week. The reported unit pricing appears to be rather high given the project’s distance (18km) from the CBD. See Page 2 for the details.

Regional view: Yuanta Macroeconomist Chen-Hui Yen’s [analysis](#) of Taiwan February PMIs among IT manufacturers may provide insight on the supply shock for electronics manufacturers in Vietnam.

We think the demand/supply shock from China (and also Korea) is likely to persist for a while, and we are now more concerned about a more globalized demand shock. As such, we expect continued near-term volatility for Vietnam equities. Longer term, we agree with the consensus that recent events reinforce the need to diversify manufacturing, and Vietnam will remain a key beneficiary of this trend.

We remain positive on the market outlook for 2021 and beyond, despite the short term external headwinds. This implies a potential bottom, perhaps in September/October, for the Vietnam market overall. More specifically, we believe that the full-FOL shares comprising the VN Diamond Index could remain irrationally cheap into the ETF’s launch in May due to the virus, potentially providing an attractive entry opportunity for investors who can tolerate the volatility.

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	2019 Dividend yield	12-m TSR*
Banks	BIDV	BID VN	8,120	1.9	SELL	46,850	37,300	-20%	1.7%	-19%
	HD Bank	HDB VN	1,161	1.8	Hold-Underperform	28,000	30,970	11%	0.0%	11%
	MB Bank	MBB VN	2,146	4.9	BUY	20,650	28,694	39%	3.3%	42%
	Sacombank	STB VN	952	3.2	BUY	12,250	14,049	15%	0.0%	15%
	Vietcombank	VCB VN	13,505	3.1	Hold-Outperform	84,500	92,035	9%	1.0%	10%
	Vietnam Prosperity Bai	VPB VN	2,889	3.2	BUY	27,500	25,530	-7%	0.0%	-7%
Brokers	HCM City Securities	HCM VN	239	0.9	BUY	18,150	29,931	65%	5.2%	70%
	Saigon Securities	SSI VN	373	1.2	Hold-Underperform	16,700	23,525	41%	5.7%	47%
	Viet Capital Securities	VCI VN	188	0.0	Hold-Outperform	26,600	32,437	22%	4.7%	27%
	VNDirect Securities	VND VN	124	0.1	BUY	13,750	13,231	-4%	4.4%	1%
Energy	PV POW	POW VN	1,019	1.0	BUY	10,100	17,457	73%	3.0%	76%
	PV NT2	NT2 VN	247	0.2	Hold-Outperform	19,900	29,195	47%	10.1%	57%
	PCC1	PC1 VN	102	0.2	BUY	14,850	24,092	62%	0.0%	62%
Consumer	Masan Group	MSN VN	2,740	2.7	BUY	54,400	84,143	55%	0.0%	55%
	Phu Nhuan Jewelry	PNJ VN	783	2.3	Hold-Underperform	80,700	86,300	7%	2.5%	9%
	Digiworld	DGW VN	49	0.5	Hold-Outperform	27,350	31,574	15%	4.3%	20%
Oil & GAS	PV Drilling	PVD VN	222	1.6	BUY	12,250	19,896	62%	0.0%	62%
Property	Nam Long	NLG VN	282	0.5	BUY	26,200	36,400	39%	1.9%	41%
	Novaland	NVL VN	2,256	1.0	Hold-Ourperform	54,000	65,073	21%	0.0%	21%
	Khang Dien	KDH VN	575	0.3	BUY	24,500	31,081	27%	2.0%	29%
	Vinhomes	VHM VN	11,468	2.9	BUY	80,900	94,862	17%	1.2%	18%
Transport	Airports Corp Vietnam	ACV VN	5,741	0.2	Hold-Underperform	61,200	76,400	25%	1.5%	26%

*Note: TSR = Total shareholder return over the next 12 months inclusive of expected share price change and dividends.

Pricing data as of close on Mar 6, 2020.

Source: Bloomberg, Yuanta Vietnam

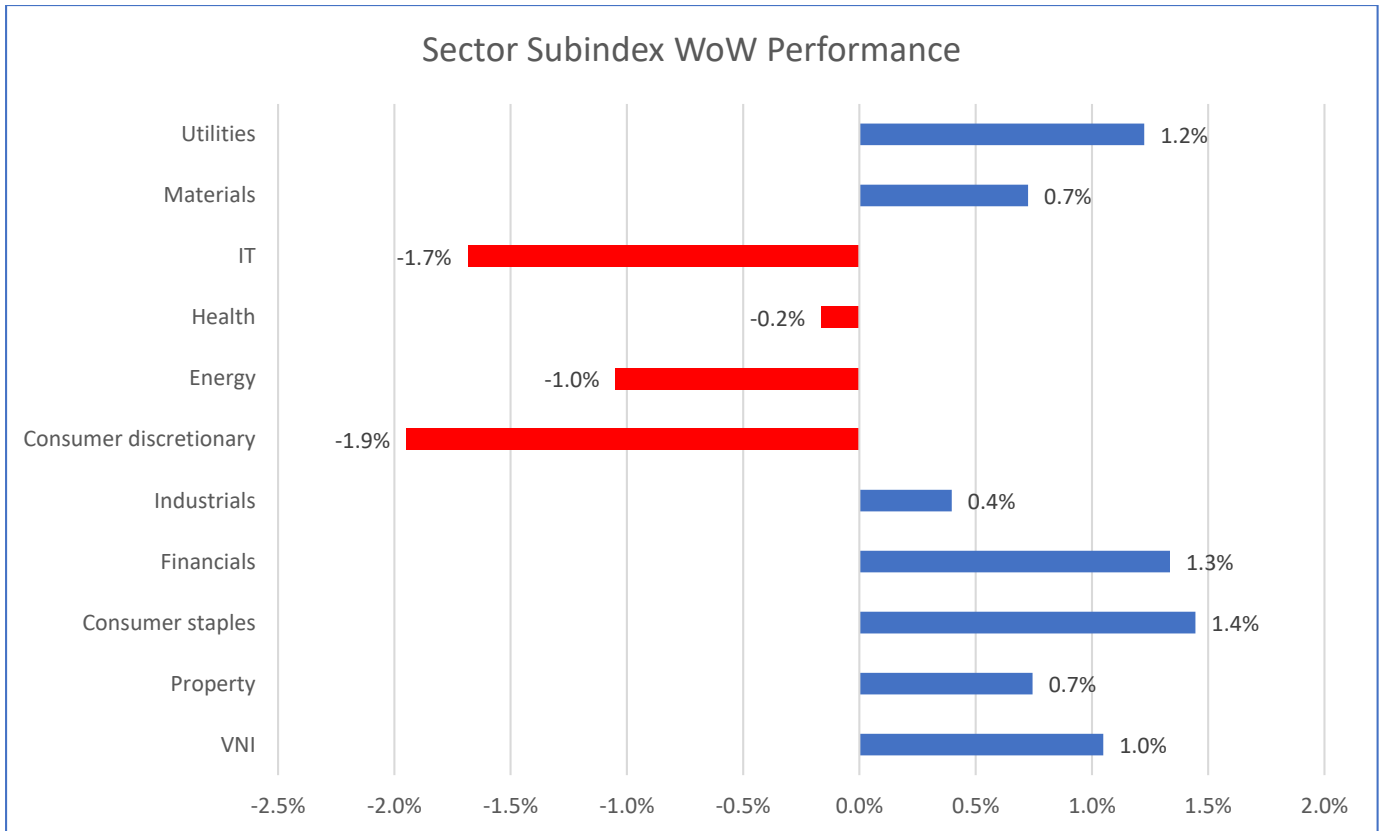
Sector Scuttlebutt: HCMC residential property

Property analyst Tam Nguyen spoke with several real estate broker contacts last week following An Gia Group's (AGG VN, Not Rated) March 5 launch of West Gate Park, a new residential project in Ho Chi Minh City's outlying Binh Chanh District.

Comprising 3.1ha, West Gate Park is located a long way from the downtown HCMC area (around 18km). However, the ASPs per square meter for West Gate Park units range from VND32.5mn to VND34.5mn (US\$1,395-1,481), higher than the initially planned VND30mn (note: all prices exclude VAT).

Tam reckons this ASP to be pricey vs. other outlying projects. At nearly 12.8km from the city center, the ASP of Akari City -- a Nam Long project (NLG VN, BUY) -- is around VND33mn. In other words, West Gate appears to be obtaining the same prices as Akari City despite its more remote location. In addition, the ASP of Lovera Vista -- a Khang Dien project (KDH VN, BUY) , which is nearly 14.8km from the city center, is around VND31.5mn.

If the transaction of West Gate Park is traded actively in the secondary market, Tam believes that developers will adopt it as a new benchmark for pricing in the west area of HCMC. Whether that actually happens remains a major "if".



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

Vietnam's [industrial production index expanded 6.2%](#) in the first two months of the year (down from 9.2% in 2019). Reuters reported on the [Korea supply constraints](#) (of components and people) for Vietnamese electronics manufacturing. Meanwhile, [Google may move Pixel production from China to Vietnam](#).

[Vietnam hosted 1.24 million tourists](#) in February (-38% MoM / -22% YoY), with Chinese tourist numbers falling by 62% YoY during the month.

[China's February PMIs were horrible](#), but is a recovery already under way? Xinhua reports that [45% of China's SMEs had resumed operations](#) as of last week, up from 33% the previous week. But Caixin [cast doubt](#) on this rosy story, which at least partially reflects gamed energy consumption figures. In our view, the story is shifting from a supply shock (China's shutdown) to weakening demand as the coronavirus spreads globally.

[Over 1000 containers were waiting to cross the border into China](#) as of March 3. [Steelmakers are in pain, largely on input supply interruptions](#). Meanwhile, Vietnam's antivirus campaign has also drawn global plaudits for its soft power aspects, especially the [very danceable public health promotion](#) to encourage frequent handwashing.

[Vietnam committed to purchases of US\\$3bn in agricultural products from the USA](#), or more specifically from Nebraska, over the next 2-3 years. US Customs data indicate a \$56bn trade deficit (+42% YoY) with Vietnam in 2019. [A US aircraft carrier and cruiser docked in Danang](#) in an official port call to mark the 25th anniversary of normalized relations. US naval vessels have been visiting Vietnam since 2004, but this is only the second aircraft carrier.

[The SSC is considering allowing margin finance for UCom stocks and reduced derivatives fees.](#)

Recent Institutional Research Publications

[Property: Positive Policy Changes -- Every little bit helps \(Mar 5\)](#)

[GKM \(Not rated\): Meeting takeaways – New product to sustain margins? \(Mar 4\)](#)

[Weekly Market Wrap: A grim story but a silver lining \(Mar 2\)](#)

[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 \(Jan 10\)](#)

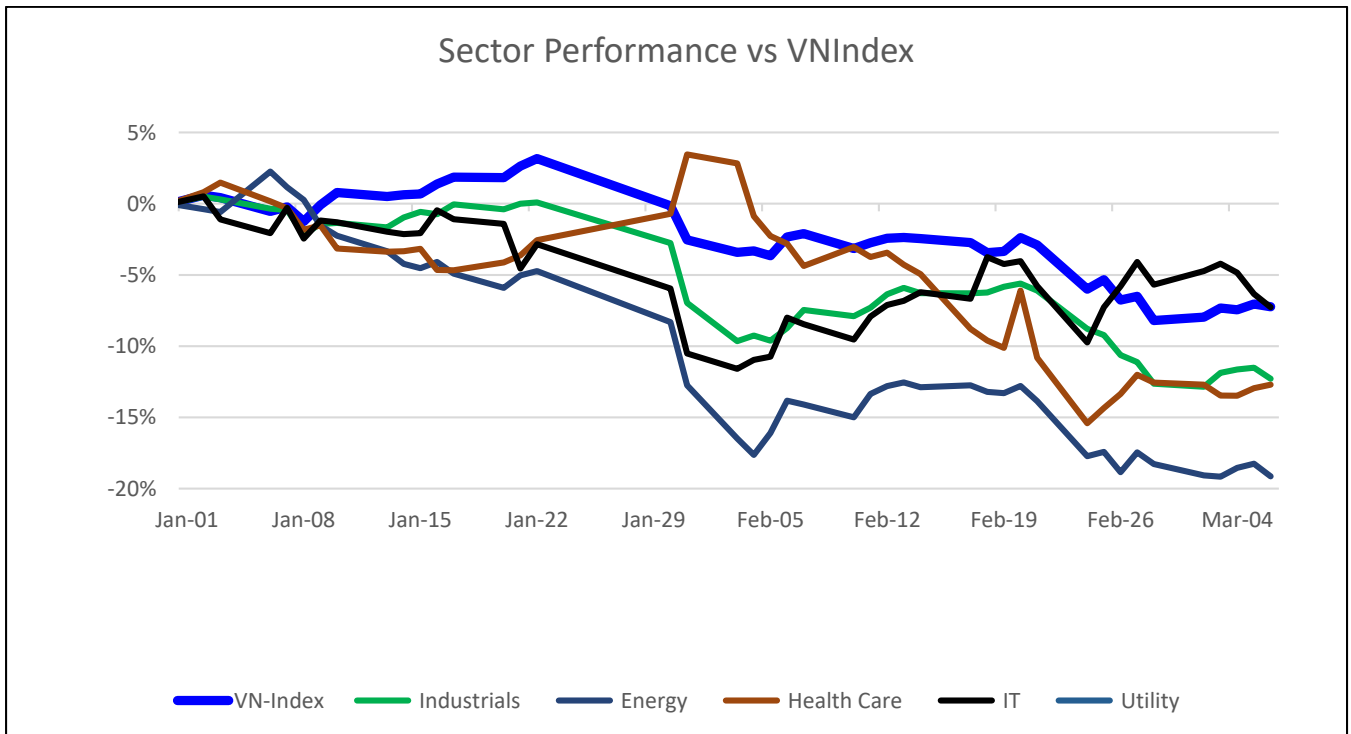
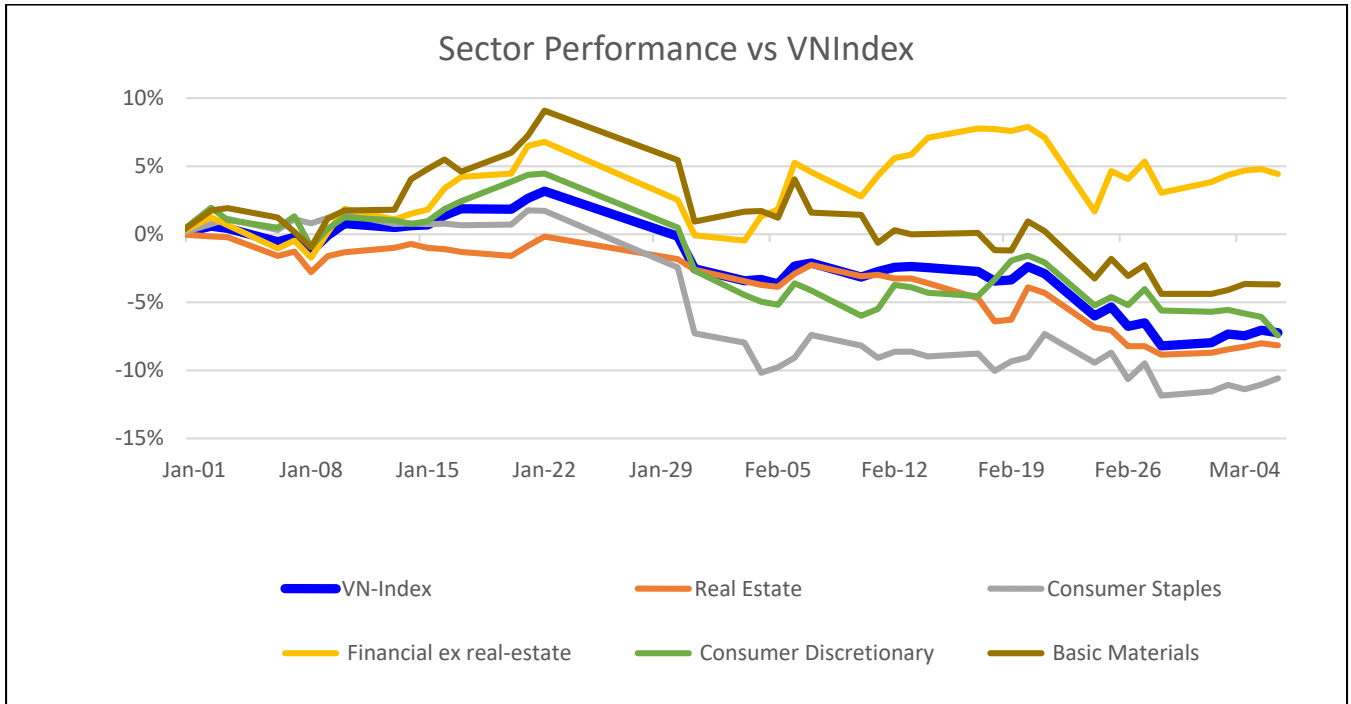
[VCB \(VCB VN, HOLD-O/P\): 2019 preliminary PBT beat our forecast by 8% \(Jan 10\)](#)

[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	28.7	26.3	22.6	8.9	9.1	16.5	3.2	2.9	1.4	2.9	2.4	2.3	11.4	10.5	10.9	0.44	0.47	0.52
	HDB VN	9.2	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	7.3	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	15.7	10.7	9.2	40.8	47.1	15.5	0.4	0.2	0.6	0.9	0.8	0.8	5.9	8.1	8.6	0.36	0.49	0.52
	VCB VN	23.6	20.4	13.1	79.7	15.7	56.0	0.3	1.3	0.2	4.9	3.9	3.1	22.5	21.2	26.7	1.22	1.31	1.82
	VPB VN	9.1	8.9	6.9	7.2	2.5	27.8	1.3	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	3.8	15.4	10.7	26.1	(75.4)	44.5	0.1	(0.2)	0.2	1.8	1.3	1.2	23.1	10.6	12.5	10.39	5.89	7.03
	SSI VN	7.3	9.8	8.1	3.1	(25.3)	21.6	2.3	(0.4)	0.4	0.9	0.9	0.8	14.8	9.3	10.7	5.69	3.41	3.62
	VCI VN	4.7	7.0	7.3	(1.2)	(33.9)	(3.8)	(3.8)	(0.2)	(1.9)	1.2	1.1	1.0	24.7	16.3	14.1	12.51	8.46	6.87
	VND VN	7.5	8.8	8.8	(22.4)	(14.9)	0.2	(0.3)	(0.6)	47.4	1.0	0.9	0.8	13.7	11.3	10.4	3.83	2.95	2.56
Energy	PVD VN	26.1	50.9	16.0	336.8	(48.7)	218.0	0.1	(1.0)	0.1	0.4	0.4	0.4	1.4	0.7	2.3	0.92	0.49	1.58
	NT2 VN	7.5	8.0	7.7	(2.9)	(5.2)	3.9	(2.6)	(1.5)	2.0	1.6	1.5	1.5	18.0	19.6	19.9	8.31	8.79	10.29
	PC1 VN	4.5	6.6	4.4	120.5	(32.1)	52.4	0.0	(0.2)	0.1	0.7	0.6	0.6	14.3	10.2	14.4	6.82	4.78	6.65
Consumer	MSN VN	11.9	13.1	12.4	67.2	(9.2)	5.6	0.2	(1.4)	2.2	2.1	1.9	1.6	20.7	15.2	14.0	8.78	7.31	7.19
	PNJ VN	15.1	17.5	14.1	(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	10.0	8.1	6.5	37.4	24.5	23.3	0.3	0.3	0.3	1.5	1.3	1.2	15.2	17.1	18.9	5.80	6.12	7.13
Oil & GAS	POW VN	12.3	9.5	7.4	(14.0)	29.6	29.0	(0.9)	0.3	0.3	0.9	0.9	0.9	7.0	9.1	11.1	3.24	4.44	5.97
Property	NLG VN	7.4	10.6	6.8	17.7	(29.6)	54.4	0.4	(0.4)	0.1	1.2	1.2	1.1	16.8	12.9	16.9	9.28	6.66	10.00
	NVL VN	15.7	20.4	16.5	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	13.9	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	17.8	14.8	11.6	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	22.6	21.5	19.9	55.1	5.0	8.3	0.4	4.3	2.4	4.2	3.7	3.2	21.2	20.7	18.8	11.97	12.13	11.39

Pricing data as of close on Mar 6, 2020.

Source: Bloomberg, Yuanta Vietnam



Appendix A: Important Disclosures

Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Ratings Definitions

BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD–Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD–Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

Restricted: The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

Note: Yuanta research coverage with a Target Price is based on an investment period of 12 months. Greater China Discovery Series coverage does not have a formal 12 month Target Price and the recommendation is based on an investment period specified by the analyst in the report.

Global Disclaimer

© 2020 Yuanta. All rights reserved. The information in this report has been compiled from sources we believe to be reliable, but we do not hold ourselves responsible for its completeness or accuracy. It is not an offer to sell or solicitation of an offer to buy any securities. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without notice.

This report provides general information only. Neither the information nor any opinion expressed herein constitutes an offer or invitation to make an offer to buy or sell securities or other investments. This material is prepared for general circulation to clients and is not intended to provide tailored investment advice and does not take into account the individual financial situation and objectives of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, investments or investment strategies discussed or recommended in this report. The information contained in this report has been compiled from sources believed to be reliable but no representation or warranty, express or implied, is made as to its accuracy, completeness or correctness. This report is not (and should not be construed as) a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on such business in that jurisdiction.

Yuanta research is distributed in the United States only to Major U.S. Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended and SEC staff interpretations thereof). All transactions by a US person in the securities mentioned in this report must be effected through a registered broker-dealer under Section 15 of the Securities Exchange Act of 1934, as amended. Yuanta research is distributed in Taiwan by Yuanta Securities Investment Consulting. Yuanta research is distributed in Hong Kong by Yuanta Securities (Hong Kong) Co. Limited, which is licensed in Hong Kong by the Securities and Futures Commission for regulated activities, including Type 4 regulated activity (advising on securities). In Hong Kong, this research report may not be redistributed, retransmitted or disclosed, in whole or in part or and any form or manner, without the express written consent of Yuanta Securities (Hong Kong) Co. Limited.

Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities (Hong Kong) Co. Ltd

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office

Yuanta Securities Building

Euljiro 76 Jung-gu

Seoul, Korea 100-845

Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research

PT YUANTA SECURITIES INDONESIA

(A member of the Yuanta Group)

Equity Tower, 10th Floor Unit EFGH

SCBD Lot 9

Jl. Jend. Sudirman Kav. 52-53

Tel: (6221) - 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department

Yuanta Securities (Thailand)

127 Gaysorn Tower, 16th floor

Ratchadamri Road, Pathumwan

Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department

Yuanta Securities (Vietnam)

4th Floor, Saigon Centre

Tower 1, 65 Le Loi Boulevard,

Ben Nghe Ward, District 1,

HCMC, Vietnam



YUANTA SECURITIES VIETNAM OFFICE

Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Institutional Research

Matthew Smith, CFA
 Head of Research
 Tel: +84 28 3622 6868 (ext. 3815)
matthew.smith@yuanta.com.vn

Binh Truong
 Deputy Head of Research (O&G, Energy)
 Tel: +84 28 3622 6868 (3845)
binh.truong@yuanta.com.vn

Tanh Tran
 Analyst (Banks)
 Tel: +84 28 3622 6868 (3874)
tanh.tran@yuanta.com.vn

Tam Nguyen
 Analyst (Property)
 Tel: +84 28 3622 6868 (3874)
tam.nguyen@yuanta.com.vn

Institutional Sales

Huy Nguyen
 Head of Institutional sales
 Tel: +84 28 3622 6868 (3808)
huy.nguyen@yuanta.com.vn

Duyen Nguyen
 Sales Trader
 Tel: +84 28 3622 6868 (3890)
duyen.nguyen@yuanta.com.vn