

# VIETNAM DAILY

## [Market Commentary]

Stocks closed mixed with the VNIndex up on strength in the brokers and mid-caps but the VN30 turning negative in the auction on profit taking in the blue chips

## [Futures/ETFs]

Futures closed down on mixed performance in cash markets as afternoon profit taking dragged the VN30 cash index into negative territory in the closing auction

## [Market Movers]

POW, ACV

## [Sector Updates]

Oil & Gas

June 4, 2020

	Index	Chg (%, bp)
Ho Chi Minh	883.90	+0.31
VN30	823.77	-0.06
VN30 futures	815.00	-0.49
Hanoi	117.42	+0.80
HNX30	228.13	+1.16
UPCoM	56.33	+0.00
USD/VND	23,264	+0.00
10-yr govt bond (%)	3.04	+2
Overnight rate (%)	0.36	-2
Oil (WTI, \$)	36.70	-1.58
Gold (LME, \$)	1,705.91	+0.37



# Market Commentary

**VNIndex** 883.90P (+0.31%)  
**Volume (mn shrs)** 385.4 (+24.1%)  
**Value (U\$m)** 285.8 (+23.2%)

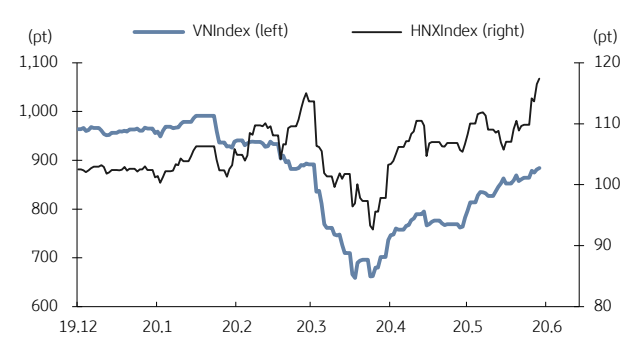
**HNXIndex** 117.42P (+0.80%)  
**Volume (mn shrs)** 65.1 (+14.9%)  
**Value (U\$m)** 29.3 (+9.4%)

**UPCoM** 56.33P (+0.00%)  
**Volume (mn shrs)** 58.4 (+64.3%)  
**Value (U\$m)** 13.3 (-11.4%)

**Net foreign buy (U\$m)** -6.6

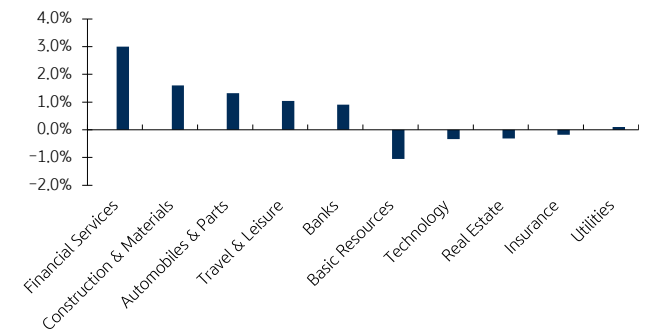
Stocks closed mixed with the VNIndex up on strength in the brokers and mid-caps but the VN30 turning negative in the auction on profit taking in the blue chips. Brokers rallied on hopes healthier market trading volumes and proprietary trading books will lead to strong 2Q earnings, with Saigon-Hanoi Securities (SHS, +9.3%) and Bao Viet Securities (BVS, +9.5%) leading the gains. Banks – especially state-owned Vietcombank (VCB, +1.3%), Vietinbank (CTG, +2.7%) and Bank for Investment & Development (BID, +2.0%) – rose again on reassurances that lenders will not be asked to reduce underwriting standards for stimulus loans. Airports Corporation of Vietnam (ACV, +6.3%) jumped on news the government will begin upgrading runways at Noi Bai and Tan Son Nhat Airports at the end of June. Limit high performance in select mid-caps also helped keep the VNIndex in positive territory, with Tan Tao Investment (ITA, +6.9%) up as tightening supply allows hikes on rent for its industrial park properties, HAGL (HAG, +6.9%) up on rebounding rubber prices and Dabaco Group (DBC, +6.9%) up on record earnings from the spike in pork prices. Foreigners were net-sellers, focusing on the VN30 ETF (E1VFN30, +0.5%), Hoa Phat Group (HPG, -1.3%) and Masan Group (MSN, -0.8%).

VN Index & HNX Index



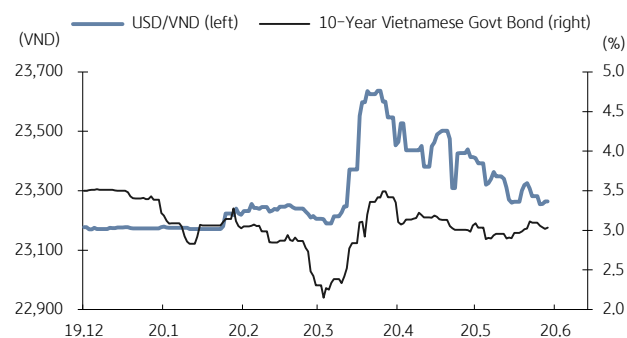
Source: Bloomberg, KB Securities Vietnam

VN Index sector performance



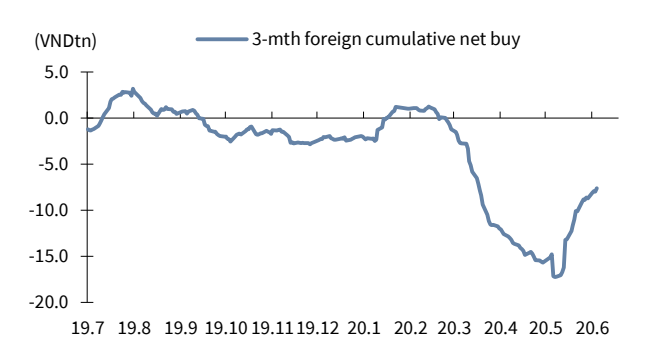
Source: Bloomberg, KB Securities Vietnam

USD/VND & 10-year government bond rates



Source: Bloomberg, KB Securities Vietnam

Vietnam - 3-mth cumulative net foreign buy



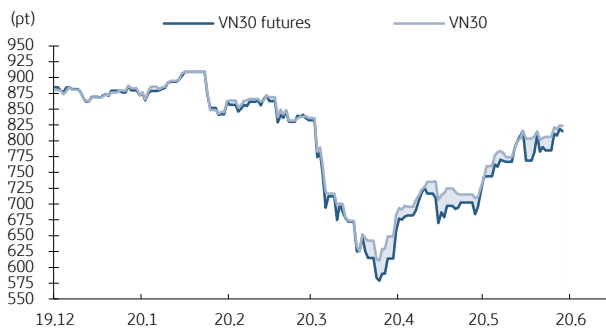
Source: FiiPro, KB Securities Vietnam

# Futures/ETFs

<b>VN30</b>	<b>823.77P (-0.06%)</b>
<b>VN30 futures</b>	<b>815.0P (-0.49%)</b>
<b>Open</b>	<b>821.0P</b>
<b>High</b>	<b>822.3P</b>
<b>Low</b>	<b>813.3P</b>
<b>Contracts</b>	<b>132,382 (-35.5%)</b>

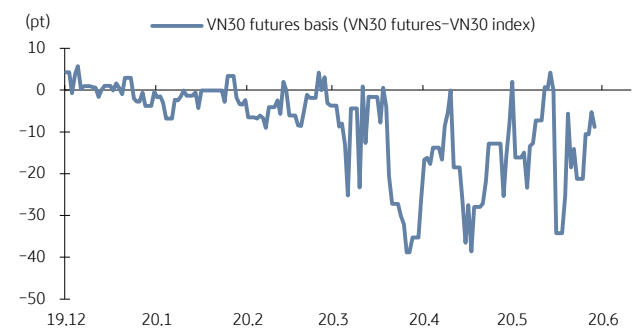
Futures closed down on mixed performance in cash markets as afternoon profit taking dragged the VN30 cash index into negative territory in the closing auction. The basis opened at minus 2.29 basis points and traded in a tight range at the minus 8 level for most of the day on local buying before closing at minus 8.77 basis points as locals took intraday profits in the afternoon session. Foreigners were quieter today and evenly balanced between buys and sells on June contracts. Trading volume was down sharply from healthy levels yesterday.

VN30 futures & VN30 index



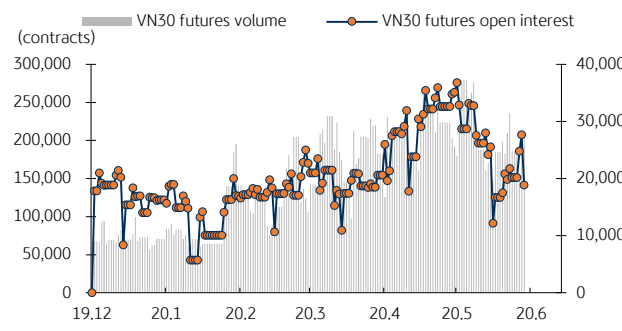
Source: Bloomberg, KB Securities Vietnam

Front month VN30 futures basis



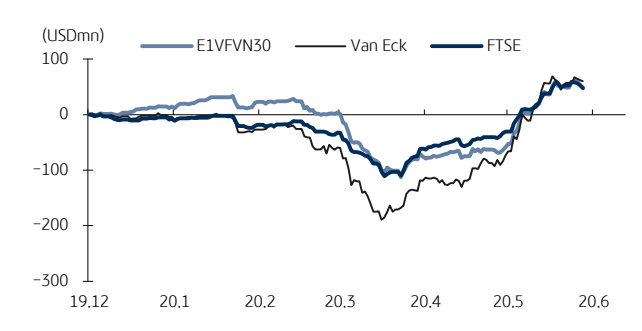
Source: Bloomberg, KB Securities Vietnam

VN30 futures volume & open interest



Source: Bloomberg, KB Securities Vietnam

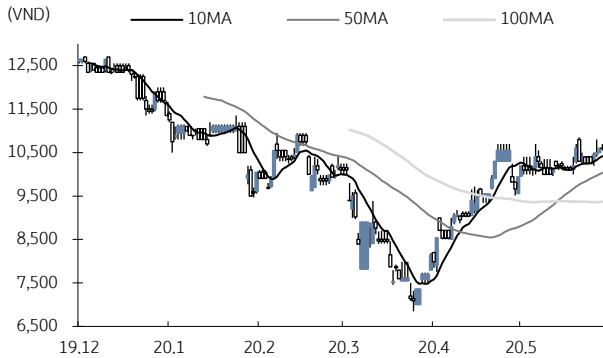
Vietnam ETFs - 3-mth cumulative net buy



Source: FiinPro, KB Securities Vietnam

# Market Movers

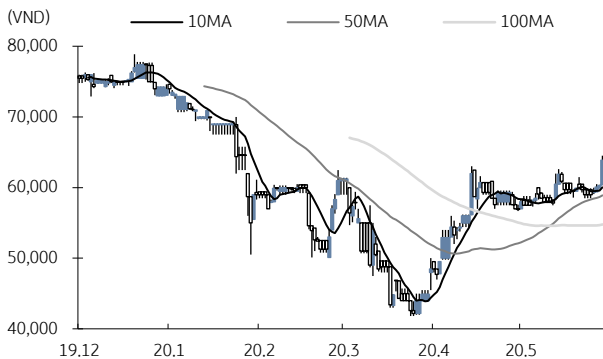
## PV Power (POW)



Source: Bloomberg, KB Securities Vietnam

- POW closed flat at VND10,600
- POW will ask shareholders on June 12 to approve investments totaling VND32,481 billion to build the Nhon Trach 3 and Nhon Trach 4 power plants. Total power generating capacity from both plants is expected at 1,300-1,760 MW and the financing structure will take the form of a 25% equity stake and the remaining 75% from borrowed capital.

## Airports Corporation of Vietnam (ACV)



Source: Bloomberg, KB Securities Vietnam

- ACV closed up 6.3% to VND63,900
- The Ministry of Transport will begin upgrading the runways at the Noi Bai and Tan Son Nhat International Airports at the end of June. Currently, both airports are being managed and operated by ACV. The capital for these upgrades will total VND4,046 billion or VND2,031 billion for Noi Bai and VND2,015 billion for Tan Son Nhat and are scheduled to begin in 2020E for completion in 2022E.

June 4, 2020

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# Oil & Gas

## OPEC+ may only agree to one-month extension

### Preliminary agreement to extend 9.7-million-production-cut for another month

— Saudi Arabia & Russia have tentatively agreed to extend the production cuts for 9.7 million barrels per day for another month, with the sticking point for any longer extension being non-compliance on existing cuts by other OPEC members. Iraq – OPEC’s second-largest oil producer – only met 38% of May’s new production cuts, while Nigeria (another OPEC member) only met with 19%. Extending the deep production cuts to year-end looks unlikely given the non-compliance issues and the deep cuts may only last until July or possibly September according to market watchers. While we do not expect this disappointment to have an overly negative impact on oil price recovery, implications to Vietnam’s oil and gas stocks are: 1) positive catalysts from production cuts are likely over; 2) oil prices should recover at a slower pace and be determined more by economic recovery; and 3) volatility for oil & gas stocks should fall and also slow the trajectory of share price performance (volatility for Vietnam’s oil & gas stocks have peaked and are already starting to fall – see Fig 2). Importantly, the correlation of Vietnam’s oil & gas stocks to oil prices may start to diverge, especially for PV Technical Services (PVS) and PV Drilling & Well Services (PVD) that are more exposed to falling upstream day rates. Our preferred stock for oil price recovery remains PV Gas (GAS) given its product pricing formula and earnings that are more closely linked to recovering oil prices, with performance expected to peak when Brent prices move above Vietnam’s USD55 price level.

### Production cuts may need to be closely monitored after oil moves above USD40

— US share oil operators have started to reopen well heads as oil prices move closer to USD40 or near the USD46 breakeven for the more efficient producers. Although this may encourage more non-compliance by OPEC+ members, we believe most will adhere to May’s production cut agreement for now as the recovery in oil prices remains fragile until economies fully reopen after the coronavirus. That said, production cuts may need to be monitored more closely in the months ahead when oil prices move above USD40 and allow US shale producers to restart production, which may also impact the pace of the oil price recovery.

# KBSV Model Portfolio

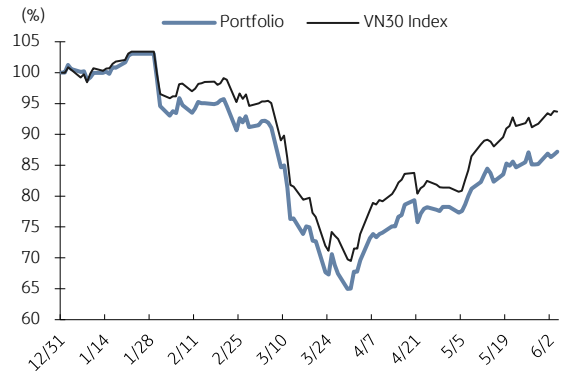
KBSV Research Team

## Investment approach:

- Seeks to outperform the VN30 Index by identifying the most attractive stocks within our coverage universe over the next 3 months
- Employs a risk-managed exit strategy that sets a profit target of +30% and stop loss of -15%
- Uses an equal-active-weight (with monthly rebalancing method) approach that allocates 100% of the portfolio to stocks that, at times, can include a VN30 index ETF

	VN30 Index	Master Portfolio
Daily return	-0.06%	0.52%
Cum. return	-6.29%	-12.81%

## Performance vs VN30 Index



## KBSV domestic model portfolio

Ticker	Inclusion date	Close 20/06/04	Daily return (%)	Cumulative return (%)	Main investment catalysts
Mobile World (MWG)	19/08/09	85,500	0.1%	-26.2%	- Optimizing revenue from DMG & TGDD chains - BHX expects to reach break-even point soon at stores and distribution centers - In the long term, BHX aims to capture 10-15% of the food retail market
Nam Long Invest (NLG)	19/06/03	24,300	3.0%	-9.3%	- Leader in mid- to high-end housing & Japanese partners for large urban area (UA) projects - Largest urban area developer (Mizuki Park UA, Akari City UA & Waterpoint US)
Phu Nhuan Jewelry (PNJ)	19/03/22	63,700	0.5%	-16.9%	- Strong topline supported by transaction volumes (2018 +34%) & ASPs (2018 +5%) - Strongest customer base to capture lucrative watch segment (5% of sales by 2022E) - Core business activities growing again after the "ERP" incident
Military Bank (MBB)	18/12/18	18,000	-0.3%	-8.7%	- Military Insurance Corporation (MIC) non-life premiums to boost 2019 non-bank income - Retail loan mix (M credit) supports 4%NIM against pricing competition (ACB/MBB) - M credit work-in-progress but low-cost funding from Shinsei triples key cash loan mkt
Refrig Elec Eng (REE)	18/10/11	32,000	0.9%	-5.9%	- Office lease management & E-town Central occupancy generates stable cash flow - Strategic investments in utility industry provides stable/long-term dividend stream
FPT Corp (FPT)	18/09/06	48,400	-0.5%	44.6%	- Software outsourcing foothold in Japan/US/Asia-Pacific/EU drives 25%overseas CAGR - Telecoms stable 15%/growth/solid subscriber growth & profitable Pay-TV from 2020E - 20%+ earnings momentum by 2020E
Vietin Bank (CTG)	20/01/31	24,650	2.7%	1.0%	- Building on strong earnings recovery in 2019 & optimistic outlook for 2020 - Growing expectations for capital increase in 2020 to offset loan-growth concerns - Already improved asset quality and benign credit risks for 2020
Vietjet (VJC)	19/02/05	114,300	0.4%	-11.5%	- nCoV outbreak impact meaningful but short-lived & fully-reflected in stock price - Lower fuel costs silver lining to offset lower passenger volumes - Growth prospects intact as Long Thanh airport project schedule pulled forward
Hoa Pha Group (HPG)	19/12/04	26,600	-1.3%	13.4%	- Steel consumption starts to rebound - Construction steel prices show signs of rising again - Increased capacity from Dung Quat project helps HPG expand market share
Kinhbac City Development (KBC)	20/03/09	14,200	-0.4%	3.6%	- Strong pricing for upcoming land sales after Trang Due urban land sales in 4Q19 - Beneficiary of more production facilities from EU companies after EU-Vietnam FTA - Re-location of supply chains from China after COVID-19 scare

Source: Bloomberg, KB Securities Vietnam

# Market Monitors

## Ho Chi Min – Net foreign buys/sells

Ticker	Chg (%)	For. Ownership (%)	Net buy (VND bn)
CTG	2.7%	29.7%	53.3
VHM	-0.5%	13.8%	43.9
VNM	1.0%	58.8%	39.6
VRE	1.1%	30.8%	31.2
POW	0.0%	11.6%	17.2

Ticker	Chg (%)	For. Ownership (%)	Net sell (VND bn)
E1VFN30	0.5%	98.5%	-141.3
HPG	-1.3%	36.3%	-137.4
MSN	-0.8%	39.4%	-35.6
VIC	-0.8%	14.0%	-26.1
CII	-1.0%	43.5%	-16.6

Source: FinPro, KB Securities Vietnam

## Hanoi – Net foreign buys/sells

Ticker	Chg (%)	For. Ownership (%)	Net buy (VND bn)
CEO	1.3%	15.7%	1.2
NTP	2.3%	18.7%	1.0
VCS	-0.3%	2.7%	0.9
HUT	0.0%	3.8%	0.5
PVX	0.0%	0.6%	0.1

Ticker	Chg (%)	For. Ownership (%)	Net sell (VND bn)
SHS	-28.0%	8.1%	-2.3
SHB	4.6%	7.5%	-1.8
PGS	0.0%	9.2%	-1.8
BVS	9.5%	25.8%	-0.8
DGC	4.7%	0.8%	-0.6

Source: FinPro, KB Securities Vietnam

## Sectors – Top 5 best/worst weekly performance

Top 5 best performers	Chg (%)	Key stocks
Banks	5.0%	VCB, CTG
Financial Services	4.3%	SSI, VCI
Utilities	3.9%	GAS, POW
Food & Beverage	2.7%	VNM, SAB
Automobiles & Parts	2.5%	TCH, HHS

Top 5 worst performers	Chg (%)	Key stocks
Basic Resources	-1.7%	HPG, TNI
Insurance	-1.2%	BVH, BIC
Media	-0.4%	PNC, AAA
Industrial Goods & Services	0.2%	PAN, GEX
Construction & Materials	0.6%	CTD, CII

Source: Bloomberg, KB Securities Vietnam

## Sectors – Top 5 best/worst monthly performance

Top 5 best performers	Chg (%)	Key stocks
Banks	20.0%	VCB, BID
Financial Services	16.4%	SSI, VCI
Oil & Gas	12.5%	PLX, PVD
Basic Resources	12.5%	HPG, HSG
Food & Beverage	11.3%	VNM, SAB

Top 5 worst performers	Chg (%)	Key stocks
Automobiles & Parts	-1.6%	SVC, CSM
Travel & Leisure	2.1%	VJC, TCT
Health Care	2.2%	DHG, DBD
Retail	4.4%	BTT, ABS
Insurance	4.5%	BVH, BIC

Source: Bloomberg, KB Securities Vietnam





## Vietnam – Focus stocks

Sector	Code	Company name	Price	Mkt cap (VNDbn, USDmn)	Trading value (VNDmn, USDmn)	For avail (%, -1d)	PER (X)		EPS CAG R (%)	ROE (%)		P/B (X)		Performance (%)			
							19E	20E		19E	20E	19E	20E	1D	1W	1M	YTD
Utilities	GAS	PETROVIETNAM GAS	78,000	149,288 (6,416)	66,177 (2.8)	45.7	17.9	15.4	-15.7	16.0	19.3	3.0	2.9	0.0	5.5	22.3	-16.8
	NT2	PETROVIETNAM NHO	21,100	6,074 (261)	8,409 (0.4)	31.1	8.6	8.1	-2.9	16.9	18.4	1.4	1.4	-0.5	-0.2	5.2	-2.5
	PPC	PHA LAI THERMAL	24,500	7,855 (338)	4,345 (0.2)	32.6	8.0	8.8	-8.3	16.3	14.8	1.3	1.3	0.4	0.6	0.6	-8.9
Materials	HPG	HOA PHAT GRP JSC	26,600	73,445 (3,156)	301,504 (12.9)	12.7	8.7	6.8	-2.3	17.1	18.5	1.3	1.1	-1.3	-2.2	26.7	13.2
	DPM	PETROVIETNAM FER	14,600	5,713 (246)	48,539 (2.1)	36.7	10.4	9.7	-4.9	7.9	7.8	0.7	0.7	-0.3	-2.0	7.4	12.7
	DCM	PETROCA MAU FER	8,340	4,415 (190)	14,851 (0.6)	47.1	10.3	22.7	-14.7	7.8	3.5	0.7	0.7	0.6	-2.0	5.6	28.3
	HSG	HOA SEN GROUP	9,920	4,408 (189)	103,128 (4.4)	34.1	7.8	7.0	20.0	9.9	9.8	0.7	0.6	-0.2	-2.3	31.4	33.4
	AAA	ANPHAT BIOPLAST	13,450	2,303 (099)	29,760 (1.3)	36.0	5.8	9.8	51.8	14.8	9.0	0.7	0.6	6.7	7.2	15.5	5.9
Energy	PLX	VIETNAM NATIONAL	47,150	56,147 (2,413)	48,650 (2.1)	6.7	21.6	16.3	-11.4	13.0	17.2	2.6	2.4	1.0	0.7	17.6	-15.8
	PVD	PETROVIETNAM DRI	11,200	4,717 (203)	70,516 (3.0)	36.6	32.1	23.8	-1.5	1.2	1.0	0.3	0.3	-1.8	4.7	21.3	-25.6
	PVT	PETROVIET TRANSP	11,450	3,222 (138)	20,647 (0.9)	24.0	6.9	6.1	-17.0	10.3	11.2	0.6	0.6	-2.1	4.6	18.7	-31.8
Consumer discretionary	MWG	MOBILEWORLD INV	85,500	38,716 (1,664)	107,408 (4.6)	0.0	9.5	7.6	15.9	29.9	30.7	2.5	1.9	0.1	0.9	7.7	-25.0
	PNJ	PHU NHUAN JEWELR	63,700	14,344 (616)	62,971 (2.7)	0.0	15.5	12.5	1.0	21.2	22.5	2.8	2.4	0.5	1.6	12.7	-25.9
	YEG	YEAH1 GROUP CORP	57,800	1,705 (073)	2,179 (0.1)	69.3	24.3	17.7	-28.1	6.7	8.5	1.5	1.5	0.3	-0.7	6.1	56.2
	FRT	FPT DIGITAL RETA	25,700	2,030 (087)	30,097 (1.3)	13.3	13.4	12.4	-33.4	11.5	11.4	1.4	1.2	-1.9	3.2	29.8	22.1
Healthcare	PHR	PHUOC HOA RUBBER	53,700	7,276 (313)	89,536 (3.8)	39.0	6.8	6.6	30.3	38.0	32.7	2.4	2.0	-1.5	7.4	24.0	40.6
	DHG	DHG PHARMACEUTIC	93,100	12,172 (523)	2,120 (0.1)	45.6	18.9	17.4	4.4	19.6	19.3	3.4	3.2	0.1	0.3	-1.1	1.7
	PME	PYMEPHARCO JSC	61,000	4,576 (187)	1,443 (0.1)	37.9	-	-	-	-	-	-	-	3.0	3.4	1.8	12.3
IT	FPT	FPT CORP	48,400	37,941 (1,631)	109,987 (4.7)	0.0	11.1	9.6	18.0	24.1	25.2	2.4	2.1	-0.5	0.8	10.2	-4.5

Source: Bloomberg, KB Securities Vietnam

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## Investment ratings & definitions

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### Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

### Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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