

World oil prices updates

Chances to rebound

World oil prices are surging, WTI oil of the US are being traded close to the 2-month highs

Expectations on OPEC+

- OPEC members, especially Saudi Arabia, are looking for an agreement to cut new oil supplies after the later agreement, which mentioned a cutdown of 1.2 million barrels per day, expires at the end of March 2020. It is believed that the organization is likely to cut more 500,000 barrels per day, raising the total cut of 1.7 million barrels a day, far beyond investors' expectations (1.6 million barrels per day).
- Russia's move can be unpredictable as it was not stick to the previous agreement. However, with the multifaceted strategic relationship between Russia, Saudi Arabia and OPEC countries, we believe that the possibility of a new agreement is high. In a positive case, if the OPEC agreement and the US-China phase 1 negotiation are successful, world oil prices may stay above USD60/barrel, which is currently the average of 2019.
- According to EIA, US inventories plunged 4.9 million barrels last week, far exceeding expectations of a decline of 1.9 million barrels of investors. Market sentiment is quite positive as hedge funds started buying back oil futures contracts.

Oil and gas stocks are at attractive price range

- Oil prices have rebounded strongly since early October. In particular, WTI oil prices have climbed 14%, currently traded at USD58.3/barrel, close to the 2-month highs. OPEC's final deal, which will be announced this weekend, is expected to push oil prices higher.
- Meanwhile, the trading prices of oil and gas stocks (GAS, PVD, PVS...) in 2019 are still low. Although operating activities of these companies are not very favorable, we believe that that the hardship is over. In the long term (next 2-3 years), with the plan to deploy a series of oil and gas projects of PVN (Sao Vang Dai Nguyet - phase 2, White Lion - phase 2, Blue Whale, Block B Omon...) combined with expectations on the recovery of oil prices, we think that the oil and gas businesses are at the appropriate buy point for medium and long-term investment.

Figure 1. WTI oil prices



Source: Daily FX

Figure 2. Brent oil prices



Source: Daily FX

KB SECURITIES VIETNAM RESEARCH

Head of Research – Nguyen Xuan Binh

binhnx@kbsec.com.vn

Macro/Strategy

Head of Macro & Strategy – Tran Duc Anh

anhthd@kbsec.com.vn

Macro Analyst – Thai Thi Viet Trinh

trinhhtt@kbsec.com.vn

Market Strategist – Le Anh Tung

tungla@kbsec.com.vn

Equity (Hanoi)

Head of Equity Research (Hanoi) – Duong Duc Hieu

hieudd@kbsec.com.vn

Information Technology & Logistics Analyst – Nguyen Anh Tung

tungna@kbsec.com.vn

Property Analyst – Pham Hoang Bao Nga

ngaphb@kbsec.com.vn

Power & Construction Material Analyst – Le Thanh Cong

conglth@kbsec.com.vn

Financials Analyst – Nguyen Thi Thu Huyen

huyenntt@kbsec.com.vn

Equity (Ho Chi Minh)

Head of Equity Research (Ho Chi Minh) – Harrison Kim

harrison.kim@kbf.com

Consumer & Retailing Analyst – Dao Phuc Phuong Dung

dungdpp@kbsec.com.vn

Fisheries & Pharmaceuticals Analyst – Nguyen Thanh Danh

danhnt@kbsec.com.vn

Oil & Gas & Chemicals Analyst – Nguyen Vinh

vinhn@kbsec.com.vn

Research Marketing

Korea Marketing Analyst – Seon Yeong Shin

shin.sy@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels G, 2 & 7, Sky City Tower, 88 Lang Ha Street, Dong Da District, Hanoi, Vietnam
Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam
Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam
Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam
Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656
Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276
Email: ccc@kbsec.com.vn
Website: www.kbsec.com.vn

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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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