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# Fund flows

## Optimistic on capital flows

### Promising signals from net foreign flow in Vietnam recently

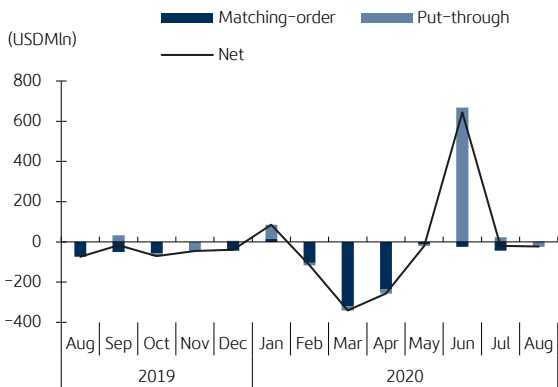
- In conjunction with the sharp recovery of foreign matching-order flow, the market has witnessed the come-back of foreign ETF flows since the middle of July including VanEck Vectors Vietnam ETF (approximate USD 9 million), FTSE Vietnam ETF (USD 6.3 million) and KIM KINDEX Vietnam VN30 ETF (USD 7.7 million).
- In comparison with regional markets, Vietnam appears to be a bright spot. Net outflow of foreign investors has been modest from the beginning of the year, reaching USD 64 million, in contrast to significant withdrawals of fund flows in regional markets, with year to date sell down reaching approximate USD 7 billion in Thailand, approximate USD 5 billion in Malaysia, approximate USD 2 billion in Philippines and Indonesia.

### We expect foreign capital flow can accelerate in the last 4 months of the year

- One of the important factors supporting the capital flow into emerging markets is the weakening movement of the USD, demonstrated through the strong correlation between the Dollar (DXY Index) and Bloomberg EM Flow Proxy Index (Fig. 2). Since the dollar plunged from March, capital flow in emerging markets has bounced back dramatically.
- Based on past external shocks in Vietnam's stock market (global financial crisis 2008-2009, CNY devaluation in 2015, FED ended QE 2013 ...), after strong net withdrawal in the first 6 months, matching-order foreign flows tend to come back (Fig. 3). With the capability of containing Covid-19 while still maintaining positive economic growth, we believe Vietnam will start to enter the recovery phase in the last months of the year.
- Stronger foreign flow will be an important catalyst for stock market in the last 4 months of the year.

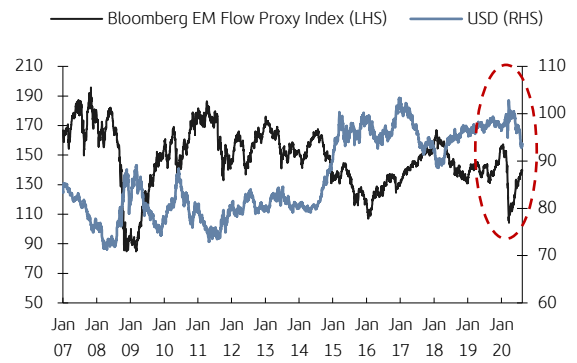


**Fig 1. Vietnam - net foreign capital flow (USD Mn)**



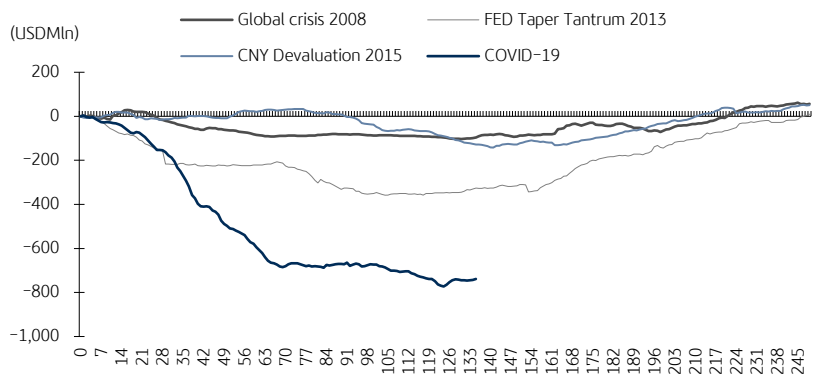
Source: Bloomberg, KB Securities Vietnam

**Fig 2. Emerging market capital flows - Bloomberg capital flow proxy & Dollar - DXY Index (index points, index points)**



Source: Bloomberg, KB Securities Vietnam

**Fig 3. Capital flows to Vietnam in Global shocks (USD Mn)**



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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