

# Stock Market Outlook

## November 2024

### Passing wobbles

#### October macro highlights

October macro data shows that the economy is still recovering from typhoon Yagi. Import-export activities maintained double-digit growth compared to the same period in 2023, reaching 10.1% YoY and 13.6% YoY respectively. The PMI recovered to 51.2 points. FDI disbursed in October gained 8.8% YoY. Other traditional growth drivers such as retail sales of goods, tourism, and public investment remained stable. The headline CPI in the first ten months of the year gained 3.78%, which is in line with our forecast for the whole year (around 4% and below the Government's target).

Exchange rate pressure returns, but we maintain our forecast that the USD/VND exchange rate will drop to VND25,200/USD (+3.5% YTD), based on supporting factors by the end of the year.

#### November market outlook

*In terms of valuation*, the current P/E of VNIndex is about 14.8x (according to data from Bloomberg), equal to the two-year average. Looking at the medium and long-term picture, low interest rates will maintain as a boost for domestic production, investment, and consumption. However, in the short term, there is still a potential risk that the market will be upset with concerns over escalating conflicts in the Middle East, risks from Trump's re-election, interbank interest rates, rising exchange rate pressure, and weakening consumption in China.

*From a technical perspective*, the main market trend in the short term is going down. However, there is a high probability (70%) that the VNIndex will rebound to 1,230 (+-10) points. The remaining probability (30%) is the index will be in deeper support zones around 1,200 (+-10) where a clear upward momentum will appear.

#### Investment themes

Investment themes for November are domestic demand recovery, market upgrade developments, and the effects of the La Nina.

#### Model portfolio

Regarding the model portfolio for November, our Equity Analysis Department favored tickers **Vietcombank (VCB)**, **Techcombank (TCB)**, **Gemadep (GMD)**, **Hoa Phat Group (HPG)**, **PV Gas (GAS)**, **Vietnam International Bank (VIB)**, **Mobileworld (MWG)**, and **Khang Dien House (KDH)** (*Please find section V. November model portfolio for more details*).

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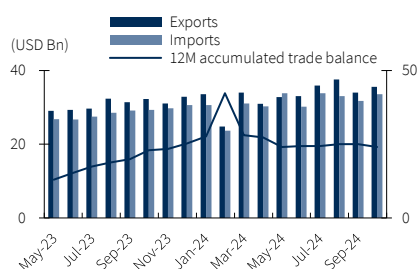
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November 8, 2024

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## I. October macro highlights

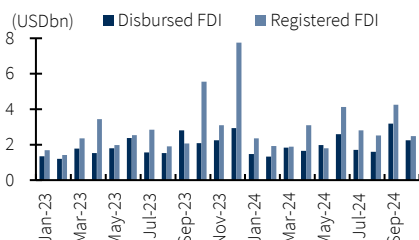


### Export

October 2024	
USD35.59 billion	+10.1% YoY
10M24	
USD35.59 billion	+14.9% YoY

### Import

October 2024	
USD33.60 billion	+13.6% YoY
10M24	
USD312.28 billion	+16.8% YoY

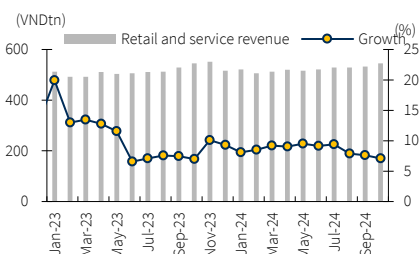


### Registered FDI

October 2024	
USD2.48 billion	-55.3% YoY
10M24	
USD27.26 billion	+1.9% YoY

### Disbursed FDI

October 2024	
USD2.24 billion	+7.2% YoY
10M24	
USD19.58 billion	+8.8% YoY

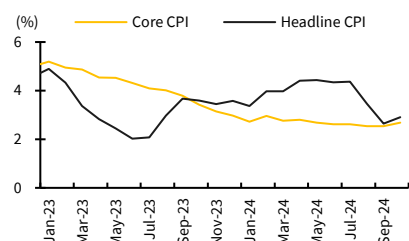


### Retail sales of goods & services

October 2024	
VND545.7 trillion	+7.1% YoY
10M24	
VND5,246.2 trillion	+8.5% YoY

### Disbursed public investment

10M24	
VND495.9 trillion	
+1.8% YoY	
64.3% target	



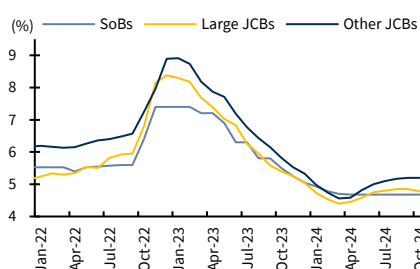
### CPI

October 2024	
+0.33% MoM	+2.89% YoY
10M24	
+3.78% YoY	

### IIP

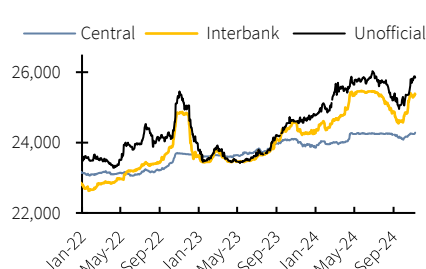
October 2024	
+4% MoM	
+7.0% YoY	

### 12M deposit interest rates



-0.01% MoM  
-0.3% YTD  
(Average deposit interest rate)

### USD/VND exchange rates



+2.9% MoM  
+4.17% YTD  
(Interbank exchange rate)

Source: General Statistics of Vietnam, Bloomberg, WiChart, KB Securities Vietnam

## Macroeconomic indicators remained positive in October 2024

October macroeconomic data shows that the economy has posted a stable recovery after typhoon Yagi. Import-export activities maintained double-digit growth compared to the same period in 2023, reaching 10.1% YoY and 13.6% YoY respectively. The PMI surpassed 50 points to reach 51.2 points, increasing from 47.3 points in September when the typhoon hit the economy with temporary adverse impacts. According to S&P Global, both output and new orders have bounced back, indicating the recovery of the manufacturing sector, although the improvement was relatively modest in October. FDI disbursed in October increased by 8.8% YoY, mostly running into the manufacturing sector. Other traditional growth drivers such as retail sales, tourism, and public investment remained stable. The headline CPI in October climbed 2.98% YoY/0.33% MoM. In the first ten months of the year, the headline CPI increased by 3.78%, which is in line with our forecast for the whole year (around 4% and below the Government's target).

## System liquidity was supported after the SBV continues to net inject money into the open market

The State Bank of Vietnam (SBV) has resumed issuing treasury bills since October after nearly two months of suspension, aiming to narrow the gap between USD and VND interest rates and lower exchange rate pressure. This partly put more pressure on the banking system liquidity at the end of October and the beginning of November, leading to a surge in interbank interest rates (at times reaching over 6% for overnight terms). However, the situation soon stabilized thanks to the cooling of the DXY and domestic exchange rates, so the SBV could flexibly support liquidity by injecting capital through OMOs. As of November 7, the bank has net injected VND33,000 billion into the system.

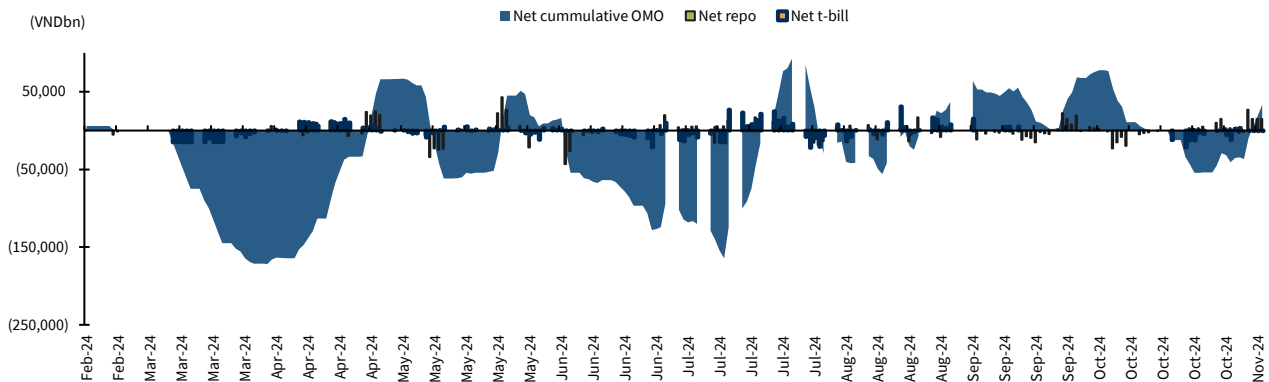
With the SBV's smooth intervention, interbank interest rates should remain around 3.5 – 4% in November.

## The deposit interest rate increase should be milder than previously forecast

Deposit interest rates did not fluctuate much in October. As of October 31, the average deposit interest rate of the commercial bank group remained at 4.9% (+9bps YTD) for a 12-month term. SoBs kept their rates at 4.6 – 4.7% (–25bps YTD), while the group of large commercial banks slightly lowered the rates by 5–10bps for 6-month and 12-month terms. By the end of September 2024, the SBV reported that credit grew 9% compared to the end of 2023. Of that, credit growth for the real estate sector was higher than the general credit growth, reaching 9.15% compared to the end of 2023. In addition, deposit growth was lower than last year. As of September 27, deposit growth was 4.79%, lower than the increase of 6.63% in 2023.

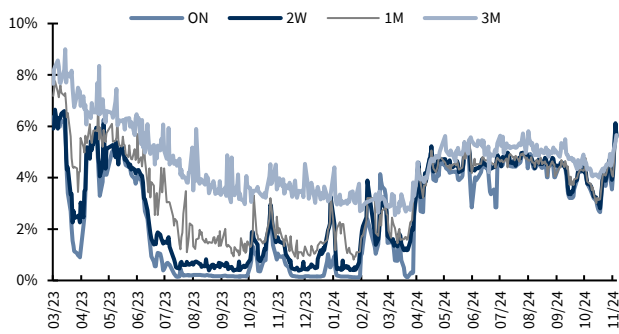
KBSV forecasts that the deposit interest rate average will stay low and slightly gain 10–30bps for the rest of the year, depending on each bank, assuming (1) credit growth will continue to recover in the last months of the year, while (2) exchange rate and inflationary pressures are not too high, helping the SBV to maintain low interest rates to support the economy and promote credit demand.

Fig 1. Vietnam – OMOs &amp; interest rate developments (VNDbn, %)



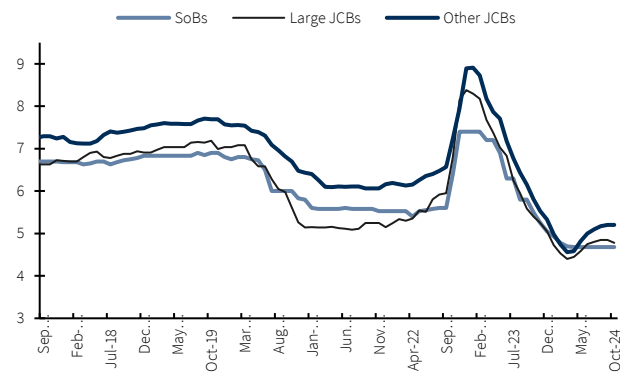
Source: Bloomberg

Fig 2. Vietnam – Interbank interest rates (%)



Source: FiinPro, KB Securities Vietnam

Fig 3. Vietnam – 12M deposit interest rates (%)



Source: Bloomberg, KB Securities Vietnam

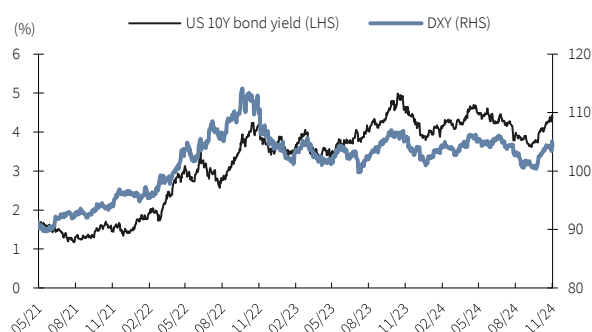
### The exchange rate pressure returns but may cool down by the end of the year

In October and the first week of November, the USD/VND interbank exchange rate was strongly volatile and reached the selling price VND25,450 of the SBV at times before cooling down. The reasons might be: (1) DXY rebounded thanks to positive signals from the US economy and the election of President Donald Trump in a new term; (2) the State Treasury announced the purchase of foreign currency from commercial banks to repay the principal of government bonds in November with a value of about USD1 billion; and (3) the demand for foreign currency of businesses increased. As of November 7, the interbank, unofficial and central exchange rates were respectively at VND25,369/USD (+4.5% YTD), VND25,845/USD (+4.3% YTD), and VND24,283/USD (+1.7% YTD).

We maintain the view that the USD/VND exchange rate average may fall to VND25,000/USD (+3.5% YTD) by the end of the year with the following supporting factors:

- (1) The strong increase in the DXY has fully reflected the market's expectations about the impact of Trump's re-election on the USD. In the next two months, no specific policies will be issued until he officially takes office in early 2025.
- (2) The market is expecting the Fed to continue cutting interest rates by another 0.25ppts in December 2024 (according to the FedWatch tool). At the November meeting, Chairman Jerome Powell also commented that the Fed has no basis to change its view on the interest rate hike roadmap after the news of Trump's re-election.
- (3) The foreign currency supply at the end of the year comes from the trade balance surplus, FDI disbursement, and year-end remittances.

Fig 4. US – 10Y bond yield & DXY (% , point)



Source: CME, KB Securities Vietnam

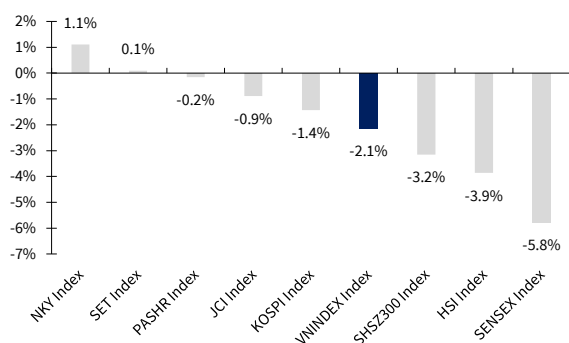
Fig 5. US – Probability of Fed rate cuts (November 8, 2024)

	CME FEDWATCH TOOL - CONDITIONAL MEETING PROBABILITIES								
MEETING DATE	250-275	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475
18/12/2024				0,0%	0,0%	0,0%	0,0%	71,0%	29,0%
29/01/2025	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	30,4%	53,0%	16,6%
19/03/2025	0,0%	0,0%	0,0%	0,0%	0,0%	20,0%	45,3%	29,0%	5,6%
07/05/2025	0,0%	0,0%	0,0%	0,0%	7,6%	29,6%	39,1%	20,1%	3,5%
18/06/2025	0,0%	0,0%	0,0%	3,8%	18,7%	34,4%	29,6%	11,8%	1,7%
30/07/2025	0,0%	0,0%	1,0%	7,8%	22,9%	33,1%	24,8%	9,1%	1,3%
17/09/2025	0,0%	0,2%	2,7%	11,4%	25,3%	31,1%	21,0%	7,2%	1,0%
29/10/2025	0,0%	0,6%	4,1%	13,7%	26,3%	29,5%	18,8%	6,2%	0,8%
10/12/2025	0,1%	1,0%	5,2%	15,1%	26,7%	28,2%	17,3%	5,6%	0,7%

Source: Bloomberg, KB Securities Vietnam

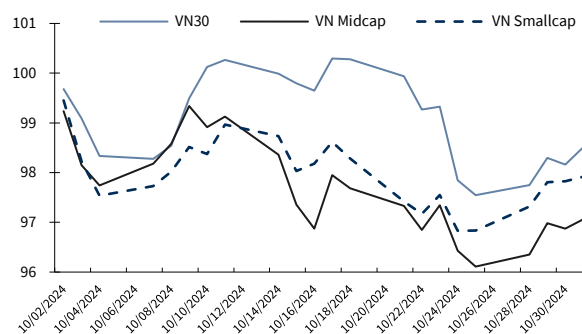
## II. October stock market overview

Fig 6. Vietnam – VNIndex movements (point)



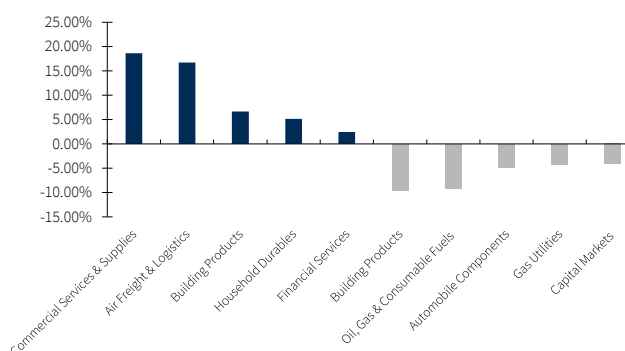
Source: Bloomberg, FiinPro, KB Securities Vietnam

Fig 7. Vietnam – Stock movements by market cap (point)



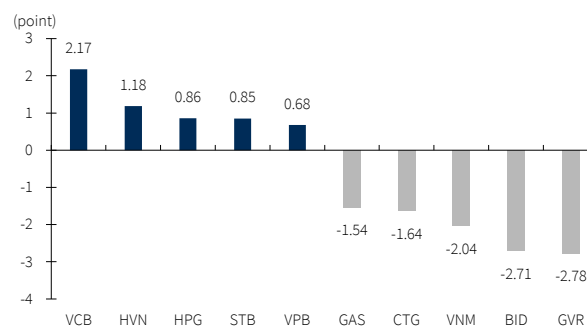
Source: Bloomberg, FiinPro, KB Securities Vietnam

Fig 8. Vietnam – VNIndex sector performance



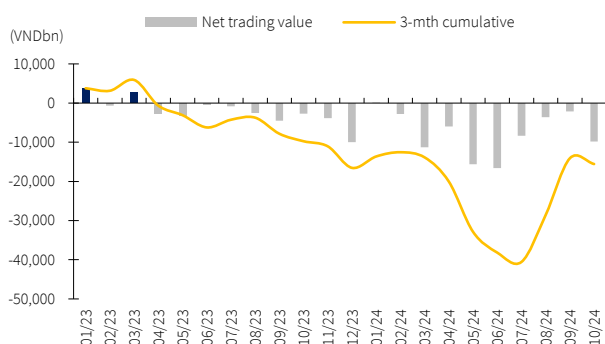
Source: Bloomberg, FiinPro, KB Securities Vietnam

Fig 9. Vietnam – Top best/worst monthly performance



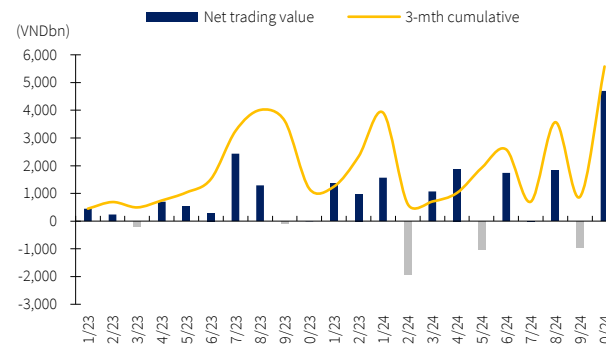
Source: Bloomberg, FiinPro, KB Securities Vietnam

Fig 10. Vietnam – Foreign net buy/sell (VNDbn)



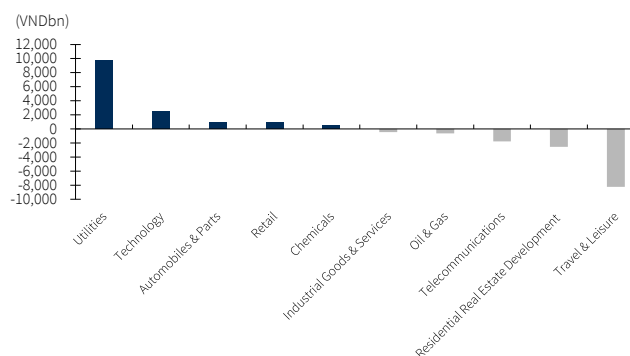
Source: Bloomberg, FiinPro, KB Securities Vietnam

Fig 11. Vietnam – Proprietary net buy/sell (VNDbn)



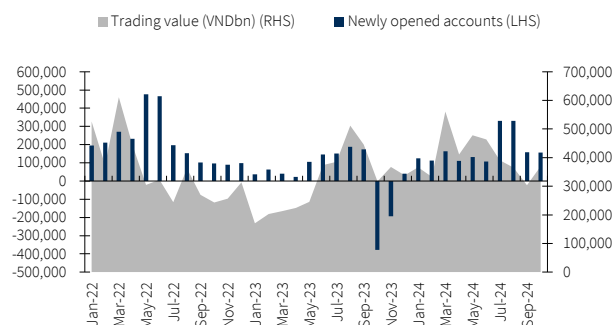
Source: Bloomberg, FiinPro, KB Securities Vietnam

Fig 12. Vietnam – Net foreign bought/sold sectors



Source: FiinPro, KB Securities Vietnam

Fig 13. Vietnam – Trading value & new trading accounts (VNDbn, account)



Source: Viet Nam Securities Depository & Clearing Corporation, KB Securities Vietnam



### III. November stock market outlook

Table 1. Vietnam – Market drivers

Favorable factors	Level of impact	Possibility	Risks	Level of impact	Possibility
Domestic economic recovery	Medium	High	Trump Re-Elected	High	High
Fed's rate cut in November meeting	Low	High	USD/VND exchange rate under upward pressure	Medium	Medium
Vietnamese stock market upgrade	Medium	Medium	China's economy weakening	Low	Medium
Public investment	Medium	Medium	Geopolitical tensions	Low	High

Source: KB Securities Vietnam

**The VN-Index is likely to trend sideways throughout November 2024, considering core domestic drivers**

The current P/E ratio of the VN-Index stands at approximately 14.8x (according to Bloomberg data, excluding extraordinary corporate earnings). This valuation is in line with the 2-year average of 15x.

The **advantageous catalysts** include:

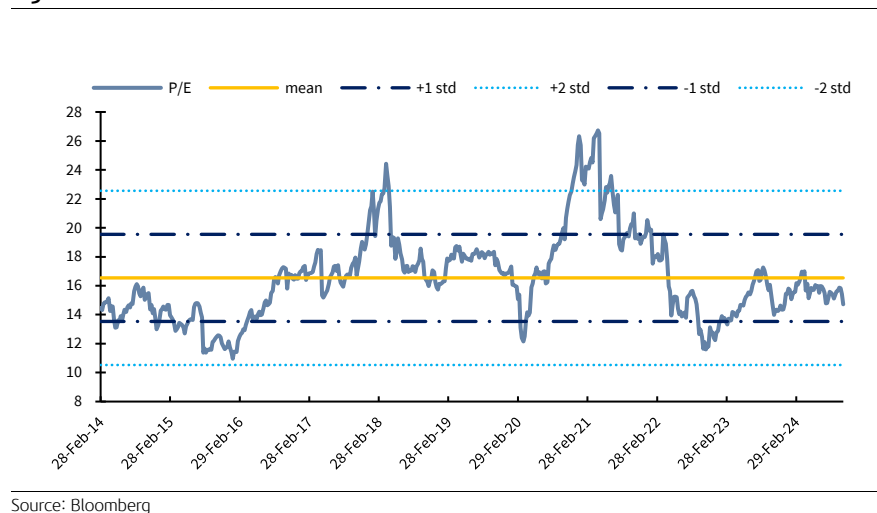
- Macro indicators for October 2024 and 3Q 2024 continue to reflect the stability of the macroeconomic environment, with positive signals from key metrics such as GDP growth, export turnover, IIP, and PMI, as highlighted in this report's Section I.
- The FED cut its benchmark interest rate in November, in line with market expectations, and is almost certain to continue this trend in December. This helps mitigate exchange rate pressures, supporting the State Bank of Vietnam's (SBV) policy of maintaining low interest rates, which, in turn, fosters economic growth and boosts stock market momentum. Additionally, the narrowing interest rate differential between Vietnam and the U.S. is a positive factor for the return of foreign capital flows.
- Positive 3Q earnings season results are likely to continue influencing market trends.

Meanwhile, some **foreseeable risks** are:

- Escalating conflicts in the Middle East and other regions are driving volatility in oil prices and freight rates, surpassing initial expectations. A wider conflict could disrupt regional geopolitics and negatively impact economic activity.
- The potential re-election of Donald Trump could alter market expectations regarding policy changes, particularly in trade, with significant implications for economic relationships.
- The USD/VND exchange rate may face upward pressure again
- A decline in consumer demand in the Chinese market could impact commodity prices and export activity.

While core domestic drivers, such as economic growth and domestic monetary policy, continue to support a medium-to-long-term upward trend, November's market movements remain subject to unpredictable variables. Given the current P/E level aligned with the 2-year average, we expect the VN-Index to trend sideways throughout November 2024, unless unforeseen events cause a shift in market expectations.

Fig 16. Vietnam – P/E of VN-Index



Source: Bloomberg

From a technical stance, the dominant trend remains bearish in the short term. However, there is a high probability (70%) that the VN-Index will experience a positive rebound around the 1230 (+/-10) range. In the alternative scenario (30% probability), clear upward momentum would only materialize at deeper support zone around 1,200 (+/-10)

On the daily chart, the loss of the support zone around 1270 points, coupled with the emergence of several strong bearish candles with higher volume than the bullish ones, suggests that market momentum is shifting toward distribution. Momentum indicators such as RSI, Stochastics, and MACD all reflect a dominance of selling pressure, though they have not yet reached oversold levels. As a result, the short-term trend appears to favor a continued corrective phase through November.

On the weekly time frame chart, after slightly surpassing the 2023 peak, the VN-Index is forming a moderately ascending accumulation range within the 1160–1310 zone, showing a narrowing pattern with each successive low higher than the last. While this trend suggests the potential for an “Ascending Triangle” pattern, as long as the lower boundary holds, a sideways trend with alternating ups and downs is likely to remain dominant. Additionally, the 200-day moving average, which has previously prompted significant reactions, highlights a key support zone around 1230 points.

Overall, we believe that while the short-term market trend is leaning bearish, the index still holds potential for a rebound at lower support levels. KBSV favors the scenario (with a 70% probability) where the VN-Index will see a positive recovery response around the 1230 support area (+/- 10 points), followed by a continuation of the sideways trend. In the alternative scenario (30% probability), the index may undergo a deeper correction, reaching the next support zone around 1200 (+/- 10 points) before a rebound occurs.

Fig 17. Vietnam – Technical analysis of the VN-Index



Source: FireAnt

## IV. Investment themes

Table 2. Vietnam – Top investment themes

Investment Themes	Beneficiary groups/industries	Top picks
Demand recovery	Banking, Retail	VCB, ACB, TCB, MWG, DGW
Market upgrading	Securities	SSI, HCM, VND, MBS
La Nina cycle	Hydropower	REE, HDG

Source: KB Securities Vietnam

### The current short-term market correction will offer attractive buying opportunities

In our November report on the outlook for the Vietnamese stock market, we reaffirm our previous view on the investment themes consistently discussed in prior reports. Positive growth potential continues for the relevant stock groups for the rest of the year (Table 4).

KBSV believes that the short-term market correction will offer attractive buying opportunities for investors who are still on the sidelines or those looking to increase their holdings.

## V. October model portfolio return

### Investment approach:

- Seek to outperform the VN30 Index by identifying the most attractive stocks within our coverage universe;
- The default holding period is 3-month. However, the portfolio is reviewed and reallocated in every first week of each month;
- Employ a risk-managed exit strategy that sets a stop loss of -15%;
- Use an equal-active-weight (with monthly rebalancing method) approach that allocates 100% of the portfolio to stocks that can also include VN30 index ETFs.

### Performance vs VN30 Index

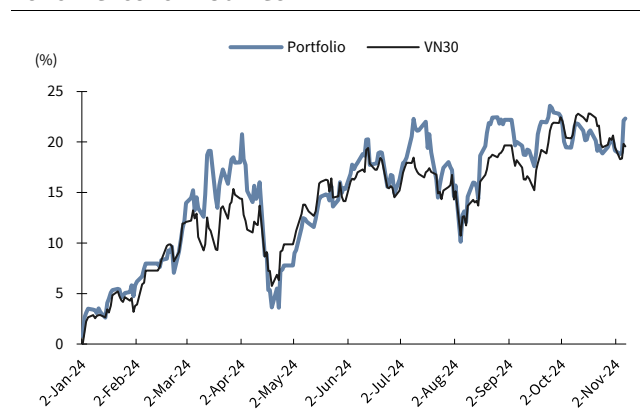
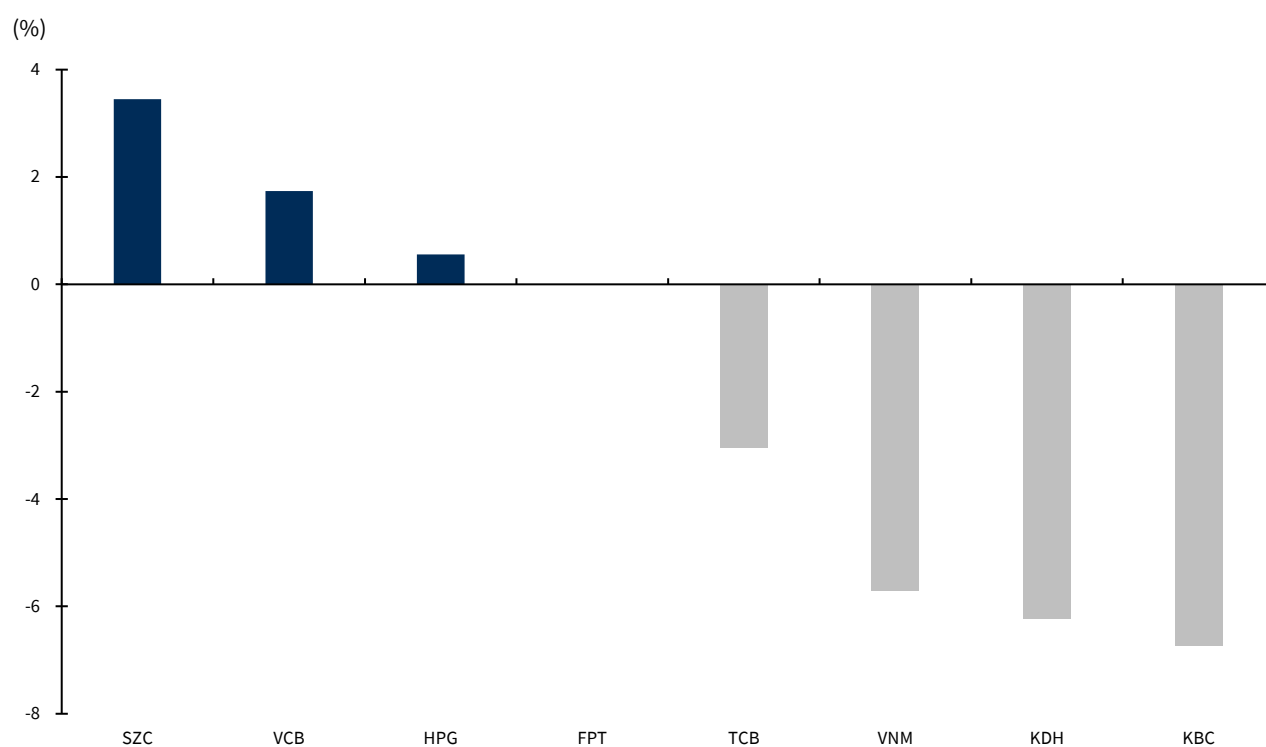


Fig 18. KBSV – August model portfolio return (%)



Source: KB Securities Vietnam

## VI. November model portfolio

No.	Ticker	Target price (VND)	Closing price (Oct 31, 2024)	Expected return (%)	2024 forward PE (x)	2024F NPAT growth	Investment catalysts
1	VCB	105,200	93,600	12%	14.64	5%	<ul style="list-style-type: none"> <li>- Credit growth is expected to accelerate in 4Q 2024</li> <li>- NIM should remain stable thanks to improved funding costs and least pressure on deposit interest rate increases across the system</li> <li>- VCB maintains a solid provisioning buffer with a low NPL ratio</li> </ul>
2	MWG	78,000	66,500	17%	20.90	2354%	<ul style="list-style-type: none"> <li>- The gioi Di dong &amp; Dien may xanh (TGDD &amp; DMX) chains are forecast to grow strongly from 2023's low base and recovering demand</li> <li>- Bach Hoa Xanh (BHX) and Erablue start to turn profitable, providing new growth drivers for the business</li> </ul>
3	TCB	29,600	23,900	24%	7.36	27%	<ul style="list-style-type: none"> <li>- The 2024 credit room has been expanded to 18.5%, with positive credit growth prospects driven by the launch of Vinhomes Co Loa</li> <li>- NIM is expected to improve compared to other banks in 2024 due to: (1) effective control of funding costs; (2) no strategy of lowering lending interest rates for competitive purposes</li> <li>- Non-performing loans (NPLs) should remain controlled at a low level of &lt;1.4%, although medium- to long-term risks related to credit exposure to Vinhomes &amp; Masterise Homes should be noted</li> </ul>
4	GMD	80,000	65,300	23%	16.37	-28%	<ul style="list-style-type: none"> <li>- Total throughput for 2024 is expected to be 3.3 – 3.5 million TEUs (up 10 – 12% YoY)</li> <li>- Port service fees in the Northern and Southern clusters are expected to grow by 5% and 7-10% respectively in 2024</li> <li>- The long-term outlook is secured by the growth in Vietnam's trade activities</li> </ul>
5	HPG	31,000	26,900	15%	15.44	63%	<ul style="list-style-type: none"> <li>- Domestic steel prices have decreased more slowly than the cost of input materials, supporting gross profit margins in the medium term</li> <li>- Domestic consumption is expected to continue improving in the near term</li> <li>- Dung Quat 2 is set to begin operations and commence commercial activities from 1Q2025</li> </ul>
6	GAS	79,500	70,600	13%	16.32	0%	<ul style="list-style-type: none"> <li>- Imported LNG helps supplement gas supply during the 2024-2026 period as domestic gas fields are experiencing a rapid decline</li> <li>- Risks: (1) weakening oil prices; (2) declining input gas volume; (3) delays in LNG power plants affecting consumption; (4) volatility in LNG input prices</li> <li>- GAS is trading at less than -1 standard deviation from its historical mean P/E ratio</li> </ul>
7	VIB	24,600	18,850	31%	5.67	-2%	<ul style="list-style-type: none"> <li>- Shifting focus to the retail segment has delivered the highest profitability in the industry in recent years</li> <li>- NIM has not yet recovered, but is expected to return to high levels in the long term</li> <li>- Non-performing loans (NPLs) should be controlled after stricter policies in asset quality management</li> </ul>
8	KDH	40,200	33,500	20%	38.70	11%	<ul style="list-style-type: none"> <li>- Khang Dien holds a competitive advantage with over 600 ha of land in Ho Chi Minh City, especially as urban land is becoming increasingly scarce</li> <li>- The Clarita and Emerica projects are expected to be launched in the fourth quarter of 2024</li> <li>- The handover of The Privia may ensure profit growth in 2024</li> </ul>

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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:	Neutral:	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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