KB Securities VIETNAM

Stock Market 2Q24

Facing a headwind

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We slightly raised the 2024F VNIndex to 1,360 points from 1,330 points given in the previous strategy report. We maintain our forecast for the P/E of the market at 15.3x as we have not seen any notable factors that change the growth drivers compared to a quarter ago. Meanwhile, the projected EPS growth of companies listed on the HSX was upgraded to 19% from 16% after further assessment of the released 4Q23 earnings data.

The main growth drivers of the market in 2024 will continue to come from: (i) interest rates (although interest rates may recover slightly in the second half of the year likely due to pressures from inflation, exchange rates, and credit demand, they should remain low); (ii) the recovery of the domestic economy with a GDP growth rate of over 6%, creating favorable conditions for listed businesses to grow from the low base of 2023; (iii) a potential reversal of monetary policy from major central banks in the world, especially the Fed, lowering interest rates in mid-2024; and (iv) clearer prospect of market upgrading as pre-funding issues are addressed.

In 2Q, we are inclined to the scenario that the market will experience a big correction at the beginning of the quarter to relieve profit-taking pressures from nearly two quarters of gaining, while exchange rate pressure is also posing challenges to the liquidity of the banking system. However, with the expectation that exchange rate pressure is only temporary and the market outlook in the medium term is still positive as stated above, we believe that this adjustment period presents an opportunity for investors to accumulate stocks at low prices for medium and long-term investment purposes.

For the outlook of business sectors, our Equity analysis department gives a positive rating to the oil and gas, steel, logistics, industrial real estate, and banking sectors *(See more in part VI of the report).*

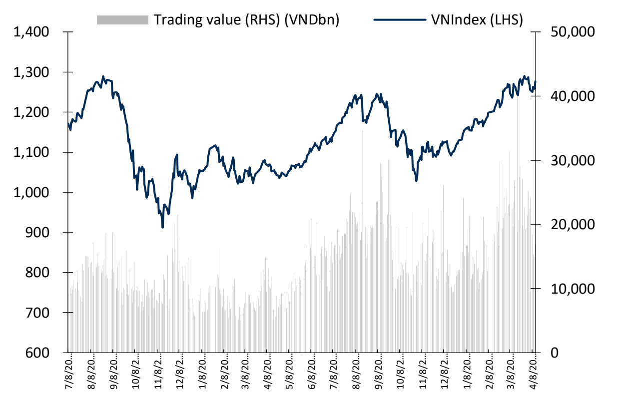
Contents

I. Stock market outlook in 2Q24

Vietnam's stock market strongly recovered in both point and liquidity in 1Q24

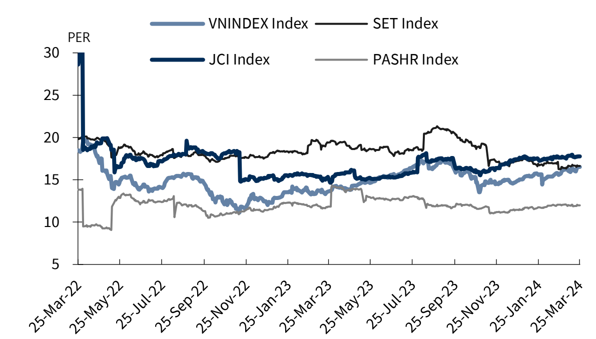
Vietnam stock market returned to an upward trend after a slight adjustment in the previous quarter, driven by low interest rates and expectations of recovery of the domestic economy. In addition, the 4Q23 earnings season with the rebound of listed companies after many quarters of negative growth is also an important driving force to the market. For the entire 1Q24, VNIndex increased by 13.64% compared to the beginning of the year, while trading value surged 132% YoY.

Fig 1. Vietnam – VNIndex movements (point)



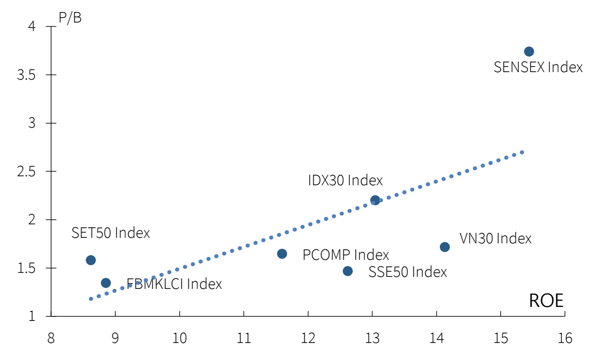
Source: Bloomberg, KB Securities Vietnam

Fig 2. ASEAN4 – P/E movements (x)



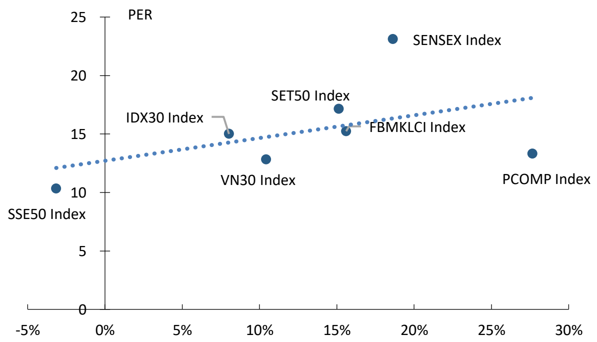
Source: Bloomberg, KB Securities Vietnam

Fig 3. Stock markets – P/B & ROE (x, %)



Source: Bloomberg, KB Securities Vietnam

Fig 4. Stock markets – P/E & EPS growth (x, %)



Source: Bloomberg, KB Securities Vietnam

KBSV expects the VNIndex to reach 1,360 points by the end of the year

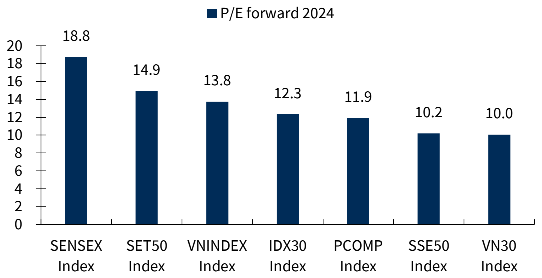
Regarding the market outlook in 2024, we have not seen any new factors that may have a significant influence on the reasonable valuation area for the P/E of the VNIndex at the end of the year (at 15.3x, lower than current level 16.5x). However, we raised our forecast for profit growth of listed companies from 16.4% to 19%, after further evaluating the recent 4Q23 earnings reports and the recovery prospects of listed companies in 2024 *(See also Part II of the report).* Accordingly, we raised the target point range of the VNIndex from 1,330 points in the report *Stock market outlook 2024* to 1,360 points.

Market supporting factors continue to be the recovery in production and business activities of listed enterprises; low and stable interest rates; the implementation of the KRX trading system and market upgrade prospects in September; and positive impact from the US stock market thanks to expectations that the Fed will lower interest rates, and the US economy will have a "soft landing" *(See also Part III of the report).*

It is forecasted that the market will have an adjustment period in 2Q as the increase in 1Q has fully reflected the expected factors

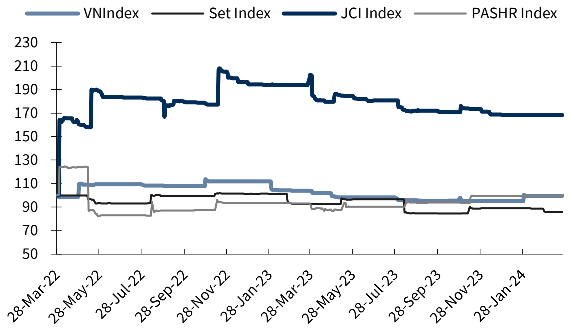
After a strong increase from the end of October 2023 until now, the market's P/E valuation is no longer low and is at 16.5x (according to Bloomberg, equivalent to the two-year average +1SD). This shows that the market has fully reflected the expected factors mentioned above. We do not think this is an expensive price range for VNIndex as many favorable factors are ahead. However, a market adjustment is necessary to relieve profit-taking pressure and reflect risks from exchange rate factors before the market receives more support from fundamental factors such as growth during earnings seasons, positive macro data, or motivations coming from the implementation of the KRX system, upgrading the market rating, and the Fed lowering interest rates. This correcting period is considered an opportunity for investors to accumulate low-priced stocks in the context of the market's positive outlook in 2024 being maintained.

Fig 5. Global – 2024 forward P/E (x)



Source: Bloomberg, KB Securities Vietnam

Fig 6. ASEAN4 – EPS movements



Source: Bloomberg, KB Securities Vietnam

II. Business performance

We forecast the average EPS growth of businesses on the HSX in 2024 to reach 19% YoY (up 3% compared to 16% in the previous report)

We raised the EPS growth forecast for the entire market from 16% in the previous strategic report to 19% over the same period in 2023 (Figure 10). KBSV maintains the view that 2024 will be a period of recovery for production and business activities for most industry groups. The point of view is based on the following factors:

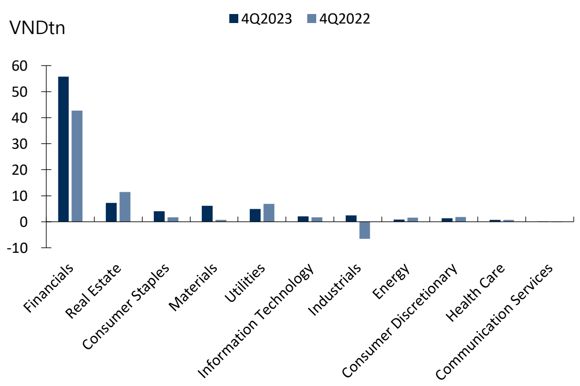
(i) Loose monetary policy with maintaining low interest rates will be applied throughout 2024 in the context of exchange rate pressure and inflation being expected not to be tense (there may be a few times when the State Bank of Vietnam (SBV) net withdraws T-bills, but does not imply a policy reversal, and is unlikely to cause market interest rates to increase).

(ii) There are other growth drivers come from Government policies such as public investment, tax exemptions, more FDI capital, and policies to support the real estate market.

(iii) The profit base is low when in 2023 the profits of listed businesses decreased by 5% YoY, a decrease after nine years of high growth if excluding 2020 due to the impact of the Covid-19.

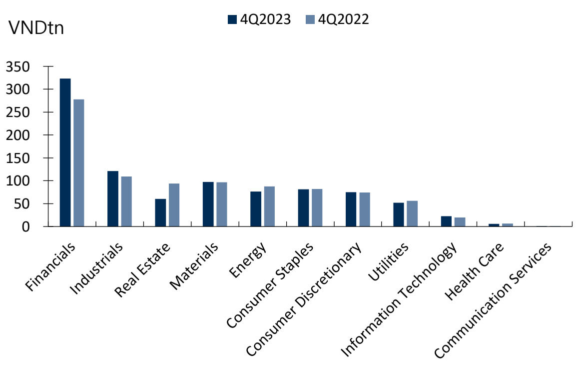
Specifically, the industry group that we believe will have the most positive EPS recovery is the non-essential consumer goods group (with forecast EPS +29% YoY) thanks to the expectation of purchasing power and consumer demand recovering and low bases in 2023. The IT industry will maintain its growing momentum at 20% YoY, driven by the stable prospects of FPT Corporation (FPT). Positive forecasts will continue to be given to the financial industry (+22% YoY), reflecting the expectation that loan demand will increase when production and business activities of businesses recover. Overall, most industries will more or less expect to recover in 2024.

Fig 7. Vietnam – 4Q23 profit of major industries (VNDtn)



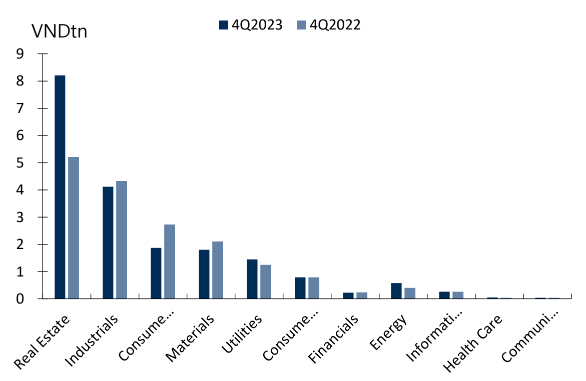
Source: Bloomberg, KB Securities Vietnam

Fig 8. Vietnam – 4Q23 revenue of major industries (VNDtn)



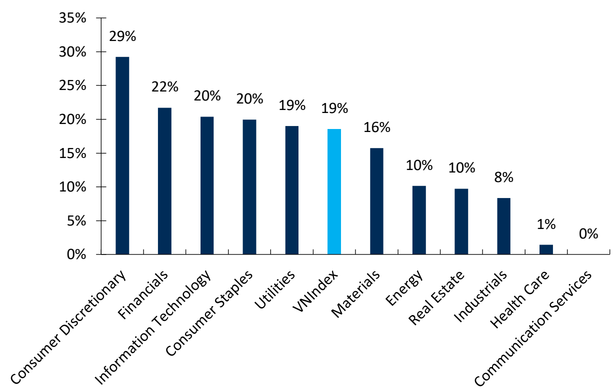
Source: Bloomberg, KB Securities Vietnam

Fig 9. Vietnam – 4Q23 financial expenses (VNDtn)



Source: Bloomberg, KB Securities Vietnam

Fig 10. Vietnam – 2024F EPS growth (%)



Source: Bloomberg, KB Securities Vietnam

4Q23 revenue was not too impressive, but profits showed many improvements

Regarding 4Q23 business results, total revenue of businesses on the HSX grew modestly at 2% YoY. Leading the overall growth continues to be the financials group (+16.5% YoY), but the increase has slowed down significantly compared to the previous quarter due to the deceleration from the large-cap state-owned banks. The next is the IT group with positive growth of 14.79%. Besides, the industrial group (+10.6% YoY) also contributes a large proportion to the whole market's revenue, notably Vinaconex (VCG, +116% YoY) and Vietjet Aviation (VJC, +49% YoY).

On the other hand, other industries showed subdued performance with a big writedown in 4Q23 revenue such as the real estate (-35% YoY, mainly affected by Vinhomes (VHM, – 72% YoY). The energy and utilities group also saw revenue declines of 12% YoY and 7% YoY, respectively.

Regarding profits, the whole market witnessed an increase of more than 36.6% with differentiation between industry groups. The group that saw the most obvious profit improvement was the materials group (+809% YoY) as leading enterprises such as Hoa Phat Group (HPG) and Hoa Sen Group (HSG) grew from a low base of business results in 4Q22. Following that, the return of the essential consumer goods group (+138%) was mainly supported by the recovery of Vinamilk (VNM, +24% YoY). Profits of the financials and IT groups remained positive, growing 30.4% YoY and 22.3% YoY respectively.

On the contrary, some industries showed negative profit growth over the same period such as real estate (-36.7%, hit by VHM) and energy (-49.4%, mainly influenced by Petrolimex – PLX). Financial costs in these two groups continued to spike 58% YoY and 46% YoY, respectively (Figure 9).

III. Market drivers in 2024

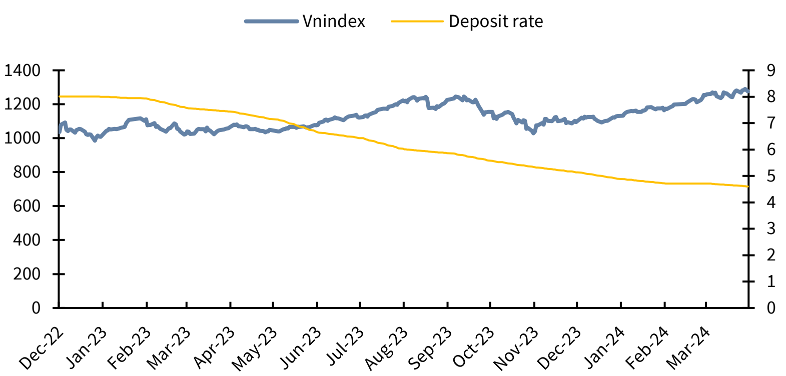
1. Interest rate trend & exchange rate pressure

Interest rates have reached the bottom but are forecast to remain low and support the stock market in 2024

Deposit interest rates have dropped to a record low, while lending interest rates have also witnessed considerable declines from the peak at the end of 2022. This is a strong support factor for cash flow in the stock market throughout many recent quarters. In 1Q alone, with low credit growth and weak domestic consumption, exchange rate pressure has not had a direct impact on customer loan interest rates, the average interest rate was further reduced, helping market liquidity have many trading sessions of over USD1 billion.

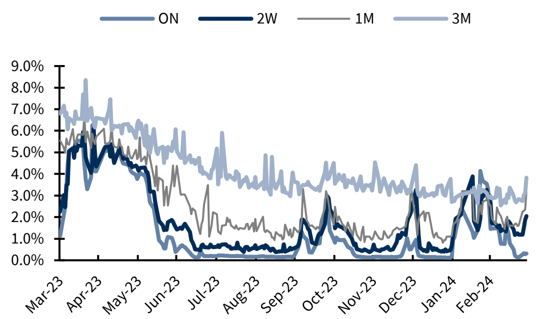
However, we do not think that deposit interest rates have room to decrease further because the current average is already at a historic low, while inflationary and exchange rate pressures should be considered. In addition, credit is expected to gradually recover in 2H24, corresponding to the recovery of economic growth. In the base scenario, interest rates will stay flat or only slightly increase, which continues to boost the stock market.

Fig 11. Vietnam – VNIndex and 12M average deposit interest rate (point, %)



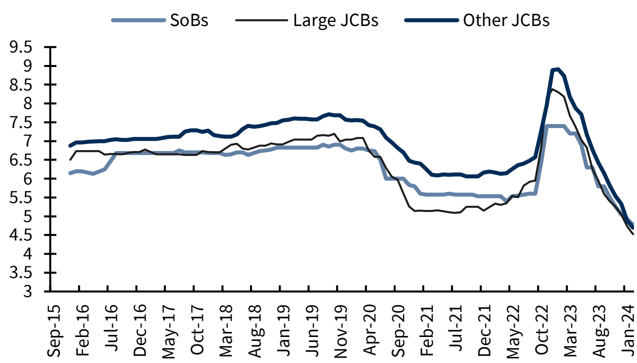
Source: Bloomberg, KB Securities Vietnam

Fig 12. Vietnam – Interbank interest rates (%)



Source: FiinPro, KB Securities Vietnam

Fig 13. Vietnam – 12M deposit interest rates (%)



Source: Wichart, KB Securities Vietnam

Inflationary and exchange rate pressures and expectations of stronger credit growth restrain the downtrend of interest rates

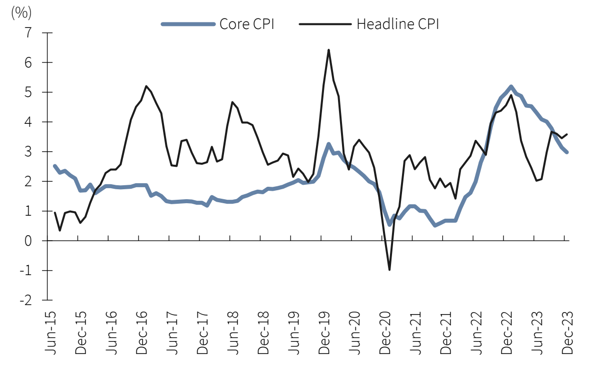
The increase in inflationary and exchange rate pressures in the past two months is the main obstacle to the current interest rate reduction (in addition to the fact that interest rates are already at historic lows). As of April 1, the average system-wide deposit interest rate was 4.6% for 12-month term, decreasing 0.11% compared to the previous month.

Although the primary goal of the State Bank of Vietnam (SBV) is to maintain low interest rates and promote economic growth, current pressures and signs make us think that interest rates are likely to have bottomed out. Accordingly, we forecast that the average 12M deposit interest rate may inch up but still fluctuate in the range of 4.75% – 5.35%, remaining the same compared to the previous report, based on the following arguments:

- **Inflationary pressure is noticeable**: March headline CPI went down 0.23% MoM, and core CPI gained 0.03% MoM, on average in 1Q2024 rising 3.77% and 2.81%, respectively (Figure 14). Compared to 1Q23, the main impacted industry groups are food (+16.51%, of which rice prices climbed 21.7%); housing and construction materials (+5.4% due to increased rent, water and electricity prices), education (+9.02% due to increased tuition), and medical services (+6.51% due to price adjustment according to the circular of the Ministry of Health).
  In addition, Brent crude oil prices have surged from USD76/barrel at the beginning of the year to around USD85/barrel in March and are forecast to continue the upward momentum this year *(mentioned in Part VI. Sector outlook – Oil and gas)*. This will be an uncertain factor that makes inflationary pressures more unpredictable in the rest of 2024.

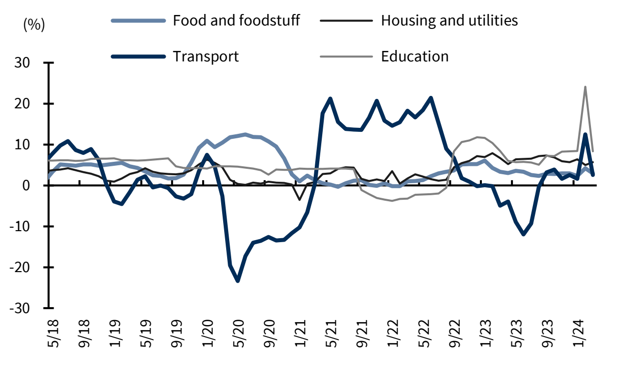
  Although inflation is still far below the limit of 4.5%, the rapid increase in recent months is reminding executives to stay cautious.

Fig 14. Vietnam – Headline & core CPI (% YoY)



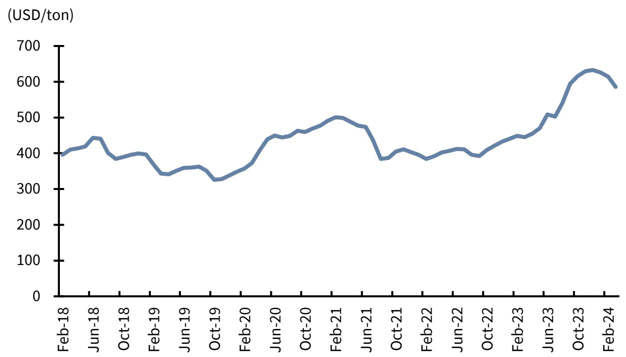
Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 15. Vietnam – Main CPI movers in March 2024



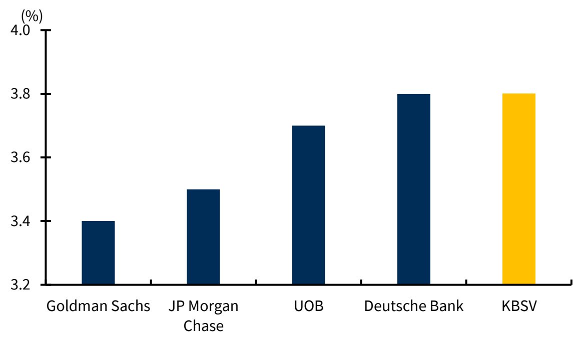
Source: General Statistics Office of Vietnam, KB Securities Vietnam

Fig 16. Vietnam – Rice with 5% broken price (USD/ton)



Source: Bloomberg, KB Securities Vietnam

Fig 17. Vietnam – 2024F average CPI (%)



Source: IMF, KB Securities Vietnam

- **Credit demand is forecast to increase in the second half of the year**: We expect credit growth to recover clearly in 2H24, which is in line with the economy's recovery. Growth drivers are the recovery of the export sector from its low comparative base last year; the absorption of monetary policy to lower interest rates, and fiscal policy to promote public investment; the warming of the land market thanks to the Government's policy to remove difficulties; and improved FDI and domestic consumption.

  In fact, after the first two months of negative credit growth due to seasonal factors and unexpectedly high growth in December 2023, credit growth across the economy increased and gained 0.26% YTD as of March 25.

  However, KBSV believes that the recovery of the real estate market will be relatively slow due to the lack of supply and ready-to-deploy projects, while the real estate prices in central areas are still high. Accordingly, we expect credit growth this year to reach 14% – 15%.

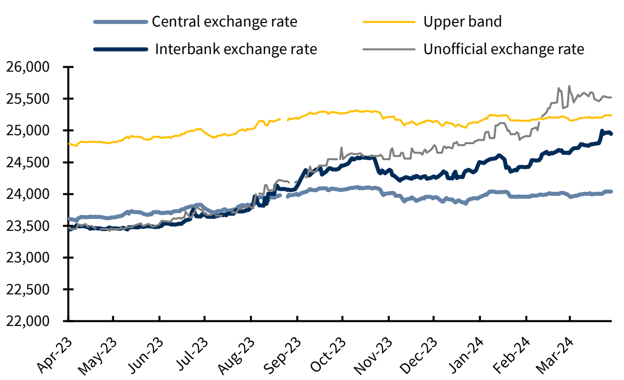
- **The USD/VND exchange rate should maintain its upward trend but will gradually cool down in 2H24**. Rising exchange rate pressure has caused the State Bank to make a move to net T-bills since mid-March with the aim of increasing VND interest rates on the interbank market, thereby reducing exchange rate pressure from carry trade.
  KBSV believes that in the short term, the increase in exchange rates will continue to be strengthened by (i) the upward trend of DXY and US Government bond yields (with inflationary pressure and oil prices causing expectations of Fed pivot to gradually decrease); (ii) peaking gold prices in a long time, putting pressure on the unofficial exchange rate; and (iii) the recovery of import activities and the move to accumulate USD. As the interbank exchange rate is approaching the SBV's limit, the bank will likely have more drastic moves such as selling USD forward contracts.

However, in the medium term, with the consistent orientation of maintaining low deposit and lending interest rates and the expectation that the DXY index will cool down as it approaches the time when the Fed lowers interest rates, we believe that exchange rate pressure in 2024 will be tense at a few times and will not be the factor that causes interest rates to rebound strongly again with the base scenario of WTI oil prices not exceeding the 90 threshold.

In addition, this year's exchange rate will also be supported by the supply of USD coming from import-export activities and growing FDI flows. Registered foreign investment capital as of March 20 reached USD6.17 billion (+13.4% YoY). Meanwhile, realized FDI capital in the first three months of the year is estimated at USD4.63 billion USD (+7.1% YoY) and is the highest level in the past five years.

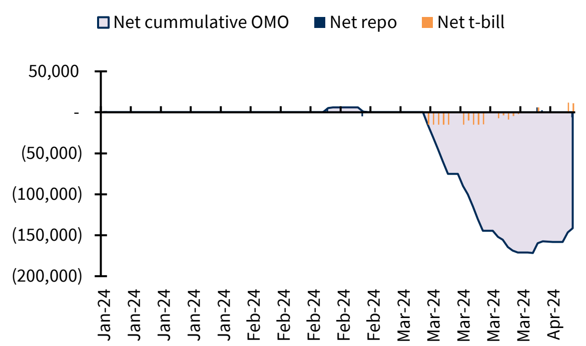
Total import-export turnover in the first three months of the year hit USD178.04 billion, of which exports reached USD93.06 billion USD (+17%) and imports were USD84.98 billion (+18%). In 1Q24, Vietnam's trade surplus was USD8.08 billion. Domestic business operations continued to improve and recover with a trade deficit of only USD1.29 billion. Therefore, we forecast that the exchange rate will increase by 2.5% this year, reaching VND24,850.

Fig 18. Vietnam – Central, interbank and unofficial exchange rates (%)



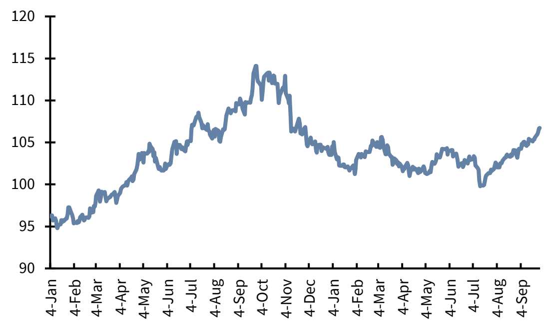
Source: Bloomberg, FiinPro, KB Securities Vietnam

Fig 19. Vietnam – Open market operations (VNDbn)



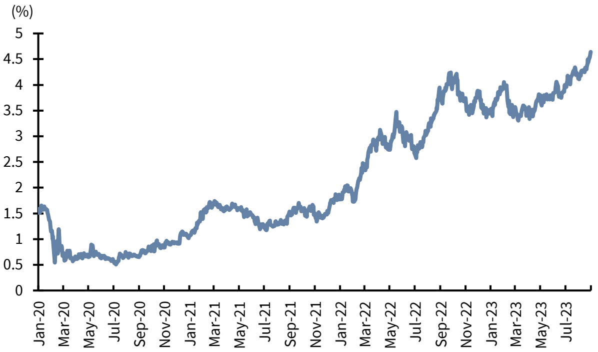
Source: State Bank of Vietnam, KB Securities Vietnam

Fig 20. Vietnam – DXY (point)



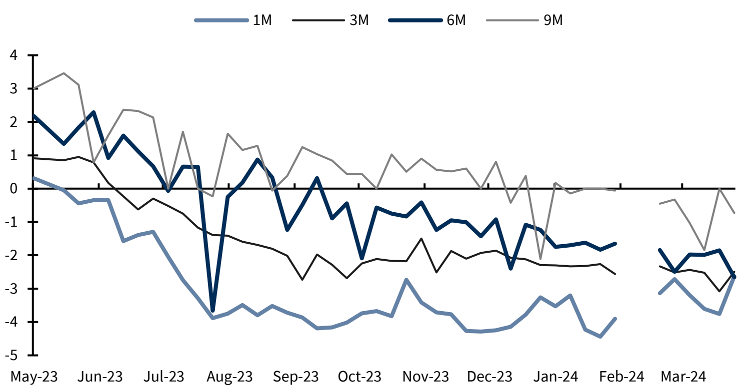
Source: Bloomberg, KB Securities Vietnam

Fig 21. US – Bond yields (%)



Source: Bloomberg, KB Securities Vietnam

Fig 22. Vietnam – VND-USD exchange rate gap over terms (%)



Source: State Bank of Vietnam, KB Securities Vietnam

2. Market credit rating upgrade

Vietnam is on the watchlist for market credit rating upgrade of rating agencies

After nearly 10 years of starting the stock market upgrade process, Vietnam is currently in the final stages of completing the remaining criteria to be upgraded to an emerging market. This will bring benefits in many aspects to the market, especially in terms of reputation and the ability to attract foreign capital flows.

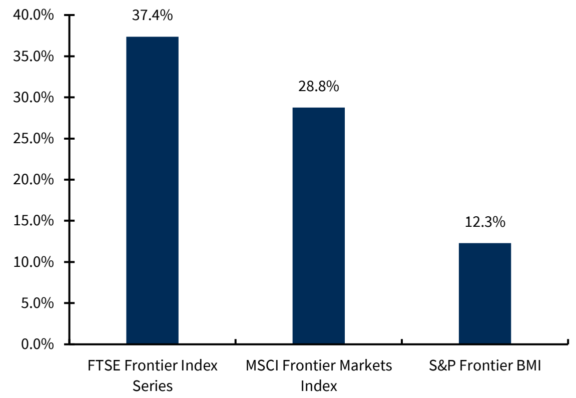
Currently, there are three rating organizations in the world evaluating and classifying the market, FTSE Russell, MSCI, and S&P Dow Jones. Vietnam is currently in the frontier market group and accounts for a large proportion of the indexes of organizations, 37%, 29%, 12.3% respectively for the FTSE Frontier Index Series, MSCI Frontier Markets Index and S&P Frontier BMI. In addition, Vietnam has been included in the watch list for upgrading to emerging market status by FTSE Russell since 2018 and is monitored and evaluated annually by MSCI and S&P Dow Jones.

Fig 23. Vietnam – Number of markets by rating group

FTSE Russell	Developed Market: 25 Advanced Emerging: 10 Secondary Emerging: 14 Frontier Market: 29
MSCI	Developed Market: 23 Emerging Market: 24 Frontier Market: 23 Standalone Market: 13
S&P Dow Jones	Developed Market: 25 Emerging Market: 23 Frontier Market: 33 Standalone Market: 8

Source: KB Securities Vietnam

Fig 24. Vietnam – Proportion of Vietnamese stocks in indexes



Source: KB Securities Vietnam

Vietnam is getting closer to the official upgrade by FTSE Russell

With more approachable and updated criteria (dividing emerging markets into two levels – advanced and secondary) of FTSE Russell's, Vietnam's stock market upgrade is more positive. Meanwhile, the roadmap based on the criteria of the remaining two agencies, MSCI and S&P Dow Jones, is quite far away as Vietnam has only met half of their requirements.

(i) By the end of the periodic review period in September 2023, Vietnam has met seven out of nine criteria by FTSE Russell. The remaining two criteria that we do not meet are "delivery versus payment (DvP)" and "settlement – costs related to failed transactions". FTSE Russell believes that the DvP criterion is facing a barrier when Vietnam still requires available funds before transactions, and the other one is not evaluated since there is no mechanism for transactions that cannot be paid.

Table 1. Vietnam – Level of response to the credit rating criteria of FTSE Russell

Criteria	Developed	Advanced EM	Secondary EM	Frontier	Vietnam
Average income per capita (World Bank)					Low-average
Credit worthiness					Speculative
Trading and regulatory environment:					
Formal stock market regulatory agencies actively monitor the market (eg. SEC, FSA and SFC)	X	X	X	X	Passed
Fair treatment to minority shareholders	X	X			Limit
No or selective incidence of foreign ownership restrictions	X	X			Limit
No objection or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income	X	X	X	X	Passed
No or simple registration process for foreign investors	X	X			Limit
Forex market:					
Developed forex market	X	X			Limit
Capital market:					
Competitive brokerage fees to ensure brokerage services quality	X	X	X		Passed
Competitive and reasonable transaction and other costs	X	X	X		Passed
Reasonable application of taxes and equivalent tax regulations between domestic and foreign investors	X	X			Passed
Margin lending	X				Limit
Short selling	X				Not pass
Developed derivatives market	X				Limit
Off-exchange transactions	X				Not pass
Efficient trading mechanism	X	X			Limit
Transparency - market insights/visibility and timely trade reporting process	X	X	X	X	Passed
Custody and settlement:					
Settlement - costs associated with failed transactions	X	X	X	X	Limit
Delivery versus payment (DvP)	X	X	X	X	T+2
Securities depository center	X	X	X		Passed
Central clearing partnership (CCP)	X	X			Not pass
Settlement - Free delivery available	X				Not pass
Competitive enough to ensure high quality custody services	X	X	X		Passed
Operating account structure at depository bank level (securities and cash)	X				Not pass

Source: FTSE Russell

(ii) In MSCI's most recent review in June 2023, Vietnam was still not included in the upgrade watchlist because it only met nine out of 18 of this agency's criteria. These issues have also been mentioned in periodic reports since 2021, and Vietnam has not yet had any improvement in the criteria set by MSCI.

To summarize, the common criteria that most rating agencies require improvement are: **(i) pre-transaction deposit and payment transaction; (ii) detailed information flow in multiple languages; and (iii) room restrictions for foreign investors.**

There have been certain moves to speed up the upgrade process based on FTSE Russell criteria

However, the Government and the Ministry of Finance have made moves to resolve more specific issues, especially related to pre-funding and information disclosure. On March 20, 2024, the State Securities Commission consulted on amending and supplementing Circulars 119, 120, 121, and 96/2020/TT-BTC on the purpose of:

- Skip 100% pre-trading margin requirements for foreign institutional investors, only require sufficient funds before the depository member confirms the transaction results and payment obligations with Vietnam Securities Depositary (VSD).

- Only securities companies with sufficient financial capacity can provide the above service to ensure payment obligations are guaranteed by securities companies in case investors do not have enough money for settlement.

- The roadmap for periodic and extraordinary information disclosure in English based on the size of listed companies and public companies will last from January 1, 2025 – January 1, 2028.

Being upgraded brings positive potential to the stock market

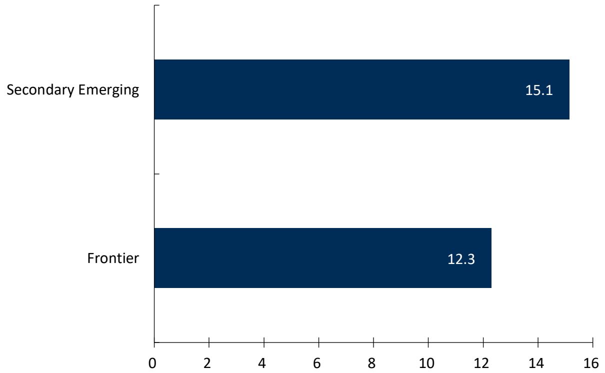
We think this will be the solution to remove the biggest barriers to Vietnam market upgrading according to FTSE Russell's criteria, especially the pre-trading margin issue. This mechanism still ensures fairness for domestic investors because currently only this group of investors can use margin lending services. Therefore, we expect the earliest roadmap for Vietnam's stock market to be announced for upgrade in September 2024 and officially upgraded by FTSE Russell in the September 2025 review period.

Market rallies: Stock market movements tend to be positive when the market is added to the watchlist for upgrading or officially upgraded. For example, Pakistan's Karachi index spiked 300% after being approved to be upgraded in 2009; Kuwait increased by 53%, and Qatar rose 20%. In addition, most markets in the secondary emerging group also have more positive valuations with an average P/E of about 15.1x – about 20% higher than frontier markets.

Attract investment: If Vietnam is classified as a secondary emerging market by FTSE Russel, we estimate it may gain about 0.7 – 1% in the FTSE Emerging Index basket, which could attract USD800 million – 1 billion in new investments from ETF funds. In addition, according to World Bank estimates, a successful upgrade to emerging market status could bring Vietnam an additional USD10 billion in investment capital, including both direct and indirect capital.

Trust and transparency increase: The upgrade of the stock market is often accompanied by increased transparency and management processes, thereby creating a safer and more reliable investment environment.

Fig 25. Stock markets – Average P/E comparison (x)



Source: Bloomberg, KB Securities Vietnam

Fig 26. Vietnam – Estimated proportion of Vietnam when being added to the FTSE Emerging Market index (%)

	Philippines	Kuwait	Qatar	Vietnam
Weight	0.81%	0.94%	1.02%	0.8 – 1% (estimated)
Market cap (USDbn)	321	156	140	210

Source: Bloomberg, FTSE Russell, KB Securities Vietnam

3. Fed and US economic recession risk

Regarding the overall developments of the US economy, the FED's regulatory policy will have a positive impact on Vietnam's stock market in 2024.

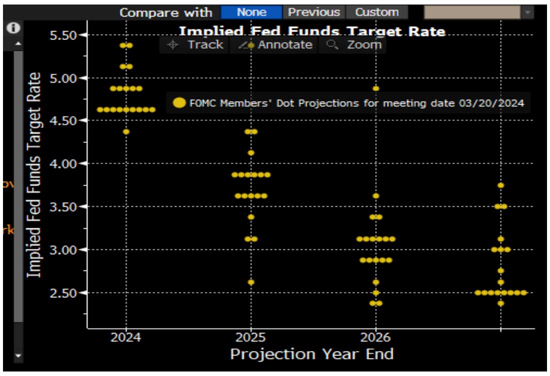
In the base scenario, we maintain our forecast that the US economy will avoid a recession this year as recently released macro data showed the stability of the world leading economy. At the same time, we pushed back the forecast for the first Fed rate cut this year until the June 2024 meeting, and in total the Fed will have three rate cuts this year.

The impacts on Vietnam's stock market are somewhat mixed. On the positive side, the US macro data showed the stability of the economy, minimizing recession risks and helping the country's main stock indexes continuously peak. This will also reassure local investor sentiment and thereby benefit Vietnam stock market.

On the negative side, the postponement of the Fed's rate cut, combined with the stability of the US economy, caused the DXY (which measures the strength of the USD against a basket of six foreign currencies) to experience a strong recovery. This, when combined with other factors such as high demand for USD in the early part of the year and large USD-VND interest rate gap, will trigger speculative exchange rate transactions and raise exchange rate pressure in the first months of the year. The SBV has made a move to net T-bills in mid-March. However, we assess that this pressure will only be temporary, and the closer the Fed gets to lowering interest rates, the more the DXY trend will cool down while the domestic demand for USD in the early part of the year will gradually fade away.

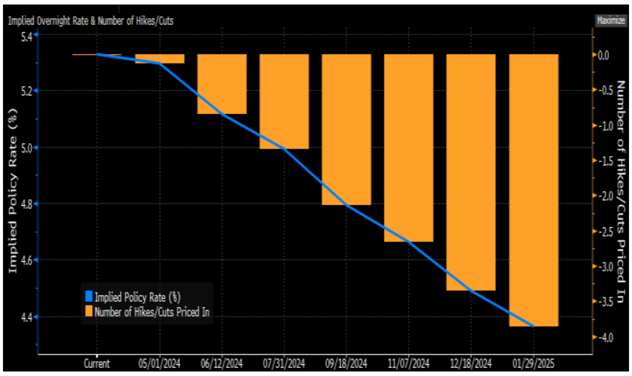
Overall, we maintain a bright look on the impacts from the US stock market and the Fed's operating moves on Vietnam stock market in 2024.

Fig 27. US – The Fed dot plot



Source: Bloomberg, KB Securities Vietnam

Fig 28. US – Current implied interest rates (%)



Source: Bloomberg, KB Securities Vietnam

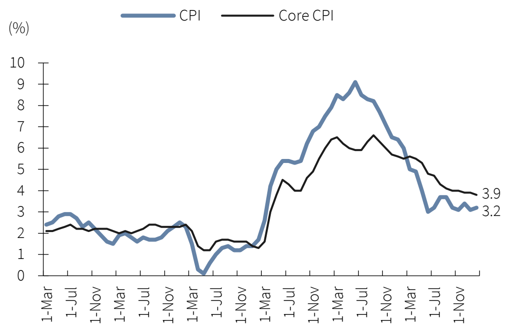
The Fed should lower interest rates at the June meeting, and there will be three cuts this year

The official Dot-plot chart published in the March meeting (Figure 27) showed the FED still planned three rate cuts this year with the decrease of 25bps each time, corresponding to the forecast made in December last year. At the beginning of April, the CME FedWatch interest rate tracking tool said that investors were betting that the possibility of the Fed cutting interest rates for the first time in June was more than 50%. According to Mr. Powell, lowering interest rates is necessary to avoid negative impacts on the economy, but the timing has been pushed back from the market's expectations a few months ago (in which, the cut should fall in March) due to:

US CPI (%YoY) showed signs of slowing down in the first months of 2024. February CPI increased by 3.2% YoY, 0.1bps higher than January and exceeding the market expectations (3.1%). Meanwhile, core CPI (excluding food and energy prices) decreased slightly to 3.8% YoY (vs 3.7% in market expectations). Although it has decreased by two-thirds from the peak of 9% set in 2022, US inflation is still relatively far from the Fed's 2% target. This implies that the US economy is still not over inflation concerns in the short term. In general, since the beginning of the year, CPI has cooled at a slower and more persistent pace than expected.

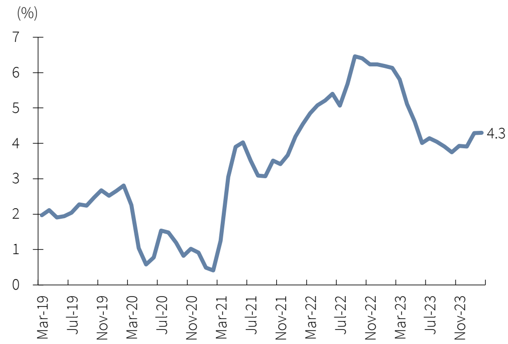
In recent months, energy is one of the factors that have the strongest effects on CPI. WTI oil price has climbed more than 16% from USD72/barrel at the beginning of the year to USD85/barrel at the end of March. Oil prices rebounded due to the impact of geopolitical conflicts and the OPEC+ production cuts. We believe that with the news that Russia has banned petroleum exports owing to worries over lacking domestic supply and complicated geopolitical conflict situation, oil prices will likely stay high and somewhat raise concerns about inflationary pressure.

Fig 29. US – Headline & core CPI (% YoY)



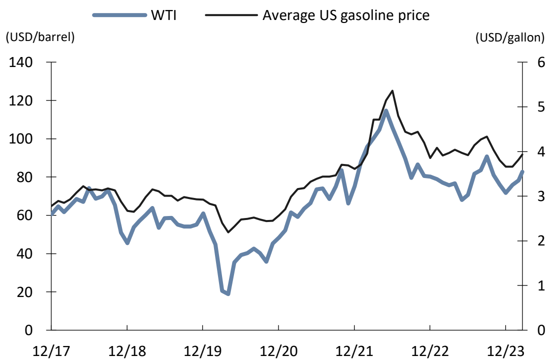
Source: Bloomberg, KB Securities Vietnam

Fig 30. US – Supercore CPI (% YoY)



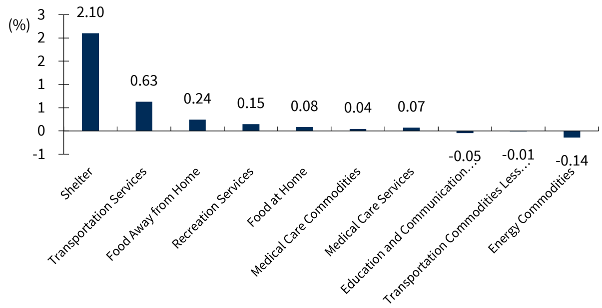
Source: Bloomberg, KB Securities Vietnam

Fig 31. US – Average gas and WIT oil prices (USD/barrel – USD/gallon)



Source: Bloomberg, KB Securities Vietnam

Fig 32. US – Components of the CPI basket (%)



Source: Bloomberg, KB Securities Vietnam

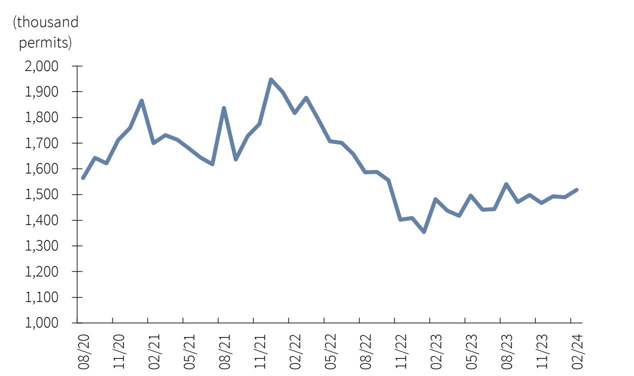
The Fed believes that US inflation will cool down to near 2%

However, Fed leaders have also expressed their belief that the US inflation will cool down and approach 2% in the near future, based on two factors:

Speaking after the meeting, Mr. Powell has confidence that housing prices will decrease. According to our observations, housing and accommodation prices in February gained 0.4% MoM and 5.8% YoY, showing signs of slowing down significantly compared to the increase in the same period last year (8.1% YoY). However, we also note that the CPI data for the accommodation component will lag compared to the actual situation taking place on the market. Regarding the current US real estate market, housing available for sale rose 2% MoM to 1.01 million units. Existing house sales modestly increased, and the number of construction permits in February reached 1,489,000, at an average level compared to 2023. The market situation at the end of 2023 was almost flat and did not show much improvement. Accordingly, we continue to expect the accommodation component to continue to cool down in the near future, reducing pressure on inflation.

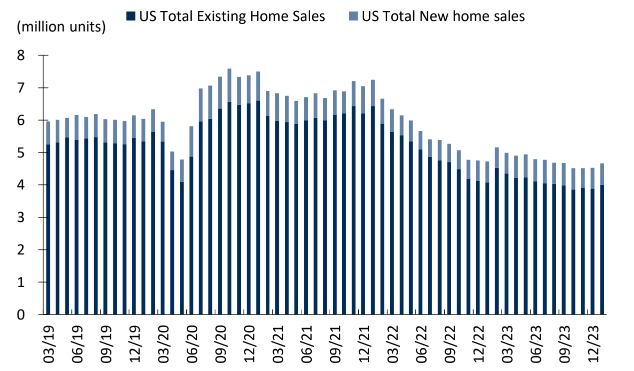
The US labor market shows signs of improvement. The US unemployment rate reached 3.9% from 3.7% in January, marking the highest level since January 2022. In March, the unemployment rate decreased slightly to 3.8%, lower than expected but still higher than the 2023 average. In addition, the US Department of Labor also updated employment data for December 2023 and January 2024, causing the total number of jobs created in these two months to decrease by a total of 167,000 compared to previously released data. Another sign is that hourly wage growth in February rose by only 0.1% MoM, much slower than the 0.5% MoM increase in January.

Fig 33. US – New construction permits (thousand permits)



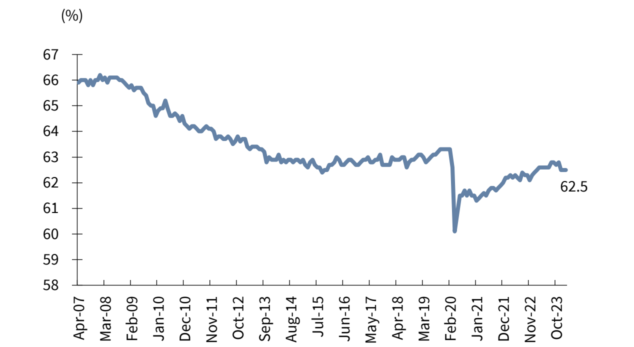
Source: Bloomberg, KB Securities Vietnam

Fig 34. US – House sales (million units)



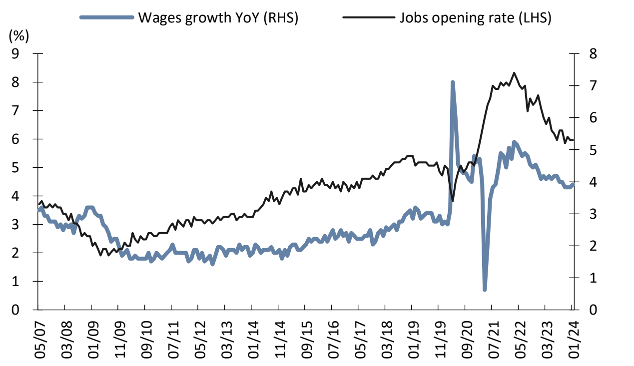
Source: Bloomberg, KB Securities Vietnam

Fig 35. US – Employment rates (%)



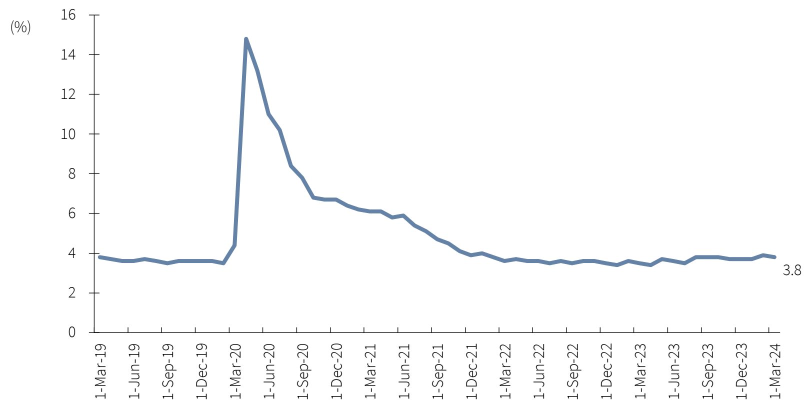
Source: Bloomberg, KB Securities Vietnam

Fig 36. US – Wage and new job growth (%)



Source: Bloomberg, KB Securities Vietnam

Fig 37. US – Unemployment rates (%)



Source: Bloomberg, KB Securities Vietnam

 # The US economy will not fall into recession but slow down

We still believe that the US economy will avoid a recession thanks to solid macro indicators recently announced. To be more specific, the PMI rising above 50 YTD to 51.9 in March (highest in the last 21 months) shows expansion in the manufacturing sector; existing home sales in February increased 9% MoM to USD4.48 million (vs USD 3.95 million expected earlier); and unemployment was still controlled at a stable level. In addition, Mr. Powell's recent statement also has the view that there is not much risk of economic recession at the present time.

However, GDP growth rate in 2024 will slow down compared to last year:

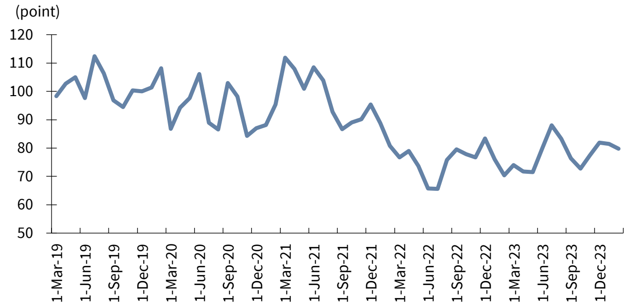
- **Personal consumption**: Personal consumption data slowed down in the first two months of the year. Retail sales growth reached 1.5% YoY, improving compared to January but still lower than the 2023 average (3.3%). Americans seem to be tightening their spending in the context of declining real income and savings. Household debt is increasing. Outstanding consumer loan data in the US has been rising (USD1.1 billion in 4Q23). People are spending more than their income, causing service debt and overdue debt to gain accordingly. Disposable income growth of Americans only reached 2.1% YoY, lower than the 2023 average (4.2%). Additionally, the “buy now, pay later” sentiment can also affect future spending when bills come due. As a result, we expect overall consumer spending growth to slow until households find a balance between income, debt, and savings and spending.

- **Manufacturing and investment activities**: The US 2M24 IPI decreased YoY. Growth in February and January recorded -0.23% YoY and -0.31% YoY, respectively. This indicates weakness in the industrial production sector. Business investment growth slowed in 1H23 due to rising interest rates, which is likely to continue in 1H24. However, we have seen a recent increase in investment in manufacturing in the US, especially investment in high technology. We expect that with this investment, the US economy can have a boost to improve growth, compensating for the slowdown in personal consumption.

Fig 38. US – Nominal retail sales growth (%)

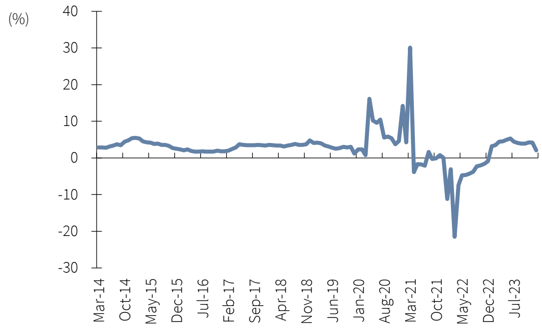
Source: Bloomberg, KB Securities Vietnam

Fig 39. US – Consumer confidence index (point)



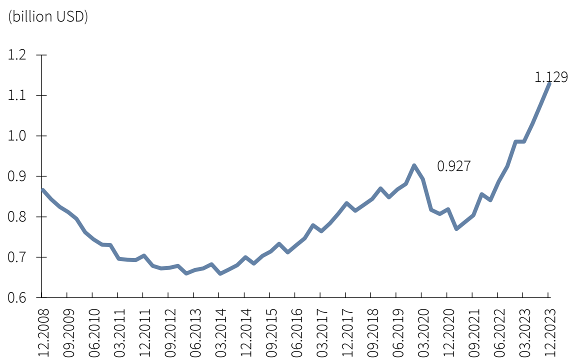
Source: Bloomberg, Conference Board, KB Securities Vietnam

Fig 40. US – Disposable income growth (% YoY)



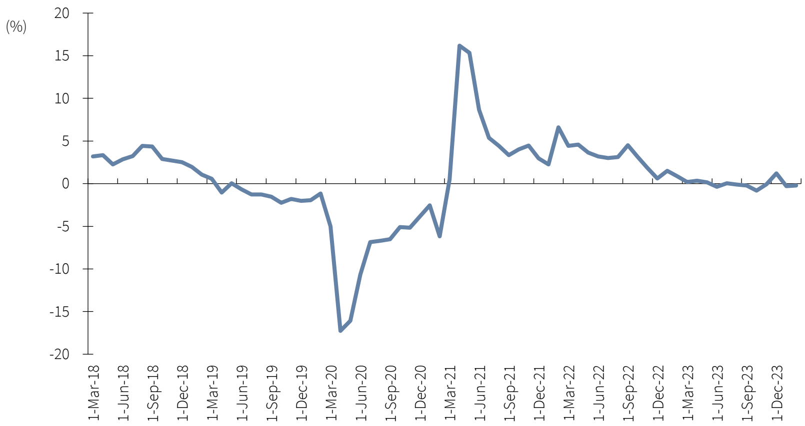
Source: Bloomberg, KB Securities Vietnam

Fig 41. US – Outstanding consumer loans (USDbn)



Source: Bloomberg, KB Securities Vietnam

Fig 42. US – Industrial production index (% YoY)



Source: Bloomberg, KB Securities Vietnam

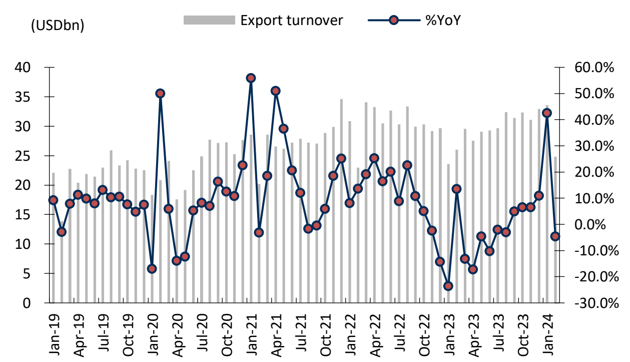
IV. Investment themes

1. Rebounding exports

Import-export activities are still a highlight in the first three months of 2024, driven by rebounding consumption and shopping activities in major markets such as the US, Europe and China while many holidays, including Tet, coincide with this period.

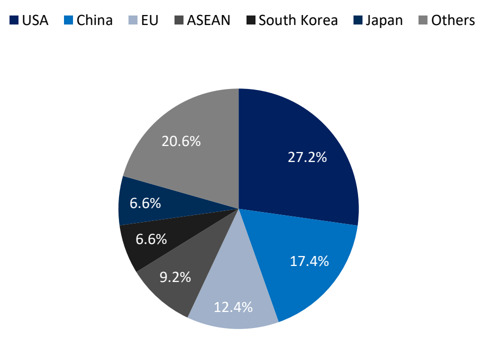
According to data from the General Statistics Office of Vietnam, Vietnam's total export and import turnover of goods in 1Q24 is estimated at USD178.04 billion (+15.5% YoY), of which exports reached USD93.06 billion (+17% YoY). The trade balance of goods has a surplus of USD8.08 billion, a sharp increase compared to USD4 billion in the first two months of 2024.

Fig 43. Vietnam – Export turnover (USDbn)



Source: General Statistics Office, KB Securities Vietnam

Fig 44. Vietnam – Export proportion to foreign countries (%)



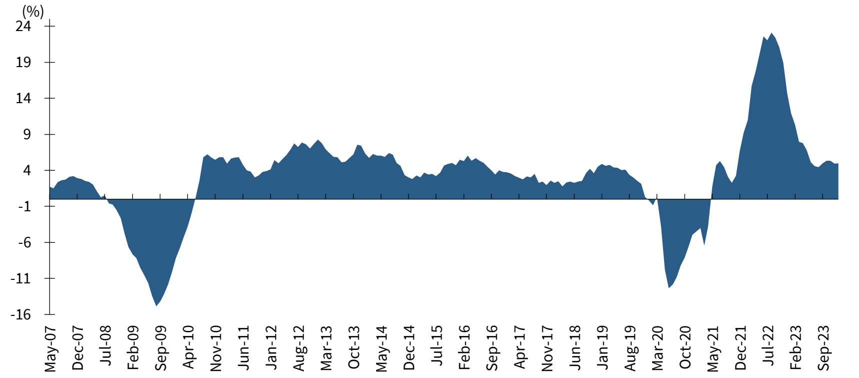
Source: General Statistics Office, KB Securities Vietnam

We expect Vietnam's export activities to continue to recover in the near future thanks to:

(i) Inflation is gradually cooling down and is approaching the target level of major economies, which will pave the way for interest rate cuts in the future and support the recovery of production and business activities and consumption.

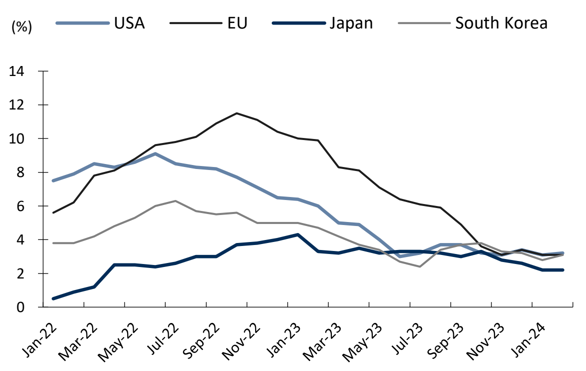
(ii) It is expected that in the coming time, the need to fill inventory again in economies will bode well for businesses with a high export proportion in Vietnam. The number of new orders increased with the PMI reaching 50.4 in February 2024, recovering from 47.3 from November 2023.

Fig 45. US – Retail inventory growth (%)



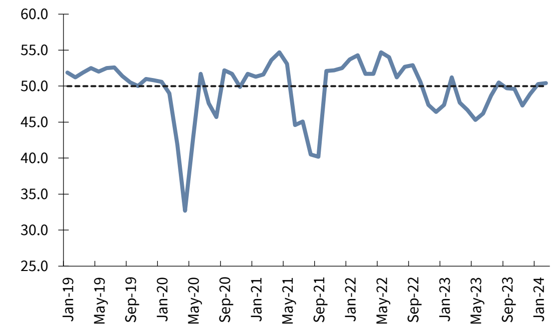
Source: Conference Board, KB Securities Vietnam

Fig 46. Major economies – CPI (%)



Source: Bloomberg, KB Securities Vietnam

Fig 47. Vietnam – PMI (point)



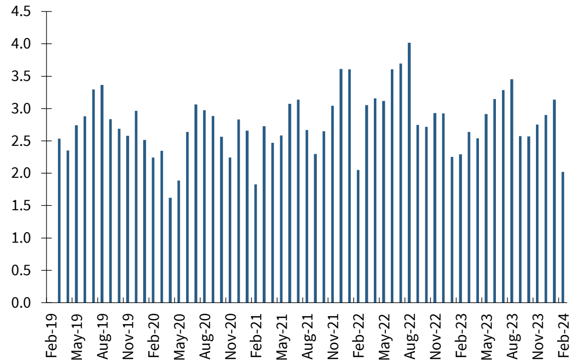
Source: Bloomberg, KB Securities Vietnam

Textiles and garments are among the main export products

In the first two months of 2024, textile and garment exports have reached USD5.2 billion (+15% YoY), ranking fourth in the group of products with the highest turnover in the country. This is also the highest level ever after 2022 – the post-Covid period. We believe that, in the coming time, the export value of the textile and garment industry will still maintain a good recovery growth compared to the low base of 2023 thanks to:

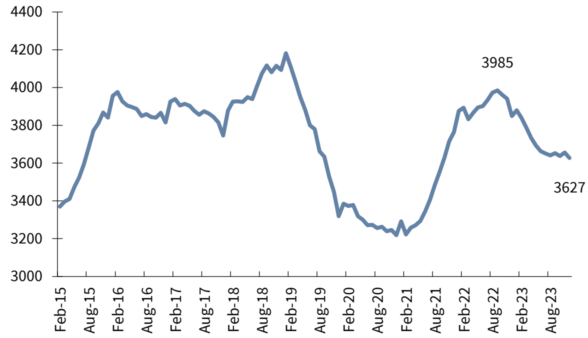
(i) Inventories of garment products in the US (Vietnam's main textile export market) are near their lowest level since 2015, if the Covid-19 period is not included. In addition, after a period of continuous cuts due to weak consumer demand, fashion businesses are making moves to increase inventory again, and new orders have been placed until the end of 2Q24 to serve the transition period and the Summer Olympic Games.

Fig 48. Vietnam – Export turnover of garments (USDbn)



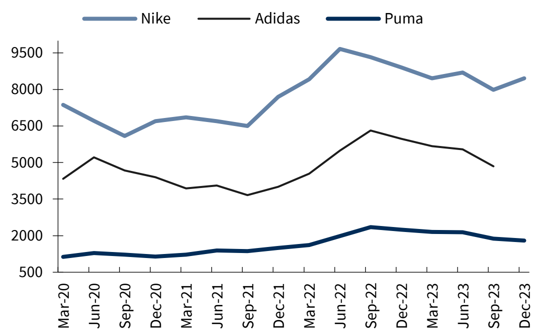
Source: KB Securities Vietnam

Fig 49. US – Inventory of garment products (USDmn)



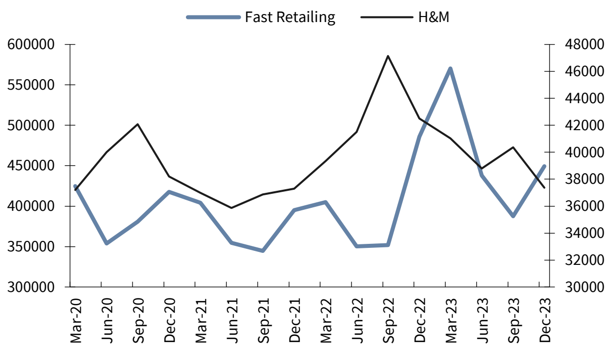
Source: Fred

Fig 50. US – Inventory of sportwear brands (USDmn)



Source: KB Securities Vietnam

Fig 51. US – Inventory of fast fashion brands (USDmn)



Source: KB Securities Vietnam

(ii) Prices of input materials for the processing of synthetic and natural fibers and prices of fabrics and cotton fibers for processing garments have begun to gain 11.2 % from the most recent bottom level, showing that demand is warming up, production lines have begun to increase capacity again and orders are coming. Besides, textile and garment enterprises have the opportunity to take advantage of raw material inventories at previously low-price levels to improve GPM in the next quarter.

Although there are not too many signs of improvement, we expect bright spots in the fisheries industry to be more clearly from 2H24

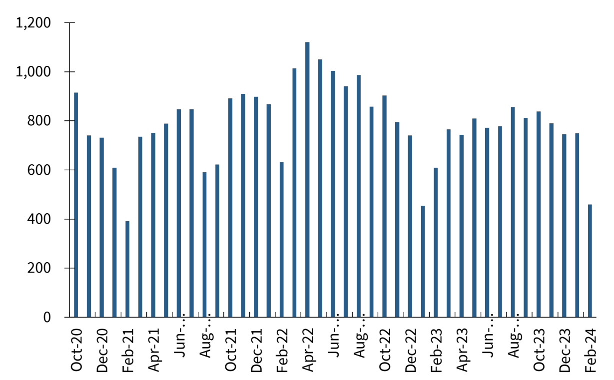
The country's fishery exports in February 2024 reached USD564 million (-8% YoY) because the Lunar New Year holiday fell in this month. However, 2M24 fishery exports reached over USD 1.3 billion USD (+23% YoY). After a continuous decline since 4Q22, exports tend to be more positive from the last month of 2023 when the need to buy goods for the holidays in many markets increased, especially China and other Asian countries, while the demand from Western countries also rebounded.

However, we believe that consumption demand for fisheries will temporarily not have too many clear positive signals, and the level of recovery in the early months of the year may come from seasonal factors. US consumer confidence index data compiled by the Conference Board has decreased for the first time since October 2023, showing optimism about income growth and spending levels of Americans has gradually decreased. However, we expect the bright spots of the fisheries industry to be more clearly from the 2H24 thanks to:

(i) Fishery inventories and food inflation are cooling down in one of the main export markets, the US. This will bring opportunities to increase consumption of non-essential goods again, once inflation returns to the target level of executive agencies and the roadmap to lower interest rates is soon implemented.

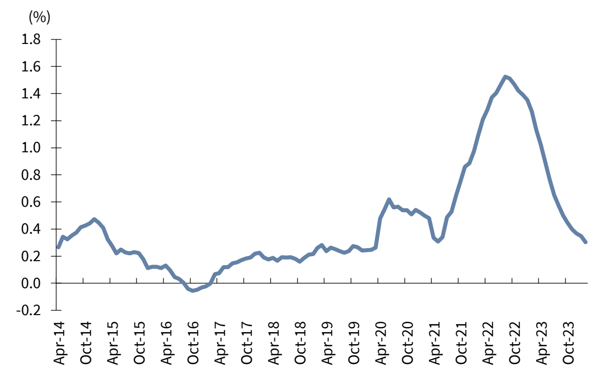
(ii) Export enterprises can benefit from the expected shortage of fishery supply in 2024, especially pangasius because (i) fish fingerling feed prices remain high, and raw fish has remained low for a long time, pushing people to narrow farming scale; and (ii) the supply of fingerlings has declined due to unstable weather conditions. Thanks to that, businesses can increase selling prices and improve gross profit margins.

Fig 52. Vietnam – Export turnover of fisheries products (USDmn)



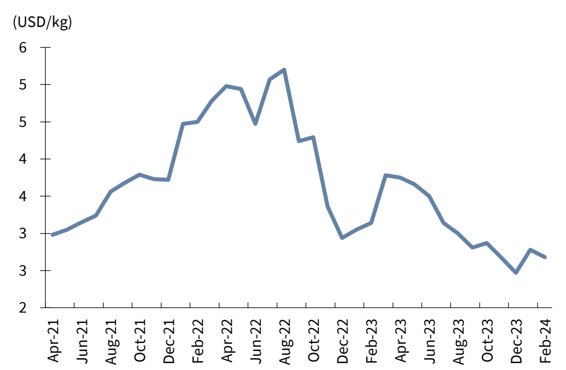
Source: KB Securities Vietnam

Fig 53. US – Food inflation (%)



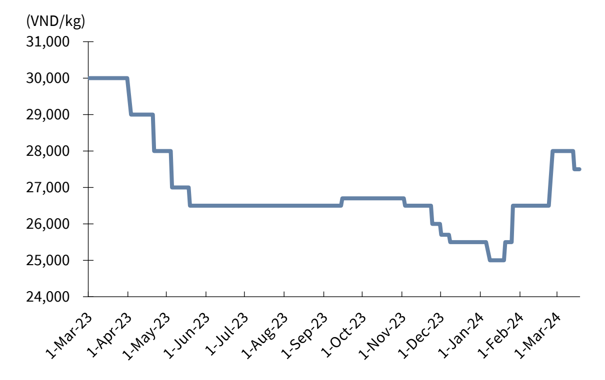
Source: Bloomberg, KB Securities Vietnam

Fig 54. Vietnam – Export catfish price (USD/kg)



Source: KB Securities Vietnam

Fig 55. Vietnam – Domestic catfish price (VND/kg)



Source: KB Securities Vietnam

Table 2. Vietnam – Beneficiary stocks from export recovery

Ticker	Industry	Outlook
TNG Investment and Trading (TNG)	Textile & garment	- Clothing inventories in the US market and famous fashion brands continue to stay at low levels. - TNG has an advantage in maintaining orders with old brands and attracting new orders thanks to meeting criteria related to ESG. - The company increased capacity again from the end of 2023.
Vinh Hoan Corporation **(VHC)**	Fisheries	- Inflation is cooling down, supporting the recovery of consumption demand. - White meat fish originating from Russia continues to be taxed and tightened on imports by the US and EU. - Prices of fingerlings and raw fish increased again, expected to improve export order prices.

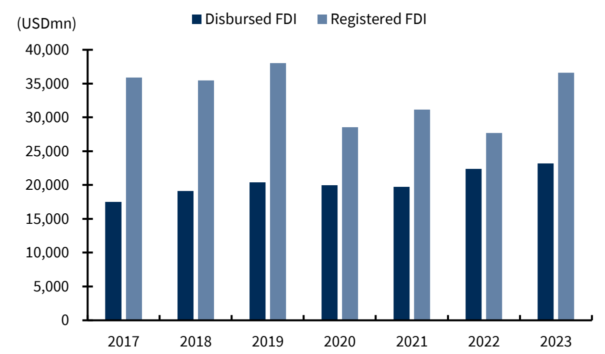
Source: Bloomberg, KB Securities Vietnam

2. Strong FDI inflows

FDI capital flows into Vietnam grew strongly

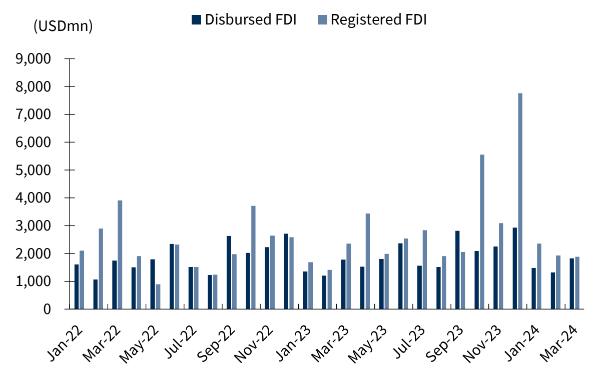
In 2023, Vietnam remained a strong competitor for global FDI with its position increasingly consolidated. The total registered FDI for the whole year of 2023 amounted to USD36.61 billion, up 32.2% YoY. Disbursed FDI expanded by 3.5% YoY to USD23.18 billion, the highest level over the 2017-2023 course. 1Q2024 continued to see positive signals, with FDI registered and disbursed reaching USD6.17 billion (+13.4% YoY) and USD4.63 billion (+7.1% YoY), respectively. We expect FDI inflows into Vietnam to grow strongly in 2024 as:

Fig 56. Vietnam – Disbursed & registered FDI in 2017-2023 (USDmn)



Source: General Statistics Office, KB Securities Vietnam

Fig 57. Vietnam – Monthly disbursed & registered FDI (USDmn)

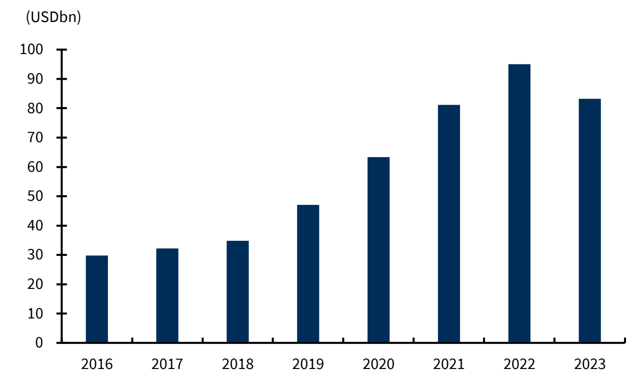


Source: General Statistics Office, KB Securities Vietnam

Vietnam will continue to gain advantages from supply chain diversification

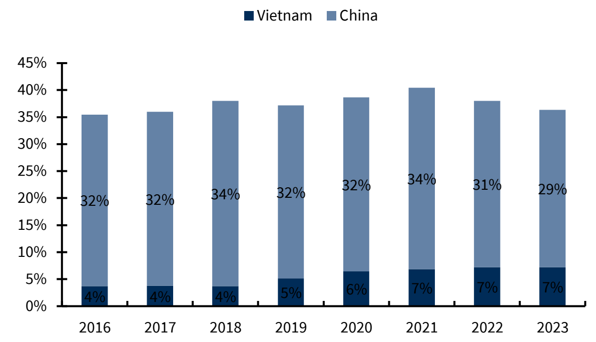
(i) In light of escalating geopolitical conflicts, particularly the US-China tensions, there has been a push for production relocation out of China to diversify supply chains. Vietnam, with its strategic location at the heart of Southeast Asia, its favorable business environment, and abundant young workforce, has become an attractive destination for manufacturers. During 2018-2023, Vietnam's trade surplus with the US increased 2.7-fold, ranking fourth among countries with the largest trade surpluses with the US, after Mexico, China, and Canada. Vietnam has also emerged as a new destination for high-tech factories such as Apple, Samsung, Foxconn, Pegatron, etc. According to JPMorgan, Vietnam will play a pivotal role in Apple's manufacturing supply chain by supplying approximately 65% of AirPods, 5% of MacBooks, 20% of iPads and Apple Watches by 2025.

Fig 58. Vietnam – Trade surplus with the US (USDbn)



Source: General Statistics Office, KB Securities Vietnam

Fig 59. Vietnam, China – Trade surplus with the US to total trade balance of the US (%)

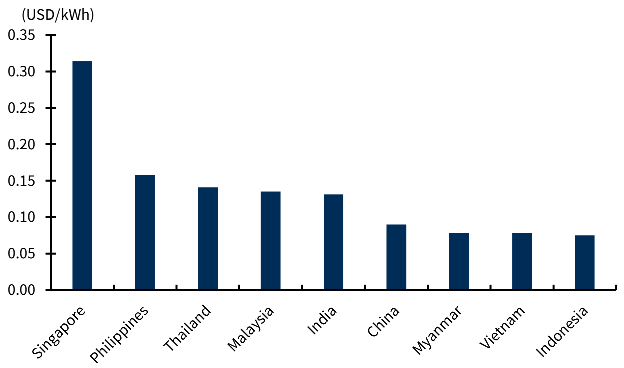


Source: International Trade Center, KB Securities Vietnam

Vietnam possesses numerous competitive advantages to attract FDI

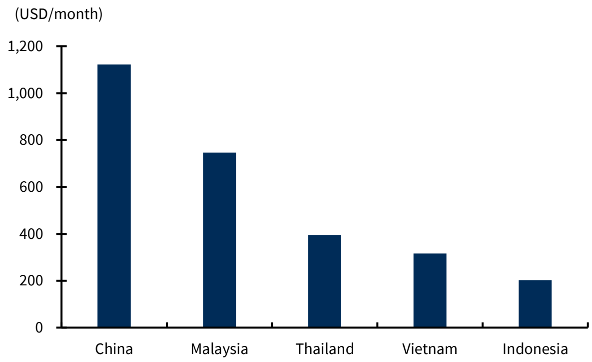
(ii) Vietnam possesses competitive advantages over the region and other rival countries, including stable economic and political conditions, a strategically favorable location for investment activities, various signed free trade agreements (FTAs), an abundant low-cost labor force, and competitive production costs. Specifically, with an average price of USD0.078/kWh, Vietnam's electricity costs are relatively low compared to regional economies as well as other competitors like China and India (Fig 60). This is a significant advantage for Vietnam in attracting FDI as electricity is a crucial input for production. Additionally, the Vietnamese government has continuously promoted FDI attraction by issuing attractive support packages, creating a favorable business environment, and emphasizing infrastructure construction and upgrades. Per EuroCham, the business confidence of European enterprises in Vietnam has significantly improved following the pandemic-induced downturn, with the Business Confidence Index (BCI) increasing to 46.3 in 4Q2023 from 45.1 points in the previous quarter.

Fig 60. Global – Average electricity price (USD/kWh)



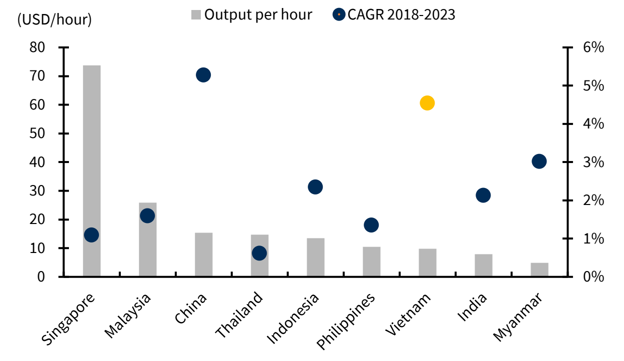
Source: Global Petro Prices, KB Securities Vietnam

Fig 61. Global – Labor cost (USD/month)



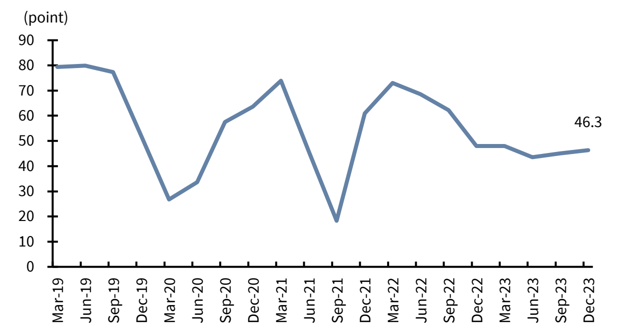
Source: Trading Economics, KB Securities Vietnam

Fig 62. Global – Labor productivity in 2023 (USD/hour)



Source: World Bank, KB Securities Vietnam

Fig 63. Vietnam – Business confidence index (BCI) (point)

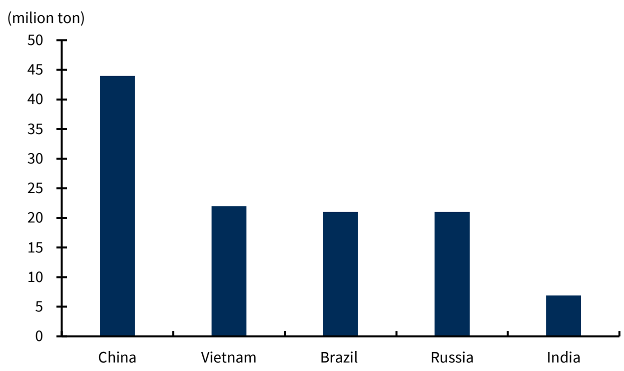


Source: EuroCharm, KB Securities Vietnam

Successful in diplomacy, cooperation, and trade promotion with major economies

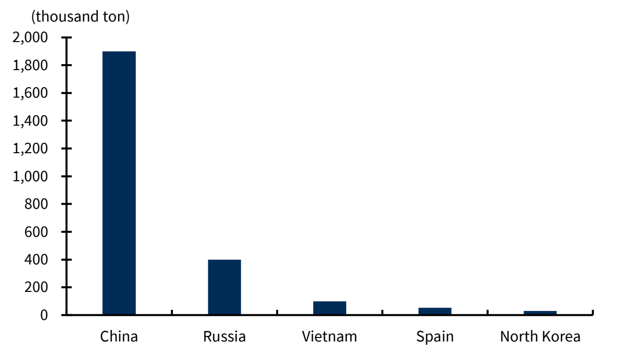
(iii) Vietnam's upgrading ties with the US, Japan, and Australia and diplomatic visits to enhance cooperation with major countries like China and South Korea have favored trade activities and FDI attraction. In particular, the comprehensive strategic partnership with the US has opened up opportunities for the semiconductor industry since Vietnam owns the world's second-largest volume of rare earth deposits and the third-largest tungsten reserves. Both are crucial inputs for high-tech manufacturing industries.

Fig 64. Global – Top countries with the largest rare earths reserves (million tons)



Source: US Geological Survey, KB Securities Vietnam

Fig 65. Global – Top countries with the largest tungsten reserves (thousand tons)



Source: US Geological Survey, KB Securities Vietnam

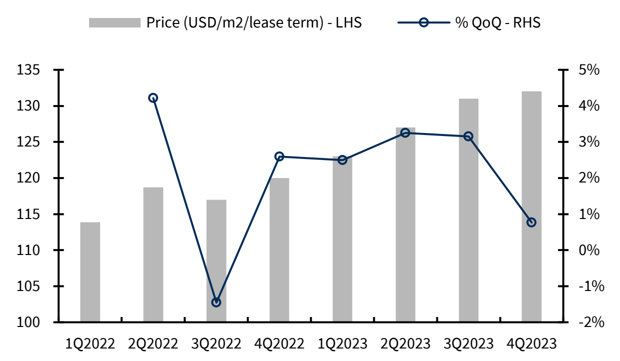
The imposition of global minimum tax will not reduce Vietnam's investment attractiveness

(iv) Vietnam officially imposed a global minimum tax rate of 15% for multinational corporations from January 1, 2024. We believe that the impact on FDI attraction is insignificant as the figures for new registered FDI in the first quarter of 2024 still show strong growth. Moreover, competing countries for FDI like Malaysia, Indonesia, and Thailand have also adopted similar tax regulations. The government is also considering issuing alternative incentives to support FDI enterprises based on revenue from the global minimum tax to protect competitive advantages.

Industrial parks will benefit directly from increased demand for industrial land

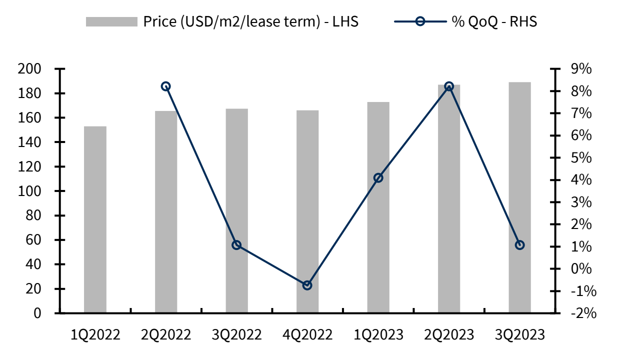
The industrial real estate sector will be driven by the recovery of FDI inflows, driving demand for industrial land, particularly in the electronics sector in Northern Vietnam and other sectors including automotive manufacturing, textiles, and packaging in Southern Vietnam. Therefore, we are upbeat about the prospects of industrial parks in 2024, given: 1) Vietnam's heavy investment in infrastructure (North-South expressway, Ring Road 4 in Hanoi, seaport and airport projects, etc.) and 2) the expected continued increase in industrial land rental prices by 6-12% in 2024, leading to a preference for industrial land in tier 2 provinces. We prefer stocks of companies with existing industrial parks with sizeable leasable areas such as Kinh Bac City Development (KBC), IDICO Corporation (IDC), and Phuoc Hoa Rubber (PHR), especially given the prolonged supply shortage situation. KBC, besides its large existing land bank, is expected to soon put Trang Due 3 (687 ha) into operation, IDC still has over 700 ha of leasable land along with attractive dividend payment, and PHR should get approvals for the expansion of Tan Lap 1 and Tan Binh Industrial Parks.

Fig 66. Vietnam – Average industrial land rental price in Tier 1 markets in the North (USD/m²/lease term, % growth)



Source: CBRE, KB Securities Vietnam

Fig 67. Vietnam – Average industrial land rental price in Tier 1 markets in the South (USD/m²/lease term, % growth)



Source: CBRE, KB Securities Vietnam

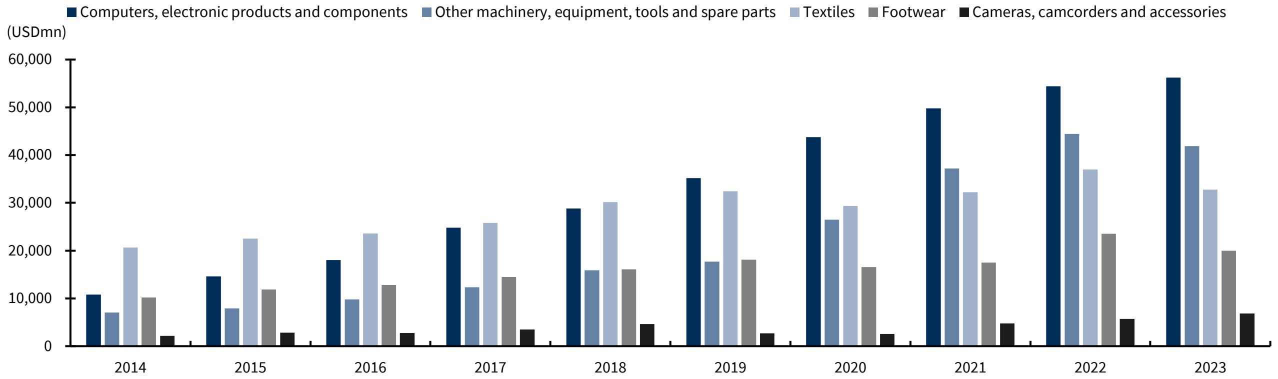
IT and chemical industry groups should be underpinned by semiconductor industry trends

The trend of investing in high-tech industries, especially the semiconductor industry, will open up long-term opportunities for IT and chemical companies such as FPT Corporation (FPT) and Duc Giang Chemicals Group (DGC). The government is directing the development of human resources for the semiconductor industry, aiming to have 30,000 engineers by 2030. Additionally, there is a fund to support investment in high-tech projects, including those in the semiconductor industry, expected to be established by mid-2024.

Indirect beneficiary groups include container shipping, container ports, and construction

The General Statistics Office (GSO) reported that 73% of Vietnam's export turnover in 2023 came from the FDI sector. Therefore, amidst increasing FDI inflows and recovering international trade, the logistics industry (e.g., Hai An Transport & Stevedoring (HAH), Gemadept Corporation (GMD) is expected to perform positively due to increased freight rates resulting from tensions in the Red Sea amid limited new supply and the Ministry of Transport's recent hike in container handling fees by 10%. Construction companies focusing on warehouse construction projects (e.g., Coteccons Construction (CTD) will also benefit from upcoming foreign-invested construction projects.

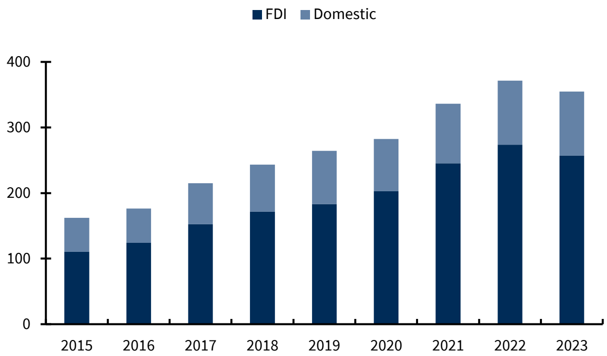
Fig 68. Vietnam – Export value of products (USDmn)



Source: General Statistics Office, KB Securities Vietnam

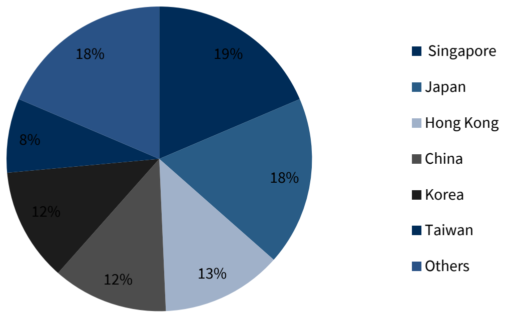
Note: The export value of products from FDI enterprises accounts for a high proportion

Fig 69. Vietnam – Export value by sector (VNDbn)



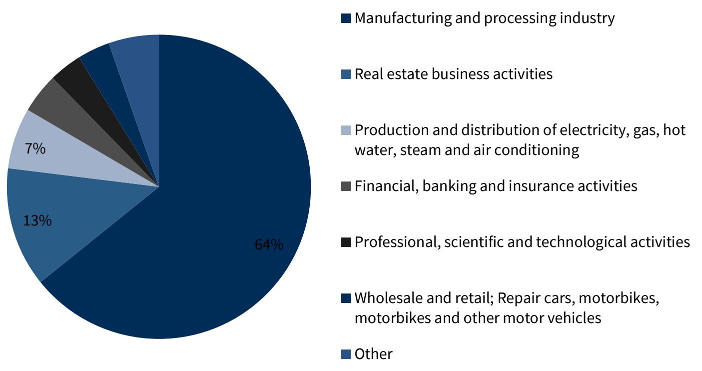
Source: General Statistics Office, KB Securities Vietnam

Fig 70. Vietnam – Registered FDI by countries in 2023 (%)



Source: FiinProX, KB Securities Vietnam

Fig 71. Vietnam – Registered FDI by industry sector in 2023 (%)



Source: FiinProX, KB Securities Vietnam

V. Model portfolio

Table 3. KBSV's model portfolio

Ticker	Target price	Closing price (Mar 31, 2024)	Expected return	2024F P/E	2024F NPAT growth	Investment catalysts
SSI	42,000	38,500	9%	19.20	30%	- Benefiting from the downward trend in interest rates, helping market liquidity improve sharply over the same period - The KRX trading system is expected to be put into operation soon, meeting FTSE's criteria for market upgrade in September
PC1	34,200	28,450	20%	19.40	231%	- National Power Development Plan VIII will promote electrical construction and industrial production - Electricity sales revenue will recover on the transition of the weather pattern into La Nina in 2H2024 - Long-term prospects should come from the industrial park segment
VCB	109,600	94,900	15%	14.40	9%	- Credit should grow strongly in 2024 - NAM is forecast to remain stable thanks to improved capital costs - Solid provision buffer
PVD	37,800	32,350	17%	20.00	60%	- Global rig rental demand is expected to maintain growth in the 2024-2025 period - PVD should enjoy the advantages of the upcoming operation of the Block - B O Mon megaproject
PVS	47,100	39,200	20%	17.10	22%	- The M&C and O&M segments are expected to benefit from the long-term growth of Vietnam's oil and gas industry - PVS may record additional backlog from new offshore wind power projects - PVS will likely win FSO/FPSO bidding packages for upcoming domestic projects
VNM	79,500	67,600	18%	15.20	7%	- VNM's domestic market share is forecast to continue to be maintained after rebranding - Profit margin should remain stable in 2024 - Overseas subsidiaries are expected to continue their growth momentum in 2024
VTP	98,500	87,900	12%	20.80	39%	- VTP will focus on investing in technology infrastructure and expanding domestic and foreign networks - Market share is expected to increase to 20% thanks to improved service quality and attracting major partners
DXG	21,600	20,200	7%	48.63	34%	- Two projects Gem Sky World and Gem Riverside are expected to be launched in 2Q and 3Q2024 - Handovers at Opal Skyline and Gem Sky World should drive earnings growth in 2024
GVR	35,000	33,150	6%	37.40	40%	- GVR's rubber latex segment is expected to enjoy significant growth thanks to higher prices and rising output. - Nam Tan Uyen 3 and Hiep Thanh 1 should be available for lease this year and next year, respectively.
PNJ	112,000	98,900	13%	10.90	14%	- The retail segment will continue to drive growth with motivation from the improving economic situation and recovering purchasing power - PNJ will continue its new store openings, given ample room for growth

Source: KB Securities Vietnam

VI. Sector outlook

Oil & Gas

Outlook: Positive
Tickers: GAS, BSR, PVS, PVD, PVT

• **Crude oil prices bounced back better than expected in 1Q2024.** The Brent crude oil price surged from USD76/barrel at the start of the year to around USD85/barrel in March 2024, leading to an average price of USD81.3/barrel in 1Q2024. Driving factors behind the oil price increase include (1) the OPEC+ policy of cutting 2.2 million barrels per day; (2) disputes in the Red Sea disrupting the global crude oil supply chain; (3) lower-than-expected global crude oil inventories, indicating favorable consumption demand; and (4) at least seven Russian oil refineries (equivalent to 25% of maximum refinery capacity) suffering severe damage following Ukraine's attacks, potentially leading to Russia reducing crude oil production.

• **Oil prices should remain high throughout 2024, at least equivalent to 2023's level.** The International Energy Agency (IEA) has raised its forecast for 2024F global crude oil demand growth to 1.3 million barrels per day while supply is anticipated to increase by only 0.8 million barrels per day. We adopt a cautious view, given that China's bleak economic outlook may negatively impact global crude oil demand in 2024. However, factors such as drilling rig shortages, OPEC+ maintaining production cuts, and conflicts in the Red Sea and Russia-Ukraine will potentially limit crude oil production, maintaining the supply-demand balance. We expect the average Brent crude oil price in 2024 to be flat YoY, reaching USD83/barrel.

• **The rig rental market is expected to remain tight in the 2024-2025 period.** Brent crude oil prices currently exceeded the USD70 per barrel mark, encouraging upstream companies to boost exploration activities since high oil prices would ensure earnings growth, thereby increasing demand for jack-up (JU) rigs. S&P Global forecasts that investment growth in the global upstream sector will reach a 4% CAGR from 2023 to 2027. Accordingly, the Middle East will need about 180 JU rigs during 2024-2025 (vs. only 122 rigs in 2022). JU rigs from Southeast Asia will also be drawn to the Middle East, breeding a potential supply shortage in this region. Moreover, the global fleet is aging while the order book is at a record low (accounting for only 4% of the total current rigs), suggesting that the rig supply will likely remain tight for at least the next two years.

• **The domestic oil and gas sector will enter a long-term growth cycle starting from 2024.** In 4Q2023, the EPC1, EPC2, and pipeline contracts for the O Mon-Block B gas pipeline project were awarded to PV Technical Services (PVS) with an estimated value of around USD1.05 billion. We expect the final investment decision (FID) will be officially granted in late 1Q or early 2Q2024, helping related parties accelerate the progress of the work. Other large-scale projects such as Lac Da Vang (already received FID); Nam Du U Minh (signed a framework agreement for gas purchase) and Su Tu Trang 2B (negotiating a new petroleum product sharing contract) will also generate a large volume of work for upstream companies in the 2024-2028 period.

• The outlook for upstream companies like PV Drilling & Well Services (PVD) and PV Technical Services (PVS)) will remain bright thanks to increased investment in global exploration and production (E&P) and the huge backlog coming from domestic E&P projects in 2024. Midstream enterprises, namely PV Transportation (PVT), will be pushed by (1) contributions from vessels purchased in late 2023; (2) the continued fleet expansion in 2024; and (3) high charter rates on the grounds of instability in the Red Sea and Black Sea. Downstream companies, in general, will obtain positive outcomes from high crude oil prices. However, PV Gas (GAS) will perhaps experience subdued growth due to liquified natural gas (LNG) consumption-related issues while Binh Son Refinery (BSR) might see its business performance adversely impacted by prolonged major maintenance and a possible decline in crack spreads after China raises fuel export quota.

• **We maintain our POSITIVE assessment towards the Oil and Gas sector** due to our expectations of high oil prices and the recovery of the global and local E&P market. Our top picks are PVS and PVD as their current prices have not fully mirrored the significant growth potential throughout 2024-2025. PVT stocks will likely enjoy good growth in the coming year but are currently not attractive as the price reached our target price. Meanwhile, GAS and BSR stocks will need higher price discounts to align with the low growth prospects in 2024.

Analyst Pham Minh Hieu – Equity Research

Steel

Outlook: Positive
Tickers: HPG, HSG, NKG

• **Consumption continued its recovery trend.** Total steel sales volume in January-February 2024 topped 3.9 million tons (+32% YoY), with galvanized steel and HRC consumption sitting at high levels, up 35% and 32% YoY respectively, driven by export growth. Similarly, the construction steel export volume in these two months picked up 6.3% YoY, helping construction steel consumption reach 0.58 million tons (+16% YoY).

• **Steel prices may be under downward pressure in the near term.** In China, the slower-than-expected recovery in the real estate sector brought about a drop in steel and iron ore prices by 15% and 16% respectively since early 2024. However, there have been some bright spots: (1) inventories have increased (primarily construction steel) since the beginning of the year despite declining steel prices and (2) gross profit margins among steelmakers are progressively increasing, indicating improved sentiment among manufacturers and potential preparation for the property market recovery in 2024. We believe that domestic steel prices will face downward pressure in the short term, but the decrease level will be small thanks to recovering demand that may help to keep output prices from falling. For companies producing galvanized steel and steel pipes, a decrease in HRC prices will be an opportunity to increase low-priced inventory to improve gross profit margins in the coming quarters if the inventory turnover ratio is well controlled.

• **The steel industry is expected to enter a new cycle of resurgence from 2H2024.** We anticipate that the steel industry will enter a new price uptrend cycle from 2H2024, backed by (1) the recovery in construction steel demand from the residential real estate group as investors launch new projects or boost the completion of existing projects; (2) the acceleration of public investment projects such as bridge, tunnel, and airport construction projects in 2024-2025; and (3) stabilization and recovery of the Chinese housing market.

• **Hoa Phat Group (HPG) and Formosa (FHS) proposed applying anti-dumping duties on HRC originating in China and India.** On March 19, 2024, the Ministry of Industry and Trade received a proposal to apply anti-dumping duties on hot-rolled coil steel imported from China and India, with the investigation and conclusion process expected to last 12-18 months. If the proposal is approved, this will be positive news for HPG with the Dung Quat 2 project about to be put into commercial operation from 1Q2025, but it will be bad news for the medium-term growth prospects of galvanized steel producers like Hoa Sen Group (HSG) and Nam Kim Steel (NKG), depending on low-priced HRC sources to optimize production costs.

• **Currently, 2024 forward P/E of leading steelmakers such as Hoa Phat Group (HPG), Hoa Sen Group (HSG), and Nam Kim Steel (NKG) is around 15x.** We believe that their current stock prices have increased by 6-12% since the start of 2024, somewhat having reflected the recovery prospects of financial results. Investors are encouraged to invest in steel stocks during retreating sessions, prioritizing companies with prospects for expanding production, benefiting from increasing domestic/export steel prices or having optimized production costs, low-priced inventories, and efficient inventory management. Investment opportunities consist of HPG, HSG, NKG.

Analyst Nguyen Duong Nguyen – Equity Research

Construction

Outlook: Neutral
Tickers: CTD, VCG, HHV, LCG, PC1, TV2

• **Backlog increased on the gradual recovery of the housing market.** In 4Q2023, 20 projects and 11,569 apartments (up 92% YoY) were licensed for construction following the government's support policies for the real estate market like (1) interest rate cuts, (2) expediting the resolution of legal bottlenecks hindering the progress of projects owned by developers with clean land banks and sound financial structures. We expect the housing market to slowly recover, boosting backlog across construction companies in 2024.

• **Public investment disbursement will be further enhanced.** This year, VND657 trillion should be disbursed from the State budget, with VND422 trillion spent on infrastructure construction. In the first two months of 2024, realized public investment capital reached 8.7% of the full-year target (against 6.6% in the same period last year). From our observation, the progress on site clearance and preparation of key highway projects (the most complicated and time-consuming step in the construction process) was expedited in 2023, and most projects are ready for implementation up to the present. With the government's determination to promote project execution on schedule, we expect the pace of public investment capital disbursement to be accelerated in 2024, thereby benefiting infrastructure construction companies, especially those awarded major contracts, such as the North-South Expressway, Long Thanh International Airport, Ring Road 3 in Ho Chi Minh City, Ring Road 4 in Hanoi, North-South High-Speed Railway, etc.

• **The construction of key projects under the National Power Development Plan VIII (NPDP8) should be promoted.** Electrical construction companies suffered a 30-45% YoY decline in business performance in 2023 due to (1) slow implementation and (2) lower-than-expected electricity transmission prices, leading to the suspension of numerous projects. However, with record-high registered FDI in 2023 (VND36.6 trillion, up 32% YoY), we believe that power consumption and transmission demand will increase. In particular, the Quang Trach-Pho Noi 500kV transmission line project commenced construction in late 4Q2023 and is being expedited for completion by June 2024. We expect the value of new contracts signed by electrical construction companies to improve significantly in 2024 on the implementation of key projects under NPDP8, with many scheduled for completion in 2024-2025, including 500kV transmission lines Thanh Hoa - Re Nho Quan - Ha Tinh, Xebanghieng (Laos) power plant cluster - Lao Bao, Hatsan (Laos) - Kon Tum, Van Phong - Binh Dinh, 500kV Quang Tri substation, etc.

• **We believe that bidding, construction, and project implementation among construction companies will pick up from 2Q2024 onwards after the depressed Lunar New Year period.** The electrical construction industry group has experienced an average increase of 5% since the beginning of the year (notably LCG, TV2). We find that the stock prices of those companies tend to shoot up following positive news associated with winning bids, contributing to earnings growth. We, therefore, assess that construction stocks will see a divergence in 2024-2025 when residential and electrical construction groups will acquire positive impacts from the real estate market recovery as well as the expedited implementation of public projects under NPDP8, while infrastructure construction companies may not see price surges as previously as they now enter the implementation phase. We recommend that investors only disburse when prices of construction stocks retreat and prioritize enterprises with healthy financial foundations, competitive advantages, and leading positions in their fields. Some notable stocks are Coteccons Construction (CTD), Vietnam Construction And Import-Export (VCG), Deo Ca Traffic Infrastructure Investment (HHV), Lizen JSC (LCG), PC1 Group (PC1), Power Engineering Consulting JSC 2 (TV2).

Analyst Nguyen Duong Nguyen – Equity Research

Logistics

Container ports: Positive
Container shipping: Neutral
Tickers: GMD, VSC, HAH, VOS

• **The total sea cargo throughput nationwide continued to enjoy positive growth.** According to statistics from the Vietnam Maritime Administration, in the first two months of 2024, the volume of goods transported through the Vietnamese seaport system exceeded 111 million tons (+5% YoY). Import volume expanded by over 6% YoY to 34 million tons, export volume inched up 2% to 29 million tons, and domestic cargo surpassed 45 million tons (flat YoY). Container throughput alone achieved over 4 million TEUs, up 12% YoY and 3% higher than the cumulative volume in the first two months of 2022.

• **The recovery of container ports in the South tends to be more positive than those in the North.** In January-February 2024, the cargo volume through the seaport system in Ba Ria - Vung Tau touched 13.1 million tons (+38.1% YoY), while the throughput through the Hai Phong port cluster reached 22.1 million TEUs (+6.6% YoY). The recovery pace of ports in the Southern region is expected to continue to be on the front line due to (1) 2023's low base and (2) growing demand for goods, especially clothing, footwear, and plastics, from Europe and the US, which are major partners of the Cai Mep and Ho Chi Minh City ports.

• **The prospects for the container port industry in 2024 are quite positive.** Despite certain risks associated with global economic instability and fierce competition in the region, we expect the business results of seaport enterprises to improve this year on the recovery in both service charges and container throughput. Specifically: (1) Imports and exports should continue their growth momentum as demand in the US and China recovers, with inventories in the US and EU hitting bottom expected to start increasing again; (2) The completion of the project to dredge the Ha Nam canal in the Hai Phong port cluster will enhance cargo handling capabilities and attract new major shipping lines; (3) Port service fees are expected to increase by an average of 5-10% YoY due to lower service fees in Vietnam compared to other regional peers, as well as positive effects from Circular 39/2023/TT-BGTVT regarding raising floor prices for seaport services, effective from mid-February 2024.

• **We maintain a neutral outlook towards the container shipping industry.** The downward cycle of container shipping is believed to have been shortened due to the impact of tensions in the Red Sea. With the number of parties affected by prolonged disruptions in the Red Sea increasing, the charter market is projected to remain positive in the coming time. The time charter index has increased since the beginning of the year, returning to a one-year high, although still much lower than the peak at the end of 2022 and early 2023. However, spot charter rates have shown signs of cooling since late January after surging in early December. Spot rates are trending downwards on all major shipping routes but remain more than 70% higher than the same period last year. In the medium and long term, the shipping industry will continue to grapple with adversity due to concerns about vessel oversupply as orders for new vessels keep rising rapidly and outpace scrapping.

• **We assess that although the overall picture of the logistics industry is quite bright, not all enterprises can harvest the gains from the industry's recovery** due to differences in scale and stiff competition. Investors should select leading logistics companies with positive growth potential and strong financial structures, namely Gemadept Corporation (GMD) and Hai An Transport & Stevedoring (HAH), and consider disbursing when stock prices undergo corrections to obtain higher returns.

Analyst Nguyen Thi Ngoc Anh – Equity Research

Industrial real estate

Outlook: Positive
Tickers: KBC, GVR, IDC, PHR

• **Vietnam's newly registered FDI in 2024 continued to surge, indicating the long-term potential of industrial parks.** Specifically, for the year to March 20, newly registered foreign investment capital, adjusted and contributed capital to buy shares and contributed capital of foreign investors totaled over USD6.17 billion (+13.4% YoY). Since early this year, there have been 644 new projects granted investment registration certificates (up 23.4% YoY), with total registered capital exceeding USD4.77 billion (+57.9% YoY). Currently, the country has 39,758 valid projects with a total registered capital of almost USD476 billion.

• **Industrial land rental rates are still on the rise, with high absorption rates.** Last year, net absorption in Tier-1 markets in Northern Vietnam reached a 5-year high at over 800 ha. In the South, the figure was over 500 ha, pushing the occupancy rate to 92%. According to CBRE's 4Q2023 report, the average rent in Tier-1 markets in the North and South was USD132 (+10% YoY) and USD189/m^2/remaining lease term (+14% YoY), respectively. Over the past four years, the average rate has increased at a CAGR of 7% in the North and 13% in the South. We expect rental prices to increase further at a CAGR of 5-9% in the years to come, given growing demand and tight supply.

• **Vietnam's industrial real estate sector still holds significant growth potential** due to: (1) rising demand for industrial land from manufacturing businesses in electronics and high-tech industries such as electric vehicles, semiconductors, and green materials; (2) competitive labor and electricity costs; (3) benefiting from the shift of FDI out of China; (4) the acceleration of infrastructure construction projects such as the North-South expressway, ring road, seaport, and airport projects, boosting long-term investment into Vietnam's industrial parks; and (5) upgrading relations with the US, China, and Japan as well as a series of signed FTAs, expected to attract foreign investment flows into Vietnam in the near term.

• **In addition, industrial park enterprises also confront obstacles,** including: (1) limited supply, especially in the South (up 0.6% YoY in 2023), restricting growth potential for many enterprises as legal procedures remain the biggest barrier, with lengthy approval processes and slow site clearance and (2) the application of global minimum tax in Vietnam from this year somewhat reducing Vietnam's advantage compared to other countries, thus potentially affecting Vietnam's FDI attraction in the coming years.

• In the context of scarce supply and complicated legal procedures, we highly regard industrial park developers with clean land banks available for lease and strong financial situations such as Kinh Bac City Development (KBC), Vietnam Rubber Group (GVR), IDICO Corporation (IDC), and Phuoc Hoa Rubber (PHR). We believe that the current price range has somewhat reflected the positive prospects of industrial park stocks with increases ranging from 15% to 50% since the start of 2024. We suggest that investors closely monitor the aforementioned stocks and consider disbursing during corrections.

Analyst Nguyen Thi Ngoc Anh – Equity Research

Retail

Outlook: Neutral
Tickers: MWG, FRT, PNJ

• **Retail sales of goods and services showed positive signs in the 2023-end period.** Last year, total retail sales of goods and consumer services reached VND6,232 trillion, up 9.6% YoY, tracking ahead of the government's target of 9% YoY growth set at the beginning of the year. Looking at monthly figures, recent months have indicated a recovery compared to previous months, with retail sales increasing by 7%, 10.1%, and 9.3% YoY from October to December, while the preceding months only saw growth at around 6-7% YoY. By the end of 1Q2024, total retail sales increased slightly by 8.2% YoY. Despite maintaining growth, the pace has lightened compared to 2022 due to weakened purchasing power caused by the slowdown of the global and domestic economies.

• **Financial performance of retailers only improved slightly in 4Q2023.** Most retail enterprises saw improvements in their financial performance due to the recovering purchasing power, although the recovery pace remained sluggish. In the ICT retail sector, Mobile World Investment (MWG) and FPT Digital Retail (FRT) continued to face another challenging quarter, with both revenue and gross profit witnessing declines, even though the rate of decline slowed compared to previous quarters. MWG had to shut down nearly 200 poor-performing stores, while FRT poured all efforts into the Long Chau Pharmacy chain. Meanwhile, Masan Group (MSN), a retail-consumer sector company, maintained its revenue but saw a nearly 90% decrease in net profit compared to the same period due to pressure from high borrowing costs. Phu Nhuan Jewelry (PNJ) was superior to others when recording positive earnings growth thanks to its product specificity, strong competitive advantage, and continuous expansion to attract new customers even during difficult times.

• **Recovery signs are gradually emerging.** The prospects of the retail sector depend on the economic outlook and the recovery pace of purchasing power. In the first two months of 2024, Vietnam's macroeconomic indicators have all shown positive signals. Exports rebounded, up 19.2% YoY to USD59.3 billion in January and February. Many exporting companies have received new orders, ensuring enough workload for workers, unlike job shortages in early 2023. Secondly, the Purchasing Managers' Index (PMI) in the first two months of 2024 reached 50.3 and 50.4 points after months below the 50-point mark in response to industrial production's recovery prospects. These factors indicate the recovery of the labor market, improved incomes, and stronger purchasing power, which would drive the retail sector.

• **Many retail stocks are trading at a relatively high price range, above the 5-year average P/E or P/S.** We believe the current price range has partly reflected market expectations for a recovery in 2024 of retail stocks. Some stocks of companies with growth stories, such as MWG with Bach Hoa Xanh grocery chain, MSN with Winmart, and FRT with Long Chau Pharmacy chain, should be closely followed regarding the business performance of these chains to make appropriate investment decisions.

Analyst Nguyen Truong Giang – Equity Research

Fisheries

Outlook: Neutral
Tickers: VHC, ANV, FMC

• **Export volume fell further but showed signs of recovery.** Per the General Department of Customs, Vietnam's seafood exports were down 17.8% YoY to USD8.97 billion for the entire year of 2023, fulfilling ~90% of the target set at USD10 billion. Export value was flat YoY in 4Q2023, contrasting a decline of 20-30% YoY in the previous quarters. In December 2023 alone, Vietnam's seafood exports hit USD745 million, down 1% YoY, narrowing monthly YoY decline.

• **Fishery enterprises faced difficulties like the overall industry.** Not exempt from the industry's general trend, seafood enterprises encounter numerous challenges in terms of market demand, orders, and declining export prices, resulting in significant decreases in both revenue and profit. In 4Q2023, the leading pangasius exporter Vinh Hoan Corporation (VHC) suffered a 75% YoY decrease in net profit, while another major pangasius enterprise, Nam Viet Corporation (ANV), even reported losses. Similarly, the leading shrimp firm, Minh Phu Corporation (MPC), experienced a more than 90% drop in net profit. FMC outperformed the fishery industry as it saw positive net profit growth in 4Q2023 and a slight decrease of 10% for the whole year, given enhanced autonomy and product quality, centering on the Japanese market.

• **Recovery signs are gradually emerging.** Vietnam Association of Seafood Exporters and Producers (VASEP) predicts Vietnam's seafood exports in 1H2024 to slightly recover from 2023's low base, given uncertain market demand and that the world economy still faces numerous challenges, with a brighter outlook in the second half. The export turnover is expected at USD9.5 - 10 billion, up 6-11% YoY. Despite weak purchasing power and stiff competition, many seafood export companies have set positive growth plans on the low base of the previous year. Despite cautious prospects, there have been certain positive signals; in the first 3 months of 2024, seafood exports reached nearly USD1.9 billion, up 2% YoY, with shrimp exports showing positive signals in terms of both price and volume, while pangasius exports indicate a slower recovery.

• **We observe that the stock prices of fishery companies have surpassed the consensus target prices.** With a cautious outlook for recovery, we take a neutral stance on seafood stocks in 2024. Companies with strong fundamentals and growth stories such as expanding production capacity, tapping into new markets, and benefiting from anti-dumping measures like VHC, ANV, and FMC may be included in the watchlist, and investments can be made when the market undergoes corrections.

Analyst Nguyen Truong Giang - Equity Research

Residential real estate

Outlook: Neutral
Tickers: VHM, KDH, NLG

• **The number of sold units maintained a recovery trend compared to the previous quarter on reduced mortgage rates and preferential sales policies.** In Ho Chi Minh City (HCMC), new launches fell sharply to 960 apartments (-24% QoQ, -27% YoY), and the number of apartments sold hit 2,200 units (-15% QoQ; +90% YoY) in 4Q2023, with primary prices down slightly 2% YoY to VND61 million/m^2.
Meanwhile, in the Hanoi market, new supply recorded 3,400 products (+13% QoQ, flat YoY) in 4Q2023. The number of properties sold reached 3,316 in the quarter and 7,001 in the last six months of the year (up 63% vs 1H2023; +21% YoY) thanks to developers' preferential sales policies. Primary prices were VND53 million/m^2 (+3.3% QoQ and +14% YoY) due to the high sales volume of luxury properties.

• **The townhouse/villa segment continued to stagnate.** The HCMC market recorded only 14 new launches in 4Q2023 (-56% YoY), marking a decade low, and the number of units sold was humble at 46 products. The average primary price remained almost unchanged due to limited supply. In the Hanoi market, new supply was 490 units (-91% YoY), and 541 properties were sold (-40% YoY), down 91% YoY and down 40% YoY due to the high bases in 2022. The average secondary price in the Hanoi market rose by ~6.5% YoY.

• **We realized some positive signals in late 2023** when leading developers such as Khang Dien House Trading and Investment (KDH), Vinhomes (VHM), Gamuda Land, Masterise Homes, CapitaLand, etc., opened for sale new projects or next phases of existing projects, and brokerage activities picked up. KBSV expects the real estate market to gradually rebound on (1) improved housing demand thanks to reduced mortgage rates and flexible and preferential sales policies offered by developers; (2) the approval of amendments to the Land Law, Housing Law, and Real Estate Business Law; (3) social housing projects expected to contribute to addressing the growing demand; and (4) the promotion of large public investment projects, axes connecting Hanoi and Ho Chi Minh City with neighboring localities, stimulating housing prices and thereby boosting real estate investment demand.

• **However, the recovery pace will be quite slow due to the following barriers:** (1) developers having difficulties accessing capital as a result of tightened control over loan disbursement towards real estate and bond issuance activities and (2) legal bottlenecks impeding project implementation.

• We note that many real estate stocks are currently trading at a 2024 forward P/B below the 5-year average P/B. Therefore, KBSV believes that investors may consider investing in real estate stocks during corrections and select companies with good prospects, large clean land banks, projects under development and being launched, and a sound financial structure. Notable investment opportunities include Vinhomes (VHM), Khang Dien House Trading and Investment (KDH), Nam Long Group (NLG), and Dat Xanh Group (DXG).

Analyst Pham Hoang Bao Nga – Equity Research

Banking

Outlook: Positive
Tickers: VCB, BID, ACB, STB, CTG

• **Loan growth in the first two months of 2024 fell short of expectations.** System-wide credit accelerated in December 2023 (+13.7% YTD compared to +9.4% YTD at the end of September) as banks sought to boost lending to lay the foundation for 2024. This put pressure on credit growth during the contraction period at the beginning of this year, reaching only 0.8% YTD as of March 8, 2024 (with January recording negative growth of -0.6% YTD). Despite a sharp fall compared to the high base in the same period a year earlier, KBSV assesses that it still showed positive signals following the government's supportive policies. We maintain the view that lending activities across banks will pick up this year, especially in 2H2024, based on: (1) Mild economic recovery, pushing credit demand from domestic manufacturing, trading, and real estate enterprises; (2) a relatively low interest rate environment expected to be maintained at least in 1H2024, boosting demand for loans from individuals and businesses; (3) rising demand for loans to repay principal and interest of corporate bonds falling due this year among businesses.

• **NIM is expected to improve by 15-30bps.** We believe that the most challenging period for the banking sector is temporarily over and expect NIM of the entire system to recover in 2024 because: (1) Significantly lower deposit interest rates resulted in a substantial decrease in funding costs, while there is little room for lending rates to move lower, especially mortgage rates; (2) the CASA ratio showed signs of improvement from 4Q2023 (up 2-6% QoQ at banks under our coverage) and is expected to recover in 2024 as savings deposit channels is no longer a preference, given much lower deposit interest rates than the previous periods; (3) Retail lending should grow well as personal consumption is expected to gradually improve in the latter half of 2024. We note that the deposit interest rates have dropped to a low range, with little room for further reduction, and will likely increase again in the year-end period when banks need additional funding to meet the sharp increase in credit demand in the peak 4Q. However, KBSV forecasts that the average deposit interest rate for the whole year will remain at the current level. We expect NIM of banks to improve by 15-30bps, depending on each bank's strategy.

• **The pressure on asset quality has been temporarily alleviated by supportive measures.** The non-performing loan (NPL) ratio of the entire industry narrowed from a peak of 2.2% in 3Q to 1.9% at the end of 4Q2023, which we partly attribute to a sharp rise in outstanding loans in December alongside the intensified handling of previous NPLs. In 2023, banks used a significant portion of provisions to handle NPLs as well as capitalized on the debt restructuring mechanism, leading to the declared NPL ratios at some banks (particularly small-sized banks) not precisely mirroring the actual situation. Therefore, we assess that provisioning pressure will remain elevated in 2024 and even in 2025. Elements that might support the recovery of asset quality are (1) the improved financial situation of customers following economic recovery; (2) low lending interest rates, reducing borrowing cost pressure for customers and thus enabling them to fulfill their debt obligations on time; (3) the extension of the application of Circular 02, temporarily lowering the NPL ratio. However, risks still exist as a sharp increase in the total outstanding loans in late 2023 primarily came from real estate loans. We will continue to closely follow the asset quality of the banking system in the future.

• **Since early 2024, banks listed in our model portfolio have seen a 15-30% increase, namely Bank for Investment & Development (BID), Vietinbank (CTG), Military Bank (MBB), Asia Commercial Bank (ACB), Techcombank (TCB),** reflecting part of the recovery prospects in 2024 with the P/B of some approaching their 5-year average. We believe that the current price range remains attractive, considering promising prospects. Still, after the recent strong uptrend, we do not recommend short-term investors opening new positions during this time. Nonetheless, long-term investors may consider accumulating more shares when prices retreat to more reasonable levels as we are confident about the long-term potential of the banking sector. Our top picks are Vietcombank (VCB), Asia Commercial Bank (ACB) with good asset quality; Military Bank (MBB) and Techcombank (TCB) benefiting from the expected recovery of the real estate market, and Vietnam International Bank (VIB) and Sacombank (STB) with their own growth stories.

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Investment ratings & definitions

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