

## KB RESEARCH

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Market Analyst

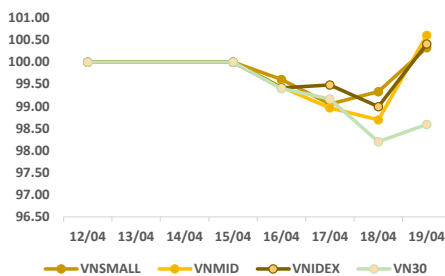
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### Market Summary

	VNIndex	HNXIndex
Close	966.21	105.88
Change (%)	-1.70%	-1.69%
Gainers/Losers	110/270	104/274
Volume (mn)	752.8	158.93
Value (VNDbn)	15,528.65	1,945.57
Change (%)	-23.3%	-31.3%

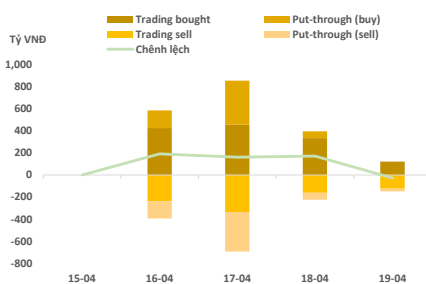
Sources: Finnpro, KBSV

### Group movements



Sources: Finnpro, KBSV

### Foreign group movements



Sources: Bloomberg, KBSV

### Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Paper	1.30%	DHC VID HAP CAP...
Containers & Packaging	0.30%	INN SVI MCP VBC...
Coal	0.00%	NBC TVD HLC TC6...
Insurance	-0.10%	BVH PVI BIC BMI...
Heavy Construction	-0.10%	CTD VCG CII HBC...
Top 5 worst performers	Change	Major stocks in sector
Marine Transportation	-1.70%	PVT VTO VIP GSP...
General Mining	-2.10%	KSB HGM BMC BKC...
Oil Equipment & Services	-2.20%	PVS PVD PVC PVB...
Forestry	-3.10%	TTF DLG GTA
Brewers	-5.70%	SAB BHN THB HAD...

Sources: Bloomberg, KBSV

## HIGHLIGHTS OF THE WEEK

Investor sentiment this week was affected by the news about Pham Nhat Vu detained for investigation over Mobifone – AVG, which created selling-off pressure on VIC-VHM and spread to other bluechips. The bottom-fishing demand has appeared, but is not strong enough to prevent VN-Index and HNX-Index from a plunging week. At the end of the trading week, VN-Index and HNX-Index closed at 966.21 (↓1.70%) and 105.88 (↓1.69%).

### Main movements during the week:

- \* Mid cap stocks led the decreasing momentum of the market, with a large discount (↓2.29%). Although some core stocks were pushed down, the bottom-fishing cash flow and the divergence in large cap stocks helped this group outperform VN-Index despite a fall of -1.41%.

- \* Red was the main color seen on the two exchanges HSX and HNX as the number of decliners dominated the gainers'. In addition, liquidity on the two exchanges tumbled compared to that last week, which showed the prudent trend in the general market.

- \* Considering sectors, declining sectors experienced dramatic decreases (forest products and wood processing, beer production, residential real estate... shed -8.9%, -5.9% and -4.4%... respectively), which outweighed the gaining sectors (Paper manufacturing, software & computer services, containers & packaging... climbed 4.3%, 2.2% and 1.5%...). Stocks of forest products and wood processing were mainly affected by the decline of leading stocks in TTF after this enterprise reported an additional loss of VND62 billion, raising the total loss after taxes to VND715.16 billion. Similarly, stocks of beer production declined sharply due to the strong correction of SAB in Thursday session (April 18), most likely due to the maturity session of VN30 index Derivative future. In addition, the residential real estate industry dropped due to the correction of VIC and information from the investigation of Mobifone-AVG case. The remaining sectors continued to fluctuate under the influence of information from the AGMs in recent weeks.

- \* Last week highlights came from foreign investors net-buying with the trading value of nearly VND500 billion. The put-through transaction has risen to about 35%. VIC and VHM were net-bought at a large volume in sharp declining sessions. On the contrary, VJC, SSI and POW were net-sold strongly.

### Next week forecast:

The market this week was quite sensitive to the changes of VIC-VHM as it was affected by information about the investigation over Mobifone – AVG. However, we have observed some signs of a more stable market sentiment in the last session of the trading week. Nevertheless, the plunge in market liquidity indicated this state was still vulnerable, any new information in the next week may have a strong impact on the market.

Meanwhile, companies' prudent sentiment can be seen in the 2019 business plan and 1Q business results released in the AGMs, which may partly cause

### Performance VNINDEX vs ASEAN 4

Market	P/E trailing 12 month	YTD (%)
VNIndex	16.30	8.25%
SET Index	17.48	7.17%
JCI Index	20.97	5.05%
PCOMP Index	19.32	4.94%
FBMKLCI Index	20.31	-4.04%

Sources: Bloomberg, KBSV

### Top market movers

Most positive	Points
VNL	+0.340
VJC	+0.280
HDB	+0.120
Most negative	Points
VHM	-4.387
VIC	-3.014
VNM	-1.432

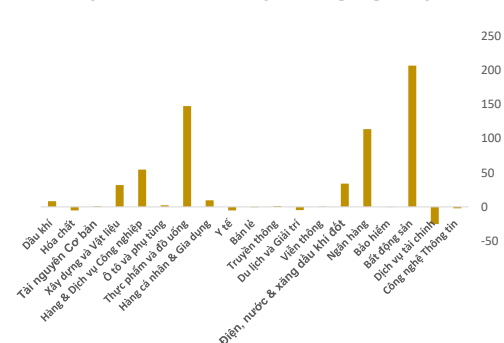
Sources: Bloomberg, KBSV

### Top transactions by foreign group

Most bought	Value (VNDbn)
VIC	108.14
MSN	93.01
VHM	85.31
Most sold	Value (VNDbn)
VJC	57.13
SSI	51.83
POW	34.96

Sources: Bloomberg, KBSV

### Sector performance by foreign group



Sources: Finnpro, KBSV

pressure on the overall market sentiment. In the upcoming weeks, a more comprehensive picture will be formed when the business performance in the first quarter of banking, real estate and some other large cap stocks is published.

In the short-term, we maintain our prudent viewpoint on market moves in the next week with a forecast on a dominant correction. In particular, emerging concerns of investors about skyrocketing electricity and petrol prices recently tend to affect the costs of input materials in businesses, inflation trend, and interest rates, thereby adversely affecting business results in this year.

Investors are recommended to stay cautious about the swing trading strategy and wait for stronger correcting phases to open mid-term positions.

### HIGHLIGHTS OF MARKET

Despite negative domestic movements, the world stock markets have experienced a thriving trading week with China stock indices peaking in 13 months, in which the Shanghai Composite and the Shenzhen Component gained 1.1% and 1.17% respectively. Optimistic investor sentiment has returned after China published a series of positive statistics, especially the GDP growth of 6.4% in the 1Q/2019, higher than the 6.3% gain estimated by economist previously. This increase is equal to the growth of China economy in the 4Q/2018 and 0.4% lower than the rise of 6.8% achieved in the 1Q/2018. In addition, industrial production and retail sales of China in March saw an impressive growth at 8.5% and 8.7% respectively. We assess stimulus measures that have been implemented since last year started to be effective, which helps China economy rebound from the bottom in the first two months. However, with the current 1Q growth approaching the year's target of 6-6.5%, Beijing is likely to stop providing more stimulus measures to prevent rising debts.

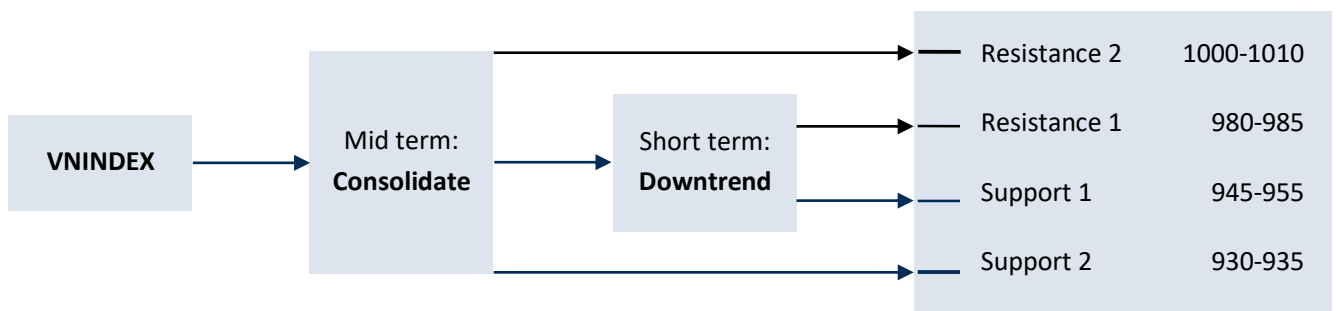
In another scenario, the market also cheered the positive movements from the US economy as data on retail and food sales in March of this country climbed 1.6% MoM and 3.6% YoY, the fastest growth speed in the last 1.5 years. Core retail sales, excluding automobile and oil sales, gained 1.2% MoM, after losing 0.7% in February. Additionally, the number of Americans applied for unemployment benefits last week also hit its 50-year lows. The rebound of retail sales has eased the concerns about a looming recession in the US. We still hold a positive viewpoint on a healthy US economy amid tightening labor market conditions.

### TECHNICAL ANALYSIS

VN-Index may still face a risk of short-term correction as this index has just hit its 1-month bottom (around 965) and continues to tumble under MA(10) and MA(20). These two moving averages have already turned to go down. Besides, momentum indicators also showed negative signals when RSI are turning downwards 30 area and MACD has been under 0.

Nevertheless, in the scenario that the index keep going down in the next week, VN-Index will be supported around 940-950 point zone because this is the convergence of SMA200 and SMA100, and is also the 50% Fibo supporting point (based on intraday upswings since April 01, 2019). Furthermore, if based on Ichimoku model, if VN-Index enters this zone, it will face a thick cloud. Therefore, we expect the market to rebound when approaching this support zone. Investors are recommended to wait for correcting sessions to re-open a part of short-term trading positions.

### TECHNICAL TREND

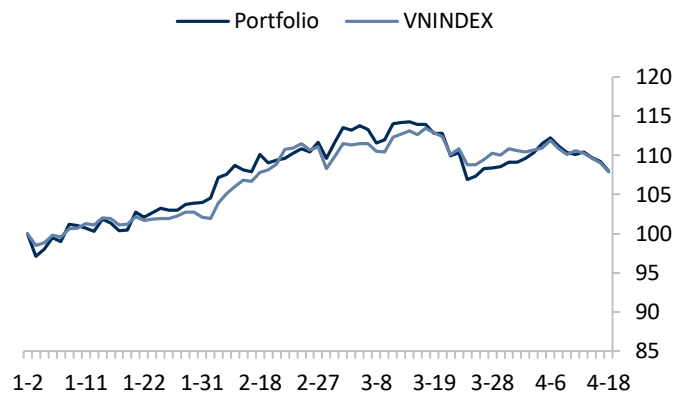


## INVESTMENT PORTFOLIO RECOMMENDATIONS

### Investment Note

- (1) The portfolio for mid-term investment (3-month at least) or may be flexible depending on the market movement.
- (2) Profit taking threshold is +30% and cutting loss level is -15%.
- (3) The fixed proportion of stocks in the portfolio is 100% (the proportion of each stock is equal) to make a comparison with VNINDEX. Investors should consider the general market trend to have a good proportion allocation and risk management.

### Portfolio's performance vs VNINDEX



Stocks	Date of recommendation	Closing price	Daily returns	Accumulative returns	Main investment catalysts
VHC	18/04/2019	94.9	0%	0%	<ul style="list-style-type: none"> <li>Vinh Hoan JSC (VHC) is the largest tra fish exporter in Vietnam with an estimated market share of 50% in the US, which is the most valuable market. The company will benefit from the long-term growth trend of global fishery consumption amid a decrease of wild-caught supply.</li> <li>The rising demand, unfavorable weather conditions and a decline in white fish supply caused constraints in tra fish market, and boosted VHC's profit margin in 2018. This trend is forecast to continue in 2019.</li> <li>Tra fish market position is enhanced amid the US-China trade tensions and the EU-Vietnam Free Trade Agreement (EVFTA) in the future. In the 3Q/2018, the United States imposed 10% tax on tilapia imported from China and could increase to 25%, which helps to reduce the competitive pressure of tilapia on Vietnamese tra fish in the US market. The elimination of the looming import tariff of EVFTA is also an advantage for tra fish industry.</li> </ul>
PNJ	22/03/2019	97.3	-1.9%	-3.2%	<ul style="list-style-type: none"> <li>Jewelry retail sales has witnessed a high growth as the number and value of the purchase orders increased. In 2018, PNJ jewelry retail sales surged 41%, supported by the estimated increase of 34% in the number of transactions and 5% gain in the average purchase value.</li> <li>Given the advantage of the available customer base, the segment of watches and accessories of PNJ is strong enough to be successful as the watch market in Vietnam has no large distribution enterprise despite gaining high value. Watches are expected to account for 5% of total revenue gained from PNJ contracts in 2022.</li> </ul>

					<ul style="list-style-type: none"> <li>▪ The negative operating cash flow of PNJ in the previous years is resulted from the store system expansion, and the inventory increase. It is expected that PNJ will have a positive operating cash flow from 2019.</li> </ul>
BMP	05/03/2019	46.8	-2.6%	-11.9%	<ul style="list-style-type: none"> <li>▪ The current price of BMP stocks is quite attractive as BMP is the leading company in plastic pipe industry, with healthy financial status, sales policy with the most attractive 15% discount on the market, and stable dividend payment history.</li> <li>▪ After two consecutive years of decreasing profit, BMP profit is expected to rebound in 2019 thanks to a slight increase in production (+6%) and profit margin (+0.6%) given that the prices of PVC compound manufacturing input materials are lower than the 2018 average. Besides, the direct competitor HSG no longer has many promotion policies as before due to its own difficulties.</li> <li>▪ Export potential to Thailand and the support of managing shareholder Nawa Plastic is a favorable factor for long-term prospects of BMP business operation.</li> </ul>
TCB	04/03/2019	24.25	-2.0%	-8.8%	<ul style="list-style-type: none"> <li>▪ Operating effectiveness has been continuously improved, which helped the bank to be ranked at the top group in 2018. TCB achieved this success thanks to the strategic value chain of Vingroup - Masan - Vietnam Airlines ecosystem combined with the economic growth oriented by export, consumption and real estate investment.</li> <li>▪ The bank is currently the pioneer in some core business segments: Market share ranking No.1 in mortgage loans; advisory and brokerage involved in corporate bonds; bancassurance fee; ranking at the top in transaction banking growth. Effective operating model and dynamic BOM are the premise for the current result.</li> <li>▪ Strong capital base, guaranteed asset quality and the viable strategy are the foundation for TCB to keep its growth momentum in 2019.</li> </ul>
KBC	23/01/2019	14.4	-1.0%	3.6%	<ul style="list-style-type: none"> <li>▪ FDI from Korea, Taiwan, and Japan – mainly absorbed by industrial plants has been rising sharply thanks to the shift of factories' location from China to Vietnam.</li> <li>▪ The demand for industrial land lease in KBC strongly increased in 2018-2019. In 2019, the area for lease is forecast to be 120 ha (+14% yoy), in which there is 70 ha of Quang Chau Industrial Plant and 30 ha of Nam Son Hap Linh Industrial Plant.</li> <li>▪ Gross profit margin still stays high – with the average of 58% in 2018-2019.</li> <li>▪ Phuc Ninh Urban Area Project may gain VND1,000 billion of revenue 2019. Profit margin may reach 75%.</li> <li>▪ Lower the number of long-term loans. Loan/equity ratio is 28%.</li> </ul>

					<ul style="list-style-type: none"> <li>Industrial plant projects of affiliated companies in Hue, Da Nang will be the attractive point to investors in the long-term after Northern industrial plants run out of land source in the next 2-3 years.</li> </ul>
MBB	18/12/2018	21.55	0.2%	4.9%	<ul style="list-style-type: none"> <li>NOII to continue gaining traction in 2019. The current strong NFI from insurance services was mainly driven by the non-life segment through Military Insurance Corporation (MIC).</li> <li>A strong CASA ratio and increasing retail book (ex MCredit) are drivers for continuous NIM expansion. We believe NIM has headroom to expand from its current high level of 4.5%, given the CASA ratio will remain at a high level and the loan yield gap between ACB and MBB has been closing since 2014. Though funding costs could inch up related to valuable papers issuance in 2019F, we expect it to still be managed below 4% due to its current strong CASA ratio.</li> <li>MCredit is still finding its feet but funding advantage increases odds of success. We believe MCredit can triple its loan book in 2018 from a low base, contributing ~1.8% to the consolidated book. Half of MCredit's current funding comes from Shinsei and thus provides significant flexibility in chasing market share in the key cash loan market.</li> </ul>
REE	11/10/2018	31.35	-0.9%	-4.1%	<ul style="list-style-type: none"> <li>In 2019, profit will likely increase by 9%-10% due to the dramatic rebound of electromechanical segment (58%) compared to the low basic level in 2018. This is achieved thanks to REE provisions, the positive growth of 37% in office for lease segment, and successful operation of E-town Central.</li> <li>Profit growth in the long term is maintained thanks to new M&amp;A deals (in electricity and real estate segment).</li> <li>With expected EPS in 2018 at VND5,500/share, REE is comparatively low with ROE reaching 18,6%.</li> </ul>
FPT	6/9/2018	48.5	0.0%	12.5%	<ul style="list-style-type: none"> <li>Software processing which is the main force of software development segment has been thriving in most of the key markets - Japan, United States, Asia Pacific, European.</li> <li>The acquisition of Intellinet in the U.S allows FPT to provide strategic package IT services to customers, especially in digital transformation projects.</li> <li>FPT profit is forecast to maintain growth rate at over 20% until 2020. With the forecast EPS in 2018 of VND3,500/share, FPT shares are traded at attractive P/E.</li> </ul>
GMD	22/8/2018	25.85	-0.4%	6.8%	<ul style="list-style-type: none"> <li>Potential business growth is the key driver for the bounce back of stocks, combining with the divestment of real estate projects or information about VIG divestment at the company.</li> </ul>

- Increase of expected return; attractive long-term valuation. The operation of Nam Dinh Vu Phase 1 project will be the driving force for revenue growth in 2019-2020. The project has increased GMD's handling capacity from 1,250,000 teus to 2,000,000 teus, a rise by 60%. According to the plan, the occupancy rate for 2019 is 80% and 100% in 2020.
- Logistic profit will grow with a support from CJ Logistics. With the deeper involvement of CJ Logistic, the management expects to bring better growth motivations for the logistics sector.

PVS 15/8/2018 22.3 -2.2% 29.7%

- Stock price has started to recover after a dramatic and prolonged decline.
- The price is still low compared to the potential for recovery and growth as the major projects of the oil and gas industry has officially kicked off such as Block B - O Mon, Su Tu Trang phase 2, petrochemical complex Long Son.
- In case that oil price rallies and stays at over USD60/barrel, higher than the average breakeven point of Vietnam at about USD55/barrel, the launch of these projects is only a matter of time.

#### ECONOMIC CALENDAR

22/04	Shareholders meeting ACB
23/04	US New House sale; ĐHCĐ SHB
24/04	Shareholders meeting BVN; German IFO
25/04	Shareholders meeting SBS; Shareholders meeting BHN; BOJ meeting
26/04	Japan will have a meeting with US for trade talk

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