

MARKET WRAPS

Vietnam's stock market (VN-Index) recorded a strong increase this week along with global stock markets. At the end of the week, VN-Index and HNX-Index closed at 1015.59 (+1.91%) and 105.75 (+0.99%) respectively.

This week key movements

* The rise of the VN-Index concentrated in a number of leading stocks, making the gainers outnumbered by the losers on the HSX. In contrast, the number of gainers/losers on HNX was quite equal. Market liquidity improved significantly, especially on HNX this week.

* Large-cap stocks, especially Vingroup (VIC, VHM), led the overall market last week with a 0.7% increase. However, small and middle caps saw a drop of -0.5% and -1.22%.

* *Real estate* industry was the highlight this week as 3 stocks of Vingroup (VIC, VHM and VRE) received positive information from Q3 business results together with Vinhomes and Vincom Retails intending to buy back a large number of fund stocks.

* Foreign investors ended their net selling with a strong net buying session on Friday. The total value of net buying was VND36 billion.

Next week viewpoint:

Vietnam stock market this week received positive external information (the Fed lowered the interest rate for the third time). In addition, there were also the positive Q3 business results in some large-cap stocks leading the market (VIC, VHM). These favorable conditions have helped the VN-Index temporarily break the threshold of 1,000 and set a new peak in 2019. However, it is still too early to say whether the VN-Index can sustain above the 1,000 area in the coming time because this index will face some short-term risks of correction when the excitement sentiment of investors will somewhat reduce (China economic data is still weak, US-China negotiation do not have many clear signals...). In addition, the stocks leading this upward momentum may soon experience corrections after a sharp increase.

HIGHLIGHTS OF THE WEEK

October CPI reached 0.59% MoM - the highest level since February, mainly thanks to the sharp increase in pork prices. However, the positive point is that the average CPI of the first 10 months only increased by 2.48% YoY - the lowest 10M average increase in the past 3 years. Core inflation in October continued the stable trend, +0.15% MoM and 1.99% YoY. Average inflation of 8 months reached 1.89% YoY.

In October, food and food services (+1.04% MoM) was the most influential group to overall CPI, in which the main contribution was from the food group (+1.57% MoM). African swine fever has reduced pork supply sources, thereby making pork prices increase (+7.85% MoM), which contributed 0.33 percentage points to the overall CPI. The remaining commodity groups including transportation gained 0.99% due to the impact of the gasoline price adjustment on October 1, 2019; and the price reduction on October 16, 2019 made price index of petrol and oil climb

KBSV RESEARCH

Tung Le

Market Analyst

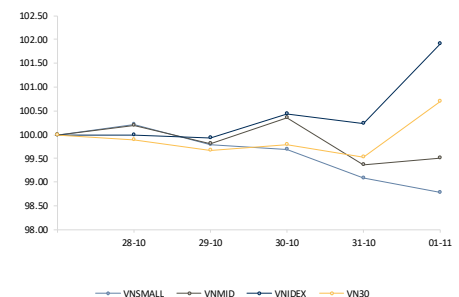
tungla@kbsec.com.vn

Market Summary

	VNIndex	HNXIndex
Close	1015.59	105.75
Change (%)	1.91%	0.99%
Gainers/Losers	136/142	65/53
Volume (mn/session)	1069.53	215.15
Value (VNDbn/session)	20,324.50	3,216.57
Change (%)	12%	114%

Source: FinnPro, KBSV

Stock group performance



Source: FinnPro, KBSV

Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Containers & Packaging	7.50%	INN, SVI, MCP, SDG...
Paper	6.20%	DHC, HAP, CAP, VID...
Real Estate Holding & Developm	5.50%	VIC, VHM, VRE, NVL...
Automobiles	2.80%	TCH, SVC, CTF, HHS...
Marine Transportation	2.40%	PVT, VTO, GSP, VIP...
Top 5 worst performers	Change	Major stocks in sector
Specialty Retailers	-2.10%	MWG, FRT, DGW, COM...
Commodity Chemicals	-2.50%	PHR, AAA, DPR, HRC...
Travel & Tourism	-3.20%	VNS, SKG, TCT, HOT...
General Mining	-3.30%	KSB, HGM, BMC, DHM...
Furnishings	-3.50%	RAL, GDT, DQC...

Source: FinnPro, KBSV

Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Containers & Packaging	11.40%	INN, SVI, MCP, SDG...
Paper	7.40%	DHC, HAP, CAP, VID...
Travel & Tourism	4.60%	VNS, SKG, TCT, HOT...
Specialty Finance	3.50%	IBC, OGC, FIT, BCG...
Banks	3.20%	VCB, BID, CTG, MBB...
Top 5 worst performers	Change	Major stocks in sector
Hotels	-4.00%	VNG, OCH, SGH, DAH...
Building Materials & Fixtures	-4.90%	VCS, HT1, BMP, PTB...
Oil Equipment & Services	-5.10%	PVS, PVD, PVB, PVC...
Furnishings	-7.60%	RAL, GDT, DQC...
General Mining	-8.10%	KSB, HGM, BMC, DHM...

Source: FinnPro, KBSV

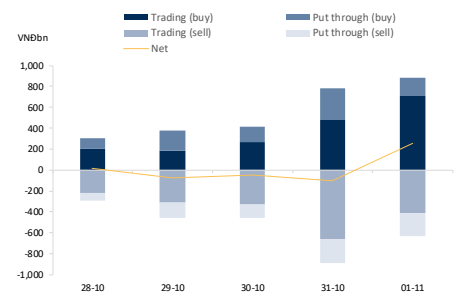
by 2.22% (raise the overall CPI by 0.1%). Housing and construction materials increased by 0.53% mainly due to the increase in domestic gas prices on October 1, 2019, which made the gas price index go up 7.62% (causing the general CPI to increase by 0.09%).

In the last 2 months of the year, we forecast that the monthly CPI will stay high, at 0.6% and 1.2% MoM, and continue to be affected by pork prices. However, the average CPI in 2019 will remain positive at 2.7% YoY, much lower than the target (4%).

The trade balance of goods in October was estimated at a trade deficit of USD100 million. The domestic economic sector had a trade deficit of USD2.37 billion, the FDI sector (including crude oil) had a trade surplus of USD2.27 billion. In particular: After 5 months of surging, exports turned down slightly in October (4.1% MoM, 0.8% YoY) because Samsung ended the push to export new products of Galaxy Note 10, reducing smartphones and components exports by 0.9% YoY. However, the highlight of the month was that the domestic economic sector increased by 11.7% YoY, while the FDI sector (including crude oil) decreased by 5.5% YoY. Key contributors to the increase in October 2019 included rice (+23.6% YoY, with orders from Cuba and Africa), electronics and computers (+12.8% YoY). In the first 10 months, smartphones and components had the biggest export value (USD43.5 billion), accounting for 20% of total export turnover, up by 5% over the same period last year; electronics, computers and components reached USD28.8 billion, up 17.1%; textiles and garments reached USD27.4 billion, up 8.7%; and footwear reached USD 14.6 billion, up 11.2%.

Regarding imports, import turnover of goods in October was estimated at USD22.8 billion, +3.5% MoM and 3.5% YoY, of which the domestic and FDI sector gained by 5.8% and 1.9% YoY respectively. If compared with the same period last year, the positive point is that imports of manufactured goods still maintained a positive growth momentum.

Foreign investor trading



Source: Bloomberg, KBSV

Top buy/sell by foreign investors

Top net buyers	Net buying value (VNDmnn)
VRE	185,263
VCB	47,318
HPG	42,306
Top net sellers	Net selling value (VNDmnn)
MSN	128,971
VNM	126,486
KDH	44,479

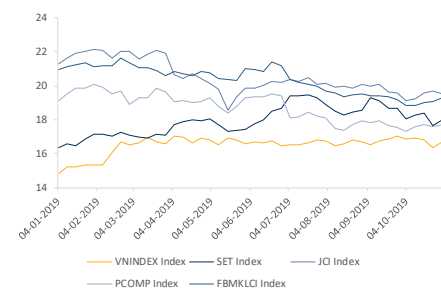
Source: Bloomberg, KBSV

Top market movers

Top 3 best performers	Points
VHM	6.111
VIC	3.45
VRE	1.27
Top 3 worst performers	Points
NVL	-0.14
SAB	-0.09
TLG	-0.07

Source: Bloomberg, KBSV

P/E Vietnam vs regional market

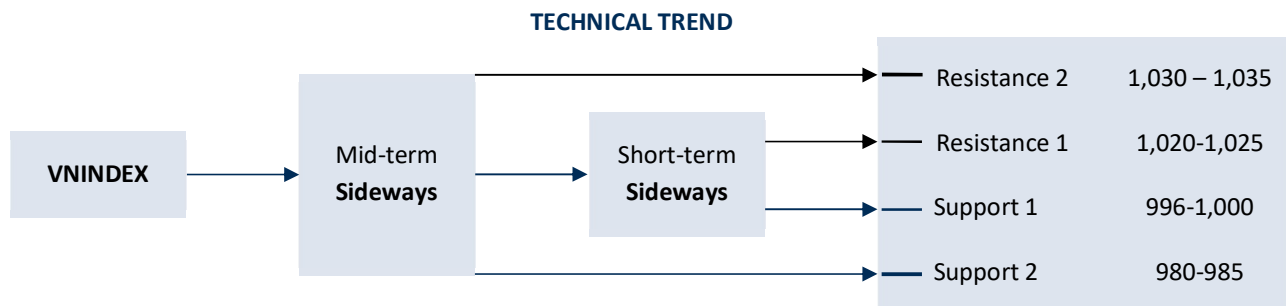


Source: Bloomberg, KBSV

TECHNICAL ANALYSIS

VNINDEX this week broke the psychological resistance level of 1000 points and set a peak in 2019 with the support of VICs. There are some noticeable points:

- After recording a successful breakout from the sideways, the market continued the short-term uptrend with the next expected target identified at the 102x area of VNINDEX, equivalent to the area around 950 (+ -5) of VN30.
- However, the signal of the leading stocks is strongly differentiated with many banking stocks/stocks with maximum foreign room lacking correction time. This implies that this uptrend will not last long (narrow/diverged upside between stocks), and will soon enter the correction phase when the indices reach the upper resistance area.
- Investors are recommended to avoid buying quickly at high prices, and only buy in correction sessions, when the target price fall back to support levels. When the indices reach the above resistance areas, take profit action needed.



INVESTMENT PORTFOLIO RECOMMENDATIONS

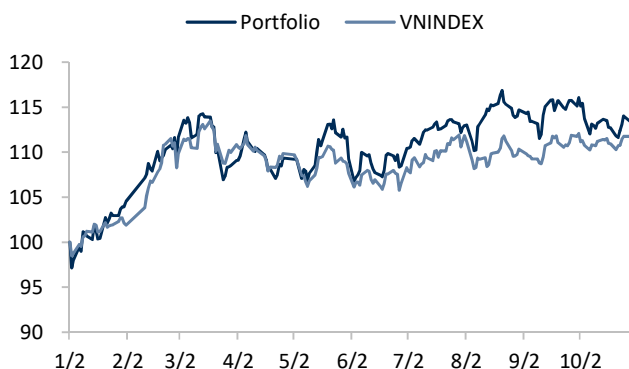
Investment Note

(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
MSN	10/11/2019	75.7	2.0%	-1.7%	<ul style="list-style-type: none"> MEATDeli's fresh meat business has been positive since Masan launched this product at the end of 2018, reflecting positive prospects for Masan MEATLife (MML). Masan is expected to promote meat distribution in the near future, including the penetration into HCMC market in September 2019. Food and beverage segments, as well as profits shared from Techcombank are expected to continue rising at a 2-digit growth. Tungsten prices are showing signs of recovery after a long losing span, which is expected to support MSR's production and business activities.
MWG	9/8/2019	125.2	0.5%	10.8%	<ul style="list-style-type: none"> MWG has found a suitable direction and a right development strategy. MWG has also succeeded in finding the development strategy for BHX and the revenue optimization plan for the DMX and Mobile World stores, and developed new business fields such as watches and glasses. Food and consumer goods retail chain recorded an impressive revenue growth of 206% YoY for 6 months of 2019 with an average revenue per store reaching VND 1.5 billion per month. This year, BHX aims to expand its network, increase revenue per store, improve gross profit margin and breakeven at stores and distribution centers by the end of the year. In the long term, Bach Hoa Xanh (BHX) aims to account for 10-15% market share of the food retail market estimated at USD50-70 billion by raising the number of stores to 8,000 - 12,000 stores nationwide. Currently, BHX chain is

					concentrated in HCMC and neighboring provinces with 600 stores and. BHX is expected to have 800-900 stores by the end of 2019.
NLG	3/6/2019	28.75	0.7%	6.3%	<ul style="list-style-type: none"> ▪ Nam Long Group (NLG) has remained its leading position in mid-high end housing development with reasonable prices. The main product lines are Ehome, Valora and Flora. In addition, NLG also cooperated with business partners with strong financial potential from Japan to develop large urban areas (UA.) The company benefits from healthy financial status with low loan ratio thanks to approaching investment capital from foreign investors. ▪ In the next period, NLG determines to become the largest UA developer with by cooperating with famous Japanese partners to develop its projects, including Mizuki Park UA, Akari City UA, and Waterpoint UA. These are all large projects, which are expected to have a positive contribution to Nam Long profit. ▪ In 2018-2019, Nam Long has accumulated more landbanks with the total area of 236.5ha in Dong Nai and Hai Phong provinces. These are all potential landbanks in the future.
BVH	5/6/2019	74	2.6%	1.5%	<ul style="list-style-type: none"> ▪ Mathematical reserve provisioning relief. As anticipated, the Government has issued Circular 1/2019/TT-BTC, which allows life insurance companies to apply a slightly less conservative discount rate to reserves. The Circular was issued in January and became effective on February 16. This should reduce liabilities and increase book value, helping to reduce the reported PB ratio. ▪ Maintaining the competitive advantage by focusing on expanding agency network instead of bancassurance channel. The difference of this strategy compared to others of foreign life insurance companies is to promote long-term exclusive bancassurance deals. ▪ More than 12 million shares were released from ESOP in early May 2019, causing a sharp increase in supply, negatively impacting stock price movements, helping BVH price to be more attractive.
PNJ	22/03/2019	83.3	0.0%	10.5%	<ul style="list-style-type: none"> ▪ 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. ▪ 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.

					<ul style="list-style-type: none"> ▪ 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.
MBB	18/12/2018	22.95	-0.2%	13.1%	<ul style="list-style-type: none"> ▪ 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). ▪ 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. ▪ 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.
REE	11/10/2018	37.65	0.4%	15.1%	<ul style="list-style-type: none"> ▪ 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. ▪ Profit growth in the long term is maintained thanks to new M&A deals (in electricity and real estate segment). ▪ With expected EPS in 2018 at VND5,500/share, REE is comparatively low with ROE reaching 18,6%.
FPT	6/9/2018	58.5	1.0%	59.4%	<ul style="list-style-type: none"> ▪ Software processing which is the main force of software development segment has been thriving in most of the key markets, including Japan, United States, Asia Pacific, and European. The exported software segment is expected to gain 25% in the next three years. ▪ The growth of Telecom is projected to remain stable at 15% thanks to subscriber growth and pay-TV segment which will be profitable from 2020. ▪ FPT profit is forecast to maintain a growth rate at over 20% until 2020. With the forecast EPS in 2019 of VND3,116/share, FPT shares are traded at attractive P/E compared to the potential growth and the average P/E of other regional companies of the same industry.

GMD	22/8/2018	26.7	0.0%	10.3%	<ul style="list-style-type: none"> ▪ 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. ▪ 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	18.6	0.5%	8.1%	<ul style="list-style-type: none"> ▪ Despite experiencing a strong recovery from the beginning of 2019, P/E of PVS is still lower than the average P/E of other peers in the region. ▪ With the forecast oil prices staying above USD60/barrel, much higher than Vietnam's average breakeven level of about USD55/ barrel, a series of large oil and gas projects will be started from 2020. ▪ Core EPS in 2019-2023 is forecast to achieve a CAGR of 9.0% thanks to Sao Vang - Dai Nguyet, Gallaf, Block B and White Lion - Phase 2 projects and a stable FSO.

DISCLAIMER

This report has been prepared for informational purposes only, and does not constitute an offer or solicitation of a contract for trading. Opinions in this report reflect professional judgment at this date based on information and data obtained from sources KBSV considers reliable. However, KBSV does not guarantee that the information and data are accurate or complete, and, therefore, this report is subject to change without prior notice. Individual investments should be made based on each client's own judgment and we expressly disclaim all liabilities for any investment decisions and any results thereof. This report is a copyrighted material of KBSV and, thus, it may not be reproduced, distributed, or modified without the prior consent of KB Securities. This report is not prepared for academic purposes and any third party wishing to quote from it for academic publications should receive the prior consent of KBSV.

KB SECURITIES VIETNAM (KBSV)

Head Office

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

Hanoi Branch

Level 1, VP Tower, 5 Dien Bien Phu Street, Ba Dinh District, Hanoi, Vietnam
Tel: (+84) 24 3776 5929 - Fax: (+84) 24 3822 3131

Saigon Branch

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

Ho Chi Minh Branch

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

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 - Ext: 2656

Private Customer Care Center: (+84) 24 7303 5333 - Ext: 2276

Hotmail: ccc@kbsec.com.vn

Website: www.kbsec.com.vn