

## MARKET WRAPS

Supported by the positive moves on the international market, especially since the Fed signaled to reduce interest rates, the domestic market continued to record gains, with VN-Index and HNX index simultaneously climbed 0.01% and 1.42%.

### This week key movements

\* In terms of stock groups, only large-cap stocks recorded negative price movements (-0.6%), in which leading stocks (VIC, VHM...) were under pressure of correcting. Mid-cap stocks have recorded a slight increase of 0.09%, while small-cap stocks with their own stories attracted cash flow and achieved the highest increase (+ 0.41%).

\* Red color still dominated on both exchanges. Market liquidity improved slightly.

\* In terms of sectors, *Water transportation* sector recorded the highest increase (4.3%) thanks to high expectations of investors about Q2 business results of this group. Similarly, *Construction & Interior materials* sector in Q2 is also expected to recover after the decline in Q1 earning growth.

\* On the other hand, the abnormal decline of TCT stocks led to the decrease of -4.4% in *Passenger transportation & Tourism* sectors.

\* Foreign investors maintained net buying status with net buying value of 960 billion VND. The highlight of the week was the put through transaction of VNM.

### Next week viewpoint:

Vietnam stock market is in the state which is considered the most favorable since the beginning of the year. In particular, the US and China decided to resume negotiations with constructive moves; and the Chairman of the Fed, Mr Powell released clear signs of a potential interest rate cut in the near future.

The biggest obstacle may be the prudent sentiment from investors about the overview of business performance in the 1H 2019 which is about to be announced after negative business results in the Q1. The first positive signs can be seen in some banks whose good profit growth such as VCB and TPB,... However, there are still many companies (real estate, securities companies...) that face the risks of decreasing growth in the Q2. However, in general, we still expect the Q2 picture will be brighter than Q1 although the growth is still low. In addition, when the investors' expectation about profit growth has become lower after Q1, the negative impact from Q2 earnings, if it happens, will be limited.

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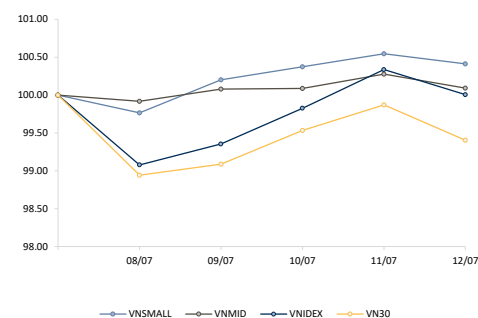
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### Market Summary

	VNIndex	HNXIndex
Close	975.4	105.86
Change (%)	0.01%	1.42%
Gainers/Losers	157/225	102/226
Volume (mn/session)	802.13	124.06
Value (VNDbn/session)	17,981.28	1,907.10
Change (%)	2%	18%

Source: FinnPro, KBSV

### Stock group performance



Source: FinnPro, KBSV

### Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Marine Transportation	7.50%	PVT, VTO, GSP, VIP...
Building Materials & Fixtures	3.60%	VCS, HT1, BMP, PTB...
Brewers	2.70%	SAB, BHN, HAD, HAT...
Automobiles	2.70%	TCH, SVC, CTF, HHS...
Farming & Fishing	2.20%	HNG, VHC, GTN, HAG...
Top 5 worst performers	Change	Major stocks in sector
Electrical Components & Equipment	-2.80%	CAV, PAC, TYA, VTB...
Clothing & Accessories	-3.30%	STK, TCM, TNG, FTM...
Containers & Packaging	-3.30%	INN, SVI, MCP, SDG...
Electronic Equipment	-3.70%	GEX, LGC, THI, AME...
Travel & Tourism	-4.40%	VNS, SKG, TCT, HOT...

Source: FinnPro, KBSV

### Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Farming & Fishing	8.00%	HNG, VHC, GTN, HAG...
Specialty Retailers	7.60%	MWG, FRT, DGW, COM...
Water	6.80%	BWE, TDW, CLW, BTW...
Oil Equipment & Services	6.00%	PVS, PVD, PVB, PVC...
Building Materials & Fixtures	5.70%	VCS, HT1, BMP, PTB...
Top 5 worst performers	Change	Major stocks in sector
Personal Products	-4.20%	PNJ, TLG, LIX, NET...
Tires	-4.40%	DRC, CSM, SRC, VKC...
Soft Drinks	-4.50%	VCF, NAF, SCD, CTP...
Travel & Tourism	-5.00%	VNS, SKG, TCT, HOT...
Steel	-5.30%	HPG, HSG, DTL, VIS...

Source: FinnPro, KBSV

## HIGHLIGHTS OF THE WEEK

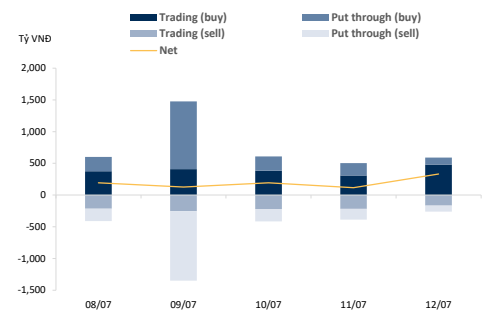
Vietnam Institute for Economic and Policy Research (VEPR) has just released a forecast on Vietnam economic growth of 6.96% for the whole year of 2019, and the growth may reach over 7% in Q3 and Q4. However, some experts doubted that it is difficult to get a high economic growth since economic boosters in the next six months are weaker than in 2018. Specifically, export growth at 7% was slower than the increase of 16% in the same period of the first six months of 2018. Export growth at the main markets such as the EU and China was also lower than in previous years. Before that, WB published its forecast on Vietnam economic growth in 2019 (at 6.6%) due to weak external demand and tightened credit. In particular, according to WB experts, the outbreak of African Swine Fever and decreasing international prices adversely affected agricultural production. At the same time, the weakening demand from foreign countries also make the growth of processing, manufacturing and export-oriented sectors slow down.

Long-term bond interest rates tumbled. In the latest bidding session of the State Treasury, the winning interest rate for 5-year bonds was 3.75% per year, higher than the level of 0.05% per year, while the winning rates for long-term bonds fell sharply with the term of 15 , 30 years losing 13 and 18 basis points respectively. The demand for long-term interest rates from insurance companies along with favorable loosening interest rate conditions in the world are considered the main reasons for the downturn of long-term interest rates.

Fishery exports in 1H 2019 hit nearly USD4 billion, gaining 0.3% YoY. Japan, America, China, and Korea are the four largest exporters of Vietnamese seafood, which accounted for 55.1% of the total exported seafood value. Nevertheless, there are not many positive signs spotted in the exportation of these products in big markets like Japan, the EU and the US. In regard of pangasius fish, raw material prices in 1H 2019 continued to weaken after a year of blooming growth. The prices have went down VND16,000/kg compared to that in the same period of 2018, down by VND10,000 compared to the prices at the beginning of the year, and are the lowest in the last two years. This decline also led to a sharp drop in the prices of fingerling. In particular, fingerling prices (30 fingerlings = 1kg) ranged from VND18,000-20,000/kg, while at the end of 2018 the prices of fingerlings were VND60,000-65,000/kg). In terms of shrimp, shrimp prices also fell because erratic rainy and sunny weather made the pond environment change suddenly, forcing farmers to harvest simultaneously to avoid risks. Therefore, the supply of shrimp skyrocketed and pushed prices down.

Hanoi Police prosecuted the case in which Mr. Le Thanh Than, Chairman of Muong Thanh Group was accused and investigated over deceiving customers into the Project of Bemes high-rise apartment building investment in Ha Dong. Muong Thanh Group is known for Muong Thanh hotel chain across the country and many low-cost apartment buildings in Hanoi.

## Foreign investor trading



Source: Bloomberg, KBSV

## Top buy/sell by foreign investors

Top net buyers	Net buying value (VNDmn)
PLX	408,847.80
VRE	69,142.34
VCB	75,358.81
Top net sellers	Net selling value (VNDmn)
HPG	39,844.80
MSN	32,487.62
PVT	27,941.85

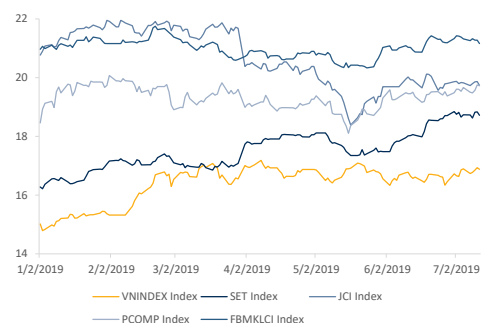
Source: Bloomberg, KBSV

## Top market movers

Top 3 best performers	Points
SAB	1.709
GAS	1.247
VCB	1.206
Top 3 worst performers	Points
VHM	-2.881
MSN	-1.206
VNM	-1.136

Source: Bloomberg, KBSV

## P/E Vietnam vs regional market



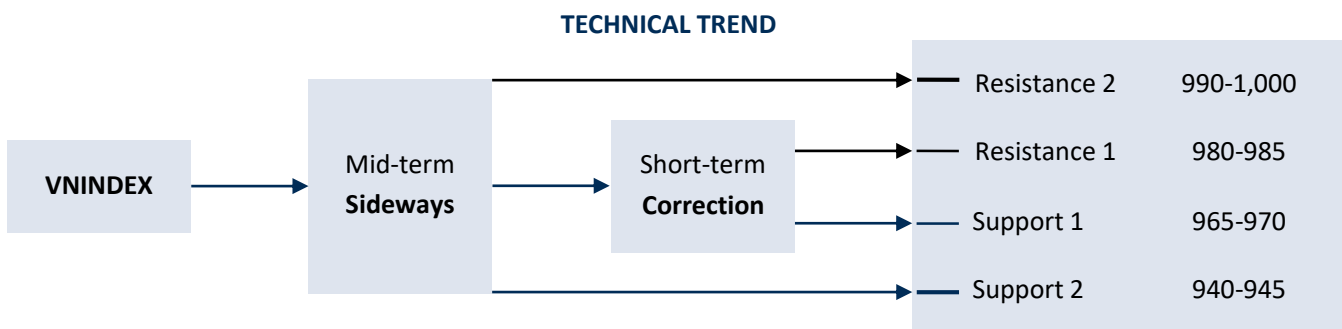
Source: Bloomberg, KBSV

## TECHNICAL ANALYSIS

After three strong recovery sessions in the middle of the week, VN-Index reversed to fall in the last session of the week. The breakout of the strong resistance – downtrend from the peak of March was not strong enough (in term of price movement and volume), thus, pushing the price back to this level – which now become support level.

With the current conditions of VN-Index (above MA (100), MA (200), MA (50)) and positive momentum indicators (RSI above 50, 2 MACD lines are positive), we believe that the short-term uptrend is still reserved. However, it does not exclude the possibility that VN-Index will turn down to test the near the support area at 965-970 points next week. Besides, on the weekly time frame, the VN-Index still moved in the narrow Bollinger Band and is entering the thick Ichimoku cloud. Therefore, we think that the market will hardly have strong fluctuations in the next 1-2 weeks.

If breaking out of the downtrend from the peak of March, the next resistance zone will be around 990, which is the convergence of Fibo line 61.8% from the March peak and the nearest May peak. Investors are recommended to hold about 50% of the positions to be in line with the trend (expect medium-term recovery), or they can open more flexible trading positions - buy at support and sell at resistance.



## INVESTMENT PORTFOLIO RECOMMENDATIONS

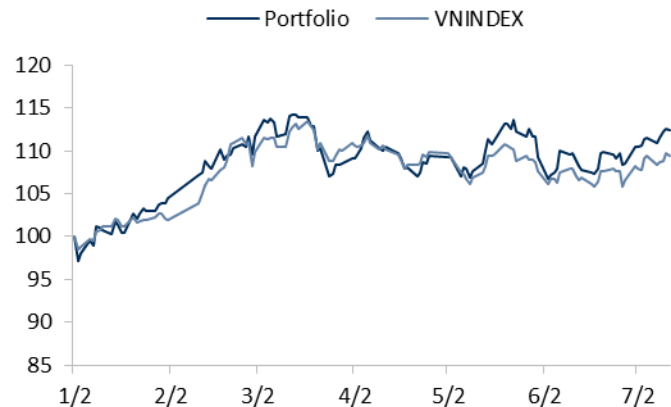
### Investment Note

(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
NLG	3/6/2019	29.7	-0.3%	1.4%	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>
BVH	5/6/2019	84.9	0.0%	16.5%	<ul style="list-style-type: none"> <li>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.</li> </ul>

					<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> </ul>
PLX	5/6/2019	64.5	-0.2%	10.4%	<ul style="list-style-type: none"> <li>▪ In the short-medium term, the profit from core business of PLX is expected to grow stably, in line with the increasing oil and gas consumption rate at 5% (PLX has currently owned 48% domestic oil market).</li> <li>▪ In the long term, PLX's prospects depend on the strategy of adding value-added services through the system of gas stations. Currently, PLX's gas stations have sold insurance packages for vehicles, and provided gasoline purchase cards and motorbike care services. In addition, the room for developing a convenient store system at gas stations is still quite large</li> <li>▪ Dramatic profit is expected to be gained from the merger of HDBank and PGBank.</li> </ul>
VHC	18/04/2019	89.5	1.7%	-3.7%	<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	73.6	0.8%	-2.4%	<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</li> </ul>

					<p>distribution enterprise despite gaining high value. Watches are expected to account for 5% of total revenue gained from PNJ contracts in 2022.</p> <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>
MBB	18/12/2018	21.35	-0.2%	3.9%	<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	33.7	-0.3%	3.1%	<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	47	0.0%	24.7%	<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, including Japan, United States, Asia Pacific, and European. The exported software segment is expected to gain 25% in the next three years.</li> <li>▪ 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.</li> <li>▪ 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</li> </ul>

					potential growth and the average P/E of other regional companies of the same industry.
GMD	22/8/2018	26.85	-0.6%	11.0%	<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> <li>▪ 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.</li> <li>▪ 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.</li> </ul>
PVS	15/8/2018	23.8	-1.2%	38.4%	<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ 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.</li> </ul>

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