

MARKET WRAPS

The pressure of correction, especially in large caps, led the market to decline this week. At the end of the week, VN-Index and HNX-Index closed at 1,010.03 (-1.22%) and 106.03 (-1.16%) respectively.

This week key movements

* Large caps have been under downward pressure, notably some stocks have extended the declining band, and were the main drivers of the market's correction during the week. The decline also spread to small and medium caps, although the decrease was somewhat weaker.

* The losers overwhelmed the gainers on the HSX but stayed balanced on the HNX. Market liquidity increased slightly on the HSX while decreasing on the HNX.

* Foreigners were net sellers this week with a total value of VND1,020 bn. In particular, put-through transactions were promoted.

Next week viewpoint:

Vietnam's stock market this week experienced consecutive losing sessions in when the world stock market also had a divergence. Next week, we believe that external factors will be more risky as there is information about China refusing to buy USD50 bn of US agricultural products, raising doubts about a failure to reach a trade deal with the US. However, domestic investors can expect a push from the introduction of 3 new indexes of Vietnam Diamond, Vietnam Financial Select, and Vietnam Leading Financial. The introduction of these indices is expected to help solve the problem of foreign ownership limits of some stocks, thereby attracting more foreign cash inflows.

HIGHLIGHTS OF THE WEEK

Our CPI in November is forecast to increase by 0.6% MoM, mainly due to pork prices. Specifically, according to our calculations, the average price of pork in November has increased by about 20% MoM, raising pork prices in the CPI basket by roughly 9% and will contribute 0.38% to the headline CPI. The prices of living pigs continues to climb while repopulation of pig herds is limited due to the lack of complete control of ASF. Many forecasts show that the prices of living pigs will soon reach VND80,000/kg, 1.5 times higher than the time of November - December last year.

Meanwhile, petrol prices have been adjusted up in the operating period on November 15 with the increase of E5RON92 by VND 255/liter and RON95-III by VND351/liter. On the contrary, oil prices dropped: 0.05S diesel (-VND94/liter); kerosene (-VND169/liter); and Mazut oil 180CST 3.5S (-VND575/ kg). In order to have a slight increase on petrol prices, the Ministry of Finance and Industry and the Ministry of Trade decided to stabilize petrol prices for petrol types sold at VND250/liter (the stabilization fund not spent in the previous period). This movement was resulted from the fact that petrol and oil prices in the world were adjusted in two contrast directions 15 days before this operating period. Specifically, the average prices in the cycle are RON92 (USD70,391/barrel, +4.2%); RON95 (+4.35%/barrel); diesel oil (-0.76%/barrel, kerosene (-0.47%/barrel), mazut

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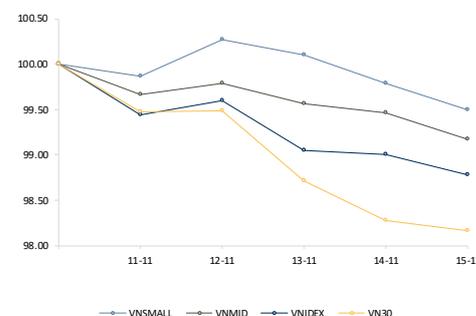
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Market Summary

	VNIndex	HNXIndex
Close	1010.03	106.03
Change (%)	-1.22%	-1.16%
Gainers/Losers	135/209	105/99
Volume (mn/session)	1131.24	132
Value (VNDbn/session)	24,480.71	1,605.92
Change (%)	11%	-5%

Source: FinnPro, KBSV

Stock group performance



Source: FinnPro, KBSV

Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Automobiles	7.50%	TCH, SVC, CTF, HHS...
Specialty Finance	3.00%	IBC, OGC, FIT, BCG...
Trucking	3.00%	TCL, VNT, VSA, TCO...
Marine Transportation	2.40%	PVT, VTO, GSP, VIP...
Gas Distribution	2.00%	GAS, PGD, PGS, PGC...
Top 5 worst performers	Change	Major stocks in sector
Clothing & Accessories	-2.60%	STK, TCM, TNG, FTM...
Water	-2.70%	BWE, TDW, CLW, BTW...
Hotels	-3.80%	VNG, OCH, SGH, DAH...
Food Products	-4.10%	VNM, MSN, SBT, KDC...
Specialty Retailers	-4.80%	MWG, FRT, DGW, COM...

Source: FinnPro, KBSV

Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Paper	8.60%	DHC, HAP, CAP, VID...
Gas Distribution	6.40%	GAS, PGD, PGS, PGC...
Containers & Packaging	6.20%	INN, SVI, MCP, SDG...
Trucking	5.70%	TCL, VNT, VSA, TCO...
Steel	5.30%	HPG, HSG, DTL, VIS...
Top 5 worst performers	Change	Major stocks in sector
Furnishings	-5.20%	RAL, GDT, DQC...
Specialty Retailers	-5.60%	MWG, FRT, DGW, COM...
Clothing & Accessories	-5.90%	STK, TCM, TNG, FTM...
Tires	-6.10%	DRC, CSM, SRC, VKC...
General Mining	-10.00%	KSB, HGM, BMC, DHM...

Source: FinnPro, KBSV

oil (-10, 1%/ton) compared to the previous period. From October 20 - November 20, gasoline prices were adjusted down once and up once, so the prices of energy group will only increase slightly, hence insignificant impacts on CPI.

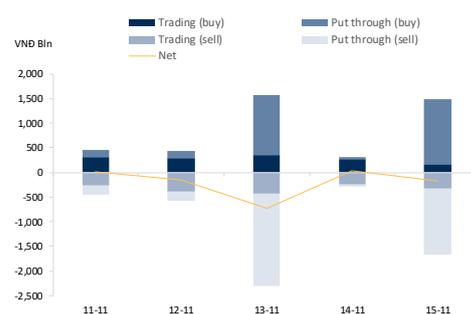
It is estimated that the trade surplus should reach nearly USD1.9 bn in October, according to Vietnam Customs. In particular, domestic economic sector witnesses a trade deficit of USD2.1 bn, while FDI sector (crude oil included) sees a trade surplus of USD3.96 bn.

Exports continued to record a positive growth (export turnover hit USD24.23 bn, +3.7% MoM & +7.6% YoY), although Samsung has ended the acceleration of the new handset Galaxy Note 10 exports. Bright signals could be noted from the sales of Samsung’s new handsets as smartphone & component exports reached USD5.2 bn, -4% MoM but +10% YoY. Other exports with high growth rates in October include computers and electronic components (+1.1% MoM, 24.2% YoY); footwear (20.4% MoM, 15.4% YoY); wood (20.3% MoM, 22.7% YoY). Except for electronics, the remaining are all traditional exports of Vietnam with high participation from the domestic economic sector. This helped the export of domestic economic sector soar up to 22% YoY, while the FDI sector (including crude oil) increased by only 1.9% YoY.

Import turnover in October was estimated at USD22.37 bn, +2.9% MoM and +2.9% YoY, in which domestic and FDI sectors gained 16.2% and lost 5.6% YoY, respectively. This raises a concerns about the fake “Made in Vietnam” goods originated from China to dodge taxes, which will increase and become unmanageable. The warning commodity groups like steel and aluminum all saw an increase in import turnover. Specifically, steel and iron products increased by 6.7% YoY.

Thus, in the first 10 months of 2019, the total trade surplus reached nearly USD9 bn, the highest ever. The trade balance in November and December is likely to be inclined towards trade deficit when businesses will import large amounts of manufactured and consumed goods to serve year-end production activities and prepare for the Lunar New Year. In addition, Samsung will increase imports of electronic components to serve the launch of new products in the first quarter of next year.

Foreign investor trading



Source: Bloomberg, KBSV

Top buy/sell by foreign investors

Top net buyers	Net buying value (VNDmn)
VRE	284,638
VHM	105,567
HPG	78,478
Top net sellers	Net selling value (VNDmn)
CTG	611,949
VNM	529,422
VIC	164,880

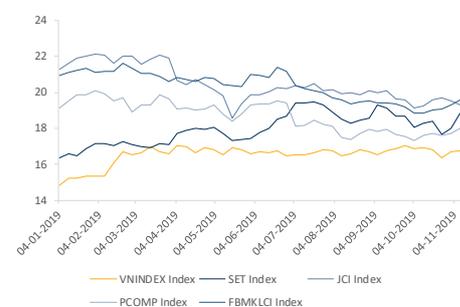
Source: Bloomberg, KBSV

Top market movers

Top 3 best performers	Points
GAS	1.295
BID	0.70
VRE	0.38
Top 3 worst performers	Points
VNM	-3.18
VHM	-2.17
VCB	-1.96

Source: Bloomberg, KBSV

P/E Vietnam vs regional market



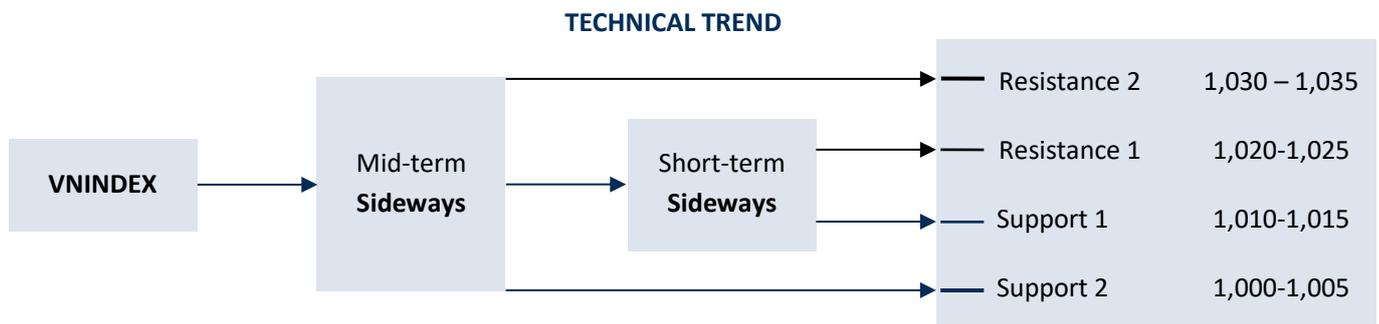
Source: Bloomberg, KBSV

TECHNICAL ANALYSIS

VN-Index this week turned around as expected, but it was negative with most sessions sinking in red. The market dropped to the support range of 1,010 – 1,015 mentioned earlier and sometimes it was just below the 1.010 zone. Three sessions challenging this support zone, and the lack of technical recovery may prolong the downturn of the index, dragging it down to the area of 1,000-1,005. At that time, we expect the market will receive good support and return to the previous uptrend because:

- (1) The previous strong resistance zone of 1,000 has now become a strong support of the market
- (2) The key gainers recently cooled down, creating "room" to lead the market again
- (3) Weekly technical signals have not exacerbated and the external factors were still positive

Therefore, investors are recommended to open a part of short-term positions in the mentioned support area.



INVESTMENT PORTFOLIO RECOMMENDATIONS

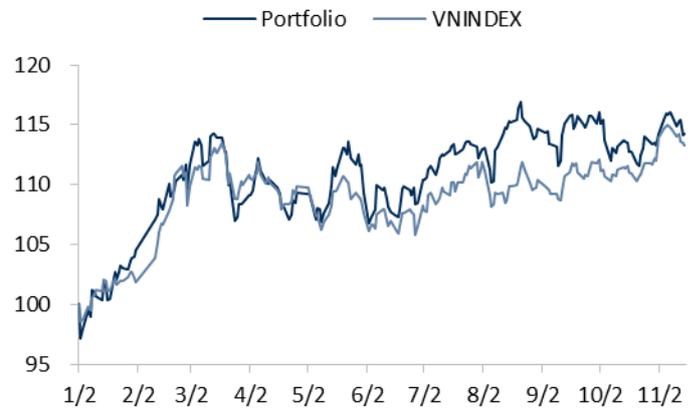
Investment Note

(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
PC1	11/6/2019	20	3.6%	7.2%	<ul style="list-style-type: none"> Thanh Xuan Real estate project and transmission line construction are expected to achieve a 5% NPAT growth after doubling in 2019, which will support PC1's NPAT growth in 2020. The electricity construction segment is expected to grow strongly in the coming years due to the large investment demand from EVN in order to meet the electricity consumption demand of the whole society. Capacity of PC1 power plants (Mong An, Bao Lac B, Song Nhiem) is expected to increase sharply in 2020.
MSN	10/11/2019	74.5	-0.7%	-3.2%	<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	118.5	-3.1%	4.9%	<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.

					<ul style="list-style-type: none"> 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	28.3	0.0%	4.6%	<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.
PNJ	22/03/2019	85.3	0.0%	13.1%	<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. 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	22.75	-2.4%	12.1%	<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	37.1	-1.3%	13.5%	<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	58.6	-3.9%	59.7%	<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	25	-0.4%	3.3%	<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.

					<ul style="list-style-type: none"> ▪ 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	18.8	-0.5%	9.3%	<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.

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