

## MARKET WRAPS

The market has gained for three consecutive weeks despite early profit-taking. At the end of the week, VN-Index and HNX-Index closed at 982.34 (+0.71%) and 107.07 (+1.14%).

### This week key movements

\* In terms of stock groups, large cap stocks regained the recovery momentum (+0.66%) after last week's decline, mainly contributing to the increase of the general market. Small and medium cap stocks did not changed significantly.

\* In particular, last week was the slump of MSN shares when investors reacted negatively to the information of nearly 5.8 million ESOP shares to be traded on July 23. Unlike many other businesses, Masan issued ESOP shares at the price of VND10,000, only 1/9 of the market price at the same time, but this allowed employees to benefit from ESOP shares right after completing all the stock registration for additional listing and trading. Therefore, investors were concerned that there would be a wave of "profit taking", pushing MSN stock price down deeply.

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

\* In terms of sectors, *Specialty Retailers* sector increased the most (+6.8%), mainly thanks to MWG as investors had high expectations about the growth of Bach Hoa Xanh (Green Store) segment. After that, CMG continued to maintain a positive outlook and helped *Computer Services* sector record a 6.6% increase.

\* On the other hand, the decline of *Steel* (-5.4%) had been forecast before this sector prospect was forecast to face many difficulties this year.

\* Foreign investors maintained net buying status with net buying value of VND 901 billion.

### Next week viewpoint:

Although only a few enterprises have announced Q2 business results, the market this week witnessed a strong divergence among stock groups under the influence of the information that revealed business operations of enterprises in the first half of the year. In general, with Q2 business performance not expected to grow very positively, we do not expect much on the increase based on business results in the next few weeks, although this phenomenon will still appear in some individual tickers, which continues to create a strong divergence on the market. Next week, when international factors still support investors' sentiment, we expect that the cash flow will still be absorbed well and maintain the market.

## KBSV RESEARCH

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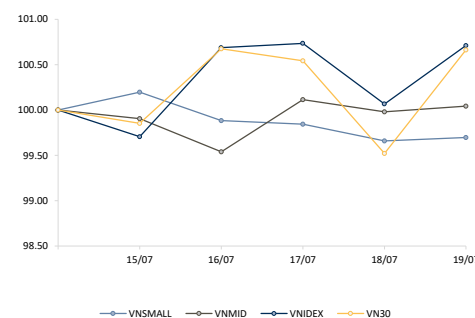
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### Market Summary

	VNIndex	HNXIndex
Close	982.34	107.07
Change (%)	0.71%	1.14%
Gainers/Losers	158/227	106/262
Volume (mn/session)	794.71	152.21
Value (VNDbn/session)	18,714.18	2,367.18
Change (%)	5%	24%

Source: FinnPro, KBSV

### Stock group performance



Source: FinnPro, KBSV

### Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Specialty Retailers	7.50%	MWG, FRT, DGW, COM...
Computer Services	6.60%	CMG, UNI, TST...
Business Support Services	6.00%	PAN, VNC, TV4, PPS...
Banks	4.20%	VCB, BID, CTG, MBB...
Commodity Chemicals	4.10%	PHR, AAA, DPR, HRC...
Top 5 worst performers	Change	Major stocks in sector
Industrial Machinery	-1.90%	REE, SRF, CTB, L10...
Farming & Fishing	-2.30%	HNG, VHC, GTN, HAG...
Oil Equipment & Services	-2.90%	PVS, PVD, PVB, PVC...
Brewers	-3.40%	SAB, BHN, HAD, HAT...
Steel	-5.40%	HPG, HSG, DTL, VIS...

Source: FinnPro, KBSV

### Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Specialty Retailers	17.00%	MWG, FRT, DGW, COM...
Computer Services	11.80%	CMG, UNI, TST...
Hotels	11.10%	VNG, OCH, SGH, DAH...
Building Materials & Fixtures	8.60%	VCS, HT1, BMP, PTB...
Banks	8.40%	VCB, BID, CTG, MBB...
Top 5 worst performers	Change	Major stocks in sector
Specialty Chemicals	-3.20%	DPM, DCM, DGC, CSV...
Electrical Components & Equipmen	-4.10%	CAV, PAC, TYA, VTB...
Travel & Tourism	-4.90%	VNS, SKG, TCT, HOT...
Soft Drinks	-5.20%	VCF, NAF, SCD, CTP...
Steel	-12.60%	HPG, HSG, DTL, VIS...

Source: FinnPro, KBSV

## HIGHLIGHTS OF THE WEEK

**The trade balance in June saw an export surplus of USD1,933 billion**, of which the domestic economic sector saw a trade deficit of USD 1,122 billion, the FDI sector (including crude oil) witnessed an export surplus of USD3,055 billion, according to the latest data from the General Customs Department. Thus, the trade balance in the first six months kept a surplus of about USD1.6 billion, though still lower than the same period in 2018, but still showed a stability, and served as a source of foreign currency.

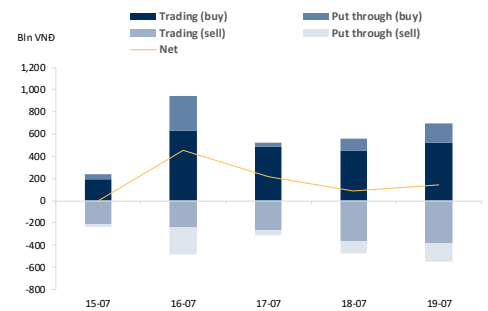
In June, exports maintained a stable growth rate with an estimated turnover of USD21.4 billion, +8.0% YoY. Particularly, exports of computers, electronics and components in June climbed 19.5% YoY, up by 14.1% in six months. The export growth of this sector mainly concentrated on the US market (up by nearly 100% YoY in June, up by 77.2% YoY in six months), showing that Vietnam is partly replacing China to export commodities to the US amid escalating US-China trade tensions. Items with positive growth in June and the first 6 months include export of phones and components in June (13.8% and 3.9% YoY); footwear export (12.4% and 13.4% YoY) and wood products (7.4% and 14.4% YoY).

In contrast, imports in June have started to decelerate with an estimated turnover of USD19.5 billion, +2.4% YoY. Imports of almost all sectors decreased compared to May and if compared to the same period, sectors such as crude oil (mainly used for Nghi Son Oil Refinery), CBU cars and computers, electronics and components grew strongly. In the 1H of 2019, importation of computers and components was the bright spot with a growth of 18.9% YoY, mainly imports from China market (+69.8% YoY).

**Domestic gold prices have jumped to VND40 million per tael for the first time since 2013, while the world gold prices were also around the peak of six years.** At 14:00 on July 19, domestic gold prices were listed by Doji Gold & Gems Group at VND39.71 million per tael (bought) and VND40.26 million per tael (sold). Phu Nhuan Jewelry Company (PNJ) traded SJC gold at VND39.7 million per tael and VND40.1 million per tael. Meanwhile, gold prices in the August futures in 2019 on Comex New York exchange at 15:00 on July 19 were at USD1,439.80 per ounce, +0.82%. The reason for the surge in gold prices last week was that the gold market is expecting the US Federal Reserve (Fed) cut interest rates in July; and the uncertainty in US-China trade talks is also a supportive element for precious metal items.

**IMF forecast Vietnam GDP growth will reach 6.5% in 2019.** Specifically, Vietnam GDP growth in 2019 and 2020 is forecast to be 6.5%, down from the 10-year peak of 7.1% in 2018. Annual average inflation in 2018 is 3.5%, up to 3.6% in 2019 and 3.8% in 2020. The IMF assessed that the trade tension has affected Vietnam in 2018 but the economy has quickly recovered thanks to income growth and stable consumption of the middle class, the manufacturing sector increased.

## Foreign investor trading



Source: Bloomberg, KBSV

## Top buy/sell by foreign investors

Top net buyers	Net buying value (VNDmn)
PLX	390,593.56
VCB	225,106.04
VIC	154,843.27
Top net sellers	Net selling value (VNDmn)
HPG	206,060.42
MSN	131,242.12
KDH	38,180.33

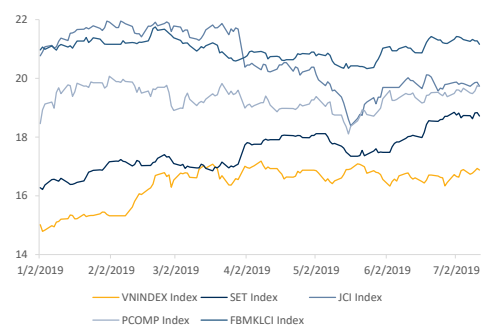
Source: Bloomberg, KBSV

## Top market movers

Top 3 best performers	Points
VCB	5.817
BID	1.517
VNM	1.494
Top 3 worst performers	Points
SAB	-2.258
MSN	-1.314
HPG	-1.062

Source: Bloomberg, KBSV

## P/E Vietnam vs regional market

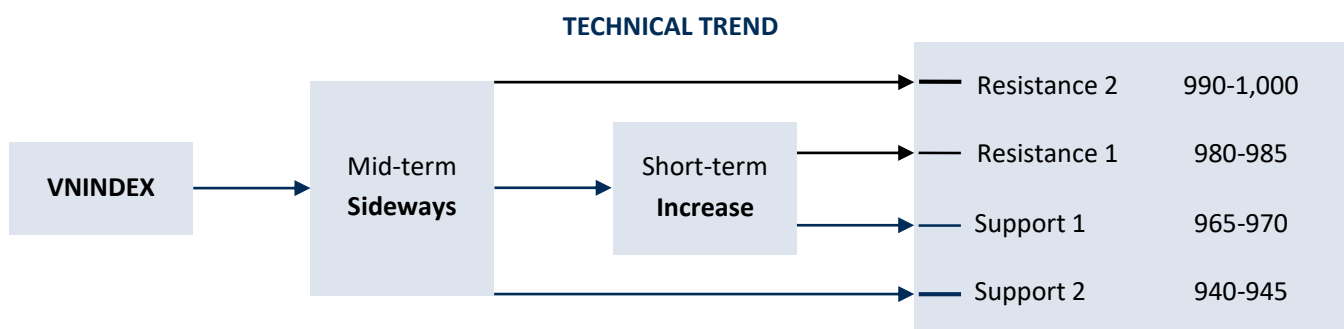


Source: Bloomberg, KBSV

## TECHNICAL ANALYSIS

All things considered, the market has successfully tested the support level - the trend line fell from the peak of March, thereby confirming the breakout and establishing a short-term uptrend. The gaining trend was also seen through the appearance of higher high and higher low. However, the index was still stuck in Bollinger Band (2SD) since the beginning of March, which means there will be gaining/falling sessions despite the overall uptrend.

The momentum indicators including RSI and MACD were positive (RSI above 50, and MACD line entered the positive zone) supported the VN-Index in heading towards the next resistance level at 990, which is the convergence of Fibo 61.8% calculated from the peak of March and the most recent peak in May. At that time, the market may see correcting spans. Investors are recommended to increase the short-term proportion in the sharp corrections, expecting the short-term uptrend to continue. However, in case the VN-Index does not correct but continues to rise in the first sessions of the next week, and quickly approaches the resistance level of 990 as mentioned above, the selling plans to reduce the proportion can be considered to bring the share rate to a safe level.



## INVESTMENT PORTFOLIO RECOMMENDATIONS

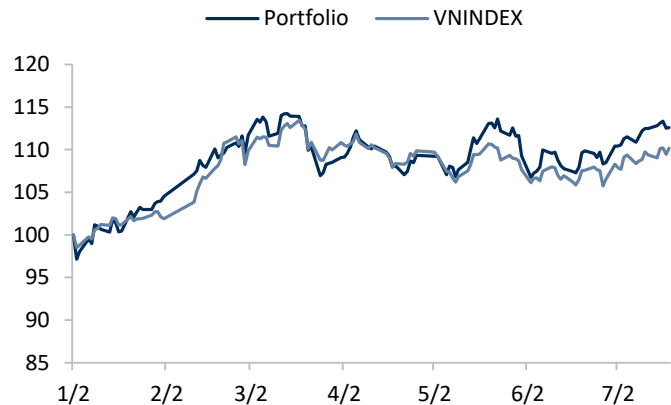
### Investment Note

(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	29.4	1.4%	0.3%	<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	84.5	-1.5%	15.9%	<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	64.1	-0.2%	9.8%	<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	91	-0.9%	-2.0%	<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	74	1.0%	-1.9%	<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	22.2	0.0%	8.0%	<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	33.05	-0.8%	1.1%	<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	48.2	3.0%	27.9%	<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	0.2%	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	22.9	-1.7%	33.1%	<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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