



AIS Securities Joint Stock Company

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# WEEKLY REPORT

(05/7 – 09/7)

## MARKET PREVIEW

Weekly report 05/7 - 09/7

FORECAST AND TRADING STRATEGIES

### NEW RECORDS OF POINT CONTINUED TO BE ESTABLISHED IN THE PAST WEEK

| MARKET TREND   | SUMMARY RECOMMENDATION STATUS  |
|--|--|
| <b>Short-term: Bullish</b><br>(Under a month)<br><br><b>Medium-term: Bullish</b><br>(1 – 6 months)<br><br><b>Long-term: Bullish</b><br>(6 months beyond) | <b>Recommendation:</b> <ul style="list-style-type: none"> <li>- <b>NVL</b> (Observation); <b>VHM</b> (BUY, target price: 130); <b>PDR</b> (Stop New Buy); <b>HDC</b> (Stop New Buy); <b>KBC</b> (BUY, target price: 55); <b>NLG</b> (BUY, target price: 45); <b>NTL</b> (BUY, target price: 40) are stocks in the Real Estate industry that we are interested and preferred for the next investment period</li> <li>- The Rubber-related Stocks are still our favorite for the medium term and the current price is still worth buying. It is forecasted that revenue and profit growth of this group of stocks in Q2/2021 will increase by an average of 65% in revenue and 83.5% in NPAT when the price of rubber in the world market has increased by about 65% compared to previous Q2 of 2020. <b>The target price GVR will be 42 – 45; DRC is 35 – 40; DPR is likely to exceed 70; PHR is above 70. (New update)</b></li> <li>- Banks' prices are still in overbought state in terms of value. There is a need for further correction for the price to be attractive again</li> <li>- <b>Securities stocks:</b> There is a prospect of price increase when benefiting from the Earning season in Q2/2021; order congestion will be completely resolved at the beginning of July; margin volume remained at record levels. <b>However only suitable for short-term speculative activities.</b></li> </ul> |

|                         | VnIndex         | HNX Index       | Upcom Index       |
|-------------------------|-----------------|-----------------|-------------------|
| Last                    | 1420,27         | 328,08          | 90,64             |
| Change (%)              | 3,19<br>(0,23%) | 2,36<br>(0,72%) | 0,20<br>(0,22%)   |
| % 1 week                | 2,17%           | 3,08%           | 1,30%             |
| <b>Market value</b>     |                 |                 |                   |
| Today (bil.)            | 26.040,82       | 3.537,75        | 1.903,99          |
| <b>Foreign investor</b> |                 |                 |                   |
| Buy (bil.)              | 3.092,60        | 11,06           | 34,03             |
| Sell (bil.)             | 1.157,54        | 39,36           | 16,63             |
| Net (bil.)              | 1.935,06        | -28,30          | 17,40             |
| <b>Market Summ.</b>     |                 |                 |                   |
| Advances                | 169             | 87              | 220               |
| Declines                | 54              | 122             | 44                |
| Unchanged               | 212             | 72              | 118               |
| <b>Futures</b>          |                 |                 |                   |
|                         | Last            | Open Interest   | Volume (bil. VND) |
| VN30F1M                 | 1556,1          | 29.510          | 28.179,63         |
| VN30F2M                 | 1549            | 317             | 50,32             |
| VN30F1Q                 | 1544            | 308             | 5,55              |
| VN30F2Q                 | 1538            | 197             | 4,94              |

Closing the last trading session of the week, VNINDEX continued to have a new record week when it increased by 2.17% for the week to reach the threshold of 1420 points - This is VNIndex's highest score threshold of all time.

The weekly liquidity is similar to last week's liquidity, approximately the average of the last 20 trading weeks. Real estate stocks, Securities, and Banking stocks increased quite well this week. While decreasing in petroleum group, diverse in Rubber-related group.

Real estate stocks are still rated **POSITIVE** by us after Vietnam has well controlled the Covid-19 epidemic, social distancing is gradually removed and the credit growth plan of the banking industry is adjusted to increase by the SBV for the last 6 months of 2021... **The real estate industry and stocks of this group will benefit greatly from the movements of the macro-economy and currency, from which the business outlook will be positive.**

The price index of real estate stocks has increased by 35% since the beginning of the year, but the overall valuation is still quite **attractive**. The industry's P/E valuation in 2021 is forecasted at 21.2x, lower

than the 3-year average (25.1x), as well as the current valuation (23.5x). The industry P/B is at 3.7x, lower than the 3-year average (5.5x).

Stocks with low P/E valuation index such as: **VHM (BUY, target price: 130); KBC (BUY, target price: 55); NLG (BUY, target price: 45); NTL (BUY, target price: 40)** is still recommended to **BUY** for medium and long term investment.

**Stocks in the securities industry gained well during the week:** Major securities stocks such as SSI, HCM, VND, and VCI all gained 7.5% - 12.7% during the week; Small and medium sized securities such as CTS, SHS, BSI, FTS had an impressive increase of 8 - 20% during the week.

Currently, the group of securities stocks like in previous reports, we once assessed as having the potential to increase in price when benefiting from the Earning season in Q2/2021; order congestion will be completely resolved at the beginning of July; margin volume remained at a record level and the number of new accounts opened by investors continued to increase.

The outlook for securities stocks is still **POSITIVE**, but **we do not recommend buying new for medium and long-term investment activities** because the price has increased quite a bit. **For short-term speculative activities, it is still possible to consider disbursing a moderate amount.**

#### ANALYSIS AND COMMENTARY ON MACRO-ECONOMIC, CURRENCY

**The news that the State Bank will expand the credit growth "room" selectively and cautiously for each bank and the payment of dividends in shares made Bank stocks prosper during the week.**

Last week, 22 out of 27 banking stocks gained, with an average increase of 6.78% compared to the previous week, while it decreased by 8.97% in June.

Factors supporting growth and positive outlook of the whole banking industry in 2021 include: (1) Accelerating lending activities after increasing capital size and loosening credit growth "room" for the last 6 months of 2021; (2) The provision for credit risk is not large thanks to Circular 03 of the State Bank (SBV) which is still valid; (3) High growth in service income and non-credit sources;

The price of banking stocks has increased 42.3% since the beginning of 2021, but we think the industry's positive outlook has already been reflected in the price. **Therefore, the valuation of stocks of this group is no longer attractive for investment activities in the medium and long term.**

Moreover, banks are quite active in paying stock dividends and are expected to issue new capital in the last 6 months of 2021 and the whole of 2022. On a positive note, this improves banks' capital resources, fully meeting the standards and regulations on risk management. **But this creates a dilution risk.** P/B forward of the whole banking industry is forecasted by us at 1.95 times, lower than the current P/B of 2.6 times.

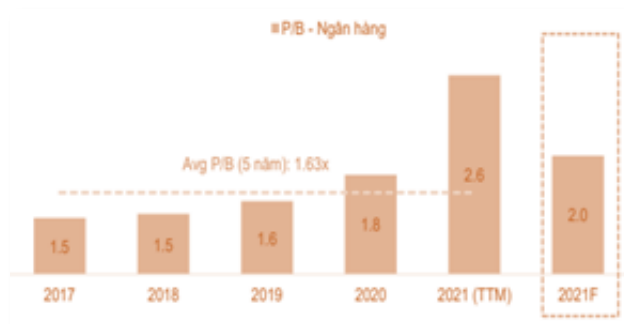
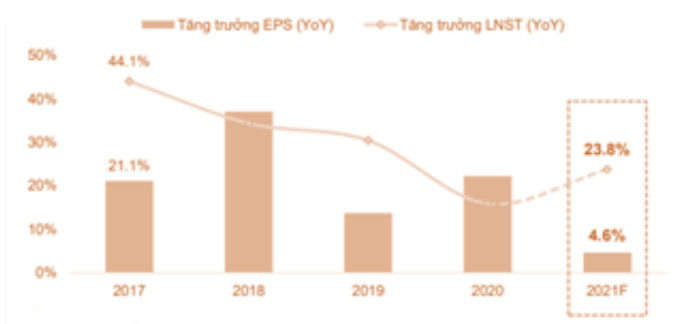
Specifically, of the total value of VND 102 trillion of new capital issuance including implemented and expected to be implemented in 2021 of all listed companies, banks accounted for nearly 22%, equivalent to 22.4 trillion. Including issuing dividends, the average number of outstanding shares in 2021 of banks is expected to increase by 18%. Therefore, EPS forward 2021 is estimated to increase by 4.6%, lower than 21% (in 2020), and also the lowest level in the last 5 years.

Our forecast, credit growth of the whole industry in 2021 is estimated at 12% (lower than 12.13% in 2020). Anyway, this 12% increase is also cautious in the context that input prices are showing

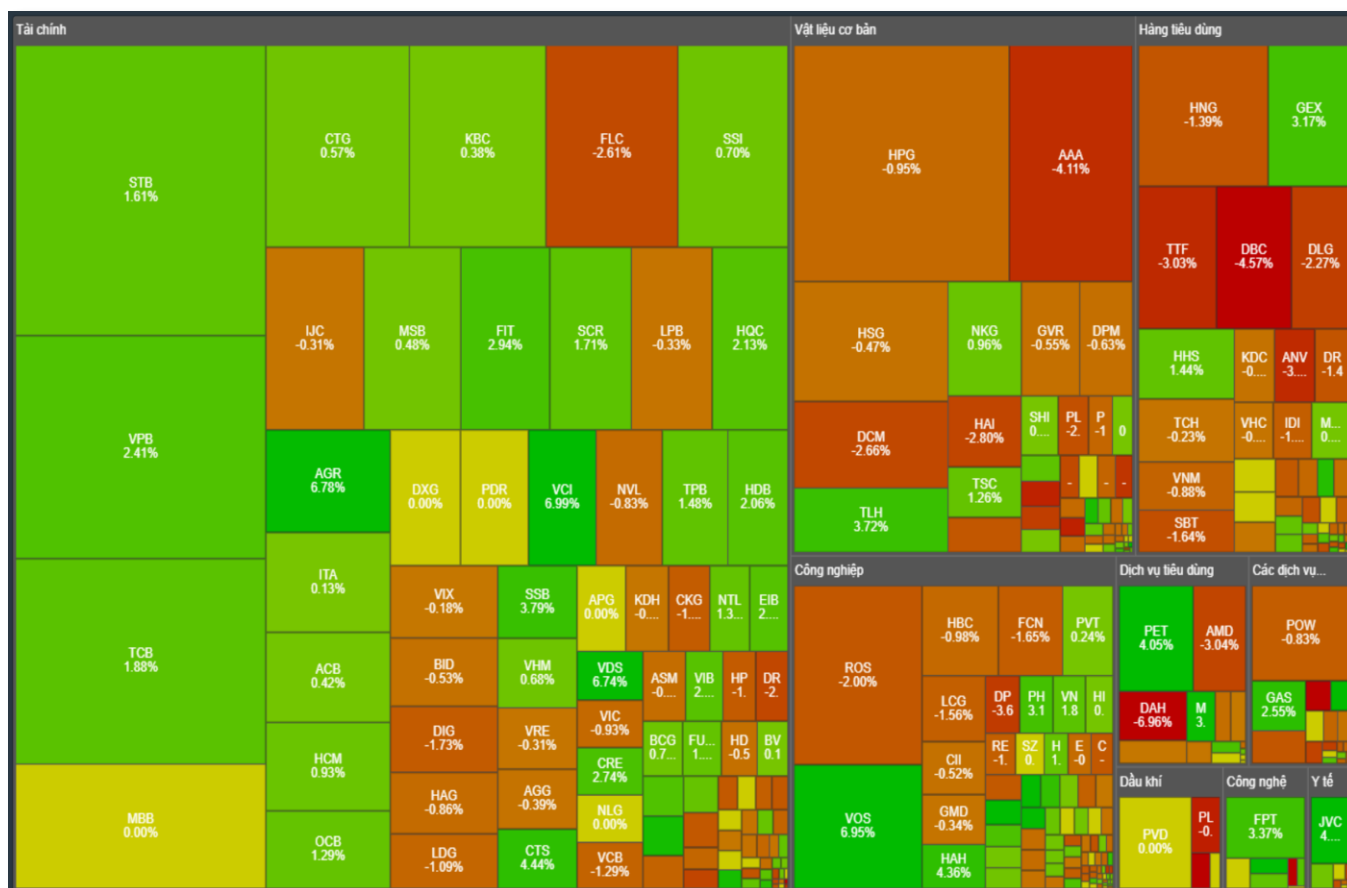
signs of increasing again such as building materials, petroleum, food, etc., Therefore, the credit growth room "granted" by SBV to banks will also be cautious and selective for each bank.

As for the price of banking stocks, we still maintain our recommendation **"The price of the bank line is still over-bought in terms of value and market price. The price needs to adjust further (estimated at about 5-15%) to become attractive again in the medium and long term"**. New purchases are not our priority.

**In short-term speculative activities, it is necessary to choose carefully** because the stocks of this group will be differentiated and unlikely to increase at the same time as from the beginning of 2021 until now.



Source: FiinPro, AIS Research.



(Source: HOSE; Fireant)

## Futures market

|            |         |           |         |
|------------|---------|-----------|---------|
| VN30F2107  | 1,556.1 | 7.10/0.46 | 181,405 |
| VN30F2108  | 1,549.9 | 5.90/0.38 | 325     |
| VN30F2109  | 1,544.1 | 3.90/0.25 | 36      |
| VN30F2112  | 1,543.0 | 5.40/0.35 | 32      |
| 07/02/2021 |         |           |         |

Source: Vietstock

Last week, VN30 and derivatives contracts had very positive gains. In which, VN30 and F1M contracts both increased by more than 50 points in the last week.

Friday's trading session was a tug-of-war session between buyers and sellers. In the ATO session, the F1M contract created a gap and surpassed the threshold of 1550 at the beginning of the session. After that, every time it approached 1557-1558, F1M was sold out and there were times when it dropped to near reference. This struggle continued until the end of the morning session. F1M continued to be heavily sold in the early afternoon and fell below reference. However, F1M recovered as soon as it hit 1547 and closed at 1556.10, near the intraday high at 1558. Therefore, the short-term uptrend is still maintained as the adjustment only happened quite quickly and did not make the price of F1M drop too deeply.

F1M's liquidity decreased again today with only 181,405 contracts matched in the session, still nearly 30,000 contracts lower than the average liquidity of the previous 20 sessions. In which, foreign investors continued to net sell more than 90 billion dong in this session.



(VN30F1M, hourly)

**Trading strategy:** As part of the long positions in last week's report are still profitable, we recommend continuing to hold and move the stop loss of the old positions to 1547. Investors may consider to open a Long position in a small amount to speculate when the price breaks through 1558 and set the stop loss of these positions at 1555.



## Watchlist

| Ticker | Sector   | Foreign Investor Room | Market Cap (bil.) | Current Price | Target Price | Est Profit Target (%) | Forward dividend yield | Forecast & Recomm. | P/E   | P/B   | P/E 2021 (forward) |
|--------|--|-----------------------|-------------------|---------------|--------------|-----------------------|------------------------|--------------------|-------|-------|--------------------|
| ASM    | Aquaculture  | 47,8%                 | 3.585             | 13,85         | 20           | 44%                   | 3,6%                   | BUY                | 7,84  | 0,63  | 6,0                |
| AST    | Support Activities for Air Transportation              | 6,2%                  | 2.313             | 51,4          | 45           | -12%                  | 0,0%                   | Negative           | n/a   | 4,64  | n/a                |
| CNG    | Natural Gas Distribution                               | 44,0%                 | 676               | 25,05         | 22           | -12%                  | 6,0%                   | Negative           | 12,48 | 1,31  | 11,3               |
| CTG    | Depository Credit Intermediation                       | 4,9%                  | 196.223           | 52,7          | 56           | 6%                    | 0,0%                   | Positive           | 11,28 | 2,19  | 13,1               |
| DCM    | Chemical - Pharmaceutical                              | 46,8%                 | 10.641            | 20,1          | 18           | -10%                  | 5,0%                   | Negative           | 14,50 | 1,65  | 15,2               |
| FPT    | Software Publishers                                    | 0,0%                  | 83.396            | 91,9          | 80           | -13%                  | 2,2%                   | Negative           | 17,96 | 3,56  | 21,4               |
| GAS    | Natural Gas Distribution                               | 46,9%                 | 184.888           | 96,6          | 101          | 5%                    | 4,1%                   | Positive           | 24,39 | 3,58  | 15,4               |
| GDT    | Manufacturing  | 33,4%                 | 1.037             | 60,5          | 50           | -17%                  | 6,6%                   | Negative           | 11,15 | 4,02  | 12,2               |
| GMD    | Support Activities for Water Transportation            | 7,9%                  | 13.426            | 44,55         | 50           | 12%                   | 3,4%                   | Positive           | 29,22 | 1,99  | 22,4               |
| HND    | Electric Power Generation                              | 49,0%                 | 8.950             | 17,9          | 21           | 17%                   | 8,4%                   | Positive           | 6,36  | 21,42 | 13,8               |
| HPG    | Primary Metal Manufacturing                            | 22,6%                 | 233.938           | 52,3          | 60           | 15%                   | 1,0%                   | Positive           | 9,25  | 2,54  | 8,4                |
| MCH    | Food Manufacturing                                     | 46,9%                 | 82.128            | 113           | 150          | 33%                   | 4,0%                   | BUY                | 17,35 | 5,66  | 15,8               |
| MSN    | Manufacturing  | 67,1%                 | 134.463           | 113,9         | 98           | -14%                  | 0,9%                   | Negative           | 83,20 | 11,82 | 44,8               |
| MWG    | Electronics and Appliance Stores                       | 0,0%                  | 74.548            | 156,8         | 160          | 2%                    | 1,0%                   | Positive           | 16,28 | 3,97  | 16,9               |
| NT2    | Electric Power Generation                              | 34,2%                 | 6.017             | 20,9          | 19           | -9%                   | 7,2%                   | Negative           | 10,72 | 1,47  | 12,0               |
| PLX    | Merchant Wholesalers, Nondurable Goods                 | 2,8%                  | 71.681            | 55,4          | 65           | 17%                   | 5,4%                   | Positive           | 19,76 | 2,87  | 14,3               |
| POW    | Electric Power Generation                              | 46,0%                 | 28.102            | 12            | 12           | 0%                    | 4,2%                   | Negative           | 12,65 | 0,91  | 13,4               |
| PPC    | Electric Power Generation                              | 34,3%                 | 8.352             | 25,6          | 25           | -2%                   | 9,8%                   | Negative           | 7,99  | 1,30  | 11,1               |
| QTP    | Electric Power Transmission, Control, and Distribution | 48,9%                 | 6.300             | 14            | 17           | 21%                   | 7,1%                   | BUY                | 7,24  | 1,16  | 11,5               |
| REE    | Building Equipment Contractors                         | 0,0%                  | 17.523            | 56,7          | 58           | 2%                    | 0,0%                   | Positive           | 9,82  | 1,40  | 9,2                |
| SCS    | Support Activities for Air Transportation              | 26,7%                 | 6.911             | 136,2         | 160          | 17%                   | 5,9%                   | Positive           | 15,05 | 6,28  | 12,6               |
| SGN    | Support Activities for Air Transportation              | 27,9%                 | 2.327             | 69,3          | 80           | 15%                   | 2,9%                   | Positive           | 44,74 | 2,57  | 46,5               |
| TCB    | Depository Credit Intermediation                       | 100,0%                | 190.316           | 54,3          | 57           | 5%                    | 0,0%                   | Positive           | 12,58 | 2,29  | 12,7               |
| TCW    | Freight Transportation Arrangement                     | 45,0%                 | 680               | 34            | 38           | 12%                   | 7,6%                   | Positive           | 8,17  | 1,73  | 8,5                |
| TCH    | Real Estate Development                                | 37,2%                 | 8.722             | 21,85         | 24           | 10%                   | 4,6%                   | Positive           | 9,14  | 0,94  | 10,9               |
| TDM    | Water Supply and Irrigation Systems                    | 43,7%                 | 2.860             | 28,6          | 35           | 22%                   | 4,2%                   | BUY                | 10,65 | 1,63  | 11,4               |
| TYA    | Manufacturing  | 59,5%                 | 473               | 15,4          | 18           | 17%                   | 11,4%                  | Positive           | 7,04  | 0,96  | 6,3                |
| VEA    | Manufacturing  | 43,3%                 | 65.111            | 49            | 45           | -8%                   | 9,2%                   | Negative           | 11,34 | 2,58  | 9,3                |
| VHM*   | Real Estate Development                                | 26,2%                 | 395.243           | 118           | 145          | 23%                   | 0,8%                   | BUY                | 14,01 | 3,92  | 13,2               |
| VIC    | Manufacturing  | 22,6%                 | 397.436           | 117,5         | 114          | -3%                   | 0,0%                   | Negative           | 58,35 | 3,37  | 79,5               |
| VJC    | Air Transportation                                     | 11,8%                 | 65.318            | 120,6         | 80           | -34%                  | 0,0%                   | SELL               | 51,20 | 4,14  | 653,2              |
| VND    | Securities/ Finance                                    | 30,5%                 | 20.765            | 48,4          | 43           | -11%                  | 2,1%                   | Negative           | 16,12 | 2,05  | 16,0               |
| VNM    | Food Manufacturing                                     | 45,2%                 | 188.305           | 90,1          | 80           | -11%                  | 4,4%                   | Negative           | 17,03 | 5,66  | 17,1               |
| VNR    | Insurance Carriers                                     | 21,1%                 | 3.565             | 27,2          | 35           | 29%                   | 4,4%                   | BUY                | 9,45  | 1,16  | 10,2               |
| WSB    | Beverage Manufacturing                                 | 32,5%                 | 718               | 49,5          | 65           | 31%                   | 10,1%                  | BUY                | 6,39  | 1,09  | 4,8                |

Source: AIS's Research, Corporate Auditing Financial Statements, FireAnt, Bloomberg, FinPro

### FORECAST & RECOMMENDATION:

- We recommend BUY when the expected return is above 20%;
- We rate the stock's price outlook as POSITIVE when the expected return is from 0% - 20%;
- We rate the stock's price outlook as NEGATIVE when the expected return is from 0% to -20%;
- We recommend SELL when the expected return is below -20%;

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