BSC

Overview

Tue, January 17, 2017

Vietnam Daily Review

Trend maintained

BSC's Forecast on the stock market

	Negative	Neutral	Positive
Day 18/01/2017		●	
Week 16/1-20/1/2017		●	
Month 01/2016		●	

Highlight

VN-Index gained well throughout the session thanks to banking group and SAB surged in today session. Due to information about the possibility of opening room for the bank group in 2017, the bank stocks rose sharply, CTG closed at ceiling price, MBB, ACB, STB, VCB, BID soared. Ending the session, VN-Index rose by 6.77 points (+ 1%), closing at its highest level during the day, the HNX-Index also rose by 0.89 points (+ 1.07%). Market liquidity also improved, mainly thanks to the transaction from banking stocks. Approximately 116 million shares were traded during the session, equivalent to trading value of 2075 billion

Recommendation

VN-Index regained lost points in the previous session and liquidity also significantly recovered thanks to banking groups. Thus, the rising trend seems to maintain a positive way. However, in the short term, the cash flow will continue to divert, withdraw from the speculative stocks and pushing into stocks supported by favorable news such as banking, fertilizers, rubber. Investors should withhold from speculative stocks and participate in stocks supported by favorable news.

Sector Update - Increasing the limits of foreign ownership in banks in 2017

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VN-INDEX **684.71**
Value: 1765.72 bil 6.77 (1%)
Foreigners (net): -VND 26.98 bil

HNX-INDEX **83.94**
Value: 198.08 bil 0.89 (1.07%)
Foreigners (net): -VND 1.16 bil

UPCOM-INDEX **53.03**
Value 331.18 bil 0.02 (0.04%)
Foreigners (net): VND 14.84 bil

Macro indicators

	Value	% Chg
Crude oil	53.1	1.5%
Gold	1,215	1.0%
USDVND	22,543	-0.1%
EURVND	24,080	0.6%
JPYVND	19,940	0.9%
1-month Interbank rate	0.0%	-
5yr VN Treasury Yield	5.4%	-

Source: Bloomberg, BSC Research

Content

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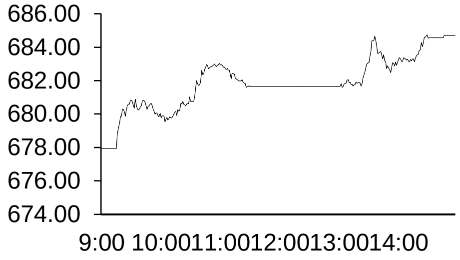
Market highlights

VN-Index gained well throughout the session thanks to banking group and SAB surged in today session. Due to information about the possibility of opening room for the bank group in 2017, the bank stocks rose sharply, CTG closed at ceiling price, MBB, ACB, STB, VCB, BID soared. Ending the session, VN-Index rose by 6.77 points (+ 1%), closing at its highest level during the day, the HNX-Index also rose by 0.89 points (+ 1.07%). Market liquidity also improved, mainly thanks to the transaction from banking stocks. Approximately 116 million shares were traded during the session, equivalent to trading value of 2075 billion
In contrast to the impressive gains of the banking group, fertilizer and rubber group fell since the beginning of the session. BFC, DCM, DPM dropped sharply, LAS even hit the floor. Penny and speculative stocks suffered strong selling pressure, typically CDO, HQC, HAR, CDO, SIC. Many large stocks except banking groups such as VNM, VIC, HSG, PVD, GAS declined but not strong enough to affect the rise of VN-Index
The put through accounted for large part of trading today, more than 2.3 million agreement VNM shares equivalent value of nearly 291 billion.
Market breadth was negative with 202 gainers and 243 decliners
Foreign investors were net buyers, focused on SBT, CTG and SAB

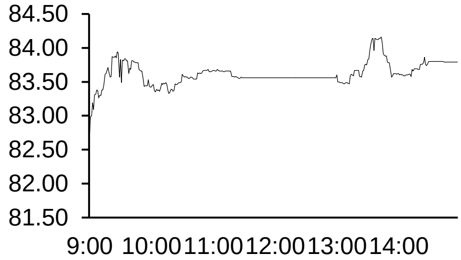
Recommendations

VN-Index regained lost points in the previous session and liquidity also significantly recovered thanks to banking groups. Thus, the rising trend seems to maintain a positive way. However, in the short term, the cash flow will continue to divert, withdraw from the speculative stocks and pushing into stocks supported by favorable news such as banking, fertilizers, rubber. Investors should withhold from speculative stocks and participate in stocks supported by favorable news.



Source: Bloomberg, BSC Research

Exhibit 2



Source: Bloomberg, BSC Research

Exhibit 3
Top 5 volume leaders

Ticker	Volume	Price	% Chg
HQC	10.72	2.00	-6.10
BID	6.54	16.80	6.33
KBC	4.36	13.60	0.00
FLC	3.87	4.96	0.20
CTG	3.00	17.65	6.97

Source: Bloomberg, BSC Research

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Sector update

Increasing the limits of foreign ownership in banks in 2017

After experiencing a strong drop in 2016, bank stocks have got a positive news: Raising "room" for foreign ownership. In an interview with Bloomberg on January, 13th 2017, The Prime Minister of Viet Nam stated that the Government will try to raise foreign investor caps on banks, which is earliest in this year. This will help the banks to accelerate their raising more capital, meeting the requirements of Basel II and this information was also expected by companies in this sector. The news will impact on the stocks such as VCB, CTG, MBB and ACB positively because these firms have no room remained for overseas investors.

At the beginning of the year 2017, State Bank of Vietnam (SBV) promulgated Circular No.41/2016/TT-NHNN that is going to be effective from January, 1st 2020. The content of the circular is that banking system has to meet standards of Basel II in the year 2020 with the lowest CAR of 8%. Compared with Basel I, the content of Basel II including requirements about capital and risk management is more strictly, in which 3 risk factors and risk proportion in assets, group of assets go up. CAR of the listed banks are estimated to decrease by 2 to 3 % after the Basel II is applied. Thus, we find that the reduction in CAR from 9% to 8% in the year 2020 is eased, compared with the expected standards in Basel II, however at the moment, it was more rigid than the requirements of Basel I.

Updating performance result of some banks in 2016

Banks	**Earnings before tax (VND billion)**	**% of growth YoY**
VCB	8,212	23.4%
MBB	3711	17.8%
CTG	8250	+12%
BID	7507	-2% yoy

Source: BSC research

As we mentioned in Outlook 2017, BSC stated that business result of banks will diverge in this year. Some banks are expected to get the significant improvement in their performance in 2017, for instance: VCB, MBB and ACB thanks to the positive credit grow, higher acceleration in dealing with bad debt and the decrease in amount of provision for bad debts.

Mã CK	LN2017 E (tỷ đ)	EPS 2017 (VND/cp)	P/E 2017F	P/B 2017F	ROE (2017)	Dividend 2016	Last price 23/12/2016	Target price	Link
VCB	9,578	2,332	15.26	2.69	11.99%	10% tiền 35% CP	35,600	42,000	link
MBB	3,386	1,872	7.05	0.92	13.54%	5% CP	13,200	16,600	link
ACB	1,466	1,487	11.64	1.16	9.63%	10% CP	17,300	20,800	

Stock recommendations

Short-term portfolio

No.	Ticker	Date	Buy price	Current price	Unrealized gain/ loss	Cutlos-s	Target
1	GMD	26/09/2016	26.3	28.5	8.4%	24.2	28.5
2	VIC	17/10/2016	43.0	42.7	-0.8%	41.0	47.0
3	PVT	27/5/2016	12.3	12.1	-1.6%	11.7	13.5
4	CSV	19/12/2016	26.8	28.0	4.5%	26.0	30.0
5	KBC	26/12/2016	13.6	13.6	0.4%	13.0	15.0
Average					**2.15%**		

Source: BSC Research

CANSLIM portfolio

No.	Ticker	Date	Buy price	Current price	Unrealized gain/ loss	Cutlos-s	Target
1	MBB	27/4/2015	13.8	14.2	2.5%	12.8	16.6
2	GMD	4/7/2015	26.6	28.5	7.1%	24.7	31.9
3	VCS	16/12/2016	130.0	123.6	-4.9%	120.9	156.0
4	HPG	28/10/2016	40.8	42.0	2.9%	36.4	44.9
Average					**1.9%**		

Source: BSC Research

Market statistics

Top 5 leaders on the HSX

Ticker	Price	% Chg	Index pt	Volume
VCB	38.95	4.28	2.56	2.34MLN
SAB	216.50	3.59	2.14	113760.00
CTG	17.65	6.97	1.91	3.00MLN
BID	16.80	6.33	1.52	6.54MLN
Ticker	**Price**	**% Chg**		**Volume**
GAS	56.70	-2.24	-1.11	274310
VNM	126.10	-0.32	-0.26	582380
VIC	42.65	-0.47	-0.24	662430
LGC	23.55	-6.55	-0.14	340
DCM	9.75	-5.80	-0.14	231900

Top 5 leaders on HNX

Ticker	Price	% Chg	Index pt	Volume
PVR	3.40	9.68	0.07	100
KKC	14.50	5.84	0.07	5800
AAA	24.10	7.11	0.04	1.12MLN
VBC	70.50	5.22	0.04	2400
Ticker	**Price**	**% Chg**	**Index pt**	**Volume**
SGO	3.80	-2.56	-0.05	206800
TV2	92.10	-0.97	-0.02	1700
NTP	58.80	-0.17	-0.02	6100
PVG	7.70	-1.28	-0.01	26600
L14	79.00	-4.70	-0.01	800

Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
KAC	7.80	7.00	0.01	110
DRL	39.05	6.99	0.01	10
CTG	17.65	6.97	1.91	3.00MLN
LCG	4.47	6.94	0.01	505570
LDG	6.04	6.90	0.02	666640

Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
SIC	12.20	9.91	0.00	2500
TV3	54.40	9.90	0.02	200
PEN	9.00	9.76	0.02	2900
PVR	3.40	9.68	0.07	100
TFC	22.70	9.66	0.01	23900

Top 5 losers on the HSX

Ticker	Price	% Chg	Index pt	Volume
VNH	0.90	-10.00	0.00	9870
BTT	35.60	-6.32	-0.01	13980
D2D	30.60	-5.26	-0.01	2760
VPS	19.80	-4.81	-0.01	50
VOS	2.10	-4.55	-0.01	10470

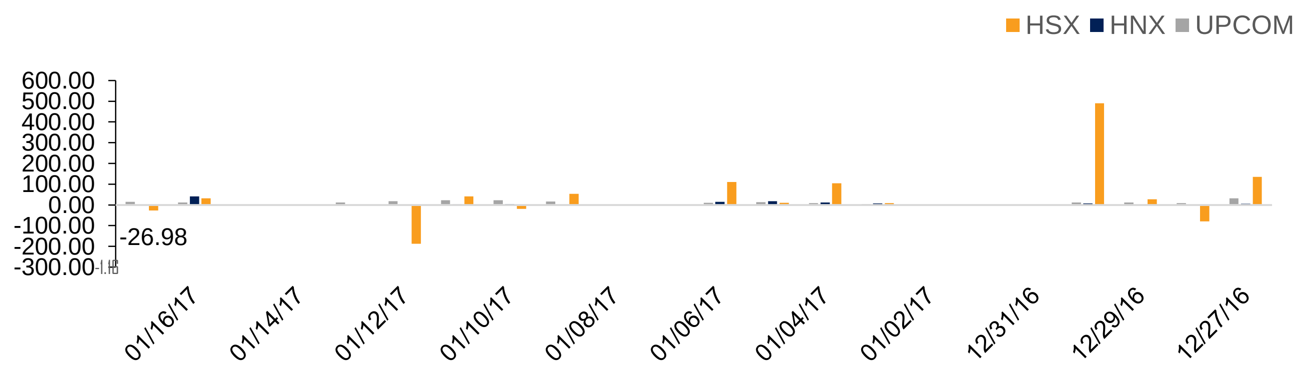
Top 5 losers on the HNX

Ticker	Price	% Chg	Index pt	Volume
GMX	21.00	-9.87	-0.01	3200
ONE	9.10	-9.90	0.00	31100
DID	4.60	-9.80	0.00	10100
NHA	9.30	-9.71	-0.01	100
KMT	5.80	-9.38	0.00	500

Source: Bloomberg, BSC Research

Exhibit 3

Foreign transaction



Source: HSX, HNX, BSC Research

Disclosure

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