

Vietnam Weekly Review (Data updated to 10/10/2019)

Differentiating market season due to upcoming third quarter results

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VN-INDEX	987.4	-0.51%
Volume (mil shares)	134.0	-12.7%
Foreign trading (bil)	-151.0	

HNX-INDEX	105.2	-0.05%
Volume (mil shares)	22.0	4.2%
Foreign trading (bil)	-45.9	

Derivatives	Points	OI
VN30F1910	913.0	18,860
VN30F1911	915.2	633
VN30F1912	912.8	538
VN30F2003	911.8	122

Important levels

	Resistance	Average	Support
VN-INDEX	1000.0	980.0	960.0
HNX-INDEX	108.0	104.0	100.0

Nguồn: BSC Research

Table of content

Weekend highlights	1
Market statistics	2
VN-Index Technical analysis	3
Macro news	4
Technical Analysis	5,6,7
Disclaimer	8

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Next week strategy

VN-Index accumulated thanks to the decrease in selling pressure from foreign investors and diverged movements of the index itself. VN-Index moved sideways compared to the beginning of the week until 10/10. Despite volatile fluctuations in the world market, VN-Index is accumulating and stabilizing after touching short-term support range, along with strong reduction of net selling value by the foreign investors and positive Q3 business results in some key stocks. 12/19 sectors declined although gains from stocks of banking sector with positive results supported VN-Index to stay above 985 points. The market in this week's last session and next week is likely to fluctuate strongly with information from the US-China trade talk. The VN-Index is forecasted to accumulate around 985 points, diverging according to Q3 business results, in the process of approaching resistance.

The world market fluctuated before the US - China trade talk, FED signaled readiness to lower interest rates. FED Chairman said that he will be ready to support growth if necessary, amid negative production figures last week. This signaled that Fed continue to reduce interest rates and possibility for interest rates reduction in 29-30/10 session soared to 80%. The Fed also bought treasury bills, thereby increasing reserves but did not consider this a QE package. The focus of the market is on US - China trade negotiations. The US put 28 businesses on a commercial "blacklist" and visa restrictions with many Chinese officials, while China would not include commitments to industrial policy reforms and subsidies. Possibility of negotiation failure and the US imposing additional tariffs of US \$ 250 billion on Chinese goods from 25% to 30% from October 15, are amongst factors that make global market decline and is forecasted to fluctuate next week.

Reformed in the right direction, Vietnam increased by 10 places in ranking for global competitiveness. Vietnam increased by 10 places to 67/141 countries and territories in the World Economic Forum's 2019 Global Competitiveness Index (WEF) report. This is the result of drastic policies in improving investment environment. Such change will continue to attract international investors, and, according to the WEF, will direct trade flows to benefit Singapore and Vietnam in the context that global economy may slow down from geopolitical instability and trade tension increase.

VN30 index struggled. Future contracts fluctuated narrowly with decreasing liquidity. Future contracts decreased more than the -0.2% decline of VN30, narrowing the price difference to -0.01%, 0.2%, -0.03% and -0.14% respectively. Average volume decreased to 7,036 8,802 billion VND/session, down 20%. Open interest dropped by 9% to 20,153 contracts. VN30 moved closely to SMA20 and created doji candles, showing no signal of a clear trend, which affected and narrowed trading value and number of open contracts last week. Continue to monitor price movements at support 910 and resistance 920 to have a suitable strategy. Fast trading without holding position over the day are advised to avoid unexpected fluctuations.

Recommend short-term trading: Continue to monitor movement near resistance at 1,000 points and support at 985 points, support for short trading activities for stocks with position.

Medium and long-term investment recommendation: Prioritize buying stocks with poentially positive Q3 business results

Positive changes in stocks: **HVN,POW,VRE,STB,VGI**

Next week highlights

- Preliminary information on Q3 business results of listed companies.
- The 11th Plenum of the 12th Central Party Executive Committee, with many important issues will close on October 13.
- With a lot of bad news before the US - China trade talks, imposition of tariffs will affect markets significantly.
- October 15, Australian monetary policy record; French CPI and German ZEW business sentiment. October 16, EU announced CPI index, trade balance, and 30 years bond auction in Germany; The US announced sales and reserves of crude oil. October 17, Australia's unemployment rate; UK retail sales; U.S. production index, construction permits, and unemployment benefits of the U.S. in October 18; third quarter GDP, manufacturing index, retail sales and unemployment rate of China; IMF meeting in 2 days.

Chart 1: Weekly sectors development



Last week highlights

VN-Index dropped and returned to the support level of 990 points in the last session of the week because the US-China trade negotiation returned to a state of stress. Dissatisfied with the results of the negotiations, President Trump threatened to continue imposing a 10% tax on 300 billion dollars of Chinese goods. This event has caused the stock markets around the world to decline sharply. Key elements of the week:

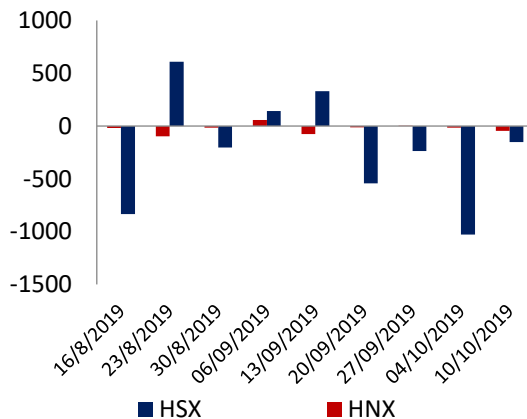
- The main gaining motivation was in VN30, the rest of all capitalization groups dropped.
- Market liquidity decreased slightly, reaching an average of VND 2,997 billion, down -4.8% compared to the previous week. Market cash flow flows into industries that benefit from trade war (Textile, Seaport and Industrial Park Real Estate)
- Foreign investors turned net sellers on both HSX and HNX.

Sector developments

The market dropped slightly when only 7/19 industries gained.

- Top 3 rising sectors: Telecommunications + 4.67% (VGI + 3.51%, PTP + 3.16%), Tourism and entertainment + 2.71% (HVN 6.94%, VJC -0.07%), Chemicals + 1.51% TRC + 1.05%, PHR + 5.56%)
- Top 3 dropping sectors are: Oil & Gas - 4.69% (PLX -5.3%, PVD -2.9%), Insurance (PVI -5.9, BVH -3.51%) and Financial Services HCM -7.36%, SSI -4.91 %).
- LargeCap increased by + 0.38%, Midcap increased by + 0.95%, SmallCap increased by + 0.27% and Pennies decreased by -0.64%, VN30 increased by + 1.04%.

Chart 2: Foreign trading activities

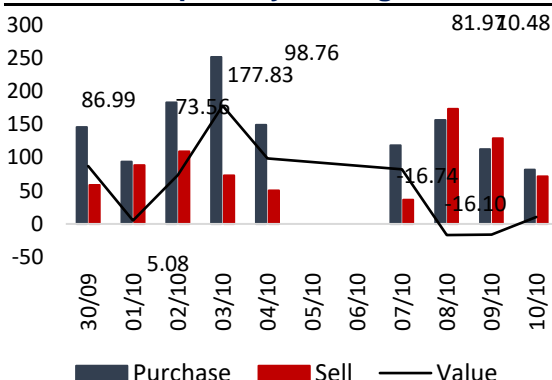


Foreign trading

Foreigners were net sellers on the HSX and net buyers on the HNX. They net sold -150.95 billion on the HSX and -45.86 billion on the HNX. Foreigners net bought 118.8 billion VCB, 35.4 billion ROS and 25.0 billion BID while net sellers -79 billion VIC, -46.2 billion PVS and -40.5 billion SVI. On all 3 exchanges, the top 10 net buying stocks brought back 263.3 billion and foreign investors withdrew -333 billion from the top 10 net selling stocks.

During the week, ETF VNM reduced the scale of 0.3 million obstacles to only 28.1 million units of the week. ETF FTSE Keeps scale at 8,903 million on October 9. ETF E1VFN30 The Fund reduced its size from 0.2 million certificates to 421.7 million certificates of the week. ETF KIM reduced the scale of 0.5 million certificates to 14.8 million certificates in the week. The Hong Kong ETF holds a scale of 2.4 million certificates on October 9.

Chart 3: Proprietary trading activities



Proprietary trading

Proprietary trading investors net bought 59.61 billion dong. The net selling activities only took place on the Tuesday and Wednesday. Proprietary trading saw a net selling of -88.6 billion SSI, -39.8 billion VJC, -11.5 billion HDG and net buying of 79.9 billion MBB, 44.0 billion REE and 34.7 billion FPT.

Top VN-Index contributor

#	Stock	%	Points
1	VCB	+1.93%	1.75
2	HVN	+6.94%	0.96
3	CTG	+2.67%	0.60
4	BID	+1.23%	0.50
5	VRE	+1.57%	0.34
6	GAS	+0.60%	0.34
7	STB	+3.85%	0.22
8	HPG	+0.70%	0.12
9	MWVG	+0.49%	0.08
10	BHN	+1.46%	0.08

Total 4.9
VN-Index -5.07

Top VN-Index dragger

#	Ticket	%	Points
1	VIC	-0.93%	-1.09
2	VNM	-1.24%	-0.82
3	VHM	-0.78%	-0.69
4	NVL	-3.62%	-0.63
5	SAB	-1.05%	-0.51
6	PLX	-1.90%	-0.42
7	BVH	-1.79%	-0.27
8	MSN	-0.52%	-0.14
9	PPC	-4.21%	-0.11
10	VHC	-4.17%	-0.09

Total -4.67
VN-Index -5.07

Top foreign net purchase/sell

#	Ticket	Purchase	% FO
1	VCB	118.76	23.82
2	ROS	35.36	2.94
3	BID	24.99	3.35
4	KBC	23.18	25.52
5	BMP	14.95	78.63
6	QNS	13.68	16.12
7	VHM	11.26	15.07
8	ACV	8.57	3.66
9	IJC	6.37	1.44
10	STB	6.14	12.61

Total 263

#	Ticket	Sell	% FO
1	VIC	-79.01	15.21
2	PVS	-46.21	22.75
3	SVI	-40.53	10.81
4	VHC	-31.27	34.71
5	POW	-26.77	14.38
6	HPG	-26.10	37.62
7	GAS	-25.82	3.62
8	HDB	-24.08	24.09
9	BSR	-18.30	41.13
10	DIG	-14.90	35.82

Total -333.0

VN-Index

Weekly chart: Slightly decreased doji showed that the VN-Index rebalanced after an engulfing bear model in the accumulation range. VN-Index was also in thick Ichimoku cloud band, and was supported by SMA100. ADX remains at 8 and + DI has not diverged – DI, indicating that the index had not escaped the medium-term trend of accumulation. However, bollinger band was up slightly, MACD remained above signal line and other technical signals are stable, VN-Index still has a chance to test 1,000 points again if it can maintain support range of 980-985 points in correction sessions.

Daily chart: VN-Index was supported by Ichimoku cloud and SMA50 was in the price range of 982-985 points. MACD remained below the signal line, however, maintained distance from the base level while Bollinger band narrowed and moved upward, showing no possibility of short-term reversal. ADX continued to decline, while + DI did not diverge - DI. Sideways movements in the price range of 980 - 1,000 points, and in the systematic triangle model formed from March 2019, are expected to continue next week. Potential increase in price following this model is still possible, given the index remains above 975 points in the correction sessions.

Highlights:

- Accumulating in the last sessions of the week with stable liquidity.
- The index was still in two technical models: moving sideways in the downward price channel from June 2018 or breaking through systematic triangle model from March 2019.

Evaluation: The VN-Index is accumulating above 985 points and is still in the downtrend channel from 6/2018. The opportunity to test 1,000 points and complete the systematic triangle model formed in March 2019 has not changed when the index is still maintaining support range of 980-985 points. VN-Index is expected to fluctuate strongly next week from international information. Without support from positive information, it is likely that the market will still diverge and move sideways from 980-1,000 while waiting for positive information to test resistance.

VN-Index chart



Source: BSC Research

Domestic macroeconomic news

#	Market indexes	± Week
1	US (SP500)	0.9%
2	France (CAC)	3.2%
3	Germany (DAX)	4.2%
4	UK (FTSE)	1.3%
5	Japan (Nikkei)	1.8%
6	Phillippine (PCOMP)	2.6%
7	Malaysia (KLIC)	0.5%
8	Thailand (SET)	1.2%
9	Indonesia (JCI)	0.7%
10	Singapore (STI)	0.9%
11	VietNam (VN-Index)	0.4%

- In July, Vietnam's Purchasing Managers' Index (PMI) increased slightly from 52.5 points in June to 52.6 points, the fastest growing production output since November 2018.
- Average CPI in the first 7 months of this year increased by 2.61% compared to the same period last year. Inflation in the first seven months of this year rose by 1.89% over the same period. Basic inflation in July increased by 2.04% over the same period.
- In the first 7 months of the year, there were 79.3 thousand newly registered enterprises with a total registered capital of 999.4 trillion VND, up 4.6% in number of enterprises and 29.6% in registered capital compared to the same period last year. Including newly registered and additional registered capital, the economy was supplemented with VND 2.47 quadrillion.
- Total corporate bond issuance of public companies since the beginning of the year has been VND 31,000 billion, of which finance - banking enterprises accounted for 42%, real estate enterprises accounted for 22% with interest rates over 10%.

Major currency exchange r Unit

VND/USD exchange	0 VND
VND/EUR exchange	25,774 VND
VND/CNY exchange	3,275 VND
VND/JPY exchange	21,429 VND

Future contracts	Value
WTI (USD)	54.3
Brent (USD)	60.2
Natural gas (USD/MMBtu)	2.3
Spot gold price (USD/oz)	1486.5
Silver (USD/t oz)	17.6
Copper (USD/lb.)	261.7
Rubber (JPY/kg)	151.3
Cotton (USD/lb.)	77.2

Interbank interest rate

Period	Rate	± Week
Overnight	1.80	-0.05
1 week	2.07	-0.03
2 week	2.35	0.02
1 month	2.75	-0.02
2 month	3.65	0.35
3 month	4.05	0.32
6 month	4.20	-0.10
1 year	4.30	-0.17

International macroeconomic news

- According to Bloomberg, Chinese officials are signaling that they are increasingly reluctant with the large-scale trade deal President Donald Trump is pursuing. During meetings with the US negotiating delegation in Beijing a few Last week, the Chinese side said the list of topics they were willing to discuss had shrunk significantly.
- Kyodo news agency reported that Japan and the US on October 7 officially signed a bilateral trade agreement. Accordingly, Japan will reduce import duties on US \$ 7 billion of US agricultural products. In return, the United States reduced import duties on \$ 40 million of Japanese agricultural products.
- The US Congressional Budget Office (CBO) on October 7 announced the government budget deficit in fiscal 2019, estimated at less than US \$ 1,000 billion.
- South Korea's Samsung Electronics announced its third-quarter revenue of 62,000 billion won (nearly 52 billion USD), while its operating profit reached 7,700 billion won (6.45 billion USD).

Notable goods Information

Goods	Units	10/10 Morning	% D	% W	% M*	Output related	Input related
WTI	USD/barre	51.65	-1.77%	-1.35%	-9.53%	GAS, BSR	PVD, PVT
Brent	USD/barre	57.30	-1.60%	-0.12%	-7.63%	GAS, BSR	PVD, PVT
Gasoline	USD/gallo	1.57	-1.04%	1.83%	-1.07%	PLX, OIL	HVN, VJC
Gold	USD/ounc	1517.72	0.65%	1.24%	2.18%	PNJ	PNJ
Silver	USD/ounc	17.88	0.91%	1.82%	-0.75%	PNJ	PNJ
Soybean	UScent/bu	921.35	-0.08%	0.75%	7.14%	HKB	DBC, QNS
Wheat	UScent/bu	501.25	0.20%	2.51%	3.46%		AFX
Milk	USD /cwt	18.71	0.59%	1.91%	2.80%	VNM, GTN	KDC
Rubber	JPY/kg	149.90	0.27%	-1.45%	-9.92%	DPR, PHR	SRC, CSM
Sugar	US cent/lb	12.41	-0.40%	-3.72%	14.06%	SBT, LSS	VNM, GTN
Tea	USD/kg	3.09	0.00%	-1.90%	-8.04%	GTN, DLG	DLG
Coffee	UScent/lb	95.35	-0.37%	-5.12%	-2.95%	CTP, DLG	VCF, CTP
Copper	USD/lb	2.56	0.00%	0.08%	-1.80%	MSN, ACM	CAV, SAM
Alunium	USD/ton	3632.00	-0.47%	-0.47%	-3.53%	HSG, HPG	PC1, CTD
Steel	CNY/ton	1751.50	0.32%	0.66%	-2.64%		CAV, SAM
Coal	USD/ton	93.00	0.00%	0.00%	2.20%	HSG, HPG	HSG, HPG
Iron Ore	USD/ton	69.42	-0.33%	1.60%	-0.01%	HLC, NBC	HT1, B4C

HVN - Vietnam Airlines JSC– Rebound

HVN is one of the largecap stocks which is on a recovering trend after reaching the support at 32 and creating a fairly stable price level at 33. The stock liquidity is in agreement with the strong rise of HVN in the recent sessions. here. Technical indicators have also turned positive, RSI has not entered the overbought area, showing that there is still room for upside. The nearest resistance level of the stock is at 38. Investors can buy if the stock still sustains above the 34 level. Take profit when HVN touches the zone of 38-39, cut loss if the 32 level is penetrated.



POW – PetroVietnam Power Corporation– Rebound

POW is one of the largecap stocks which is gradually escaping the accumulation zone of 12.5 to head to higher resistances. Stock liquidity tended to increase again. Technical indicators are also in a positive state. Moreover, the EMA12 is about to cut above the EMA26, which could signal the end of a very negative day of POW. The nearest resistance level of stocks is in the area of 14-15. Investors can buy when the stock still sustains above 12.5. Take profit when POW approaches 15, cut loss if the stock loses landmark 12.



STB – Sai Gon Thuong Tin Commercial Joint Stock Bank – Rebound

STB is one of the largecap stocks that are in a recovery state. This stock has established a head and shoulders pattern in the area of 10 - 10.5 and broke out of this zone in recent sessions. Liquidity of stocks remained stable. Technical indicators agree with short-term uptrend. Investors can buy more STB in the area above 10.5. The profit-taking area of STB is at the price zone around 12, cutting losses if the stock loses the 10 level.



VGI – Viettel Global Investment Joint Stock Company– Rebound

VGI is one of the largecap stocks that are in a positive recovery state. This stock has increased in price after adjusting to reach the support level of 28. However, the liquidity has not improved significantly. Technical indicators agree with VGI's uptrend. Besides, the fact that the EMA12 crossed above EMA26 shows that the correction of stocks has ended. VGI's reasonable buying area is located at 33-34. It is expected that if the liquidity increases again, investors can take profit at the old peak of 38, cut loss if the price level of 30 is penetrated.



VRE - Vincom Retail JSC – Rebounde

VRE is a largecap showing signs of recovery after short-term corrections. The MACD indicator has shown a positive signal as the MACD line is about to cross above the signal line. The RSI also showed a positive signal when it returned to the neutral zone after falling into the oversold zone. However, the EMA12 is still below the EMA26, showing that VRE may correct in the next sessions before confirming the uptrend. The liquidity of stocks maintained above the 20-day average. The nearest resistance level of VRE is 37.95. The support is at 31. Investors may consider opening the position at 31-32. Take profit at 35-36. Cut loss if the stock loses threshold 31.



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