BSC

Macro & Market Report 2020

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Investment strategy in 2020

High growth and stable macroeconomic is Vietnam's bright spot in 2019 despite complex development from external environment. Conversion of growth models, macro stability, administrative reform, improvement of business environment, technological innovation and integration are notable points in 2020. Vietnam has basis to maintain high and stable growth momentum, and has room to deal with negative development from the external environment.

Regarding macro in 2020, BSC forecasts GDP growth will reach 6.6%-6.8%. Macroeconomic is stable with inflation below 4%, the USD / VND exchange rate will move within a range of 0.0% -0.9% and interest rates fall by 0.25-0.5%. Production, Consumption and Trade are key drivers for growth. Public investment is expected to increase to complete the socio-economic development plan for the period 2016-2020 (Table 11).

In addition to advantages and difficulties of internal and external environment (Table 13), we believe that the following factors will strongly affect macro and market prospects in 2020:

US-China trade war: Before deadline of December 15, 2019, the United States and China have completed "phase one" trade agreement. This agreement presents progress made after months of trade tension. Other contentious topics will be discussed in the next round of negotiations that bring hope and risk to the world market in 2020.

Economic weakness of major economies: In the context of trade war, major economies' growth slowed down despite monetary easing. The risk of crisis is not high, though room for crisis containment is quite limited.

Election and impeachment of the president of the United States: The election of the President of the United States is a prominent event in 2020, the possibility of impeachment is not easy to stop Mr. Trump to the second term. Not just to market sentiment.

Monetary policy of major economies and Vietnam: ECB and FED reversed policy, leading to interest rate reduction on a global scale. The State Bank of Vietnam continued to maintain a proactive, prudent and flexible policy against external fluctuations. Interest rates moved in the same direction as other countries' policy.

Public investment in 2020: Public debt / GDP will decrease, disbursement will be low, budget surplus in 2019 will create abundant resources for 2020. Major projects in the field of transport and agriculture will be promoted.

Revised Securities Law and the ability to upgrade in global indexes: The revised Securities Law and the stock market restructuring scheme 2020, projected to 2025, bring new products and new wave of listed enterprises. SOE equitization process will be continued, increasing ability to upgrade to primary emerging markets of FTSE Russell in 2020-2021 and MSCI in 2021-2023.

Currency manipulation perspective by the United States: Vietnam is violating two-thirds of the criteria to be considered as currency manipulator. With fast-growing export, large trade surplus and expansion of foreign exchange reserves, Vietnam is in danger of being considered monetary manipulator. This event needs to be closely monitored, presenting risk to the stock market.

Regarding market in 2020, with support from macroeconomic, Vietnam stock market remains attractive to domestic and international investors. The VN-Index is forecasted to achieve 1,100 points by the end of 2020 based on three methods:

- Method 1_Forecast VN-Index by P/E: EPS growth will increase by 11.3%, VN-Index is forecasted to achieve 1,101.5 points (Page 38)
- Method 2_ Forecast VN-Index by large weight stock: Target price is 1,104.4 points, maximum price of maximum price of 1,242.1 points and minimum price of 994.3 points (Page 39)
- Method 3_ Forecast VN-Index by Technical Analysis: Maximum price is 1,265.6 points and minimum price is 800.3 points (Page 39)

Positive period for the market may be in early 2020. Preparation for the amended Securities Law that take effect in 2021, and equitization of State-owned enterprises and new listings will support the market. Market capitalization reached US $ 211 billion due to listing activities. Average market liquidity reached 200 million USD / session (Table 14).

Regarding stocks that should be invested in 2020, the stock groups considered to have advantages in 2020 include: (1) Stocks in VN30, VN Diamond, VNFIN Lead, VNFIN Select, stocks in Covered Warrant basket; (2) Stocks benefiting from infrastructure investment; (3) stocks related to equitization and divestment of State-owned enterprises; (4) Stocks with low beta and organic growth such as retail, utilities and defensive.

For prospects of industries and stocks of interest in 2020, see details in **"Vietnam Sector Outlook Report 2020".**

Macro & Market significant topics in 2020

Influences from external environment have significant impact on Vietnam's macroeconomic and its stock market in 2019. Macroeconomy has overcome external volatility, maintained stability, which is the basis for stock market's stability. US-China trade tension has the strongest impact on stock market in 2019. For 2020, we look at seven issues that might affect Vietnam's macroeconomy and stock market, including: (1) US-China trade war; (2) decline of major economies; (3) US presidential election; (4) Monetary easing policy of 2019 and trend for 2020; (5) Public debt and public investment in Vietnam; (6) Revised Securities Law, proposal of market reform and possibility of upgrading; (7) The risk of being labelled currency manipulator.

1.   US-China trade war: Development, Outlook and influence

The US-China trade war is an important event that is watched by the world. Stretching from the beginning of 2018 to the present time, 4 lists of taxable goods over 500 billion dollars of Chinese imported goods have been issued (Appendix 1). By December 15, Washington had reached a principled agreement with Beijing, which delayed the existing tariffs on Chinese goods and canceled new duties that took effect on Sunday (15/12). The agreement covers the following issues:

- **Tax:** The United States canceled its 15% tariff plan with about USD 160 billion of Chinese goods on December 15 and reduced the tax rate from 15% to 7.5% for 4A list goods.
- **Trade deficit:** China agrees to increase purchases of US products and services, at least US $ 200 billion in the next 2 years. Mainly buying manufactured goods, agricultural products, energy and services.
- **Currency:** China is committed not to devalue its currency to compete, not to target USD / CNY exchange rate to gain goodwill. If violated, the United States may apply a tax response.
- **Intellectual property and financial services:** China is committed to strengthening protection of intellectual property and opening the financial investment market to the United States.
- **Implementation process:** The two sides are negotiating ways to implement phase 1. If discussion fails, the process of imposing taxes or other penalties will be implemented.

It should be noted in this agreement that the agreed issues are quite simple such as increasing the amount of goods purchased and sold, but have not given specific figures or plans on key issues such as technology transfer or opening of financial investment markets in China. This situation is quite similar to the previous negotiation round between Chinese Deputy Prime Minister Liu He and US Department of Commerce representative Robert Lighthizer which resulted a tax rate raised from 25% to 30% for USD 250 billion imported Chinese goods.

The length of the trade war has also pushed the global economy closer to the edge of recession. Forecast of economic growth of the G20 block (80% of global GDP) according to economic organizations continues

to weaken due to the impact of the decline in global trade transactions (Appendix 2 and Appendix 3). The cause of this phenomenon comes from two main factors:

- The instability of the US-China trade war makes business owners of international corporations suspicious of long-term trade contracts and thus, minimize production orders.
- US businesses cannot find suppliers in other countries with sufficient capacity to replace supply chain production chains in China. This phenomenon leads to an imbalance between supply and demand in the international market and a decline in the volume of goods traded.

According to the United States-China trade influence and trade diversion report by the United Nations, U.S. tariffs on China have led to a reduction in imports of tariff products by around 25 % in the first half of 2019. This figure also shows the competitiveness of Chinese companies, in which, despite the sharp increase in tariffs, it is still possible to maintain 75% of exports to the United States. **The trade diversion effect has brought significant benefits to Taiwan, Mexico, the European Union and Vietnam.** In addition, the most heavily affected sectors are office machinery and communication equipment with total US imports from China falling by another USD 15 billion in the first half of 2019. Trade diversion effect in these areas was low because the suppliers outside of China aren't capable of meeting production needs.

Figure 1: Countries benefiting from US-China tariff trade diversion
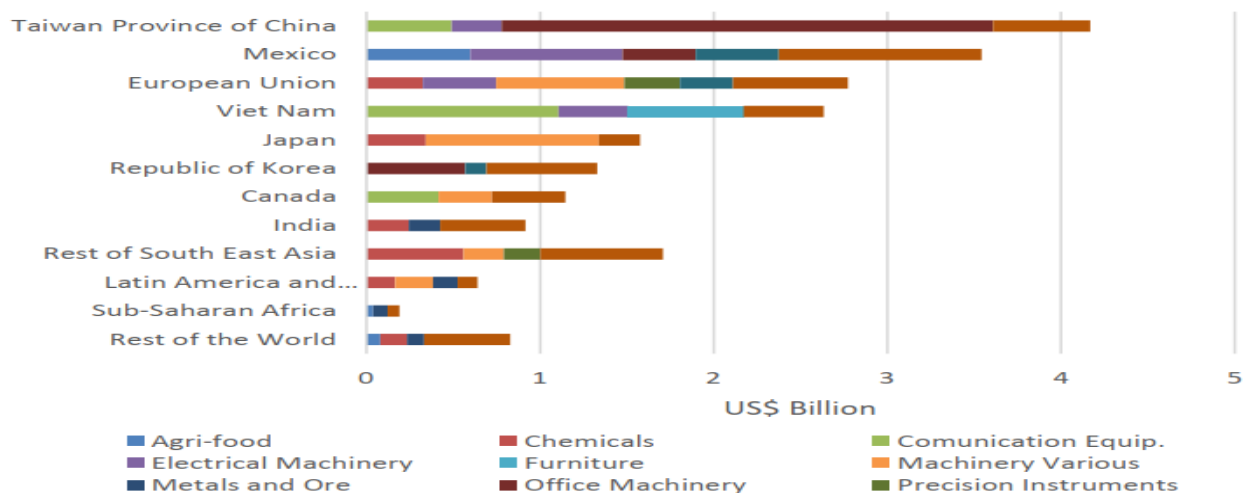
Source: United Nations

With the trade war lasting nearly two years, the first trade agreement between the United States and China was reached in the context of the economies of both countries showing signs of weakening. The delay in negotiations has also been predicted by many analysts as President Trump will need outstanding achievements to win the 2020 U.S. presidential election, and Xi Jinping needs to revive the weakening Chinese economy. But with the bilateral negotiation process yet to achieve concrete implementation steps and key issues only agreed in principle, the implementation of phase one and phase two negotiations still face many difficult stages in 2020. Under this contexts, BSC deducted there two scenarios:

- **In the positive scenario,** the US-China reached an agreement on the implementation process of phase one and trade negotiations in phase two. The United States will abolish tariffs and normalize trade relations with China. The volume of commercially traded goods globally grows again accompanied by the pace of economic growth. This development will create favorable conditions for worldwide import and export activities and thus, prevented the global economy from entering

the recession period. Positive macroeconomic data and a rebound in commodity output will increase employment and boost consumer demand in the world. As an integrated global economy, Vietnam will also benefit a lot from the rebound of global trade transactions.

- **In the negative scenario,** the United States - China continues the trade war as the two sides can't reach an agreement for key issues in the second stage. The United States will continue imposing a 25% tax on goods imported from China. This phenomenon will slow down the rate of global economic growth and push countries closer to the edge of recession. For a country, which has a large degree of gobal integration like Vietnam, the economic growth is majorly influenced by the global trade development. Import-export turnover may decline as the wave of slowdown from the Chinese economy begins to spread through neighboring countries by import-export and foreign investment channels and thus, hinder Vietnam's economic growth.

2. Deteriorating economic condition in major economies, possibility of recession and crisis

World economic growth slows down to around 2% in 2019. Macroeconomic situation is determined by: (1) China-US trade war; (2) China's financial imbalance; and (3) Inflation below target level in developed countries.

To prevent the decline, central banks of major economies changed the policy stance in direction of expansionary:

- FED decreased policy rates by a total of 0.75% to 1.5-1.75%;
- ECB decreased policy rates by 0.10% to -0.5%, and restarted government bond buying program at € 20 billion / month;
- PBOC decreased compulsory reserve ratio by 0.50%, and for decreased short-term repo rate and standard lending rate by by 0.05%.

Chart 2: Difference between 10-years bonds vs. 3-months bills
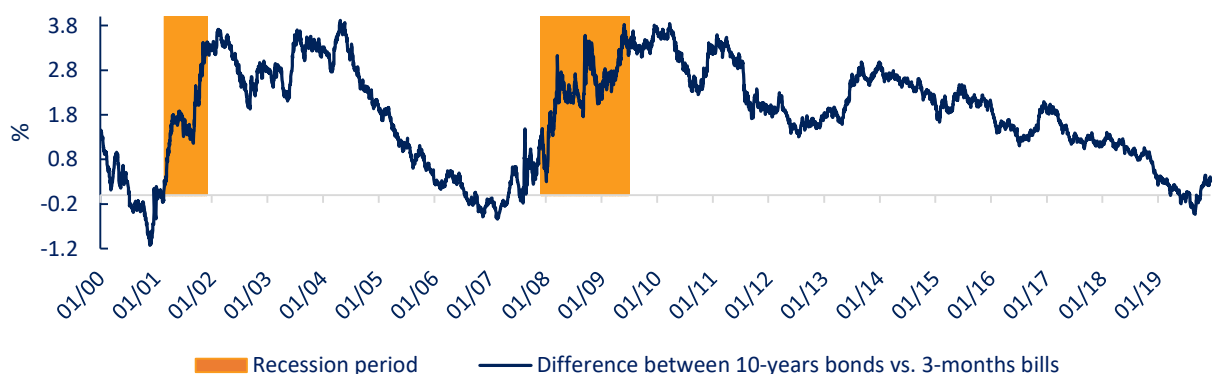
Source: Bloomberg, BSC Research

In the context of negative global macro-economic situation, signals for crisis also appear. The yield curve was inverted in the United States. Since 1973, whenever this sign appeared, recession always occurred within the next two years. New York Federal Reserve's and Cleveland Federal Reserve's indicators show that there is a 29-34% chance of a recession in 2020 in the United States. Bloomberg's GDP-based indicator also shows that there is a 27% chance of a recession in the United States. Compared to the United States,

probability of recession is higher and is increasing in China and Germany, respectively at 42% and 71%. Both countries are affected negatively by instability in trade policy of the United States. If trade tension continues, causing lasting instability, following conditions may affect recession probability of their economies:

- US GDP increased by 2.1% in the third quarter, up slightly from the 2% of the second quarter. Manufacturing PMI rose to 52.2 in November, fastest pace in the past seven months, continue to recover after falling to low level of 50.3 in August. Personal consumption continues to be positive, rising to 0.4% in November.

- German GDP decreased by -0.2% in the second quarter and only increased by 0.1% in the third quarter of 2019. Manufacturing PMI was below growth threshold for the twelfth month consecutively, falling to 43.4 in December. Space for monetary policy easing is limited as interest rates fell to -0.5% at the ECB.

- China GDP increased by 6% in the third quarter compared to the same period in 2018 - the lowest level since 1992. China's financial market showed signs of instability. By the end of May, government had to take over Baoshang Bank - the first takeover in 20 years. In late July and early August, Jinzhou Bank and Hangfeng Bank received capital from state-owned financial institutions. Macroeconomic support by PBOC may be constrained by concerns about rapidly rising, out of control credit.

Chart 3: New York Fed Probability of Recession
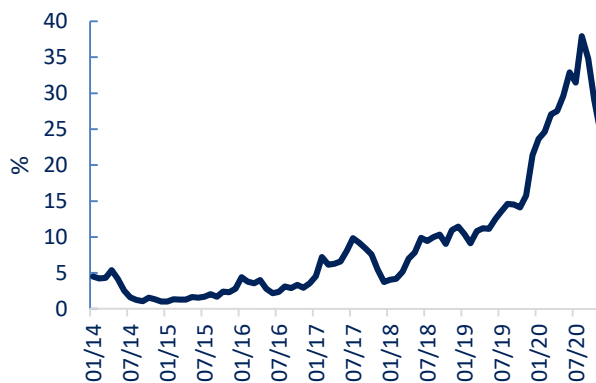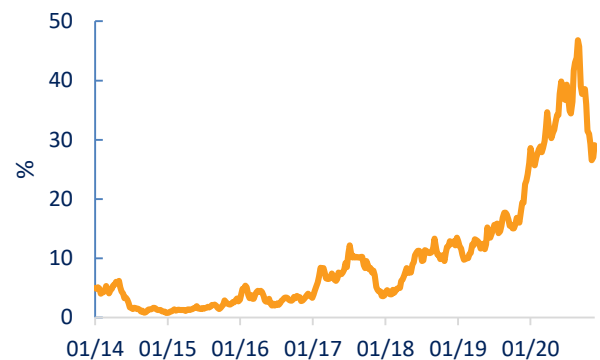

Chart 4: Cleveland Fed Probability of Recession

Source: Bloomberg, BSC Research

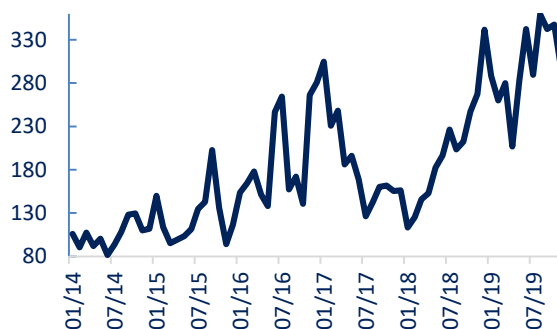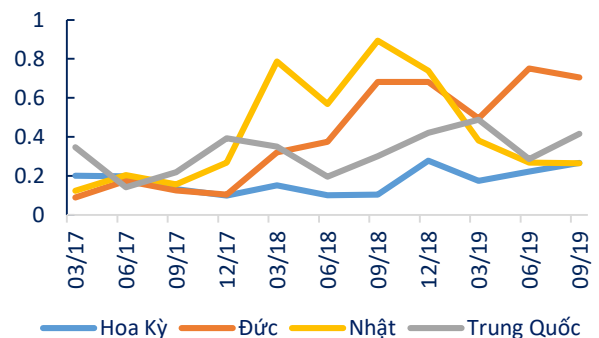**Chart 5: Global economic policy uncertainty index**

Chart 6: Probabilities of recession based on GDP

Source: Bloomberg, BSC Research

Thus, in the world's largest economy, possibility of crisis is low for 2020. After latest rate cut in October, FED has signalled that they will only cut rates further if economic situation weakens more than expected. Macroeconomic has not shown signs of overheat despite lowest rate of unemployment rate in years. Inflation has also approached target of 2%. Based on a 90-day bill future contracts in the United States, investors seemed to expect the Fed to keep rates on hold, or to only decrease slightly by 0.25% in 2020. As such, investors seemed to expect the economic situation to be positive in the short term, and does not require stronger stimulus action by FED.

By contrast, likelihood of crisis is greater in China and Germany and China. In particular, if China enters recession, according to OECD, global growth may decline by 0.7%, global trade growth may decrease by 1.5%, with greatest impact on neighboring countries – those involve in supply chain of China. In the context of interlinked global financial markets, problem in one major component, may lead to negative consequence in many other countries. This becomes problematic as space for monetary stimulus in major economies is limited. For example, despite having more policy space than ECB and BOJ, FED can only cut the most by about 1.5% - very low comparing to rate cuts needed in the last five recessions in the United States.

Chart 7: Fed Funds Rate
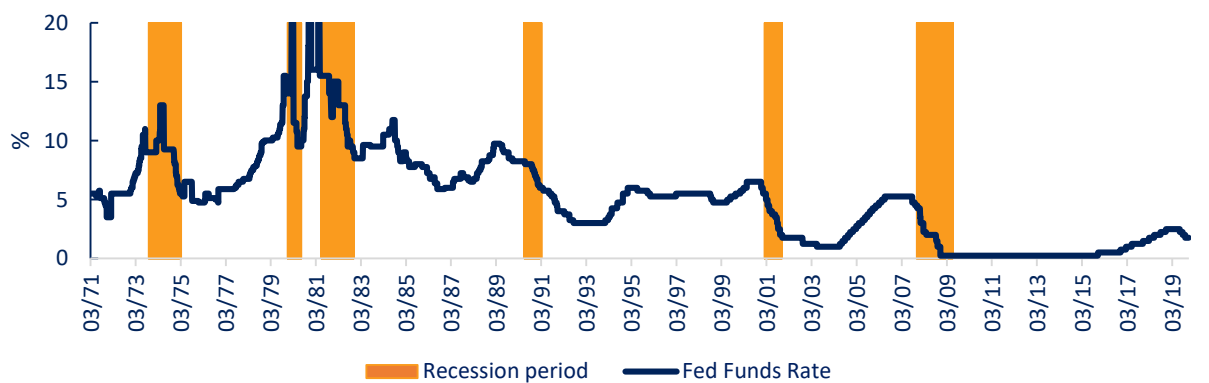
Source: Bloomberg, BSC Research

3. **The impeachement process will likely not affect President Trump chances of reelection in 2020**

One of the political events that have strong influence on the global market next year is the US presidential election. Unlike the 2016 race, in this election, Mr. Trump has almost no opponents at his own party and until now, there has not been a sizable candidate corresponding to him from the Democratic Party.

We believe that his key economic policies have had a positive impact on the US stock market, unemployment rate and personal financial situation of voters. These are factors that increase his likelihood of a second term.

- Contrary to concerns about the bear market, 2019 is a successful year for the US stock market when the main indices have continuously established historical peaks and recorded positive growth. From the inauguration to the present time, President Trump's term is having a positive impact on the market similar to the effect of former President Clinton when the S&P500 has increased by +42%. If he maintains the current pace, Mr. Trump will receive the support of the US

financial and business sectors, two important components of the economy. The key policy to boost the market's momentum is the 2017 Tax Cut and Job Support Act. Accordingly, the USD 1.5 trillion Act includes drastic tax breaks for conglomerates, business owners and high-income individuals, as well as revised tax calculations for multinational corporations and individuals. Also, data show that the value of total investment in the private sector in the US has increased significantly after the Act took effect.

Graph 8. Changes of the S&P500 since the inauguration day of US Presidents
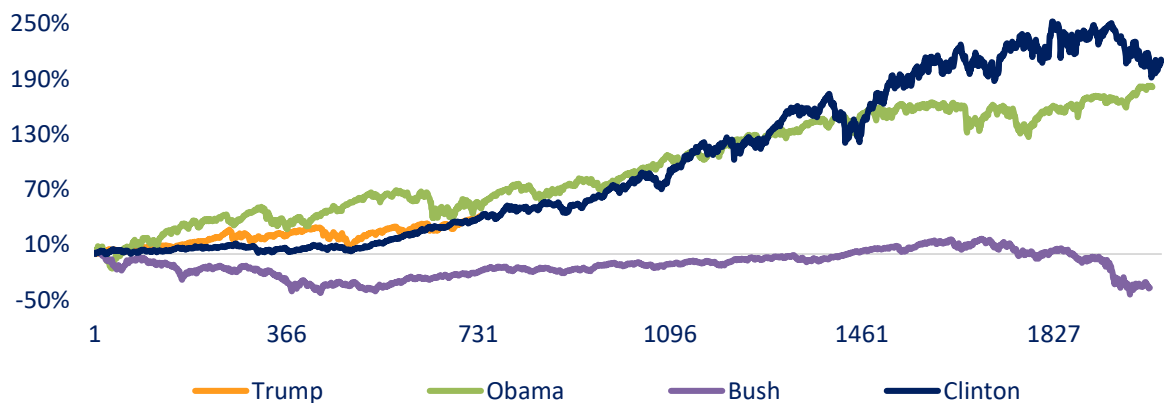
Source: Bloomberg, BSC Research

Graph 9: GDP growth rate and Investment in the US
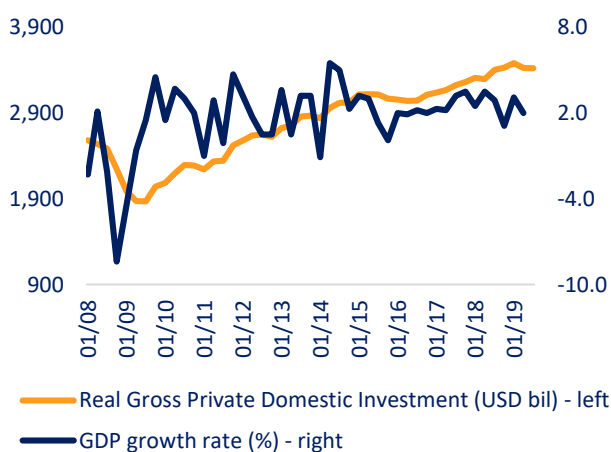
Graph 10: Personal income and unemployment rate
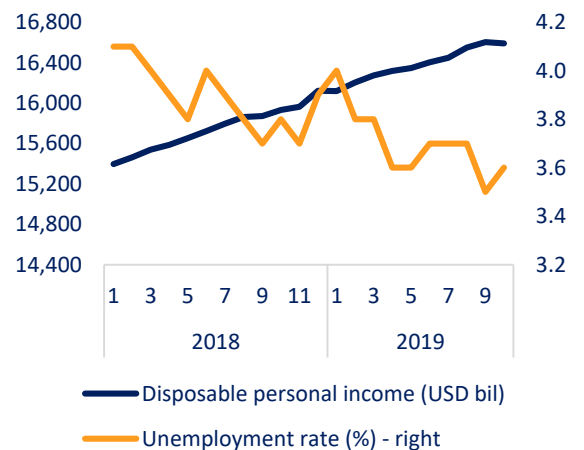
Source: Bloomberg, BEA, BLS, BSC Research

- It is also thanks to the Act and his different approach to trade issues that individual voters will continue to support Mr. Trump in the 2020 race. Since taking office, Mr. Trump has always pursued trade policies that are more beneficial to the United States. Starting with his administration renegotiating the terms of the North American Free Trade Agreement (NAFTA). Or soon after that was the decision to withdraw from the Trans-Pacific Partnership (CPTPP). The culmination of Trump's protectionism is the trade war between the United States and China. His policy pushed American companies to return to invest in the country, thereby reducing unemployment to a low level while increasing the personal income of workers.

The impeachment process in the House of Representatives has almost no negative effect on Mr. Trump's probability of a second term. After months of investigation, on December 18, President Trump was formally impeached. This is in line with investors' expectation because the Democratic Party is in control of the House of Representatives. This does not translate to the end of his term, however, as the decision is up to the Senate, which is controlled by the Republican Party with 53 seats. A Gallup poll showed that Trump's reputation was not affected when his support rate increased immediately after the impeachment. At the same time, the public support for the impeachment has dropped to 46%, showing that this political process is dividing the United States deeply.

In the context that the influence of the impeachment is insignificant and the US economy is still growing strong, Mr. Trump is facing the possibility of becoming the 14th President of the United States to serve two terms. In that case, the key policies to reduce the trade deficit between the US and partners; increase public and private investment within the country will be maintained. In the medium and long term, this will be a less positive sign for Vietnam as the trade surplus between the two countries is gradually widening, and Vietnam is still in the sights of the currency manipulation watchlist.

4.   Monetary policy stance in 2019, further monetary easing and negative interest rates in major economies in 2020.

Facing risk of economic downturn, many countries have lowered interest rates in late 2018 and early 2019. Many members of the G20 that accounting for 90% of global GDP and contributing 80% of global GDP growth, adjust policy stance to expansionary in 2019.

Table 2: GDP growth and interest rate movements in 2019

Quốc gia Countries	31/12/2018		26/11/2019		± % GDP 2019 vs 2018	± % rate 2019 vs 2018
	GDP yoy	Policy rates	GDP yoy	Policy Rates		
Argentina	-6.10%	60.00%	0.60%	63.00%	6.70%	3.00%
Australia	2.20%	1.50%	1.40%	0.75%	-0.80%	-0.75%
Brazil	1.10%	6.50%	1.01%	5.00%	-0.09%	-1.50%
Canada	1.10%	1.75%	1.30%	1.75%	0.20%	0.00%
China	6.40%	4.35%	6.00%	4.35%	-0.40%	0.00%
Germany	0.60%	0.00%	0.50%	0.00%	-0.10%	0.00%
Eurozone	1.20%	0.00%	1.20%	0.00%	0.00%	0.00%
France	1.20%	0.00%	1.30%	0.00%	0.10%	0.00%
UK	1.50%	0.75%	1.00%	0.75%	-0.50%	0.00%
Indonesia	5.18%	6.50%	5.02%	6.50%	-0.16%	0.00%
India	6.60%	6.25%	5.00%	4.90%	-1.60%	-1.35%
Italy	-0.05%	0.00%	0.35%	0.00%	0.39%	0.00%
Japan	0.30%	-0.10%	1.30%	-0.10%	1.00%	0.00%
South Korea	2.90%	1.75%	2.00%	1.25%	-0.90%	-0.50%
Mexico	1.42%	8.25%	-0.26%	7.50%	-1.68%	-0.75%
Russia	2.70%	7.75%	1.70%	6.50%	-1.00%	-1.25%
Saudi Arabia	2.43%	3.00%	2.43%	2.25%	0.00%	-0.75%
Turkey	-2.81%	24.00%	-1.52%	14.00%	1.29%	-10.00%

United State	2.50%	2.50%	2.00%	1.75%	-0.50%	-0.75%
South Africa	1.10%	6.75%	0.90%	6.50%	-0.20%	-0.25%

Source: Bloomberg, BSC Research

With stagnant inflation, weak growth and trade war uncertainty, reduction in interest rates has not show signs of stopping and is forecasted to continue in 2020, though not as strong and simultaneous. In some countries and regions, when rates approached 0%, negative deposit interest rates have been applied along with other stimulus and quantitative easing measures such as the restart of bond buying program. Commonly used solutions such as asset purchase programs, forward guidance and low interest rate policy. However, central banks are facing challenges such as:

- **Negative economic prospect:** Trade war, and leverage reduction in some major emerging countries, negatively affect global economic prospects. Ability to support growth by public spending is low because many countries reached public debt ceiling. Budget deficit / GDP of the G20 group is on average 2.57%, in which, the US is about to reach public debt ceiling of 1,000 billion USD, with budget deficit ratio of 4.7%.
- **Limited policy space:** Policy rates have fallen to low levels while central banks' balance sheets - which have not narrowed much after the last crisis - are now expanding.
- **Low inflation:** Inflation remained low 10 years after the last crisis. Except for some countries with unstable macroeconomic in G20 such as Argentina, Turkey, inflation in major economies is below 2% while many European countries are under 1%. Policy based on inflation target and low interest rate might prove to be problematic in the future when inflation target leads to low inflation expectation.

These challenges require central banks to stimulus economies as well as overcome leverage problem, reallocate resources effectively, and prevent negative shocks spreaded from weaker economies.

Monetary easing in world's central banks affected management of monetary policy at the State Bank of Vietnam (SBV) in 2019:

- Reduced T-bills interest rate 3 times from 3% to 2.25%.
- Reduction of 0.25% for policy rates including refinancing rate, discount rate, and overnight interest rate from 6.25% to 6.0%.
- Decreasing interest rates to buy valuable papers and lowering deposit rates ceiling for below 6 months-term, by 0.2% to 0.5%.

With a series of interest rate adjustments and SBV policies at the end of 2019, interest rates are likely to fall in early 2020 as seasonal factors pass by the end of the year. However, reduction in interest rate in the market is not large and will depend on the next move of major countries after a period of calibration for data and signals of their economies for 2019.

In 2020, objectives of supporting growth as well as regulate area that might affect adversely financial system – such as real estate and consumer credit – continue to be a guideline for the SBV's operating activities. (Appendix 8). Additionally, against uncertainty of external environment, **SBV may manage financial system in the direction of:**

- **Reducing policy rates in line with other central banks**. If central banks in major economies and other countries loosen policies, the SBV is likely to reduce interest rates in the same manner as last year.
- **Increasing cashflow through OMO**. If foreign capital flow decreases, the State Bank of Vietnam may increase support activities through open market channels. For example, when foreign investors reduced capital flow by about -355.73 million USD in 2016, SBV increased activities on OMO channel – injecting net of VND 242,666 billion.
- **Stabling USD/VND**. If uncertainty persists or major economies enter recession, capital can be directed to safety net such as gold and USD.

5. Vietnam's public debt and public investment status in national key projects

Vietnam's public debt remains high. The ratio of public debt to GDP stood at 57.2%, slightly down from 58.4% in 2018 and 61.3% in 2017. In 2019, the government's total borrowing and repayment plan is 441,873 (+ 15.07% YoY). Compared to the previous year, the total net public debt also decreased to VND 264,303 billion (-15.02% YoY). The decrease in net public debt came from not only paying off the principal debt but also lower guarantee expense is quite low comparing regular years.

Table 3. Government debt plan (Unit VND Billion)

Criteria		2019
General debt		**441,873**
Debt rollover		
Offsetting overspending		209,500
Repayments		181,971
Investment bonds		7,000
Re-lending		43,402
Total guarantee		**4,401**
Development banks		
Social Policy Bank		3,701
Key project		700
Bonds of CQĐP		
Commercial loans of businesses		
Total net debt		**264,303**
Total public debt		**3,456,284**
% GDP	58.4%	57.19%
% GDP recalculated	46.72%	46.11%

Source: Decision 1011 / QD-TTg and 952 / QD-TTg of the Prime Minister, annual financial statements and annual reports of the State Budget, BSC Research

Notes: Total net debt = Total debt minus debt repayment, principal repayment and total guarantee.

The government's disbursement plan is quite slow compared to the set progress, resulting in a budget surplus. As of November 15, 2019, the state budget surplus reached VND 88.3 trillion. This figure is composed by a revenue collection progress of 92.1% (the same period of 2018: 87.9%) and a behind schedule budget spending, reaching only 74.1% (the same period of 2018: 76.6%) (Appendix 4). The progress of revenue collection in the State budget achieved positive results due to higher completion rate than previous years along with exceeded revenue collection from oil prices and land usage tax. Meanwhile, the delay in budget spending mainly came from slowed investment spending result which only reached

53.3% of the initial plan due to difficulties in the disbursement of public investment projects. This situation can be further improved thanks to the new public investment law (Effective on January 1, 2020) that helps reduce administrative procedures in the disbursement of public investment projects.

The budget for development investment in 2020 is equal to the previous year, the distribution ratio still focuses on three main agencies: The Ministry of Transport, the Ministry of Agriculture and Rural Development and the Ministry of Health. According to the Ministry of Finance's 2020 State budget forecast, the Government has cut 14.3% YoY to VND 35.3 trillion for the Ministry of Transport. In addition, the Ministry of Agriculture and Rural Development, maintaining the level of investment of around VND 15,000 billion in the last 3 years and thus, remains to be a priority in investment capital allocation. The phenomenon of the government issuing budgets at the same level as the previous year shows the shifting policies trend from raising capitals in slow investment project to improving the efficiency and disbursement progress of public investment projects.

Table 4. Allocation of total development investment expenditures (2018-2020)

Central Ministries	2018			2019			2020		
	Bil VND	%Total	Growth	Bil VND	%Total	Growth	Bil VND	%Total	Growth
Ministry of transportation	28,113	40.00%	-11.1%	41,171	47.7%	46.40%	35,301	42.4%	-14.3%
Ministry of Agricultuer and Rural Development	15,998	22.80%	156.8%	14,938	17.3%	-6.60%	15,787	19.0%	5.7%
Ministry of Health	5,260	7.5%	2.4%	7,139	8.3%	35.70%	6,570	7.9%	-8.0%
Vietnam development bank	3,365	4.8%	5.6%	1,800	2.1%	-46.51%	6,425	257%	256.9%
Social Policy bank	5,716	8.10%	184.4%	7,148	8.3%	25.10%	2,002	2.4%	-72.0%
Other ministries	11,831	16.8%	36.9%	14,191	16.3%	5.20%	17,172	20.6%	21.0%
Total investment	**70,283**	**100%**	**25.30%**	**86,387**	**100%**	**22.90%**	**83,257**	**100%**	**-3.6%**

Source: Report of estimates and reports on annual state budget by the Ministry of Finance, BSC Research

Thus, in 2020, the government will focus on disbursing public investment projects for the two agencies: Ministry of Transport and the Ministry of Agriculture and Rural Development. At present, the Ministry of Transport will focus on completing 10 key projects (Appendix 5) and the Ministry of Agriculture and Rural Development will focus on disbursing 5 active ODA projects from the State Bank. Asian Development Goods and other organizations (Appendix 6) in 2020. Furthermore, at the 8th National Assembly session XIV, the government afocused on two key economic projects, the Long Thanh airport and the North-South road project:

- Regarding the North-South trunk road project, investor prequalification of 8 North-South expressway PPP projects will be completed in February 2020. After that, the project management board will conduct bidding to select investors for the projects.
- Long Thanh airport project has also been agreed on the first-phase investment plan. The National Assembly agreed to invest in constructing a runway and a passenger terminal and auxiliary items synchronized with the public capacity of 25 million passengers/year, 1.2 million tons of cargo/year in phase 1 of Long Thanh airport. Currently, the National Assembly is urging agencies to complete the land clearance for Long Thanh airport project.

With such public investment schedule, BSC expects that by 2020, the Government may have more incentives to accelerate the disbursement progress in order to complete the socio-economic development plan for the 2016-2020 period. Especially, in the context that the global macro economy is showing signs of deceleration, the measure of increasing government consumption through public investment projects is one of the common stimulus economic policies in the world. gender. Regarding the stock market, the sectors that should gain certain benifits in 2020 from this phenomenon are:

- **The construction materials sectors** provide the source of raw materials for infrastructure construction projects for MOT projects.
- **Construction sectors** in building of infrastructure projects.

6. Amended securities law and market restructuring scheme will help restart equitization, and state capital divestment procedure as well as support the market upgrade process

By identifying one of the important goals of the project "Restructuring the stock market until 2020 with orientation to 2025" is to upgrade the market classification, in 2019, the first steps in the roadmap has been implemented.

In order to complete the legal framework, restructure investors base and reorganize the stock market, the amended Securities Law was passed at the 8th session of the 14th National Assembly, and will officially come into effect on 01/01/2021. This is an important initial step to ensure the project is carried out on schedule with appropriate quality. Key points in the Law include: (1) Securities include depository certificates, non-voting depository certificates; (2) Professional securities investors; (3) Conditions for capital offered to the public, individuals and public companies; (4) Vietnam Stock Exchange includes 2 subsidiaries HSX and HNX and (5) Regulations for securities companies and funds. In addition, the Law stipulates that the foreign ownershipratio will be prescribed by the Government and securities companies are allowed to provide securities lending services or provide advance payment services for selling securities.

The speed of the Restructuring project is negatively affected by the delay in divestment and equitization. From 2016 to 2019, the number of equitized SOEs according to Dispatch 991/TTg-ĐMDN was only at 36/128, equivalent to a completion rate of 28%. The divestment status also stagnated when as of September 2019, only VND 24,510 billion has been divested or 41% of the plan. Besides the less favorable movement of the stock market in 2019, the difficulty in valuing SOEs, especially in the establishment of paperworks relating to real estate owned by these firms, has slowed down this process. The provisions on the cost of capital sold in Decree 32 also somewhat cause delays in determining the divestment price.

In addition to the list of firms planned to be equitized under Decision 26/2019/QD-TTg and divested under Decision 1232/QD-TTg or SCIC's portfolio, **we also note that 16/34 commercial banks will have to be listed in 2020 according to the Restructuring project**. If the listings are approved, the market capitalization and total chartered capital of the whole Banking sector may increase by 7% and 28% respectively. This also means that the Banking sector will become the sector with the largest market capitalization. The listing progress will depend heavily on the ability of these banks to resolve outstanding bad debts and complete the procedures to apply Basel II from January 1, 2020 according to Circular 41/2016/TT-NHNN.

In general, with the increasing demand for public investment as well as the requirements to push forward the stock market restructuring project, equitization, divestment and new listing will be promoted in 2020. Thus, we expect that there will be legal changes related to the valuation and divestment price of SOEs.

Table 5: Commercial banks to list in 2020

Name	Chartered capital (bil VND)	Total assets (bil VND)	Expected market capitalization (bil VND)
Agribank	30,496	1,353,171	30,496
SCB	15,232	552,548	6,854
SeABank	9,369	152,559	8,901
PVcomBank	9,000	151,738	4,050
Maritime Bank	11,750	148,342	11,750
OCB	6,599	106,413	10,031
Nam A Bank	3,354	87,820	2,415
VietA Bank	3,500	72,680	700
BaoViet Bank	3,150	53,663	1,260
Viet Capital Bank	3,171	48,019	2,220
PG Bank	3,000	30,940	2,400
SGB	3,080	22,077	4,158
EAB	5,000		
Ocean Commercial One Member Limited Liability Bank	4,000		
GP Bank	3,018		2,414
Construction Commercial One Member Limited Liability Bank	3,000		
Total	**116,719**	**2,779,971**	**87,648**

Source: Banks' FS, BSC Research

The main contents of the project are aimed at improving the evaluation of both MSCI and FTSE on the operating system and the level of openness to foreign investors. If implemented in accordance with the roadmap, Vietnam's chances of an upgrade will increase. The project emphasizes (1) technological reforms to support account opening and usage; (2) diversifying and strengthening the bond market as well as the derivatives market; (3) restructuring the two stock exchanges according to the model approved in the Law; and especially (4) researching the partner clearing model at the Securities Depository Center and custodian depository bank according to international practices. These are the criteria which FTSE and MSCI believe Vietnam could improve on. Thus, with the 2020 plan for additional legal framework improvement, products reorganization and with a vision to 2025, we expect Vietnam will be notified of FTSE upgrade the earliest in 2020, and for MSCI before 2025.

During the September biannual review, Vietnam remained on FTSE watchlist for an upgrade. Fundamentally, Vietnam has satisfied 8/9 secondary emerging market criteria since the criterion "Settlement - Rare incidence of failed trades" has been rated "N/A". In the best case scenario, the upgrade notice may come as early as March 2020, and Vietnam may officially be upgraded in September 2021. For MSCI, because the criteria are more difficult to satisfy as well as the Restructuring project is in the first steps, we expect that in the most positive case, Vietnam will be added to the watchlist during the half-year review of June 2020. At the same time, if Vietnam receives an FTSE upgrade notice in 2020, we also share a portfolio of stocks that can be included in the FTSE Emerging Markets All Cap (Appendix 7, 9 and 10).

7. Vietnam at risk of being labeled currency manipulator

In the May 2019 report, US Treasury Department included five new countries, including Ireland, Italy, Malaysia, Singapore and Vietnam on watchlist for currency manipulation, which previously included China, Germany, Japan and Korea. The list expanded because United States has changed a number of criteria since May 2019.

Vietnam's trade surplus with the United States has increased over the past decade and reached 40 billion USD in 2018. The current account surplus rise higher in the past decade to more than 5% of GDP in four quarters starting from June 2018. Vietnam bought foreign exchange in quantity equal to 1.7% of GDP in 2018. Foreign exchange interventions are used regularly and in both directions to maintain a stable exchange rate with the USD. As a result, Vietnam has been placed on the watchlist because it met criteria (1) and (2) Table 6, but has not breached criteria of 12-month net buying of foreign currencies and one-way intervention in the foreign exchange market according to May/2019 report of US Treasury Department.

Table 6: Criteria for assessing monetary manipulation by US Treasury Department and status of Vietnam

Criteria	Former threshold	Current threshold	Vietnam (US Treasury Report in 5/2019)*	Vietnam (data 10M2019 yoy) **	Vietnam (GDP revised)
Major Foreign Trading Partners	12 largest trading partners	Total Bilateral Goods Trade ≥ 40 bil. USD			
Trade Surplus [(1)]	>20 bil. USD	>20 bil. USD	40 bil. USD	44.5 bil. USD	44.5 bil. USD
Current Account[(2)]	> 3% GDP	> 2% GDP	5.4%	4.6%	3.0%
Persistent, One-Sided Intervention in Foreign Exchange Markets					
- Net Purchases (% of GDP, Trailing 4Q)	> 2% GDP	> 2% GDP	1.7%	8.2%	5.4%
- Net Purchases Repetition	8/12 months	6/12 months	Net buy in the 1H 2018, and net sell in 2H2018.	NA	NA

Source: US Treasury Department, SBV, BSC Research

 (*) US Treasury Department report accounts for four quarters starting from 6/2018

(**) Calculated data based on: Export surplus of VND 10 billion in 2019; GDP of 2019 is USD 216.6 billion and GDP adjusted by GSO is USD 328 billion; Vietnam's foreign exchange reserves were USD 55.1 billion at the end of 2018 according to the US Treasury Department report, foreign exchange reserves reported by SBV were 73 billion USD by October 31, 2019.

Vietnam has the 6th largest trade surplus with the United States in 2018, and will soon surpass Ireland to have the fifth largest surplus. According to the General Department of Customs, Vietnam's trade surplus with the United States increased gradually and reached 32.3, 34.8, and 44.5 billion USD, in 2017, 2018 and 10M2019 YoY respectively. With the current export growth rate, **Vietnam will remain in the watchlist for many years to come due to violation of criteria (1) and (2), which cannot be resolved in the short term**.

Updated data in 10M2019 YoY in both cases, of GDP forecasted for 2019 and adjusted GDP forecasted for 2019, by the General Statistics Office, Vietnam has exceeded threshold of all three criteria. Deciding factor will be whether SBV intervenes by net purchasing foreign currencies continuously for 6/12 months (this information was not announced by SBV).

This report will be published periodically by the US Treasury Department in April and October. Vietnam needs to make efforts to cooperate with US Treasury Department to prove that Vietnam does not keep the value of the dong low and perform two-way foreign currency trading, in order to avoid being labelled currency manipulators in the coming periods.

Trading partners who are thought to manipulate currencies to have an unfair trade advantage, will have a year to negotiate for resolution.

- The US Treasury Department will decide whether to negotiate bilaterally or with the IMF, to eliminate unfair trade advantage.
- If negotiation provides no resolution, the United States will apply some measures such as applying higher tariff, excluding from their government procurement contracts, etc.

The United States has labeled currency manipulator with three countries: Japan (1988), Taiwan (1988 and 1992) and China (1992-1994). Impact of this event on the stock markets of those countries:

Chart 7: Movements of stock markets of countries that have been labeled currency manipulator by the US

Criteria	Japan (Nikkei 225)	Taiwan (TWSE)		China (Shanghai)
	1988	1988	1992	1992-1994
Average 3 years before being labelled	**57.0%**	**73.0%**	18.4%	78.5%
Periods of being labelled	37.2%	121.6%	-25.7%	-22.3%
1 year after being labelled	13.7%	93.0%	71.7%	-12.0%

Source: Bloomberg, BSC Research

Macro-economic picture of 2019

Economic growth

- **GDP of 2019 reaches 7.02%, completing the National Assembly's plan.**
- **IIP index in 2019 grew lower than that of 2017 and 2018.**

Figure 11: GDP over years (2014-2019)
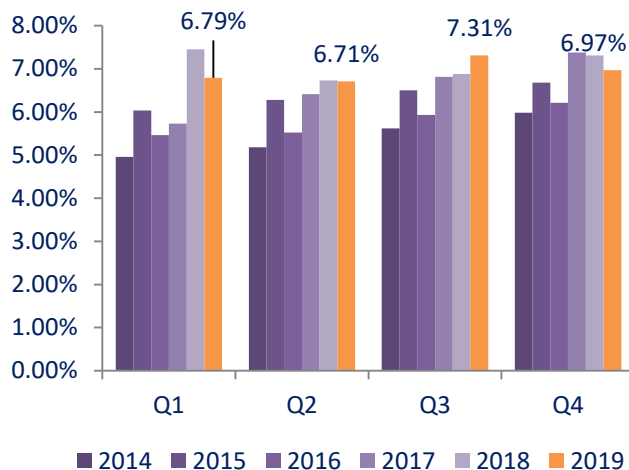
Source: GSO, BSC Research

Figure 12: GDP proportion in 2019 (%)
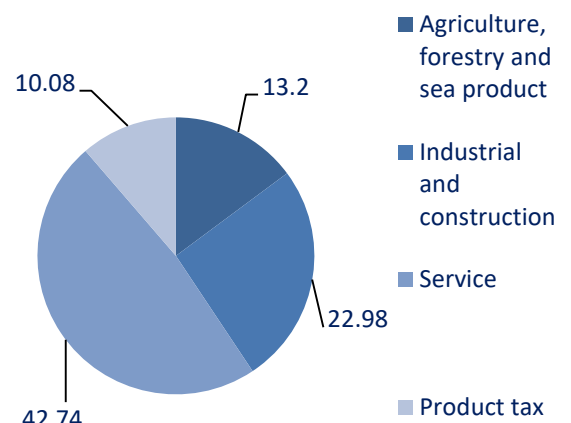
Source: GSO, BSC Research

GDP in 2019 increased by 7.02% YoY (in the first quarter increased by 6.82%, in the second quarter increased by 6.73%; in the third quarter increased by 7.48%; in the fourth quarter increased by 6.97%).

IIP index in 2019 is estimated to increase by 8.86% over the previous year. In particular, the manufacturing and processing sector continued to be a highlight of the whole industry with an increase of 11.29%, contributing 2.33 percentage points to the overall growth; power production and distribution increased by 9.14%, contributing 0.44 percentage points; water supply and waste treatment increased by 7.72%, contributing 0.05 percentage points; Mining industry increased by 1.29% after 3 years of continuous decline because crude oil production decreased by 7.7% compared to the previous year and coal and metal ore increased, contributing 0.09 percentage points to the general increase.

Consumption index for the whole manufacturing in December 2019 increased by 1.1% MoM and by 10.4% YoY. For the whole year of 2019, the consumption index of the whole manufacturing industry increased by 7.5% over the previous year (2018 increased by 12.4%), of which some industries had a high consumption index: Metal production an increase of 22.9%; production of coke and refined petroleum products increased by 18.4%; print, copy of all kinds of records increased by 15.9%.

Inventory index of the whole manufacturing industry was estimated to increase by 13.6% as of the same period last year as of December 31, 2019 (up by 14.1% in the same period in 2018), of which some

industries with inventory index increased lower than the general rate or decreased: Manufacture of electronic products, computers and optical products decreased by 52.5%; medicine, pharmaceutical production and medicinal materials decreased by 24.6%; print, copy of all kinds of records decreased by 19.3%.

Figure 14: IIP growth over the years
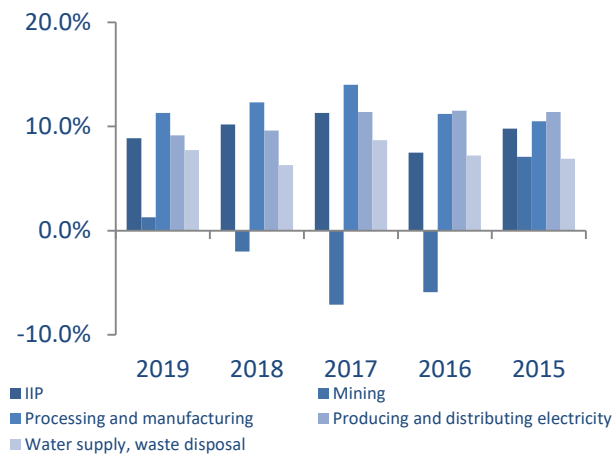
Figure 15: IIP and PMI over the years

Source: GSO, BSC Research
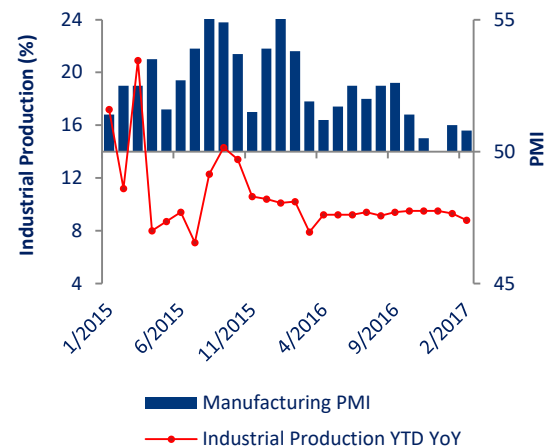
Source: GSO, BSC Research

November PMI index increased to 51 after falling from 50.5 in October, which is lower than the yearly average of the year at 51.6 points (average level in 2018 was 53.7 points). Cargo production increased again for the first time after August 3, 9, 10 of 2019. The number of new orders also increased faster. Jobs also rebounded when entering the middle of the last quarter of the year. Meanwhile, the rate of cost increase has reduced to a low level of 11 months, with output prices falling accordingly. This foreshadows the trend of increased production and employment in the coming months as companies continue to work to meet new orders.

Inflation

- **December CPI was + 1.4% MoM and up 5.23% YoY due to 9/11 price increases of goods and services.**
- **The average CPI in 2019 is 2.79% compared to the average in 2018 and meets the parliamentary goal.**

CPI in December increased due to several main reasons:

- The food and catering services sector has the highest increase of 3.42%, mainly due to the increase of 4.41% in the food group (making the general CPI increase by 1%).
- The transport sector increased by 0.61% due to the impact of the petrol and oil price adjustment on November 30, 2019 and the decrease adjustment on December 16, 2019, causing the price of petrol and oil to increase by 1.27% (impact causing CPI to increase by 0.05%).
- Housing and construction materials sector increased by 0.43% as domestic gas price increased by 1.03% and housing repair service price increased by 0.37%.

Table 8: Increase/decrease in groups of goods and services in December

TT	Goods and Services	MoM (%)	YoY (%)
1	Food and catering services	3.42	9.17
2	Traffic	2.44	2.27
3	Medicines & medical services	0.33	1.49
4	Housing & construction materials	0.43	5.12
5	Entertainment culture	0.14	1.34
6	Drinks and cigarettes	0.03	2.99
7	Apparel, hats, shoes	0.61	3.52
8	Household appliances	-0.09	-0.7
9	Education	0.01	4.25
10	Post and Telecommunication	0.09	1.7
11	Other	0.24	3.14
	Consumer Price Index	**1.4**	**5.23**

Source: GSO, BSC Research

Figure 16: CPI movement over the years
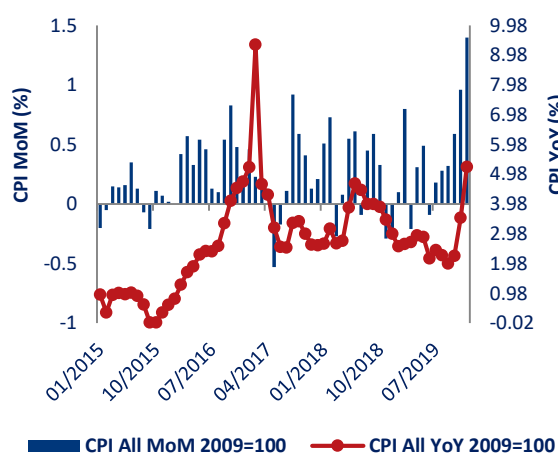
Figure 17: Retail sales

Source: GSO, BSC Research

Average CPI in 2019 increased by 2.79% for several main reasons:

- The price of electricity increases according to the Decision No. 648 / QD-BCT dated March 20, 2019 of the Ministry of Industry and Trade, along with the increasing demand for electricity on Tet and hot weather in the second quarter of 2019 and in the third quarter of 2019, the electricity price for living increased by 8.38%.

- The localities adjusted the prices of medical services, medical examination and treatment services according to Circular No. 13/2019 / TT-BYT and Circular No. 14/2019 / TT-BYT, making the price of medical services increased by 4.65% (the This led to an overall CPI increase of 0.18%).

- Continuing to implement the roadmap to increase tuition fees according to Decree No. 86/2015 / ND-CP so the price index of educational services in 2019 increased by 6.11% compared to 2018 (the impact caused CPI to increase by 0.32%).

- An increase in the price of textbooks for the 2019-2020 school year of Vietnam Education Publishing House caused the stationery price index to increase by 3.32% over the same period last year.
- There are also some market factors, such as the price of food items up 5.08% (the average price of pork in 2019 increased by 11.79%).

The total retail sales of consumer goods and services in December were estimated at VND 433.2 trillion, up 1% MoM and up 12% YoY. Generally, for the fourth quarter of 2019, total estimated retail sales of consumer goods and services reached VND 1,287.5 trillion, up 2.8% QoQ and 12.5% YoY.

In 2019, total retail sales of consumer goods and services reached VND 4,940.4 trillion, up 11.8% compared to the previous year, if excluding the price factor, the increase of 9.2% (in 2018 increased by 8.4%).

Foreign direct investment (FDI)

- **Registered FDI in 2019 reached USD 22.5 billion (-11.2% YoY) compared to the same period last year. However, FDI disbursement in 2019 increased by 6.7% YoY to USD 20.4 billion.**
- **FDI focused mainly on processing and manufacturing sectors, accounting for 72.2%.**
- **In 11M2019, Ho Chi Minh City attracted investment capital of US $ 1.43 billion, accounting for 9.76%, leading the country.**

Figure 18: Registered and disbursed FDI
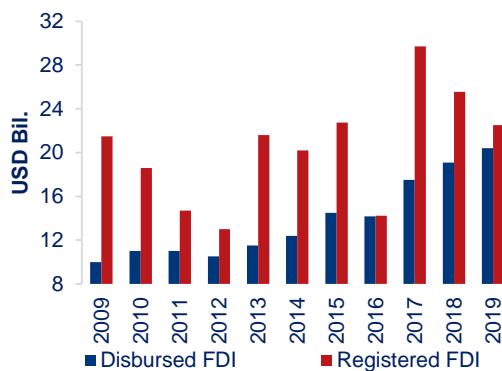
Figure 19: Import and export (billion USD)
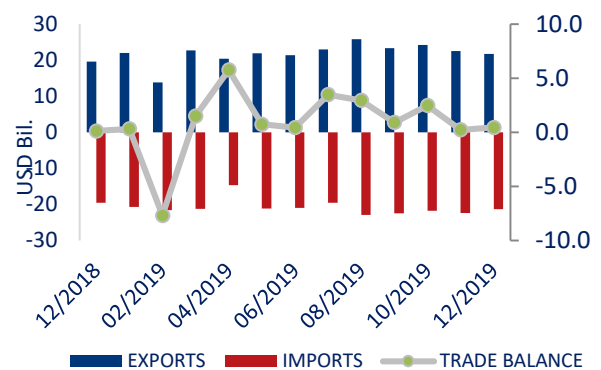
Source: GSO, BSC Research

Total newly and additionally registered FDI capital by December 20, 2019 of 3,883 projects (+ 27.5% YoY) reached US $ 16.7 billion (-6.8% YoY), plus USD 5.8 billion of adjusted registered capital of 1,381 projects. **The project was licensed in previous years. Thus, the total newly and additionally registered FDI capital reached USD 22.5 billion (-12.1% YoY). FDI decreased compared to 2018 because this year there is no billion-dollar project in 2019.**

Realized FDI capital in 2019 was estimated at USD 20.4 billion, up 6.7% as compared to the same period in 2018.

Proportion of FDI in 2019: The newly licensed and licensed foreign direct investment industry with the total registered capital of projects reached USD 12.09 billion, accounting for 72.2% of the total registered

capital. New level; real estate business reached USD 1.82 billion, accounting for 10.8%; wholesale and retail industry, repair of automobiles, motors, motorbikes reached USD 0.89 billion, accounting for 5.3%; the remaining sectors reached USD 1.95 billion, accounting for 11.7%. If including the additional registered capital of the licensed projects from the previous years, the foreign direct investment in the processing and manufacturing industry in the year reached USD 17.46 billion, accounting for 77.5% of the total registered capital. ; wholesale and retail industry, repair of automobiles, motors, motorbikes reached USD 1.16 billion, accounting for 5.1%; real estate business reached USD 1.12 billion, accounting for 5%; the remaining sectors reached USD 2.79 billion, accounting for 12.4%.

In 11M2019, the top 3 regions attracting FDI registered nationwide: Ho Chi Minh (USD 1.43 billion - 9.76%), Binh Duong (USD 1.42 billion - 9.67%), Hanoi (USD 1.02 billion - 6.99%).

In 2019, Japan is the largest direct investor in Vietnam with an investment capital of 6.59 billion USD, accounting for 36.7% of the total newly registered capital; followed by South Korea with 3.66 billion USD, accounting for 20.3% and Singapore with 1.42 billion USD, accounting for 7.9%.

Trade balance, Import and Export

- **For 2019, Vietnam's trade balance is estimated at trade surplus of USD 9.9 billion.**
- **Export turnover for 2019 reached VND 263.45 billion, up 8.1% over the same period last year while import turnover reached VND 253.51 billion, increased by 7% over the same period last year.**

In 2019, export turnover is estimated at USD 263.45 billion, up 8.1% YoY, of which the domestic economic sector reached USD 82.10 billion, up 17.7% YoY; FDI sector (including crude oil) reached USD 181.35 billion, up 4.2% YoY. From the beginning of the year to December 15, electronic components phone was at the leading position, reaching USD 49.91 billion (+ 4.4% YoY). Next, Computers, electronic products and components + 17.5% YoY reached USD 34.01 billion. Textile and garment in 3rd place reached USD 31.1 billion (+ 11.1%).

In 2019, import turnover was estimated to reach USD 253.51 billion, up 7% YoY, of which the domestic economic sector reached USD 108.01 billion, up 13.8 YoY%; foreign invested sector reached USD 145.50 billion, up 2.5% YoY. Of which, the domestic economic sector gained USD 10.15 billion, up 5.9% MoM; and up 16.9% YoY. Foreign-invested sector reached USD 12.65 billion, up 7.6% MoM, and 6.6% YoY. From the beginning of the year to December 15, the import items in large turnover including computers, electronic components reached USD 49.11 billion (+ 21.5% YoY), machinery and equipment USD 34.76 billion (+ 8.2% YoY), Phones, components reached USD 13.9 billion (-7.7% YoY).

Total import and export turnover in 2019 is estimated at USD 516.69 billion, up + 7.3% YoY, the trade balance is estimated to reach a record level, a surplus of USD 9.9 billion, up sharply compared to USD 6.8 billion in 2018. This achievement was achieved by the impact of the US-China trade war, which resulted in growth in market share of computers, components and other machinery.

Figure 20: Top 10 exported goods till 1H December (billion USD)

Goods	Value
Fibers and yarns of…	3.83
Steels	4.35
Means of transport at	7.60
Seafood	8.40
The wood	8.43
Footwear	15.76
Devices	15.41
Computers,…	28.00
Textile	28.95
Phones, components	47.79

■ Export Accumulated to 15/12/2019
■ Export Accumulated to 15/12/2018
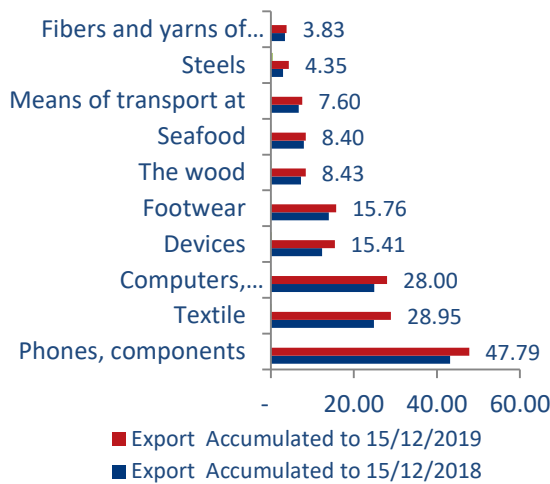
Figure 21: Top 10 imported goods till 1H December (billion USD)

Goods	Value
Chemistry	4.93
Textile materials	5.50
Products from plastic	5.63
Other metals	7.00
Plastic	8.68
Iron and Steel	9.46
Fabrics of all kinds	12.24
Phones, components	15.12
Devices	32.12
Computers,…	40.41

■ Import Accumulated to 15/12/2019
■ Import Accumulated to 15/12/2018
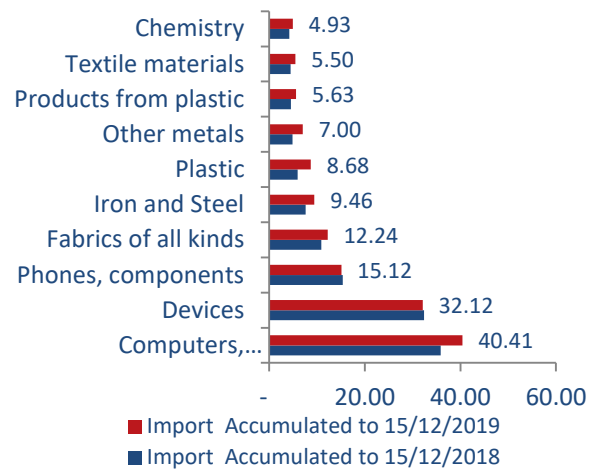
Foreign Exchange market

USD / VND exchange rate maintained a sideways trend in 2019 due to the impact of the US-China trade war and the loosening financial policy of the Fed. As of December 31, for USD/VND, the interbank exchange rate decreased slightly by -0.98% YTD, while the free rate also decreased slightly by -0.39% YTD. The decline of USD/VND exchange rate increased after the Fed signaled to reduce interest rates, creating pressure on VND. The effects of trade tensions between China and the United States put pressure on the value of countries' currencies. From the beginning of the year to December 31, 2019, the Dollar Index (DXY) increased by 0.54% and the dollar both appreciated against many other currencies such as CNY (-1.79%); EUR (-2.32%), CHF (1.46%), INR (-1.14%), and BRL (-3.09%). (Appendix 11)

Figure 22: Development of USD/VND in 2019

Free Rate (Left)   Interbank Rate (Left)   SBV Rate (Left)
— — SBV Rate Band (Left)   Dollar Index (right)
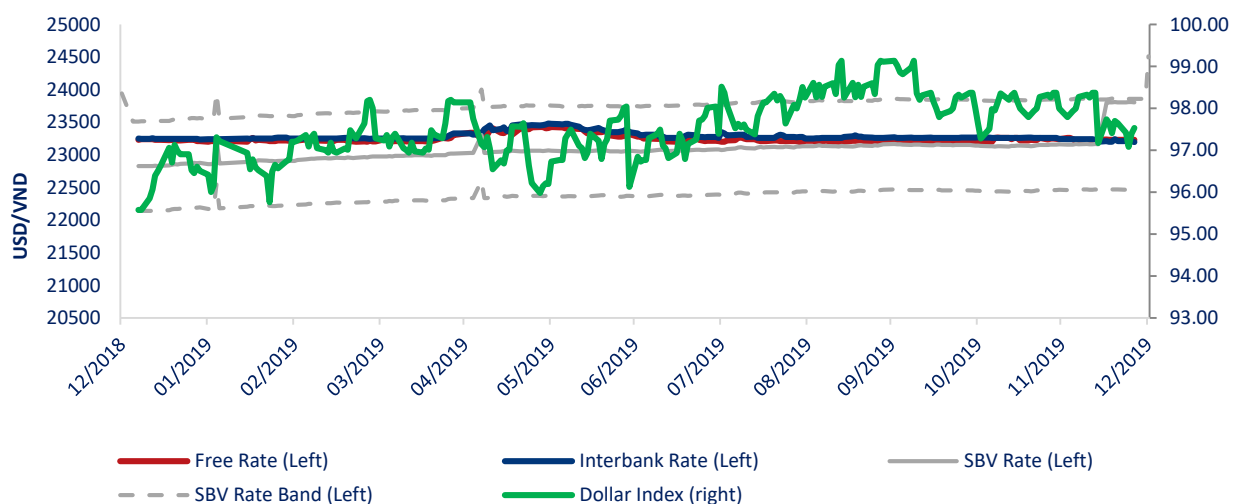
Source: Bloomberg, BSC Research

Bank – Interest rate

- **By the end of 2019, credit growth in 2019 reached about 13.5-13.7%, down from 14% in 2018.**
- **Deposit rates started to decline in the last two weeks of the year according to the SBV's Decision No. 2415.**

Credit growth is lower than the SBV's target of 14%, reflecting that banks maintain credit regulation activities to potentially risky areas such as consumer loans or real estate. Higher capital mobilization in 2017 reflects the improvement of asset quality by banks, aiming to complete Basel II standards by 2020. Pressure on interest rates on the banking system in 2019 is reduced due to FED lowering interest rates and the fade off trade war tensions at year-end. Bank liquidity is more abundant and under less pressure from USD / VND exchange rate increase compared to 2018. As of December 27, interbank interest rates have risen again after a sharp decline in the period from September to November. Interest rates for overnight, 1 week, 1 month, 3 month and 6 month terms were 1.74%, 2.36%, 3.44%, 4.06%, and 4.33% respectively.

Short-term deposit rates began to decline in November after the SBV reduced the maximum deposit rates for short-term deposits (from 1% to 0.8% for deposits of less than 1 month, and from 5.5% to 5% for Deposit from 1 to 6 months). Lending rates for common business sectors increased slightly compared to 2018, reflecting the reduction of short-term capital ratio for medium-long-term loans by banks according to the SBV's roadmap. Lending rates for normal business sectors are at 4.5% -5.5% / year for short term; 5.2-7.7% for medium-term interest rates and 6.0% -8.6% / year for long-term interest rates. The common lending interest rate for priority fields is 6% -9% / year for short-term, 9% -11% / year for medium and long-term, similar to 2018, when the SBV only reducing lending interest rate in this region from 6.5% to 6%.

Figure 23: Interbank interest rates
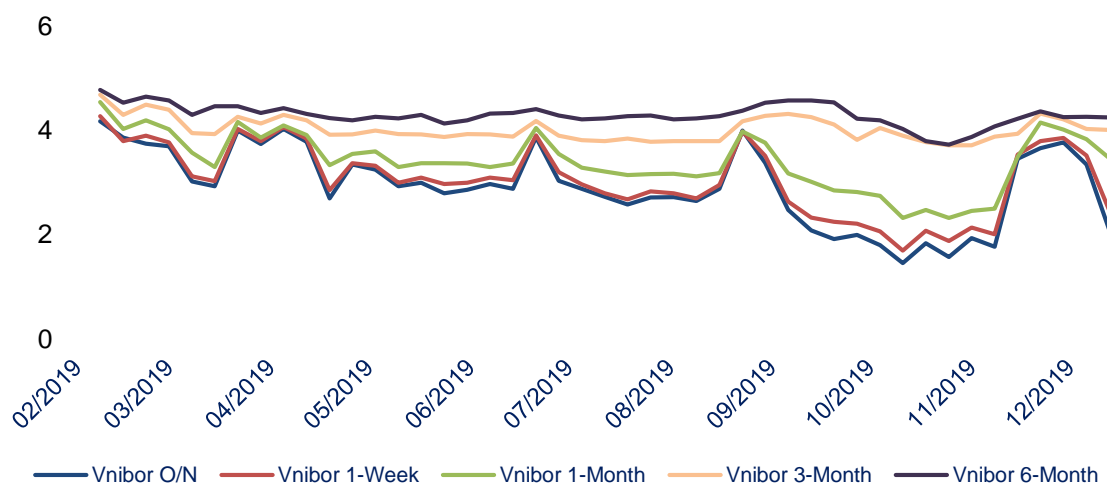
Source: Bloomberg, BSC Research

Table 9: Lending rates

Period	2018	2019M12	Diff
VND short	6.0– 9.0	6.0– 9.0	0.0
VND mid, long	9.0– 11.0	9.0 – 11.0	0.0
USD short	2.8 – 4.7	3.0 – 4.7	0.2
USD mid, long	4.5 – 6.0	4.5 – 6.0	0.0

Table 10: Financing rates

Period	2018	2019M12	Diff
VND			
0 - 1 month	0.5 – 1.0	0.2 – 0.8	(0.2)
1 month - 6 month	4.5 – 5.5	4.3 – 5.0	(0.2)-(0.5)
6 month - 12 month	5.5 – 6.5	5.5 – 7.0	0.5
12 months above	6.6 – 7.3	6.6 – 7.5	0.2
USD			
Civilians	0	0	0
Institutions	0	0	0

Source: FiinPro, BSC Research

Economic indicators over the years and forecasts for 2020

- **GDP in 2020 is estimated to reach a growth rate of 6.6-6.8% due to:**
  - ➢ The consumption sector has reached VND 4.19 million, accounting for 68.8% of GDP (2018 is 67.7%), showing that the consumption component remains to be a solid pillar. The growth rate will remain at 11.8%, illustrating a stable internal economic situation. This activity segment has not shown any sign of weakening in domestic businesses, showing that the growth trend in this component will still be maintained in 6M2020.
  - ➢ Regarding government consumption, the disbursement of public investment as of December 30, 2019 is very low, only 62.9% of the plan, equivalent to VND 270 trillion. The figures are quite low compared to the same period last year although the government has issued circulars and resolutions to accelerate disbursement progress. This shows that the economic growth this year mainly comes from other sectors. By 2020, in the context that the world economy is showing signs of recession, the government will have more incentives to promote the disbursement of public investment capital to prevent the slowdown of the economy.
- **CPI is expected to fluctuate between 3.4-3.5% in 2020.** CPI continued to show signs of rebound in November and December due to the sharp increase in pork prices after the cholera epidemic cycle has depleted the supply. Currently, oil price is still trading at a relatively low price channel, WTI oil price is still trading in the price channel of 57-60 USD/barrel and Brent oil price is at 60-65 USD/barrel. CPI in 2020 is expected to be in the range of 3.4-3.5% due to:
  - ➢ Oil prices are expected to move sideways as OPEC will continue to cut oil and gas production and the US will maintain supply to the market. Although geopolitical tensions will continue for a long time, worries about demand will increase as worries about global recession increase.
  - ➢ Electricity prices are expected to continue to rise as Vietnam's economy will continue to grow and power shortages are still occurring at the peaks during the summer months.
  - ➢ The rebound of pork price led to a sharp increase in the CPI.
- **In 2020, BSC estimates that the export growth rate will fall back to 5.6% and imports will be at 6.5%. Total import-export turnover reached 541.5 billion (+ 4.7%) with a trade surplus of 8.29**

billion USD. In 2020, if President Trump continues raising taxes for Chinese goods, Vietnamese businesses will only benefit a little more because of the apparent saturation. This development is reflected in the declining PMI index with decreasing number of export orders and the prolonged delivery time due to the supply chain not meeting production needs. The import-export growth rate of 2020 will depend on the next phase of the US-China trade situation, but the deceleration in growth of total turnover is quite obvious when the internal economyis in saturation state. In addition, the amount of imported goods in 2020 may increase again due to the investment wave arising from the signing of the EVFTA trade agreement in 2020. This event will boost the demand for importing machinery and equipment and raw materials to meet the standards and productivity to access EU market next year.

- USD/VND exchange rate is expected to continue to fluctuate in the range of 23,200 -23,300 for the end of 2019 when important macro events have taken place without any siginificant effect on the exchange rate fluctuations. **In 2020, the USD/VND exchange rate will fluctuate from 23,300-23,500 at the margin of 0% - 0.9%.** The exchange rate in 2020 will be influenced by the trend of slowing economic growth and the US-China trade war:
    - ➢ If global macroeconomic indicators continue to weaken, the USD will return to safe haven assets like previous crises. This phenomenon will increase the value of USD in the world market. USD/VND exchange rate will also be strongly affected by this trend and may rise to 23,500 USD /VND.
    - ➢ If global macroeconomic indicators rebound, USD/VND exchange rate is expected to maintain a sideways trend in the 23,200 -23,300 price range in 2020.

The export reached a large surplus of USD 9.9 billion in 2019, along with the foreign exchange reserves of nearly 79 billion, large remittances of 16-17 billion dollars still ensure a fairly stable exchange rate increase amplitude and at a low level in line with state bank policies in 2020.

- **Public debt and government debt are likely to decline again in 2020, due** (1) GDP continues to maintain the growth rate and (2) The Government actively controls and reviews public investment projects to improve the efficiency of public investment. (3) The difficult economic context will encourage the government to accelerate disbursement to ensure economic growth of 6.8%.

- **Credit growth is estimated to reach 12% -13%** by 2020 when the government is still aiming to improve and improve credit quality in Vietnam's economic growth model.

- **FDI investment in 2020 will also be in the range of USD 20-23 billion when there are no new signals of registered FDI trend based on current macro information.** In 2019, FDI inflows to Vietnam grew positively and steadily from January to May, but plummeted in June because Vietnam has not had a billion-dollar major investment project since the beginning of the year. The amount of FDI registered also increased again in the remaining months of the year and decreased only about 11% in November 2011 from 36.5% of June 619. The sources of direct investment remain small and medium and are mainly from Eastern countries such as China, South Korea and Japan. With post-registered FDI seeing an average increase in 11M2019 at $ 1.87 billion, direct investment in 2019 will reach $ 22.47 billion by the end of 2019 if the registered FDI situation does not improve and there is no new billion-dollar project. come on.

- **FDI disbursement is estimated to reach USD 22 billion by 2020 (+ 8.9%).** Capital disbursement has been growing steadily since the beginning of the year, with an average disbursement of USD 1.67 billion (2018 is 1.59 billion). The growth trend is expected to continue when foreign enterprises have to build factories to supplement the production chain in import and export

activities. In addition, the government is also continuing to accelerate the administrative disbursement speed in order to ensure socio-economic development plans.

Table 11: Economic indicators over the years and forecasts for 2020

Indicator/Year	2015	2016	2017	2018	2019	2020E
GDP YoY (%)	6.7	6.2	6.8	7.08	7.02	6.6-6.8
Inflation (%)	0.62	4.7	3.5	2.98	5.3	3.4-3.5
Export (Billion USD)	162.4	175.9	211.9	243.5	263.45	278.25
Import(Billion USD)	165.6	173.3	209.3	236.7	253.51	269.96
Trade balance (billion USD)	-3.54	2.6	2.7	6.80	9.9	8.29
Exchange rate (VND/USD)	22,485	22,365	22,750	23,355	23,229	23,300-23,500
Public debt/GDP (%)	61.3	63.6	61.3	58.4	57.4	55-56
Government debt/GDP (%)	49.2	52.7	51.7	50	49.9	49.7
Credit growth (%)	17.29	18.7	17	14	13	12-13
FDI disbursed (billion USD)	22.76	20.9	29.7	25.57	22.5	20-23
FDI registered (billion USD)	14.5	15.80	17.50	19.1	20.4	22

Source: BSC Research

Vietnam stock market movements in 2019

2019 is a volatile year for Vietnam's stock market. In the first months of the year, VN-Index recovered from the low price area of 2018 thanks to improved business results and strong foreign cash flow into the market. In the remaining time, the index mainly moved sideways in struggling and short-term rebound back to 1,000 points. Positive domestic macro signals such as the signing of EVFTA trade agreement, interest rate cuts by SBV, the passage of revised Securities Law or the introduction of new products did not seem to support the market sentiment. The movement of VN-Index during the last months of the year leveled off and went against the strong uptrend of MSCI Index for developed and emerging regions. This also led to a situation where foreign investors allocate their assets to markets such as India, Indonesia, and Taiwan.

Foreign capital still plays a leading role in Vietnam stock market in 2019 with a net buying of VND 7,339 billion on all 3 exchanges, equivalent to USD 315 million, down -83% YoY. Contrary to last year, foreign capital flows are being allocated to other markets in regions outside Vietnam, especially towards countries considered emerging markets. Although the cash flow has decreased, Vietnam continued to receive capital inflows for 3 consecutive years.

The market capitalization of all 3 exchanges reached VND 4,427.25 trillion, equivalent to USD 190 billion, up +10.64% compared to 2018. The scale of UPCOM exchange was overwhelming compared to HNX and reached over 952.57 trillion, up +2.1% YoY. The delay of SOEs equitisation and divestment trend led to a decline in the capitalization growth rate of Upcom.

The average liquidity on the HSX and HNX was VND 4,444 billion/session, down sharply from VND 6,283 billion/session in 2018, corresponding to a decrease of -29.3%. The liquidity increased sharply and reached the highest level in March with an average of VND 5,347 billion/session.

The stock market has been moving in line with the forecast that the aquaponics and textile sector continue to benefit from the trade war as well as the industrial real estate sector from shifting in supply and production chains. This is accordingly discussed in BSC's report VIETNAM MACRO & MARKET OUTLOOK 2019. In general, market movements in the quarters are also accurately forecasted in our macro and market reports.

The macroeconomic picture of 2019 has seen positive changes when Vietnam takes advantage of opportunies from the unpredictable fluctuations of the trade war and concerns for economic recession. The passing of amended Securities Law, introduction of new products and the expectation of a market upgrade are important growth drivers. Therefore, we expect the economy's growth rate will be maintained in 2020 and will be reflected more positively in the index. The retail, transportation, aquaponics, and textile sector are forecasted more positively next year.

The flow of events

Starting from the accumulation area at the end of 2018, in 2019, the two stock indices on the HSX and HNX recorded mixed gains and losses of + 7.67% and -1.65%, respectively. Compared to the strong fluctuations of previous years, the market was almost sideway alternating with short increase and decrease beats and low liquidity. The average trading value per session on both exchanges reached 4,444 billion VND, equivalent to 191 million USD, -29.30% compared to 2018.

Chart 24: The flow of events of VN-Index
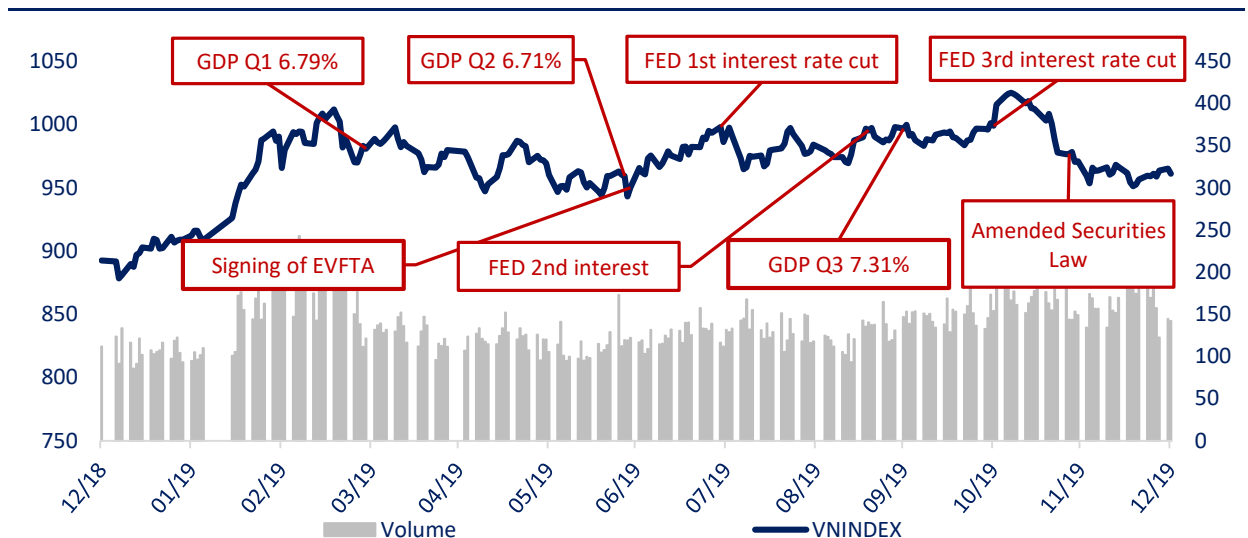
Source: BSC Research

The general trend is sideways alternating between short increase and decline periods, market movements can be divided into 3 phases:

- **Phase 1 (from Jan 2, 2019 to March 19, 2019):** The first three months of 2019 recorded a sharp increase of +12.8% thanks to improved domestic business results compared to the previous year. This was also the period when foreign investors net bought approximately VND 5,166 billion. Foreign macro factors include the Fed's halt to raising interest rates and positive expectations from the US-China trade talks. After that, the fear of economic recession quickly pulled VN-Index down to the accumulation area.

- **Phase 2 (from March 20, 2019 to September 19, 2019):** The index dropped slightly by 1.2% and mainly moved to accumulate below 1,000 points. During this period, the market struggled between interest rate cuts from a series of major central banks in the world to support the growth and the unfavorable movements of trade negotiations between the US and China. Domestically, business results showed an improvement compared to the previous year and was one of the motivations for the short-term rebond back to the threshold of 1,000 points.

- **Phase 3 (from September 20, 2019 to December 31, 2019):** After nearly five months of accumulation, the index returned to 1,000 points and at times rose to the highest level of the year (1,024.91 points). However, foreign investors' net selling pressure during this period pushed VN-Index back to the low price area, while reducing the growth of the index.

Chart 25: VN-Index performance
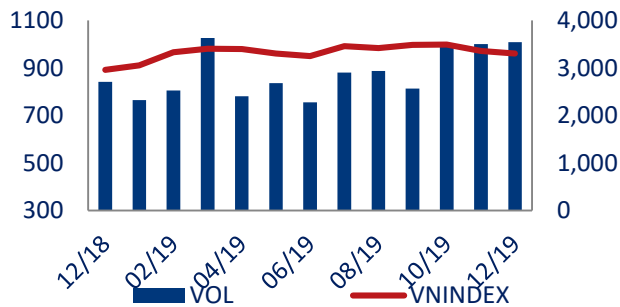
Chart 26: HNX-Index performance
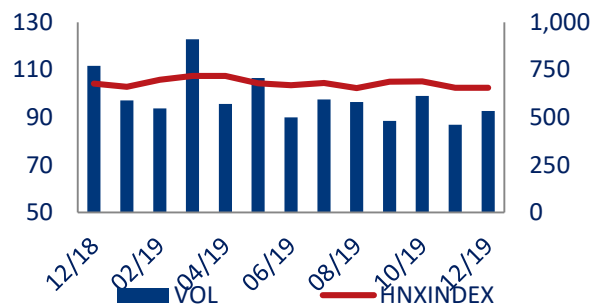
Source: HNX, HSX, Bloomberg, BSC Research

Performance of Index groups

As of December 31, 2019, the performance of all groups increased slightly in the same direction with the movement of VN-Index. In which, Pennies recorded the strongest performance with +19.2%, LargeCap +11.5%, VN30 +2.8% and VN-Index +7.7%.

For the whole year, BSC divides stock movements into 3 phases (1) in the first 4 months of the year (2) next 5 months (2) the last 3 months. Specifically, VN Index surged in the first period thanks to the good increase of VN30 group when receiving capital from foreign investors. The cash flow also directed to the MidCap, SmallCap and especially Pennies groups during this period, causing all three groups to uptrend while the LargeCap group kept a negative performance. Phase (2) is the cumulative span of all stock groups. Strong corrections of Large and MidCap groups when foreign macro signals, particularly US-China trade tensions, had negative movements, and the inverted yield curves appears. Phase (3) begins with a move to cut interest rates of a number of large central banks in the world and simultaneously of Vietnam. The change in a series of macroeconomic policies to support growth and the market has spurred cash flow into groups, especially LargeCap and VN30. After exceeding the threshold of 1,000 points, the market quickly dropped deeply and moved less actively in the last 3 months.

In 2019, the differentiation of stock groups by capitalization becomes more pronounced. The performance of the VN30 group only matched the performance of the VN-Index in the first 3 months of the year while the remaining 9 months recorded worse performance. During the accumulating period in the middle of the year, Large and MidCap are the only two groups to record negative performance.

Chart 27: Selected marketcap stocks performance
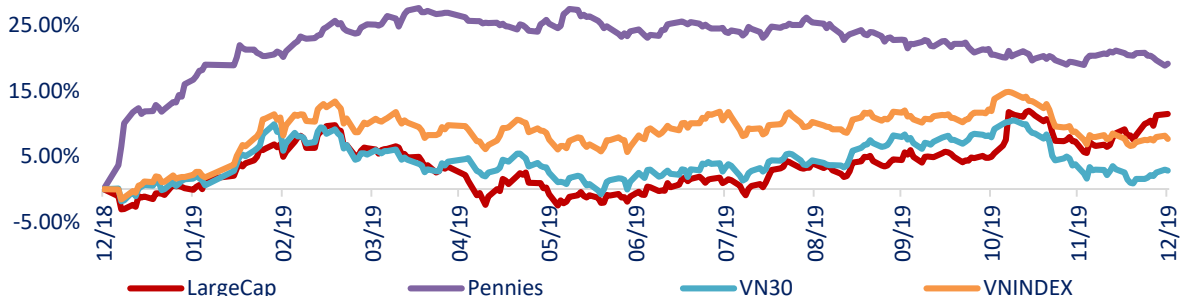
Note: BSC divides stocks into capitalization groups accordingly (1) LargeCap: >2,000 billion dong, (2)MidCap: 1,000-2,000 billion dong, (3) SmallCap: 500-1,000 billion dong, (4) Pennies: <500 billion dong.

Market statistics in 2019

Market liquidity

By the end of December 2019, the average liquidity of the whole year on the HSX and HNX reached VND 4,444 billion/session, down sharply from VND 6,283 billion/session in 2018, corresponding to a decrease of -29.3%. The liquidity increased sharply and reached the highest level in March with an average of VND 5,347 billion/session. This is also the month VN-Index exceeded 1,000 points for the first time. However, the excitement of the market did not last long as the index quickly retreated to the low price area of the year and moved sideways for the next six months. This led to the average liquidity in the market during these months to be at only approximately VND 4,500 billion/session. With the VN-Index accumulating and uptrending in the last 3 months, liquidity also accordingly improved. The absence of IPOs or major divestments sale this year has also had a negative effect on the transaction value of the market.

Chart 28: Average turnover in 2019
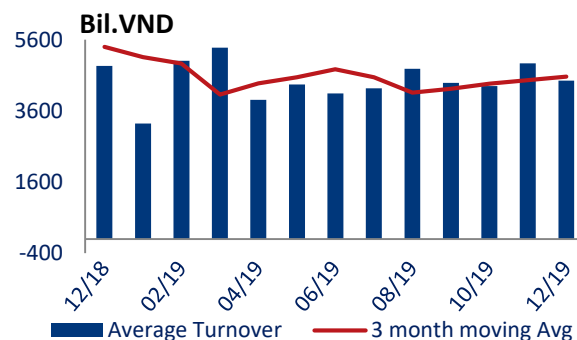
Chart 29: Market capitalization
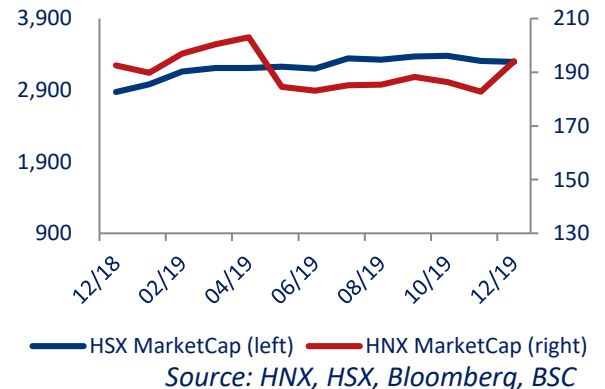
Source: HNX, HSX, Bloomberg, BSC

Market capitalization

By the end of December 31, 2019, the market capitalization scale of all three exchanges reached VND 4,427.25 trillion or USD 190 billion, up +10.64% compared to 2019.

The market capitalization scale of UPCOM continued to overwhelm the HNX and reached VND 952.57 trillion, a slight increase of +2.1% YoY. HNX reached 194.75 trillion dong, up slightly +1.2% YoY. The slowdown in SOEs equitisation state capital divestment in the past year have negatively affected the capitalization growth rate of UPCOM.

Compared to the end of 2019, the number of stocks listed on the HSX increased by only 6 (+ 1.6%), Upcom received another 70 (+8.6%) and HNX dropped 10 (-2.7%). The whole market has 1,526.9 million unlisted securities units. In particular, stocks were 802.9 million, bonds 145.1 million, ETF 495.4 million, and CW 83.5 million. The number of shares listed for the first time is 2,998.07 million and the additional listing is 3,881.04 million. The ETF does not have initial listed securities and 228.2 million additional

listings. Fund certificates are not listed for the first time and for additional listing. Growth in the number of stocks listed on Upcom and HSX decreased mainly due to the absence of IPOs, divestment sale and large equitization. However, BSC expects that equitization and divestment of SOEs will be accelerated in 2020, thereby providing the market with more products and promoting the growth of capitalization of Upcom.

Foreign transaction

Foreign capital inflows continued to play a leading and directional role in 2019, especially in the first half of the year and peaked in May. The net buying of foreign investors only took place in the first 7 months. As of December 31, foreign investors net bought 7,339 billion dong on all 3 exchanges, equivalent to USD 315 million, -83% YoY.

The net withdrawal of foreign investors took place in the last 5 months of 2019, especially with August, October and December recording net selling of over VND 1,000 billion per month. In 2020, we expect foreign capital inflows to return to the market when the ETFs deployed under the new indices officially come into operation.

Foreign investors also focused on Upcom when buying a net of VND 1,828.2 billion and focused on QNS (606.93 billion dong), VTP (520.88 billion dong), MPC (489.42 billion dong), ACV (155.35 billion dong). dong), HFT (119.98 billion dong).

Chart 30: Foreign transaction 2015-2019
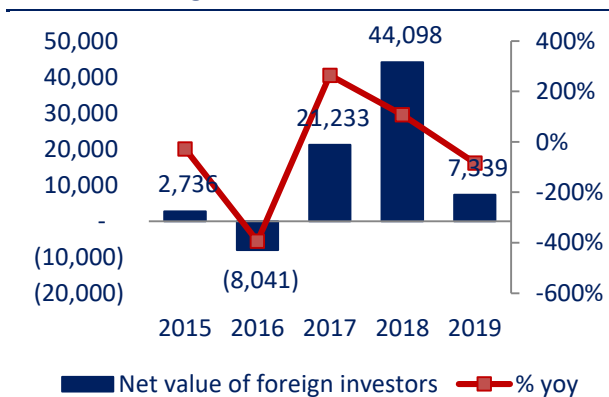
Table 12: Foreign transaction in Asia(USD million)

Country	Dec 2019	Quarter 4	YtD
India	1,139	6,350	14,511
Indonesia	571	(191)	3,465
Japan	(965)	39,475	(28)
Malaysia	(244)	(730)	(2,635)
Philippines	(173)	(358)	(240)
Korea	1,024	(2,208)	924
Taiwan	1,059	7,115	9,449
Thailand	(811)	(1,323)	(1,495)
Vietnam	(51)	(179)	182

Source: Bloomberg, BSC Research

Chart 31: Foreign transaction on HSX
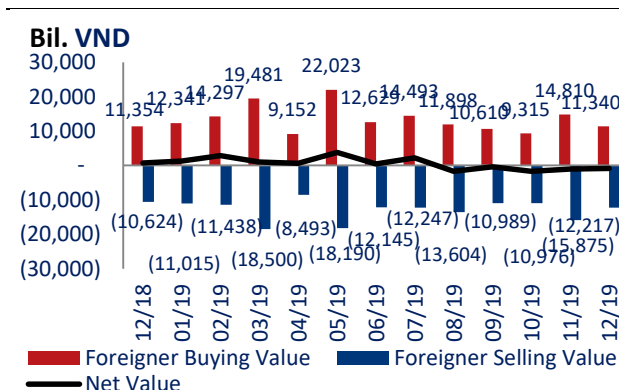
Chart 32: Foreign transaction on HNX
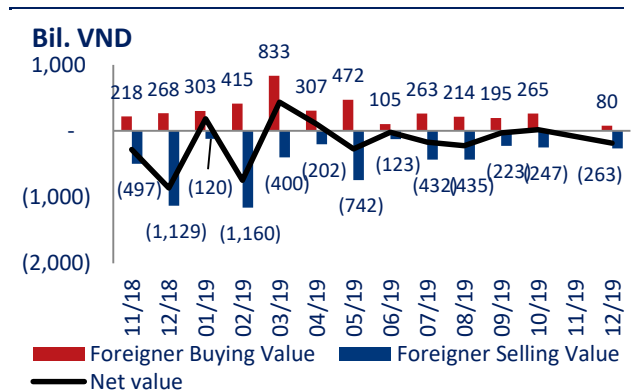
Source: Bloomberg, BSC Research

Contrary to last year, foreign capital flows are being allocated to other markets in regions outside Vietnam, especially towards emerging markets. Although the cash flow has decreased, Vietnam continues to receive capital inflows for 3 consecutive years.

Foreigners net bought VIC (5,272 billion dong – including a deal of 5,896 billion dong from SK Group), E1VFVN30 (2,430 billion dong), PLX (2,101 billion dong), VCB (1,754 billion dong) on HOSE and net sold VJC (-2,480 billion), VHM (-1,485 billion), VNM (-1,233 billion), HDB (-1,057 billion), DHG (-661 billion).

Foreign investors net bought of PVI (533 billion), CDN (402 billion), NVB (179 billion), SHB (97 billion) on HNX, and strongly net sold NET (-208 billion), CEO (-137 billion), SHS (-103 billion), ACB (-84 billion), TNG (-71 billion).

Chart 33: Top 10 net bought stocks on HOSE
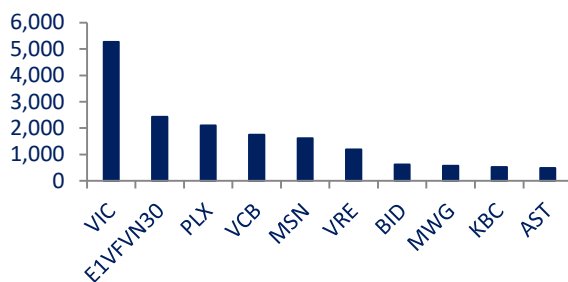
Chart 34: Top net bought stocks on HNX
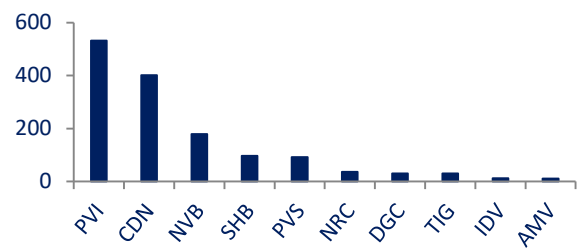
Source: FiinPro, BSC Research

Chart 35: Top 10 net sold stocks on HOSE
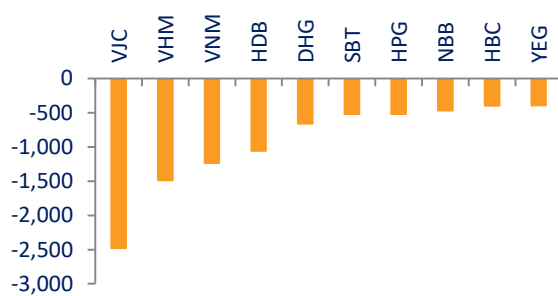
Chart 36: Top net sold stocks on HNX
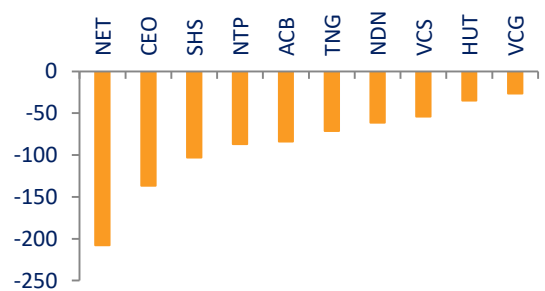
Source: FiinPro, BSC Research

ETFs all recorded growth in size and outstanding shares in 2019.

Chart 37: Total asset and outstanding shares of ETF VNM
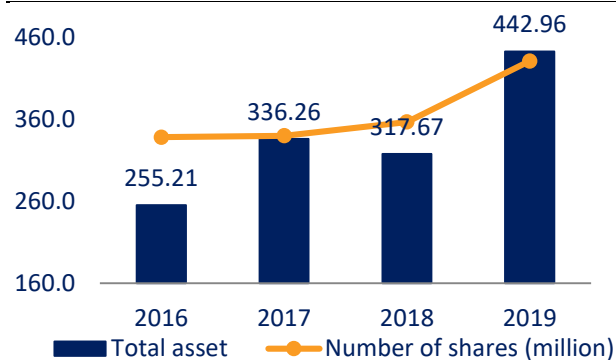
Chart 38: Total asset and outstanding shares of FTSE VN
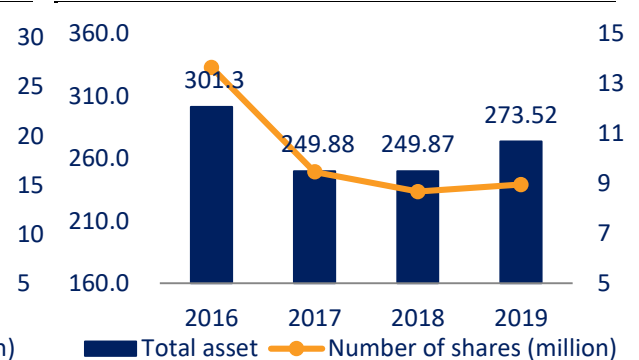
Source: Bloomberg, BSC Research

ETF VNM increased sharply +29% in scale from 21.4 million fund certificates in 2018 to 27.6 million fund certificates in 2019. Agreeing with the increase in scale of the fund is a positive growth +39.4% of total assets when increasing from USD 317.67 million in 2018 to USD 442.96 million in 2019.

FSTE ETF increased slightly +3.3% in size from 8.67 million fund certificates in 2018 to 8.95 million fund certificates in 2019. At the same time, the total assets of the fund also increased sharply from USD 249.87 million in 2018 to USD 273.52 million in 2019, corresponding to an increase of +9.5%.

ET30 VN30 increased by +54.0% from 295.6 million fund certificates in 2018 to 455.4 million fund certificates in 2019. Total asset also increased by +58.1% from VND 4,217 billion in 2018 to VND 6,669 billion in 2019.

Premia Hong Kong ETF Fund increased by +21% from 2.06 million fund certificates on September 17, 2019 to 2.5 million fund certificates in 2019. Total assets also increased +18% from USD 20.6 million to USD 24.4 million in 2019.

Assessment of stock market trend in 2019

The overall market movements are in line with the expectation that VN-Index needs more time to accumulate after a strong uptrend. The market also did not have any supporting information such as market reclassification upgrade or equitization of large SOEs, leading to a lack of cash inflow while having to deal with negative effects from unpredictable fluctuations of the international environment. Some movement trends of major stock groups in 2019 (Outstanding stock sectors performances in Appendix 13 and Appendix 14):

- **Movement follows improvement of business results.** The market continued to uptrend on a large scale with 9 out of 11 primary sectors gaining points. Sectors such as Banking, Technology, Telecommunications, Finance (focus on Real Estate), Utilities (focus on Electricity and water), Consumption (focus on Retail), Consumer goods (Focus focusing on Automotive and spare parts), Industry (focus on Heavy Industry) which noted that impressive price growth, all significantly improved profits and outperformed the market.

- **Movement follows the effects from the US-China trade war and improving earnings.** On one hand, the trade war affects the sentiment and cash flow of the market; on the other hand, it provides a clear opportunity for some sectors in the short term. The tension of the trade war helped the textile and apparel industry grow well in the first half of the year while the industrial real estate sector boomed in the third quarter.

- **Movement follows foreign cash flow.** Foreigners and ETFs increased their net buying in the first quarter of 2019, creating a positive effect. However, when foreign investors boosted selling in the last months of the year, the market turned weak. This correlation is also common in the years before but when cash flow in 2019 is quite limited, the level of reflection is quite clear.

- **Movement follows market stocks.** Alternating between ups and downs of large cap stocks at the end of the year. The trend of mobilizing into highly market stocks also flourished in the last months of the year. This movement helped increase market liquidity but the impact and effect on the index is very modest.

Chart 39: ICB sectors performance in 2019
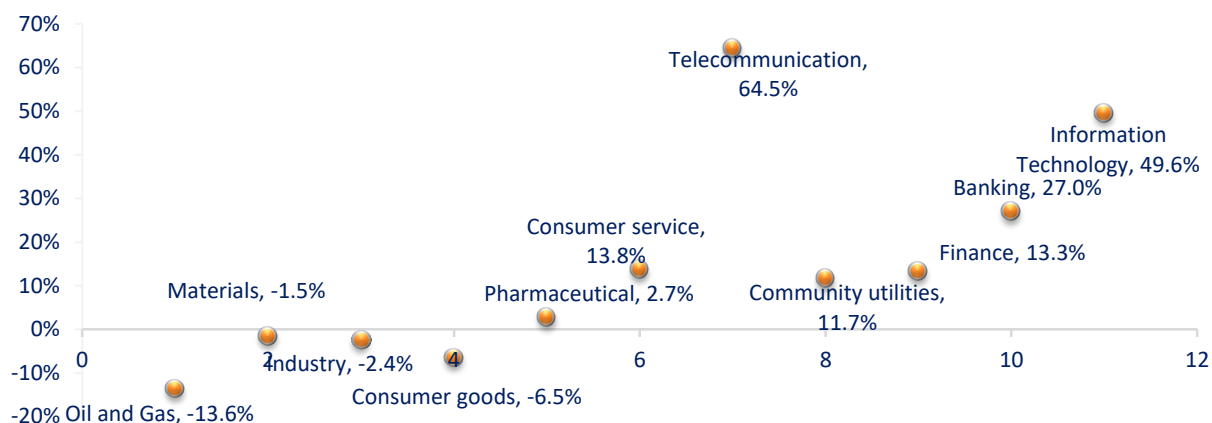
Source: FiinPro, BSC Research

Chart 40: ICB_level I sectors development in 2019
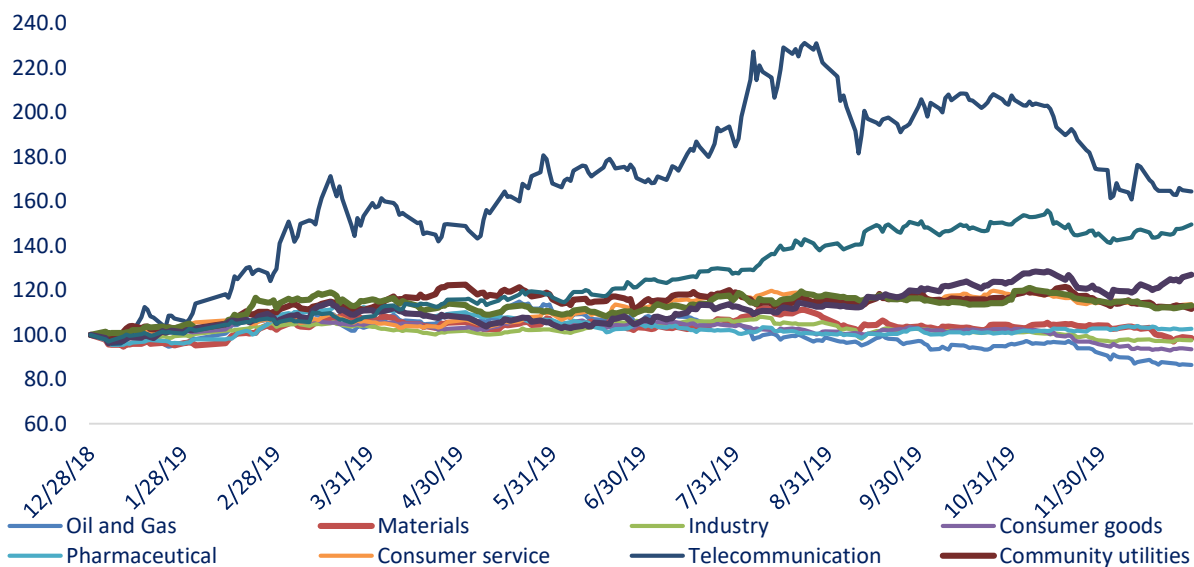
Source: FiinPro, BSC Research

Market outlook in 2020

Major factors affecting the stock market

We evaluate factors affecting prospects of the stock market in 2020 based on the consideration of (1) Economic environment and macroeconomic prospects, (2) Intrinsic market condition, (3) Capital flows, (4) World economic prospects and (5) Other issues. Domestically, stock market is supported by stable macro economy, and growth of enterprises remains stable. Internationally, global economy has slowed down, US-China trade tension continue to present many challenges, and presidential election in the United States will have large impact on the market in 2020. Market capitalization expands due to new listings, and divestment and equitisation of state-owned enterprises. Market's legal framework is being reformed along with policies for market development toward prospect of market upgrading. Stock prices is more reasonable on average, but volatility from external environment remains unpredictable and complicate market movements in 2020.

Table 13: Major factors affecting the stock market in 2020

#		Factor	Impact	Direction
1	Economic Environment	Population, income and urbanisation	●●●●●	Long-term
		Positive growth due to economic restructuring and strong integration with global market	●●●●●	Medium and long-term
		Progmulated Amended Enterprise Law and Investment Law	●●●●●	Support businesses
		Ranking 70/140 economies	●●●●	Decline in ranking for the 2nd year consecutively, but increased score
		Reduce administrative procedures and improve business conditions. Implement e-government	●●●●	Improve quality, transparency, improve code of conduct
		Support small and medium enterprises, startups and 4.0 revolution	●●●●	Create a spillover effect on the business and social community
2	Domestic market	Enacted Amended Securities Law, effective in 2021.	●●●●●	Market transparency, protection and facilitation for foreign investors
		Upgrade stock market from FTSE Russell (prospects in 9/2020)	●●●●●	Attract foreign capital, improve market quality
		Restart equitisation and divestment of state capital	●●●●	Provide quality investment opportunities
		Commercial banks and listed private enterprises create foundation for IPO and M&A activities	●●●●	Promote growth
		Improved corporate profits	●●●●	Market valuation
		Market capitalization and market liquidity improved	●●●●	Market attractiveness
		Developing products, improving market of derivatives	●●●●	Increase market attractiveness and diversity
3	Capital flows	Stable interest rates and exchange rates	●●●●●	Market valuation and cash flow

		Foreign cash flow	●●●●	Investment cash flow due to upgrade prospects	
		Cautionary monetary policy in direction of reducing interest rates. Strengthening discipline and management of securities and real estate investments.	●●●	Limit market risk	
4	Other issues	Trade agreements (EVFTA)	●●●●		
		Moderate disbursement for 2019, additional sources for 2020	●●●●	Public investment in 2020 has growth potential	
		Increasing bank capital under Basel II standards	●●●●	Increase systemic safety, sustainable credit growth	
		Geopolitical issues	●●●		
5	World economy	US-China trade war	●●●●●	Influence global economy and trade prospects	
		Presidential elections and impeachment	●●●●●	Increase uncertainty	
		FED and other major central banks maitain current policy status before further adjustment of interest rate	●●●●	Influence foreign capital	
		Major economies slow down	●●●●	Influence growth and trade prospects	
		OPEC decrease oil production	●●●	Impact on oil prices, inflation	
		Brexit	●●	Increase uncertainty	
		Geopolitical issues	●●	Increase uncertainty	

Source: BSC Research

Stock market forecast for 2020

- The market is in the process of forming accumulation area after peaking in 2018. Stock price on average has fallen to a reasonable level and firms' profit growth rate has remained positive, which is the basis for creation of a price base, supporting the market in 2019. Combined forecast by three methods, VN-Index is expected to achieved target price around 1,100 points. Upside will depend on new cash flow, and expectation for upgrade to FTSE's primary emerging market.

- Number of listed companies on average increased by 12% annually in the last five years. Private banks are planned to be listed before 2020 according to government's proposal. However, roadmap for equitisation remains unclear. Number of listed companies is forecasted to increase by 4%, similar to 2019.

- Number of accounts increase at 11%/year on average in the last five years, and is forecasted to increase by 5% to 2,478 million accounts, equivalent to the growth in number of listed enterprises.

- Liquidity increases on average 12%/year for the last five years. Liquidity is forecasted to be equivalent to liquidity in 2019. Market capitalization increases by 30%/year on average in the last five years. Market capitalization is forecasted to increase 10% - conservative because roadmap for new listings is not certain.

- Foreign investors' net buying is expected to increase to 500 million USD due to expectation for M&A amongst listed banks and foreign cash flow return for expectation of market upgrade in coming years.

- Forecasted growth rate of profit after tax growth will be around 10%. Actual growth rate after dilution is forecasted to be around 6%. P/E and P/B of VN-Index will need to increase 6% to 17 and 2.5 to achieve target of 1,100 for VN-Index in 2020. Similarly, P/E and P/B of HNX-Index in 2020 is forecasted at 8 and 1 respectively.

- BSC forecasts VN30 portfolio for the first period of 2020 according to data of December 19, 2019 (See Appendix 12 for details):
  - ➢ **Possibility 1**: TPB is included in VN30 (weighted 1.6%) while DPM (weighted 0.3%) is excluded. Reserve stocks are PLX, POW, GEX, KDH, DXG.
  - ➢ **Probability 2**: TPB (weighted 1.6%) and PLX (weighted 0.9%) are included while DPM (weighted 0.3%) and CTD (weighted 0.4%) are excluded. Reserve stocks are POW, GEX, KDH, DXG, VGC.

Table 14: Stock market fundamental ratios and forecasting 2020

Indicators	2017	2018	2019F	2020F
Market indicators				
- VN-Index	984.2	892.5	960.9	1,100.0
% growth	*48.0%*	*-9.3%*	*7.7%*	*12.2%*
- HNX-Index	116.9	104.2	102.5	110
- UPCOM-Index	54.91	52.8	56.6	58
Number of listed companies	1,417	1,623	1,687	1,754
% growth	*28.5%*	*14.5%*	*3.9%*	*4.0%*
- VN-Index	349	384	389	405
- HNX-Index	383	356	381	387
- UPCOM-Index	685	883	917	963
Number of accounts (thousands unit)	1,902.0	2,167.0	2,360.0	2,478.0
% growth	*12.5%*	*13.9%*	*8.9%*	*5.0%*
- Domestic account	23	28.8	32.8	34.4
- Foreign account	1,879.0	2,138.2	2,327.2	2,443.6
Market capitalization (bil USD)	148.5	173	190	211.2
% growth	*89.4%*	*16.5%*	*9.8%*	*10.0%*
Net of foreign purchase/sale on listed market (mil USD)	950.0	1,875.0	315.0	500.0
Market liquidity				
Avg transaction value/session including put-through trading value of 3 exchanges (mil USD)	217.8	280.1	199.8	200
% growth	*59.1%*	*28.6%*	*-28.7%*	*0%*
Market liquidity turn-over (stock turn over/year)	0.7	0.5	0.37	0.4
- HSX	0.7	0.6	0.5	0.6
- HNX	1.1	1.0	0.6	0.5
- Upcom	0.1	0.1	0.1	0.1
Average trading session above 1 mil USD/days	45	58	45	50
Fundamental ratios				
VN-Index				
- P/E	19.3	15.6	15.8	17
- P/B	2.8	2.4	2.3	2.5
HNX-Index				
- P/E	14.1	9.0	7.4	8.0
- P/B	1.2	1.0	0.9	1.0

Source: BSC Research

Forecast VN-index in 2020

We use 3 methods including P/E method, large weighted stock method, and technical analysis method to forecast VN-Index. VN-Index is forecasted to move from 800.3 points to 1,265.6 points with a focus area at 1,100 points by the end of 2020. The above forecast is based on the evaluation of existing stocks, the level of change will depend on price and weight of new listed stocks. The methods of forecasting VN-Index are as follows:

Forecast VN-Index by P/E method:

Method overview

- Market EPS is forecasted based on average of valuations by securities companies and financial institutions for 2020. Other stocks is based on closing prices on December 13.
- Market PE is forecasted at 15.5, equivalent to the lowest level in 2019.
- VN-Index built on EPS (VN-Index division) in 2020 multiplied by forecasted P / E.

Forecast of market EPS
Based on average after-tax profit valuations from securities companies and financial institutions for 2020, the results are shown in the table below:

Date	Forecasted EPS	% growth comparing to EPS 2019
12/31/2020	71.04	11.3%

Profit growth mainly came from VHM, MWG, and and Banking stocks including VCB, BID, VPB, MBB, HDB, and TPB.
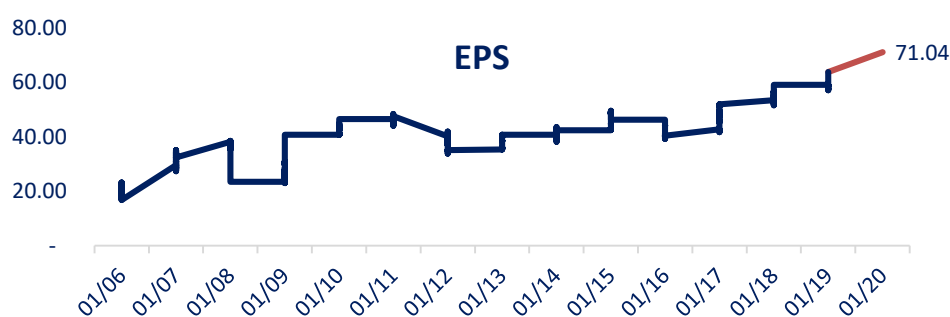
Source: Bloomberg, BSC Research

VN-Index forecast in 2020

	2020
VN-Index	1,101.5

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Forecast VN-Index by weight stock method

Method overview

- This method is based on valuation of important stocks in 2019 for the next 6-12 months by domestic and international securities companies and financial institutions.
- VN-Index is based on the average price (arithmetic mean price of all price forecasts), the highest price, the lowest price of 36 stocks with the largest market capitalisation (accounting for 85.2% of VN-Index). Other stocks price is based on closing prices on 13/12.
- EIB, BHN, HNG, ROS, SBT have no forecast and thus, we used closing price on 13/12 as the price for calculating the index. DHG and TCH surpassed the most positive valuation at the time of calculating the index.

Calculation result are as follows: (*Appendix 15*)

	Target Score	Max score	Min score
VN-Index 2020	1,104.4	1,242.1	994.3

Source: BSC Research

Forecast VN-Index by Technical Analysis method

We use technical analysis methods for 30 stocks that had largest weight in order to support our forecast. We focus on the most positive and negative scenario of key stocks in the medium term of 1 year.

Method overview

- VN-Index is determined by the peak and bottom price of 30 stocks with the largest weight (accounting for 83% of market capitalization). Other shares take closing prices at 13/12/2019.
- Using weekly technical chart, bottom price of the stock chart is a tight cumulative price before increasing or including technical lines and strong support area – usually support level 2. Peak price is the price determined by the extended Fibonacci lines, wavelength, price channel, old peak, and pattern ....

Calculation result are as follows: (*Appendix 16*)

	Max score	Min score
VN-Index 2020	1,265.6	800.3

Source: BSC Research

Appendix

Appendix 1. Summarization of 4 US tariff lists on China

Tariff List	% Tariff	Content
Tariff List 1	**USD 34 Bil - 25%**	Goods on this list, with a total import value of US $ 34 billion, have been subject to an additional 25% tax rate since July 19, 2018. The tariffs on List 1 will remain at 25% unless otherwise notified. **Notable commodities: soy, automobiles, chemicals.**
Tariff List 2	**USD 16 Bil -25%**	List of goods with a total import value of USD 16 billion, subject to an additional tax of 25% as of August 23, 2018. Tariffs on List 2 will remain at 25% unless new notice is declared. **Notable commodities: semiconductors, chemicals, plastics, motorbikes and electric scooters.**
Tariff List 3	**USD 200 Bil - 25%**	List of goods with a total import value of USD 200 billion, subject to an additional tax of 25% as of October 5, 1919. The initial list of 3 products faces a 10% tax rate effective from 24/9/18 until they are increased to 25%. **Notable commodities: consumer products, chemicals and construction materials, textiles, tools, food and agricultural products, commercial electronics and auto / auto parts..**
Tariff List 4A	**USD 120 Bil -15%**	List 4A has been subject to an additional 15% tariff effective September 1, 2019. USTR will issue a notice of reduction of additional tariff rates for 4A List products "in the near future". **Notable commodities:** Flat-screen TVs, flash memory devices, smart speakers, Bluetooth headsets, bed sheets, multifunction printers and a variety of shoes.
Tariff List 4B	**USD 160 Bil -15%**	Hàng hóa trong Danh sách 4B đã được lên kế hoạch chịu mức thuế bổ sung 15% có hiệu lực từ ngày 15 tháng 12 năm 2019. **Notable commodities:** Mobile phones, laptops, toys and clothes

Source: USTR, BSC incorporated

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Appendix 2. Forecast global economic growth rates of GDP 2019 and 2020
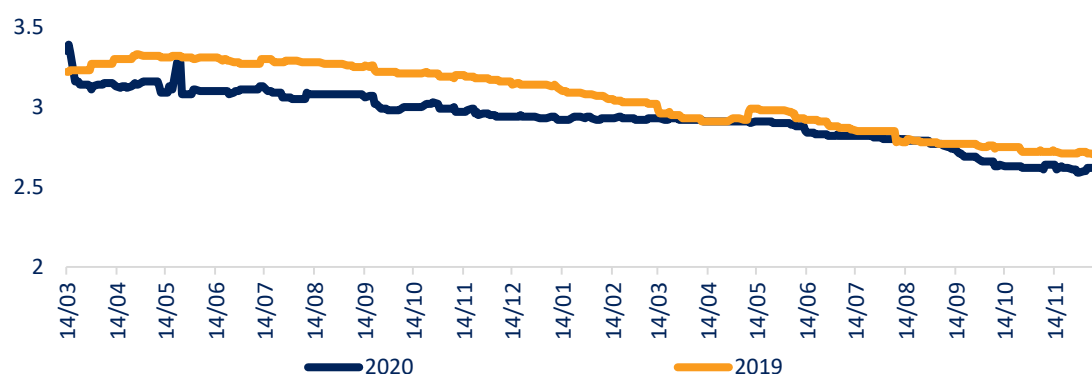
Source: Bloomberg, BSC Research

Appendix 3. Global transaction volume trends (by month)
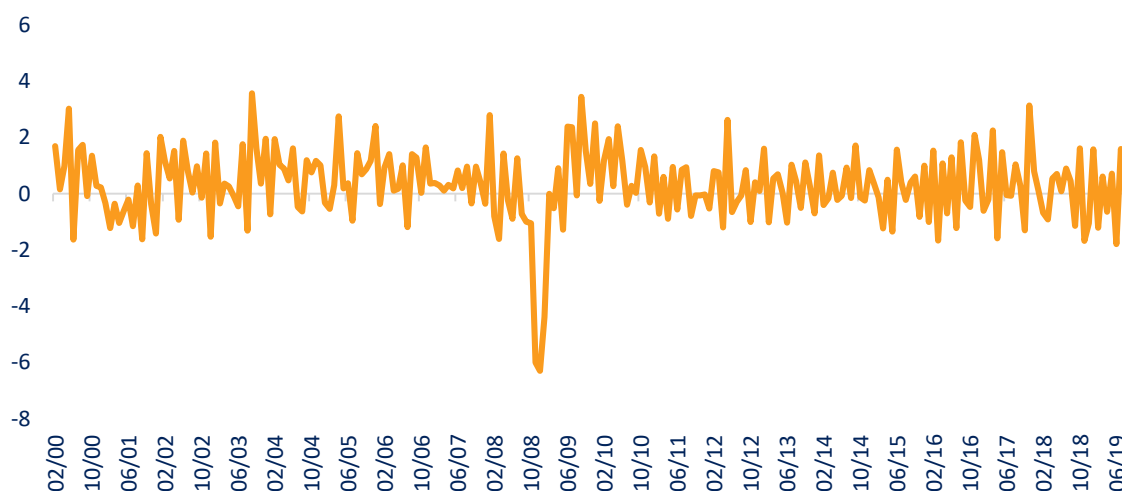
Source: Bloomberg, BSC Research

Appendix 4. Status of state budget revenues and expenditures from 2015 to 15/11/2019 (Unit: VND Bil))

Criteria	2015	2016	2017	2018	15/11/2019	2020
Nominal GDP	**4,192,862**	**4,502,733**	**5,007,857**	**5,512,079**	**6,043,037**	**6,826,791**
Total collection cân đối	**1,291,342**	**1,101,377**	**1,277,638**	**1,422,000**	1,299,400	
Estimate	998,217	1,014,500	1,212,180	1,319,200	1,411,300	1,512,300
Above estimation	293,125	86,877	65,458	102800		
Total expenditure	**1,502,189**	**1,360,077**	**1,451,638**	**1,620,435**	**1,211,100**	
Estimate	1,265,625	1,273,200	1,390,480	1,523,200	1,633,300	1,747,100

Above estimation	236,564	86,877	61,158	97,234.8		
Overspending	**263,135**	**254,000**	**174,000**	**198,435**	88,300	
%GDP	6.30%	5.60%	3.47%	105.60%		
Estimate	226,000	254,000	178,300	204,000	222,000	234,800
%Overspend/total expense	**17.52%**	**18.68%**	**11.99%**	**0.62%**		3.40%

Source: State budget finalization report and report, General Statistics Office, BSC Research

Note: *The data from 2015 - 2017 is the balance sheet of the State budget.*

2018 figures are estimates by the Ministry of Finance but not finalized.

Data from the beginning of 2019 to November 15, 2019, obtained from the General Statistics Office, GDP is estimated under the state of economic growth rate of 6.8%.

The 2020 data is taken from the Ministry of Finance's 2020 State Budget

Appendix 5. Ministry of Transport Projects in 2020

#	Projects	Investor	Status	Total investment (VND bil)	Budget type	Land use area
1	Hanoi urban railway construction project, South Ho Tay - Ngoc Khanh - Lang - Hoa Lac - Ba Vi route	Vietnam Railway Department	Executing	60,272	Central budget capital	126.54 ha
2	To build the first urban railway in Ho Chi Minh City and the Ben Thanh - Suoi Tien route	Ministry of Transportation	Executing	47,325	ODA loan -88.4%	336,410 m2
3	Urban railway route No. 2 in Hanoi City, South Thang Long - Tran Hung Dao section	Ministry of Transportation	Executing	35,600	Local budget capital -11.4%	92 ha
4	Building metro line No. 2 in Ho Chi Minh City, Ben Thanh - Tham Luong route.	Management Board of Ho Chi Minh City Urban Railway	Executing	26,116	Central budget capital and ODA	263,910 m2
5	Cat Linh - Ha Dong urban railway project	Ministry of Transportation	Executing	18,000	Central budget capital	
6	Trung Luong - My Thuan project BOT	Ministry of Transportation	Executing	12,668	Central budget capital and ODA	
7	Invest in constructing channel construction for large vessels to enter the Hau River	Ministry of Transportation	Executing	9,781	Central budget capital and other support sources	13,201,155 m2
8	Invest in building Hai Phong international gateway port under Component A - Inception phase	Ministry of Transportation	Executing	4,660	Central budget capital	848.7 ha

9	Project on investing in renovating and upgrading National Highway 1 section of Km1027-Km1063 + 877 and Km1092 + 577-Km1125 + 000, Quang Ngai province	Department of Transport	Executing	2,709	Government bond capital	84.65 ha
10	Enhancing sustainable urban transport for Hanoi Urban Railway Project No. 3	Hanoi Department of Transport	Đang thực hiện	1,238	Central budget capital and ODA	88.093 m2

Source: Ministry of national investment supervision, BSC incorporated

Appendix 6. Project of Ministry of Agriculture and Rural Development in 2020

#	Projects	Investor	Status	Total investment (VND bil)	Budget type	Place of invest
1	Sustainable agricultural transformation project in Vietnam	Project Management Unit for Sustainable Agricultural Transition in Vietnam	Executing	5,101	Central budget capital and ODA	
2	Coastal resources for sustainable development	Agriculture Project Management Board	Executing	225	Central budget capital and ODA	Thanh Hoa province Nghe An province Ha Tinh province Pacify the province Phu Yen Province Khanh Hoa province Soc Trang Province Ca Mau Province Ninh Thuan province
3	Invest in constructing channel construction for large vessels to enter the Hau River	Agriculture Project Management Board	Executing	194	Central budget capital and ODA	Hanoi City Ha Tinh province Thua Thien Hue province Pacify the province Phu Yen Province Ninh Thuan province Binh Thuan Province Bac Ninh province Hai Duong Province Hung Yen province
4	Strengthening Irrigation Management and Improving Irrigation Systems	Central Management Board of Irrigation Projects	Executing	3,225	Central budget capital and ODA	Bac Ninh province Hai Duong Province Hung Yen province

5	Sustainable rural infrastructure development in Northern mountainous provinces	Agriculture Project Management Board	Executing	284	Central budget capital and ODA	Bac Giang province Bac Kan Province Cao Bang Province Dien Bien Province Ha Giang province Hoa Binh province Lai Chau Province Lang Son Province Lao Cai Province Phu Tho province Son La Province Thai Nguyen province Tuyen Quang Province Vinh Phuc Province Yen Bai Province
6	Managing and mitigating risks of drought and flooding Greater Mekong Subregion (ADB-GMS1)	Central Management Board of Irrigation Projects	Đang thực hiện	135	Central budget capital and ODA	Dong Thap Province Tien Giang Province
7	Integrated climate tolerance and sustainable livelihoods in the Mekong Delta	Central Management Board of Irrigation Projects	Đang thực hiện	1,670	Central budget capital and ODA	Ca Mau Province Bac Lieu Province Soc Trang Province Kien Giang Province An Giang province Dong Thap Province Tra Vinh province Vinh Long province Ben Tre Province

Source: Ministry of national investment supervision, BSC incorporated

Appendix 7: List of stocks that may be included in the FTSE Emerging Markets All Cap Index

Ticker	Inflow (USD)	Expected weight, % (EM All Cap)	Cap
VIC	178,176,631	0.09%	Large
VCB	38,829,348	0.02%	Large
VHM	118,063,564	0.06%	Large
VNM	162,299,739	0.08%	Large
SAB	24,458,408	0.01%	Large
VRE	55,388,031	0.03%	Mid
VJC	34,935,397	0.02%	Mid
HPG	46,476,778	0.02%	Small
NVL	30,430,861	0.02%	Small
HDB	11,724,968	0.01%	Small
Total	**700,783,724**	**0.36%**	

Source: BSC Research

Appendix 8: State Bank of Vietnam policies in 2019

Decision No. 1870 / QD-NHNN	Reduce 25bps (0.25%) on: the refinancing interest rate, the rediscounting interest rate, the overnight rate in the inter-bank electronic payments, the rate of loans to finance short balances in clearing transactions between the SBV and the commercial banks, and the interest rate of bids of valuable papers through the open market operations
Decision No. 2415 / QD-NHNN	The maximum VND mobilizing interest rate for demand and below 1-month terms is reduced from 1% p.a to 0.8% p.a; the maximum VND mobilizing interest rate for time deposits of 1-month to below 6–month terms decreases from 5.5% p.a to 5.0% p.a; the maximum VND mobilizing interest rate for time deposits of 1-month to below 6–month terms at the People's Credit Funds and the Micro Finance Institutions is lowered from 6.0% p.a to 5.5% p.a; the mobilizing interest rates for 6-month plus terms may be decided by the credit institution based on the capital supply and demand in the market.
Decision No. 2416 / QD-NHNN	the maximum VND short-term lending rate for the areas of agriculture and rural development, exports, support industries, SMEs and hi-tech enterprises is reduced from 6.5% p.a to 6.0% p.a; the maximum VND short-term lending rate at the People's Credit Funds and the Micro Finance Institutions is lowered from 7.5% to 7.0%
Circular No. 22/2019 / TT-NHNN	• Increase risk factor for real estate business from 150% to 200%; Accounts receivable guaranteed by property, land use rights, construction associated with land use rights and meeting provisions, will have risk factor of 50%. • For other receivables where the total amount of loan / amount in credit contracts is VND 4 billion or more (after deducting receivables that has been applied risk factor of 50%) will be subject to risk factor of 120%, effective from January 1, 2020 to the end of December 31, 2020 and then increase to 150% from 1/1/2021. • Banks and foreign bank branches to maintain ratio of loans to deposits up to 85%
Circular No. 18/2019 / TT-NHNN	Reduce total consumer loans with direct disbursements compared to total consumer credit outstanding to maximum of 70% by 2021, 60% by 2022, 50% by 2023, and 30% by 2024.

Appendix 9. MSCI Global Market Accessibility Review 2015-2019

Criteria	Vietnam					Kuwait	UAE
	2015	2016	2017	2018	2019	2019	2019
Openness to foreign ownership							
Investor qualification requirement	++	++	++	++	++	++	++
Foreign ownership limit (FOL) level	-/?	-/?	-/?	-/?	-/?	++	-/?
Foreign room level	-/?	-/?	-/?	-/?	-/?	++	-/?
Equal rights to foreign investors	-/?	-/?	-/?	-/?	-/?	+	+
Ease of capital inflows/ outflows							
Capital flow restriction level	++	++	++	++	++	++	++
Foreign exchange market liberalization	-/?	-/?	-/?	-/?	-/?	++	++

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Efficiency of the operational framework

Market entry

Investor registration & account set up	-/?	-/?	-/?	+	+	+	+

Market organization

Market regulation	+	+	+	+	+	++	++
Information flow	-/?	-/?	-/?	-/?	-/?	-/?	++

Market infrastructure

Cleaning and Settlement	-/?	-/?	-/?	-/?	-/?	+	+
Custody	++	++	++	++	++	+	+
Registry/ Depository	++	++	++	++	++	++	++
Trading	++	++	++	++	++	++	++
Transferability	-/?	-/?	-/?	-/?	-/?	-/?	+
Stock lending	-/?	-/?	-/?	-/?	-/?	-/?	-/?
Short selling	-/?	-/?	-/?	-/?	-/?	-/?	-/?
Availability of investment instrument						++	++
Stability of institutional framework	+	+	+	+	+	+	+

++: no issues; +: no major issue, improvement possible; -/?: improvement needed/ extent to be assessed

Source: MSCI, BSC Research

Appendix 10. FTSE Quality of markets criteria (Watchlist) Vietnam as of September, 2019

Criteria	Advanced Emerging	Secondary Emerging	Vietnam update 9/2018	Vietnam update 9/2019
World Bank GNI Per Capita Rating			Lower Middle	Lower Middle
Credit Worthiness			Speculative	Speculative
Market and Regulatory Environment				
Formal stock market regulatory authorities actively monitor market (eg. SEC, FSA, SFC)	x	x	Pass	Pass
Fair and non-prejudical treatment of minority	x		Restricted	Restricted
No or selective incidence of foreign ownership restrictions	x		Restricted	Restricted
No objection to or significant restrictions or penalties applied to the investment of capital or the repatriation of capital and income	x	x	Pass	Pass
Developed equity market	x		Restricted	Restricted
Developed foreign exchange market	x		Restricted	Restricted

No or simple registration process for foreign investors		x	Restricted	Restricted
Custody and Settlement				
Settlement – Rare incidence of failed trades	x	x	Pass	N/A
Custody – Sufficient competition to ensure high quality custodian services	x	x	Pass	Pass
Clearing & Settlement – T+2/T+3	x	x	T+2	T+2
Settlement – Free delivery available			Not met	Not met
Custody – Omnibus and segregated account facilities available to international investors		x	Pass	Restricted
Dealing Landscapes				
Brokerage – Sufficient competitin to ensure high quality broker services	x	x	Pass	Pass
Liquidity – Sufficient broad market liquidity to support sizeable global investment	x	x	Pass	Pass
Transaction costs – implicit and explicit costs to be reasonable and competitive	x	x	Pass	Pass
Stock lending is permitted			Restricted	Restricted
Short sales permitted			Not met	Not met
Off-exchange transactions permitted			Restricted	Not met
Efficient trading mechanism			Restricted	Restricted
Transparency – market depth information/ visibility and timely trade reporting process	x	x	Pass	Pass
Derivatives				
Developed derivatives market			Not met	Restricted

Source: FTSE Russell, BSC Research

Appendix 11. Development of currencies in 2019
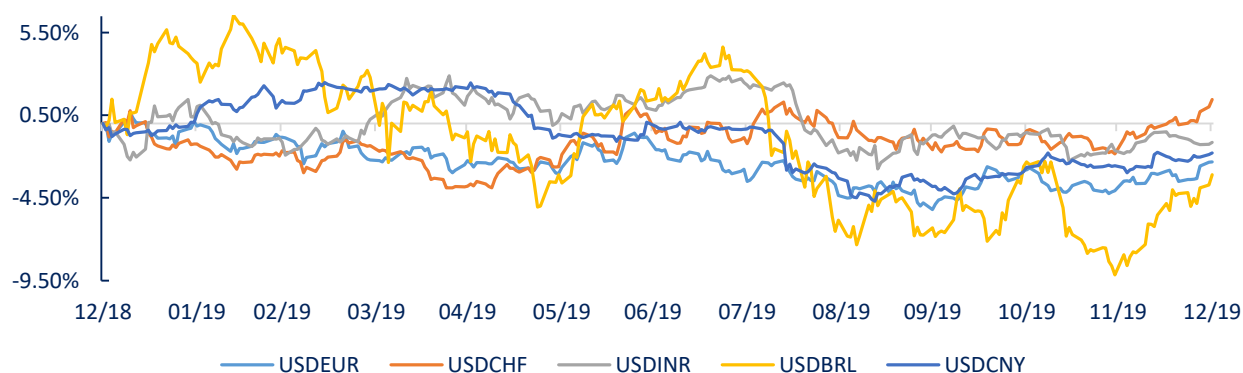
Source: Bloomberg, BSC Research

Appendix 12. Reviewing criteria for stocks entering and leaving VN30, weight in VN30 for first period of 2020

Based on data on December 18th and criteria to participate in VN30, **BSC forecasts that VN30 portfolio will adjust in first period of 2020 as follows**:

Possibility 1: TPB (weight 1.6%) is included, while DPM (weight 0.3%) is excluded. Reserve stocks are PLX, POW, GEX, KDH, DXG.

Possibility 2: TPB (weight 1.6%) and PLX (weight 0.9%) are included, while DPM (weight 0.3%) and CTD (weight 0.4%) are excluded. Reserve stocks are POW, GEX, KDH, DXG, VGC.

Amongst stocks that are likely to be included or reserve stocks: PLX, VGC are included to VNAllshare because they have satisfied criteria (1) trading time over 6 months; (2) freefloat ratio (PLX's freefloat ratio is less than 10% but has (marketcap_f)> aggregate median marketcap_f of stock basket); (3) Stock turnover ratio> 0.05%; (4) Stocks belong to 90% cumulative trading volume of VNallshare.

TPB is in VNAllshare and has marketcap_f in the top 20, will replace DPM that ranked 51st and dropped out of top 40. CTD is ranked at 40th, but has a small weight, so it is likely to be excluded and be replaced by PLX.

#	Stock	Forecasted weight	Current weight	Difference	Change in E1VFVN30	Note
1	BID	1.1%	1.4%	-0.2%	(312,440)	
2	BVH	0.8%	0.8%	0.0%	(8,604)	
3	CTG	1.0%	1.0%	0.0%	(11,204)	
4	EIB	2.8%	2.8%	-0.1%	(230,899)	
5	FPT	4.8%	4.8%	0.0%	(20,412)	
6	GAS	1.5%	1.5%	0.0%	(8,667)	
7	GMD	1.0%	1.0%	0.1%	140,554	
8	HDB	2.9%	2.9%	0.0%	(12,539)	
9	HPG	6.0%	6.0%	0.0%	(99,173)	
10	MBB	4.2%	4.6%	-0.5%	(1,408,172)	
11	MSN	4.1%	4.1%	0.0%	16,536	
12	MWG	5.0%	5.1%	0.0%	(23,766)	
13	NVL	3.3%	3.3%	0.0%	(443)	
14	**PLX**	**0.9%**	**0.0%**	**0.9%**	**1,064,991**	**Newly added**
15	PNJ	2.3%	2.3%	0.0%	(10,284)	
16	REE	1.0%	1.0%	0.0%	(13,663)	
17	ROS	0.6%	0.8%	-0.2%	(538,472)	
18	SAB	2.6%	2.6%	0.0%	(2,961)	
19	SBT	0.8%	0.8%	-0.1%	(289,265)	
20	SSI	0.9%	0.9%	0.0%	(4,704)	
21	STB	2.7%	2.9%	-0.2%	(1,016,162)	

22	TCB	8.1%	8.2%	-0.1%	(263,787)	
23	**TPB**	**1.6%**	**0.0%**	**1.6%**	**5,012,430**	**Newly added**
24	VCB	4.2%	4.2%	0.0%	(11,161)	
25	VHM	4.7%	5.0%	-0.3%	(211,547)	
26	VIC	7.9%	8.3%	-0.4%	(227,116)	
27	VJC	6.1%	6.0%	0.2%	78,097	
28	VNM	9.6%	9.6%	0.0%	12,682	
29	VPB	5.2%	5.1%	0.1%	334,870	
30	VRE	2.3%	2.4%	-0.1%	(293,375)	

Appendix 13: Notable sectors and stocks trend in 2019

STT	Sector	Level	±until 18/12	P/E	P/B	Top 3 notable stocks
	Petroleum	**1**	**-13.6%**	**18.74**	**1.25**	
1	Petroleum	2	-13.6%	18.7	1.3	PLX+10.1%, BSR-39.7%, OIL-45%
	Petroleum production	3	-16.6%	21.0	1.5	PLX+10.1%, BSR-39.7%, OIL-45%
	Equipment, Services and Distribution of Petroleum	3	8.3%	11.3	0.6	PVC+22.7%, PVB+19.2%, PVD+13.7%
	Materials	**1**	**-1.5%**	**12.7**	**1.0**	
	Chemicals	2	-5.8%	11.4	0.9	TSC+138.8%, TRC+57.6%, BFC-54.9%
2	Basic resources	2	1.6%	13.7	1.2	DHC+51.7%, HSG+32.1%, POM-27.6%
	Forestry and Paper	3	43.6%	22.1	1.2	DHC+51.7%, DLG+25.7%, HAP+16.5%
	Metals	3	-2.2%	11.9	1.1	SHI+50.1%, SMC-13.4%, POM-27.6%
	Mining	3	-0.9%	18.7	1.3	BMC+9.4%, KSB-33.3%, DHM-27.1%
	Industry	**1**	**-2.4%**	13.9	1.8	
	Construction and Materials	2	-6.1%	12.5	1.1	MBG+412.5%, L12+255.1%, HLY+170.3%
	Goods & Services Industry	2	-0.7%	14.7	2.4	VCM+261.9%, LM7+254.3%, L35+139.1%
3	Industry goods	3	5.1%	0.0	1.2	SDG+90.6%,SVI+32%, QHD+1.7%
	Electronics & Electrical Equipment	3	2.1%	11.7	1.6	TYA+50.4%, LGC+11.9%, GEX -+0.5%
	Heavy Industry	3	24.9%	8.6	1.7	VEA+15.4%, REE+24.2%, L62+9.1%
	Transportation	3	-7.6%	19.1	3.2	AST+61.6%, VCS+9.4%, GMD-5.5%
	Consulting & Support Business	3	1.5%	12.8	1.5	VCM+261.9%, TV2-15.6%, SMA+9.9%
	Consumer goods	**1**	**-6.5%**	**18.4**	**2.9**	
	Cars and spare parts	2	39.2%	18.6	1.5	TCH+100.4%, SRC+34.8%, SVC+3.6%
4	Food & Beverage	2	-8.5%	20.1	3.2	GTN+84.5%, VNM-0.1%, MSN-27.1%
	Beer and beverages	3	-7.7%	24.8	6.0	VCF+38%, SAB-14.3%, VTL-45.6%
	Food production	3	-8.8%	18.6	2.7	HVG+75.7%, VHC-18.1%, LSS-22.5%
	Personal & Household Goods	2	6.5%	9.6	1.6	STK+30.4%, PNJ+24.8%, FTM-88.1%
5	**Pharmaceuticals and Health**	**1**	**2.7%**	**13.8**	**2.0**	

	Medical	2	2.7%	13.8	2.0	DCL+199.5%, DBD+40.8%, DHG+18.5%
	Medical Equipment and Services	3	1.7%	10.9	1.8	MEF+33.3%,JVC+12.6%, DNM-19.8%
	Pharmaceuticals	3	3.2%	14.0	2.0	DCL+199.5%, DBD+40.8%, DVN-34.4%
6	**Consumer Services**	**1**	**13.8%**	**16.7**	**3.1**	
	Retail	2	23.2%	13.3	2.9	HTM+87.8%, MWG+31%, FRT-65.6%
	Media	2	2.2%	58.6	4.1	VEF+52.7%, PNC-20.6%, YEG-84.3%
	Travel and Entertainment	2	13.3%	16.0	3.1	VJC+23%, HVN+4.7%, VNS-39.9%
7	**Telecommunication**	**1**	**64.4%**	**38.8**	**2.7**	
	Telecommunication	2	64.4%	38.8	2.7	VGI+84.3%, PIA+40.9%, FOX-3.2%
8	**Public utilities**	**1**	**11.7%**	**13.6**	**2.1**	
	Electricity, water & gasoline gas	2	11.7%	13.6	2.1	GEG+82.1%, PPC+55.2%, POW-28.4%
	Electrical Manufacturing & Distribution	3	2.8%	12.0	1.3	GEG+82.1%, PPC+55.2%, POW-28.4%
	Water & Gas	3	16.8%	14.6	3.0	NBW+138.5%, GDW+100.6%,CNG-3.8%
9	**Banking**	**1**	**27.1%**	**11.9**	**1.9**	VCB+68.6%, BID+38.8%, MBB+19%
10	**Finance**	**1**	**13.3%**	**20.3**	**2.6**	
	Insurance	2	-14.9%	21.9	2.0	BMI+25.7%, BVH-21.8%, VNR-2.2%
	Real-estate	2	17.8%	21.1	2.9	VCR+171.1%, D2D+132.8%, VIC+20.7%
	Financial services	2	-10.2%	11.1	1.0	FIT+294.5%, VND-12.2%, SSI-29.2%
11	**Information Technology**	**1**	**49.5%**	**12.7**	**2.1**	
	Information Technology	2	49.5%	12.7	2.1	CMG+61.6%, FPT+58.3%, SAM+21.5%
	Software & Computer service	3	54.6%	12.2	2.5	CMG+61.6%, FPT+58.3%, CMT+35.2%
	Devices and Hardware	3	11.7%	21.8	0.8	VEC+142%, PMJ+66.3%, SAM+21.5%

Appendix 14. Price movement and basic indices of VN30, MidCap and SmallCap industry groups in 2019.

VN30 stocks (More details in VN30 first half of 2020 forecast)

Stock	Marketcap (Mil USD)	P/E	FF	% Govern	% Foreign	%± EPS**	%±P/E	%±P/B	% ± until 31/12	Contribute VN-Index
BID	8,009.7	21.9	5%	81%	18%	29%	4%	23%	38.8%	14.30
BVH	2,197.4	36.3	10%	68%	30%	17%	-34%	-27%	-21.8%	(4.09)
CTD	168.9	5.2	45%	0%	48%	-46%	-40%	-68%	-66.9%	(2.50)
CTG	3,358.0	12.7	8%	64%	29%	13%	-4%	-2%	8.3%	1.80
DPM	218.7	19.9	40%	60%	19%	-58%	39%	-40%	-38.7%	(0.98)
EIB	944.3	34.4	85%	0%	30%	-4%	32%	19%	26.7%	1.41
FPT	1,706.4	12.4	80%	5%	49%	32%	15%	40%	58.3%	4.39
GAS	7,738.7	15.9	5%	96%	4%	0%	9%	7%	12.9%	6.91
GMD	298.5	12.0	85%	0%	49%	-69%	184%	-16%	-5.5%	(0.12)
HDB	1,166.2	9.5	70%	3%	24%	0%	-9%	-9%	-9.1%	(0.84)
HPG	2,799.9	9.3	60%	0%	38%	-19%	21%	-13%	-1.2%	(0.15)

BSC

MBB	2,087.4	6.4	60%	25%	20%	25%	-7%	-5%	19.0%	2.31
MSN	2,850.0	12.5	40%	0%	39%	-1%	-26%	-36%	-27.1%	(7.09)
MWG	2,177.7	13.7	65%	0%	49%	24%	5%	4%	31.0%	3.75
NVL	2,436.7	18.7	40%	0%	7%	-10%	3%	-12%	-7.3%	(1.32)
PNJ	835.7	17.8	80%	0%	49%	18%	4%	12%	24.8%	1.17
REE	485.7	6.5	55%	5%	49%	-2%	21%	10%	24.2%	0.68
ROS	423.7	49.9	40%	0%	4%	-1%	-55%	-56%	-55.3%	(3.63)
SAB	6,309.3	31.0	11%	36%	63%	19%	-28%	-28%	-14.3%	(7.33)
SBT	468.4	42.1	50%	0%	10%	-52%	164%	19%	-3.1%	(0.14)
SSI	395.7	10.2	60%	0%	55%	-27%	-7%	-36%	-29.2%	(1.15)
STB	782.2	6.5	100%	0%	12%	98%	-57%	-21%	-15.9%	(1.06)
TCB	3,556.9	8.9	65%	0%	23%	-1%	-8%	-20%	-8.9%	(2.50)
VCB	14,436.0	17.1	8%	75%	24%	47%	15%	33%	68.6%	41.46
VHM	12,037.2	16.0	25%	0%	15%	17%	-2%	-7%	16.9%	12.79
VIC	16,716.4	72.4	30%	0%	15%	25%	-4%	-8%	20.7%	19.25
VJC	3,304.8	14.8	50%	0%	20%	0%	22%	22%	23.0%	4.35
VNM	8,754.2	21.1	50%	36%	59%	4%	-7%	-8%	-0.1%	0.81
VPB	2,103.9	6.0	70%	0%	23%	10%	-9%	-14%	0.4%	0.00
VRE	3,333.9	32.9	45%	0%	33%	0%	22%	22%	25.6%	5.10
Total	112,103	20.5								**87.572**
VN-Index	78.9%									68.45

MidCap (stocks that, were ranked bellowed VN30, were rearranged in an average daily descending order without flee float adjustment until the 40th position in the index, stocks below 81th position will be excluded; from rank 41th to 80th position stocks are preferably selected, and then new stocks are considered to be categorized as Midcap)

Stock	Marketcap (Mil USD)	P/E	FF	% Gover	% Foreign	%± EPS**	%±P/E	%±P/B	% ± 31/12	Contribute VN-Index
AAA	93.8	4.7	55%	0%	3%	169%	-68%	-22%	-10.9%	(0.07)
ANV	125.6	3.6	25%	0%	2%	32%	-39%	-31%	-14.9%	(0.15)
ASM	74.7	3.2	55%	0%	2%	-48%	76%	-18%	-2.0%	0.03
AST	165.1	19.5	35%	0%	46%	22%	26%	31%	61.6%	0.42
BFC	27.8	8.7	35%	65%	13%	-58%	4%	-55%	-54.9%	(0.23)
BMI	97.8	20.1	30%	51%	38%	-19%	48%	20%	25.7%	0.15
BMP	159.7	8.9	45%	0%	81%	-3%	-12%	-17%	-9.1%	(0.07)
BWE	148.9	13.3	30%	25%	10%	0%	-7%	-7%	-6.5%	(0.02)
CII	240.6	12.2	85%	8%	51%	403%	-83%	-21%	-14.4%	(0.33)
CMG	154.9	20.5	35%	0%	38%	11%	14%	-11%	61.6%	0.31
CRE	85.6	6.6	50%	0%	28%	0%	-6%	-6%	-5.4%	(0.03)
CSM	61.0	69.5	40%	51%	2%	116%	-57%	-8%	-7.1%	(0.03)
CSV	41.0	3.9	25%	65%	15%	4%	-26%	-32%	-14.8%	(0.04)

CTI	62.3	13.3	80%	0%	24%	-7%	1%	-3%	-5.4%	(0.02)
DBD	123.9	19.6	80%	13%	0%	0%	36%	36%	40.8%	0.25
DCM	148.5	10.4	25%	76%	2%	-44%	12%	-35%	-29.3%	(0.46)
DIG	187.5	12.8	65%	0%	36%	-5%	2%	-7%	1.3%	0.01
DPR	68.0	9.7	40%	56%	15%	-31%	80%	24%	26.9%	0.17
DRC	119.4	13.5	50%	51%	23%	45%	-25%	3%	11.6%	0.10
DXG	325.2	4.5	75%	0%	46%	19%	-35%	-48%	-22.5%	(0.69)
FCN	51.1	3.8	75%	0%	49%	4%	-33%	-29%	-27.3%	(0.13)
FLC	140.9	9.3	80%	0%	3%	-22%	15%	-11%	-10.4%	(0.12)
FRT	71.7	4.9	45%	0%	48%	0%	-66%	-66%	-65.6%	(0.96)
GEX	407.7	8.6	85%	0%	15%	0%	0%	0%	0.5%	(0.03)
GTN	205.0	-	25%	0%	0%	-341%	-100%	84%	84.5%	0.66
HAG	159.3	-	65%	0%	2%	-146%	-100%	-15%	-18.4%	(0.24)
HBC	106.6	7.2	70%	0%	23%	-45%	19%	-42%	-34.0%	(0.37)
HCM	281.5	16.6	40%	12%	57%	-51%	85%	-24%	-10.3%	(0.15)
HDG	153.6	3.1	55%	0%	18%	79%	-39%	-12%	8.7%	0.10
HNG	664.9	-	25%	0%	0%	209%	0%	10%	-13.1%	(0.71)
HPX	227.4	11.8	40%	0%	14%	0%	1%	1%	1.3%	0.03
HSG	142.6	8.8	60%	0%	18%	-13%	-29%	-36%	32.1%	0.24
HT1	246.1	7.8	20%	80%	6%	14%	-4%	1%	18.3%	0.29
ITA	116.6	18.2	60%	0%	2%	82%	-48%	-8%	-5.9%	(0.05)
KBC	313.2	9.6	75%	0%	27%	1%	16%	14%	25.8%	0.47
KDC	172.6	40.1	60%	0%	21%	237%	-76%	-18%	-15.3%	(0.30)
KDH	632.0	15.8	60%	0%	45%	9%	-3%	2%	7.7%	0.26
KSB	39.3	3.1	70%	0%	9%	-12%	-24%	-42%	-33.3%	(0.14)
LDG	89.6	3.2	45%	0%	1%	11%	-31%	-31%	-23.2%	(0.18)
LIX	60.1	8.9	50%	51%	14%	18%	-24%	-28%	-10.4%	(0.03)
MSH	95.6	4.3	40%	0%	8%	0%	8%	8%	8.0%	0.11
NBB	80.5	4.6	30%	2%	12%	192%	-66%	-17%	-2.0%	(0.01)
NCT	81.9	8.5	35%	65%	13%	-3%	5%	-6%	8.5%	0.05
NKG	54.2	-	70%	0%	38%	-333%	-100%	-14%	-12.8%	(0.06)
NLG	296.3	13.2	55%	0%	49%	-34%	76%	15%	16.6%	0.34
NT2	268.9	8.0	30%	65%	19%	4%	-15%	-23%	-12.0%	(0.24)
PAC	50.1	7.4	35%	51%	25%	8%	-41%	-43%	-34.6%	(0.16)
PAN	209.1	13.8	35%	0%	44%	-6%	-14%	-20%	-19.5%	(0.36)
PC1	120.3	7.8	60%	0%	39%	-23%	10%	-22%	-15.2%	(0.14)
PDR	370.4	12.3	40%	0%	6%	15%	10%	14%	26.5%	0.65
PHR	223.4	6.0	35%	67%	6%	37%	-17%	-3%	15.2%	0.38
POM	62.7	-	12%	0%	8%	-150%	-100%	-22%	-27.6%	(0.17)
PPC	372.2	8.5	25%	51%	16%	-9%	63%	41%	55.2%	1.14
PTB	142.9	7.8	55%	0%	23%	7%	7%	9%	20.9%	0.18
PVD	273.5	14.1	50%	46%	20%	197%	-62%	13%	13.7%	0.23
PVT	204.0	6.5	45%	51%	32%	18%	-9%	3%	13.3%	0.18
SAM	91.3	29.1	100%	0%	2%	-26%	64%	21%	21.5%	0.11

SCR	93.1	6.8	60%	0%	2%	45%	-40%	-18%	-19.3%	(0.10)
SCS	260.8	15.6	35%	13%	24%	0%	-17%	-17%	-13.0%	(0.25)
SJD	52.0	9.8	50%	51%	26%	-36%	27%	-12%	-18.5%	(0.03)
SJS	83.6	29.4	50%	36%	9%	-40%	49%	-6%	-10.1%	(0.03)
TCH	497.7	30.5	55%	0%	4%	-12%	80%	56%	100.4%	1.72
THI	55.1	5.3	12%	71%	0%	0%	-26%	-26%	-15.8%	(0.10)
TPB	750.8	7.3	60%	4%	30%	31%	-20%	-9%	5.5%	0.30
VCI	209.2	5.8	65%	0%	37%	0%	-37%	-37%	-35.5%	(0.78)
VHC	311.3	5.3	45%	0%	34%	-3%	-14%	-30%	-57.3%	(0.39)
VND	129.6	10.9	65%	0%	40%	-26%	19%	-15%	-12.2%	(0.10)
VPI	293.1	16.1	40%	0%	6%	0%	0%	0%	4.2%	0.08
VSC	64.8	6.6	95%	0%	38%	-16%	-12%	-26%	-20.8%	(0.12)
YEG	47.1	-				-237%	-100%	-81%	-84.3%	(1.87)
Total	12,638.6	11.0								**0.36**
VN-Index	8.9%									68.45

SmallCap (Other stocks after VN30 and MidCap)

Stock	Marketcap (Mio.USD)	P/E	Free Float	% Gover	% Foreign	%± EPS**	%±P/E	%±P/B	% ± 31/12	Contribute VN-Index
ABT	17.9	7.2	11%	0%	3%	-14%	5%	-9%	-1.0%	(0.00)
ACL	22.8	2.5	25%	0%	3%	-7%	-17%	-37%	-18.1%	(0.03)
ADS	13.7	79.0	40%	0%	0%	-92%	964%	-3%	-0.6%	-
AGM	8.0	4.7	20%	28%	8%	43%	-35%	-18%	-1.2%	(0.00)
AGR	32.7	10.4	25%	75%	2%	7%	-2%	-2%	5.0%	0.01
AMD	13.8	9.5	100%	0%	1%	-30%	6%	-27%	-26.0%	(0.03)
APC	10.3	4.6	45%	0%	15%	-25%	-14%	-42%	-35.3%	(0.04)
APG	14.2	32.9	40%	0%	1%	-45%	125%	27%	22.7%	0.01
BCE	8.9	6.5	45%	52%	6%	3%	18%	27%	40.4%	0.02
BCG	37.1	8.9	75%	0%	20%	-707%	0%	25%	43.9%	0.08
BMC	7.4	10.2	55%	25%	18%	36%	-24%	3%	9.4%	0.01
BSI	41.3	9.0	25%	70%	9%	-46%	57%	-16%	-8.1%	(0.01)
BTP	32.1	7.7	20%	80%	10%	-30%	54%	7%	12.4%	0.03
C32	14.7	6.9	75%	34%	31%	-47%	62%	-18%	-4.3%	(0.00)
CCL	16.6	10.1	75%	0%	5%	25%	116%	163%	202.5%	0.08
CEE	28.0	170.8	35%	0%	0%	0%	-3%	-3%	-3.0%	(0.01)
CLG	2.6	-	35%	0%	0%	-1844%	-100%	106%	15.5%	0.00
CMX	8.0	2.1	45%	0%	2%	9%	-15%	-35%	-7.6%	(0.00)
CNG	29.1	7.1	45%	0%	21%	-4%	0%	-1%	-3.8%	0.01
CRC	8.7	16.5	85%	0%	0%	0%	-18%	-18%	-15.1%	(0.01)

BSC

CTF	45.8	13.7	55%	0%	0%	0%	14%	14%	14.2%	0.02
CTS	34.0	11.3	25%	0%	12%	-54%	62%	-22%	-16.2%	(0.05)
CVT	32.5	4.8	80%	0%	12%	2%	6%	16%	20.5%	0.04
D2D	72.6	5.9	45%	29%	6%	254%	-35%	54%	132.8%	0.24
DAG	15.3	6.0	55%	0%	4%	4%	-1%	-4%	3.5%	0.00
DAH	14.1	26.9	80%	0%	3%	35%	15%	52%	55.0%	0.04
DCL	68.7	202.9	30%	0%	3%	-38%	380%	199%	199.5%	0.32
DGW	41.5	6.6	50%	0%	17%	28%	-21%	-11%	2.4%	0.01
DHA	20.3	7.1	55%	25%	10%	13%	-6%	2%	17.4%	0.02
DHC	91.6	19.2	55%	0%	37%	-21%	93%	34%	51.7%	0.23
DHM	5.1	31.7	80%	0%	0%	-38%	18%	-28%	-27.1%	(0.01)
DIC	2.2	8.9	85%	15%	3%	55%	-61%	-38%	-38.9%	(0.01)
DLG	24.7	7.6	80%	0%	2%	833%	-87%	22%	25.7%	0.03
DPG	79.6	13.7	55%	0%	0%	0%	21%	21%	22.0%	0.11
DQC	18.9	11.9	45%	0%	3%	-48%	10%	-43%	-39.2%	(0.11)
DRH	10.4	4.0	95%	0%	2%	-1%	-61%	-62%	-61.0%	(0.11)
DSN	30.8	7.2	60%	0%	22%	22%	-23%	-5%	-6.2%	0.02
DVP	62.8	5.6	35%	51%	14%	-10%	-4%	-22%	-9.6%	(0.03)
ELC	13.1	31.7	45%	0%	20%	3%	-24%	-23%	-22.1%	(0.03)
EVE	17.6	7.9	85%	0%	64%	-29%	-2%	-30%	-25.5%	(0.05)
EVG	6.8	4.3	60%	0%	2%	0%	-8%	-8%	-8.1%	(0.00)
FCM	11.1	5.0	40%	0%	3%	42%	-34%	-9%	0.4%	0.00
FIR	25.9	6.5	55%	0%	0%	20%	0%	0%	25.3%	0.04
FIT	111.0	164.2	50%	0%	2%	6052%	-94%	292%	294.5%	0.56
FMC	56.1	5.0	30%	3%	7%	42%	-33%	-15%	0.0%	0.03
FTM	4.2	-	25%	0%	0%	-264%	-100%	-87%	-88.1%	(0.21)
FTS	59.7	2.5	45%	0%	22%	11%	-36%	-34%	-26.3%	(0.14)
GDT	21.5	6.7	50%	0%	21%	-20%	-11%	-33%	-26.3%	(0.04)
GIL	17.4	2.4	70%	0%	4%	-1%	-38%	-43%	-38.3%	(0.07)
GMC	21.6	4.3	35%	9%	14%	-29%	-4%	-42%	-38.5%	(0.05)
HAH	24.7	4.7	80%	0%	20%	-17%	6%	-13%	-1.4%	(0.00)
HAP	8.2	6.5	85%	0%	7%	-10%	12%	2%	16.5%	0.01
HAR	17.1	-	70%	0%	0%	-161%	-100%	-20%	-19.8%	(0.03)
HAX	26.1	7.4	55%	0%	10%	-21%	32%	9%	15.5%	0.02
HCD	3.3	2.7	85%	0%	0%	-10%	-36%	-44%	-42.4%	(0.01)
HDC	59.5	11.5	85%	0%	16%	13%	72%	85%	96.0%	0.20
HHS	33.7	5.8	55%	0%	4%	-25%	5%	-23%	-20.6%	(0.07)
HII	11.5	6.9	50%	0%	0%	0%	-33%	-33%	-33.3%	(0.04)
HMC	10.4	4.4	40%	56%	2%	-44%	40%	-11%	-16.4%	0.00
HQC	22.2	12.1	85%	0%	4%	1%	-27%	-27%	-26.0%	(0.05)
HSL	5.1	3.7	70%	0%	16%	0%	-38%	-38%	-38.3%	(0.02)
HTI	12.0	4.0	40%	0%	17%	1%	-7%	-9%	-5.9%	0.01
HTN	25.2	3.3	35%	0%	5%	0%	-12%	-12%	-5.4%	(0.01)

HTT			100 %							
	0.9	-		0%	1%	0%	0%	-42%	-41.8%	(0.01)
HVH	12.5	5.8	50%	0%	0%	0%	-31%	-31%	-28.4%	(0.03)
IBC	71.1	26.4	25%	0%	7%	0%	-7%	-7%	-2.9%	(0.01)
IDI	50.6	2.5	50%	0%	1%	-32%	21%	-26%	-11.1%	(0.04)
IJC	94.7	8.4	20%	79%	2%	24%	71%	103%	111.9%	0.39
ITC	50.4	41.6	40%	16%	0%	-66%	313%	44%	54.0%	0.13
ITD	7.7	7.6	70%	0%	17%	-31%	15%	-20%	4.2%	0.00
JVC	16.5	28.3	95%	0%	47%	52%	-52%	-30%	12.6%	0.01
KHP	17.1	12.2	50%	52%	21%	-35%	49%	-6%	3.1%	0.00
KMR	7.0	29.3	55%	0%	63%	47%	-41%	-16%	-13.7%	(0.01)
KPF	17.8	119.7	25%	0%	0%	-84%	348%	-26%	-26.3%	(0.05)
LCG	36.1	3.7	85%	0%	31%	43%	-25%	-3%	9.4%	0.04
LGL	17.8	3.6	40%	0%	4%	2%	17%	12%	35.1%	0.04
LHG	33.2	5.6	50%	0%	11%	-21%	6%	-17%	-17.0%	(0.02)
LM8	8.7	11.3	50%	36%	2%	5%	-22%	-17%	-14.0%	(0.01)
LMH	9.4	10.0	70%	0%	0%	0%	-15%	-15%	-6.1%	(0.01)
LSS	13.5	51.2	50%	0%	2%	-49%	19%	-37%	-22.5%	(0.03)
MHC	5.4	-	80%	0%	2%	-117%	-100%	-34%	-34.3%	(0.02)
NAF	49.5	28.9	45%	0%	6%	37%	39%	84%	91.6%	0.15
NNC	46.0	9.0	40%	38%	19%	-31%	48%	-7%	17.6%	0.05
NTL	62.4	7.0	55%	0%	6%	130%	-46%	19%	31.7%	0.14
PET	27.9	6.2	70%	24%	17%	0%	-6%	-7%	5.3%	0.01
PGC	38.8	6.2	30%	52%	8%	-2%	5%	5%	2.8%	0.04
PHC	12.5	4.0	65%	0%	0%	16%	-16%	-13%	4.4%	0.01
PLP	10.1	2.6	70%	0%	10%	0%	-25%	-25%	-25.5%	(0.02)
PMG	32.4	9.6	45%	0%	1%	0%	3%	3%	2.7%	0.01
PXS	14.5	-	40%	0%	12%	-9%	0%	23%	8.3%	0.01
QBS	8.7	-	80%	0%	0%	-268%	-100%	-25%	-34.2%	(0.03)
RAL	34.7	3.5	30%	0%	3%	13%	-28%	-23%	-13.0%	(0.04)
SAV	5.3	5.5	40%	0%	49%	21%	-8%	7%	5.8%	0.01
SFG	12.6	221.2	30%	65%	1%	-98%	2176%	-53%	-53.6%	(0.10)
SHA	6.0	4.6	80%	0%	1%	-15%	4%	-13%	-3.0%	(0.00)
SHI	32.9	6.9	55%	0%	1%	-10%	51%	35%	50.1%	0.07
SJF	7.5	3.7	75%	0%	0%	0%	-75%	-75%	-74.8%	(0.16)
SKG	35.0	7.4	65%	0%	46%	-15%	-5%	-24%	-13.5%	(0.04)
SMB	50.7	8.4	40%	0%	9%	0%	22%	22%	40.7%	0.11
SRC	22.0	34.1	60%	51%	0%	23%	10%	28%	34.8%	0.04
SRF	19.4	4.5	30%	13%	47%	48%	-23%	15%	28.9%	0.04
STK	53.6	5.8	45%	0%	9%	13%	8%	15%	30.4%	0.08
SZL	33.9	9.8	35%	57%	10%	-8%	53%	34%	45.0%	0.08
TAC	37.9	6.7	11%	49%	1%	25%	-28%	-10%	-2.4%	(0.01)
TCD	18.3	6.6	30%	0%	15%	0%	-19%	-19%	-14.4%	(0.02)
TCL	26.7	9.9	50%	51%	14%	-4%	54%	44%	-11.3%	0.06

TCM	48.0	6.6	60%	0%	49%	-23%	16%	-16%	-9.0%	(0.03)
TDC	36.3	7.5	40%	61%	3%	9%	2%	23%	24.5%	0.06
TDG	1.3	2.0	85%	0%	2%	0%	-44%	-44%	-43.9%	(0.01)
TDH	40.4	9.5	90%	5%	30%	-5%	20%	18%	23.6%	0.06
TDM	106.1	10.9	45%	0%	15%	0%	28%	28%	27.9%	0.14
TEG	7.3	4.0	40%	0%	1%	-12%	-16%	-28%	-25.7%	(0.02)
TGG	2.1	9.9	70%	0%	1%	0%	-41%	-41%	-41.5%	(0.01)
THG	25.1	7.0	80%	0%	0%	15%	19%	25%	40.9%	0.06
TIP	22.6	4.3	40%	57%	13%	31%	-2%	17%	45.3%	0.06
TLD	3.7	4.2	60%	0%	2%	0%	-34%	-34%	-33.9%	(0.01)
TLH	19.5	-	60%	0%	1%	-167%	-100%	-21%	-19.7%	(0.03)
TMT	8.7	-	55%	9%	3%	-1173%	-100%	-40%	-40.5%	(0.04)
TNA	31.2	6.7	50%	0%	5%	118%	-1%	71%	114.9%	0.12
TNI	24.0	43.3	90%	0%	0%	0%	16%	16%	16.0%	0.02
TNT	1.8	-	95%	0%	0%	-16%	0%	-37%	-36.3%	(0.01)
TRC	41.2	8.9	40%	60%	8%	-11%	71%	54%	57.6%	0.12
TS4	2.6	4.8	30%	27%	2%	25%	-58%	-50%	-47.2%	(0.02)
TTB	8.6	5.4	55%	0%	1%	40%	-86%	-82%	-80.7%	(0.24)
TVB	29.2	18.6	35%	0%	0%	0%	-22%	-22%	-21.6%	(0.02)
TVT	20.8	5.5	40%	47%	0%	0%	-12%	-12%	19.9%	0.04
TYA	18.5	4.6	20%	0%	44%	48%	-12%	28%	50.4%	0.01
UDC	5.7	-	35%	68%	0%	-499%	-100%	-21%	-21.8%	(0.01)
UIC	12.8	5.5	50%	51%	23%	22%	2%	16%	24.3%	0.03
VDS	32.2	27.5	35%	0%	0%	-60%	125%	-8%	-2.5%	0.00
VIP	14.0	18.1	45%	50%	6%	-78%	233%	-21%	-17.9%	(0.02)
VNE	12.8	-	85%	0%	13%	-126%	-100%	-8%	-7.7%	(0.01)
VNG	80.0	57.7	50%	0%	0%	-43%	72%	-6%	-2.2%	0.02
VNS	31.3	5.7	40%	0%	21%	44%	-58%	-43%	-39.9%	(0.12)
VOS	10.0	-	40%	51%	2%	-224%	-100%	30%	1.2%	0.00
VPG	26.3	13.3	45%	0%	0%	-22%	48%	2%	0.0%	0.02
VPH	16.7	3.5	65%	0%	14%	-24%	11%	-11%	-5.4%	(0.00)
VRC	36.1	6.8	90%	0%	3%	-53%	95%	-13%	-8.0%	(0.02)
VSI	13.4	15.6	30%	60%	1%	-14%	7%	-4%	-2.9%	(0.00)
VTO	25.2	6.1	45%	52%	3%	-3%	1%	0%	9.2%	0.02
YBM	2.4	1.9			0%	-73%	-73%	-69.4%		(0.04)
Total	3,650.7	16.2								**1.92**
VN-Index	2.6%									68.45

(*) Calculate according to arithmetic mean that eliminating values of larger than 50 times.

(**) EPS trailing 2019/EPS 2018

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Appendix 15. Securities companies and financial institutions' valuations for 35 stocks that have largest weight

#	Stock	% VN-Index	Price 13/12	Avg. Target price	% 13/12	Max price	% 12/12	Min price	% 13/12	P/E	P/B	52W Highest	52W Lowest
1	VIC	11.73%	116,000	122,975	6.0%	129,600	11.7%	113,300	-2.3%	73.0	5.0	126,500	95,300
2	VCB	9.90%	88,400	89,906	1.7%	109,000	23.3%	69,000	-21.9%	16.8	4.0	92,500	51,000
3	VHM	9.02%	89,100	108,098	21.3%	115,000	29.1%	104,300	17.1%	19.8	6.9	102,300	70,900
4	VNM	6.21%	118,000	135,583	14.9%	155,600	31.9%	120,900	2.5%	21.3	7.5	152,600	116,100
5	GAS	5.67%	98,000	106,620	8.8%	109,500	11.7%	102,600	4.7%	16.7	4.1	114,900	82,400
6	BID	5.09%	41,900	36,403	-13.1%	42,900	2.4%	31,000	-26.0%	19.9	2.5	43,000	30,550
7	SAB	4.52%	233,200	280,947	20.5%	312,000	33.8%	247,241	6.0%	31.7	8.4	291,000	226,000
8	TCB	2.45%	23,150	31,658	36.8%	40,000	72.8%	24,892	7.5%	8.7	1.4	28,200	19,900
9	VJC	2.36%	144,500	143,618	-0.6%	165,000	14.2%	121,100	-16.2%	14.7	5.6	147,100	107,300
10	VRE	2.36%	33,550	40,689	21.3%	43,900	30.8%	35,000	4.3%	27.3	2.7	39,950	26,700
11	CTG	2.32%	20,600	22,200	7.8%	22,200	7.8%	22,200	7.8%	12.5	1.0	23,450	17,700
12	PLX	2.17%	55,400	69,667	25.8%	70,300	26.9%	68,600	23.8%	16.0	3.0	67,500	52,500
13	MSN	2.05%	58,000	89,114	53.6%	104,000	79.3%	73,000	25.9%	12.9	2.0	92,000	54,400
14	HPG	1.99%	23,800	29,835	25.4%	34,800	46.2%	26,139	9.8%	9.4	1.4	27,385	20,300
15	NVL	1.55%	55,000	63,500	15.5%	65,000	18.2%	62,000	12.7%	17.3	2.5	65,500	53,700
16	MBB	1.53%	21,800	32,428	48.8%	45,819	110.2%	26,663	22.3%	6.7	1.3	23,900	16,713
17	MWG	1.51%	113,000	168,593	49.2%	215,000	90.3%	140,000	23.9%	13.6	4.4	129,500	80,600
18	HVN	1.48%	34,600	38,748	12.0%	40,443	16.9%	35,800	3.5%	19.8	2.7	45,300	31,200
19	VPB	1.46%	19,650	31,223	58.9%	72,805	270.5%	20,000	1.8%	5.9	1.2	22,800	17,500
20	BVH	1.44%	68,000	85,715	26.1%	86,300	26.9%	85,130	25.2%	36.0	3.0	98,500	65,000
21	FPT	1.17%	57,100	74,729	30.9%	78,400	37.3%	66,000	15.6%	12.2	2.9	61,300	36,818
22	POW	0.87%	12,350	16,942	37.2%	18,334	48.5%	15,800	27.9%	15.1	1.2	17,600	12,100
23	HDB	0.83%	27,950	30,643	9.6%	33,000	18.1%	29,000	3.8%	9.6	1.8	32,350	24,450
24	EIB	0.63%	16,800	16,800	0.0%	16,800	0.0%	16,800	0.0%	32.5	1.3	19,100	13,800
25	STB	0.57%	10,050	15,925	58.5%	17,800	77.1%	14,049	39.8%	6.5	0.7	13,200	9,750
26	PNJ	0.56%	83,500	95,011	13.8%	105,000	25.7%	86,200	3.2%	17.3	4.5	89,300	64,800
27	BHN	0.55%	79,100	79,100	0.0%	79,100	0.0%	79,100	0.0%	38.4	4.1	112,100	71,100
28	TPB	0.54%	21,000	26,250	25.0%	27,600	31.4%	25,200	20.0%	7.3	1.5	25,500	18,700
29	HNG	0.48%	14,250	14,250	0.0%	14,250	0.0%	14,250	0.0%	-	1.5	19,150	13,300
30	KDH	0.45%	27,100	30,375	12.1%	32,000	18.1%	28,300	4.4%	16.0	2.0	27,400	21,600
31	ROS	0.41%	24,100	24,100	0.0%	24,100	0.0%	24,100	0.0%	69.5	2.3	43,500	23,150
32	DHG	0.38%	95,000	88,444	-6.9%	92,000	-3.2%	79,000	-16.8%	20.9	3.9	121,000	72,700
33	REE	0.34%	36,500	48,150	31.9%	48,300	32.3%	48,000	31.5%	6.5	1.1	40,150	29,450
34	SBT	0.33%	18,500	18,500	0.0%	18,500	0.0%	18,500	0.0%	42.1	1.5	21,500	15,400
35	TCH	0.32%	29,600	29,600	0.0%	19,200	-35.1%	19,200	-35.1%	27.6	2.4	30,400	15,950
36	SSI	0.30%	19,200	23,013	19.9%	23,525	22.5%	22,500	17.2%	10.9	1.0	29,600	18,100
	Total	85.2%											
	Average				18.64%		34.43%		6.47%	20.6	3.0		

Source: Bloomberg, BSC Research, Other stocks that have not been forecasted would use closing price at 12/12 to calculate index points.

Appendix 16: Assessment based on technical analysis of 30 stocks that have largest weight (consult with quantitative analysis of iBroker)

#	Stock	Weight %	Trend	Support 2	Support 1	Resistance 1	Resistance 2	Bottom level FW	Peak level FW	Notes
1	VIC	11.73%	↑	90	110	125	135	90	135	Trend of upward accumulation. Peak price is expected to be at top horizontal line of ascending triangle pattern. Bottom price is expected to be support level and Fibonacci 38.2% medium term
2	VCB	9.90%	↑	70	81.5	92.5	100	70	100	Accumulation around peak price. Peak price follows price channel pattern and psychological threshold. Bottom price is expected to be at Fibonacci 38.2% medium-term cycle.
3	VHM	9.02%	↑	65	79	102.3		65	102.3	Short trading time. Top and bottom prices are the highest and lowest prices since listing.
4	VNM	6.21%	↓	95	110	135	150	95	150	Medium-term downtrend, long-term accumulation. Bottom price: Fibonacci 38.2% and 50% long-term cycle. Peak price: reistance around peak price.
5	GAS	5.67%	↔	75	95	125	145	75	145	Accumulate in systematic triangle pattern, breakout at 110. Bottom price is expected to be Fibonacci 50% of 2016 cycle. Peak price: target price according to the pattern.
6	BID	5.09%	↑		32	45.2		32	45.2	Bottom price: Fibonacci correction 32.8% long-term cycle and tight accumulation. Peak price: short-term peak.
7	SAB	4.52%	↔		195.8	287	335	195.8	287	Limited listing time. Bottom price: Fibonacci correction 61.8%. Peak price coincides with peak price of 2018.
8	TCB	2.45%	↔		20.3	29.5	35	20.3	35	Short trading time. Top and bottom prices are the highest and lowest prices since listing.
9	VJC	2.36%	↑		112	154	180	112	180	Bottom price: Fibonacci correction 61.8% from bottom price of 7/2017, and coincides with short-term bottom price. Peak price coincides with peak price of 2018.
10	VRE	2.36%	↔	26	32	38	48.6	32	38	Bottom price: price channel from 2014. Peak price coincides with Fibonacci retracement 38.2% from peak.
11	CTG	2.32%	↔	17.7	19.5	22.5	28	19.5	22.5	Sideways around bottom price. Bottome price: short-term support. Peak price coincides with peak price of 2019.
12	PLX	2.17%	↔		50.8	68		50.8	68	Top and bottom prices are the highest and lowest prices of price channel since 7/2018.
13	MSN	2.05%	↓		41	75	89	41	89	Bottom price: bottome price of 2017. Peak price: Fibonacci correction 38.2% of cycle from 2017 to present.

#	Ticker	%	Trend							Note
14	HPG	1.99%	↔	16	21	27	36	21	36	Accumulated after downtrend, supported by SMA200. Bottom price: 21. Peak price: peak price of 2018.
15	NVL	1.55%	↔		50.5	73.1		50.5	73.1	Accumulation, top and bottom prices are the highest and lowest prices of accumulation cycle from 6/2018.
16	MBB	1.53%	↑	16.4	18.5	23.8	28.2	18.5	23.8	Uptrend from 2017. Bottom price and peak price are forecasted to be at the center, equivalent to Fibonacci retracement 50% and 23%.
17	MWG	1.51%	↑	86	101	130	145	101	145	Uptrend. Bottom price is peak of wavelength 3. Peak price is peak of long-term wavelength 5.
18	HVN	1.48%	↔	29.1	32.8	44.3	60	32.8	44.3	Trend of accumulation. Top and bottom prices are the highest and lowest prices of horizontal channel from 6/2018.
19	VPB	1.46%	↓		17.5	22.5	27	17.5	22.5	Accumulation in downtrend. Top and bottom prices are the highest and lowest prices of horizontal channel in 2019.
20	BVH	1.44%	↑	55	65	87.5	108	65	87.5	Accumulation in uptrend. Bottom price and peak price are at center, Fibonacci 50% and 23.6% of uptrend cycle from 2012 to present.
21	FPT	1.17%	↑	47	55	62		55	62	Accumulation around peak of uptrend. Bottom price: Fibonacci correction 23% from 11/2012. Peak price: peak of 2019.
22	POW	0.87%	↓	10.7	12.1	16	17.6	12.1	16	Short listing time. Peak price and bottom price are support and resistance of center area from 2018 to present.
23	HDB	0.83%	↓		25	39	50.5	25	39	Accumulation around bottom of downtrend. Bottom price: low price. Peak price: Fibonacci retracement 50%.
24	EIB	0.63%	↑		13.5	19		75.6	171.7	Accumulated around short-term peak. Bottom price is Fibonacci retracement 50% from 10/2016. Peak price is short-term peak.
25	STB	0.57%	↔	7.4	10	13.5	17.5	10	13.5	Decrease in trend of sideway in medium-term. Bottom price is psychological threshold. Peak price is Fibonacci retracement 38.2%, Ichimoku cloud from 10/2016.
26	PNJ	0.56%	↑	66	80	95	136	66	95	Accumulate around peak of bullish cycle. Bottom price: Fibonacci correction 36.5% from 8/2014. Peak price: peak price in 2019.
27	BHN	0.55%	↔		69.5	96	105	69.5	96	Bottom price and top price in sideway channel from 7/2018.
28	TPB	0.54%	↔		18.7	27.3		18.7	27.3	Short trading time. Top and bottom prices are the highest and lowest prices since listing.
29	HNG	0.48%	↔		12	19		12	19	Bottom price: Fibonacci correction 50% from 4/2016. Peak price: peak price in 2019.
30	KDH	0.45%	↑	20	24	30.5		24	30.5	Accumulate in uptrend. Bottom price: Fibonacci correction 38.2% from 4/2013 and SMA200. Peak price: peak price in 2019.

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