



MACRO & MARKET Q3

**THE ECONOMY STABILIZED AFTER
COVID-19, VN-INDEX BUILT A
FOUNDATION AT 900 POINTS**



MACRO ECONOMY QUARTER 3.2020

- 01 Key economic areas maintain the recovery trend
- 02 Positive GDP outlook, possible to complete the target 2-2.5%
- 03 Consumption maintain recovery trend in Q3
- 04 Public investment actively supports growth
- 05 Signals of positive changes in the import-export area
- 06 The inflation rate has slowed down
- 07 The State Bank reduced the operating rate
- 08 The VND value was slightly adjusted

MARKET QUARTER 3.2020

- 09 Forecast for quarter 4.2020
- 10 P/E of VNIndex fell to 16th place in Asia
- 11 The raw materials industry had an impressive increase in Q3
- 12 The market capital of all 3 exchanges reached VND 4.38 million
- 13 Foreign investors were net buyers again in September
- 14 Derivative trading decreased in September
- 15 Redirecting investment flows in the corporate bond market, the stock market will benefit
- 16 Factors affecting the market in Quarter 4.2020
- 17 Investment strategy for Quarter 4.2020

APPENDIX



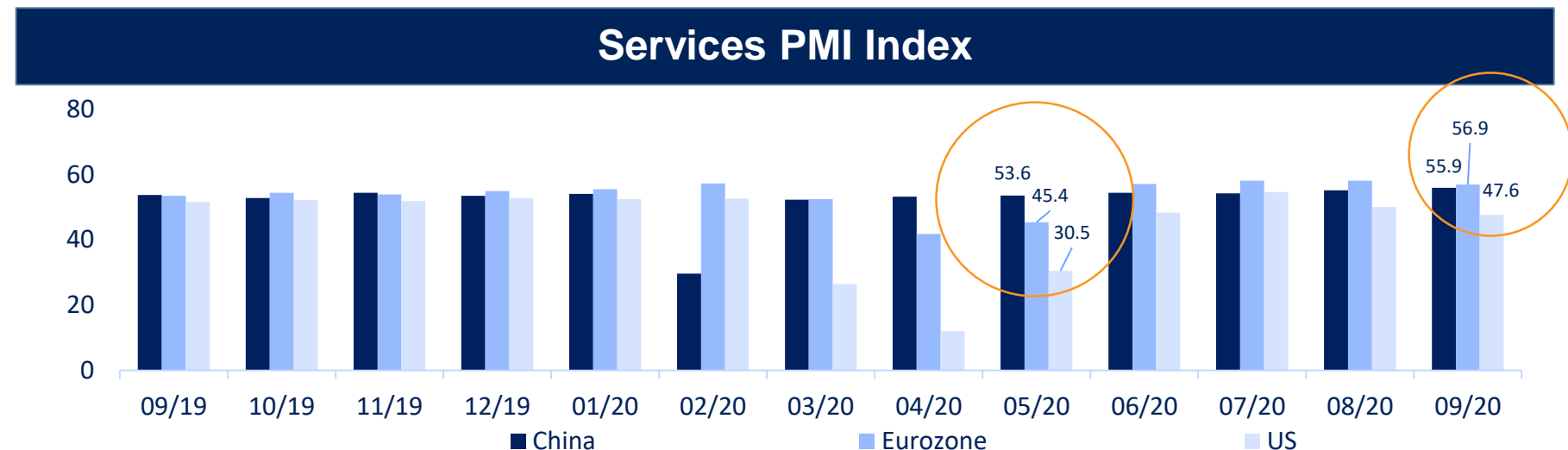
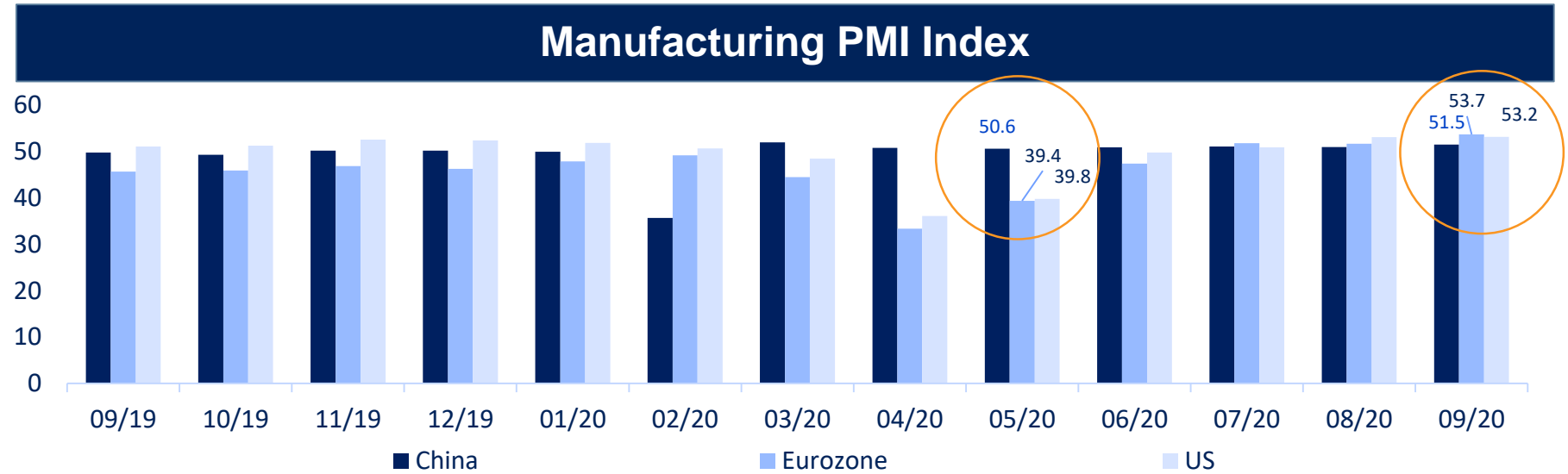
MACRO ECONOMY Q3

Consumption rebounded to keep recovering trend in Q3



MACRO: THE WORLD'S ECONOMY RECOVERY RECOVERED

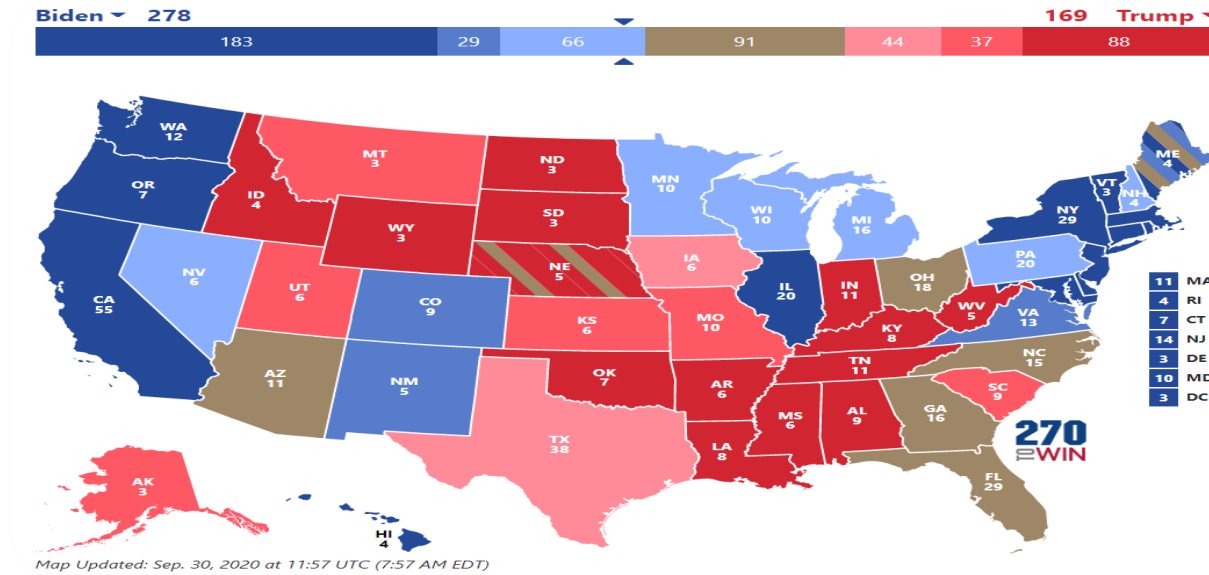
- ❖ Manufacturing PMI: US, China and Eurozone maintained the recovery trend.
- ❖ Services PMI: The service sector continued to maintain its recovery trend in China and Eurozone. However, this index continued to decline in the United States.
- ❖ The world economy recovered quite positively in September.



SourceS: Bloomberg, BSC Research

MACRO: UNITED STATES PRESIDENTIAL ELECTION, BIDEN IS WINNING VOTES

SURVEY OF US GENERAL ELECTIONS



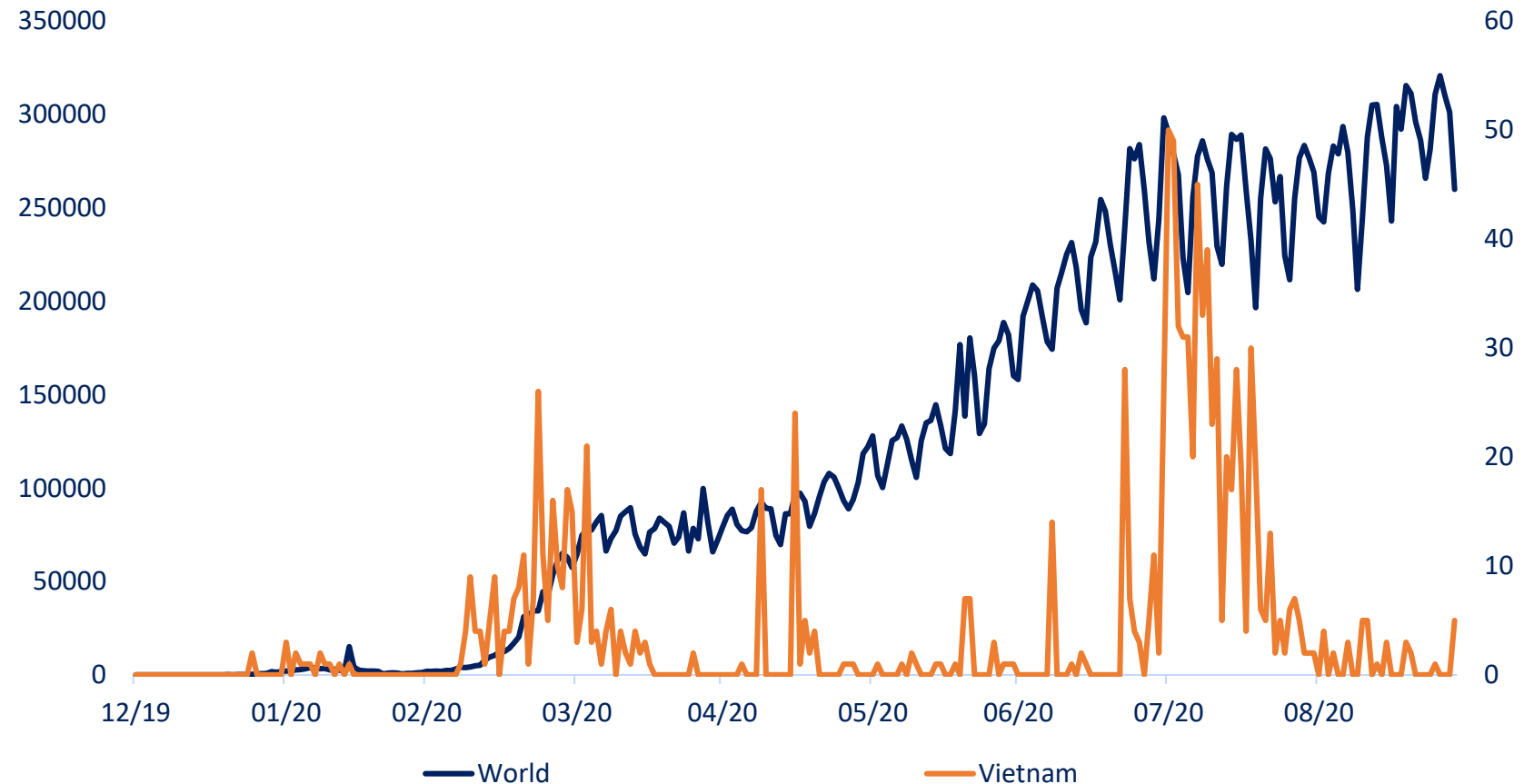
CHANGES IN THE RULING PARTY AFFECT THE US STOCK MARKET

Year	Previous	New	+1d	+1m	+1wk	Span	+1yr	+3m	+6m
2016	Dem	Rep	1.1%	5.0%	1.9%	21.3%	7.2%	12.1%	
2008	Rep	Dem	-5.3%	-16.0%	-10.6%	4.1%	-17.9%	-12.7%	
2000	Dem	Rep	-1.6%	-6.2%	-3.4%	-22.1%	-5.4%	-11.5%	
1992	Rep	Dem	-0.7%	2.4%	-0.3%	10.3%	5.4%	4.8%	
1980	Dem	Rep	1.8%	5.8%	1.7%	-3.3%	-1.7%	2.9%	
1976	Rep	Dem	-1.1%	-1.0%	-3.7%	-12.0%	-1.0%	-4.5%	
1968	Dem	Rep	0.2%	4.4%	1.5%	-5.3%	-0.2%	0.9%	
1960	Rep	Dem	0.4%	1.9%	1.3%	28.6%	12.1%	20.7%	
1952	Dem	Rep	0.3%	4.1%	0.7%	-0.4%	7.8%	0.5%	

SOURCE: Bank of America, Bloomberg, BofA US Equity & Quant Strategy, Presidential elections which resulted in a change in political party since 1951 and subsequent S&P 500 returns following the election

MACRO: COVID-19 EPIDEMIC INCREASES AGAIN IN THE WORLD WHEN EUROPE AND AMERICA ENTERING THE COLD SEASON

Disease history of COVID-19 (number of new cases by day)

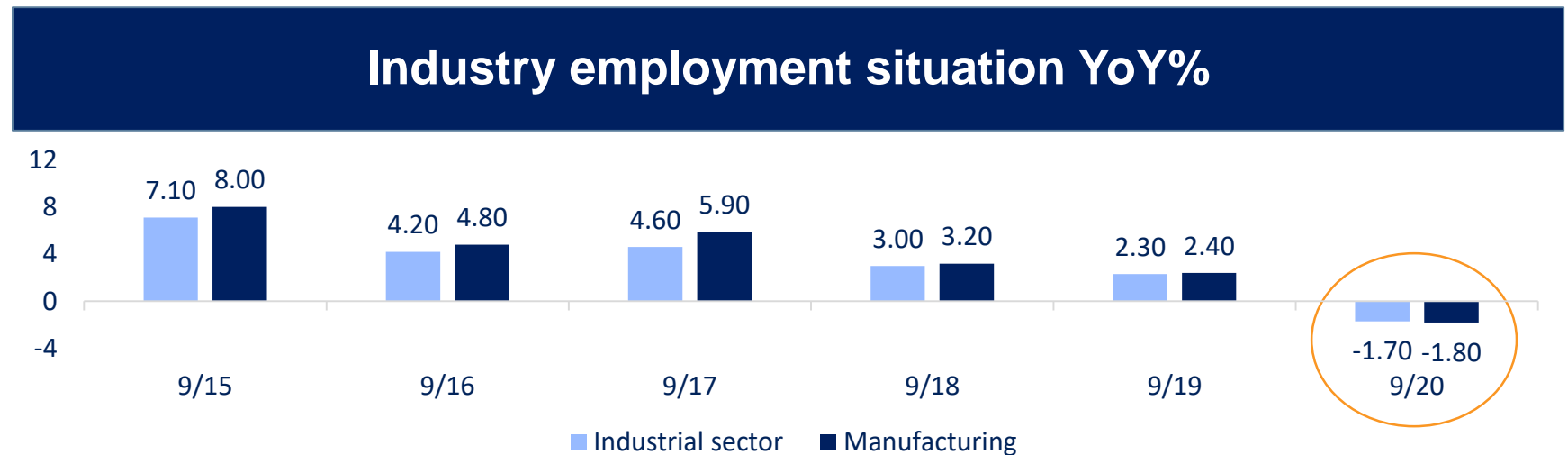
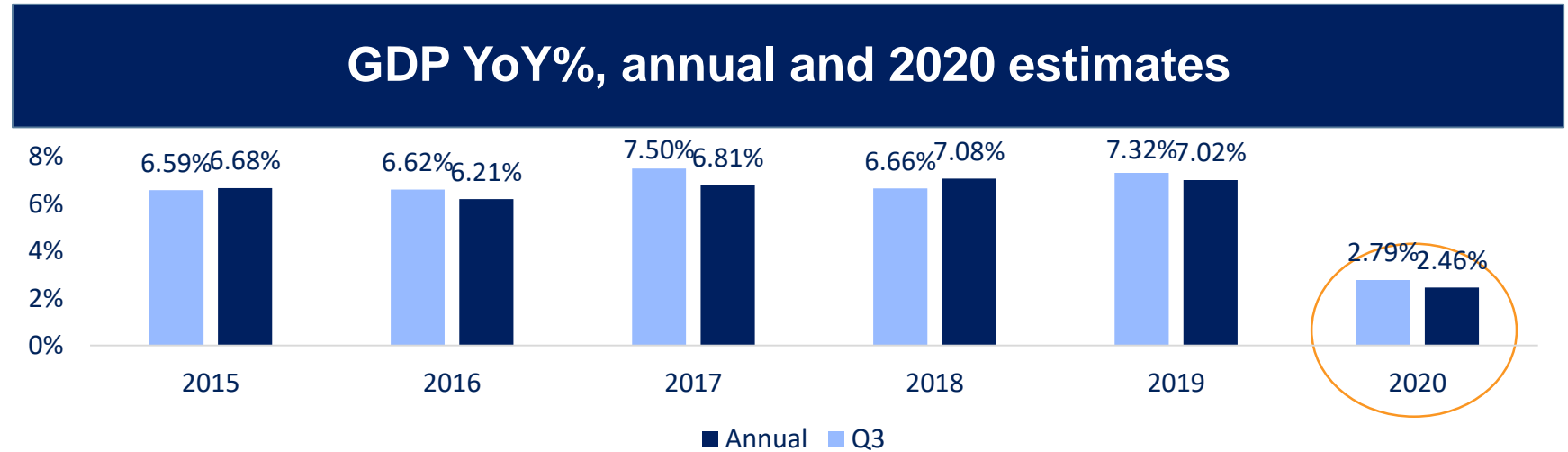


Source: WHO, BSC Research

- ❖ **WORLD:** There were 33,178,019 cases in the world on September 28. The rate of infection is strongly increasing again in the world as EU countries (France, Spain, UK, Poland and the Netherlands) are facing the second outbreak of COVID-19.
- ❖ **VIETNAM:** there were 1,074 cases of COVID-19 on September 28. The number of cases has decreased dramatically compared to the time of August. This result shows that the COVID-19 epidemic has entered the control stage.
- ❖ **COVID-19 VACCINE:** 8/24 has entered phase III testing. Sputnik V (Russia) and AZD122 (United States) vaccine will be put into use on a large scale in October and November. (Appendix 01)

- ❖ The second wave of outbreaks was well controlled, paving the way for a recovery in the last months of the year. **Industrial labor situation improved by -1.70% YoY in September (-2.90% YoY in August). Labor situation in newly established firms also showed a positive signal -16.3% YTD YoY (-21.8% YTD YoY in the first six months of 2020).**
- ❖ In the context of epidemic diseases returning at the end of July and early August, GDP in Q3 still maintained a positive growth of 2.79% YoY. **At this rate, BSC estimates, GDP could increase by 2.46-3.93% for the whole year 2020.**
- ❖ Some risks may have a negative impact on GDP: (1) unemployment is at high threshold of 4% in urban areas in Q3.2020, (2) Enterprises suspending business increases 81.8% YoY.

MACRO: POSITIVE GDP OUTLOOK, COMPLETING GOAL OF 2-2.5%

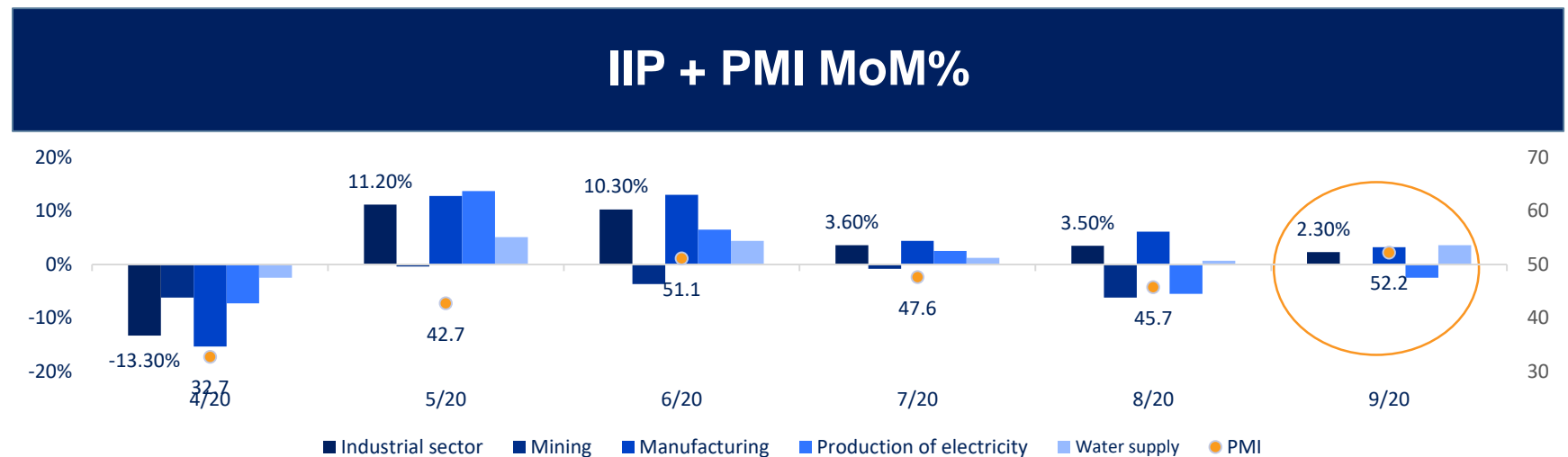
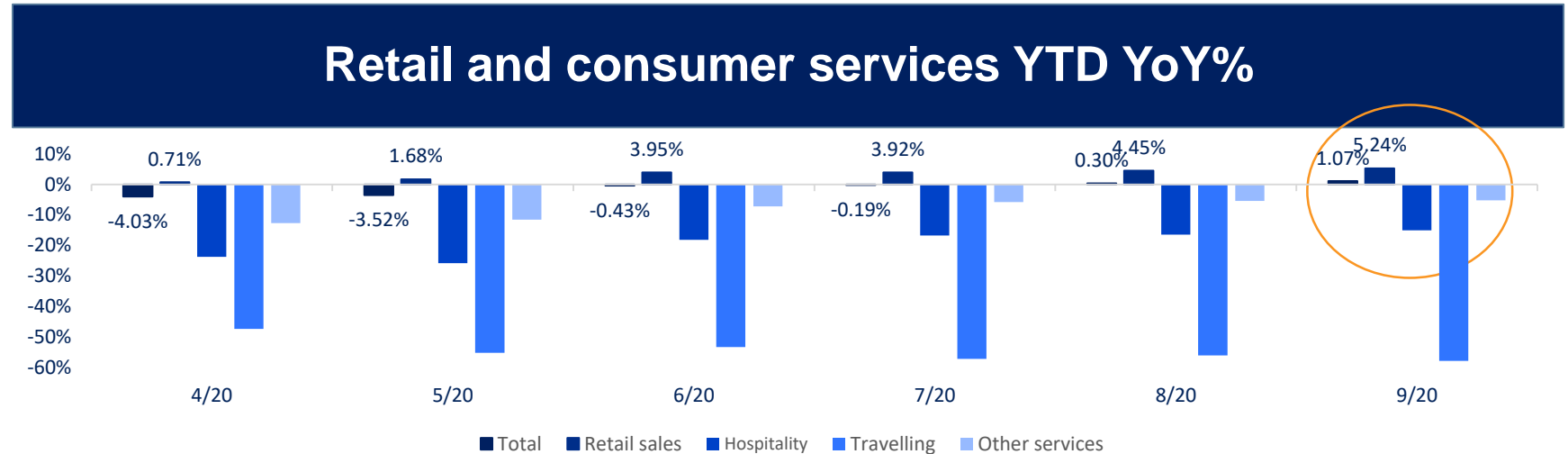


Source: Fiinpro, GSO, BSC Research

❖ Quickly control the epidemic, the recovery of the consumer sector in general still maintained well in the last quarter. **Consumer industry increased by +4.5% YoY in Q3 (retail +8.3%). Consumption continues to be a key factor in the economic recovery in 2020.**

❖ Business prospects have not improved clearly, the manufacturing sector continues to be cautious in increasing output. Manufacturing index increased by 1.8% YoY in Q3 (+0.2% YoY in Q2). **However, the recovery of key partners can support the recovery of this region in the rest of 2020. PMI rebounded sharply in September to 52.2 points.**

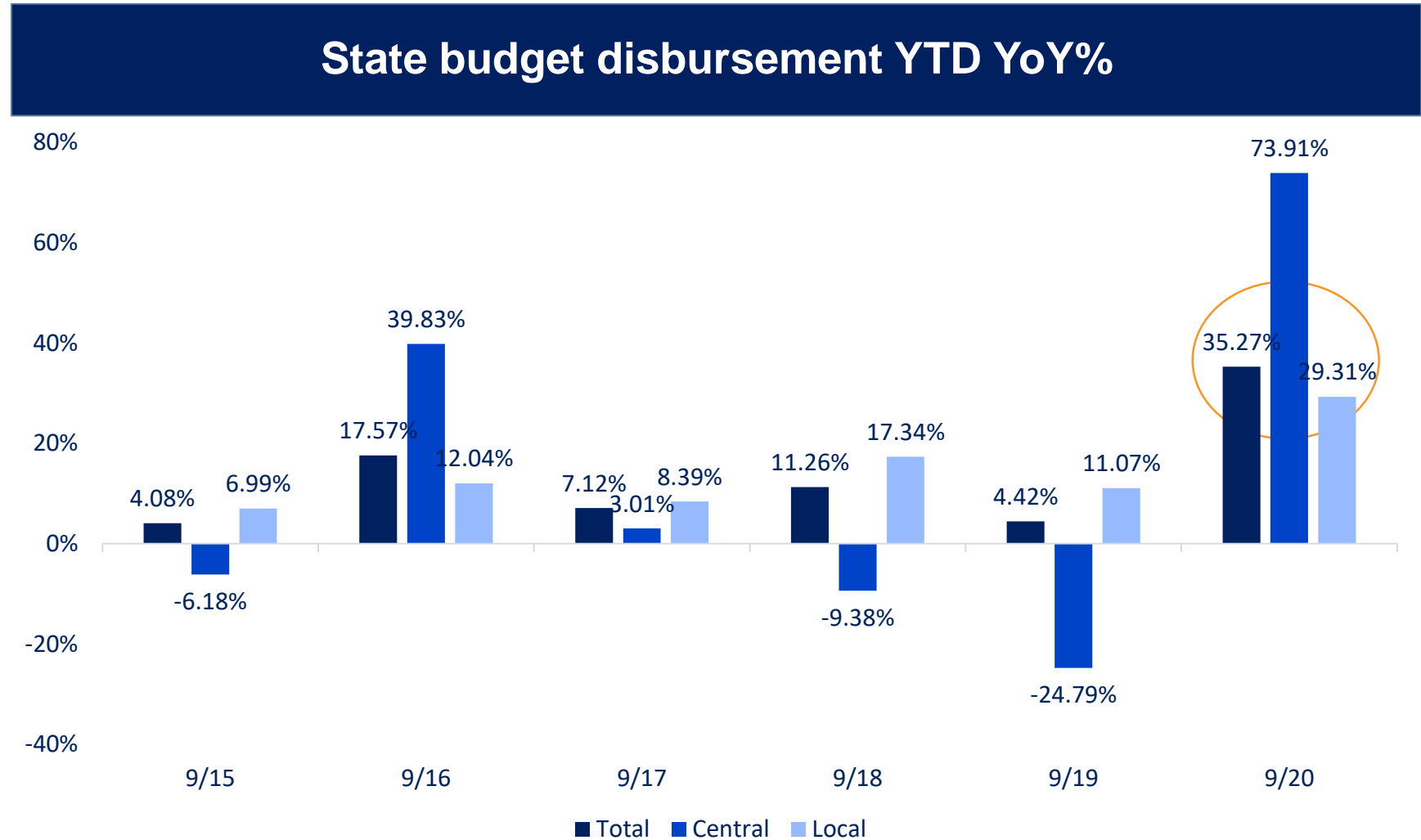
MACRO: CONSUMPTION MAINTAINS THE RECOVERY TREND IN QUARTER 3



Source: Fiinpro, BSC Research

MACRO: PUBLIC INVESTMENT ACTIVELY SUPPORTS GROWTH

- ❖ State budget disbursement continued to show positive signs in September. **Accumulated from early 2020, disburse of +35.27% YoY% (equivalent to 59.7% of the plan).** With this situation, the budget disbursement in 2020 is estimated at 477,234 billion VND (equivalent to 89.5% of the plan). Along with 97,017 billion VND from previous years, investment from the state budget has the ability to contribute 1.6% of GDP, somewhat reducing the decline in the private sector (+ 2.8% YTD YoY) and the FDI sector (-2.5% YTD YoY)
- ❖ Factors for promoting public investment: (1) Resolution 108 / NQ-CP, and (2) Resolution 84 / NQ-CP. **8/9 provinces with disbursement plan >10,000 billion VND, completing >55% of the plan.**

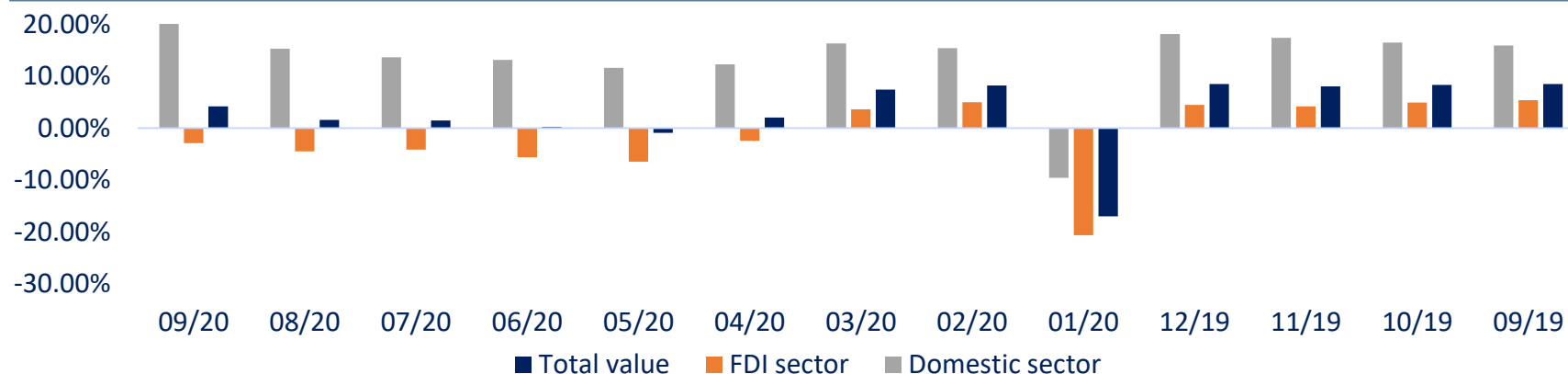


Source: Fiinpro, BSC Research

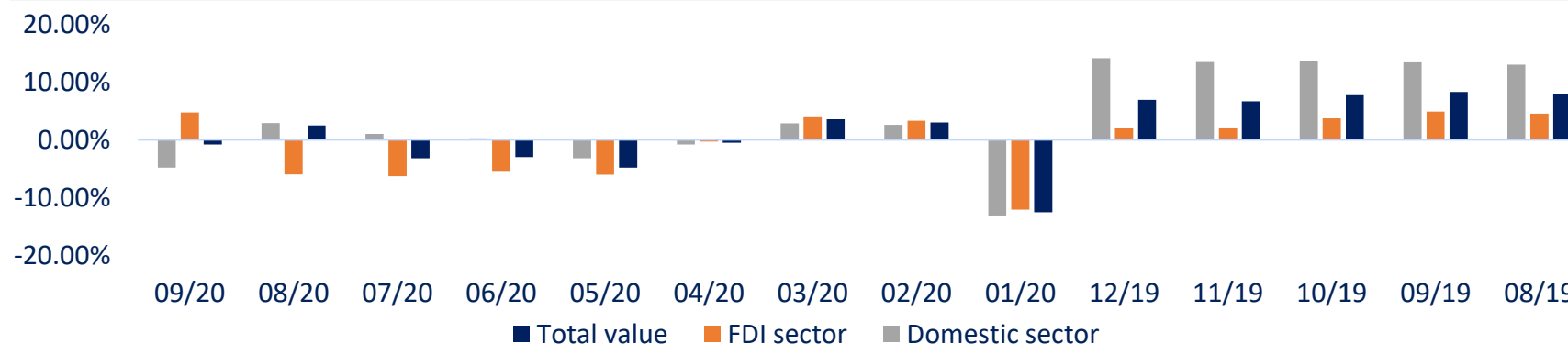
- ❖ Accumulated 9M.2020, exports increased by +4.6%, mainly contributed by the domestic sectors. Import only decreased by -0.8%, when the economic recovery of China and the United States become clearer.
- ❖ The recovery in import and export turnover came from computers, electronic products, machinery, equipment, tools and spare parts. In particular, the group of machinery, equipment and spare parts exports was doubled in the United States and increased by 75% in Germany over the same period last year.
- ❖ The economies of Vietnam, US and China all showed good signs of recovery. In addition, the EVFTA agreement also helped stimulating the trade recovery momentum. BSC estimates that **exports could increase +4.3% YoY while imports can increase + 0.2% YoY by the end of 2020.**

MACRO: SIGNALS OF POSITIVE CHANGES IN THE IMPORT-EXPORT AREA

Export accumulated 9M YoY%



Imports accumulated 9M YoY%



Source: GSO, BSC Research

EXPORT AND IMPORT PERFORMANCE: EXPORT AND IMPORT CONDITION IMPROVED THANKS TO CHINA AND US ECONOMY RECOVERY.

Export	%	07/19	08/19	09/19	10/19	11/19	12/19	01/20	02/20	03/20	04/20	05/20	06/20	07/20	08/20	09/20
Total Value (Month)	100%	13.09%	10.24%	10.57%	7.55%	4.81%	7.43%	-17.00%	49.97%	5.93%	-13.98%	-12.41%	5.31%	8.24%	7.02%	17.74%
Phone types and accessories	19.3%	3.37%	14.57%	6.80%	9.94%	-5.73%	-0.71%	-18.07%	40.70%	-1.28%	-35.57%	-21.11%	-3.49%	7.33%	-9.55%	-6.13%
Computers, electronic products and components	13.5%	21.75%	23.35%	32.00%	24.13%	28.96%	50.27%	12.63%	54.90%	30.56%	17.90%	16.32%	32.85%	33.77%	17.63%	29.26%
Textile products	12.1%	14.85%	6.63%	5.36%	-1.66%	1.68%	7.33%	-25.01%	70.76%	-7.70%	-31.31%	-31.70%	-9.66%	-7.77%	-12.02%	-1.59%
Other machinery, equipment, tools and spare parts	7.2%	17.66%	3.22%	19.22%	17.02%	22.59%	27.57%	-8.93%	74.67%	32.41%	23.39%	14.57%	35.26%	49.04%	64.27%	74.53%
Others	4.6%	17.95%	10.17%	14.91%	8.81%	6.06%	22.60%	-16.99%	43.24%	9.74%	9.81%	10.46%	43.97%	36.69%	16.38%	19.82%
Import	%	07/19	08/19	09/19	10/19	11/19	12/19	01/20	02/20	03/20	04/20	05/20	06/20	07/20	08/20	09/20
Total Import value	100%	9.5%	5.5%	11.5%	2.8%	-1.2%	9.1%	-12.5%	26.6%	4.7%	-11.8%	-21.6%	6.2%	-3.7%	1.2%	10.3%
Computers, electronic products and components	20%	39.3%	23.8%	33.5%	14.1%	11.8%	19.5%	7.2%	33.2%	14.6%	-4.1%	0.9%	34.4%	18.8%	21.7%	33.3%
Other machinery, equipment, tools and spare parts	14%	8.1%	10.8%	6.5%	4.0%	3.3%	18.0%	-17.3%	15.2%	-0.3%	-0.9%	-21.3%	5.1%	-0.7%	0.2%	11.8%
Others	5%	22.1%	9.9%	23.6%	7.6%	9.0%	12.9%	-11.3%	51.7%	16.7%	2.0%	-13.5%	12.5%	9.4%	14.6%	5.3%
Phone types and accessories	6%	2.0%	-9.1%	-2.8%	-9.8%	-29.5%	-14.1%	-1.6%	41.3%	23.6%	-23.1%	-28.0%	8.2%	-17.3%	-6.4%	8.6%
Fabrics of all kinds	5%	2.8%	0.7%	1.3%	5.8%	2.1%	8.9%	-26.6%	12.7%	-1.3%	-23.5%	-32.2%	-9.5%	-12.2%	-8.7%	-3.5%

Source: Fiinpro, BSC Research

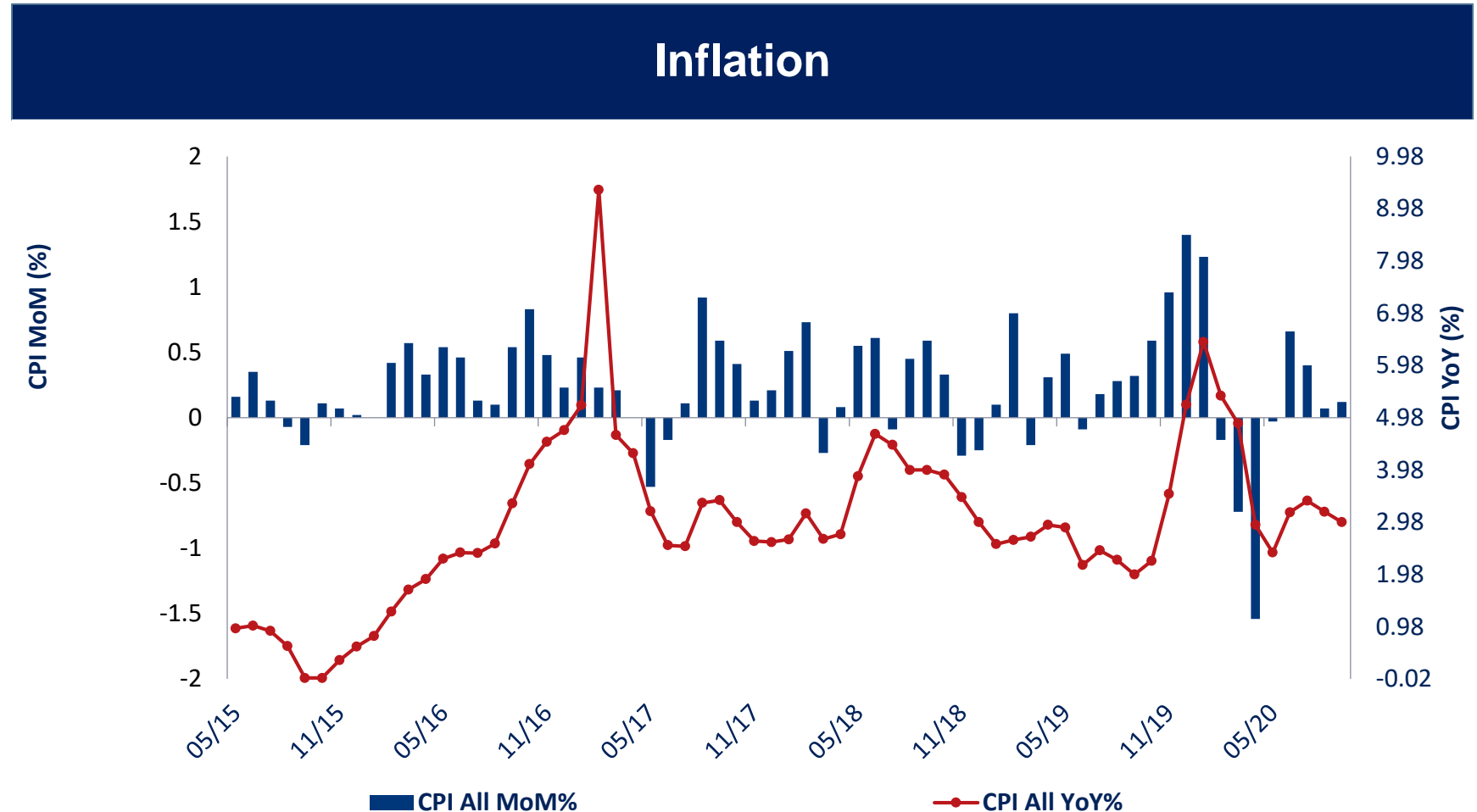
❖ **CPI in September 2020 only increased by 2.98% YoY, mainly due to the weakening uptrend in food and decreasing trend in transportation:**

- ✓ Pork prices decreased, ranging from 75,000 to 80,000 VND/kg.
- ✓ Oil prices declined to 40 USD/barrel.

❖ **CPI is estimated to increase from 2.65% - 3.00% YoY at the end of December 2020.** Based on the following assumptions:

- ✓ (1) Pork prices decreased to the 60,000 - 70,000 VND/kg range.
- ✓ (2) Brent oil price increased and fluctuated around 45 USD/barrel in Q4.
- ✓ (3) Electricity price uptrend will slow down as the peak season heat has passed.

MACRO: INFLATION SLOWS DOWN WHEN OIL PRICE AND PORK PRICE CORRECTED IN SEPTEMBER

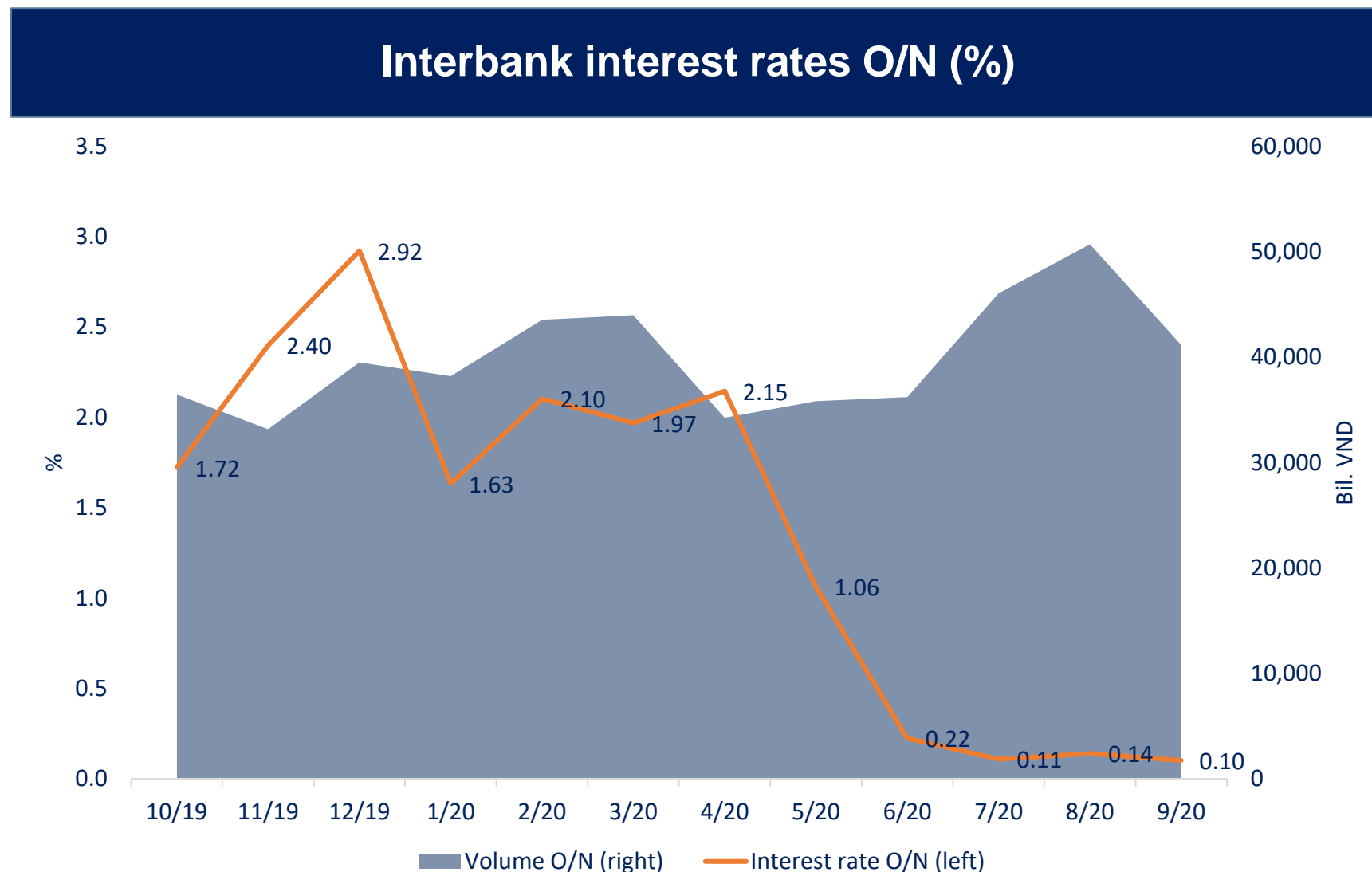


Source: Bloomberg, BSC Research

❖ The O / N interbank rate fell back after a slight increase in September, down to an average of 0.10%. At the same time, the trading volume decreased in September. This continues to show that **the amount of cash is relatively large, while the demand for loans, for investment in production is low, in the context of weak business prospects.** Residential and private investment increased by + 1.6% YoY in Q3 (+3.2% YoY in Q2).

❖ **To boost credit, at the end of September, the State Bank issued a decision from 1728 to 1730/QD-NHNN,** in which: (1) Reducing the maximum interest rate for deposits with terms from 1 month to less than 6 months from 4.25%/year to 4.0%/year, (2) reducing the maximum short-term loan interest rate in VND from 5.0%/year to 4.5%/year

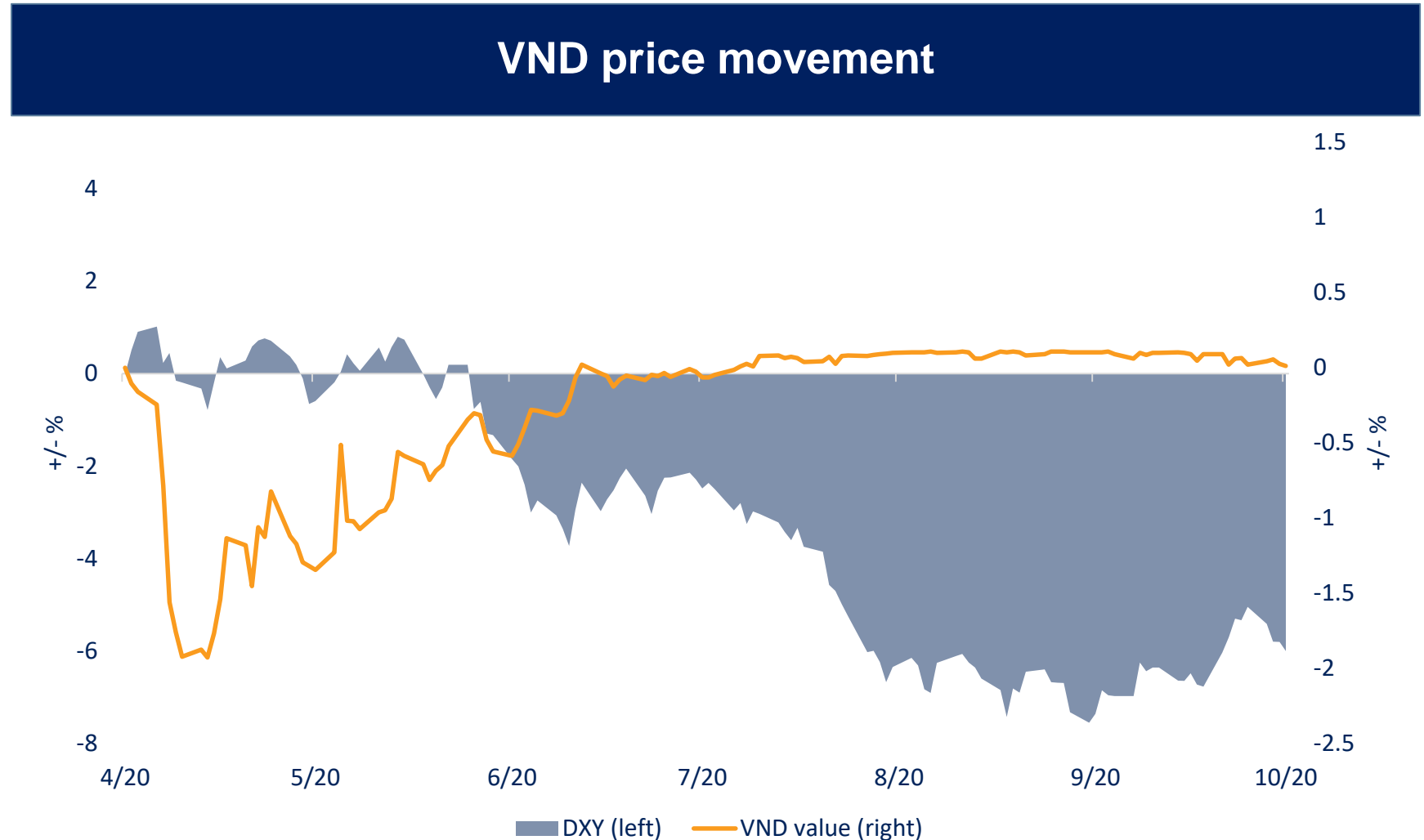
MACRO: SBV REDUCED THE OPERATING RATE



Source: Bloomberg, BSC Research

MACRO: THE VND VALUE WAS SLIGHTLY ADJUSTED

- ❖ **DXY Index recovered partly, because: (1) many macro indicators showed that the US economy recovered positively, (2) the new bailout package is unlikely to be issued in 2020 in the context that the country's parliament focuses on the selection of the new Supreme Judge, (3) the new Fed's inflation target does not show a clear signal about policy administration in short term.**
- ❖ **With the increasing movement of the USD, the value of VND has decreased slightly last month. However, with the trade balance continuing to widen, the SBV is likely to continue to buy USD in the near future.**



Source: Bloomberg, BSC Research

MACRO OVERVIEW

	9/17	10/17	11/17	12/17	1/18	2/18	3/18	4/18	5/18	6/18	7/18	8/18	9/18	10/18	11/18	12/18	1/19	2/19	3/19	4/19	5/19	6/19	7/19	8/19	9/19	10/19	11/19	12/19	1/20	2/20	3/20	4/20	5/20	6/20	7/20	8/20	9/20
Retail goods + Consumer services	10.50%	10.70%	10.70%	10.86%	9.50%	10.10%	9.90%	9.80%	10.10%	10.70%	11.10%	11.20%	11.30%	11.40%	11.50%	11.70%	12.20%	12.20%	12.00%	11.90%	11.60%	11.50%	11.60%	11.50%	11.60%	11.80%	11.80%	11.80%	10.20%	8.30%	4.70%	-4.30%	-3.90%	-0.80%	-0.40%	-0.02%	0.70%
Retail of goods	10.50%	10.60%	10.80%	10.89%	8.30%	10.00%	10.50%	10.80%	11.00%	11.30%	11.70%	11.70%	12.00%	12.20%	12.30%	12.40%	13.10%	14.40%	13.40%	13.20%	12.70%	12.50%	12.50%	12.50%	12.60%	12.80%	12.70%	12.70%	10.70%	9.80%	7.70%	0.40%	1.20%	3.40%	3.60%	4.00%	4.80%
Accom. + Dining	12.00%	12.50%	11.20%	11.85%	14.70%	10.20%	9.00%	9.40%	8.90%	9.60%	9.10%	9.10%	8.40%	8.30%	8.60%	9.10%	11.50%	5.70%	9.20%	9.20%	9.20%	9.80%	10.00%	9.80%	9.60%	9.60%	9.60%	9.80%	6.80%	1.70%	-9.60%	-23.60%	-25.80%	-18.10%	-16.60%	-16.40%	-15.00%
Tourism	14.40%	15.20%	16.20%	10.41%	39.30%	38.40%	30.30%	26.10%	23.00%	19.50%	17.70%	17.60%	16.90%	15.60%	14.70%	14.10%	7.90%	7.80%	12.80%	13.10%	12.40%	13.30%	12.50%	12.10%	12.00%	11.90%	12.20%	12.10%	7.40%	1.10%	-27.80%	-45.20%	-54.10%	-53.20%	-55.40%	-54.40%	-56.30%
Other services	8.90%	9.20%	9.60%	9.72%	9.90%	8.50%	5.00%	3.20%	4.60%	7.30%	9.00%	9.50%	9.70%	9.30%	9.80%	9.80%	7.40%	4.90%	5.10%	5.70%	6.10%	6.30%	6.70%	7.00%	7.30%	7.70%	8.10%	8.50%	10.70%	5.20%	1.50%	-13.20%	-11.80%	-7.40%	-5.90%	-5.70%	-5.60%
CPI core YoY	1.32%	1.32%	1.28%	1.29%	1.18%	1.47%	1.38%	1.33%	1.37%	1.37%	1.41%	1.54%	1.61%	1.67%	1.72%	1.70%	1.83%	1.82%	1.84%	1.88%	1.90%	1.96%	2.04%	1.95%	1.96%	1.99%	2.18%	2.78%	3.25%	2.94%	2.95%	2.71%	2.54%	2.45%	2.31%	2.16%	1.97%
CPI YoY	3.40%	2.98%	2.62%	2.60%	2.65%	3.15%	2.66%	2.75%	3.86%	4.67%	4.46%	3.98%	3.98%	3.89%	3.46%	2.98%	2.56%	2.64%	2.70%	2.93%	2.88%	2.16%	2.44%	2.26%	1.98%	2.24%	3.52%	5.23%	6.43%	5.40%	4.87%	2.93%	2.40%	3.17%	3.39%	3.18%	2.98%
Industrial production index	13.20%	17.00%	17.20%	11.20%	20.90%	8.00%	8.70%	9.40%	7.10%	12.30%	14.30%	13.40%	9.10%	7.70%	9.60%	11.40%	7.90%	10.30%	9.10%	9.34%	10.00%	9.60%	9.70%	10.50%	10.20%	9.20%	5.40%	6.20%	-5.50%	23.70%	5.40%	-10.50%	-3.10%	7.00%	1.10%	-0.60%	3.80%
Extractive	-6.00%	2.10%	-4.10%	-10.00%	10.50%	-1.80%	-3.60%	-5.00%	-7.60%	-3.60%	2.80%	2.40%	-2.70%	-9.50%	0.20%	-3.20%	-6.70%	-5.00%	0.40%	1.96%	-1.50%	4.00%	4.40%	14.40%	-6.60%	-0.20%	-5.30%	2.10%	-12.90%	9.20%	-9.50%	-10.70%	-13.00%	-8.90%	-7.90%	-5.10%	-5.70%
Processing and manufacturing	19.50%	22.30%	24.30%	17.80%	23.80%	10.70%	11.10%	12.30%	9.10%	15.50%	16.60%	16.00%	11.20%	10.10%	11.00%	13.70%	10.10%	12.80%	10.30%	10.53%	11.60%	10.60%	10.40%	10.30%	12.30%	10.80%	6.50%	7.00%	-4.80%	26.40%	7.30%	-11.30%	-2.40%	10.30%	2.10%	-0.10%	4.60%
Power distribution	10.40%	12.00%	13.00%	9.00%	15.40%	3.00%	8.30%	9.60%	11.20%	10.00%	12.20%	6.70%	5.10%	8.90%	9.20%	11.70%	8.80%	10.90%	9.80%	9.39%	11.00%	8.60%	10.50%	10.30%	10.60%	8.10%	7.50%	3.30%	-3.50%	22.50%	7.30%	-6.90%	2.00%	1.70%	2.70%	-0.70%	5.50%
Water supply	8.40%	8.00%	10.00%	15.70%	6.80%	1.00%	8.10%	2.60%	8.20%	8.00%	7.60%	7.10%	8.40%	9.50%	4.50%	5.60%	9.40%	7.20%	11.00%	6.77%	8.40%	6.00%	7.40%	7.60%	8.90%	6.90%	6.30%	6.20%	1.60%	8.30%	9.50%	2.00%	2.30%	2.10%	4.50%	2.20%	5.30%
FDI Realized	13.43%	11.81%	11.89%	10.76%	23.53%	9.68%	7.18%	6.25%	9.76%	8.42%	8.84%	9.22%	6.00%	6.34%	3.13%	9.14%	47.62%	51.76%	6.19%	11.76%	8.15%	8.72%	7.11%	6.31%	7.32%	7.35%	6.79%	6.70%	3.23%	-5.04%	-6.55%	-9.65%	-8.22%	-4.95%	-4.08%	-5.10%	-2.50%
FDI Registered	29.73%	33.81%	53.53%	41.75%	-36.80%	-24.99%	-42.96%	-37.26%	-30.84%	-4.40%	-3.47%	-4.01%	-7.72%	-8.48%	-16.56%	-13.88%	27.34%	57.76%	30.89%	28.57%	27.09%	-36.26%	-35.56%	-31.20%	-19.86%	-15.15%	-11.38%	-11.83%	318.66%	70.98%	28.85%	32.17%	19.90%	17.53%	21.20%	11.37%	-1.82%
Export	20.04%	21.84%	22.10%	21.82%	41.62%	26.15%	22.01%	18.97%	18.13%	16.99%	16.66%	17.32%	16.29%	15.21%	14.50%	13.19%	9.18%	4.65%	8.38%	7.42%	7.20%	7.31%	8.16%	8.13%	8.46%	8.31%	8.01%	8.50%	-17.00%	8.21%	7.43%	2.05%	-0.90%	0.21%	1.46%	1.64%	4.22%
FDI Group	21.37%	23.26%	23.49%	23.15%	41.91%	27.65%	25.78%	21.81%	17.20%	16.01%	16.16%	17.02%	16.06%	14.88%	14.13%	12.44%	4.93%	1.70%	4.43%	2.70%	5.62%	5.62%	5.68%	5.34%	5.37%	4.92%	4.15%	4.47%	-20.64%	5.00%	3.58%	-2.47%	-6.45%	-5.61%	-4.17%	-3.33%	-1.79%
Domestic Group	16.95%	18.52%	18.83%	18.71%	40.96%	22.59%	13.08%	12.09%	20.40%	19.34%	17.84%	18.02%	16.85%	16.01%	15.41%	14.99%	19.00%	11.88%	18.77%	19.87%	10.94%	11.25%	13.94%	14.72%	15.88%	16.50%	17.39%	18.12%	-9.56%	15.40%	16.32%	12.26%	11.63%	13.11%	13.65%	12.42%	17.31%
Import	22.68%	22.61%	22.23%	21.85%	53.10%	20.47%	13.33%	10.05%	11.39%	10.50%	11.74%	13.13%	12.44%	12.38%	12.15%	11.12%	6.09%	6.39%	8.66%	11.53%	10.80%	9.13%	9.21%	7.94%	8.29%	7.69%	6.66%	6.92%	-12.51%	3.01%	3.56%	-0.51%	-4.81%	-2.99%	-3.18%	-2.24%	-0.87%
FDI Group	28.98%	24.84%	24.70%	24.80%	53.09%	20.74%	13.60%	9.32%	8.06%	7.04%	9.76%	12.11%	8.85%	12.29%	12.20%	10.83%	4.01%	4.62%	5.50%	6.53%	8.01%	7.01%	6.22%	4.54%	4.87%	3.69%	2.14%	2.09%	-12.10%	3.29%	4.07%	-0.29%	-6.02%	-5.40%	-6.28%	-6.03%	-4.90%
Domestic Group	13.65%	19.40%	18.69%	17.69%	53.11%	20.09%	12.93%	11.17%	16.50%	15.78%	14.72%	14.69%	18.27%	12.51%	12.07%	11.55%	9.01%	8.99%	13.39%	19.07%	14.77%	12.12%	13.52%	12.98%	13.42%	13.72%	13.46%	14.13%	-13.07%	2.60%	2.85%	-0.80%	-3.18%	0.26%	1.02%	2.97%	4.70%
PMI	53.3	51.6	51.4	52.5	53.4	53.5	51.6	52.7	53.9	55.7	54.9	53.7	51.5	53.9	56.5	53.8	51.9	51.2	51.9	52.5	52.0	52.5	52.6	51.4	50.5	50.0	51.0	50.8	50.6	49.0	41.9	32.7	42.7	51.1	47.6	45.7	52.2
Credit growth YTD difference	0.57%	1.06%	0.78%	-0.01%	-0.84%	-0.40%	-0.87%	-0.53%	-0.58%	-1.15%	-1.48%	-1.82%	-1.88%	-2.56%	-3.41%	-4.35%	0.94%	-0.30%	-0.37%	-0.67%	-0.44%	-0.50%	-0.62%	-0.82%	-0.93%	-1.13%	-1.30%	-0.24%	-1.80%	-0.90%	-1.82%	-3.05%	-3.78%	-3.71%	-3.43%		
Total means of payment YTD difference	0.58%	-3.13%	-2.31%	-1.48%	-1.30%	0.77%	0.52%	1.83%	2.12%	1.50%	0.31%	-0.44%	-1.51%	-1.07%	-2.89%	-4.46%	1.73%	-0.76%	-1.12%	-2.09%	-1.53%	-1.28%	-0.89%	-0.49%	0.42%	0.24%	0.93%	2.34%	-1.26%	-0.85%	-1.17%	-1.68%	-2.01%	-1.96%	-1.46%		
Interest O/N	0.63	0.59	0.91	0.81	1.58	2.04	0.77	1.01	1.36	1.09	1.83	3.65	2.99	3.24	4.50	4.40	4.20	4.08	3.51	3.71	3.02	3.06	2.88	2.98	2.56	1.72	2.40	2.92	1.63	2.10	1.97	2.15	1.06	0.22	0.11	0.14	0.10

Source: Bloomberg, BSC Research

Market in Quarter 3

Maintaining the uptrend



MARKET: Q4/2020 FORECAST

Scenario 1

VN-Index maintains its position above the 900 level threshold and is expected to move in the 890-940 area. Q3 business results are expected to be positive with highlights on Steel and Banking sectors. World developments kept a steady state, the Covid-19 vaccine was successfully tested. The US election in October may have short-term impacts, however the level of influence on the Vietnamese market is not high. In addition, the National Assembly in November going well can have a positive impact. This scenario is highly appreciated.

Scenario 2

VN-Index corrects to the 870-890 area if the world market turns to a downtrend and the net withdrawal of foreign investors becomes more negative. This scenario is assessed to be less likely to happen.

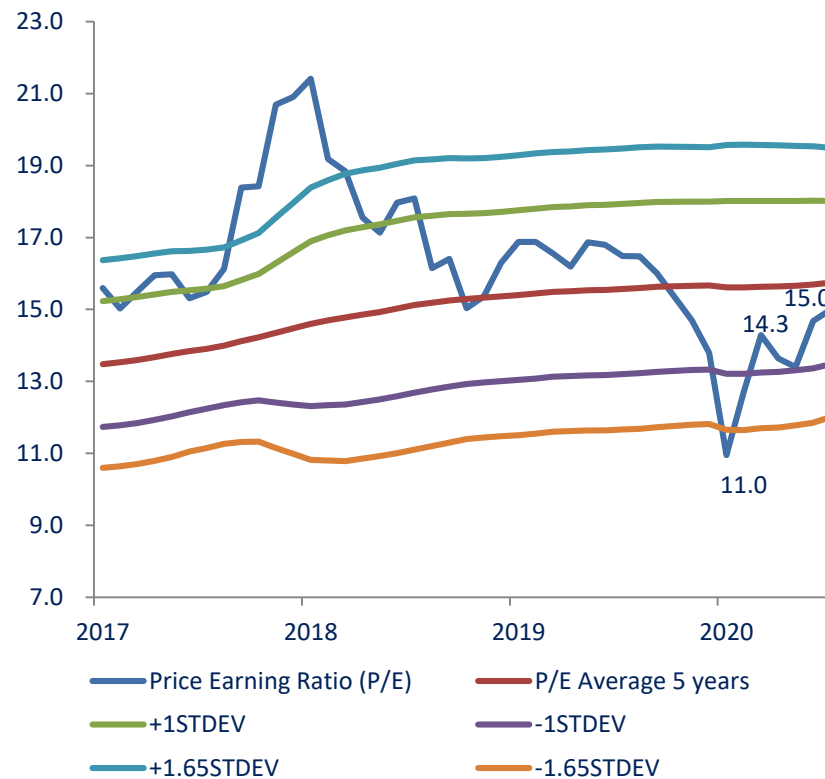


Source: FireAnt, BSC Research

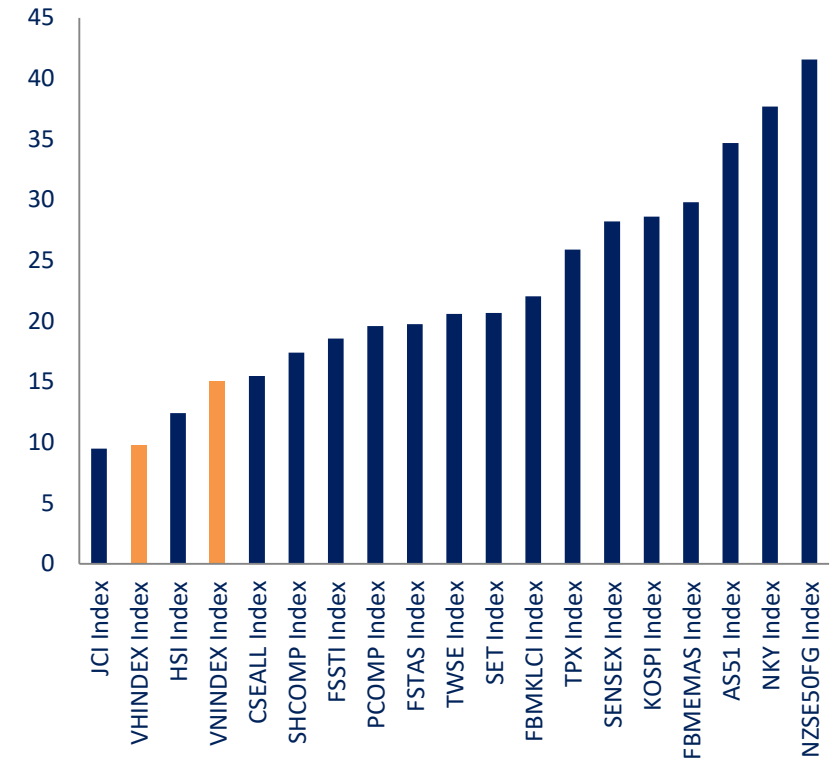
MARKET: P/E OF VN-INDEX DROPS TO ASIA'S 16TH POSITION

- ❖ The growth rate of VNIndex and HNXIndex continued to improve (September 2020 increased by 2.67% and Q3 /2020 increased by 9.7%).
- ❖ P/E at the end of Q3 is at 15, which is in line with our forecast in the August report, 4.76% lower than the 5-year average P/E (15.75x) and quite low compared to Asia.
- ❖ VNIndex's P/E is forecasted to increase to 15.5x in Q4

P/E ratio of VNIndex



P/E of Vietnam compared to region



Source: Bloomberg, BSC Research

MARKET: MATERIAL SECTOR INCREASED SIGNIFICANTLY IN Q3

- ❖ Materials, Telecommunications, Pharmacy & Health sectors grew strongly.
- ❖ Consumer Services sector had the strongest decrease of -15.9% mainly due to the influence from the second wave of Covid-19.
- ❖ P/E of the Consumer Services sector surged, mainly due to a sharp decline in EPS.
- ❖ Most sectors have P/E values around the 15x threshold.
- ❖ Most sectors have P/B lower than at the beginning of the year except for Materials, Telecommunications, Pharmacy and Health.



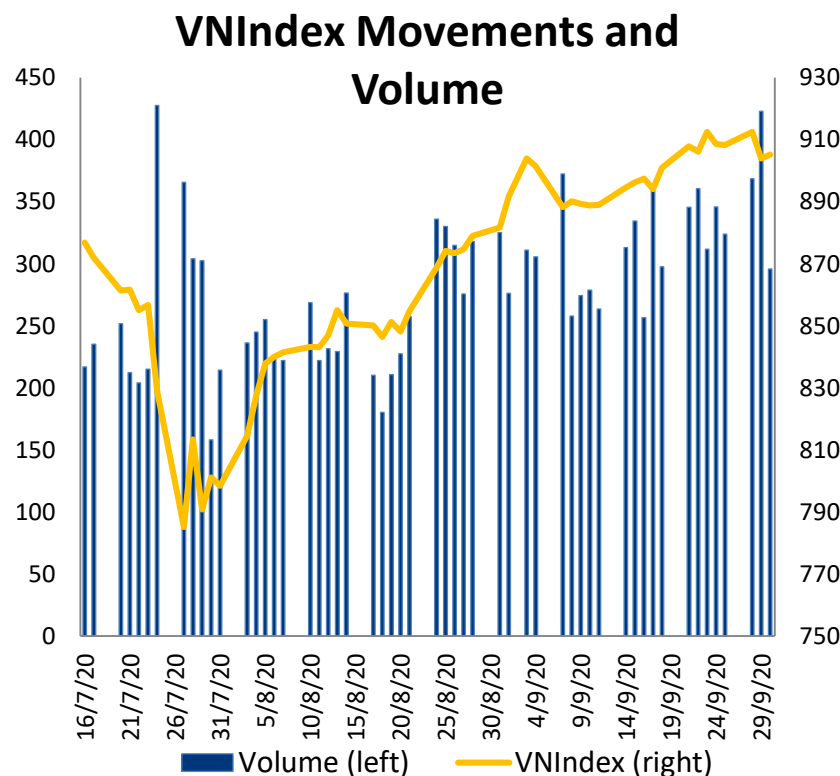
Source: FiinPro, BSC Research

Sector	Change	P/E	± %	P/B	± %
Oil & Gas	-7.9%	-	-	1.2	-4.8%
Materials	24.2%	16.04	25.5%	1.21	16.3%
Industry	-0.3%	14.89	7.0%	1.7	-5.6%
Consumer Goods	0.6%	17.78	-3.3%	2.82	-0.7%
Pharmacy and Health	9.9%	14.04	1.4%	2.07	3.5%
Consumer Services	-15.9%	110.13	555.1%	2.78	-11.7%
Telecommunication	14.9%	34.61	-9.8%	2.74	4.6%
Community Utility	-9.9%	12.58	-6.3%	1.67	-18.1%
Financial Services	-9.7%	17.36	-14.5%	2.17	-15.9%
Bank	3.1%	10.76	-9.0%	1.68	-10.6%
Information Technology	3.0%	12.49	-1.7%	1.98	-5.3%

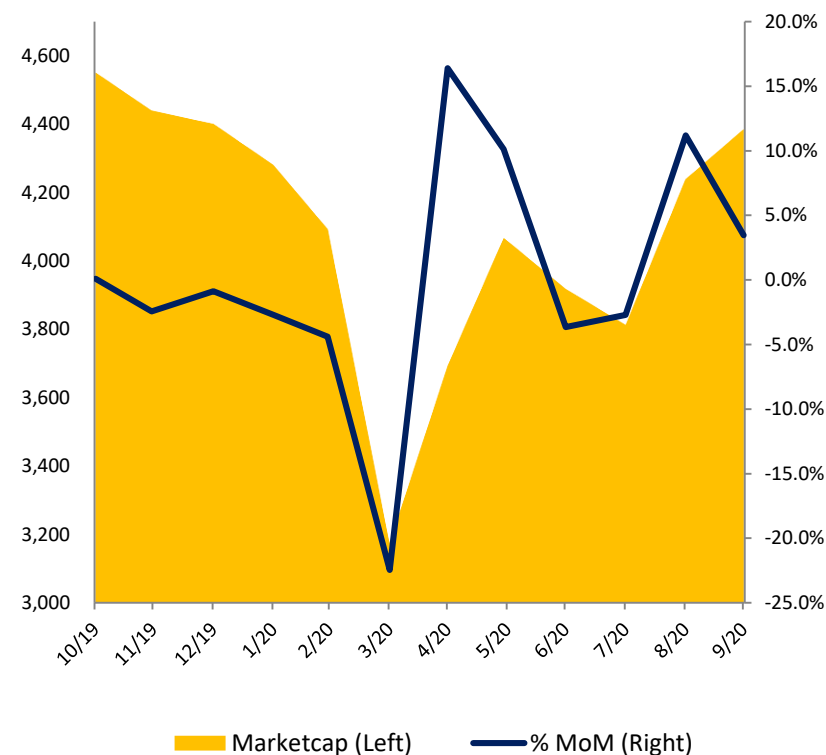
MARKET: CAPITALIZATION OF 3 EXCHANGES REACHED 4.38 MILLION BILLION VND

- ❖ Capitalization continued to increase compared to the end of August.
- ❖ Market movements were quite positive, however there was a slowdown in uptrend.
- ❖ Liquidity continued to increase, reflecting the current optimism when factors affecting the market are quite positive.
- ❖ With the scenario of VNIndex reaching the 940 level at the end of the year, capitalization is forecasted to increase by 3.8% and liquidity will remain stable in Q4.

Liquidity continued to increase



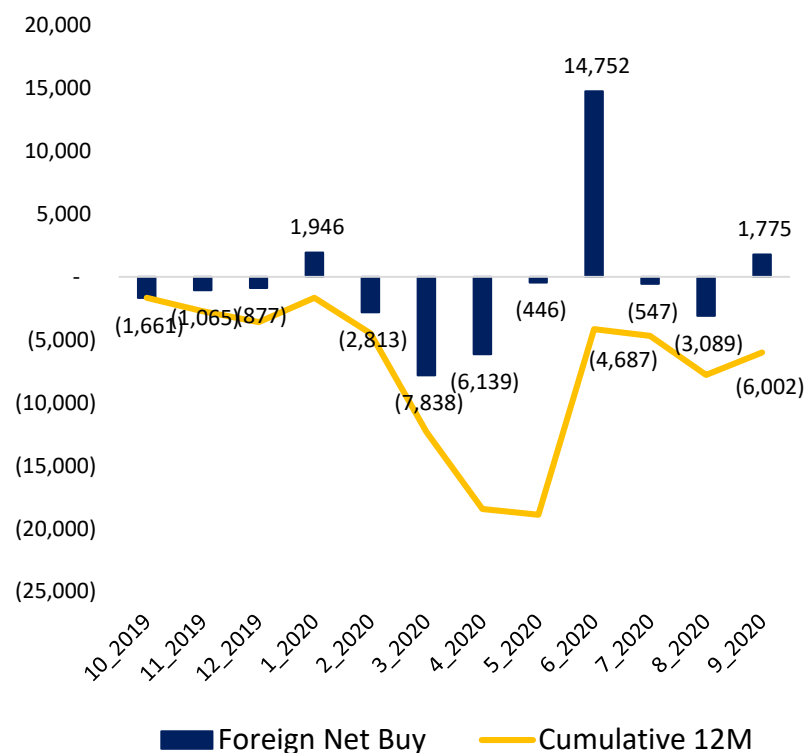
Capitalization increased by 11.9% in Q3



Source: FiinPro, BSC Research

MARKET: FOREIGN INVESTORS NET BUY AGAIN IN SEPTEMBER

Foreigners net sold a cumulative 6,002 billion VND in 12M



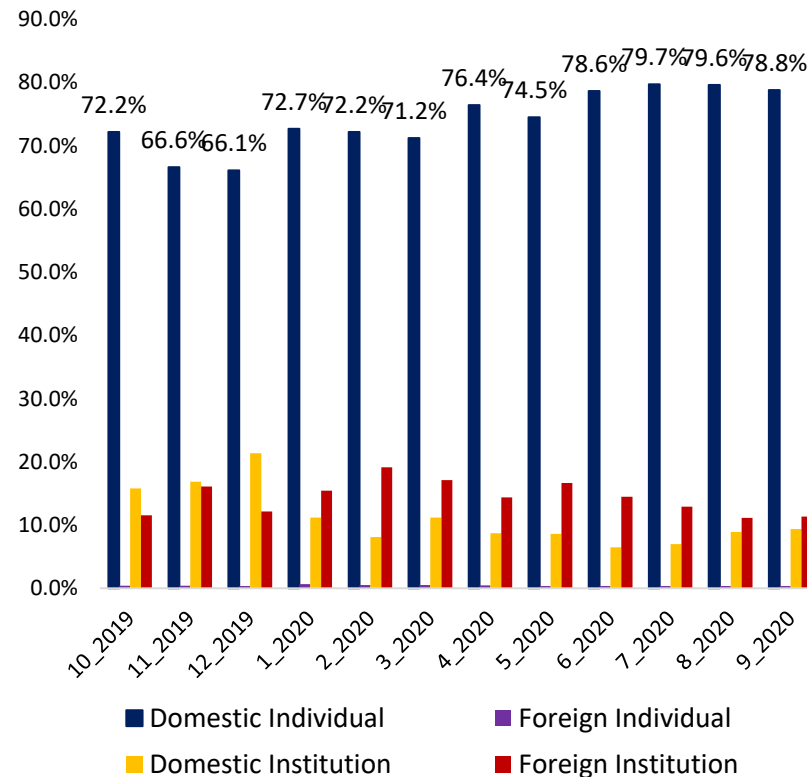
Stock	Value (Billion)	Stock	Value (Billion)
VHM	4779.55	HPG	(1711.00)
PLX	1468.72	VNM	(872.02)
FUEVFN30	629.52	VCB	(680.88)
KDC	247.03	MSN	(392.72)
E1VFN30	243.54	VIC	(354.39)
PHR	182.84	DXG	(353.61)
FUESSVFL	130.48	BID	(347.08)
CTG	106.14	NVL	(328.40)
KSB	64.82	VJC	(288.33)
NT2	62.00	GAS	(249.63)
Net buying and selling value of foreign investors in Q3/2020			

Source: FiinPro, BSC Research

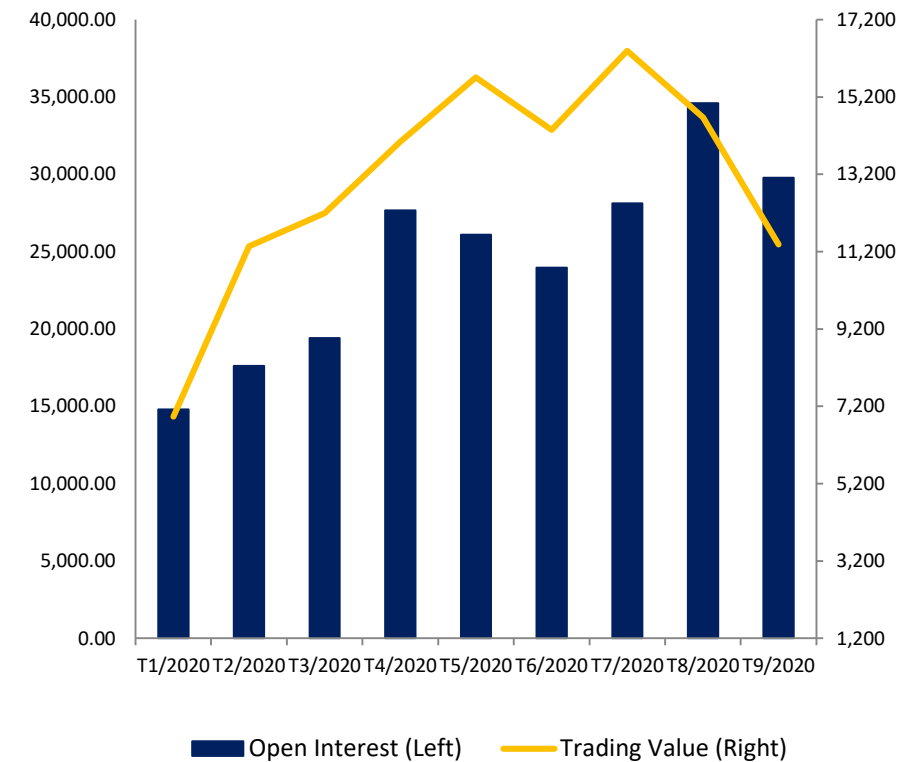
MARKET: DERIVATIVES TRADING ACTIVITIES DECREASED IN SEPTEMBER

- ❖ Local individual investors are still increasing their trading activities
- ❖ Local individual investors traded 78.8% of the market, compared with the 1-year average of 74.1%.
- ❖ Selling pressure appeared around the 915 level, but the cash flow movements remained relatively positive. Cash flow into the market from the second wave of Covid still holds and looks for short-term opportunities.
- ❖ The number of futures open positions decreased, partly because the fluctuation of VN30 in September was not too high.

Domestic investors traded 7% more than the average 12M



Futures open positions decreased 14% MoM

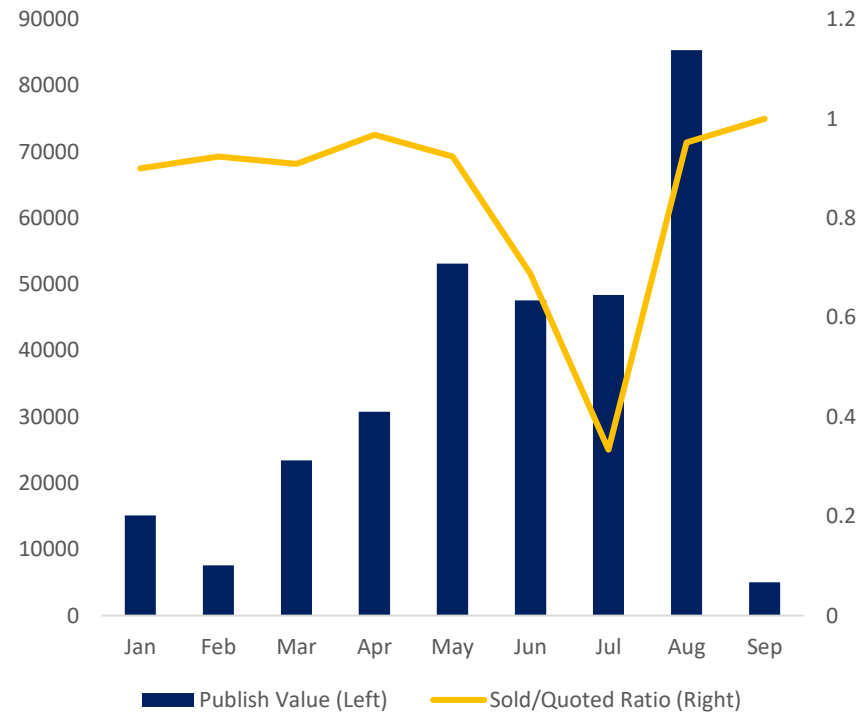


Source: FiinPro, BSC Research

MARKET: LIMITED INVESTMENTS IN CORPORATE BOND MARKET, STOCK MARKET BENEFITS

- ❖ Corporate bond issuance fell sharply in September when Decree 81 took effect on September 1.
- ❖ The number and value of corporate bonds issued in September decreased by 97% and 94%, respectively, compared with August.
- ❖ The average bond maturity also decreased gradually in August and September from 4.1 years to 3.7 years. However, the buying / offering ratio improved over the same period from 33.4% to 100%.
- ❖ Limited cash flow into corporate bonds brings short-term benefits to the stock market.

Bond buying/offering ratio reached 100% in September



2020	Number of bonds issued	Average maturity	Issued value
January	97	4.7	15,128
February	32	3.0	7,572
March	76	5.8	23,423
April	116	4.2	30,772
May	329	3.8	53,131
June	163	3.8	47,569
July	194	4.1	48,411
August	501	3.9	85,343
September	17	3.7	5,035
Total	1,525		316,384

Source: FiinPro, BSC Research

FACTORS AFFECTING MARKETS IN Q4/2020

Events

Impacts on Stock Markets

- | | |
|--|---|
| <ul style="list-style-type: none">❖ The growth drivers are showing signs of slowing down after recovering well in August and September. The disease has been basically controlled, therefore there will be little impact on the macro and the market in the second half of 2020.❖ Promote public investment disbursement to support growth❖ Market valuations are still at a reasonable level relative to the past and to the region❖ Capital flow from ETFs is based on the VNFin lead Index and VNDiamond Index❖ The ETFs announce adjustments and implementation of portfolio structures❖ Vaccine trials are still underway in many parts of the world❖ The risk of recession is high in key countries and regions of the world❖ International investors are risk-averse and seek shelter in precious metals such as gold and silver❖ Oil prices fluctuate, along with conflicts in the Middle East | <ul style="list-style-type: none">❖ Impact on market sentiment❖ Positive❖ Help the market to stabilize and establish the reasonable price zones.❖ Structural capital flow increased at Finlead and Diamond and decreased at E1VN30❖ Increase market liquidity❖ Positive impact❖ Negative in medium-term , depending on the speed of economic recovery❖ Affect cash flow❖ Difficult to forecast to stabilize inflation |
|--|---|

INVESTMENT STRATEGY Q4/2020

- ❖ Investors can take advantage of market fluctuation to accumulate more stocks in sectors with good profit growth such as Banking, Steel, and Retail.
- ❖ Notable stocks in September 2020 ([Sector Report Q3/2020](#)).
- ❖ Focusing on midcap stocks since this group still have positive movements.
- ❖ Cautious when trading derivatives, keeping the number of open positions moderate.

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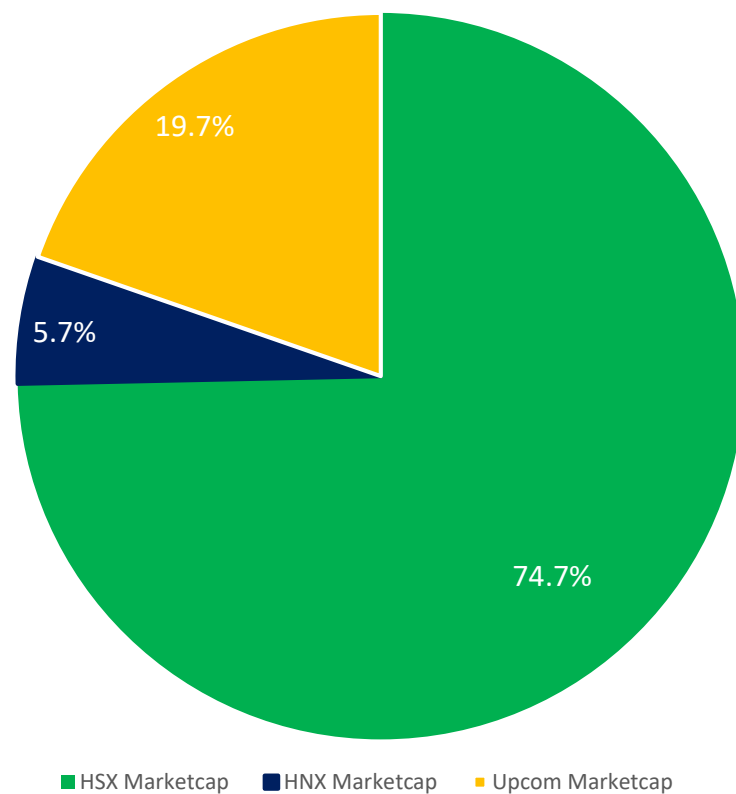
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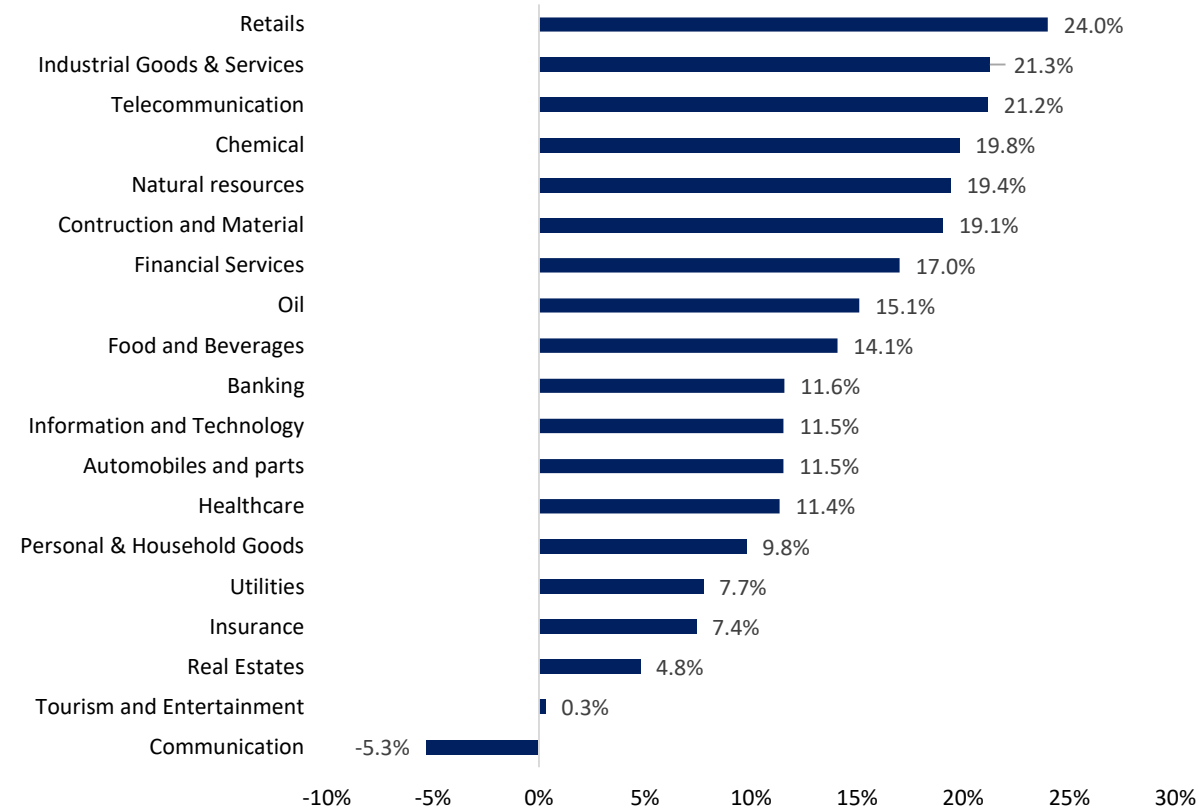


APPENDIX

Capitalization Structure of 3 Exchanges



Retail Sector Increased Significantly in Q3



APPENDIX

VNIndex median 957.7 points, reviews of financial institutions

No	Stock	Weight	30/09/2020	Mean	Max	Min	P/E	P/B	No	Stock	Weight	31/08/2020	Mean	Max	Min	P/E	P/B
1	VCB	9.67%	84,100	86,155	95,000	75,140	17.11	3.49	19	MWG	1.46%	104,300	130,221	158,300	104,900	12.49	3.31
2	VIC	9.59%	91,500	106,260	116,000	95,000	39.17	3.67	20	BCM	1.30%	40,500	40,600	40,600	40,600	0.00	0.48
3	VHM	7.84%	75,500	103,624	113,000	93,500	11.29	3.64	21	FPT	1.21%	50,000	58,104	61,700	55,000	11.68	2.62
4	VNM	5.88%	108,900	105,216	116,667	89,105	23.60	7.55	22	HVN	1.17%	26,700	21,491	26,472	18,600	0.00	0.00
5	BID	5.09%	40,800	36,830	43,650	26,700	19.13	2.15	23	BVH	1.12%	48,700	60,225	63,000	58,400	29.98	1.83
6	GAS	4.23%	71,300	73,994	83,000	66,374	13.79	2.60	24	STB	0.81%	13,800	14,427	16,500	12,950	10.23	0.91
7	SAB	3.64%	183,300	199,500	206,500	191,000	28.97	6.37	25	POW	0.74%	10,250	13,167	15,300	12,000	10.98	0.86
8	CTG	3.06%	26,550	25,983	30,000	23,500	8.86	1.23	26	HDB	0.73%	31,300	32,074	34,000	30,700	5.69	1.11
9	HPG	2.71%	26,400	27,119	30,000	15,833	10.03	1.67	27	EIB	0.65%	17,000	12,500	12,500	12,500	30.01	1.29
10	TCB	2.45%	22,600	25,800	31,403	21,500	7.28	1.18	28	TPB	0.62%	23,450	24,700	25,600	24,000	5.64	1.32
11	PLX	2.02%	50,300	49,733	53,600	47,500	58.00	3.04	29	BHN	0.53%	74,300	74,300	74,300	74,300	48.45	3.69
12	VRE	1.99%	27,600	34,138	39,500	28,450	26.12	2.26	30	PDR	0.44%	38,600	38,600	38,600	38,600	15.72	3.43
13	MSN	1.99%	54,600	67,941	84,908	51,000	16.77	2.76	31	KDH	0.43%	24,250	29,100	29,810	26,850	12.47	1.77
14	NVL	1.92%	63,900	62,141	65,073	57,000	16.16	2.71	32	DHG	0.43%	105,500	89,933	95,000	86,800	20.92	4.33
15	VPB	1.81%	23,750	26,099	30,000	22,088	5.76	1.22	33	PNJ	0.43%	60,900	68,831	86,200	50,300	13.16	2.92
16	VJC	1.76%	104,600	96,283	107,200	84,630	30.06	3.66	34	HNG	0.41%	11,800	11,800	11,800	11,800	0.00	0.17
17	GVR	1.53%	12,350	14,000	14,000	14,000	16.34	1.06	35	REE	0.39%	40,200	43,102	47,208	38,100	8.41	1.19
18	MBB	1.49%	19,750	21,590	26,000	15,800	5.65	1.09		VNIndex	81.55%	905.21	957.70	1,051.90	849.50	15.07	2.36

Source: Bloomberg, BSC Research

Performance heatmap of VNIndex by month

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2000							1.55%	13.39%	4.83%	16.68%	19.80%	22.58%
2001	18.84%	2.69%	6.70%	19.22%	25.91%	23.75%	-15.56%	-34.34%	-11.87%	6.48%	10.85%	-18.41%
2002	-11.83%	-7.93%	4.74%	4.16%	-0.65%	-2.44%	-2.22%	-2.99%	-4.97%	-2.48%	0.15%	3.07%
2003	-5.97%	-4.51%	-11.66%	4.90%	-0.20%	0.02%	-3.91%	-2.47%	-2.38%	-2.23%	20.31%	1.87%
2004	28.38%	21.59%	6.46%	-4.69%	-4.70%	-0.91%	-4.51%	-2.54%	0.35%	-0.26%	-1.30%	4.24%
2005	-2.49%	0.76%	4.85%	-0.11%	-0.82%	1.05%	2.65%	0.45%	13.69%	6.25%	1.28%	-1.23%
2006	1.57%	25.08%	28.90%	18.25%	-9.50%	-4.33%	-18.07%	16.28%	7.24%	-2.88%	23.75%	18.75%
2007	38.52%	9.25%	-5.83%	-13.76%	17.06%	-5.25%	-11.39%	0.05%	15.25%	1.74%	-8.71%	-4.66%
2008	-8.94%	-21.42%	-22.08%	1.07%	-20.73%	-3.55%	13.01%	19.44%	-15.28%	-24.01%	-9.31%	0.28%
2009	-3.93%	-18.95%	14.21%	14.59%	27.99%	8.90%	4.12%	17.14%	6.24%	1.07%	-14.14%	-1.85%
2010	-2.59%	3.10%	0.47%	8.64%	-6.44%	-0.06%	-2.61%	-7.86%	-0.12%	-0.42%	-0.23%	7.32%
2011	5.35%	-9.64%	-0.05%	4.11%	-12.23%	2.65%	-6.21%	4.69%	0.68%	-1.59%	-9.53%	-7.65%
2012	10.36%	9.19%	4.10%	7.42%	-9.41%	-1.59%	-1.87%	-4.45%	-0.87%	-1.06%	-2.73%	9.50%
2013	15.97%	-1.09%	3.47%	-3.37%	9.25%	-7.19%	2.23%	-3.89%	4.22%	0.97%	2.08%	-0.62%
2014	10.28%	5.38%	0.87%	-2.29%	-2.76%	2.87%	3.10%	6.81%	-5.95%	0.34%	-5.70%	-3.70%
2015	5.58%	2.86%	-6.99%	2.04%	1.27%	4.12%	4.72%	-9.07%	-0.37%	7.95%	-5.63%	1.02%
2016	-5.83%	2.59%	0.33%	6.62%	3.35%	2.23%	3.16%	3.43%	1.65%	-1.45%	-1.59%	-0.03%
2017	4.87%	1.94%	1.62%	-0.63%	2.80%	5.24%	0.91%	-0.10%	2.77%	4.08%	13.45%	3.61%
2018	12.81%	1.01%	4.72%	-10.58%	-7.52%	-1.08%	-0.46%	3.47%	2.79%	-10.06%	1.29%	-3.67%
2019	2.03%	6.02%	1.58%	-0.11%	-2.02%	-1.04%	4.39%	-0.77%	1.27%	0.23%	-2.81%	-1.01%
2020	-2.54%	-5.81%	-24.90%	16.09%	12.40%	-4.55%	-3.24%	10.43%	2.67%			
Average	5.52%	1.11%	0.58%	3.58%	1.15%	0.94%	-1.44%	1.29%	1.04%	-0.03%	1.56%	1.47%

Addendum: Trump and Biden opposition policy (I)

Topic	Donald Trump	Joe Biden
Reopen the economy	Reopen as quickly as possible Urge states to reopen as quickly as possible despite the epidemic raging.	Cautious Be cautious in reopening the economy when it is not possible to increase Covid-19 tests.
Get the economy back on track	One-off support Since the outbreak of Covid-19, President Trump has signed laws to support the economy with trillions of dollars in one-off aid to businesses, individuals and local governments. To support these stimulus measures, Mr. Trump has come up with a variety of solutions, including tax cuts.	Spend trillions more Proposal to spend trillions of dollars to create new jobs in clean energy, manufacturing and health care while reducing racial economic inequality. Want Washington more support for states in paying unemployment benefits and that households and local government need more support to overcome the shutdown.
Taxes and wages	No tax increases The 2017 tax cut is an example of Trump's approach to stimulating economic growth. The salary tax cuts will increase the income of most working Americans. Mr. Trump's campaign is hitting tax increases while the economy is struggling to recover.	Minimum wage increase Criticizes the Trump administration's 2017 tax cuts for too many benefits for wealthy people and corporations. Trump's pledge to reverse some of the 2017 tax cuts by raising marginal taxes on top earners to 39.6% from 37% today. Support to raise the national minimum wage to 15 USD / hour from 7.25 USD / hour and increase tax exemptions for workers with lower incomes.
Commerce	Promote domestic production One of the core issues that Trump mentioned when he ran for the White House in 2016 was to boost production in the United States. Argue that the US difficulties in purchasing essential medical equipment amid the pandemic are reasons to encourage US companies not to outsource.	Promote domestic production Proposing his own US production plan in July, Mr. Biden pledged to spend \$700 billion on products that the US researches and produces. According to Mr. Biden, the scheme could provide 5 million jobs or at least workers with extra wages during the deadly pandemic. Criticizing Mr. Trump's tariff war with China is bad for American consumers and farmers. Vote for the North American Free Trade Agreement (NAFTA) while Senator.

Addendum: Trump and Biden opposition policy (II)

Topic	Donald Trump	Joe Biden
Maintain US military in the Middle East	<p>Inconsistent</p> <p>Mr. Trump questioned America's interest in military intervention in the Middle East, especially the 2003 invasion of Iraq.</p> <p>However, Mr. Trump sent more troops to the region after withdrawing troops, moving home. increased tensions with Iran.</p> <p>Mr. Trump was the one who ordered the airstrikes to kill General Qassem Soleimani and was responded by Iran with cruise missiles.</p>	<p>Yes, but gradually narrowing</p> <p>Proposal to reduce US military presence in the region.</p> <p>In January, after Iran's proxies and US troops clashed in Iraq, Trump ordered the murderous strike of Iran's power commander Qassem Soleimani. Biden said the attack put the US and Iran at risk of clashes.</p> <p>Mr. Biden also wants to end US support for the war led by Saudi Arabia in Yemen.</p>
Continue Iran nuclear deal	<p>No</p> <p>Mr. Trump removed the US from the nuclear deal with Iran, an achievement for the Obama administration.</p>	<p>Yes, but with conditions</p> <p>Biden vowed to deal with Iran through diplomacy and rejoin the nuclear deal with the Islamic Republic only if Tehran complies with restrictions on its nuclear program.</p>
Alliance relationship	<p>Cold and indifference</p> <p>Mr. Trump has angered NATO and his other allies. Trump also denied criticism against Russian President Vladimir Putin even as US intelligence officials concluded Russia interfered in the 2016 US presidential election. In June, Trump announced that he would reduce the number American troops in Germany down 9,500 people. Mr. Biden's campaign aides have announced he will reconsider the matter when elected.</p>	<p>Enthusiastic nurturing</p> <p>Mr. Biden said that allies such as NATO will help the US remove the antlers of Trump's destruction as global leadership as well as America's prestige.</p> <p>Mr. Biden also warned that Russia, China and other countries trying to interfere in the US presidential election face serious consequences if he is elected.</p>
US technology companies	<p>Criticize some, support the others</p> <p>Mr. Trump has a complicated relationship with technology companies. He frequently criticized Amazon and its CEO Jeff Bezos but met Apple's Tim Cook.</p> <p>The Trump administration is conducting a large-scale antitrust investigation of major tech companies, but both he and Mr. Biden have stopped calling for those companies to be demolished.</p>	<p>Put the giants in sight</p> <p>Mr. Biden, who served as Vice President under the Obama Administration, is quite friendly with Silicon Valley. However, he recently criticized Facebook and other tech giants during his campaign and suggested minimum federal fees aimed at companies like Amazon. Biden says breaking things like Facebook is "something we should look closely at."</p>

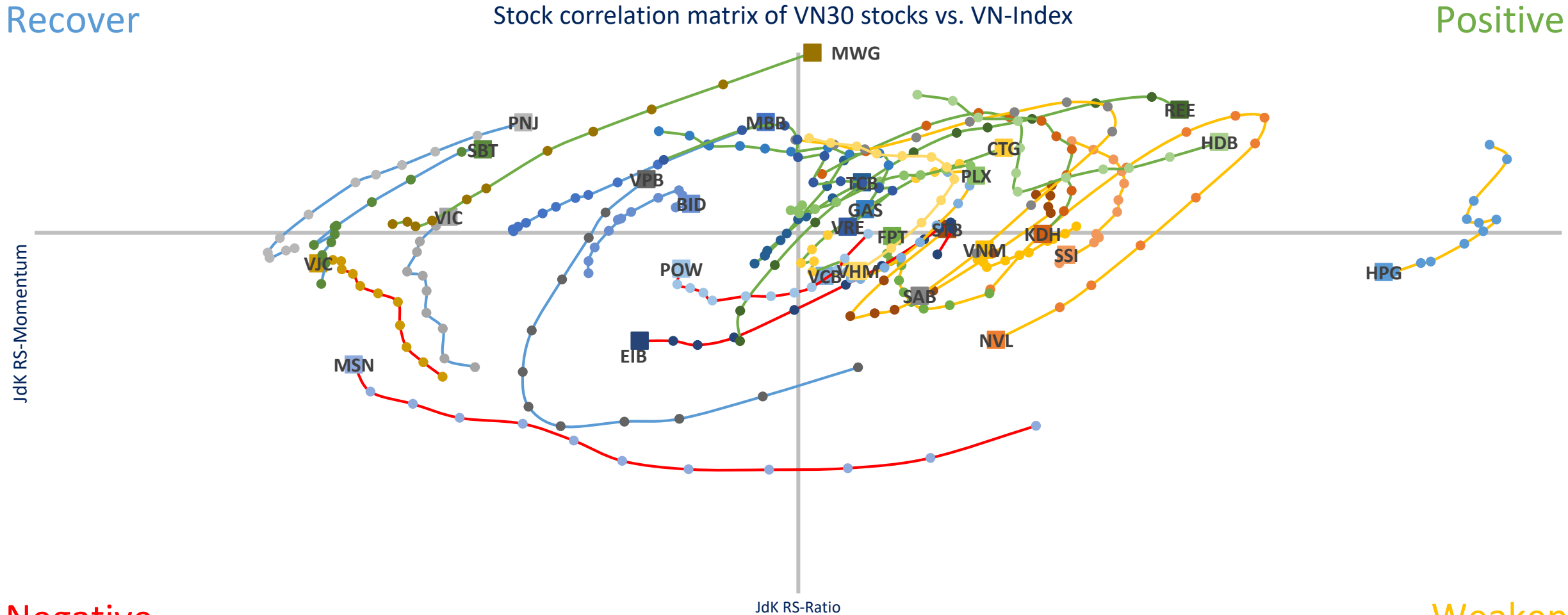
Addendum: Trump and Biden opposition policy (III)

Topic	Donald Trump	Joe Biden
Immigration restrictions during the Covid-19 pandemic	<p>In process</p> <p>Trump is significantly reducing immigrants and tourists entering the United States during the Covid-19 pandemic, arguing that these are necessary steps for public health and job protection for American workers.</p> <p>Mr. Trump has restricted many foreign workers from entering the US as well as those seeking green cards. The plague caused Mr. Trump to quickly expel those arrested for illegal immigration on the US-Mexico border from the US territory.</p>	<p>Suspend immigration restrictions during the Covid-19 pandemic</p> <p>While Mr. Trump restricts immigration to some people looking for a "green card" to become permanent residents of the United States, Mr. Biden posted on saying that the President is borrowing the pandemic to ban immigrants. Biden himself asserts that immigrants help the US economy grow and create jobs.</p> <p>Biden also vowed to suspend the Trump administration's immigration deportation policies for 100 days after taking office. However, Mr. Biden did not mention the rules of border crossing during the Covid-19 pandemic.</p>
US - China relations	<p>Tough with Beijing</p> <p>At the start of a trade war with China before reaching a phase 1 deal in January, Trump closed the door to phase 2 negotiations because he was "dissatisfied with the way Beijing has handled the pandemic."</p> <p>In July, Mr. Trump issued an executive order, ending special commercial treatment with the Hong Kong Special Administrative Region after Beijing imposed National Security laws on the former British colony. Trump also suddenly demanded that China shut down the consulate general in Houston for alleged espionage.</p>	<p>Global pressure on China</p> <p>Mr. Biden called the way Mr. Trump was handling the Covid-19 epidemic in the US a historic mistake. In addition, Biden also said that China prefers a chaotic Trump Administration, shunned its allies and abandoned America's global leadership.</p> <p>Mr. Biden vowed to correct these by exerting multilateral pressure on China through new relationships with US allies.</p>
Plan against climate change	<p>No</p> <p>There is no anti-climate plan on the Trump campaign website, but the energy and environment section highlights his administration that has scrapped his predecessor Obama's policies.</p> <p>Mr. Trump denied scientific evidence about the climate and made false claims. However, like Mr. Biden, Mr. Trump also favors the development of advanced nuclear energy technologies.</p>	<p>Yes</p> <p>Proposed to spend \$ 2 trillion in his first four-year term on climate change and achieve 100 percent clean electricity by 2035. Pay attention to calls from Democrats for a faster transition the use of fossil fuels to clean fuels.</p> <p>This is a more ambitious plan than it was initially, when Mr. Biden set a target of spending \$ 1.7 trillion to achieve zero net emissions by 2050. Support advanced nuclear energy research.</p>

Appendix: Market movement

Recover

Positive



Negative

Weaken

Note: stocks in the corner:

- **Positive** → recommended in the buy list
- **Weaken** → should be on watch list for a downward correction
- **Negative** → should be on the avoid list
- **Recover** → should be on the watchlist for a boost run

Source: Bloomberg, BSC Research