

1H2018 Solid Growth; Index extended loss; and DHG updates

What's on deck in economics?

1H2018 GDP growth remained robust. According to data released by the General Statistics Office (GSO), 1H2018 GDP growth (at constant price) accelerated to 10-year high of 7.08% year on year (YoY) since March 2008, on the back of a strong outturn in manufacturing, retail sales and tourism. The improvement was driven in large part by a surge in manufacturing – the sector's output grew by 13.02% YoY, up from 10.52% last year. Against the backdrop of rising income, the value of retail sales (at current price) recorded strong gains, growing by 8.21% YoY, up from 7.1% last year. Lastly, booming tourism sector continued to make an important contribution to the economy in the first six months of 2018. Around 7.9mn foreign tourists visited Vietnam between January and June 2018, representing a year-on-year increase of 27.2%. Chinese tourists, accounting for 32.5% of total arrivals in the first six months of 2018, continued to grow at a robust pace of 36.1%. **(Chart of the Week)**

Weekly average O/N rate rose slightly to 1.02% and the central bank reversed to net-injection position of VND 12,790bn via leaving T-bill expiration. The weekly average O/N rate rose slightly to 1.02% although the bank system maintained liquidity surplus. In addition, the central bank reversed to net-injection position with value of VND 12,790bn through leaving T-bill expiration. It noted that T-bill was with longer tenor of 28 days and 91 days, instead of 7 days. It implies that the SBV do not wish to inject more money in next 3 months.

G-bond yield curve continued to be upward following the June 2018 higher inflation. All government-bond yields rose broadly this week, shifting the yield curve upward. In particular, yields on 1Y, 3Y, 5Y and 10Y closed at 2.338 (+11.6bps), 3.116 (+11.9bps), 3.667 (+5.7bps) and 4.850 (+10.7bps). The yield curve shifted upward slightly when investors fear of high inflation (June 2018 inflation of 4.67% YoY) eroding the asset value, in our view.

Market Watch

Vietnam stock market extended its losing streak marking fourth weekly decline on heightened trade concerns. The Vnindex closed decisively lower, falling around 43.27 points, or 4.5%, to 917.5 after the Trump administration announced new tariffs on Chinese goods, further escalating tensions between the U.S. and its major trading partners, which some investors fear could morph into a full-on trade war. All nine primary Vnindex sectors finished in negative territory, led by loss in energy and consumer cyclicals, a drop in 9.52% and 5.90% respectively. The energy sector dragged down by a decline in GAS (-11.03%), PLX (-7.43%) and PVD (-5.84%) when the oil output was 9.9% lower than the year-earlier period to stand at 5.2 mn tonnes in first five months of 2018. In addition, PetroVietnam, the state-owned oil and gas company, plans to produce 14.5m tonnes of crude oil in 2018, down from 15.5m tonnes in 2017 amid geopolitical tension. The foreign investors turned to net selling position with USD 53.46mn, focusing on HPG, DXG and VIC.

Which stocks are in focus? DHG Pharmaceutical JSC (**Ticker: DHG.HM**) stock rose by 1.96% Week-on-Week, following Taisho, the current shareholder, proposing the tender offer with price of VND 120,000 per share to increase their stake over 25%. In addition, DHG held AGM to approve 2018 budget with VND 4,017bn revenue (-1% YoY) and VND 768bn PAT (+19.4% YoY). The net sales was down slightly when DHG was forced to stop distribution business segment after lifting FOL to 100%.

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Key Indicators

1H2018 GDP growth (%)	7.08
1H2018 IPP (% - QoQ)	12.3
1H2018 Est. Export (USDbn)	113.93
1H2018 Est. Import (USDbn)	111.22
1Q2018 Trade Surplus (USDbn)	2.71
4M2018 Reserve (USDbn)	63
Reg.1H2018 FDI (USDbn)	16.23
Dis. 1H2018 FDI (USDbn)	8.37
CPI (% YoY, as of 30 Jun 2018)	4.67
Policy rate (%)	9
Discount/Refinance rate (%)	4.25 / 6.25
USD/VND Spot (VCB quote)	23,075

Source: GSO, SBV and TVS Research

Money Market

%	Wk.27	Wk.26
ON average rate	1.02	0.83
OMO net injection (VNDbn)	12,790	(-7,319)
VGB yield - 01 year	2.338	2.222
VGB yield - 03 years	3.116	2.997
VGB yield - 05 years	3.667	3.610
VGB yield - 10 years	4.850	4.743
CDS - 05 years (bps)	162.16	159.22
	Bid	Ask
12m VND deposit rate	4.00	4.70
12m USD deposit rate	-	-

Source: TVS, Thomson Reuters Data

Equity Market

As of 06 Jul 2018	HSX	HNX
Index	917.5	100.1
% 5days change	(-4.5)	(-5.2)
Market Cap (USDbn)	126.4	9.47
Number of stocks	362	380
Avg. Daily T/O (USDmn)	168.6	239
% Avg. Daily T/O	(-8.2)	20.0
TTM P/E (x)	16.3	8.9
TTM P/B (x)	2.9	1.1
Div. Yield (%)	2.62	3.97

Source: TVS, Thomson Reuters Data

G-bond Yield Curve

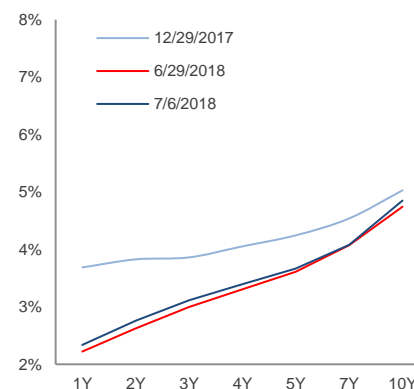
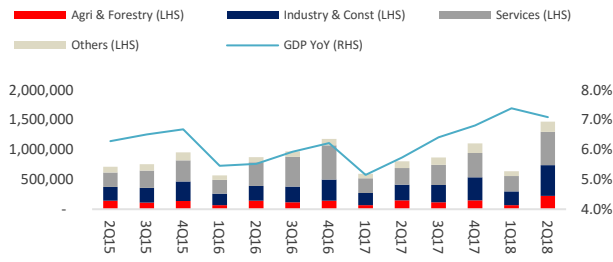


Chart of the Week – GDP Value Added by Sectors



Source: Thomson Reuters, SBV and TVS Research

Figure 1: Daily Net Inflow- OMO Market

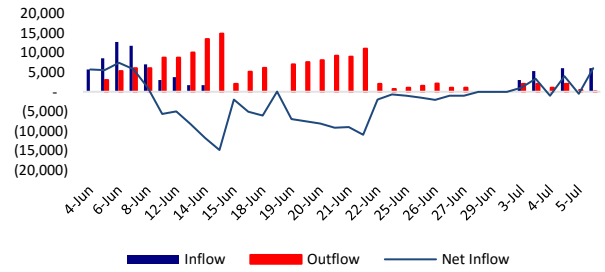
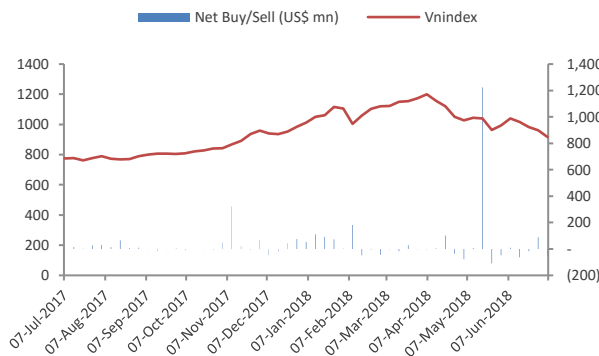
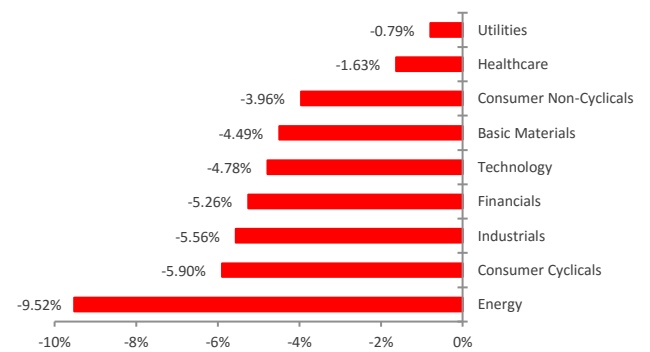


Figure 2: Weekly VNIndex and Net Foreign Trading Value



Source: HSX, Thomson Reuters and TVS Research

Figure 3: Weekly Sector Performance – HSX bourse



Appendix : Top 10 market cap on HSX bourse as of 06 Jul 2018

Name	RIC	Market Cap (USD mn)	Price (VND)		Price-to-Earning		EPS (VND)			ROE Comm Eqty, LTM	Dividend Yield
			Close Price	% 5d	LTM	NTM	EPS Curr	EPS Est.	%growth		
Vingroup JSC	VIC.HM	14,711	106,200	-2.1%	73.1	39.0	1,454	2,781	91.3%	15.2%	0.00%
Vinhomes JSC	VHM.HM	13,087	112,500	1.3%	34.9	14.2	3,220	8,155	153.3%	25.0%	#VALUE!
Vietnam Dairy Products JSC	VNM.HM	10,456	166,000	-2.3%	26.6	22.8	6,234	7,330	17.6%	35.8%	2.56%
Joint Stock Commercial Bank for Foreign Trade of Viet Nam	VCB.HM	8,588	55,000	-7.1%	22.3	19.2	2,464	2,935	19.1%	16.7%	1.45%
Petrovietnam Gas Joint Stock Corp	GAS.HM	6,571	79,100	-10.1%	15.1	13.1	5,238	6,133	17.1%	23.6%	5.06%
Saigon Beer Alcohol Beverage Corp	SAB.HM	6,123	220,000	-4.0%	31.9	.	6,896	NULL	NULL	32.7%	2.27%
Vietnam Technological And Commercial Joint Stock Bank	TCB.HM	4,372	28,800	-2.7%	9.0	11.1	3,324	2,571	-22.6%	25.5%	#VALUE!
Vietnam Joint Stock Commercial Bank for Industry and Trade	CTG.HM	3,539	21,900	-4.3%	13.2	8.3	2,103	2,728	29.7%	9.9%	3.20%
Joint Stock Commercial Bank for Investment and Development of Vietnam	BID.HM	3,428	23,100	-5.9%	15.6	14.2	1,485	1,618	8.9%	11.5%	3.03%
Hoa Phat Group JSC	HPG.HM	3,392	36,800	-7.03%	7.66	7.03	4,801	5,361	11.66%	29.8%	0.00%

Source: Thomson Reuters data and TVS Research

*null, #value – data not available

THE PRODUCT

The research is weekly and monthly published, focusing on Vietnam equity capital market. In the research, we link the macroeconomic findings and money market dynamic to the equity market performance.

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