

## 1H2018 Modest Credit Growth; Index extended loss; and DHG updates

### What's on deck in economics?

**1H2018 modest credit growth of 6.35%.** According to data released by the General Statistics Office (GSO), 1H2018 total credit in the economy grew at a pace of 6.35% YTD, down from 7.54% YTD last year. It is in line with our expectation when we believe the State Bank of Vietnam (the central bank, SBV) put the 2018 credit growth target at manageable level when the full-year real GDP growth target of 6.7% is well within reach after marking the strongest first-half in a decade (the economy grew by 7.08% YoY in 1H2018). In the case, the SBV will remain biased towards a tight monetary policy stance to avoid the inflation. **(Chart of the Week)**

**Weekly average O/N rate rose slightly to 1.17% and the central bank maintained net-injection position of VND 45,234bn via leaving T-bill expiration.** The weekly average O/N rate rose slightly to 1.17% although the bank system maintained liquidity surplus. In addition, the central bank maintained net-injection position with value of VND 45,234bn through leaving T-bill expiration. It was noted that T-bill was with longer tenor of 28 days and 91 days, instead of 7 days. It implies that the bank system enjoys the liquidity surplus at least 03 months, in our view.

**G-bond yield curve remained unchanged amid muted economy data week.** All government-bond yields stayed flat this week when there is no macro economy news. In particular, yields on 1Y, 3Y, 5Y and 10Y closed at 2.336 (-0.2bps), 3.094 (-2.2bps), 3.652 (-1.5bps) and 4.839 (-1.1bps).

### Market Watch

**Vietnam stock market extended its losing streak marking fifth weekly decline on heightened trade concerns.** The Vnindex closed decisively lower, falling around 7.79 points, or 0.9%, to 909.8 when some investors fear could morph into a full-on trade war. All seven of nine primary Vnindex sectors finished in negative territory, led by loss in basic material and consumer cyclicals, a drop in 5.79% and 3.34% respectively. The basic material sector dragged down by a decline in HPG (-3.29%), HSG (-3.89%) and POM (-2.30%) when the investors feared about the trade war tension hitting Vietnam steel industry. It was noteworthy that the US Department of Commerce (DoC) decided to levy import tax on Vietnam steel in 22 May, 2018. The foreign investors continued to be net selling position with USD 12.98mn, focusing on VIC, MSN, and HPG.

**Which stocks are in focus?** DHG Pharmaceutical JSC (Ticker: **DHG.HM**) stock rose by 2.1% 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)	23,050

Source: GSO, SBV and TVS Research

### Money Market

%	Wk.28	Wk.27
ON average rate	1.17	1.02
OMO net injection (VNDbn)	45,234	12,790
VGB yield - 01 year	2.336	2.338
VGB yield - 03 years	3.094	3.116
VGB yield - 05 years	3.652	3.667
VGB yield - 10 years	4.839	4.850
CDS - 05 years (bps)	162.16	162.16

Bid Ask

12m VND deposit rate	4.10	4.60
12m USD deposit rate	-	-

Source: TVS, Thomson Reuters Data

### Equity Market

As of 13 Jul 2018	HSX	HNX
Index	909.8	102.5
% 5days change	(-0.9)	1.8
Market Cap (USDbn)	123.8	8.22
Number of stocks	362	380
Avg. Daily T/O (USDmn)	126	18.38
% Avg. Daily T/O	(-25.3)	(-23)
TTM P/E (x)	15.94	9.0
TTM P/B (x)	2.85	1.1
Div. Yield (%)	2.67	3.91

Source: TVS, Thomson Reuters Data

### G-bond Yield Curve

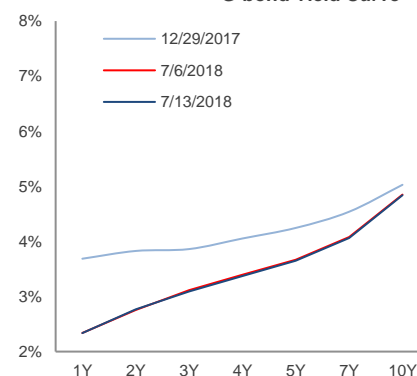
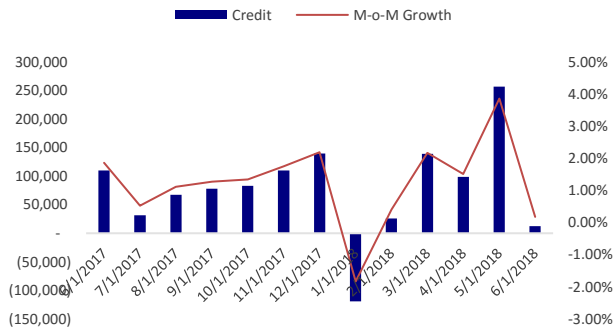


Chart of the Week – Monthly Credit (VNDbn)



Source: Thomson Reuters, SBV and TVS Research

Figure 1: Daily Net Inflow- OMO Market

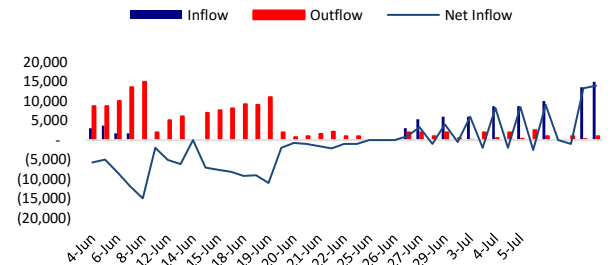
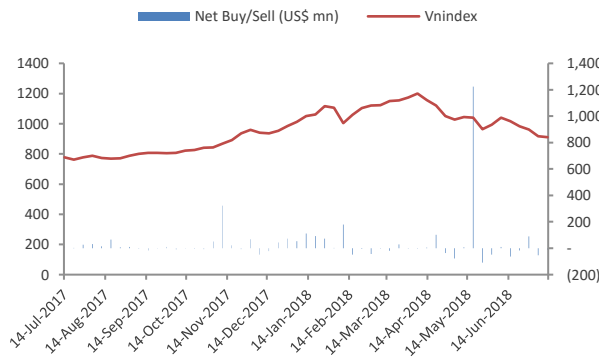
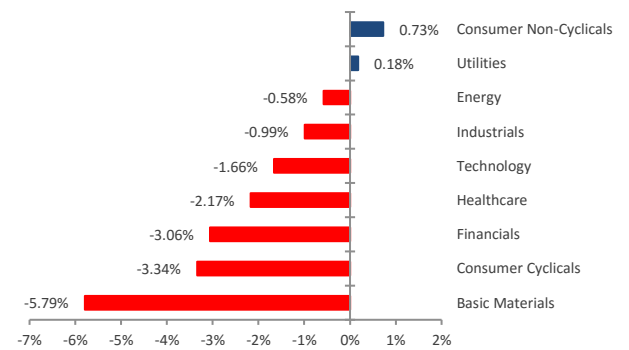


Figure 2: Weekly VNindex and Net Foreign Trading Value



Source: HSX, Thomson Reuters and TVS Research

Figure 3: Weekly Sector Performance – HSX bourse



Appendix : Top 10 market cap on HSX bourse as of 13 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	14,266	103,000	-3.0%	70.9	37.8	1,454	2,781	91.3%	15.2%	0.00%
Vinhomes JSC	VHM.HM	12,792	109,300	-2.8%	33.9	13.8	3,220	8,155	153.3%	25.0%	#VALUE!
Vietnam Dairy Products JSC	VNM.HM	10,600	166,300	0.2%	26.7	22.9	6,234	7,330	17.6%	35.8%	2.53%
Joint Stock Commercial Bank for Foreign Trade of Viet Nam	VCB.HM	8,181	54,800	-0.4%	22.2	19.1	2,464	2,935	19.1%	16.7%	1.53%
Petrovietnam Gas Joint Stock Corp	GAS.HM	6,562	81,800	3.4%	15.6	13.5	5,238	6,133	17.1%	23.6%	5.06%
Saigon Beer Alcohol Beverage Corp	SAB.HM	6,070	218,000	-0.9%	31.6	.	6,896	NULL	NULL	32.7%	2.29%
Vietnam Technological And Commercial Joint Stock Bank	TCB.HM	3,945	26,200	-9.0%	8.2	9.4	3,324	2,790	-16.1%	25.5%	#VALUE!
Vietnam Joint Stock Commercial Bank for Industry and Trade	CTG.HM	3,523	22,600	3.2%	13.7	8.5	2,103	2,728	29.7%	9.9%	3.21%
Joint Stock Commercial Bank for Investment and Development of Vietnam	BID.HM	3,412	23,500	1.7%	15.8	14.4	1,485	1,618	8.9%	11.5%	3.04%
Masan Group Corp	MSN.HM	3,382	74,900	1.2%	22.3	18.3	3,362	4,322	28.5%	24.3%	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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