

Modest Credit Growth 7M2018; and Index extended gain; and MWG updates

What's on deck in economics?

7M2018 credit growth saw 7.36%YTD. According to data released by the General Statistics Office (GSO), 7M2018 credit posted 7.36% year-to-date, down from 9.6% figure seen in the year-earlier period. In addition, the central bank (SBV) re-affirmed that they will do not adjust upward of credit growth target for any bankers through the Instruction 04/CT-NHNN issued by 02 August 2018. It is in line with our expectation when we believe the 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 spiked up 15-month high of 4.52%, and the central bank (SBV) continued net-injecting VND 17,393bn in banking system. The weekly average O/N rate spiked up 15-month high of 4.52%, up from 3.49% last week. The hiking O/N rate resulted from the liquidity's deficit of small bankers when larger ones wish to reserve more fund to lend to end-consumers instead of inter-banker. To support the bank's liquidity, the SBV continued net-injecting VND 17,393bn into the system.

G-bond yield curve continued upward when the investors were wary of inflation. All government-bond yields closed higher. In particular, yields on 1Y, 3Y, 5Y and 10Y closed at 4.251 (+18.4bps), 4.500 (+26.5bps), 4.664 (+22.3bps) and 5.078 (+10.9bps), driving the G-bond yield curve upward when the investors were wary of inflation. The faster pace of short-term yield, surrounding the investor's view of higher inflation, left the flatter yield curve. The flattening yield curve, in theory, is typically indication investors and traders are worried about the macro-economic outlook.

Market Watch

Vietnam stock market gained for fifth week in a row as consumer cyclical sector rallied. The Vietnam stock market was slightly higher for 5th straight week with VNindex adding 0.41 points, a gain of 0.04%, to 968.9 when the market momentum drove the investor's sentiment. In our view, trading may continue to be driven by momentum when the 1H2018 earnings season largely was over. The consumer cyclical sector rose 1.42%, the best performer out of the 9 sectors. Mobile World Investment Corp (MWG +2.3% owa), FPT Corp (FPT +0.77% owa) and Phu Nhuan Jewelry JSC (PVD +2.96% owa) were among the biggest boost to consumer cyclical sectors. The foreign investors continued to be net selling position with USD 11.02mn, focusing on VNM.

Which stocks are in focus? Mobile World Investment Corp (**Ticker: MWG.HM**) stock rose by 2.18% Week-on-Week, when the investors regained the confidence in BHX segment. With management's strategic initiatives of location and store's design, the investors believed that BHX could reach breakeven on EBITDA at store level in 3Q2018. MWG posted the 1H2018 stellar performance of VND 44,571bn (+43% YoY) in revenue and VND 1,539bn (+44% YoY).

Figure 1: MWG data as of 17 August 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		
Mobile World Investment Corp	MWG.HM	1,636	118,100	2.3%	14.0	12.8	8,464	9,289	9.7%	43.9%	1.27%

Source: MWG and TVS research

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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)	23,280

Source: GSO, SBV and TVS Research

Money Market

%	Wk.33	Wk.32
ON average rate	4.52	3.49
OMO net injection (VNDbn)	17,393	13,366
VGB yield - 01 year	4.251	4.067
VGB yield - 03 years	4.500	4.235
VGB yield - 05 years	4.664	4.441
VGB yield - 10 years	5.078	4.969
CDS - 05 years (bps)	149.2	150.2
	Bid	Ask
12m VND deposit rate	4.30	4.80
12m USD deposit rate	-	-

Source: TVS, Thomson Reuters Data

Equity Market

As of 17 Aug 2018	HSX	HNX
Index	968.9	108.0
% 5days change	0.04	(-0.4)
Market Cap (USDbn)	132.7	8.37
Number of stocks	364	377
Avg. Daily T/O (USDmn)	185.9	28.2
% Avg. Daily T/O	(-1.9)	23.7
TTM P/E (x)	16.6	8.8
TTM P/B (x)	3.07	1.1
Div. Yield (%)	2.44	3.83

Source: TVS, Thomson Reuters Data

G-bond Yield Curve

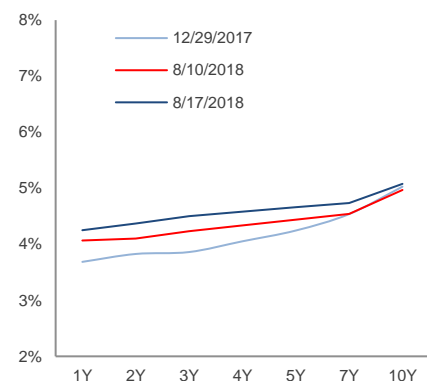
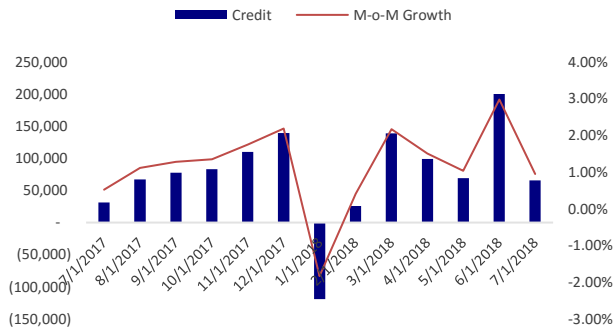


Chart of the Week – Monthly Credit



Source: Thomson Reuters, GSO, SBV and TVS Research

Figure 1: Daily Net Inflow- OMO Market

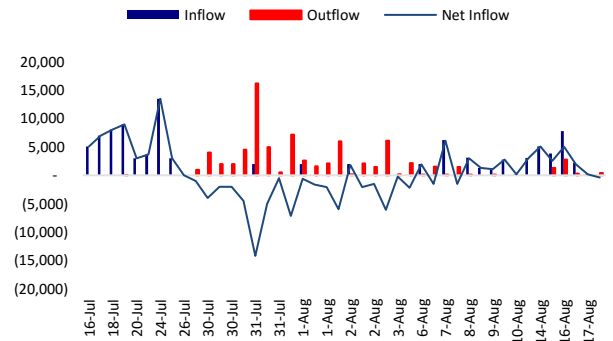
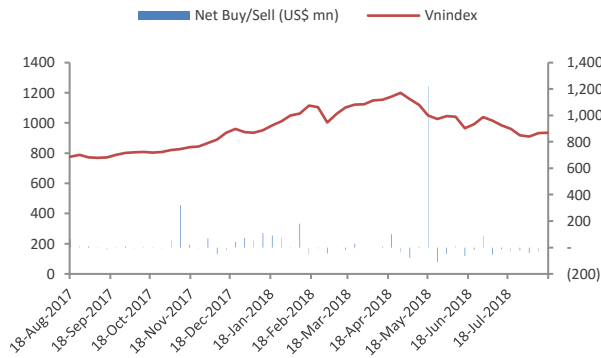
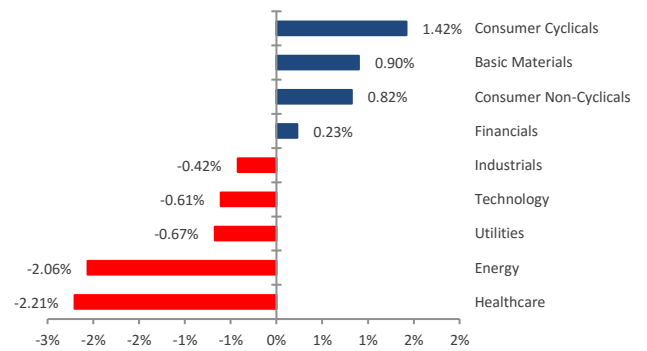


Figure 2: Weekly VNindex and Net Foreign Trading Value



Source: HSX, Thomson Reuters and TVS Research

Figure 3: Weekly Sector Performance – HSX bourse



Appendix : Top 10 market cap on HSX bourse as of 17 Aug 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	14,006	102,300	-1.8%	82.0	38.3	1,255	2,735	118.0%	10.8%	0.00%
Vinhomes JSC	VHM.HM	12,506	108,800	1.8%	26.8	12.8	4,060	8,700	114.3%	#VALUE!	#VALUE!
Vietnam Dairy Products JSC	VNM.HM	9,867	158,500	0.8%	26.1	22.3	6,078	7,136	17.4%	34.9%	2.68%
Joint Stock Commercial Bank for Foreign Trade of Viet Nam	VCB.HM	9,569	62,000	-2.4%	22.8	20.6	2,717	3,032	11.6%	17.7%	1.29%
Petrovietnam Gas Joint Stock Corp	GAS.HM	7,898	96,200	-2.5%	16.4	15.5	5,864	6,222	6.1%	27.1%	4.16%
Saigon Beer Alcohol Beverage Corp	SAB.HM	5,859	213,000	1.9%	31.4	.	6,776	6,935	2.3%	29.4%	1.64%
Joint Stock Commercial Bank for Investment and Development of Vietnam	BID.HM	4,561	31,100	4.0%	15.3	19.2	2,038	1,861	-8.7%	15.1%	2.25%
Vietnam Joint Stock Commercial Bank for Industry and Trade	CTG.HM	4,153	26,000	7.2%	15.9	10.5	2,085	2,498	19.8%	9.5%	2.69%
Masan Group Corp	MSN.HM	4,048	89,600	0.7%	17.0	19.8	5,284	4,574	-13.4%	32.2%	0.00%
Vietnam Technological And Commercial Joint Stock Bank	TCB.HM	3,978	26,500	-2.6%	8.8	9.8	3,589	2,693	-25.0%	24.3%	#VALUE!

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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