

Garment Exporters benefiting from trade war and Index snapped win streaks

What's on deck in economics?

Garment exporters to benefit from US-China trade war. According to The Economist, Vietnam will benefit from the trade spat between the US and China. Vietnam is the world's third-largest exporter of readymade garment (RMGs) and has strong trade ties with the US. Vietnam exported US\$12.3bn-worth of garments to the US in 2017, representing almost 50% of its total RMG exports. The capacity and scale of Vietnam's industrial sector are much larger than those offered by Bangladesh (the second largest exporter to US), but wages in Bangladesh will continue to be the lowest among the major garment-exporting nations.

Weekly average O/N rate edged up to 3.15%, and the central bank (SBV) injected VND 24,401bn net to support liquidity. The weekly average O/N rate stayed at 3.15%, up from 2.50% 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 reversed to net-injection position of VND 24,401bn.

G-bond yield curve goes steeper amid the hiking Fed's rate fading away. The government-bond yields closed mixed when short-term yields was down. In particular, yields on 1Y, 3Y, and 5Y and 10Y closed at 4.078 (-12.4bps), 4.263 (-13.2bps), and 4.415 (-9bps) while 10-year yield ended up slightly to 5.037 (+9bps), driving the G-bond yield curve steeper. The lower in short-term bond yield resulted from fading of hiking Fed's rate last week, in our view.

Market Watch

Vietnam stock market snapped three-week win streak amid no-supportive information session.

The Vietnam stock market closed lower this week, with the VNindex snapping three-week win streaks. The Vnindex was off 8.74 points, or 0.86%, when the factor of released macro data was fading away. Seven of nine primary Vnindex sectors finished in negative territory, led by loss in technology and health care, a drop in 4.12% and 2.95% respectively. The technology sector dragged down by a decline in SAM (-4.20%) and CMC (-4.60%). The foreign investors continued to be net buying position with USD 460.59mn when they SK continued accumulated MSN stocks through put-through transaction.

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Key Indicators

9M2018 GDP growth (%)	6.98
9M2018 IPP (% - YoY)	10.6
9M2018 Est. Export (USDbn)	178.9
9M2018 Est. Import (USDbn)	173.5
9M2018 Trade Surplus (USDbn)	5.39
4M2018 Reserve (USDbn)	63
Reg.9M2018 FDI (USDbn)	19.7
Dis. 9M2018 FDI (USDbn)	13.3
CPI (% YoY, as of 30 Sept 2018)	3.98
Policy rate (%)	9
Discount/Refinance rate (%)	4.25 / 6.25
USD/VND Spot (VCB quote)	23,351

Source: GSO, SBV and TVS Research

Money Market

%	Wk.40	Wk.39
ON average rate	3.15	2.50
OMO net injection (VNDbn)	24,401	(-14,684)
VGB yield - 01 year	4.078	4.202
VGB yield - 03 years	4.263	4.395
VGB yield - 05 years	4.415	4.505
VGB yield - 10 years	5.037	5.029
CDS - 05 years (bps)	154.9	152.1

	Bid	Ask
12m VND deposit rate	4.00	4.75
12m USD deposit rate	-	-

Source: TVS, Thomson Reuters Data

Equity Market

As of 05 Oct 2018	HSX	HNX
Index	1008.4	114.7
% 5days change	(-0.9)	(-1.4)
Market Cap (USDbn)	138.2	8.8
Number of stocks	370	373
Avg. Daily T/O (USDmn)	373	32.2
% Avg. Daily T/O	69.4	2.5
TTM P/E (x)	17.3	9.6
TTM P/B (x)	3.2	1.2
Div. Yield (%)	2.22	3.85

Source: TVS, Thomson Reuters Data

G-bond Yield Curve

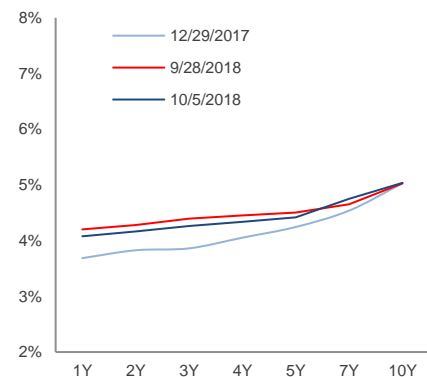
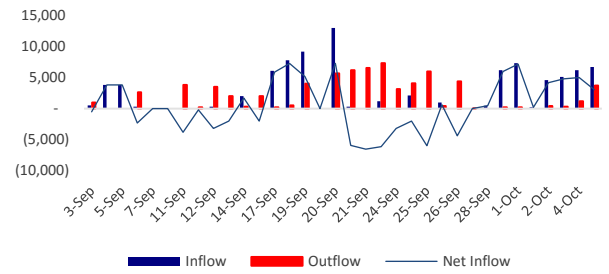


Chart of the Week – No Chart

Figure 1: Daily Net Inflow- OMO Market



Source: Thomson Reuters, GSO, SBV and TVS Research

Figure 2: Weekly VNindex and Net Foreign Trading Value

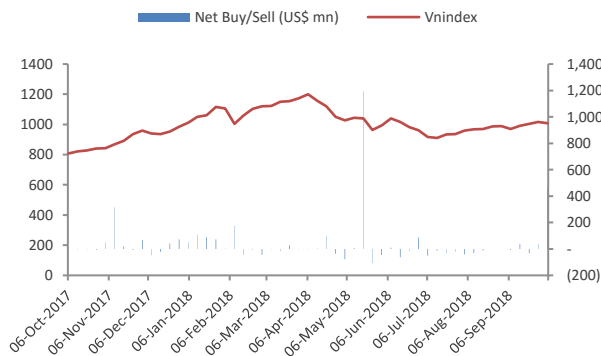
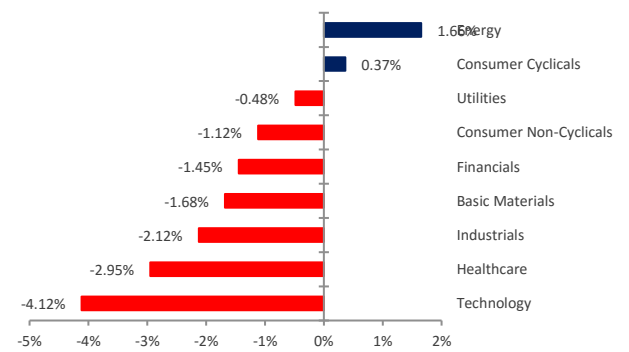


Figure 3: Weekly Sector Performance – HSX bourse



Source: HSX, Thomson Reuters and TVS Research

Appendix : Top 10 market cap on HSX bourse as of 10 Oct 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	13,465	98,500	-1.9%	77.1	36.5	1,277	2,752	115.5%	11.2%	0.00%
Vinhomes JSC	VHM.HM	11,727	81,680	-3.0%	52.5	11.6	1,556	6,697	330.5%	#VALUE!	#VALUE!
Vietnam Dairy Products JSC	VNM.HM	10,084	135,200	-2.4%	26.7	23.0	5,065	5,925	17.0%	34.9%	2.66%
Petrovietnam Gas Joint Stock Corp	GAS.HM	9,837	120,000	-2.6%	20.5	19.3	5,864	6,258	6.7%	27.1%	3.43%
Joint Stock Commercial Bank for Foreign Trade of Viet Nam	VCB.HM	9,569	62,100	-0.2%	22.9	17.9	2,717	3,509	29.1%	17.7%	1.30%
Saigon Beer Alcohol Beverage Corp	SAB.HM	6,130	223,200	0.5%	32.9	.	6,776	7,659	13.0%	29.4%	1.46%
Joint Stock Commercial Bank for Investment and Development of Vietnam	BID.HM	5,198	35,500	3.6%	17.4	18.9	2,038	1,908	-6.4%	15.1%	#VALUE!
Vietnam Technological And Commercial Joint Stock Bank	TCB.HM	4,463	29,800	2.4%	9.9	11.2	3,589	2,664	-25.8%	24.3%	#VALUE!
Vietnam Joint Stock Commercial Bank for Industry and Trade	CTG.HM	4,322	27,100	-0.7%	16.6	10.7	2,085	2,579	23.7%	9.5%	#VALUE!
Masan Group Corp	MSN.HM	4,105	91,000	-4.4%	17.2	20.6	5,284	4,462	-15.6%	32.2%	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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