

Robust GDP growth and Index extended loss

What's on deck in economics?

Real 9M2018 GDP growth remains robust. According to data released by the General Statistics Office (GSO) on September 28th, the economy expanded by 6.9% year on year in the third quarter, bringing growth in the first nine months of 2018 to 7%. The headline growth figure for January-September was the fastest rate in eight years. Continuing a long-running trend, industry and construction was the main driver of growth, expanding by almost 9% year on year in the period. The export-oriented manufacturing and processing sectors were once again the star performers—with electronics components and machinery remaining Vietnam's top exports in volume terms in the first nine months of 2018. The services sector recorded a robust outturn of 11.3% over the first nine months of the year, helped by the retail sector's strong performance and the continued expansion of the tourism sector. Meanwhile, the agricultural sector grew by 3.5%, the fastest rate of expansion since 2012. **(Chart of the Week)**

Weekly average O/N rate edged up slightly to 3.16% and the central bank (SBV) maintain net-injection at small scale of VND 250bn. The weekly average O/N rate was up 3.16% slightly, from 3.01% last week. Although the O/N rate was rising, the bank liquidity is in balance without SBV's intervene. The SBV maintained small-scale net-injection position of VND 250bn.

G-bond yield curve goes steeper. The government-bond yields closed mixed when short-term yields was down and long-term yield inched up. In particular, yields on 1Y, 3Y, and 5Y closed at 4.135 (-1.2bps), 4.359 (-3.1bps), and 4.508 (-1.1bps) while 10-year yield ended up slightly to 5.094 (+2.1bps), driving the G-bond yield curve steeper.

Market Watch

Vietnam stock market extended three-week losing streak following global market tumbles. The Vietnam stock market closed lower this week when the global markets tumbled. The Vnindex lost 11.72 points, or 1.21%. Seven of nine primary Vnindex sectors finished in negative territory, led by loss in energy and industrial sectors, a drop in 5.38% and 3.25% respectively. The energy sector dragged down by a decline in GAS (-6.61% WoW) and PLX (-3.45% WoW) when oil price suffered weekly drop in spite of potential U.S – Saudi tension. The foreign investors continued to be net selling position with USD 5.65mn.

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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.42	Wk.41
ON average rate	3.16	3.01
OMO net injection (VNDbn)	250	16,584
VGB yield - 01 year	4.135	4.147
VGB yield - 03 years	4.359	4.390
VGB yield - 05 years	4.508	4.519
VGB yield - 10 years	5.094	5.073
CDS - 05 years (bps)	158.2	155.9
	Bid	Ask
12m VND deposit rate	4.30	4.80
12m USD deposit rate	-	-

Source: TVS, Thomson Reuters Data

Equity Market

As of 19 Oct 2018	HSX	HNX
Index	958.4	109.8
% 5days change	(-1.2)	(-0.5)
Market Cap (USDbn)	131.4	8.3
Number of stocks	372	373
Avg. Daily T/O (USDmn)	157.2	19.5
% Avg. Daily T/O	(-32)	(-41)
TTM P/E (x)	16.5	9.1
TTM P/B (x)	3.03	1.2
Div. Yield (%)	2.35	4.1

Source: TVS, Thomson Reuters Data

G-bond Yield Curve

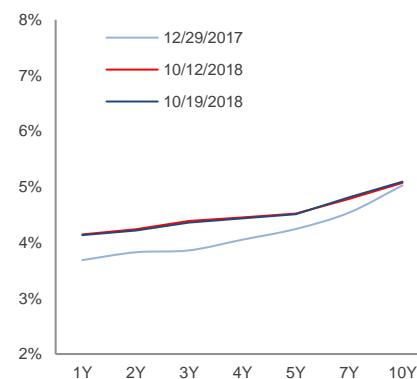
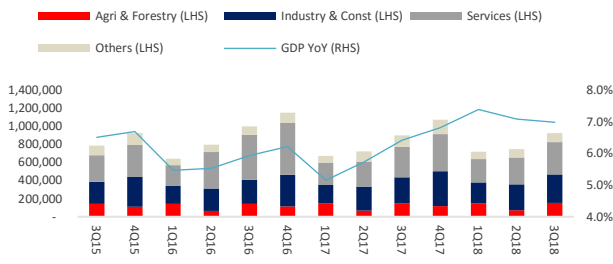


Chart of the Week – GDP Value Added by Sectors



Source: Thomson Reuters, GSO, SBV and TVS Research

Figure 1: Daily Net Inflow- OMO Market

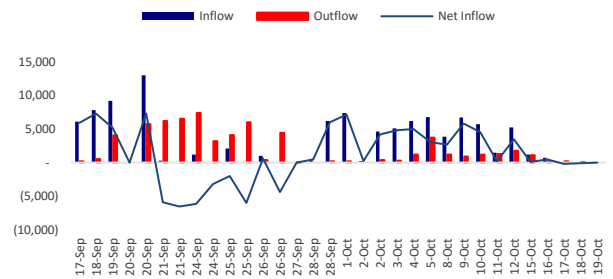
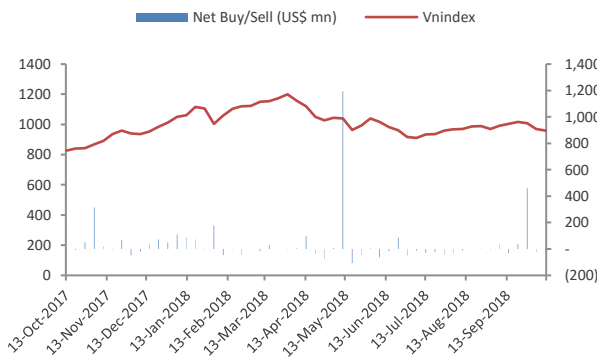
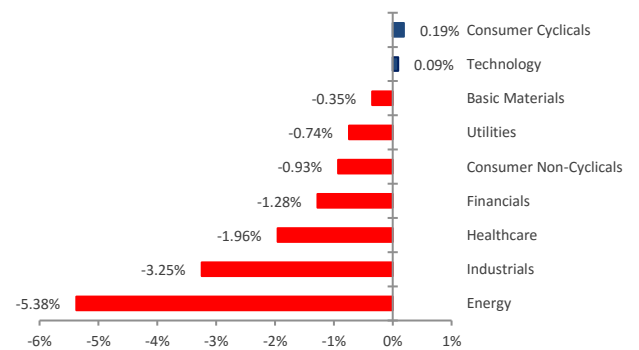


Figure 2: Weekly VNindex and Net Foreign Trading Value



Source: HSX, Thomson Reuters and TVS Research

Figure 3: Weekly Sector Performance – HSX bourse



Appendix : Top 10 market cap on HSX bourse as of 19 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	13,545	99,100	3.2%	77.6	36.7	1,277	2,726	113.5%	11.2%	0.00%
Vinhomes JSC	VHM.HM	10,729	74,800	#VALUE!	48.1	11.7	1,556	6,487	317.0%	#VALUE!	#VALUE!
Vietnam Dairy Products JSC	VNM.HM	9,456	126,800	-1.3%	25.0	21.0	5,065	6,046	19.4%	34.9%	2.79%
Petrovietnam Gas Joint Stock Corp	GAS.HM	9,180	112,000	-6.6%	19.1	18.4	5,864	6,258	6.7%	#VALUE!	3.57%
Joint Stock Commercial Bank for Foreign Trade of Viet Nam	VCB.HM	8,890	57,700	-3.7%	21.2	16.6	2,717	3,509	29.1%	17.7%	1.39%
Saigon Beer Alcohol Beverage Corp	SAB.HM	6,042	220,000	-0.5%	32.5	29.7	6,776	7,659	13.0%	29.4%	1.48%
Joint Stock Commercial Bank for Investment and Development of Vietnam	BID.HM	5,066	34,600	2.4%	17.0	18.3	2,038	1,908	-6.4%	15.1%	#VALUE!
Vietnam Technological And Commercial Joint Stock Bank	TCB.HM	4,342	29,000	1.0%	9.6	10.9	3,589	2,664	-25.8%	24.3%	#VALUE!
Vietnam Joint Stock Commercial Bank for Industry and Trade	CTG.HM	3,939	24,700	-2.8%	15.1	9.7	2,085	2,579	23.7%	9.5%	#VALUE!
Hoa Phat Group JSC	HPG.HM	3,706	40,750	-0.12%	8.11	7.47	5,022	5,545	10.43%	30.1%	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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