

## Manufacturing PMI rising and Index extended gain

### What's on deck in economics?

**Manufacturing 11M2018 PMI rises to second highest level in survey's history.** According to data released by Nikkei and IHS Markit, the manufacturing Purchasing Managers' Index (PMI) rose to 56.5 points in November, up notably from the 53.9 points logged in October and marking the best result since January 2000. The index thus lies further above the critical 50-point threshold that separates expansion from contraction in manufacturing output. The considerable improvement in business conditions in November was largely due to surging production, which rose at the sharpest pace in over seven years, while new business inflows also grew at a faster clip in the month. Moreover, new export orders growth accelerated, signaling robust external demand. Capacity constraints started to show, however, as backlogs of work increased for the first time in six months. In response, firms ramped up hiring at a record pace, while inventories also rose at a record rate in preparation for future growth (**Chart of the Week**).

**Weekly average O/N rate stayed higher at 4.83% and the central bank (SBV) reversed to net-injection position of VND 23,258bn to support banking system liquidity.** The weekly average O/N rate increased by 10bps Week-on-Week to 4.83%. We believe hiking O/N rates came from the small bankers facing the higher credit demand at the ending months of the year. To support the liquidity, the central bank poured VND 23,258bn into banking system.

**Bond yields were down broadly, except 10Y notes.** In particular, yields on 1Y, 3Y, and 5Y closed at 4.111 (-4.9bps), 4.404 (-2.5bps), and 4.561 (-2.3bps) while the 10Y closed higher at 5.191 (+2.5%), leaving the G-bond yield curve steeper. It is noted the spread (between 1Y and 10Y) was widen at 1.080%, up from 1.006% last week. The wider spread surrounded the investor's expectation of lower inflation short-run, in our view. In fact the 11M2018 inflation was at controlled level of 3.59%.

### Market Watch

**Vietnam stock market extended three-week winning streak albeit global tumble.** The Vietnam stock market ended higher this week when the global markets continued tumble. It's third straight winning week. The Vnindex gained 32.05 points, or 3.46%, to close 958.59. All primary Vnindex sectors finished in positive territory, led by gain in energy and financial sectors, a gain in 5.46% and 4.54% respectively. The energy sector advanced mainly by GAS (+6.03% WoW), PLX (+5.32% WoW) and PVD (+2.19% WoW). The foreign investors was in trading balance with net minor buying of USD 0.09 mn. It is noted that the Thailand DR started investing in E1VFN30; leading to foreign net buying of US\$ 15.8mn for E1VFN30 ticker.

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### Key Indicators

9M2018 GDP growth (%)	6.98
11M2018 IPP (% - YoY)	10.1
11M2018 Est. Export (USDbn)	223.6
11M2018 Est. Import (USDbn)	216.8
11M2018 Trade Surplus (USDbn)	6.8
9M2018 Reserve (USDbn)	63.5
Reg.9M2018 FDI (USDbn)	19.7
Dis. 9M2018 FDI (USDbn)	13.3
CPI (% YoY, as of 30 Sept 2018)	3.59
Policy rate (%)	9
Discount/Refinance rate (%)	4.25 / 6.25
USD/VND Spot (VCB quote)	23,300

Source: GSO, SBV and TVS Research

### Money Market

%	Wk.49	Wk.48
ON average rate	4.83	4.73
OMO net injection (VNDbn)	23,528	(-18,870)
VGB yield - 01 year	4.111	4.160
VGB yield - 03 years	4.404	4.429
VGB yield - 05 years	4.561	4.584
VGB yield - 10 years	5.191	5.166
CDS - 05 years (bps)	163.6	165.6
	<b>Bid</b>	<b>Ask</b>
12m VND deposit rate	4.80	5.3
12m USD deposit rate	-	-

Source: TVS, Thomson Reuters Data

### Equity Market

As of 07 Dec 2018	HSX	HNX
Index	958.6	107.1
% 5days change	3.46	2.2
Market Cap (USDbn)	131.8	8.3
Number of stocks	375	373
Avg. Daily T/O (USDmn)	197	24.1
% Avg. Daily T/O	31	40.3
TTM P/E (x)	16.3	8.8
TTM P/B (x)	3.0	1.2
Div. Yield (%)	2.3	4.1

Source: TVS, Thomson Reuters Data

### G-bond Yield Curve

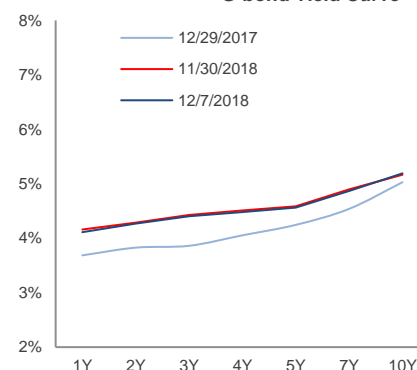


Chart of the Week – IIP & PMI

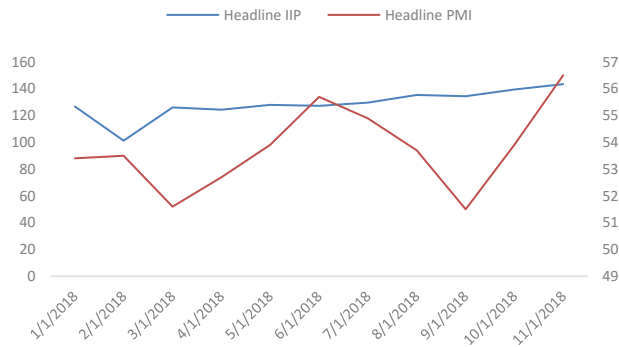
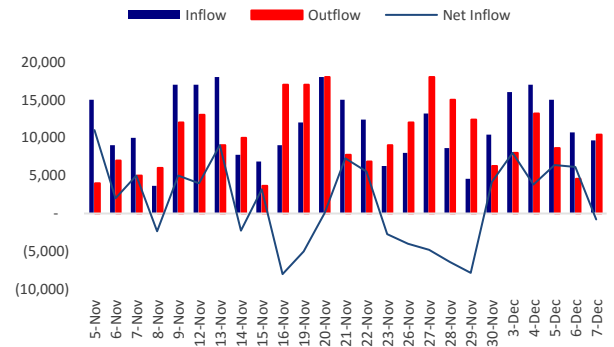


Figure 1: Daily Net Inflow- OMO Market



Source: Thomson Reuters, GSO, SBV and TVS Research

Figure 2: Weekly VNindex and Net Foreign Trading Value

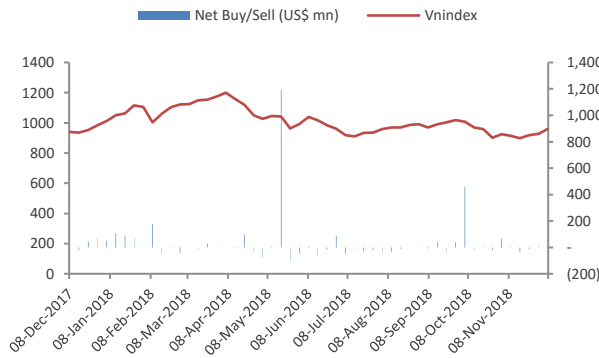
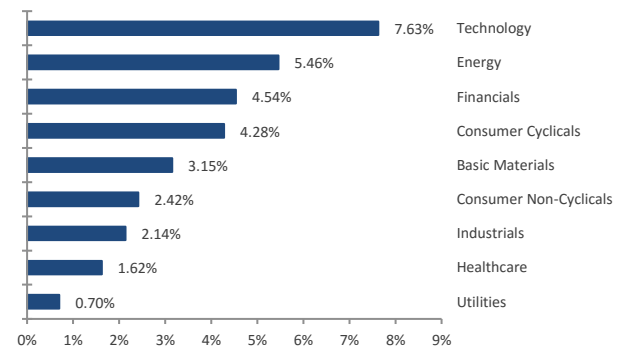


Figure 3: Weekly Sector Performance – HSX bourse



Source: HSX, Thomson Reuters and TVS Research

Appendix : Top 10 market cap on HSX bourse as of 07 Dec 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	13,980	102,200	0.2%	76.1	30.0	1,343	3,482	159.3%	10.2%	0.00%
Vinhomes JSC	VHM.HM	11,485	80,000	3.0%	31.6	13.5	2,534	5,968	135.5%	#VALUE!	#VALUE!
Vietnam Dairy Products JSC	VNM.HM	9,994	133,900	1.0%	26.8	22.8	4,998	5,902	18.1%	35.2%	1.99%
Joint Stock Commercial Bank for Foreign Trade of Viet Nam	VCB.HM	8,820	57,200	-1.9%	19.5	16.9	2,937	3,408	16.0%	18.3%	1.40%
Petrovietnam Gas Joint Stock Corp	GAS.HM	7,900	96,300	0.7%	14.7	14.1	6,543	6,891	5.3%	30.5%	4.15%
Saigon Beer Alcohol Beverage Corp	SAB.HM	6,797	247,300	-1.2%	37.6	32.0	6,584	7,873	19.6%	26.8%	1.42%
Joint Stock Commercial Bank for Investment and Development of Vietnam	BID.HM	4,938	33,700	0.4%	16.7	17.8	2,017	1,906	-5.5%	14.9%	#VALUE!
Vietnam Technological And Commercial Joint Stock Bank	TCB.HM	4,196	28,000	3.9%	11.3	10.3	2,605	2,722	4.5%	25.4%	#VALUE!
Vietnam Joint Stock Commercial Bank for Industry and Trade	CTG.HM	3,838	24,050	-4.3%	14.9	9.4	2,064	2,588	25.4%	9.1%	#VALUE!
Masan Group Corp	MSN.HM	3,819	84,600	4.1%	15.8	18.0	5,338	4,784	-10.4%	30.9%	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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