

Market report

August 2024: VN-Index may experience downside risk due to global macroeconomic factors in September

The VN-Index rebounded after a correction in July, ending in August at 1,284 (+4.6% MoM) thanks to positive contributions from the Vingroup and Banking sectors. However, market liquidity slightly declined in August, averaging VND 16,571 billion per session (-2.4% MoM). We believe that trading value was negatively impacted as investors maintained a cautious sentiment following the sharp drop of the VN-Index below 1,200.

In August 2024, market capital mainly flowed into the VN-Index, particularly into the VN30 group. In terms of sectors, Real Estate, Financial Services, and Banking stocks were the key drivers of the VN-Index recovery.

Foreign investors reduced net selling, partly supported by the cooling down of the USD/VND exchange rate.

In September 2024, TVS Research believes the recovery phase of the VN-Index has concluded, and the market may undergo a correction as capital inflows are diminishing, coupled with negative impacts from global macroeconomic conditions.

International indices	August	% MoM	%YTD
DJI**	41,335	1.5%	9.6%
S&P500**	5,592	2.9%	16.9%
VIX**	16	-5.1%	25.2%
FTSE100**	8,380	1.3%	8.5%
Nikkei	38,648	-1.2%	15.5%

VN indices	August	%MoM	%YTD
VNI	1,284	2.5%	13.7%
VN30	1,332	2.5%	17.8%
VN MID	1,922	2.2%	11.5%
VN SMALL	1,433	-1.8%	4.7%
HNI	238	1.1%	2.8%

Market cap	August	%MoM	%YTD
HSX	5,272	2.9%	16.8%
HNX	336	2.3%	10.2%
UPCoM	1,460	-1.5%	38.7%
Total	7,068	1.9%	20.3%

Liquidity	August	%MoM	%YTD
HSX	364	-6.7%	107.5%
HNX	26	-10.3%	72.5%
UPCoM	17	-34.6%	119.2%
Total	407	-8.5%	104.7%

P/E ratio	August	%MoM	%YTD
Vietnam	13.9	1.5%	2.2%
Thailand	16.1	-6.9%	-17.0%
Indonesia	21.3	5.6%	23.1%
Malaysia	15.1	-9.6%	0.7%
Singapore	12.2	4.3%	6.1%

Analyst

Anh Nguyen

anhnd@tvs.vn

+84 24 32484820 Ext. 6417

Market Overview

The VN-Index recovered in August, however, TVS Research believes the market may be back to decline.

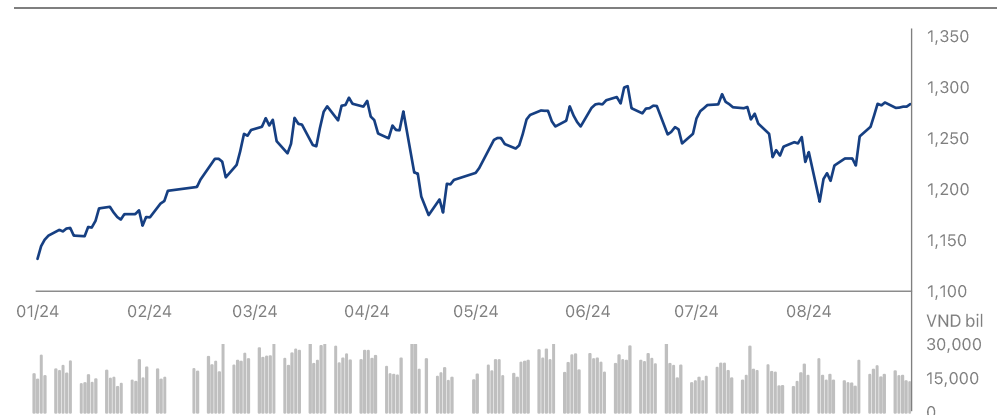
The VN-Index rebounded after a correction in July, closing August at 1,284 (+4.6% MoM) thanks to positive contributions from Vingroup and Banking stocks.

However, TVS Research expects a potential correction in September 2024 as market liquidity continues to decline, alongside negative global macroeconomic influences:

- The Fed is anticipated to lower interest rates by only 0.5% through two cuts in 2024, rather than three as forecast by major economic institutions. A slower pace of rate cuts from the Fed, while the rest of the world starts easing, may strengthen the USD and put upward pressure on the USDVND exchange rate
- China's economic growth is slowing, despite its central bank implementing rate cuts, partly due to the sluggish recovery in consumer demand. This may negatively impact Vietnam's exports to China, one of its largest trading partners
- Inflows into the Vietnamese stock market are decreasing as individual investors, who previously helped offset foreign selling pressure, shifted to net sales in August for the first time since January 2024

Figure 1: VN-Index recovered to nearly 1,300 in August 2024

VN-Index fluctuations [points] and market liquidity [VND bn]



Investors capital inflows into the market did not improve despite the VN-Index's recovery in August.

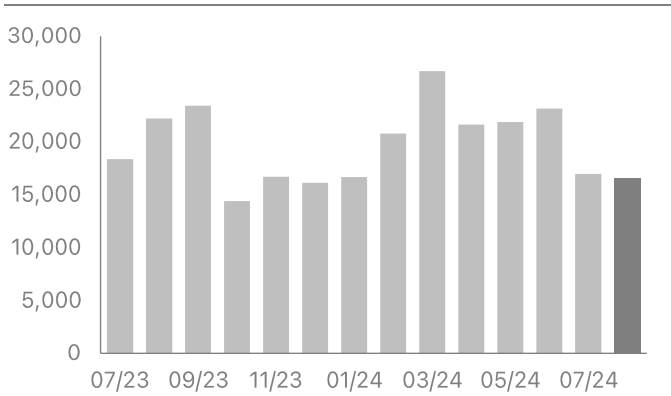
Although the VN-Index recovered in August, market inflows stayed flat, averaging VND 16,571 billion per session (-2.4% MoM). The lack of growth in trading value indicates that investors remain cautious following the sharp decline of the VN-Index below 1,200.

The VN-Index rebounded to around 1,300 in August; however, with market liquidity gradually weakening, TVS Research believes the market

is unlikely to continue its upward trend. Current capital inflows are primarily rotating between large-cap sectors such as Banking and Real Estate, which may not be sufficient to push the VN-Index beyond the 1,300 level.

Figure 2: Trading value declined significantly in July – August 2024

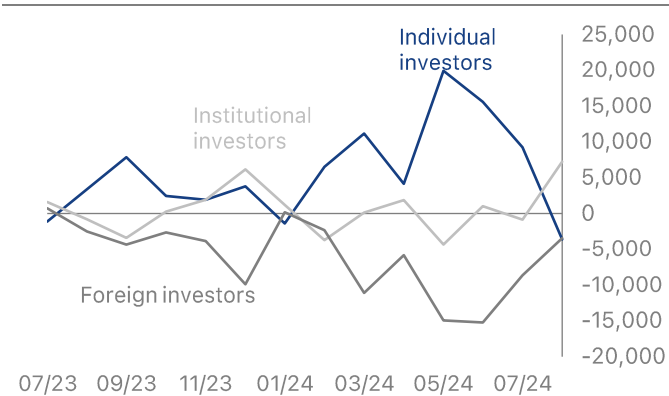
Monthly average trading value [VND bn]



Source: FiinproX, TVS Research

Figure 3: Individual investors shifted to net selling in August

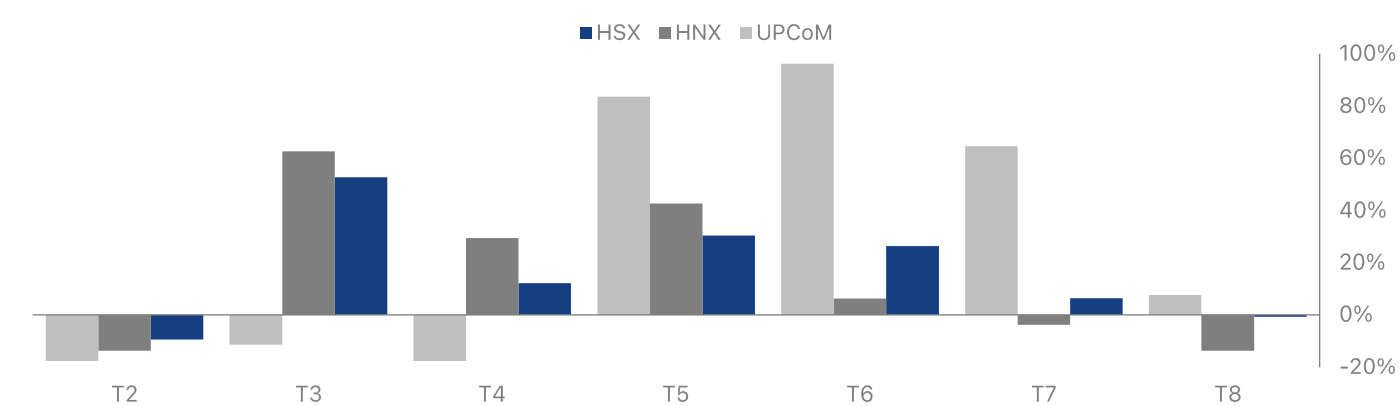
Monthly net trading value by group of investors [VND bn]



Source: FiinproX, TVS Research

Figure 4: Market capital inflows in August decreased to levels comparable to early 2024

Change in trading value in 3 stock exchanges [%]



Source: FiinproX, TVS Research

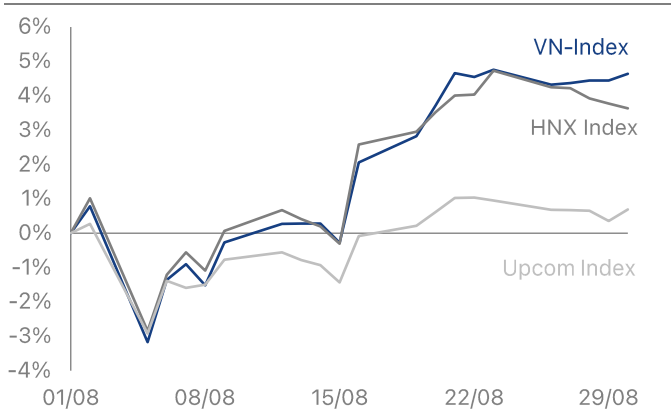
VN-Index is the most recovering index in August.

In August 2024, the VN-Index was the strongest performing index (+4.6% MoM), mainly due to the recovery in the Real Estate sector (+7.5% MoM), Financial Services (+10.2% MoM), and Banking sector (+3.9% MoM).

Meanwhile, the UpCom Index saw only a slight increase (+0.7% MoM) as market liquidity shifted away from UpCom stocks and gradually returned to the VN-Index.

Figure 5: VN-Index had the best recovery in 3 indices

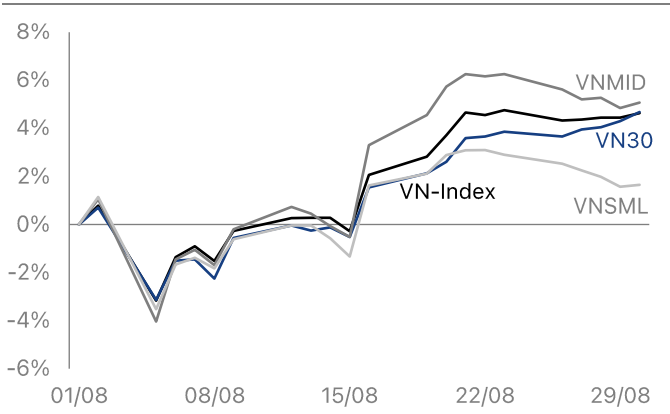
Performance of VN-Index, HNX Index and Upcom Index in August [%]



Source: FiinproX, TVS Research

Figure 6: VN30 and VNMID was the main contributor to the recovery of the VN-Index

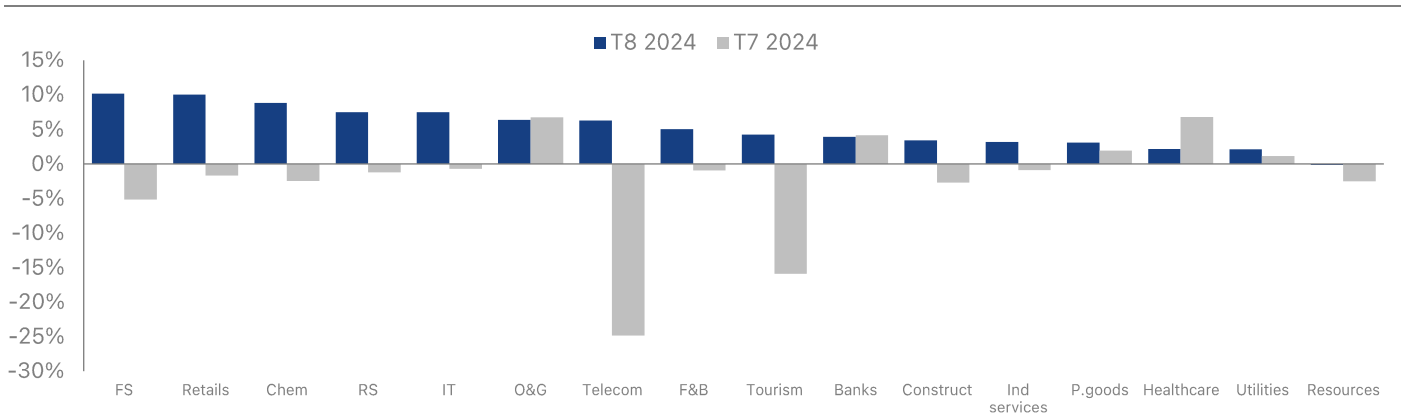
Performance of indices in VN-Index [%]



Source: FiinproX, TVS Research

Figure 7: The recovery of Real Estate, Financial Services and Banks helped VN-Index recover in August

Performance by sectors in July and August 2024 [%]



Source: FiinproX, TVS Research



Market Valuation

P/E ratio of the VN-Index moved sideways in August.

P/E of VN-Index in August was 13.9x, which remained unchanged to the level in July and approximated average 5-year P/E.

We have revised the VN-Index’s year-end P/E ratio to 13.4x, considering the expected 16.7% profit growth for 2024 (according to TVS Research) and the potential for a slowdown in growth due to less optimistic global economic prospects.

Figure 8: The market P/E moved sideways around 13.9x



Source: Fiinpro, TVS Research

Activities of ETF funds, derivatives, and covered warrants markets

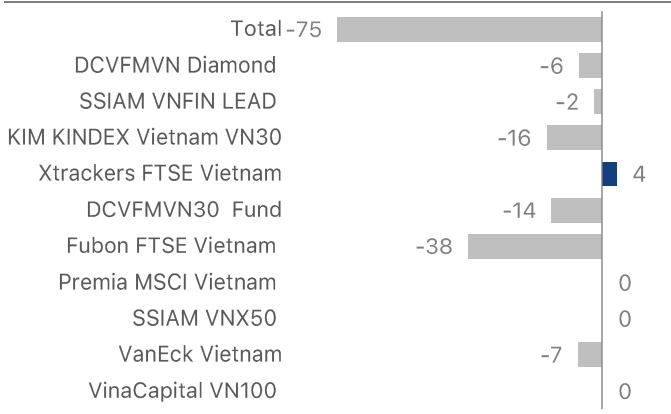
ETFs recorded net sales in August, although the level of net selling had gradually decreased.

In August, ETFs recorded net sales at USD 75 million (-20% MoM). During the month, the Fubon FTSE fund continued to experience the highest net selling, while the Xtrackers fund was the only one with net inflows.

TVS Research observes that from June to August, ETF selling pressure had gradually decreased, primarily due to the cooling of the US\$VND exchange rate following intervention by the SBV. Nevertheless, ETF selling persisted as the trend of withdrawing from emerging markets to reduce risk continues among funds.

Figure 9: ETFs continued recording net sales in August

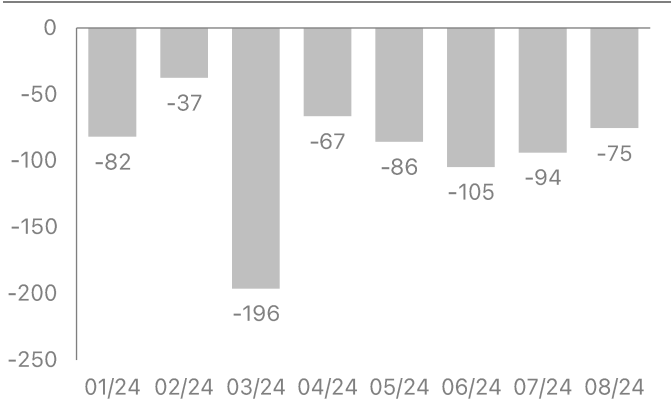
Trading activities of ETF in August 2024 [USD million]



Source: Bloomberg, TVS Research

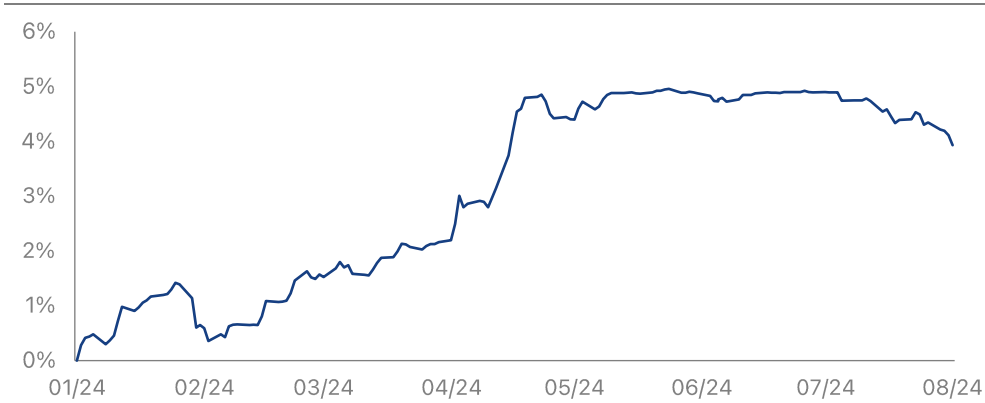
Figure 10: Selling pressure of ETFs gradually decreased in Q2 2024

Net sales/purchases of ETF from January 2024 [USD million]



Source: Bloomberg, TVS Research

Figure 11: US\$VND exchange rate dropped considerably in August, contributing to the reduction in selling pressure from foreign investors
US\$VND exchange rate



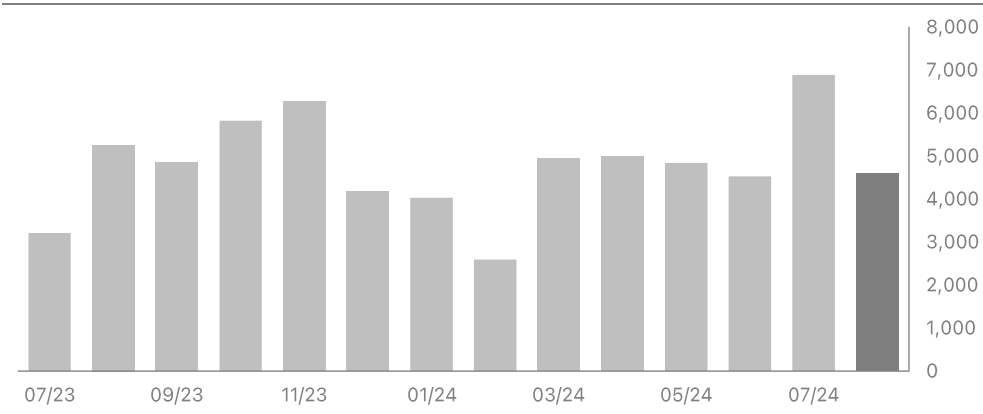
Source: Fiinpro, TVS Research

Trading value in warrants market declined in August 2024.

Derivatives trading in August saw a sharp decline, with 4.6 million contracts traded, the lowest level since March. The decrease in trading activity for the month may indicate that investors are trending towards reducing exposure to riskier assets.

Figure 12: Liquidity of Derivatives declined in August

Derivatives contracts traded monthly [thousand contracts]



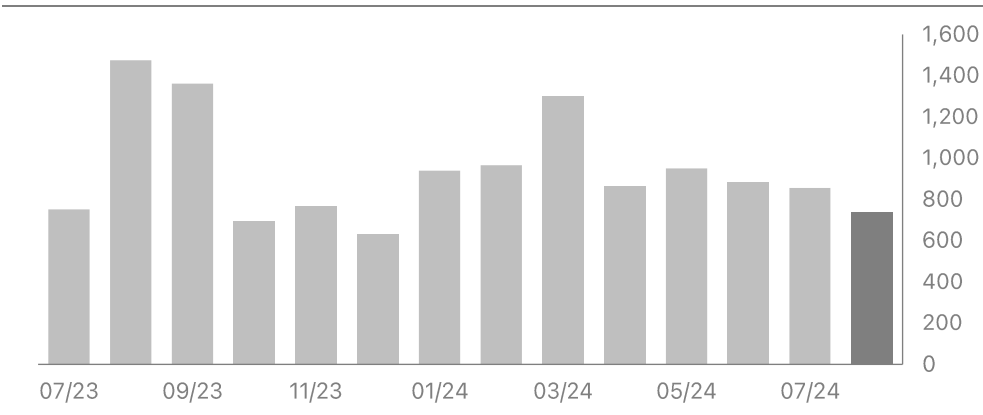
Source: Fiinpro, TVS Research

Trading value in the warrants market declined in August 2024.

Trading value in the warrants market decreased in August to VND 736 billion (~14% MoM). Similar to the derivatives market, the contraction in liquidity in the warrants market suggests that investors may be reducing their exposure to riskier assets.

Figure 13: Trading value in the warrants market declined in August 2024

Monthly warrants trading value [VND bn]

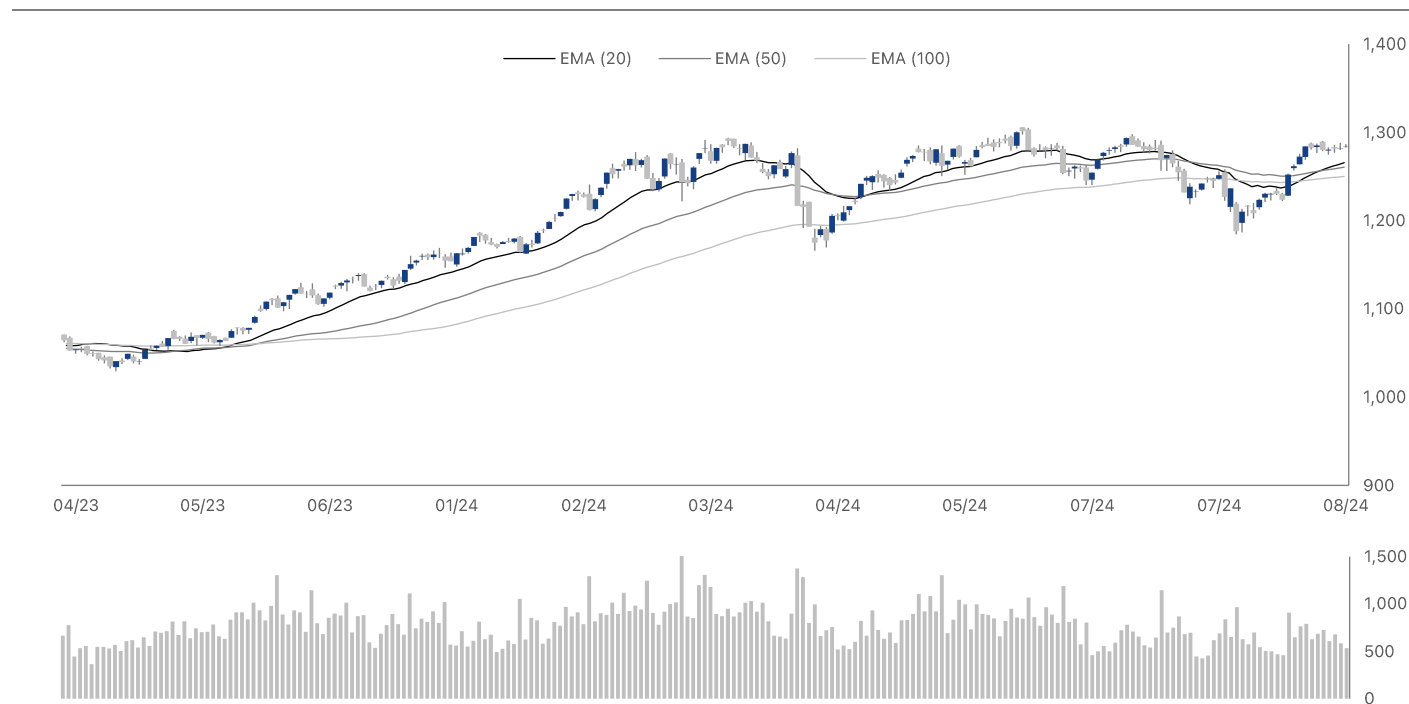


Source: Fiinpro, TVS Research

Technical overview

Figure 14: VN-Index technical chart

Time frame: daily



Source: Fiinpro, TVS Research

Technical Analysis

In August, the VN-Index recovered to around the 1,290 – 1,300 range. However, we observed no improvement in market inflows. Additionally, the VN-Index's upward momentum has slowed as it approached the resistance level of 1,290 – 1,300 due to increased selling pressure in this range. TVS Research also suggests that the VN-Index might form a head-and-shoulders pattern, raising the risk of a market downturn.

Actions

We recommend that investors reduce their equity holdings in the 1,290 – 1,300 range, avoid new purchases, and remain cautious while observing the market.

Notable economic events in July

Date	Event	Impact
02/9/2024	Vietnam PMI Manufacturing Data Release	Moderate
06/9/2024	U.S Unemployment Data for July 2024	High
	Vietnam Economic Data Release for September 2024	High
11/9/2024	U.S. CPI Data for August 2024	Moderate
12/9/2024	ECB Interest Rate Meeting for September 2024	Moderate
18/9/2024	FED Interest Rate Meeting for September 2024	High
19/9/2024	VN30 Index Futures Contract Expiration	High
20/9/2024	BOJ Interest Rate Meeting for September 2024	Moderate

Market trading activities in August

10 most bought stocks by investor classification [VND bn]

Ticker	Exchange	Foreign int	Ticker	Exchange	Domestic int	Ticker	Exchange	Retail
VNM	HOSE	1,778	EIB	HOSE	1,897	HPG	HOSE	2,960
FPT	HOSE	1,485	SSI	HOSE	1,174	VHM	HOSE	1,946
HDB	HOSE	661	PC1	HOSE	686	VJC	HOSE	1,094
VCB	HOSE	642	VNM	HOSE	426	TCB	HOSE	663
CTG	HOSE	555	VIB	HOSE	384	HSG	HOSE	565
MWG	HOSE	476	TCB	HOSE	378	VPB	HOSE	558
MSN	HOSE	474	VPB	HOSE	344	SHB	HOSE	407
KDC	HOSE	379	VJC	HOSE	340	PVD	HOSE	332
HVN	HOSE	225	MBB	HOSE	333	VRE	HOSE	307
VCI	HOSE	170	GVR	HOSE	299	MSB	HOSE	305

10 most sold stocks by investor classification [VND bn]

Ticker	Exchange	Foreign int	Ticker	Exchange	Domestic int	Ticker	Exchange	Retail
HPG	HOSE	-2,481	FPT	HOSE	-571	VNM	HOSE	-2,163
VHM	HOSE	-2,213	HPG	HOSE	-470	EIB	HOSE	-1,875
VJC	HOSE	-1,434	MSB	HOSE	-341	SSI	HOSE	-946
TCB	HOSE	-1,016	SHB	HOSE	-319	FPT	HOSE	-920
VPB	HOSE	-903	VGC	HOSE	-143	CTG	HOSE	-834
HSG	HOSE	-552	SSB	HOSE	-132	VCB	HOSE	-756
VRE	HOSE	-302	HDB	HOSE	-131	PC1	HOSE	-745
SSI	HOSE	-218	PVD	HOSE	-126	MWG	HOSE	-620
PVD	HOSE	-210	BCG	HOSE	-86	MSN	HOSE	-615
TLG	HOSE	-162	PET	HOSE	-76	HDB	HOSE	-520

10 best-performing stocks in HSX and HNX

Ticker	Closing price	1M price change	Market Cap	Ticker	Closing price	1M price change	Market Cap
SGR	42,000	56.7%	2,520	CTP	23,100	181.7%	280
L10	22,750	29.6%	223	KSD	6,300	75.0%	76
FTS	43,700	26.1%	13,369	DL1	7,100	39.2%	754
BTT	39,151	25.0%	574	BTW	49,000	38.0%	459
VCF	242,756	22.9%	7,097	KSV	63,000	33.2%	12,600
BSI	49,150	22.0%	10,963	HGM	71,000	30.3%	846
PDR	21,550	21.8%	18,816	HBS	9,700	29.2%	320
HCM	29,300	20.8%	20,626	MAC	23,200	25.4%	351
DXG	15,700	20.3%	11,315	WCS	283,000	24.1%	708
TVS	23,500	20.2%	3,924	VCM	20,000	23.5%	60

10 worst-performing stocks in HSX and HNX

Ticker	Closing price	1M price change	Market Cap	Ticker	Closing price	1M price change	Market Cap
TMT	7,110	-27.4%	262	HMR	9,800	-56.3%	55
DAG	1,430	-22.7%	86	MCO	8,000	-50.3%	33
DXV	3,720	-20.7%	37	TXM	4,300	-34.8%	30
APH	7,350	-19.0%	1,793	VNT	31,700	-33.8%	528
ADP	30,850	-17.4%	711	PTD	5,600	-27.3%	28
S4A	35,800	-16.4%	1,511	CMS	12,000	-26.4%	305
NHH	14,100	-14.5%	1,028	KHS	11,400	-23.0%	138
VNG	8,210	-11.7%	799	KTT	2,100	-19.2%	6
KPF	2,150	-10.8%	131	VFS	12,900	-18.9%	1,548
ITD	11,900	-10.5%	291	SDC	7,600	-18.3%	20

Note: Market cap (VND bn)

List of issued reports

Category	Title	Company/Industry	Release date
Company report	First report	DGC	10/9/2024
Company report	Financial results update report H1	VIB	07/8/2024
Macroeconomic update	Macroeconomics report July 2024	Macroeconomics	06/8/2024
Market update	Equity market report July 2024	Market	06/8/2024
Macroeconomic update	Macroeconomics report June 2024	Macroeconomics	08/7/2024
Market update	Equity market report June 2024	Market	08/7/2024
Company report	Follow-up report	KBC	19/6/2024
Market update	Equity market report May 2024	Market	07/6/2024
Macroeconomic update	Macroeconomics report May 2024	Macroeconomics	07/6/2024
Market update	Equity market report April 2024	Market	08/5/2024
Macroeconomic update	Macroeconomic report April 2024	Macroeconomics	08/5/2024
Company report	Shareholders' meeting update 2024	NLG	08/5/2024
Company report	Shareholders' meeting update 2024	DXG	08/5/2024
Company report	Shareholders' meeting update 2024	VHM	08/5/2024

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The recommendations of Buy, Sell, or Hold for stocks are determined based on the expected total return, which is the sum of the difference between the target price and the current market price of the stock, plus the expected dividend yield. Specific definitions for each recommendation level are as follows:

Recommendation ratings	Definition
BUY	Expected stock total return over 1 year > 20%
HOLD	Expected stock total return over 1 year is between -10% to 20%
SELL	Expected stock total return over 1 year < -10%

Thien Viet Securities Joint Stock Company – www.tvs.vn

Hanoi

15th floor, Harec Building
4A Lang Ha, Ba Dinh, Hanoi
Phone: +84 (24) 7300 6588
Fax: +84 (24) 3248 4821

Ho Chi Minh

9th floor, Bitexco Building Nam Long
63A Vo Van Tan, District 3, Ho Chi Minh
Phone: +84 (28) 7300 6588
Fax: +84 (28) 299 2088

Contact information

Research Department

Vuong Chi Tam, CFA, FRM

Director of Analysis
tamvc@tvs.vn

Nguyen Thi Kieu Hanh

Specialist Analyst
hanhntk@tvs.vn

Nguyen Duc Anh

Analyst
anhnd@tvs.vn

Pham Nguyen Long

Specialist Analyst
longpn@tvs.vn

Tieu Phan Thanh Quang

Analyst
quangtpt@tvs.vn

Nguyen Van Dat

Analyst
datnv@tvs.vn