

Market report

Q4 2024 Report: VN-Index's year-end target is around 1,260

VN-Index ended Q3 at 1,287 points (+2.7% QoQ), maintaining a sideways trend around 1,240 – 1,300. Average liquidity on HOSE in this quarter decreased to 16,545 billion VND/session (-25.6% QoQ). Declining market liquidity **prevented** VN-Index from surpassing the resistance level of 1,300 while net selling pressure from foreign investors, the main factor causing VN-Index to move sideways, narrowed in Q3.

Average liquidity on HOSE decreased in Q3/2024 mainly due to the impact of the cash flow of individual investors.

In Q4 2024, TVS Research forecasts the target of VN-Index by the end of 2024 to be around 1,260 points in the context of (1) market liquidity is unlikely to break through in Q4 2024, (2) The estimated profit growth of the whole market will only increase slightly to +16.7% YoY, and (3) the high anchored USD/VND exchange rate affects investor sentiment.

Q3 market summary and Q4 2024 forecast

Weak liquidity in Q3 may extend to Q4 and negatively impact the upside outlook of the VN-Index.

VN-Index ended Q3 at 1,287 points (+2.7% QoQ), maintaining a sideways trend around 1,240 – 1,300. The average liquidity of VN-Index in this quarter decreased to 16,545 billion VND/session (-25.6% QoQ). In particular, the decrease in buying power from individual investors is the main reason why the VN-Index has not been able to increase sharply. Foreign investors are still net sellers, but selling power has dropped sharply in Q3.

In Q4 2024, TVS Research believes that VN-Index will receive support from some positive factors:

- **The Fed lowered interest rates in November and is expected to cut further by 0.25% in the December meeting,** which helps reduce the difference between the USD-VND interest rate and supports SBV in maintaining the current monetary policy easing
- **Vietnam's macroeconomy continues to be maintained at a positive level,** reflected by GDP growth in 9M 2024, exceeding the Government's plan of 6.5%

Nevertheless, **we see some negative impacts from the world macro and the current stock market situation** will cancel out the positive impacts from the above factors, thereby limiting the upward momentum of the VN-Index:

- **Cash flows from individual investors narrowed in Q3 and may continue to decline when the performance of the VN-Index is low.** The impact of other investment channels such as gold and real estate increasing sharply or gradually recovering can lead to asset allocation activities of individual investors.
- **Foreign investors net sold strongly again from October – early November** also caused a sharp decline in cash flow in the market
- **Exchange rate pressure reappeared after Donald Trump was elected as the President of the United States,** raising concerns regarding a possible trade war and lead to a stronger dollar from the beginning of October 2024
- However, in the coming months, we believe that the interest rate in Vietnam is unlikely to be lowered any further, mainly due to the strong depreciation of the VND against the USD (+4.1% Ytd) and the lowering of interest rates may increase the depreciation of the VND

Therefore, **TVS Research slightly lowered the target of VN-Index at the end of 2024 from 1,350 in the H2 2024 Market Strategy Report to 1,260** after evaluating some of the above factors.

Figure 1: VN-Index cannot surpass 1,300 in Q3 2024

Closing price movements [points] and trading value [billion VND] of VN-Index



Source: Fiinpro-X, TVS Research

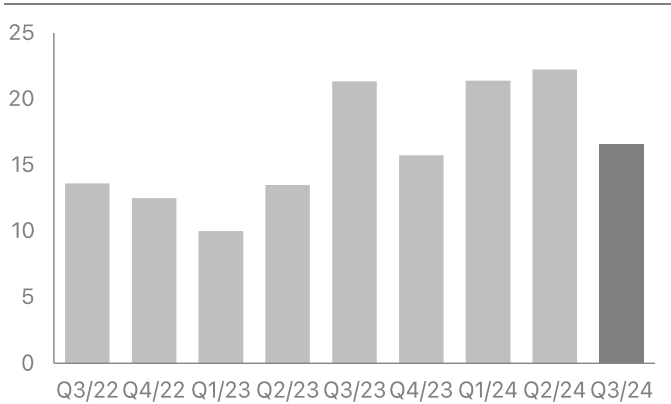
The decline in cash flow into the market in Q3 when sideways movement is the main development trend of VN-Index.

In Q3 2024, the average liquidity of the VN-Index decreased to 16,545 billion VND/session, mainly due to a sharp decrease in cash flow from individual investors.

Coming to September 2024, TVS Research found that the stock market has become less attractive to individual investors through a sharp decrease in the volume of transactions of this group (-20.4% MoM). In addition, the cash balance of individual investors at securities companies continued to decrease in Q3 while the amount of margin debt increased beyond its peak.

Figure 2: VN-Index's average monthly trading volume dropped sharply in Q3

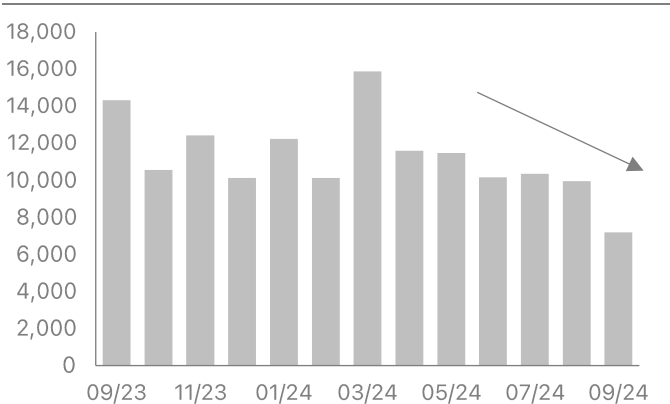
Transaction value on VN-Index [trillion VND]



Source: FiinproX, TVS Research

Figure 3: The liquidity of individual investors continues to decline

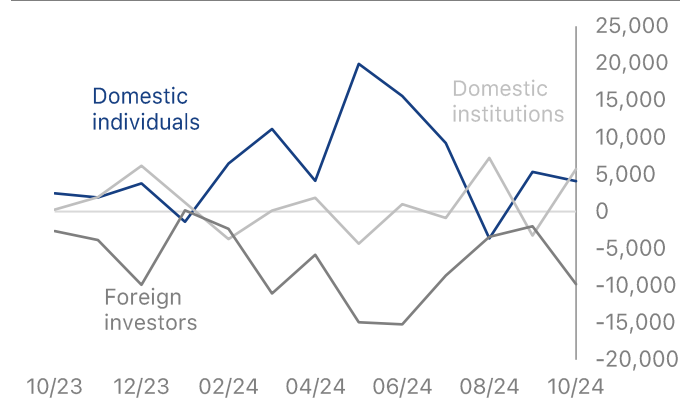
Trading value of individual investors [billion VND]



Source: FiinproX, TVS Research

Figure 4: Foreign investors reduce net selling in Q3/2024

The net transaction value of foreign investors [billion VND]



Source: FiinproX, TVS Research

In Q3, the VN-Index performed better than the HNX-Index and Upcom Index thanks to banking stocks.

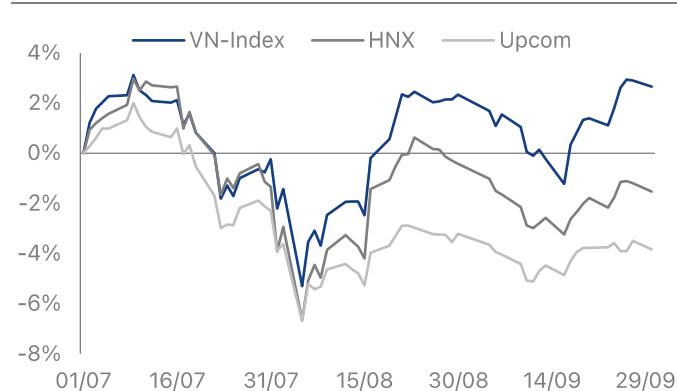
In Q3 2024, the VN-Index showed better recovery compared to the other 2 index groups, +2.7% QoQ compared to -1.5% QoQ of the HNX index and -3.8% QoQ of the Upcom index.

The driving force of the VN-Index mainly comes from the VN30 group, notably Banking stocks.

In contrast, the HNX and Upcom indices weakened in Q3 mainly because small and medium-cap stocks were net sold to take profits after a sharp increase in Q2, and at the same time cash flows returned to the large-cap group (mainly concentrated on HOSE).

Figure 6: The performance of the VN-Index outperformed the other 2 groups in Q3

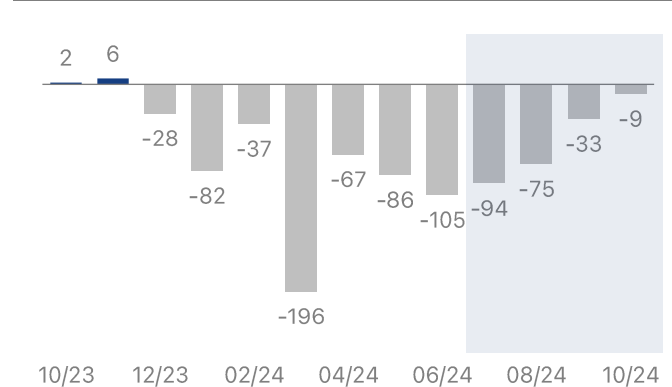
Performance of key index groups [%]



Source: FiinproX, TVS Research

Figure 5: The selling power of ETFs fell sharply in Q3 2024 and to the lowest level since the beginning of the year in October

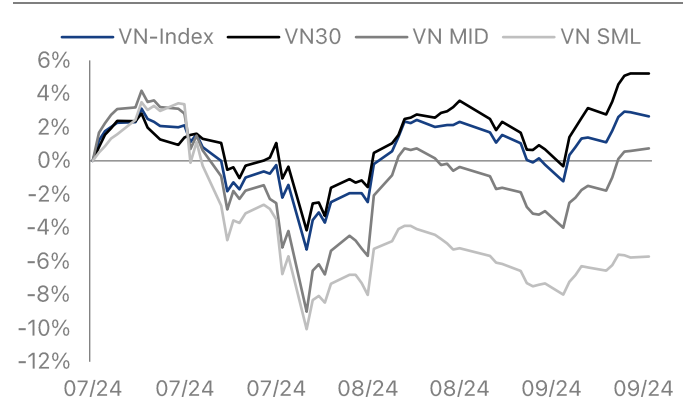
Performance of ETFs in the Vietnamese market [million USD]



Source: FiinproX, TVS Research

Figure 7: VN30 group supports VN-Index in Q3

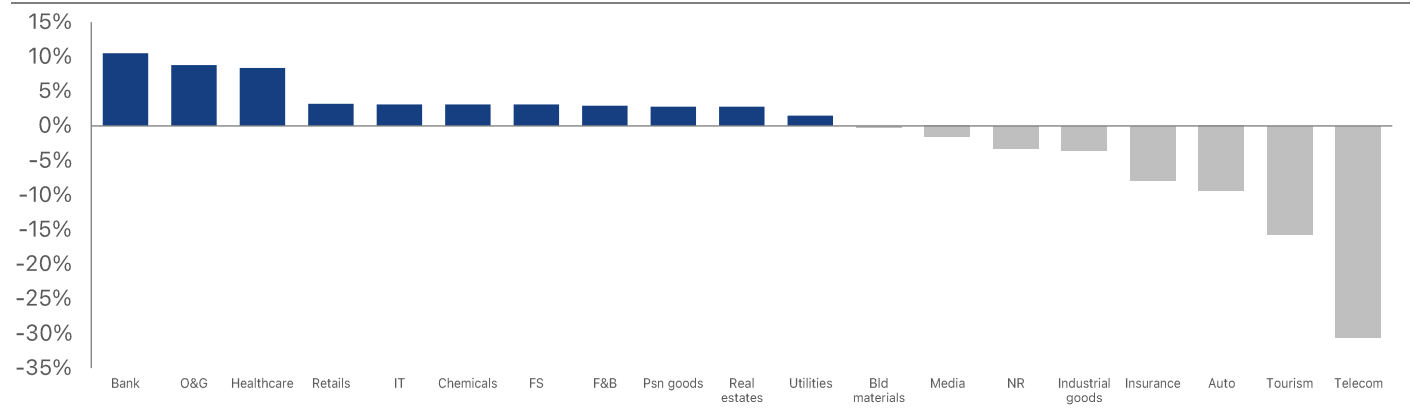
Performance of VN30, VN MID, VNSML and VN-Index [%]



Source: FiinproX, TVS Research

Figure 8: Banking Group leads market performance in Q3

Performance of industry groups in Q3 2024 [%]



Source: FiinproX, TVS Research

The market's profit after tax in Q3 2024 increased by 17.3% YoY. In which, 15/19 industry groups had profits in Q3 2024 increased over the same period.

Profit after tax for the whole market increased by 17.3% YoY in Q3 2024, coming from the 18.8% YoY growth of the Non-Financial Enterprises (Tourism, Food & Beverage) group and the 15.7% YoY growth in the Financial Enterprises (Banking, Securities, Insurance) group.

The Banking Group is still the main driving force supporting the growth of Q3 2024 in the whole market when the after-tax profit of listed banks reached VND 56,052 billion (+17.6% YoY). The after-tax profit of tourism and entertainment enterprises leads the non-financial group when reaching VND 1,849 billion compared to -VND 1,760 billion in Q3 2023.

Figure 9: Market-wide after-tax profit continues to recover, but slower than the growth of Q2 2024

Quarterly growth in net profit [% YoY]

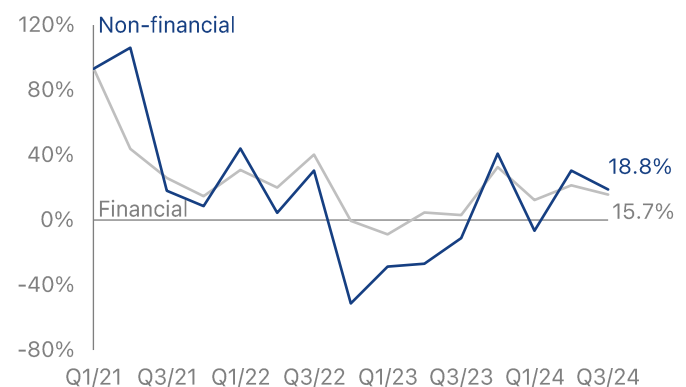


Source: FiinproX, TVS Research

Note: The data includes 1049/1748 enterprises, accounting for 97.9% of the total market capitalization

Figure 10: Profits of non-financial enterprises increased faster than those of financial enterprises

Quarterly profit growth by industry group [% YoY]

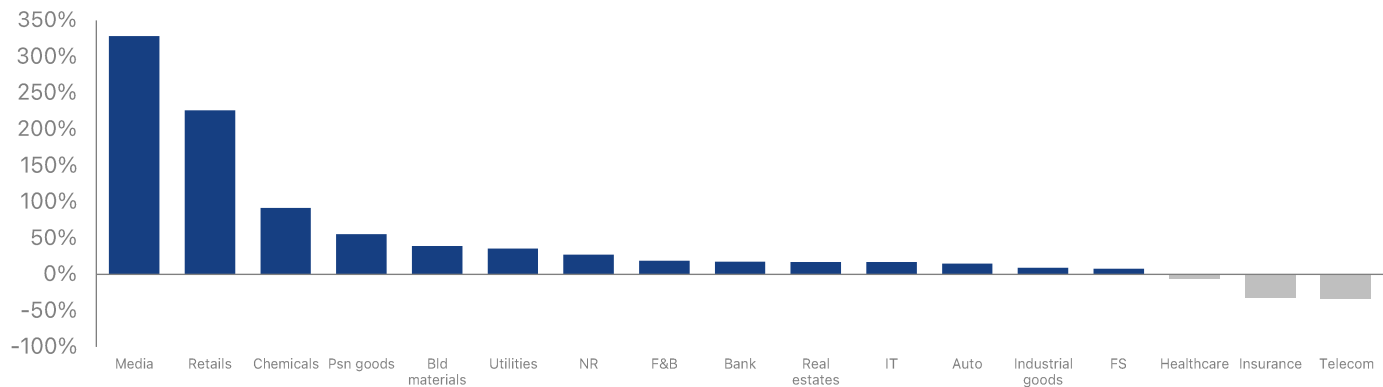


Source: FiinproX, TVS Research

Note: The data includes 1049/1748 enterprises, accounting for 97.9% of the total market capitalization

Figure 11: 15/19 industries recorded an increase in profit in Q3 2024

Increase/decrease in profit in Q2 2024 by industry group [%]



Source: FiinproX, TVS Research

Note: We removed the Oil & Gas, Tourism & Leisure industry due to having Q3 2023 or Q3 2024 LNST as negative

VN-Index valuation is affected by the possibility of declining profit growth.

The P/E of the VN-Index after reflecting the Q3/2024 profit of enterprises is 13.5x (calculated at the closing price on November 15).

TVS Research found that the valuation of the VN-Index decreased slightly according to the market's correction rhythm since October. This is in line with our downward revision of our 2024 market-wide profit growth estimation from 20% to 16.2% in the previous report, in addition to the possibility of a slowdown in growth in the near future when the world economic outlook is less optimistic (due to the new policy of the Trump administration).

However, we also note that the P/E of the VN-Index has expanded the discount level compared to the 5-year average (15x) and this may open up opportunities for a part of investors in the short term.

Figure 12: Market valuation fell to 13.5x in the first half of Q4

VN-Index's P/E [times]

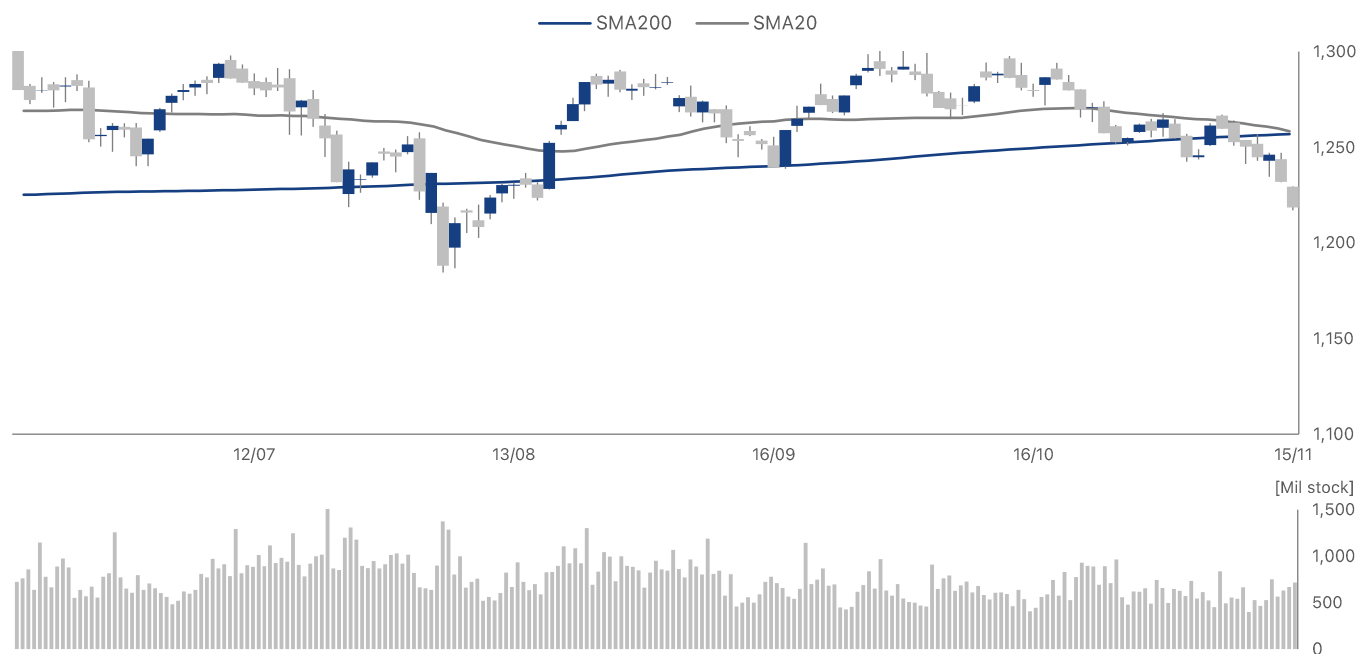


Source: FiinproX, TVS Research

Technical overview

Figure 13: VN-Index's Technical Chart

The VN-Index technical chart on the daily timeframe



Source: FiinproX, TVS Research

Technical Analysis

By the end of October 2024, along with the decline in cash flows from individual investors, we believe that the current market is lacking the necessary support to increase.

In the short term, the VN-Index has fallen below the 200-day MA and is currently trading below this level, indicating that the market's downtrend may continue. TVS Research believes that VN-Index can now return to test support at 1,200 and further at 1,180 before recovering.

Action

With market liquidity not improving in Q4 and the impact of the sharp increase in the exchange rate at the end of the year, we believe that the VN-Index is in a difficult position to make a breakthrough and the index will need time before returning to the resistance level of 1,300. Currently, we believe that investors with a large proportion of stocks can pay more attention to rising sessions to reduce the proportion. For investors with a high proportion of cash, they can consider disbursing when the market returns to support levels at 1,200 and 1,180 to disburse part of the account.

Notable economic events in Q4 2024

Dates	Event	Impact
02/10/2024	Announcement of Vietnam's Manufacturing PMI	High
6/10/2024	Announcement of US's unemployment rate in September 2024	Medium
	Announcement of Vietnam's economic data in September 2024	
11/10/2024	Announcement of US's CPI in September 2024	Medium
12/10/2024	ECB's September policy meeting	Medium
17/10/2024	VN30 index futures contract maturity	High
18/10/2024	Announcement of EU's CPI in September 2024	Medium
29/7/2024	Announcement of Vietnam's economic data in July 2024	High
1/11/2024	Announcement of Vietnam's PMI	Medium
6/11/2024	Announcement of US's President Election Result	High
	Announcement of US's unemployment data in October 2024	High
	Announcement of Vietnam's economic data in October 2024	High
7/11/2024	Announcement of FED's interest rate administration decision	High
9/11/2024	Announcement of China's CPI	Medium
13/11/2024	Announcement of US's CPI in October 2024	Medium
21/11/2024	VN30 index futures contract maturity	High
29/11/2024	Announcement of EU's CPI in October 2024	Medium
6/12/2024	Announcement of Vietnam's economic data in November 2024	High
	Announcement of US's unemployment rate in November 2024	High
11/12/2024	Announcement of US's CPI November 2024	Medium
12/12/2024	ECB's interest rate administration meeting in December 2024	Medium
19/12/2024	FED's Regulatory Interest Rate administration meeting	High
	VN30 index futures contract maturity	High

Listed of published reports

Category	Title	Company/Industry	Release date
Company report	Follow-up report Q3 2024	Market	05/11/2024
Company report	Follow-up report Q3 2024	TCB	31/10/2024
Microeconomic report	Macroeconomic Report in September 2024	Macroeconomic	10/10/2024
Market update	Equity Market Report in September 2024	Market	10/10/2024
Company report	Follow-up report	DXG	07/10/2024
Microeconomic report	Macroeconomic Report in August 2024	Macroeconomic	12/09/2024
Market update	Equity Market Report in August 2024	Market	12/09/2024
Company report	Initial Report	DGC	10/9/2024
Company report	Follow-up report H1 2024	VIB	07/8/2024
Microeconomic report	Macroeconomic Report in August 2024	Macroeconomic	06/8/2024
Market update	Equity Market Report in August 2024	Market	06/8/2024
Microeconomic report	Macroeconomic Report in June 2024	Macroeconomic	08/7/2024
Market update	Equity Market Report in June 2024	Market	08/7/2024
Company report	Follow-up report	KBC	19/6/2024

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Rating system

Stock ratings are set based on projected total shareholder return (TSR), defined as $(\text{target price} - \text{current price}) / \text{current price} + \text{dividend yield}$. Definitions of equity rating key:

Equity rating key	Definition
BUY	If the projected TSR is higher than 20%
HOLD	If the projected TSR is between -10% and 20%
SELL	If the projected TSR is lower than -10%

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