



Macro Investment Strategy

4Q2024



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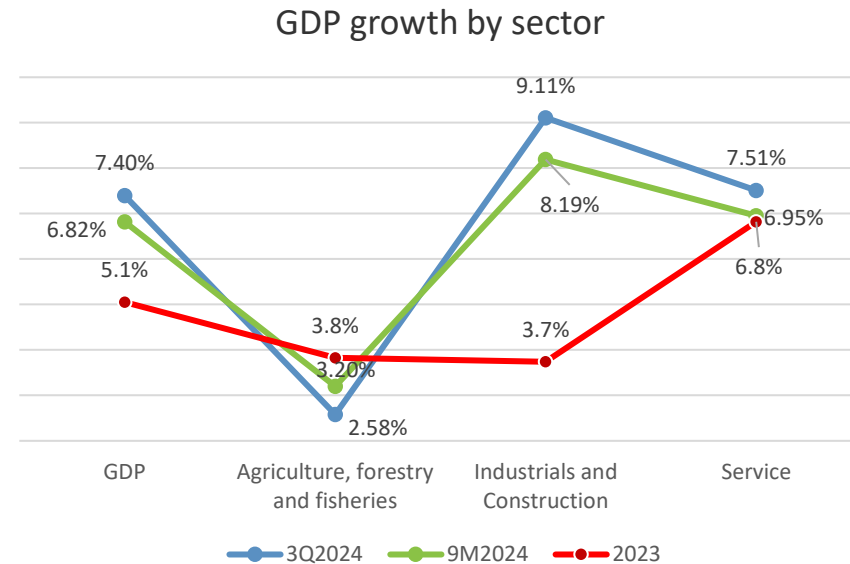
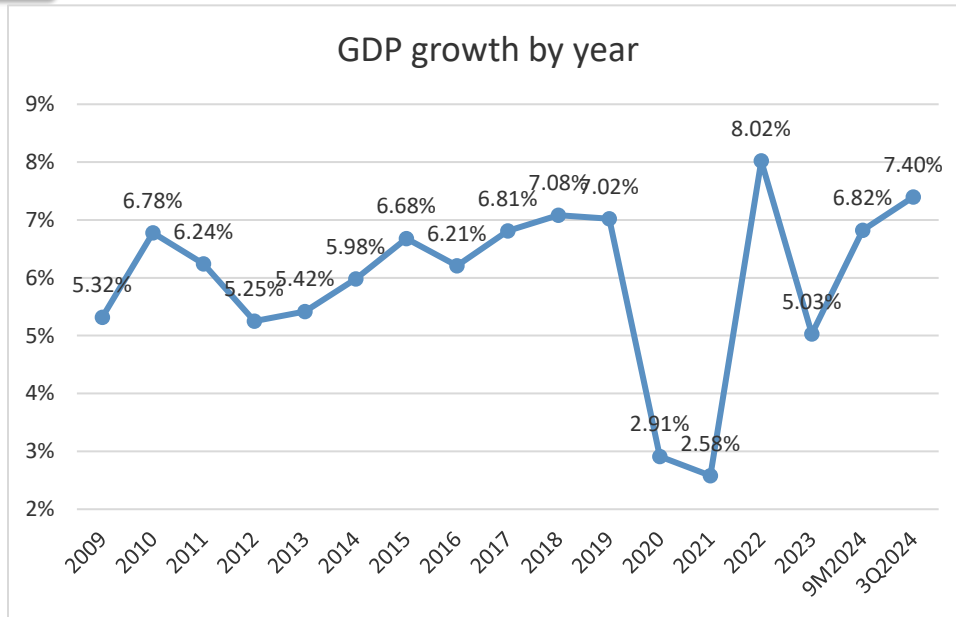


4. Updated Commodities Market



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GDP growth is very high at 7.4% in 3Q2024

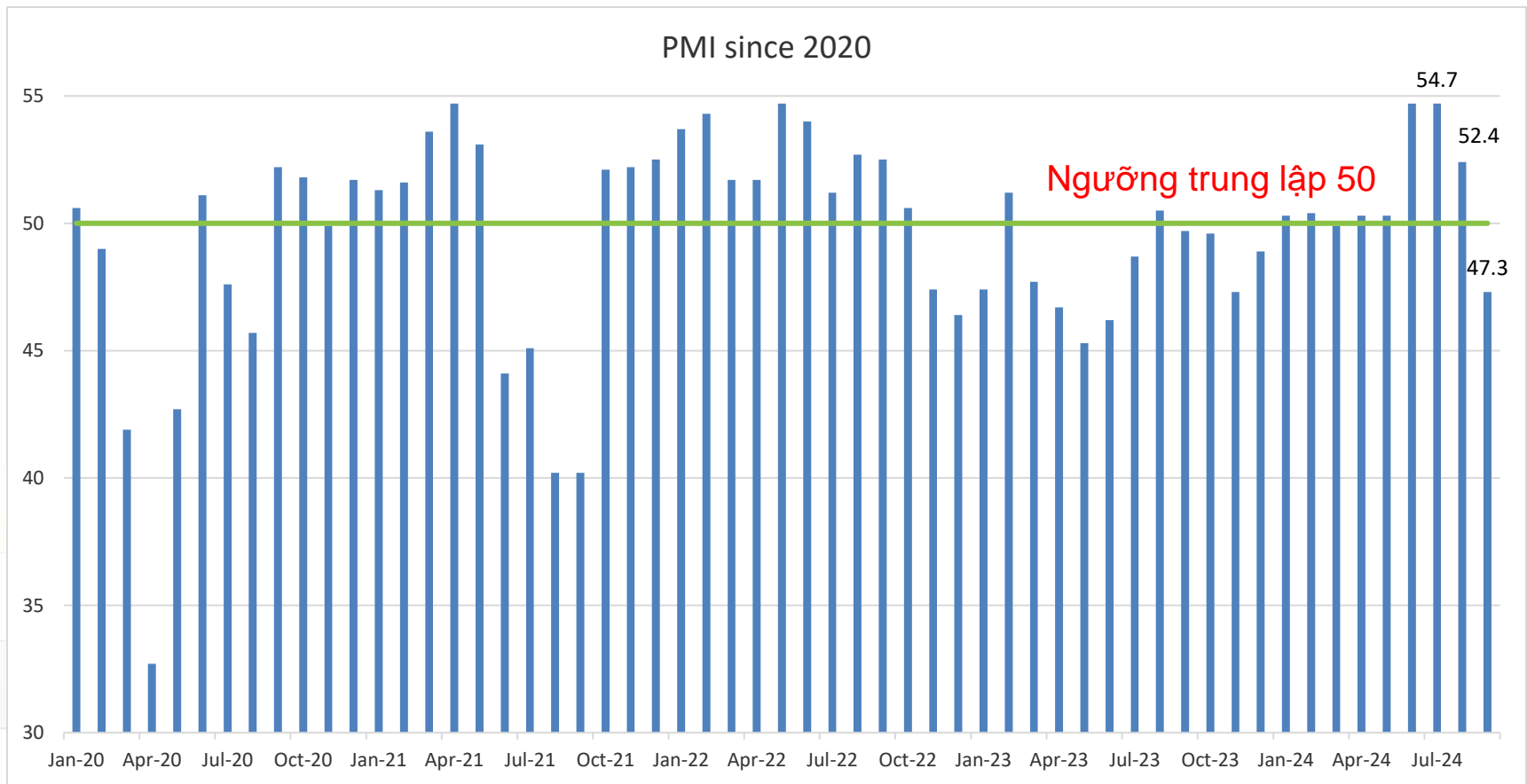


Reason for good growth:

- Industrial and construction sector grew by 9.11% compared to 3.7% in 2023 thanks to 1) Real estate market recovered well, and 2) Strong export growth
- Service sector also increased by 7.51%, higher than in 2023 and 1H2024
- However, the agricultural sector's growth decreased to 2.58% due to the impact of Yagi storm

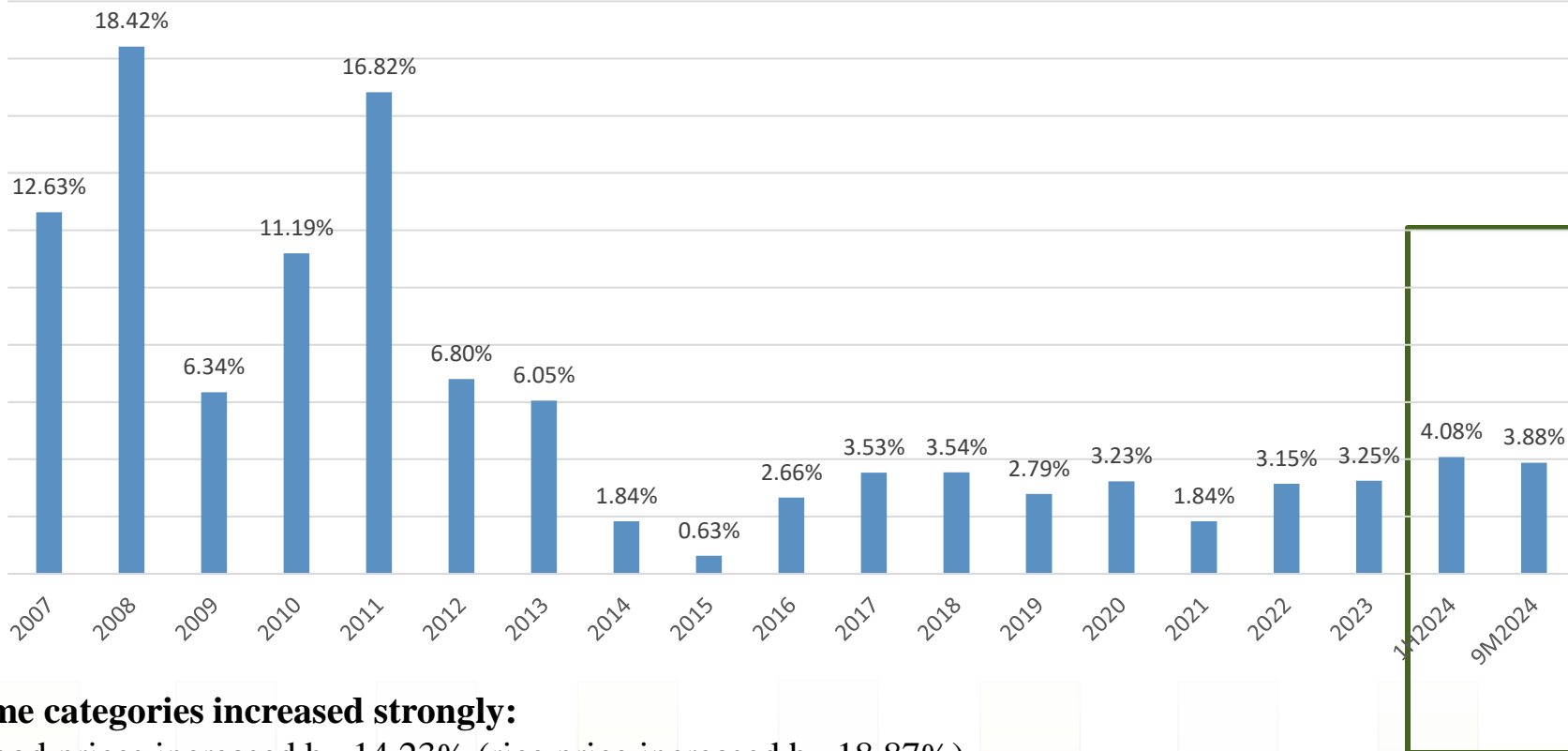
PMI increased strongly in July and August

- However, PMI fell to 47.3 in September due to Yagi storm: heavy rains and flooding led to temporary closures or delays in business operations.
- However, in our view, this is only a disruption to production and does not pose any significant long-term concerns



Inflation remains high, but has eased to 3.88%

CPI rate over year



Some categories increased strongly:

- Food prices increased by 14.23% (rice price increased by 18.87%)
- Housing, electricity, water, construction materials group increased by 5.33% (housing rental price 4.61%, electricity 8.08%, water 9.42%)
- Education increased by 7.51% because some provinces and central cities increased tuition fees
- Health service group increased by 7.46%

Risk: increased global oil prices over the past 2 weeks may cause the CPI of the transport group to increase

Retail sale growth continues to reduce

Bill VND

Retail sales and growth yoy

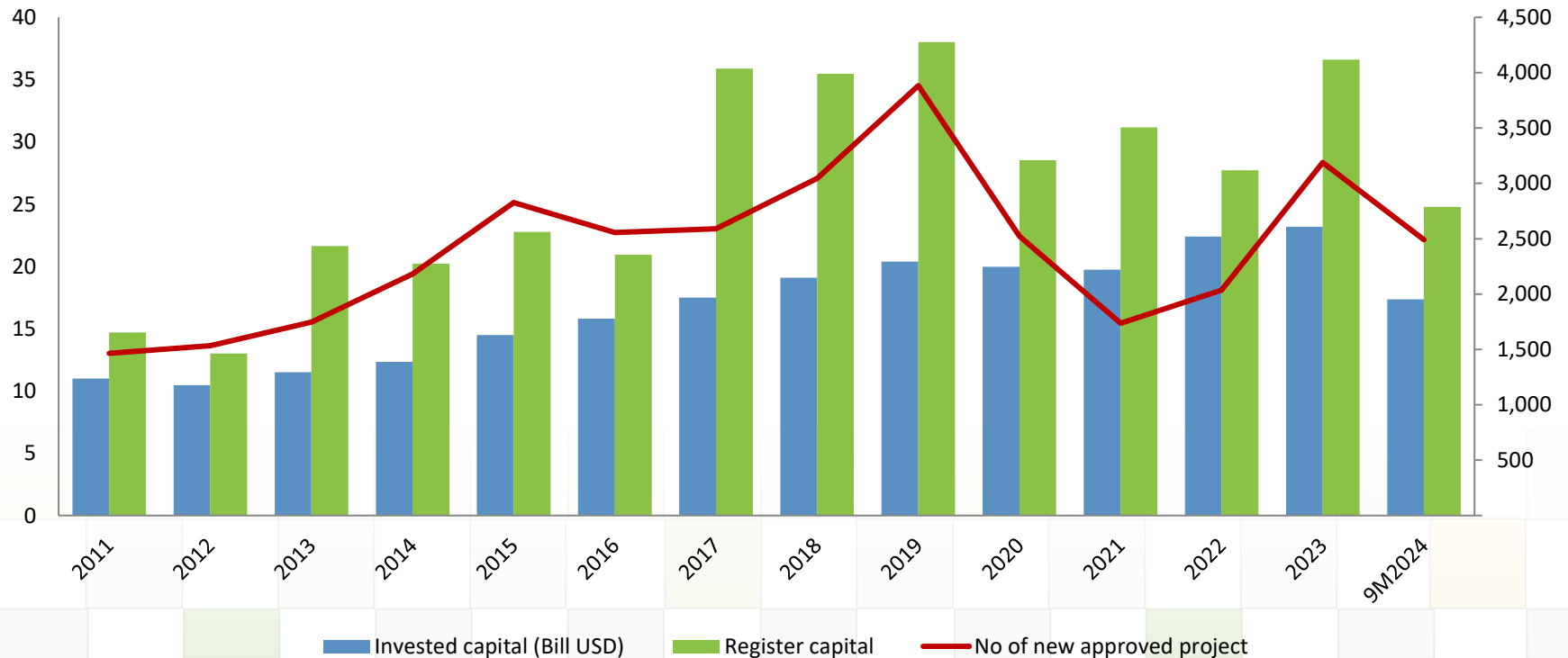


- Retail growth in Q3/2024 at 2.44%, lower than 2.7% growth in 1H2024
- Domestic consumption demand in 9M2024 recovers, but remains low

Registered FDI capital increased by 11.6% yoy

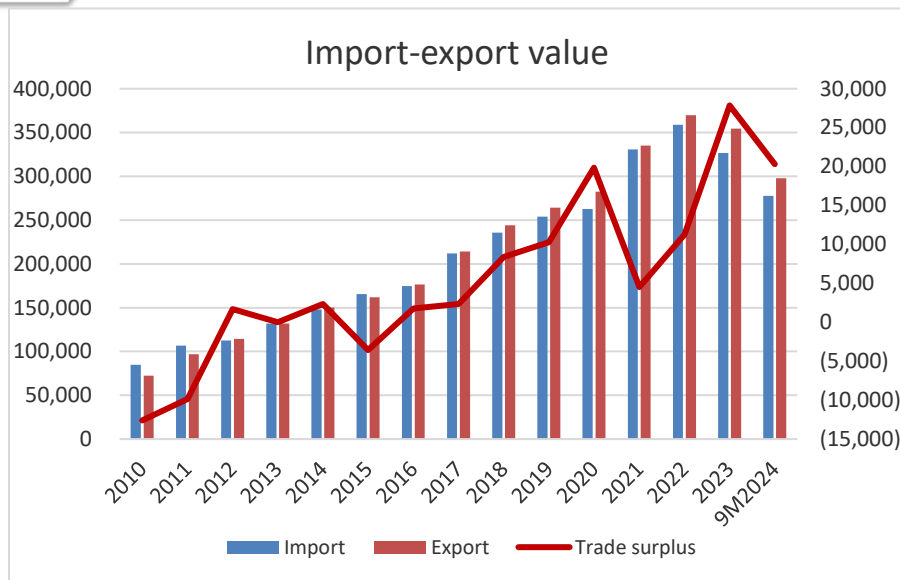
- Registered capital reached 24.78 billion USD, up 11.6%, of which manufacturing and processing industry reached 15.6 billion USD and real estate reached 4.4 billion USD (up 2.2 times yoy)
- Invested capital reached 17.36 billion, up 8.9%, of which real estate reached 2.4 billion USD, 4 times higher than the same period

FDI capital over year



Unit: USD billion

Import-export growth in 3Q2024 remains high

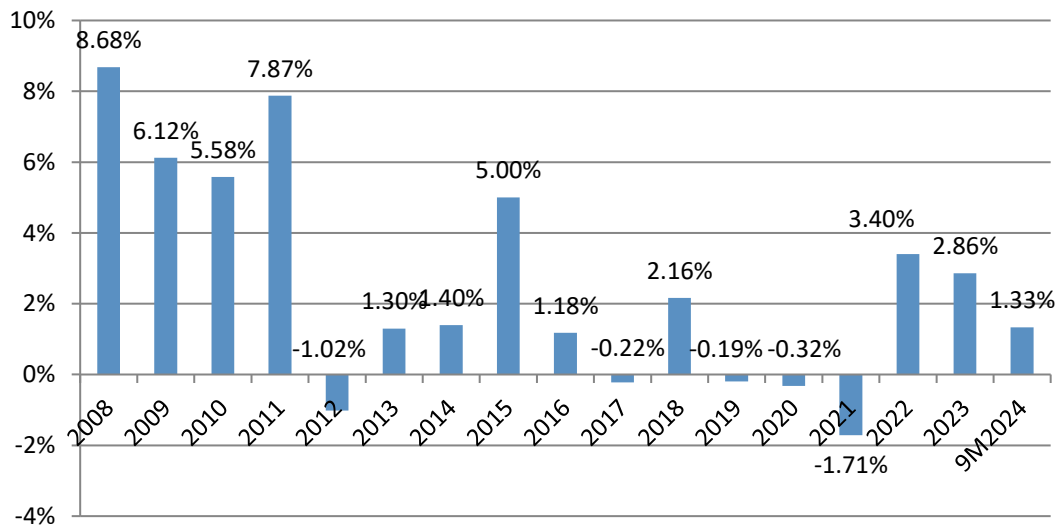


- Import and export growth in 3Q2024 was 17.2% and 15.6%, equal to the growth in 1H2024, showing that import and export are still maintaining good growth momentum.
- Growth of major commodities on the stock exchange in 3Q2024: textiles (15.8%), seafood (15.1%), iron and steel (19.9%), fertilizer (3.3%)

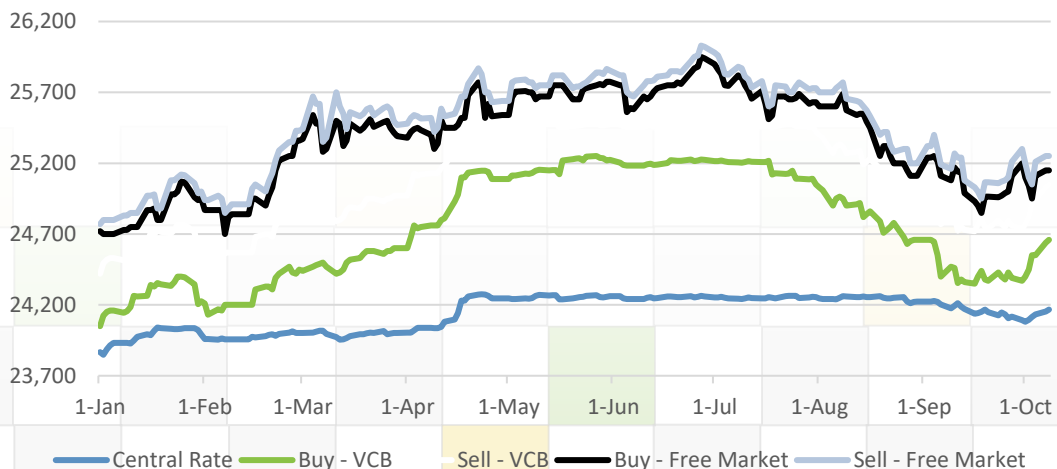
Exchange rate continues to decrease in 3Q2024

- USD/VND exchange rate in the free market exceeded 26,000 at the end of June 2024, creating a lot of pressure for the SBV to increase the operating interest rate
- However, after inflation in the US continued to cool down, creating conditions for Fed to reduce interest rates in September 2024, the exchange rate has continuously decreased
- Currently, USD/VND exchange rate in the free market is only 25,250 for the selling price. By the end of September, the USD has only increased by 1.33% since the beginning of the year
- USD is increasing slightly in October, but it is also a normal signal because the USD often increases at the end of the year

USD movement over year

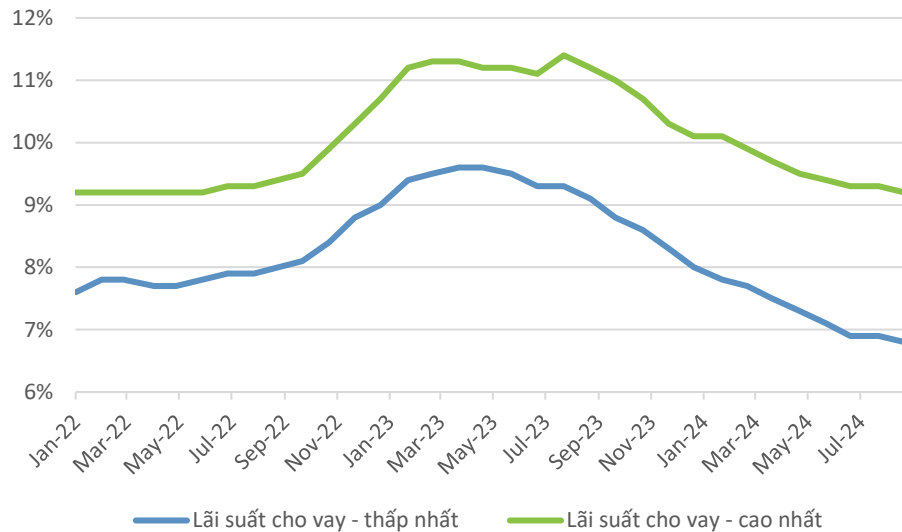


USD movement in 2024

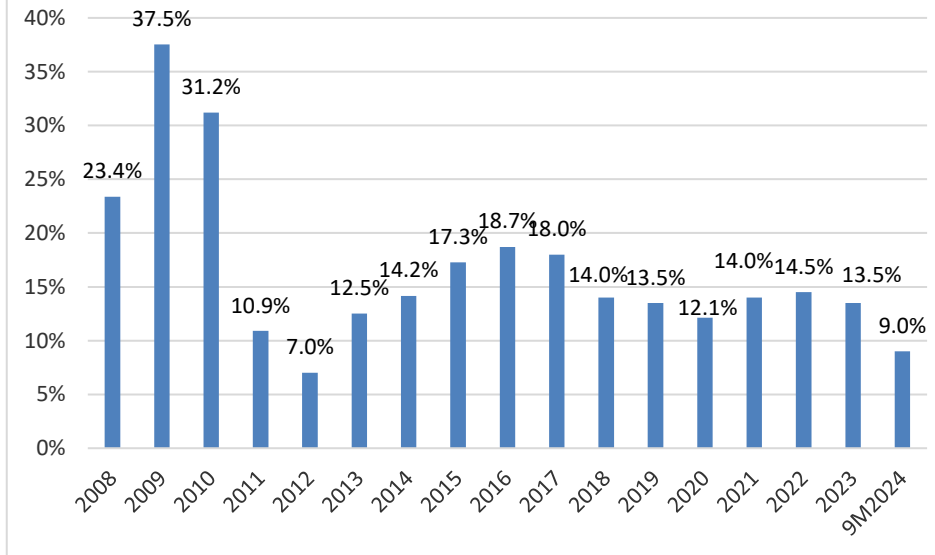


Credit increased rapidly by 9% ytd and 16% yoy

Lending interest rate



Credit growth



Source: FiinX

- Lending interest rates have been continuously decreasing since mid-2023, currently lending interest rates are fluctuating from 6.8-9.2%, continuing to decrease by 0.1% compared to the end of June 2024
- Credit growth of 9% ytd and 16% yoy: Governor affirms that the target of 15% is completely feasible
- Consistent policy from the State Bank: maintaining low interest rates and pushing credit to stimulate economic growth



3Q2024 summary: Positive information dominates

- GDP growth is high at 7.4% in Q3 and 6.82% in 9M2024
- FDI remains high, of which FDI in the real estate sector increasing 4 times in Q3
- Export growth is high thanks to the recovery of the global economy
- Exchange rate continues to be controlled, creating solid conditions for the government to implement loosened monetary policy
- Inflation remains high, but has also decreased from 4.08% to 3.88%
- Credit growth is high at 9% ytd and 16% yoy: Governor affirms that the target of 15% is completely feasible

Risks:

- Manufacturing rebounds, PMI rebounds solidly in July and August, but declines in September due to heavy impact from Yagi storm
- Retail growth remains low, indicating that domestic consumer demand has not really improved significantly

SBV's monetary policy priorities: **Loosening monetary policy, low interest rates, and high credit growth to promote economic growth**



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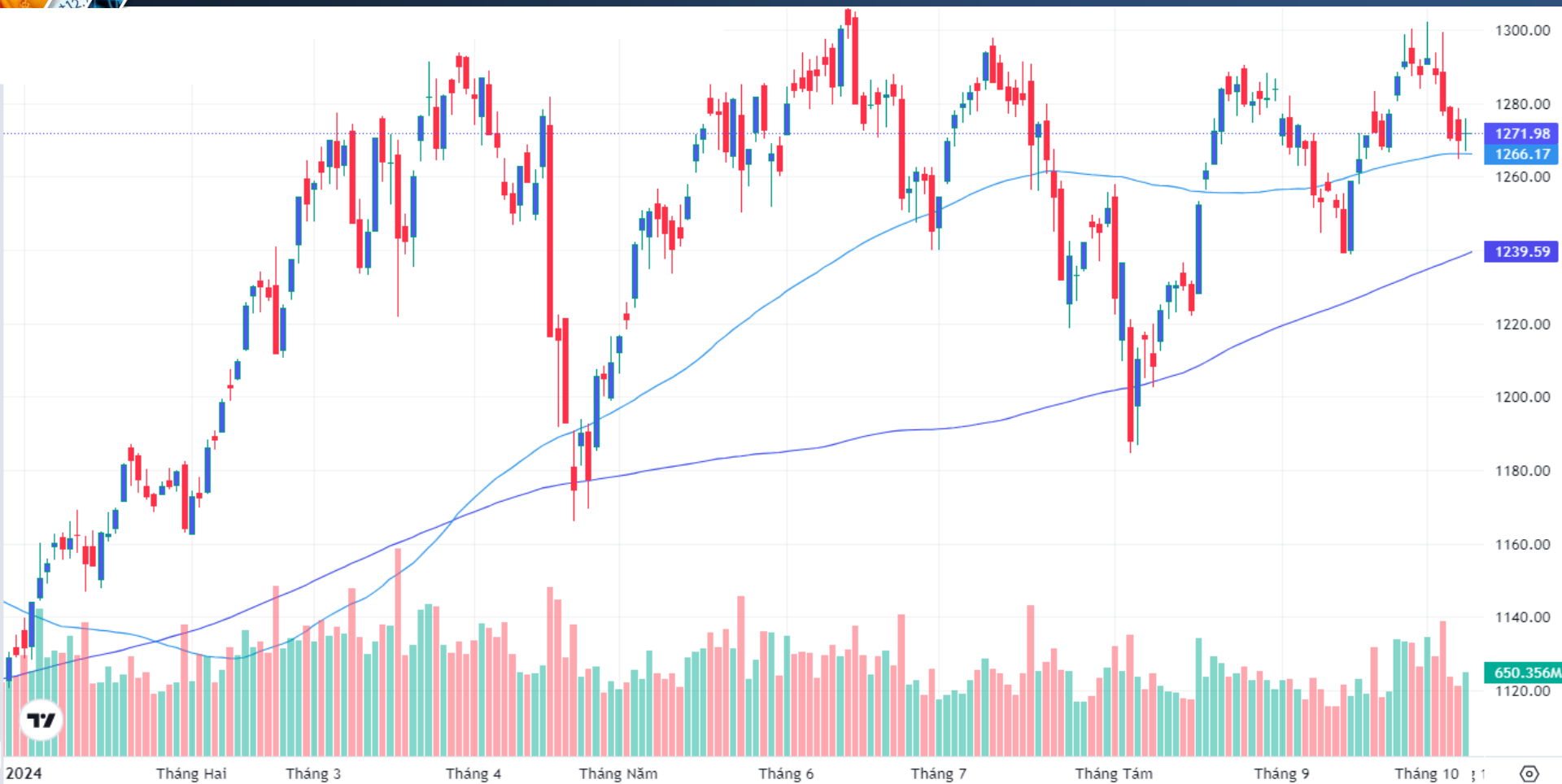


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Still having trouble at the strong resistance of 1,300 points

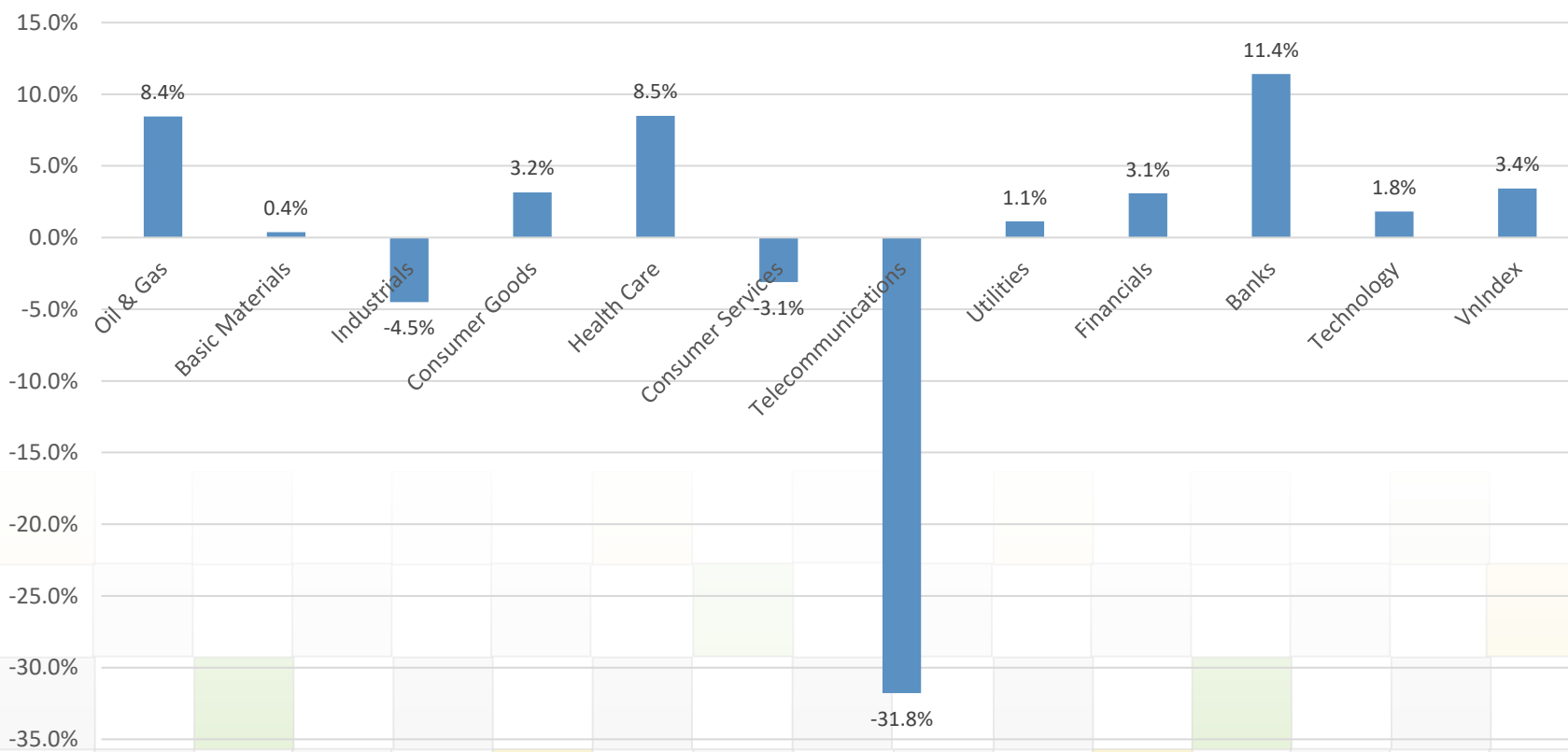


- Vn-Index fell sharply in July due to some concerns: 1) USD exchange rate increased sharply at the end of June, and 2) Risk of an economic recession occurring in the US
- Currently, Vn-Index is moving sideways in the range of 1,240-1,300 points but is still facing difficulties at the strong resistance level of 1,300 points.

Vn-Index increased by 3.4% in Q3 and by 14% in 9M2024

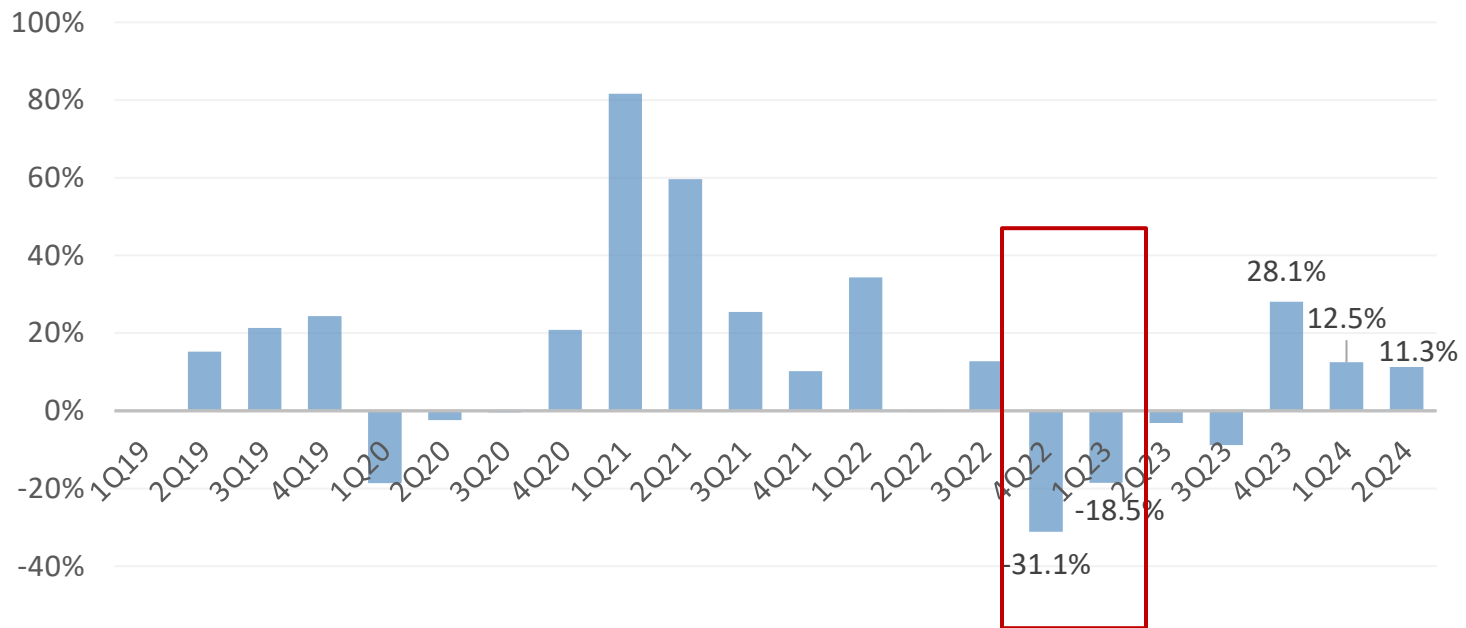
- Banking, oil and gas, and pharmaceuticals are the 3 sectors with outstanding increase in 3Q2024
- Only 2 sectors - industrial and consumer services - decreased

Sector performance in 3Q2024



Profits are still growing well at 11.3% in Q2

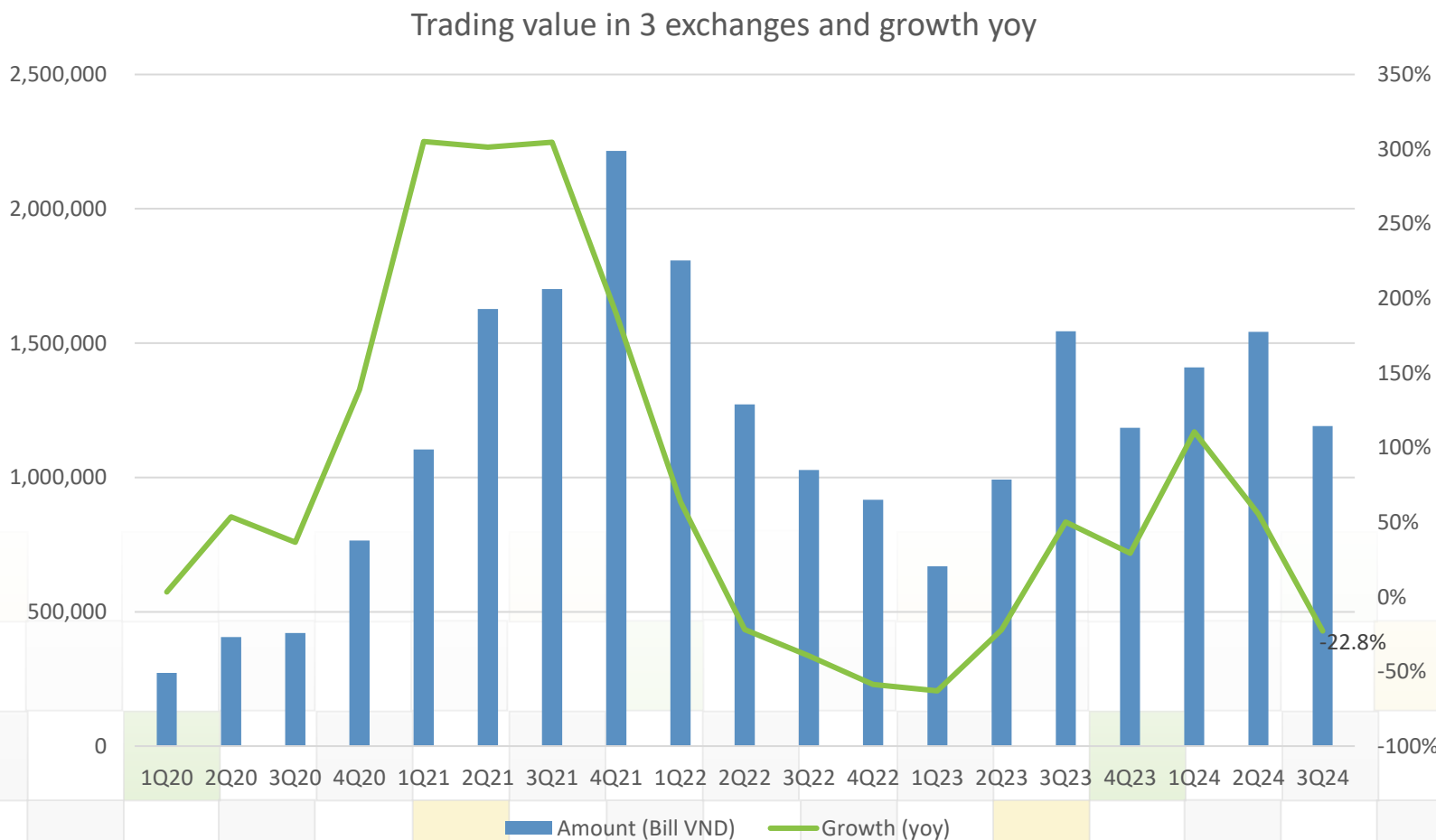
Net profit growth of companies listed in HOSE và HNX



Although profit growth declined from 12.5% to 11.3% in Q2, it should be remembered that the high growth in Q4/2023 and Q1/2024 was due to the negative growth in the same period last year.

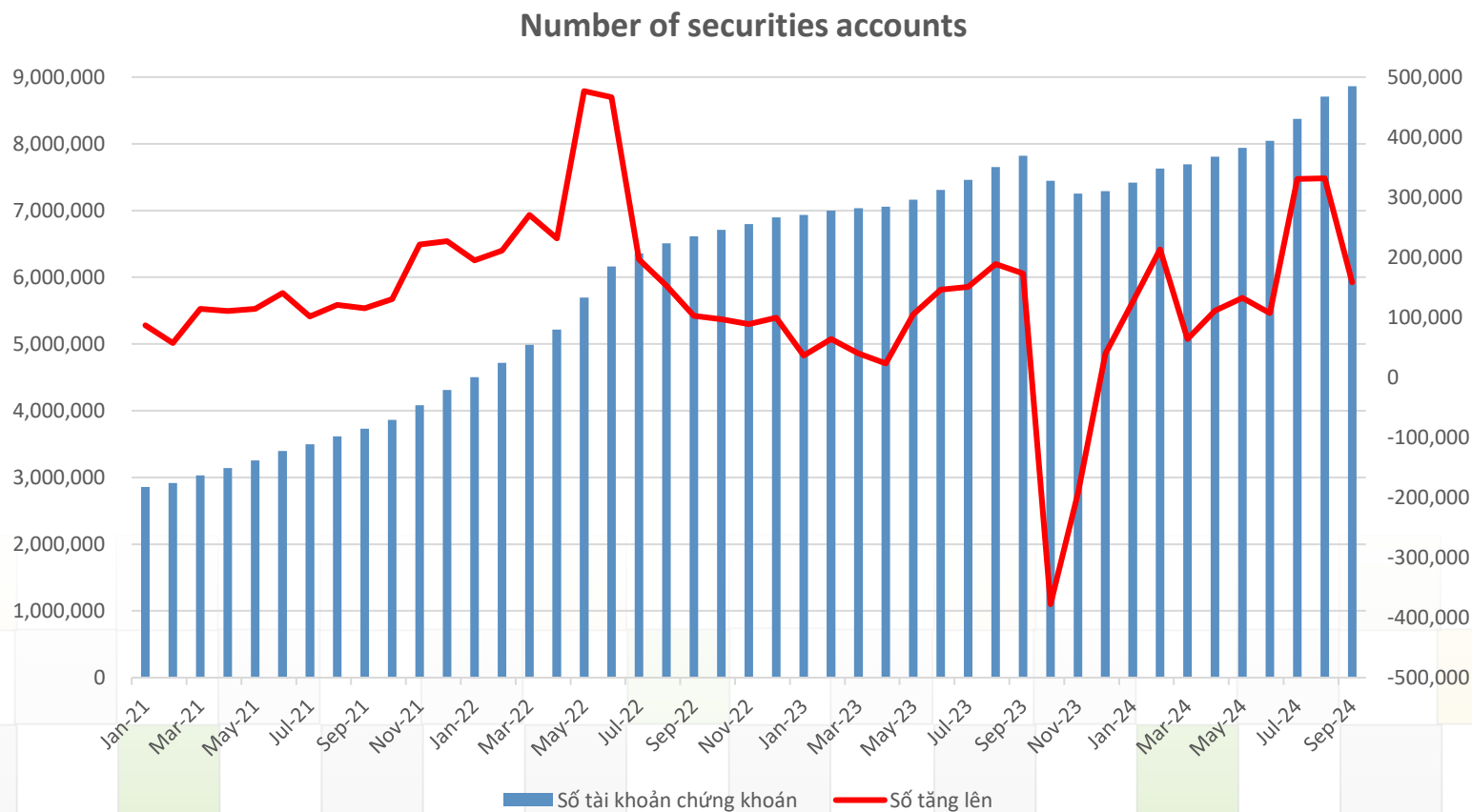
Q3 total trading value decreased by 22.8% yoy

The trading market was quiet in 3Q2024, with many days that the matched trading value in HOSE was even below 10,000 billion



The number of securities accounts continues to increase

- The number of new accounts opened in July and August was at its highest since May and June 2022
- Currently, the number of accounts account for ~8.8% of Vietnam's population



Foreigner have reduced net selling over the months

- Foreign net selling value ytd is -65.637 billion, exceeding the net selling value of the whole year of 2021, the previous record net selling year of foreign investors (-57.913 billion)
- However, net selling value has gradually decreased in August and September; and in the first days of October, foreign investors are even net buying

Foreign transactions in months in 2024



Top selling		Top buying	
Stock	Value	Stock	Value
VHM	(15,267)	MWG	1,691
FUEVFNVD	(6,975)	NLG	1,103
FPT	(5,319)	SBT	932
VRE	(4,891)	HVN	734
VPB	(4,370)	MSB	733
HPG	(4,118)	STB	708
MSN	(3,822)	HCM	609
VIC	(3,443)	DBC	563
VNM	(2,826)	MBB	521
VIB	(2,716)	PNJ	470
VND	(2,661)	PC1	463
VJC	(2,241)	KDC	424
FUESSVFL	(2,098)	PLX	385
PVD	(1,677)	ASM	346
GAS	(1,487)	SIP	345



In summary: Vn-Index still increased well, but faced difficulties at the resistance of 1,300 points

- Q2 profit still grew well at 11.3%
- Except for the industrial and consumer services sector, other sectors are bringing positive profits to investors, notably the banking, oil and gas, and pharmaceutical sectors
- Liquidity has declined, mainly due to the market being relatively quiet in the horizontal range of 1,240-1,300 points
- Foreign investors' net selling has decreased, and even having net buying in the first days of October
- However, Vn-Index is still facing difficulties at the relatively strong resistance level of 1,300 points



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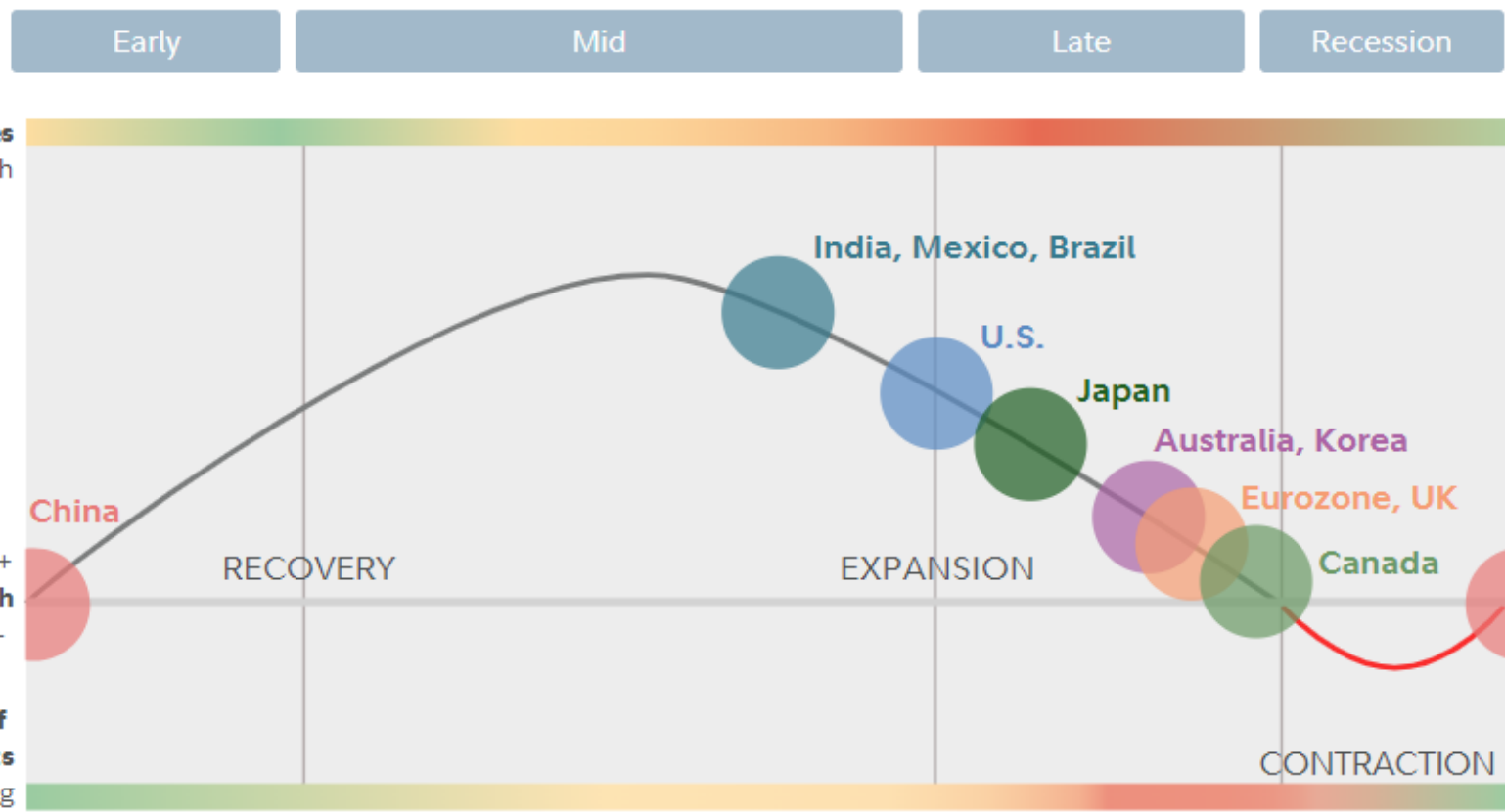
Global economy is about to enter the first phase of growth

US

- Mid- to late-cycle, with low recession risk
- Inflation trend is stable in coming years
- US economy is in a better position than in previous cycles due to 1) Manageable leverage, 2) Well-capitalized banks, and 3) Healthier consumer balance sheets

Global

- The global economy is in an expansionary phase
- Central banks (Europe and Canada) are easing monetary policy to boost growth
- Japan and Europe are in the late stages of their cycles, and are about to enter a growth phase
- However, China still seems to have a hard time escaping its low growth situation



Source: Fidelity Investment 3Q2024

Fed cut interest rates in September and will continue to cut

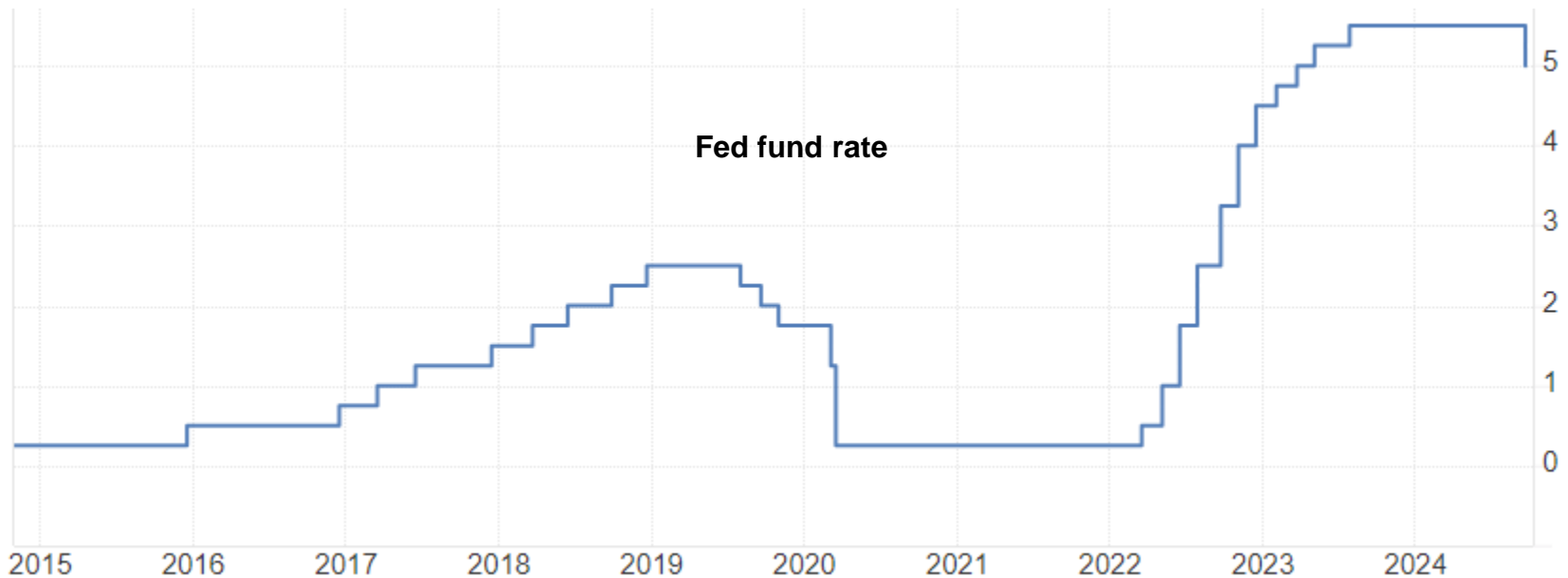
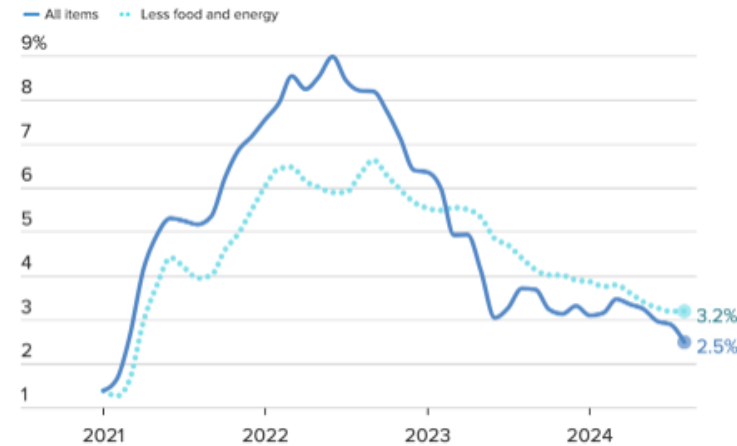
US inflation rose 2.5% in August, close to the Fed's long-term target of 2%

Fed has officially cut interest rates by 50 basis points, to 4.75-5%

Fed will have 2 more meetings in 2024 on November 6-7 and December 17-18 to decide on interest rates

U.S. consumer price index

Year-over-year percent change January 2021–July 2024

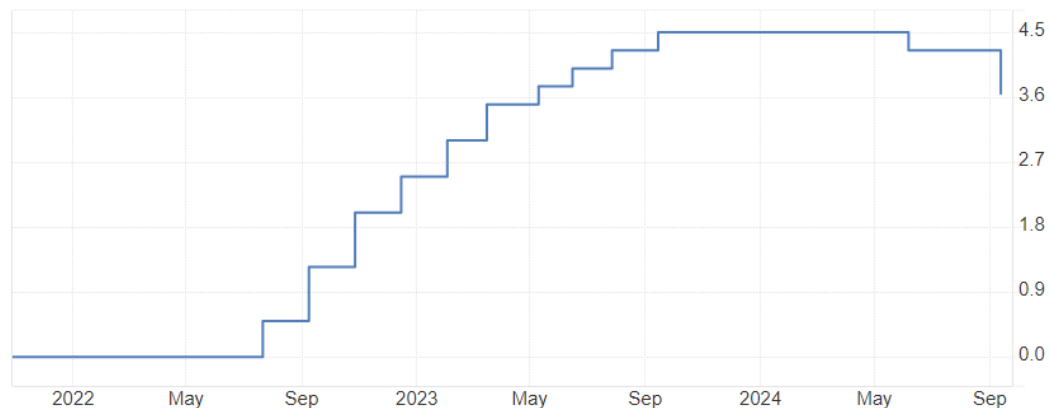


European and British banks have both cut rates before

Reuters: ECB will cut interest rates by another 0.25% at both October and December meetings

The trend of interest rate cut is happening globally

ECB Interest rate

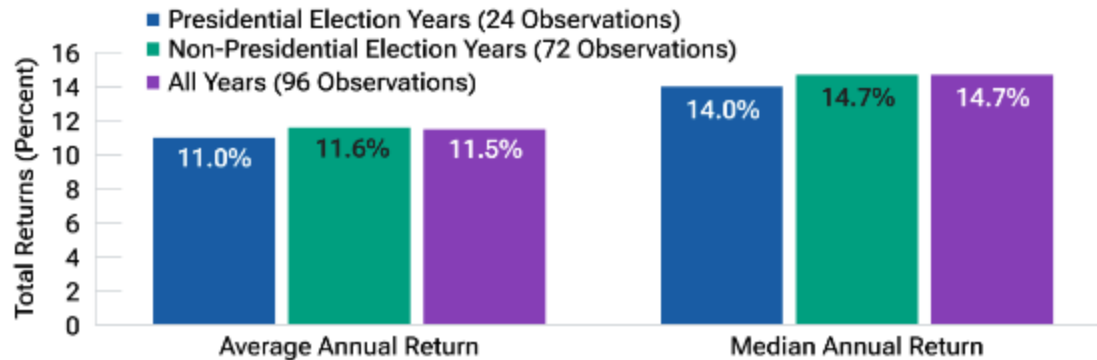


November 5: US Election

- S&P500 typically has lower returns in election years
- However, the difference is not big, and S&P500 still has a pretty good return of 11% and 14% (average and median)

S&P 500 has posted lower total returns in presidential election years

(Fig. 1) Average and median calendar year returns



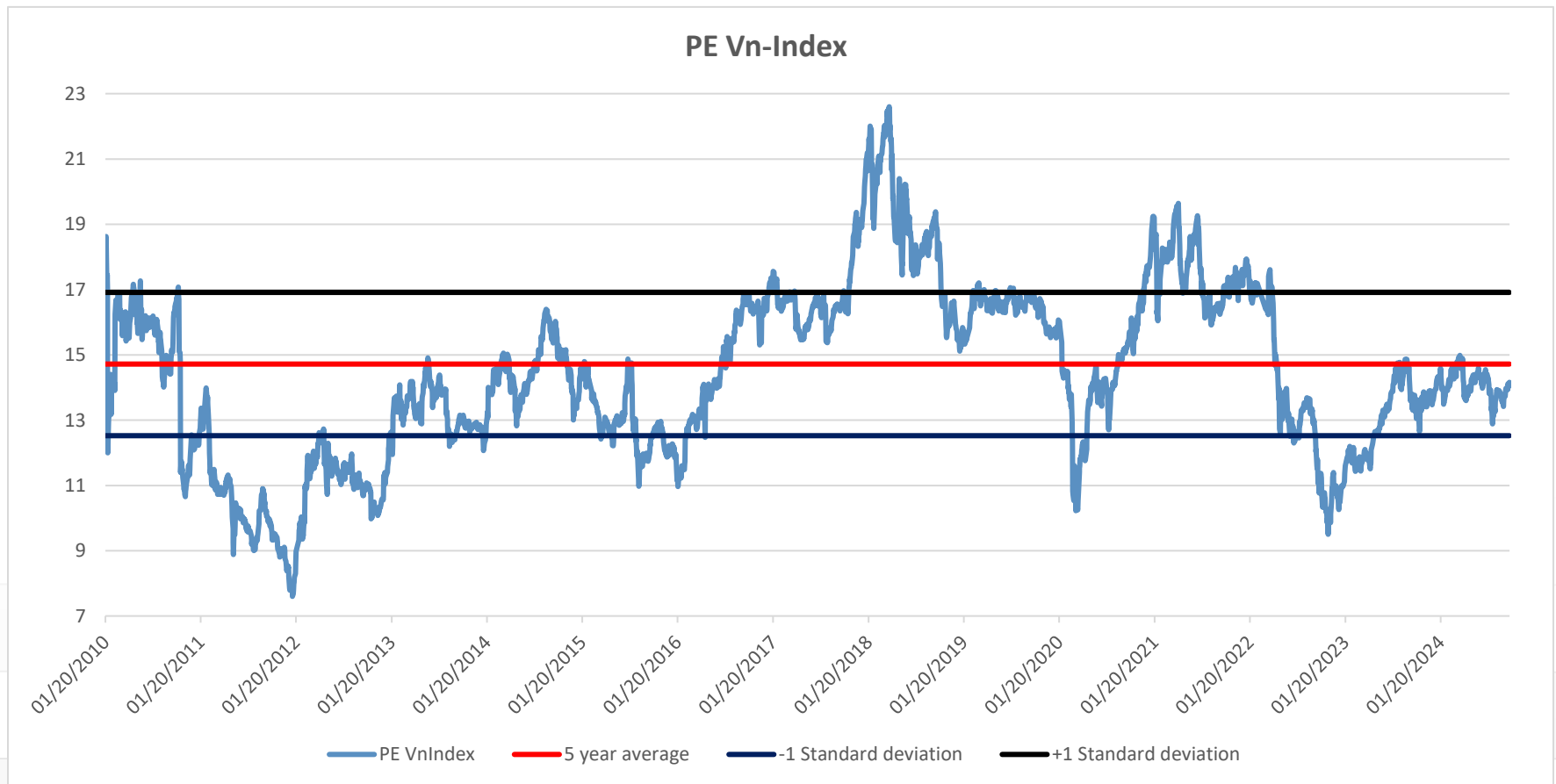
December 31, 1927, to December 31, 2023.

Past performance is not a reliable indicator of future performance.

Source: T. Rowe Price analysis of data from Bloomberg Finance L.P. See Additional Disclosure.

PE valuation is attractive

- PE of Vn-Index is currently 14.2x, lower than the 5-year average (14.72x)
- In addition, the financial reporting season for Q3/2024 is approaching. With an expected profit growth of ~10%, it will also cause the PE of Vn-Index to decrease (assuming the stock price remains unchanged)

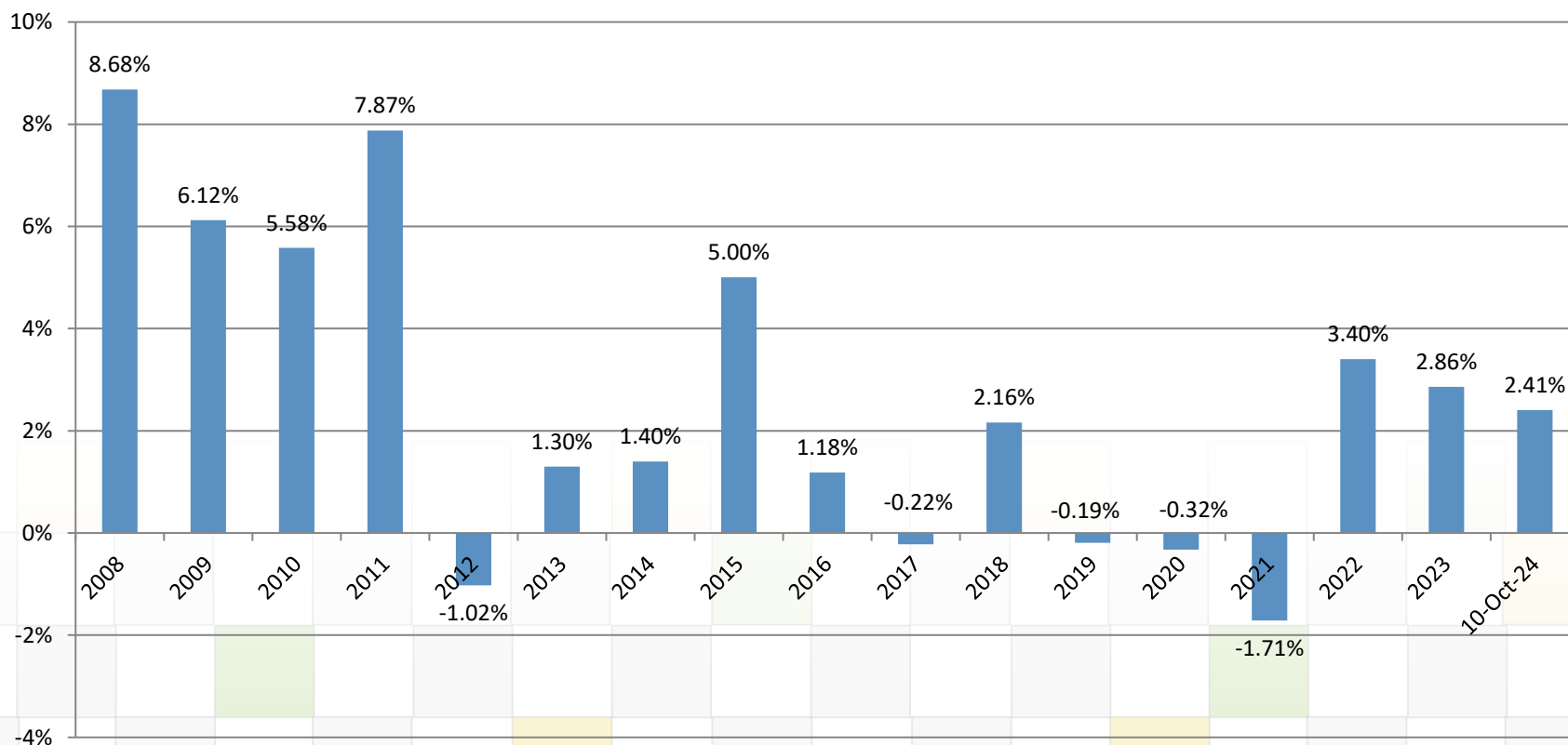


Source: FiinPro

Exchange rate risk reduced significantly

- After Fed sent out many signals about an interest rate cut, USD exchange rate in free market and at banks both fell sharply, and now increased by about 2.41% ytd
- SBV did not give a specific level of the allowable fluctuation of USD in 1 year, but according to our observations, this number of allowable appreciation is about 5%/year
- So, the risk that SBV will raise interest rates to stabilize the exchange rate is almost gone

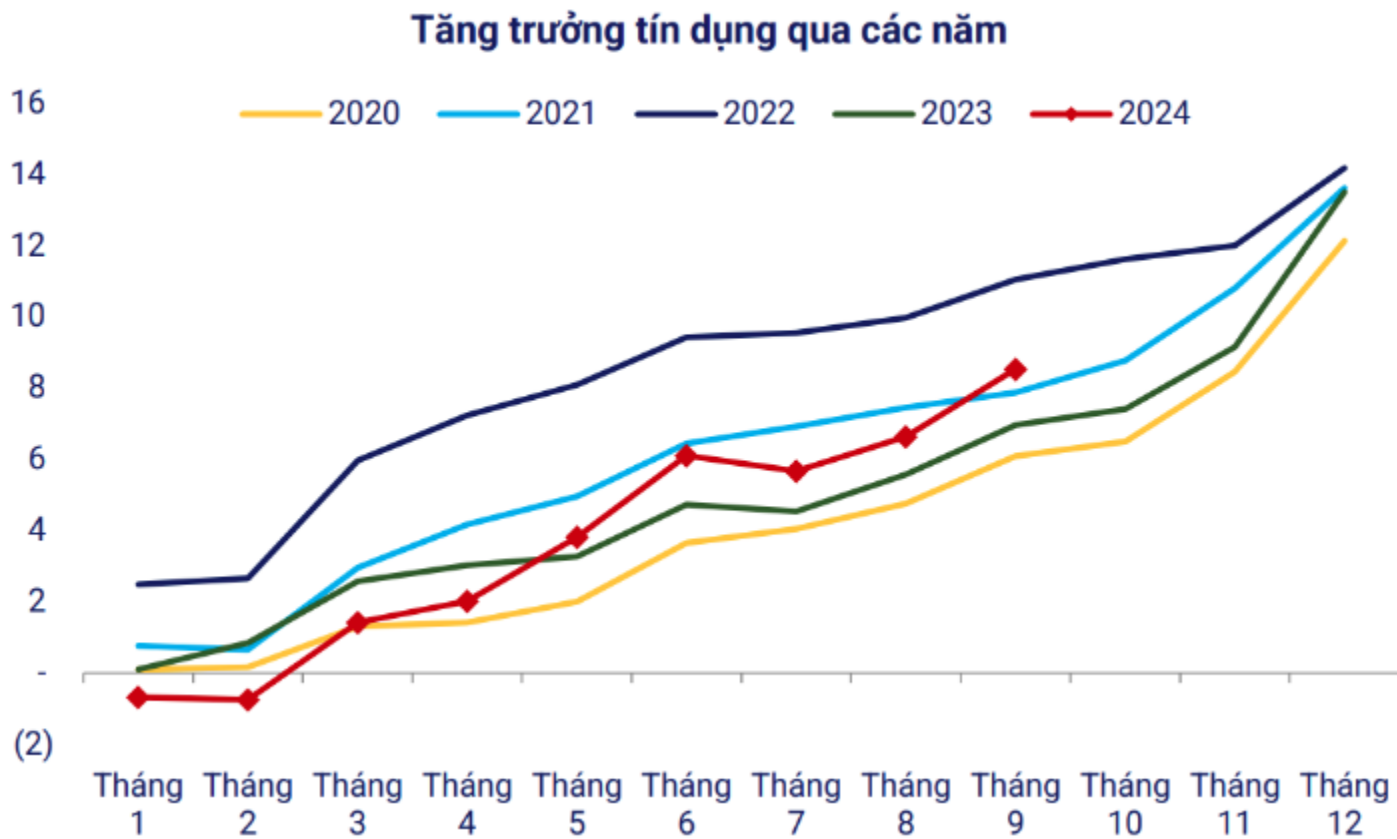
USD/VND exchange movement



Source: FiinPro

Credit has increased strongly by 9% in 9 months of 2024

- After 9 months, credit increased by 9% ytd, and since 2020, credit in 9 months of 2024 is only less than in 2022
- Governor Nguyen Thi Hong: The credit growth target of 15% is completely feasible



Source: SBV

Circular on Prefunding will take effective since 2/Nov

- The circular will help foreign institutional investors to be able to buy securities without having enough cash
- Prefunding is also one of the important bottlenecks that the Vietnamese stock market has not met to be upgraded to "Emerging Market" by 2025.

Quy trình bù trừ thanh toán giao dịch chứng khoán của Nhà đầu tư tổ chức nước ngoài (NĐTTCNN)

T+0

Công ty chứng khoán cung cấp NĐTTCNN hạn mức mua cổ phiếu (X0) vào đầu ngày

NĐTTCNN đặt lệnh mua:

- Giao dịch mua cổ phiếu không yêu cầu có đủ tiền khi đặt lệnh (X), tối đa là (X0)
- Giao dịch mua cổ phiếu có đủ tiền (Y) đòi với phần vượt (X0)

15h30 đến 17h00: VDSC tổng hợp kết quả giao dịch

CTCK thông báo cho NĐT và thành viên lưu ký (TVLK) về KQGD & nghĩa vụ thanh toán (X+Y)

T+1

14h30: Các TVLK xác nhận KQGD và VDSC thông báo nghĩa vụ thanh toán ròng của TVLK.

- NĐT cấp vốn (X) và cung cấp thông tin về nghĩa vụ thanh toán đòi với (X+Y) cho các TVLK

14h30 đến 16h30: Các TVLK và CTCK xác nhận khả năng thanh toán giao dịch

- CTCK chuẩn bị tài trợ vốn (Z) trong trường hợp giao dịch không thành công

T+2

Đến 9h30: Nếu NĐT đủ tiền (X) và cung cấp thông tin về nghĩa vụ thanh toán đòi với (X+Y), giao dịch sẽ thực hiện trực tiếp trên tài khoản của NĐT

- Nếu không đủ, nghĩa vụ thanh toán phần còn lại (Z) được chuyển qua CTCK nơi NĐT đặt lệnh thông qua tài khoản tự doanh

11h30 đến 13h00: Cổ phiếu được phân bổ như sau:

- Chuyển Z sang tài khoản tự doanh của CTCK nếu giao dịch không thành công
- Chuyển X+Y-Z tới tài khoản của NĐT

NĐT và CTCK thỏa thuận về việc bán thỏa thuận (Z) trên hệ thống giao dịch chứng khoán hoặc chuyển quyền sở hữu ngoài hệ thống giao dịch (**muộn nhất vào T+3**) hoặc CTCK bán trực tiếp trên sàn (**không giới hạn thời gian**)

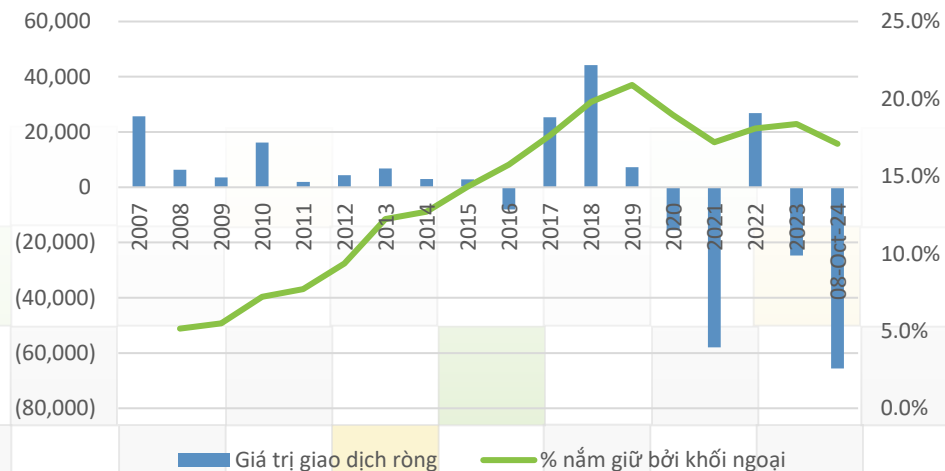
Risks: Middle East war and foreign net selling

If a Middle East war occurs, it could affect investor sentiment in the short term



Foreign investors' continuous net selling makes it difficult for the market to break the resistance in the short term

Foreign net trading value



Risk: VHM will not buy 370 mill treasury shares as expected

- VHM stock price has increased sharply since the beginning of August after announcing that it would buy back 370 million treasury shares
- Estimated amount: ~15,600 billion
- VHM cash balance and short-term investments @30/6/2024: 20,854 billion





Summary: favorable factors are still overwhelming

Positive

- FED has cut interest rates by 0.5% in September and will continue to cut interest rates in the future
- PE valuation of the Vn-Index is still attractive
- Exchange rate pressure has decreased significantly, creating favorable conditions for SBV to continue to maintain a low interest-rate policy, the cheap money cycle continues
- Credit has increased by 9% in 9 months and the credit growth target of 15% in 2024 is completely feasible
- The government's efforts to soon upgrade the Vietnamese stock market, the immediate problem of Prefunding will soon be resolved
- US election takes place on November 5, but there is nothing to worry about because the US stock market still increases in election

Risk

- If a Middle East war occurs, it could affect investor sentiment in the short term
- Foreign investors' continuous net selling makes it difficult for the market to break the resistance in the short term
- If VHM cannot buy 370 million treasury shares as expected, market sentiment will be quite negative



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Oil prices have increased sharply since early September

- Oil prices have increased quite strongly by 8.6% since the beginning of September due to concerns about war in the Middle East (Israel - Iran)
- However, oil prices have remained at a rather high level since 2023
- Positive stocks: PVS PVD PLX OIL BSR

Brent oil price (USD)



Construction steel prices increased sharply since mid-August

- Steel prices increase because China implemented many economic stimulus solutions to recover the real estate market
- However, the increase in HRC prices is lower, bringing many advantages to HSG NKG because HRC is an input for production of galvanized steel
- Beneficiary stocks: Steel stocks (HPG HSG NKG)

Steel rebar (USD)



HRC steel (USD)



Sugar prices and urea prices move in opposite directions

- Sugar prices have risen 27.6% from the bottom in mid-August
- Meanwhile, urea prices, although recovering slightly since March 2024, remain at a very low level in the past 5 years
- Positive Stocks: SBT LSS SLS
- Neutral Stocks: DCM DPM

Sugar price (USD)



Urea price (USD)





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Vn-Index will soon break the resistance of 1,300 points

- Of course, Vn-Index is facing difficulties at the strong resistance zone
- However, with many bullish momentums, we believe that Vn-Index will soon break the resistance level of 1,300 to head towards new highs





Prediction of Vn-Index peak from 1,400 - 1,431 points

Technical analysis: ~1,400 points

When surpassing 1,300, the next strong resistance levels are:

- 1,392 points: equivalent to Fibonacci retracement from the peak of 1,530 points and the bottom of 880 points of 2022
- 1,400: psychological resistance according to the even number rule of Technical Analysis

Fundamental analysis: ~1,431 points

Assumption:

- 2H2024 profit growth of 10%
- Vn-Index PE 2H2024 will recover to 5-year average of 14.72x (current Vn-Index PE is 13.88x)

Result: Vn-Index will peak at 1,431 points





Sector recommendation

Sector	Investment catalysts	Recommendation	Stocks
Banking	<ul style="list-style-type: none"> - Positive credit growth: increased by 6.25% to August 16, and planned to increase by 14-15% in 2024 - Some banks approved to increase capital (VCB BID CTG) 	OUTPERFORM	BID CTG TCB MBB ACB TPB VPB
Securities	<ul style="list-style-type: none"> - Stock market increases (proprietary trading segment) - Transaction value increases (brokerage segment) - Margin balance increases (margin segment) 	OUTPERFORM	SSI HCM VCI FTS CTS BVS MBS
Transportation Seaport Textile Seafood	<ul style="list-style-type: none"> - World economy recovers - Vietnam's import and export are increasing strongly by 14.9% in 6 months of 2024 	OUTPERFORM	HAH PVT GMD TCM TNG VHC ANV
Industrial park real estate	<ul style="list-style-type: none"> - FDI is still growing well - Real estate prices are still on an upward trend in both HCM and HN 	OUTPERFORM	SZC PHR GVR
Retail and consumption	<ul style="list-style-type: none"> - Consumer demand in Vietnam remains on an upward trend in the long term - Some companies with low profits in 2023 will create high growth momentum in 2024 	OUTPERFORM	MSN MWG VNM
Oil & gas	Many oil and gas projects are being implemented after many years of suspension	OUTPERFORM	PVS PVD GAS BSR
Steel	Global steel prices rebound strongly after China stimulates economy Vietnam real estate market recovery helps output increase	OUTPERFORM	HPG HSG NKG
Real estate	<ul style="list-style-type: none"> - Many real estate businesses still face many financial difficulties - Many projects still face many legal problems and cannot open for sale 	NEUTRAL	NLG KDH



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