



# Macro Investment Strategy

## 3Q2024



# Contents



**1. Macro Economics 2Q2024**



2. Stock Market 2Q2024

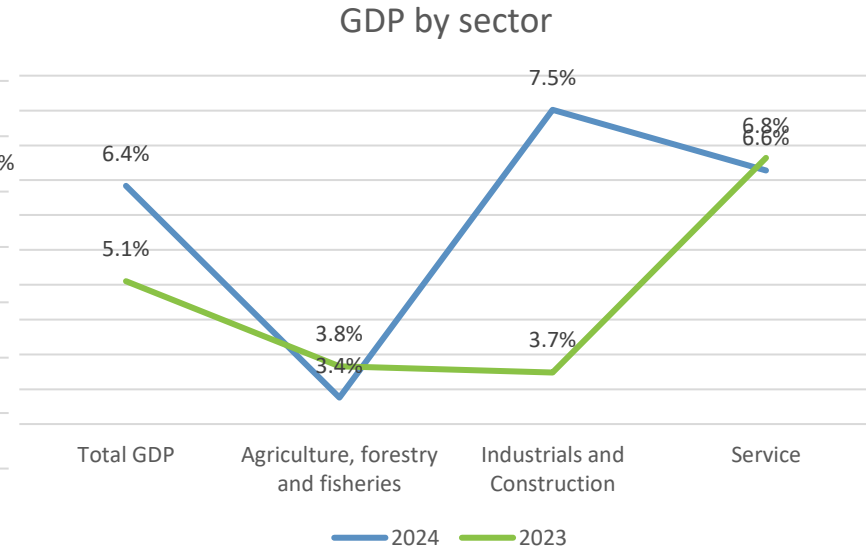
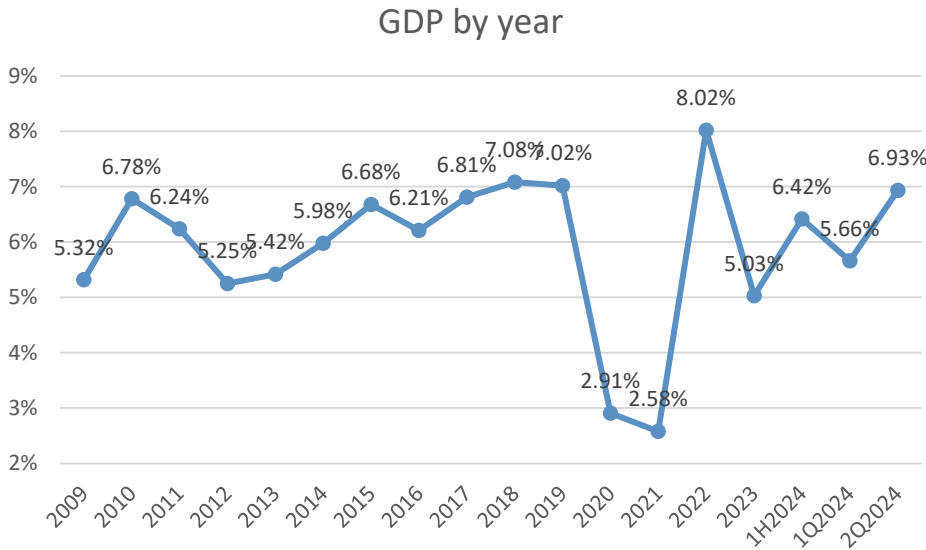


3. Forecasting Stock Market 2H2024



4. Sector Recommendation 2H2024

# GDP growth is very good at 6.93% in 2Q2024

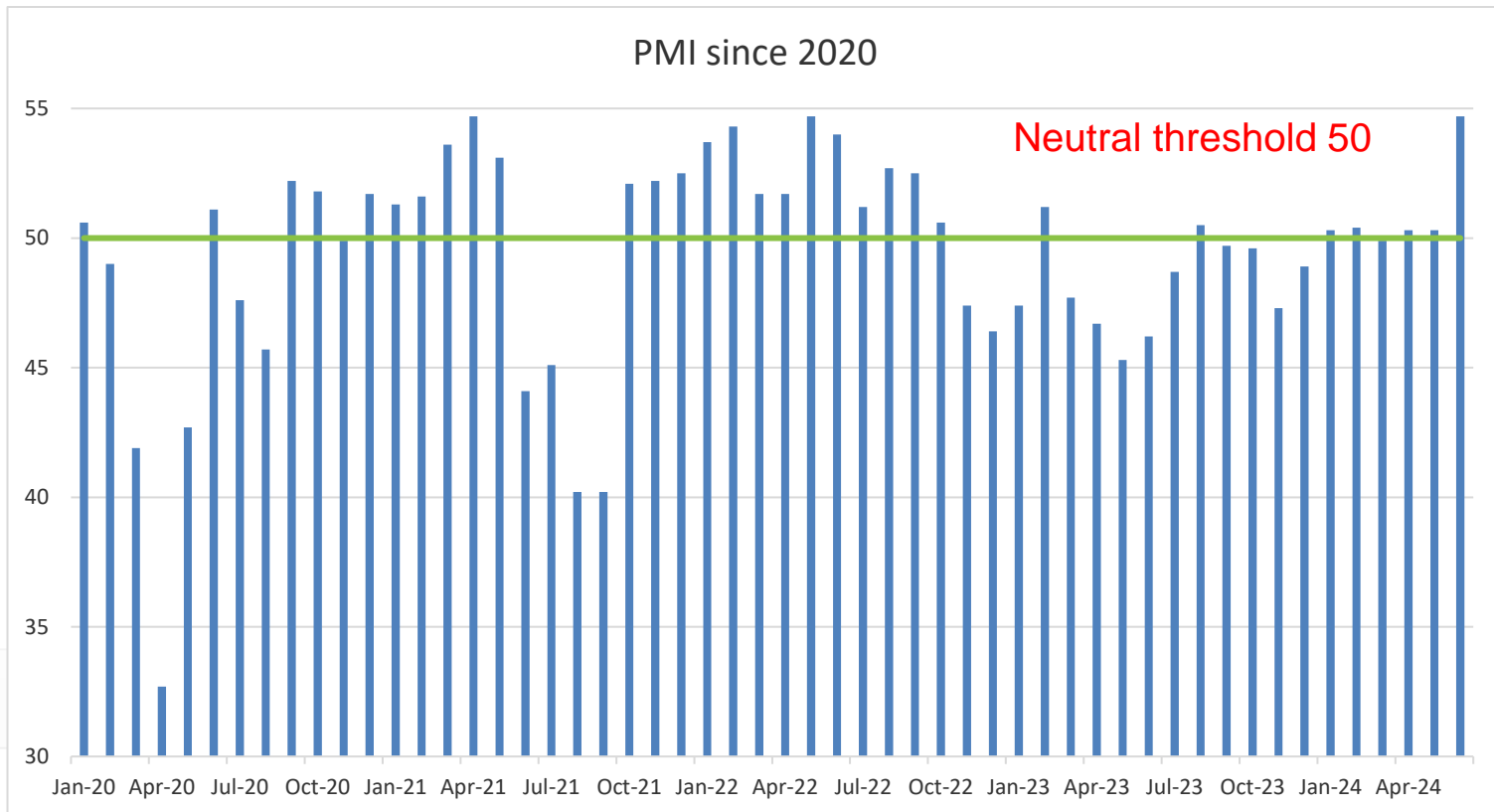


## Reason for good growth:

- The industrial and construction sector grew by 7.51% compared to 3.7% in 2023
- Meanwhile, in the other 2 groups of agriculture and services, the growth rate remained almost unchanged
- The industrials and construction group grew well because: 1) The real estate market recovered, and 2) Strong export growth

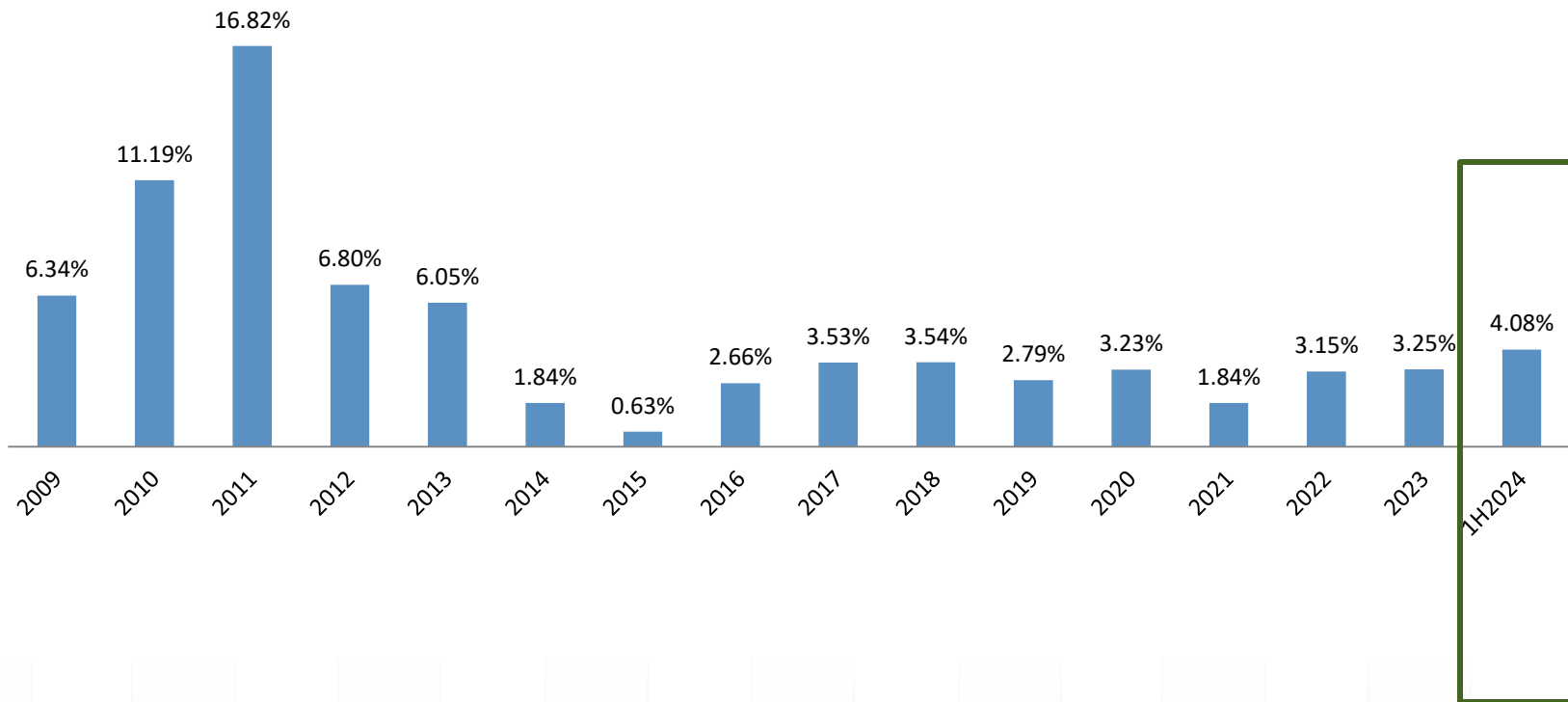
# PMI increased very high in Jun

- Only in March 2024, the PMI reached 49.9 points – slightly lower than the neutral threshold of 50 points
- From November 2022 to December 2023, there were only 2 months when the PMI was above 50 points, showing that the PMI in 2024 is recovering strongly



# 10-year high inflation is the biggest concern

CPI by year

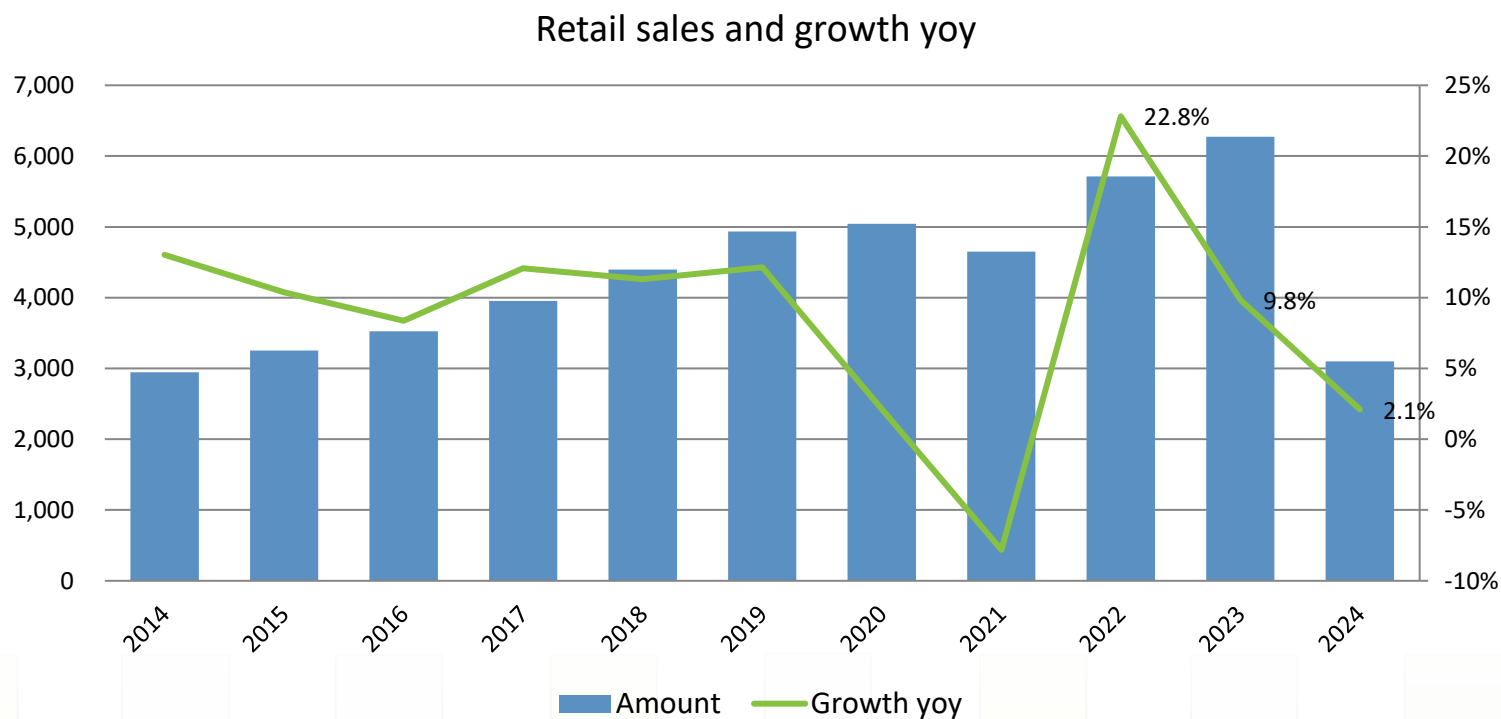


## Some categories increased strongly:

- Food prices increased by 4.66% (of which, the price of live pigs in May was the highest in 5 years at 68,000-69,000 VND/kg)
- Tuition fees increased by 8.6% as some provinces and cities increased tuition fees
- Housing and construction material prices increased by 5.6%
- Medical service prices increased by 8.04% according to Circular No. 22/2023/TT-BYT of the Ministry of Health.

# Retail sale growth remains weak

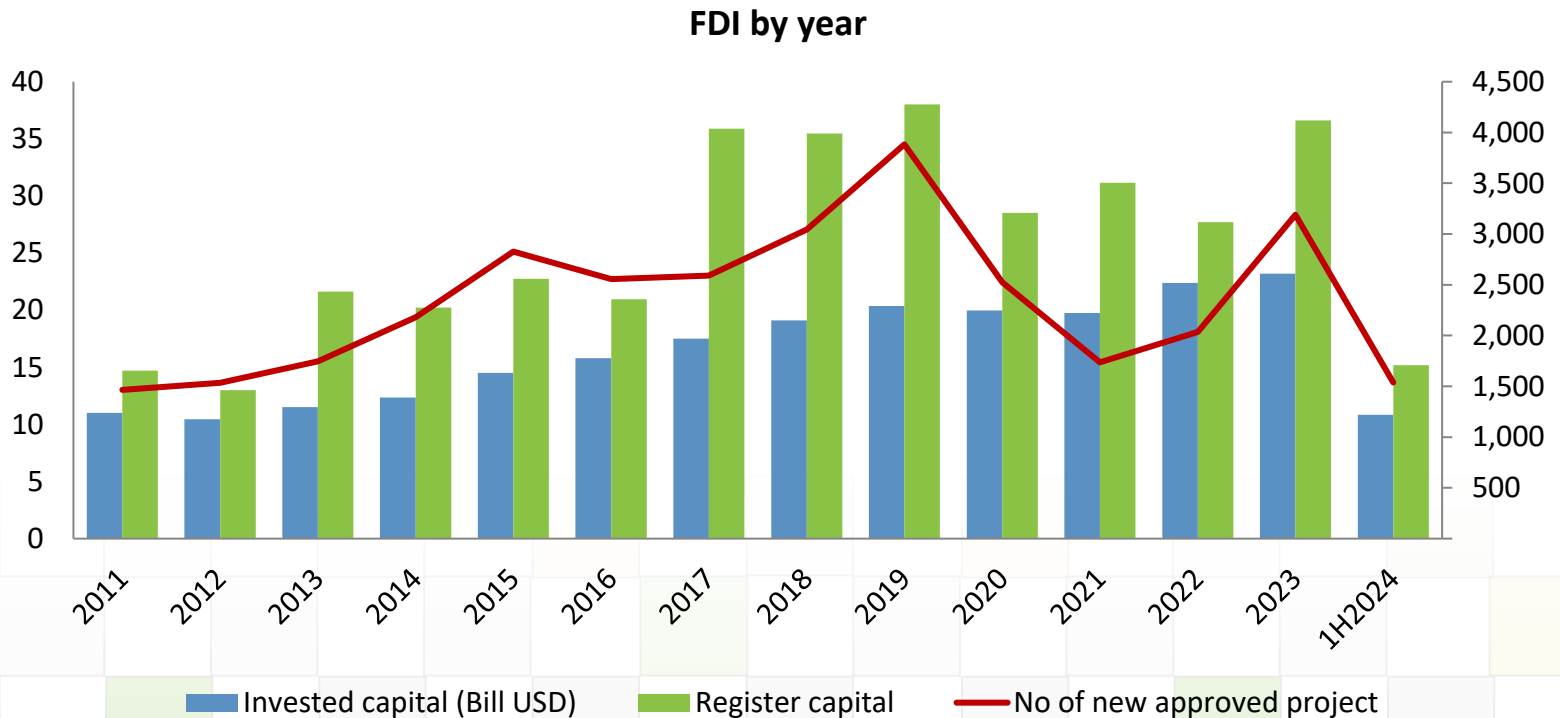
Bill VND



Domestic consumption demand in 6 months of 2024 recovers, but still remains low

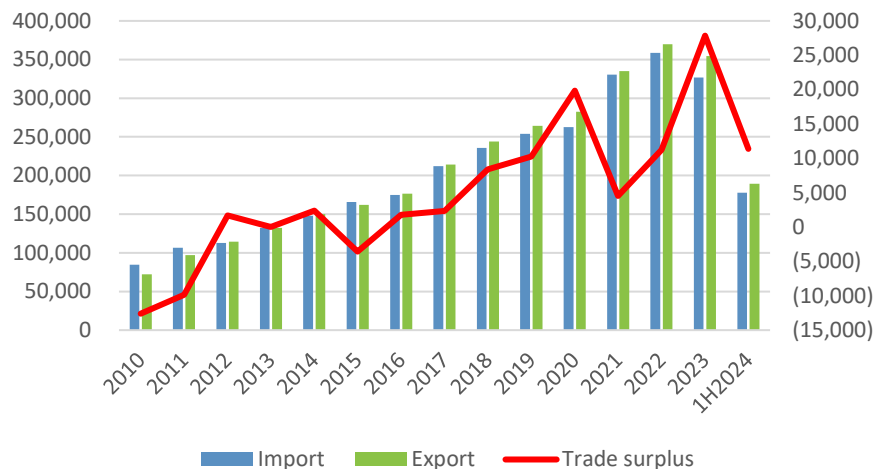
# Registered FDI increased by 13.1% yoy

- The largest investors in Vietnam: Singapore (5.58 billion USD), Japan (1.73 billion USD), Hong Kong (1.18 billion USD)
- FDI continues to be an important driving force for economic development

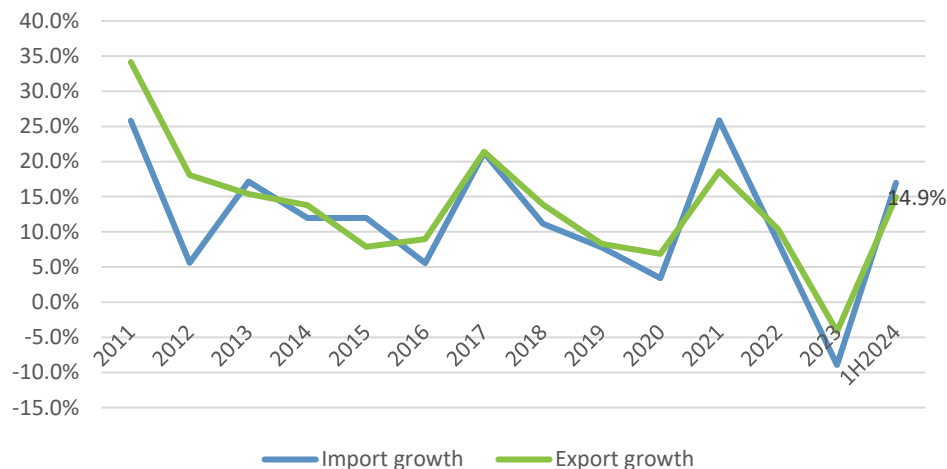


# Import-export growth is highest in 3 years

## Import – Export value



## Import & Export growth



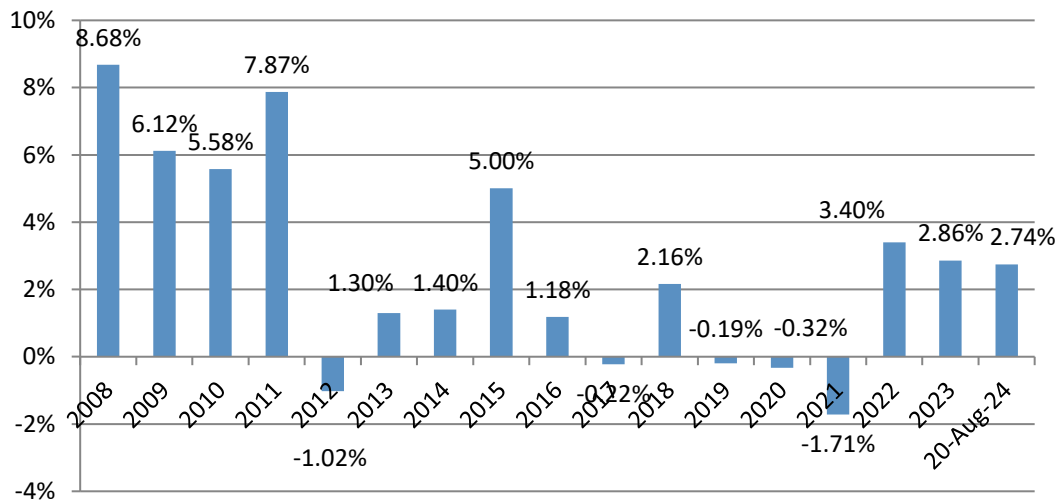
- Exports recover strongly in 1H2024 with a growth rate of 14.9% yoy after a negative growth of -8.9% in 2023
- Some products with good export value growth: iron and steel (12.2%), electronics & computers (28.6%), wood and wood products (22.2%), phones (11.3%)
- However, products of companies listed in the stock exchange have low growth: seafood (6.2%), textiles (3.1%)



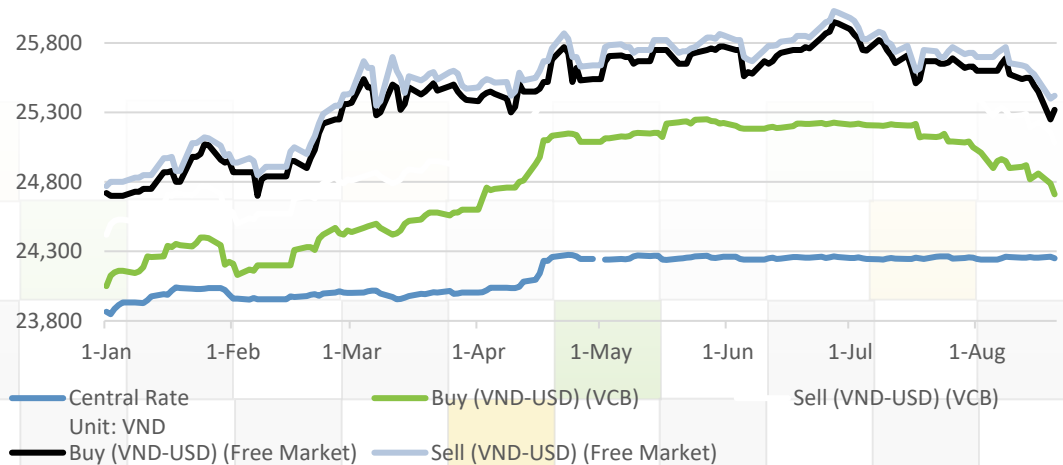
# The exchange rate has passed its most critical stage

- USD/VND exchange rate in 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 the 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 25,320 for the selling price
- USD has only increased by 2.74% since the beginning of the year

USD/VND movement by year

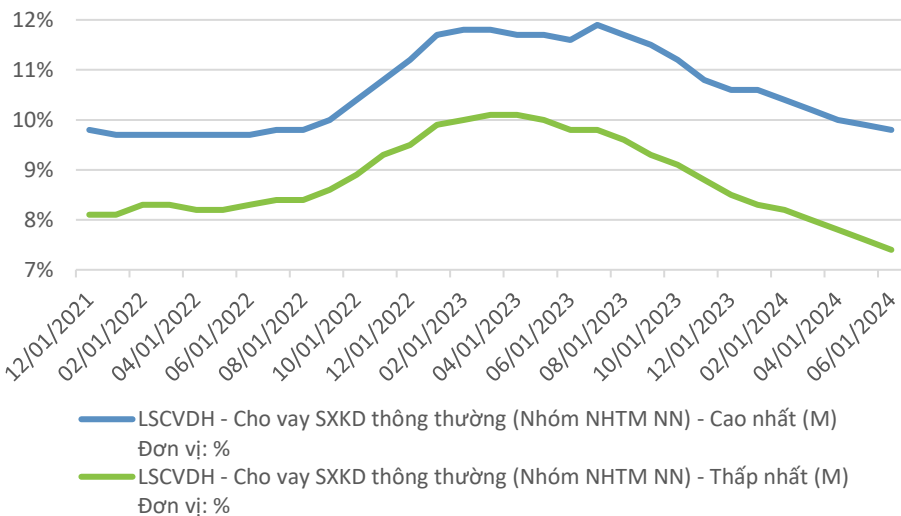


USD/VND movement in 2024

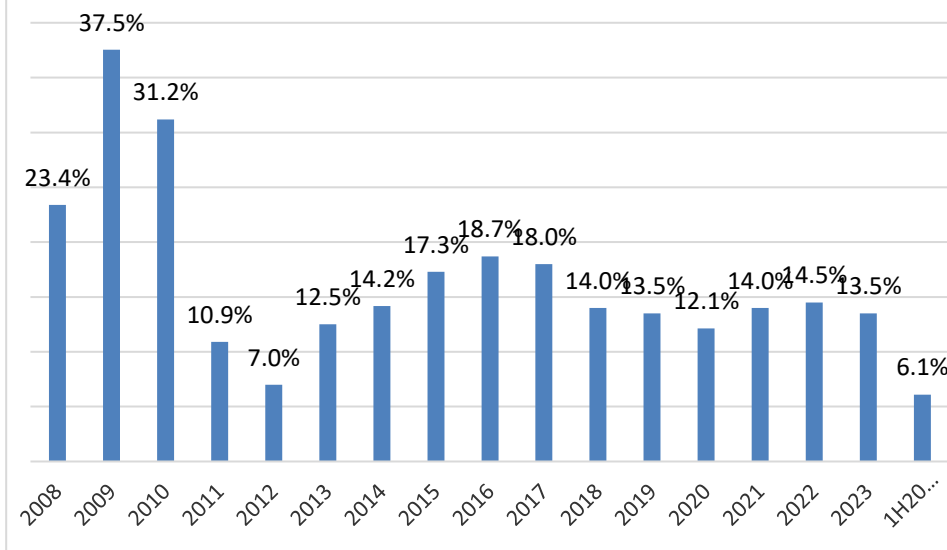


# Credit growth remains low despite falling lending rates

Lending rate



Credit growth



- Lending interest rates have been continuously decreasing since mid-2023, currently ranging from 6.9-9.3%
- However, credit growth is still very low. Credit growth in the first 6 months reached 6.1%, very low compared to the annual plan of 14-15%, showing that the economy's ability to absorb capital is still weak.
- In addition, credit growth in the first 7 months decreased to 5.66%, showing that there is still a situation of short-term target chasing at the end of the year and the end of the first half of the year.



# Summary: High growth but some concerns remain

- GDP growth is high at 6.93% in Q2 and 6.42% in 1H2024
- Manufacturing recovers, PMI recovers high and PMI in June is the highest in many years
- FDI remains high and is an important driving force for economic development
- Export growth is high thanks to the recovery of the global economy
- Exchange rate has passed the most critical stage

## There are still some concerns:

- Inflation is high at 4.08% yoy
- Low credit growth, despite continuous reduction in lending rates
- Retail growth remains low, indicating that domestic consumption demand has not really improved significantly

However, the overall picture is still positive, as macroeconomic factors do not change the monetary policy of the State Bank: **SBV will continue to maintain a loosening monetary policy to promote economic growth.**



# Contents



1. Macro Economics 2Q2024

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**2. Stock Market 2Q2024**

---



3. Forecasting Stock Market 2H2024

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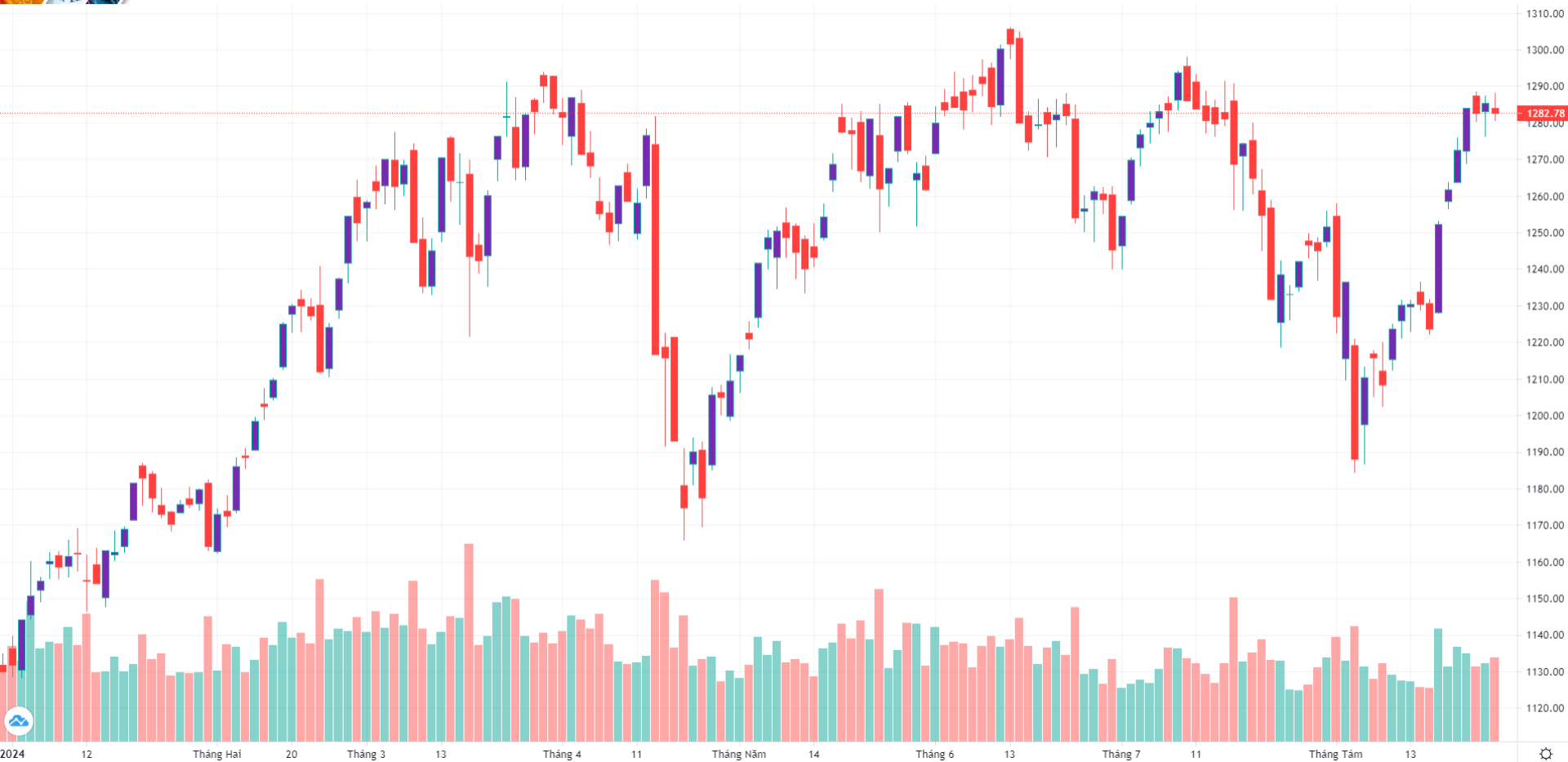


4. Sector Recommendation 2H2024

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



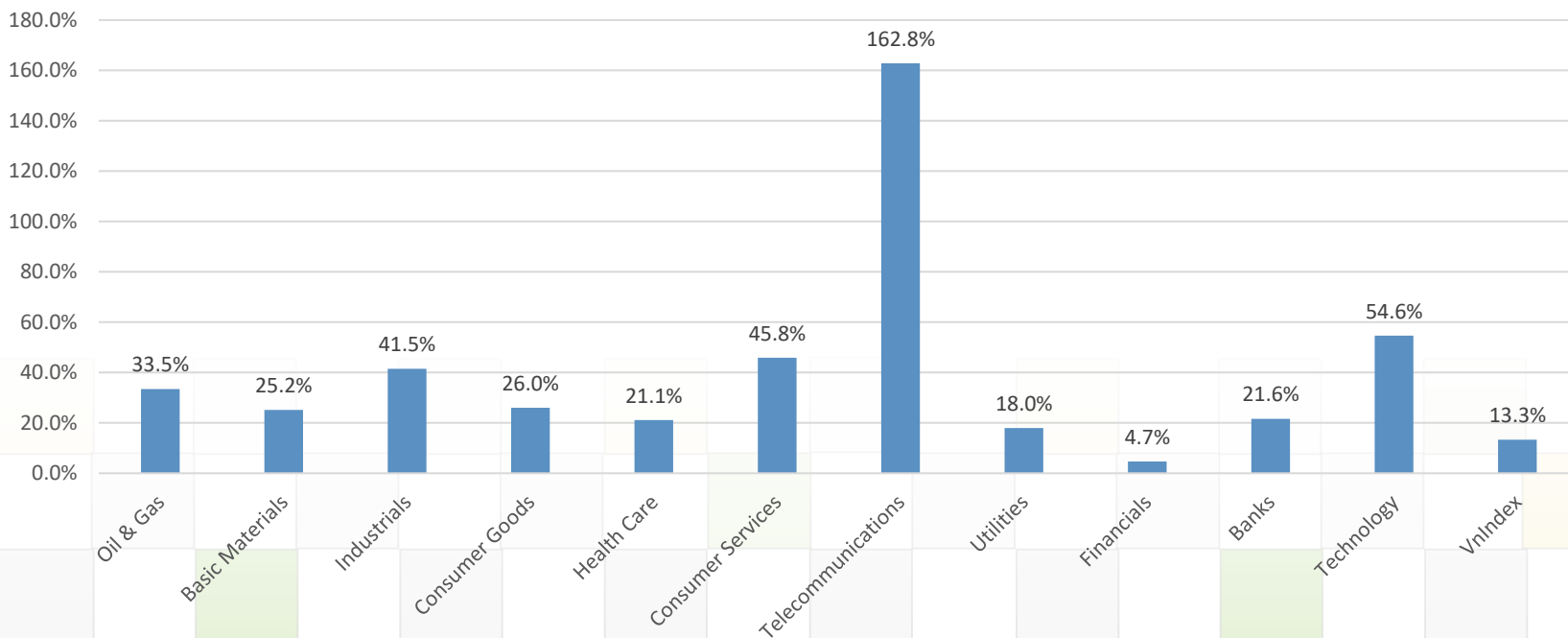
- Vn-Index increased well from 1,129.93 to 1,284.09 points (+13.6%) in the first 3 months of the year

- After that, Vn-Index moved sideways within a large range of 1,180 - 1,300 in the remaining time. Currently, Vn-Index is still having difficulty at the strong resistance of 1,300 points.

# Vn-Index has increased 13.3% Ytd

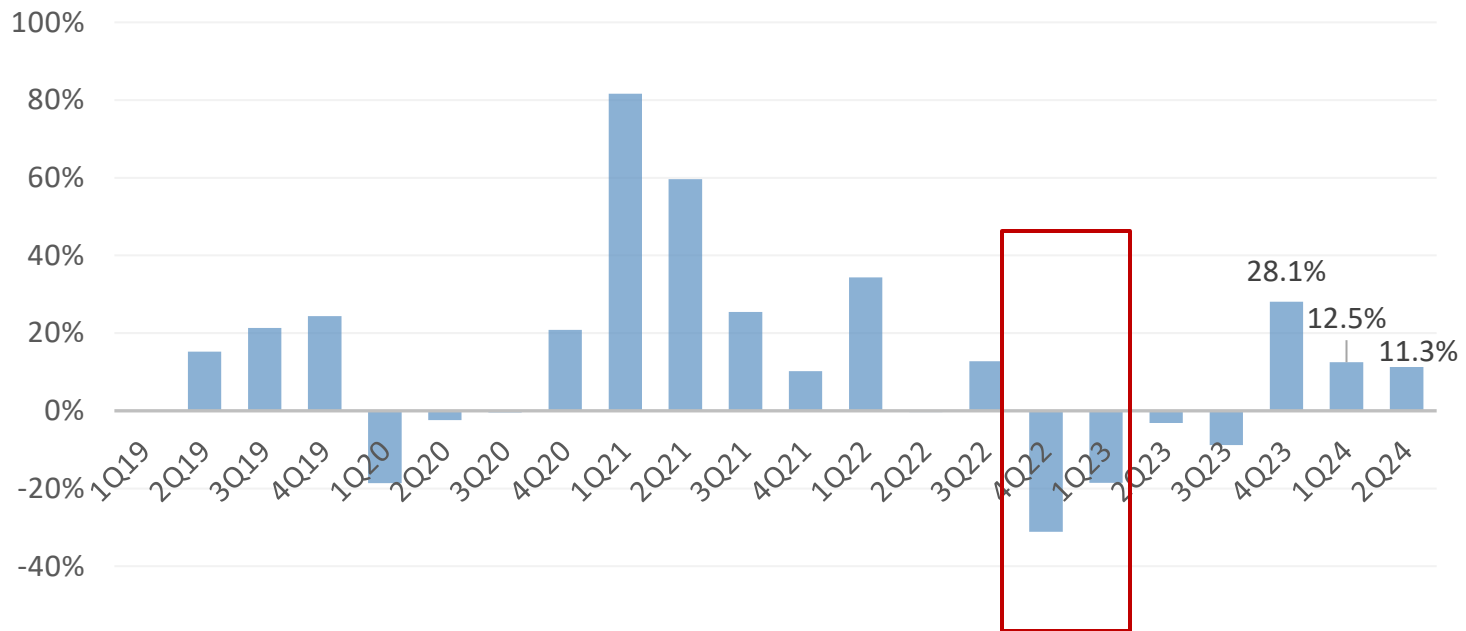
- Only the real estate sector has a lower increase than Vn-Index. Especially, the prices of many real estate stocks even decreased in 2024 such as DIG DXG PDR NVL VHM VIC

Sector performance as of 26 August



# Profit is still growing well at 11.3%

Net profit growth of companies listed in HOSE và HNX

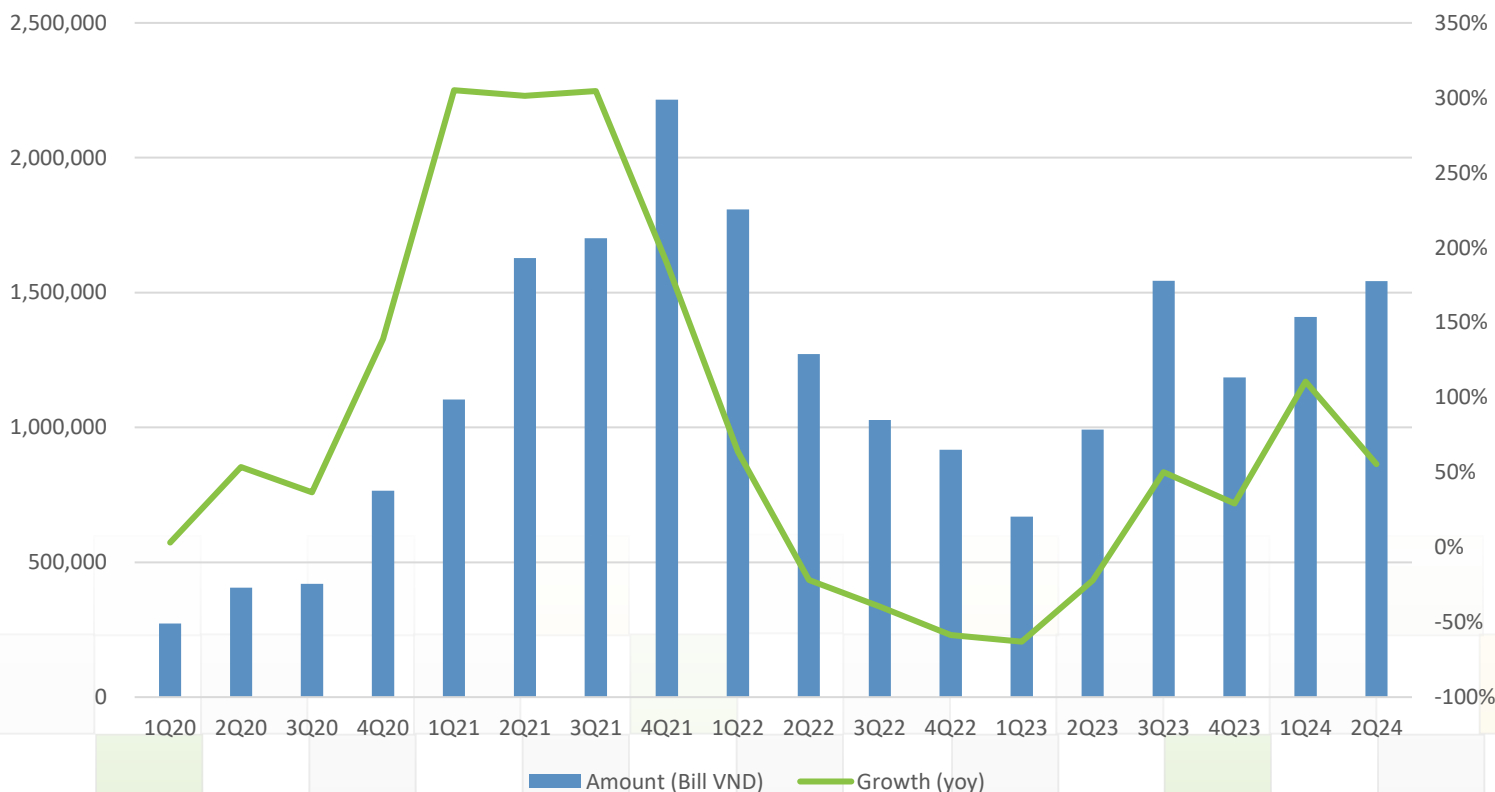


Although profit growth declined from 12.5% to 11.3% in Q2, it should be remembered that the high growth in Q4/2023 and Q1/2024 was due to the negative growth in the same period last year.

# Liquidity in 2Q2024 still increased by 55.4% yoy

Trading value in 3 exchanges has returned to the same level of 3Q2023, when the Vn-Index had a strong increase from 1,125 points to 1,250 points.

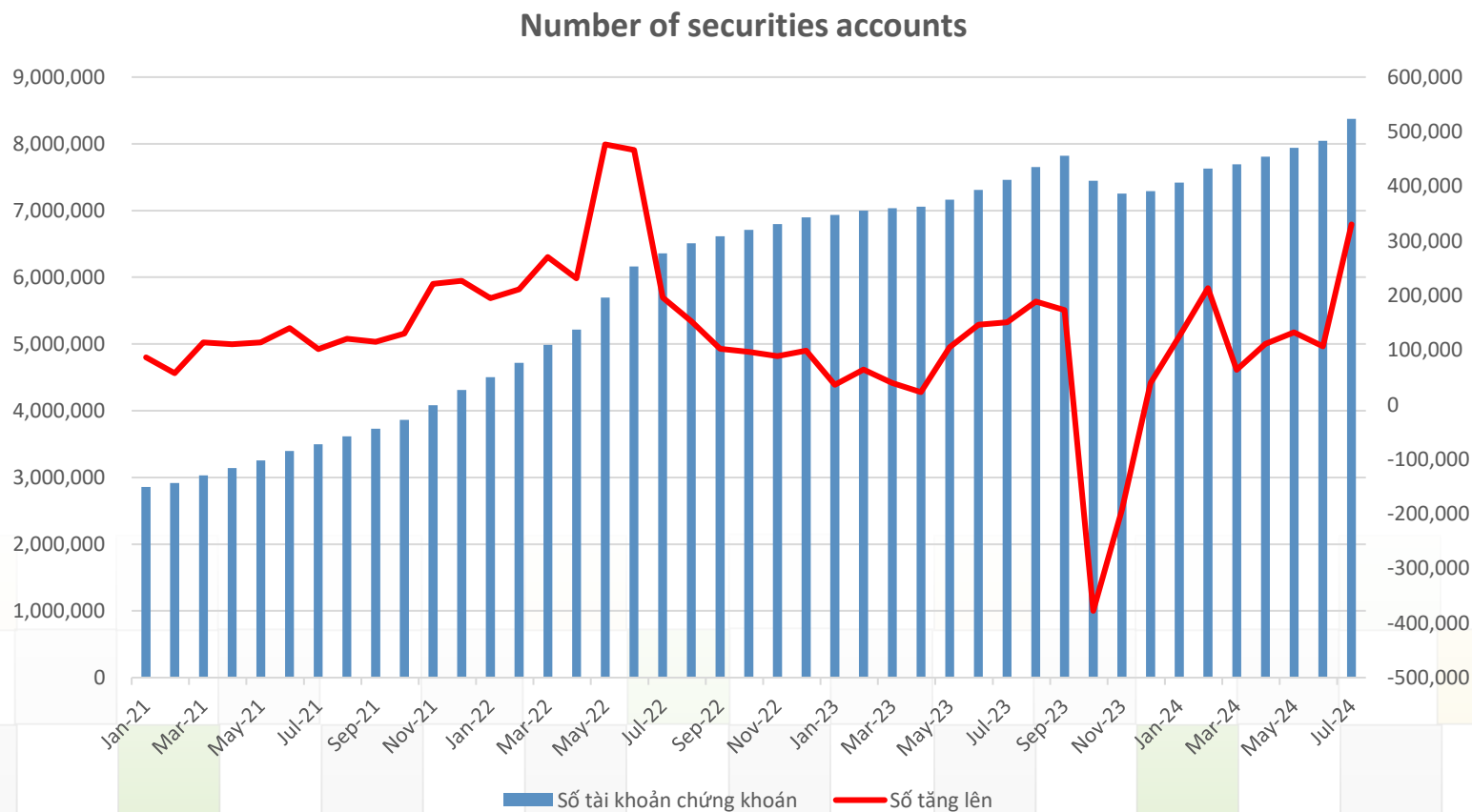
### Trading value in 3 exchanges and growth yoy





# Number of securities accounts continues to increase

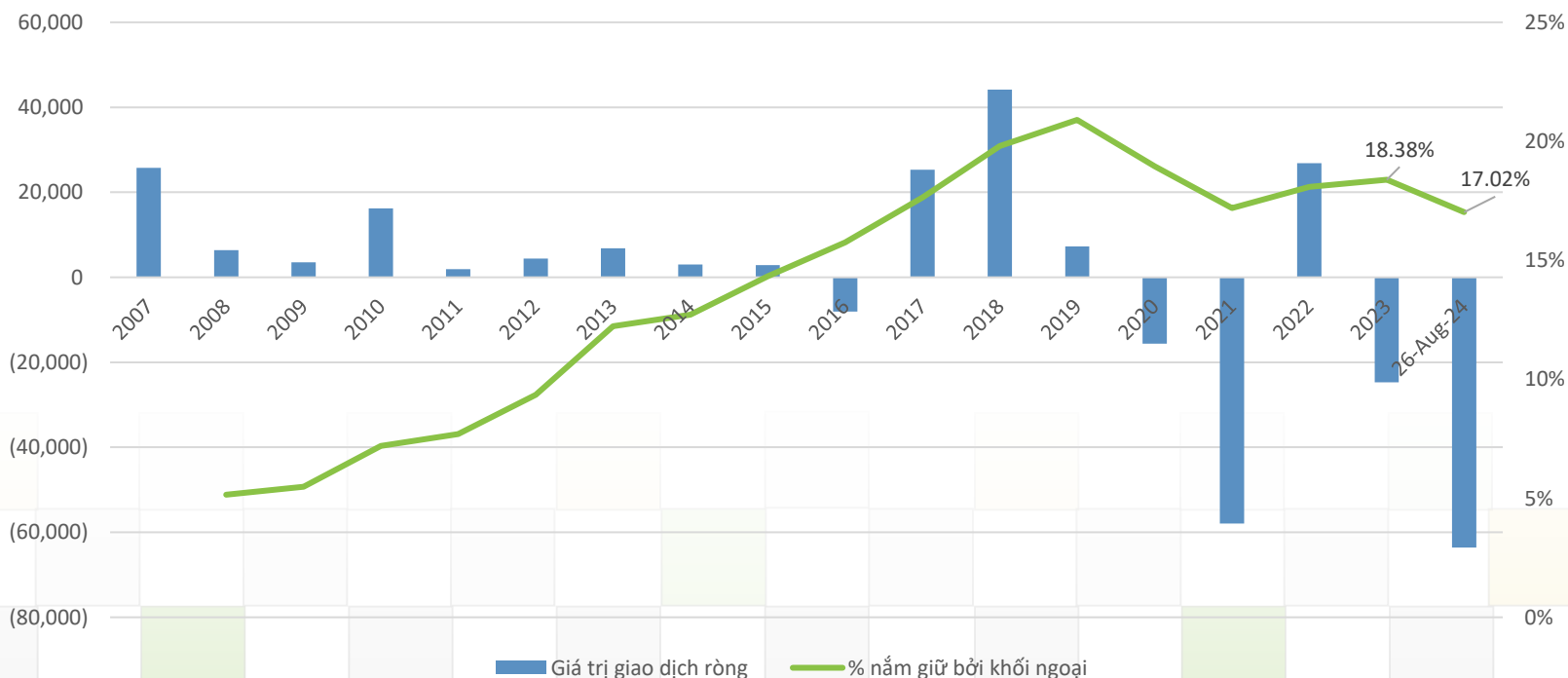
- Number of new accounts opened in July was highest since May and June 2022
- Currently, number of accounts account for ~8.3% of Vietnam's population



# Foreign investors sell continuously

- Foreign net selling value since the beginning of the year is -63,614 billion, exceeding the net selling value of the whole year of 2021, the previous record net selling year of foreign investors
- Perhaps we have to gradually get used to foreign net selling, because it is clear that this cannot be a normal portfolio restructuring activity
- Foreign ownership ratio on HOSE has decreased to 17.02%, the lowest since 2016

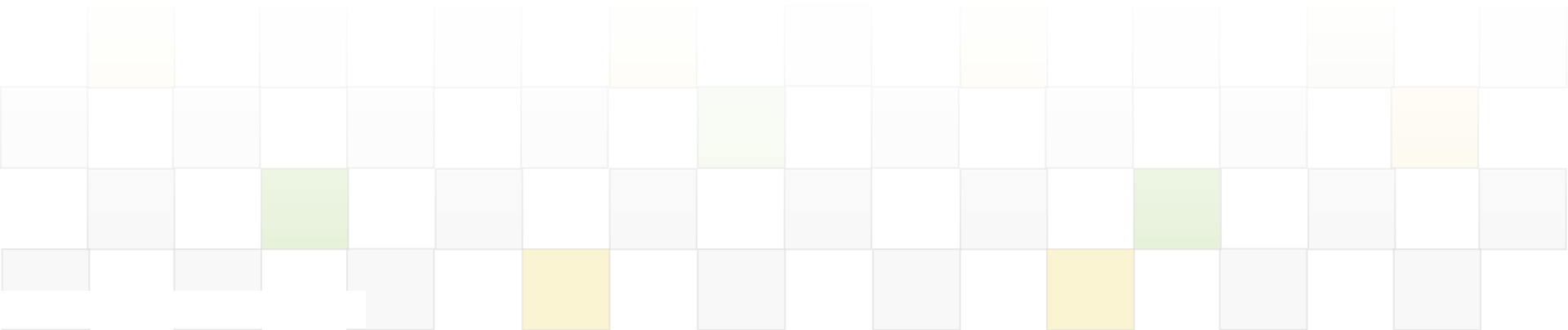
Foreign net trading





# In summary: Vn-Index still increased well, but is facing difficulties at the resistance of 1,300 points.

- Q2 profit still grew well at 11.3%
- Except for the real estate sector, all other sectors create positive profits to investors
- Liquidity is still increasing, showing that securities are still a good investment channel attracting the attention of investors
  
- However, the risk is that foreign investors still sell continuously and there is no sign of stopping selling
- And Vn-Index is still having difficulties at the strong resistance of 1,300 points





# Contents



1. Macro Economics 2Q2024

---



2. Stock Market 2Q2024

---



**3. Forecasting Stock Market 2H2024**

---



4. Sector Recommendation 2H2024

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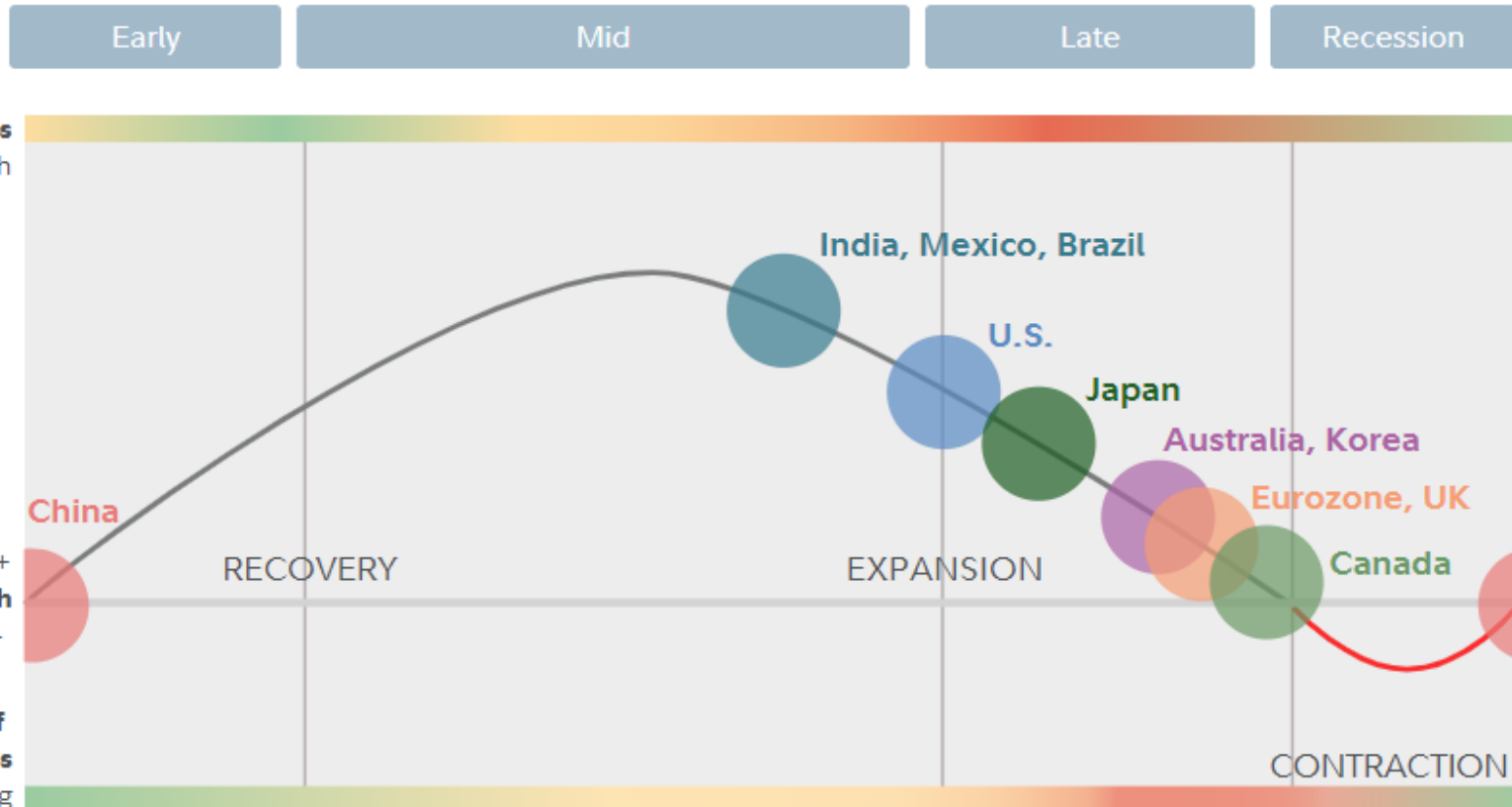
# Kinh tế thế giới sắp bước vào pha đầu tăng trưởng

## 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

# The Fed will definitely cut interest rates in 2024

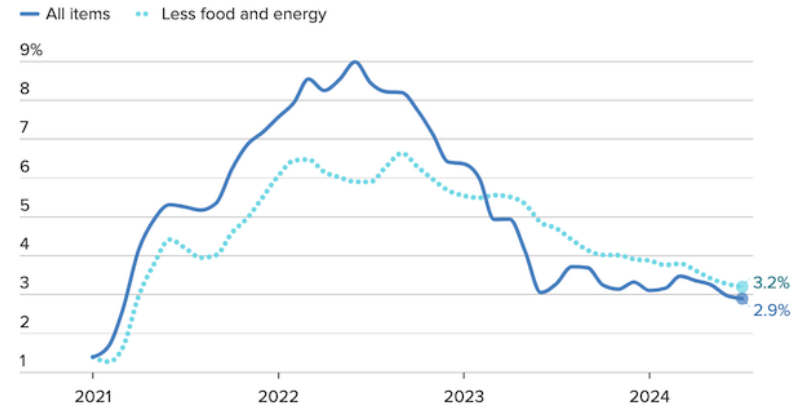
US investors are almost certain that the Fed will cut interest rates in September 2024

## Fed Chairman – Power:

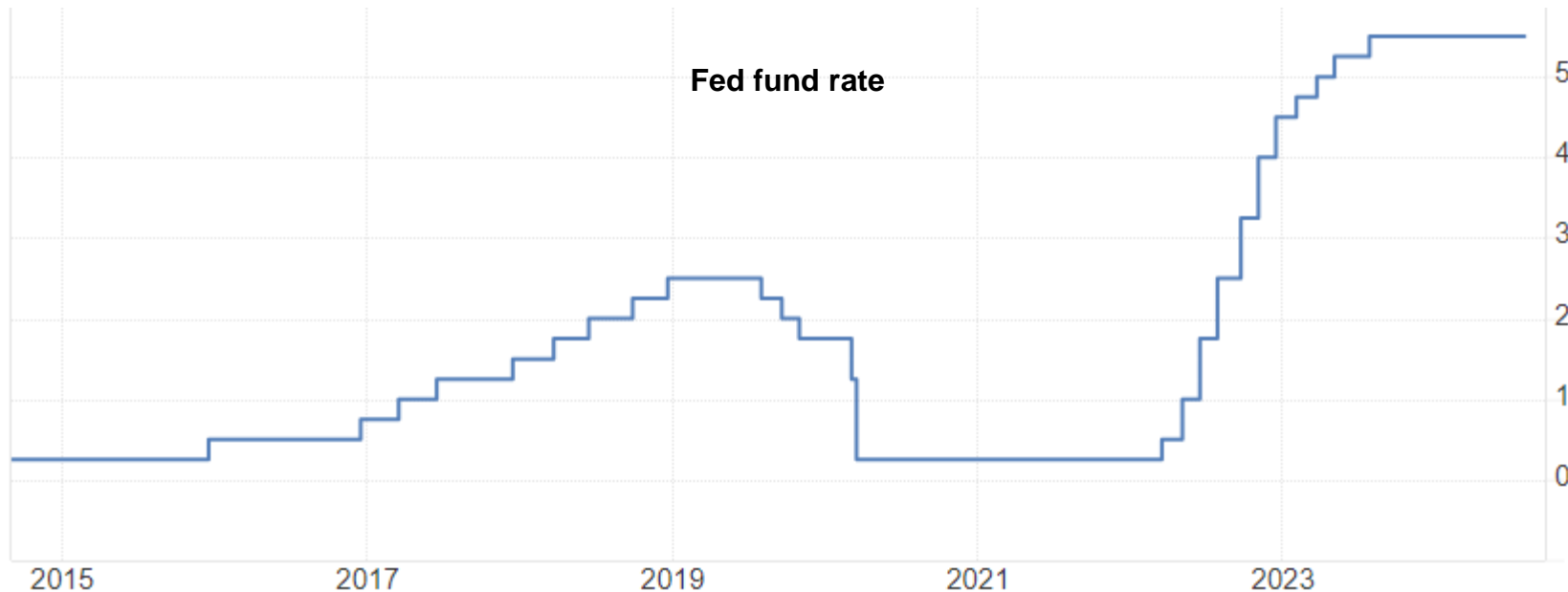
- “Inflation has come down significantly. The labor market has cooled”
- “It is time for policy to change”

## U.S. consumer price index

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



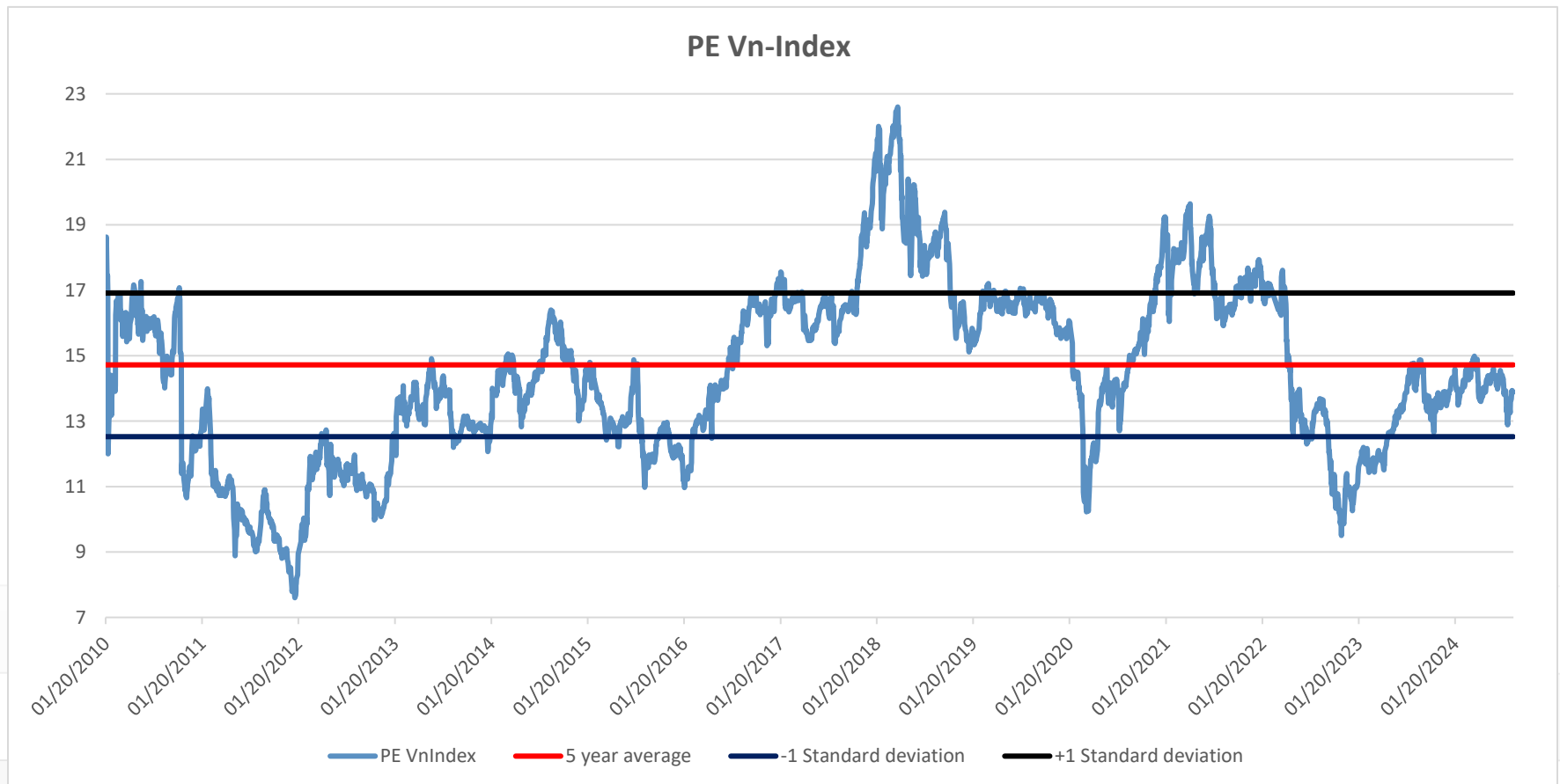
Source: U.S. Bureau of Labor Statistics  
Data as of Aug. 14, 2024





# PE valuation is attractive.

- The PE of Vn-Index is currently 14 times, much lower than the 5-year average
- Although in 2024, Vn-Index increased by 13.3% ytd, PE increase is not significant because the profits of enterprises on the HOSE 1H2024 also increased by 11.9% yoy
- Since 2016, except for 2 major economic events (Covid-19, and 4 times of increasing operating interest rates at the end of 2022), PE of Vn-Index has never fallen below the threshold of 1 standard deviation

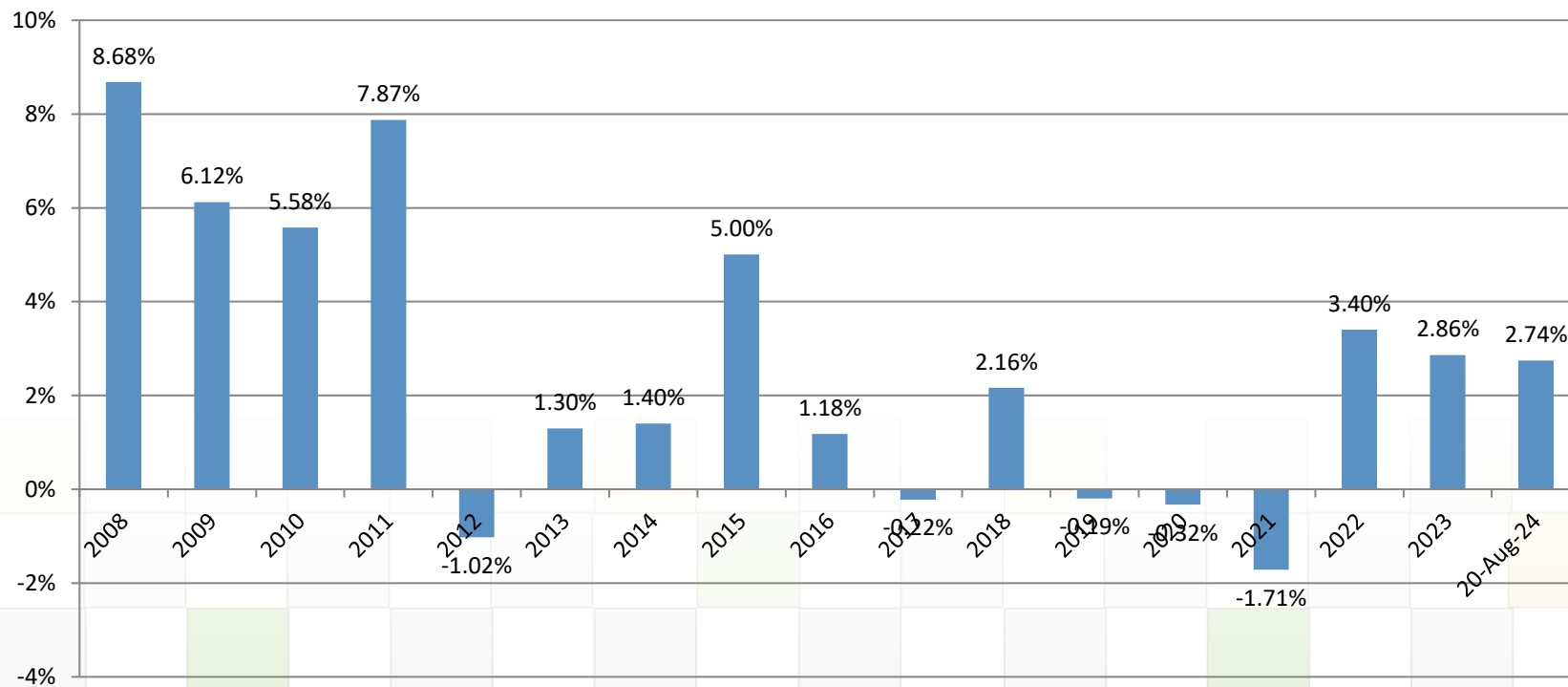




# Exchange rate risk reduced significantly

- After the Fed sent out many signals about an interest rate cut soon, the USD exchange rate in the free market and at banks both fell sharply, and has now only increased by about 2.74% ytd
- The exchange rate risk has decreased significantly, and the risk of the State Bank raising interest rates to stabilize the exchange rate is almost gone.

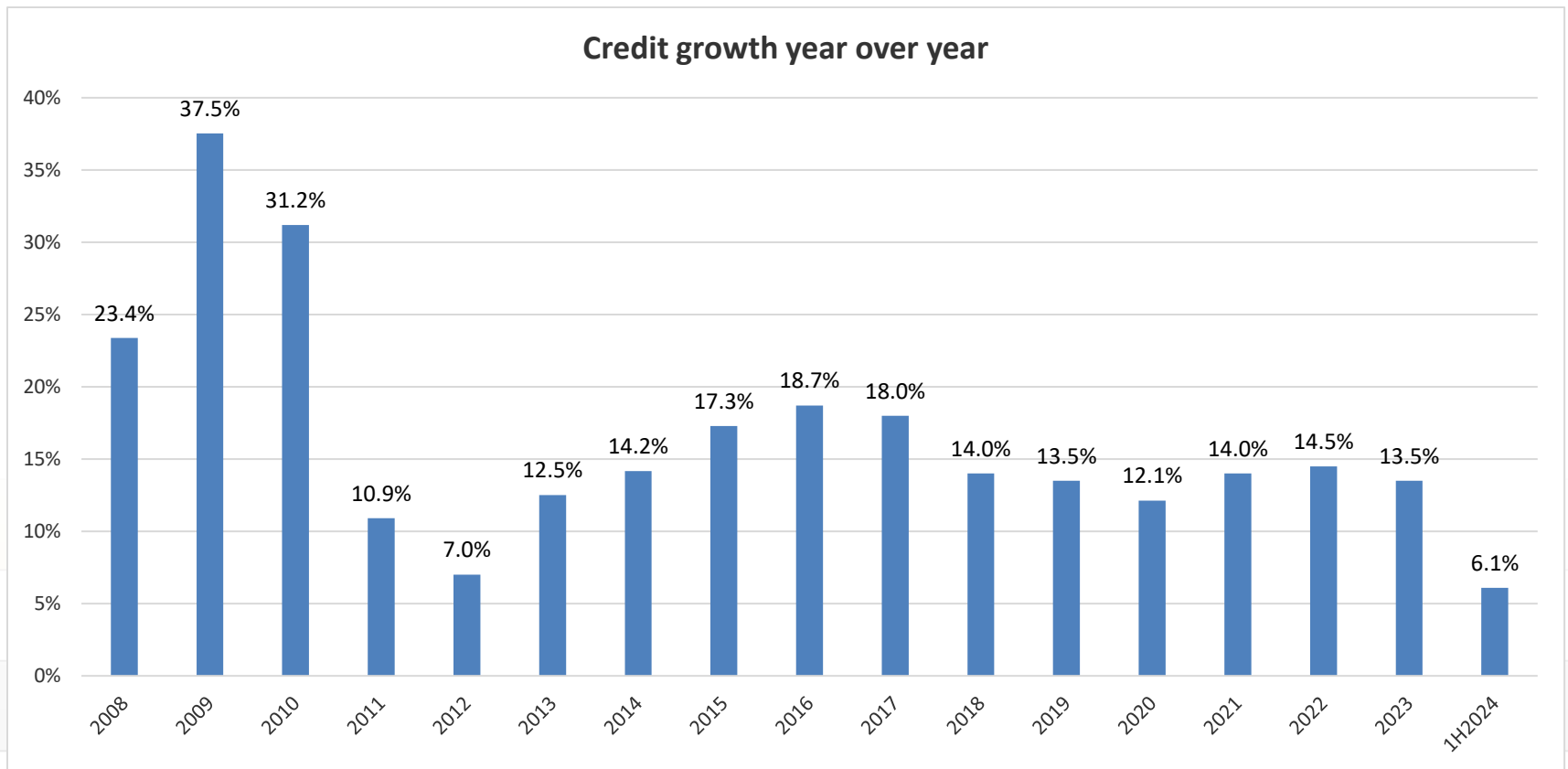
USD/VND movement (%)



Source: FiinPro

# Credit growth could accelerate in 2H2024

- Credit growth in 7 months was 5.66%, lower than the 6.1% growth in June. However, as of August 16, credit had increased by 6.25% ytd
- The 2024 credit growth plan from the SBV is still 14-15%
- Of course, there is still a possibility that the SBV will not complete the credit growth target of 14-15%. However, the positive point is that credit is always ready to meet demand when needed.



**Source:** SBV

# Draft circular on Prefunding will be issued soon

- 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**)

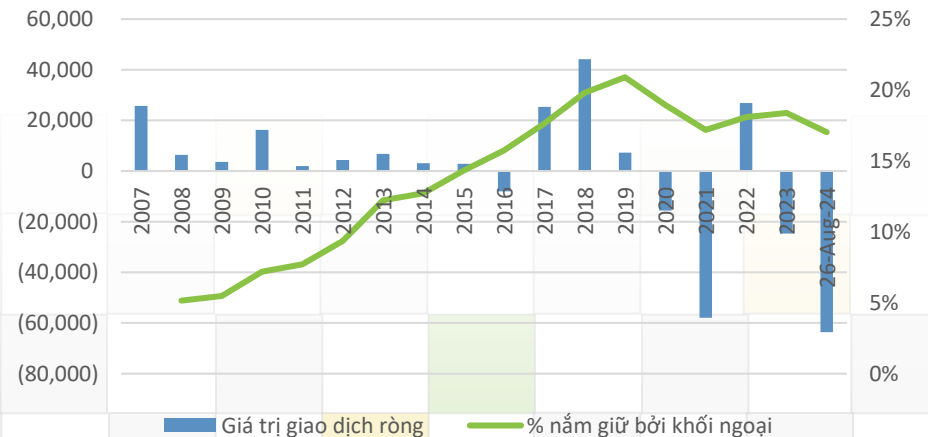
# Risks: Middle East war and foreign net selling

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





# Summary: favorable factors are still overwhelming

## Positive

- The FED will soon lower interest rates, possibly in September, the monetary policy easing cycle is taking place worldwide
- PE valuation of Vn-Index is still attractive
- The exchange rate pressure has decreased significantly, creating favorable conditions for the State Bank to continue to maintain a low-interest rate policy and accelerate credit growth, the cheap money cycle continues
- The government's efforts to soon upgrade the Vietnamese stock market, the immediate bottleneck of Prefunding will soon be resolved

## Negative

- 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



# Contents



1. Macro Economics 2Q2024

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2. Stock Market 2Q2024

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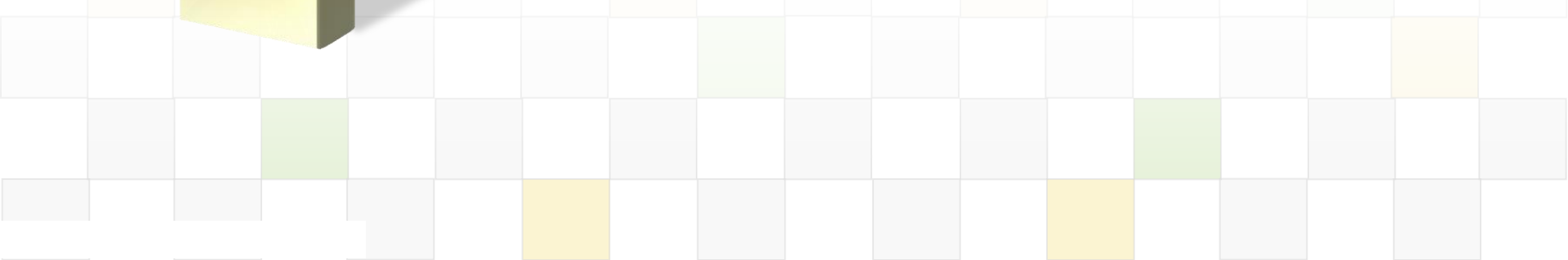
3. Forecasting Stock Market 2H2024

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**4. Sector Recommendation 2H2024**

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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 of 1,300 points  
However, with many bullish momentums, we believe that Vn-Index will soon break this resistance 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:

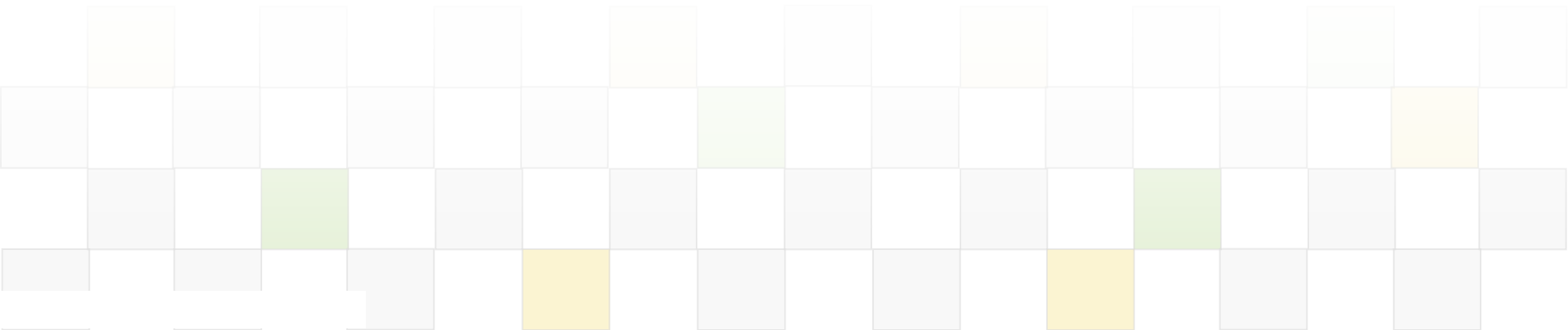
- 1,392 points: equivalent to Fibonacci retracement from the peak of 1,530 points and the bottom of 880 points of 2022
- 1,400: psychological resistance according to the even number rule of Technical Analysis

## 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"> <li>- Positive credit growth: increased by 6.25% to August 16, and planned to increase by 14-15% in 2024</li> <li>- Some banks approved to increase capital (VCB BID CTG)</li> </ul>	OUTPERFORM	VCB BID CTG TCB MBB ACB
Securities	<ul style="list-style-type: none"> <li>- Stock market increases (proprietary trading segment)</li> <li>- Transaction value increases (brokerage segment)</li> <li>- Margin balance increases (margin segment)</li> </ul>	OUTPERFORM	SSI HCM VCI FTS CTS MBS
Transportation Seaport Textile Seafood	<ul style="list-style-type: none"> <li>- World economy recovers</li> <li>- Vietnam's import and export are increasing strongly by 14.9% in 6 months of 2024</li> </ul>	OUTPERFORM	HAH PVT GMD TCM TNG VHC ANV
Industrial park real estate	<ul style="list-style-type: none"> <li>- FDI is still growing well</li> <li>- Real estate prices are still on an upward trend in both HCM and HN</li> </ul>	OUTPERFORM	SZC PHR GVR
Retail and consumption	<ul style="list-style-type: none"> <li>- Consumer demand in Vietnam remains on an upward trend in the long term</li> <li>- Some companies with low profits in 2023 will create high growth momentum in 2024</li> </ul>	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	World steel prices are at their lowest level in years	NEUTRAL	HPG HSG NKG
Real estate	<ul style="list-style-type: none"> <li>- Many real estate businesses still face many financial difficulties</li> <li>- Many projects still face many legal problems and cannot open for sale</li> </ul>	NEUTRAL	NLG KDH



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