MORNING CALL
04/08/2023

Shinhan Securities

"Correction after a period of overheating growth"

- ❑ World stocks: The global market is also experiencing a decline
- ❑ Vietnam stocks: Correction after a period of overheating growth
- ❑ Business News #POM, #CTD, #TAR, #HVN, #HAX #VCG
- ❑ Technical perspective and recommendation update
- ❑ Event calendar
- ❑ Q&A

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Global Market Review – Week 31/07 – 04/08/2023

Shinhan Securities

Major stocks market

- In regular trading on Thursday, the Dow fell 0.19%, the S&P 500 dropped 0.26% and the Nasdaq Composite lost 0.1%, as rising Treasury yields continued to pressure the market. Investors now await Friday's jobs report for further insights into the strength of the labor market and economy.
- The CAC 40 index dropped 0.72% to close at 7,261 on Thursday, the third session of declines, as traders digested a slew of worrying PMI surveys from Europe, mixed earnings and the BoE's 25bp interest rate hike. Domestically, the private sector downturn was confirmed for a second month in July, amid weak performance in both the dominant services sector and manufacturing activity.
- The Nikkei 225 Index dropped 1.68% to close at 32,159 while the broader Topix Index tumbled 1.45% to 2,268 on Thursday, falling for the second consecutive session and tracking losses on Wall Street overnight, as Fitch's recent downgrade of the US's credit rating and a spike in Treasury yields weighed on investor sentiment. The Shanghai Composite rose 0.58% to close at 3,280 while the Shenzhen Component gained 0.53% to 11,163 on Thursday, snapping a two-day decline as upbeat services data in China lifted market sentiment. A private survey showed that Chinese services sector growth unexpectedly accelerated in July, marking the seventh straight month of expansion in services activity.
- WTI crude futures rebounded from early losses to gain over 1% and approaching $80.5 a barrel on Thursday, after both Saudi Arabia and Russia announced an extension in oil production cuts.

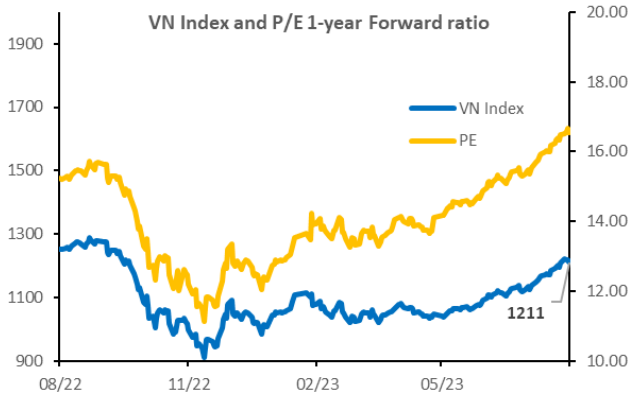
Market

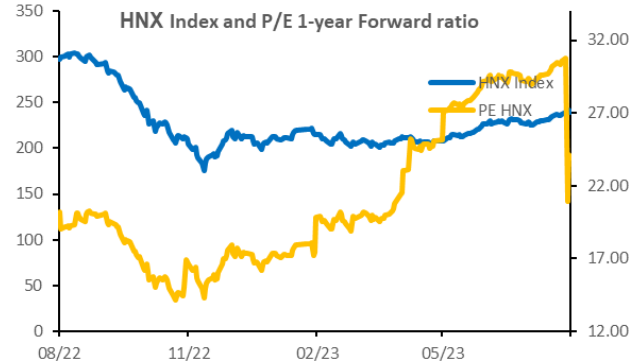
	Close	%1D	%1M	%1Y
VN-Index	1,211	-0.78%	6.97%	-3.44%
S&P 500 Index	4,502	-0.25%	1.04%	8.43%
Dow Jones Index	35,216	-0.19%	2.32%	7.61%
GP 100	7,529	-0.43%	0.13%	1.09%
Nikkei 225	32,158	-0.01%	-3.78%	15.13%
SHCOMP Index	3,280	0.58%	1.08%	2.87%
STOXX 600	458	-0.63%	-0.73%	4.30%
KOSPI Index	2,604	-0.06%	0.41%	5.29%
Hang Seng	19,421	-0.49%	0.03%	-3.73%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	102.47	-0.07%	-0.50%	-3.05%
USD/VND	23,753.00	-0.07%	-0.40%	-1.52%
EUR/USD	1.10	0.05%	0.70%	6.92%
USD/CNY	7.17	0.31%	1.08%	-5.74%
Brent	85.45	0.36%	12.07%	-9.21%
WTI	81.92	0.45%	17.38%	-7.48%
Natural gas	2.56	-0.27%	-5.57%	-68.51%
Coal	136.85	2.51%	-7.57%	-65.22%
Gold	1,936.82	0.14%	0.59%	8.12%

Vietnam Market Snapshot 03/08/2023





Money flow and sector rotation (VND bn)

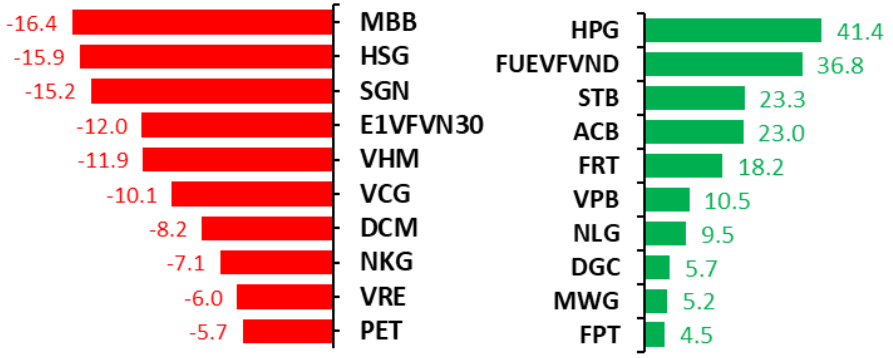
Sector	%1D	8/3/2023	8/2/2023	20-session Average
Basic Resources	125.02	2,313	1,028	1,353
Retail	99.90	1,077	539	679
Automobiles & Parts	88.53	301	159	167
Financial Services	40.97	2,862	2,030	2,231
Travel & Leisure	26.33	159	126	161
Health Care	22.69	33	27	42
Industrial Goods & Services	19.43	1,038	869	996
Chemicals	19.05	808	679	848
Media	15.13	2	2	3
Oil & Gas	10.35	216	196	202
Personal & Household Goods	8.92	165	152	245
Construction & Materials	8.68	1,795	1,652	1,513
Food and Beverage	8.37	1,438	1,327	1,388
Real Estate	4.78	4,504	4,299	4,177
Utilities	3.00	234	227	297
Banks	-6.6	3,235	3,465	3,314
Technology	-19.7	106	132	130
Insurance	-23.1	53	69	71

Source: Bloomberg, Shinhan Securities Vietnam

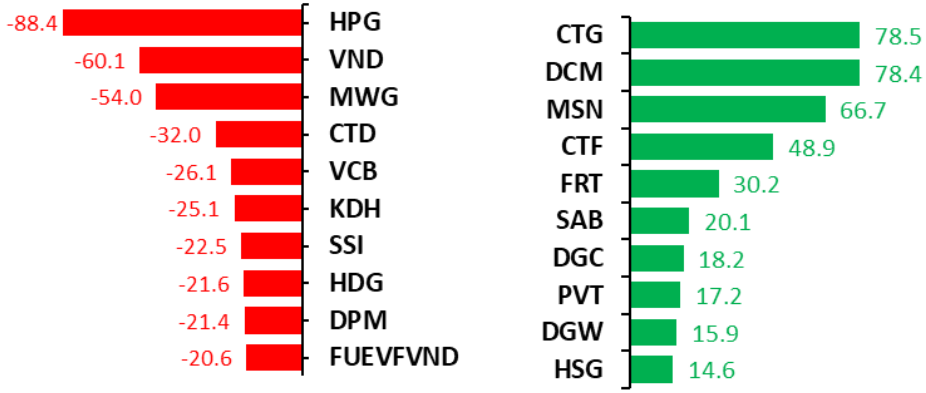
	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,210.95	16.54	-9.48	-0.78	934	20,344
HNX INDEX	239.77	23.96	-1.54	-0.64	101	1,744

Vietnam Market Snapshot 03/08/2023

Top net buying & selling of proprietary trading (VND billion)



Top net buying & selling foreign investors (VND billion)



The net trading value of proprietary trading and investors by sector (VND billion)

Sub-sector	Proprietary trading (VND bn)	Foreign (VND bn)	Local Individual (VND bn)	Local Institutions (VND bn)
Real Estate	(17)	(69)	48	21
Basic Resources	18	(74)	330	(256)
Media	-	(0)	0	-
Industrial Goods & Services	(21)	40	38	(78)
Health care	-	1	(5)	4
Chemicals	0	70	(47)	(23)
Financial Services	24	(125)	103	22
Travel & Leisure	(2)	7	5	(12)
Banks	25	29	(15)	(14)
Construction & Materials	(13)	(58)	62	(3)
Food and Beverage	(1)	79	(79)	(0)
Retail	18	(8)	36	(28)
Utilities	4	(9)	0	9
Personal & Household Goods	(2)	(1)	2	(1)
Technology	0	1	7	(8)
Automobiles & Parts	4	48	(52)	3
Insurance	(0)	(2)	1	1
Oil & Gas	(0)	(5)	13	(9)

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

- Hundreds of real estate projects have had their obstacles cleared. At the conference to evaluate the implementation of Resolution No. 33/NQ-CP and propose solutions to remove difficulties and obstacles in the real estate market held on the afternoon of August 3rd, Mr. Nguyen Van Sinh, Deputy Minister of Construction and Deputy Head of the Prime Minister's Working Group, reported on the results of resolving difficulties and obstacles for various real estate projects across the country. Up to now, Hanoi has directed and resolved 419 projects (equivalent to 58.8% of the initial 712 projects), and the city is currently continuing to address 293 projects.
- In July, domestic revenue showed strong growth, thanks to effective tax exemptions and reductions. The report from the Ministry of Finance shows that the total state budget revenue in July is estimated at 133.9 trillion VND, an increase of over 40 trillion VND compared to the previous month. The accumulated total state budget revenue for the first 7 months of 2023 is estimated at 1,016.2 trillion VND, equal to 62.7% of the annual plan and a decrease of 7.8% compared to the same period last year. Specifically, domestic revenue in July is estimated at 114.8 trillion VND, an increase of over 44 trillion VND compared to June. The accumulated domestic revenue for the first 7 months of 2023 is estimated at 840.5 trillion VND, equal to 63% of the annual plan and a decrease of 4.1% compared to the same period last year.
- Improving the capital absorption capacity of enterprises. According to a survey conducted by the General Statistics Office at the end of June 2023, only about 18.5% - 28.9% of businesses operating in the export, manufacturing, and processing sectors assessed that their business performance in the second quarter was better than the first quarter; 36.2-43.2% evaluated their situation as stable, and 27.4-36.2% assessed a decline in business performance. Difficulties are currently surrounding enterprises, especially small and medium-sized ones, as both domestic consumption and export orders have significantly decreased. According to Mr. Nguyen Quoc Hung, Secretary-General of the Vietnam Banking Association, in the current challenging situation, businesses must proactively restructure for banks to be willing to provide loans.

Business news

- POM: The younger sister of Pomina Steel's Chairman is planning to divest her entire stake after the stock price surged by 60%. In the latest announcement, Ms. Do Nhung has registered to sell all of her nearly 7.3 million shares of Pomina Steel Corporation (POM), equivalent to 2.6% ownership, for investment purposes. Ms. Nhung, who holds American nationality, is the sibling of Mr. Do Duy Thai, Chairman of Pomina Steel's Board of Directors.

- CTD: VinaCapital has reduced its holdings in Coteccons (CTD) just before receiving unfavorable news regarding the largest bidding package of Long Thanh Airport. VOF Investment Limited, a fund managed by VinaCapital, has recently announced the sale of 600,000 shares of Coteccons Construction Joint Stock Company (CTD) on July 31, 2023. Following the transaction, the VinaCapital group's ownership in Coteccons has decreased from 6.07% to 5.26%, representing over 3.9 million shares held.

- TAR: Trung An High-Tech Agriculture Joint Stock Company (TAR) has reported its financial statement for the second quarter of 2023, with net revenue reaching 1,615 billion VND, a 111% increase compared to the same period last year. However, the cost of goods sold rose more than the revenue growth, leading to a significant narrowing of gross profit, with only 67 billion VND, a 26% decrease year-on-year. The gross profit margin also sharply declined from 12% to 4%. According to the explanation, Trung An incurred losses primarily due to higher interest expenses compared to the same period last year, and the company had to liquidate and write off some damaged goods delivered to foreign customers at the port.

Breaking News



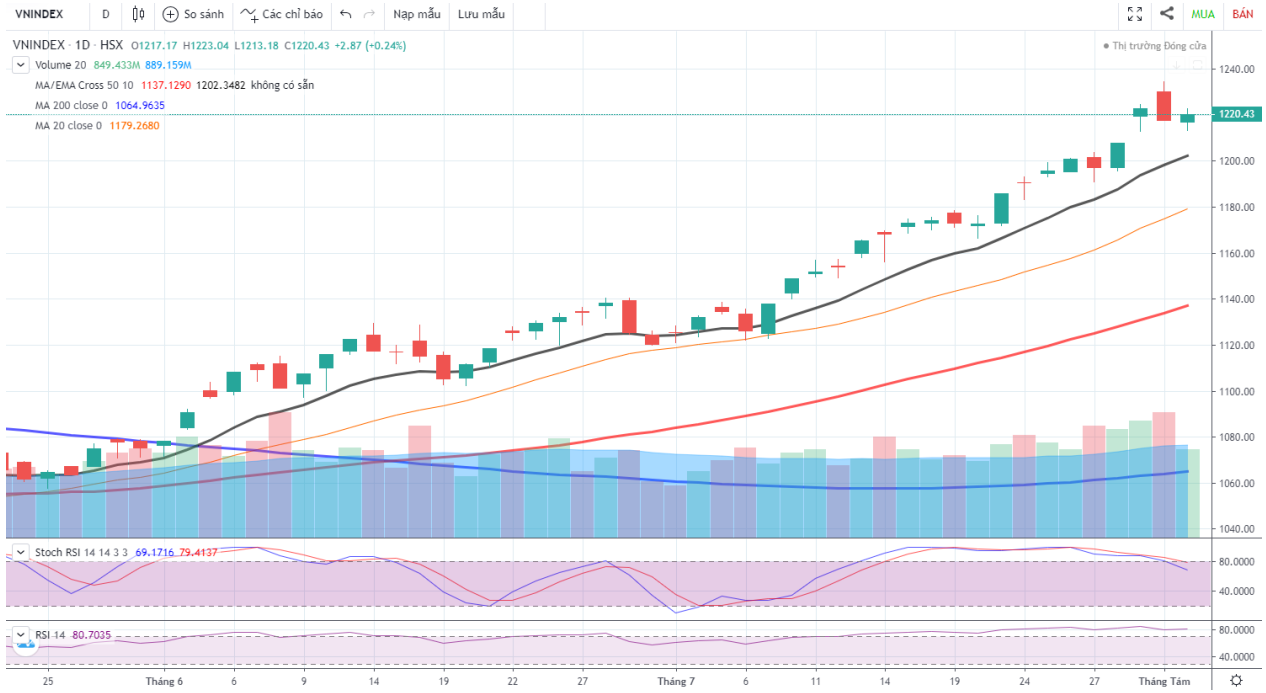
Business news

- **HVN**: The top spot for losses belongs to Vietnam Airlines. In Q2 2023, Vietnam Airlines Corporation - JSC (HVN) recorded net revenue of 20,565 billion VND, a 12% increase compared to the same period last year, thanks to a 23.6% growth in transport volume due to the recovery in the European, Australian, and American markets. However, the burden of expenses resulted in the national airline still incurring a net loss of nearly 1.4 trillion VND, marking the 14th consecutive quarter of losses. Vietnam Airlines explained that due to seasonal factors and financial risks (exchange rates, interest rates), as well as rising input costs such as fuel prices, the company has not yet achieved a profit. Additionally, Q2 is a low point in business operations due to seasonality, leading to less favorable results compared to Q1.

- **HAX:** Haxaco and Savico reported a 94% and 98% decrease in profits, respectively, while City Auto's profits decreased by 84%. Three other companies, TMT Motors, Ô tô Giải phóng, and G-Automobile, reported losses. G-Automobile is the new owner of two well-known auto dealers, An Du (Mercedes-Benz) and An Dân (Mitsubishi). According to the report from the Vietnam Automobile Manufacturers' Association (VAMA), in the first six months of 2023, VAMA member companies sold a total of 137,327 vehicles, a 32% decrease compared to the same period last year. Passenger cars decreased by 37%, commercial vehicles decreased by 11%, and specialized vehicles decreased by 65%.

- **VCG:** Vinaconex's stock price surged, and the major shareholder of Vinaconex (VCG) wants to sell a large amount right after the good news from the Long Thành Airport bidding package. Recently, Pacific Hodings Investment Corporation - an organization related to Mr. Dao Ngoc Thanh, Chairman of Vinaconex's Board of Directors (stock code: VCG) - registered to sell 39 million VCG shares.

Technical view



Trend: Sideway in shorterm

- VNINDEX closed at 1,210.95 (-0.78%), dropping nearly 10 points with a significant increase in trading volume compared to the 20-day average. The bright spot in the session came from the retail group, which saw strong gains in DGW, MWG, FRT, while most other sectors experienced declines. Proprietary trading turned to net selling after a strong net buying streak since July 12.
- Technical analysis: The market corrected after becoming overbought during the recent bullish phase, as indicated by the STOCH RSI and RSI signals of overbought conditions from several previous sessions. With today's decline, these indicators have returned to a more balanced range. Regarding the trend, the market is still holding above the MA 10, indicating that the uptrend is still intact.
- Strategy: Maintain a cautious and observant approach. Prioritize selling stocks rather than seeking new buying opportunities with stocks that have experienced excessive price increases and lack sufficient consolidation. Adhere to discipline and be prepared to sell stocks that violate the trend.

Scenario:

- Positive (40%): The market will rise to the level of 1,260 with continued increasing trading volume.
- Negative (60%): The market will undergo a correction towards the level of 1,200 to accumulate further momentum and aim to reach 1,300 by the end of the year.

Recommended stocks

4/8/2023

Unit: VND thousand

Today's watchlist

Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
TCB	Hold	31.9	34.75	31.1	9%	-3%	33.5	14	5.02%	17/07/2023	
MIG	Hold	18.7	21	18.37	12%	-2%	19.6	10	4.81%	21/07/2023	
ACB	Hold	21.95	23.5	21.5	7%	-2%	23.45	10	6.83%	21/07/2023	
GEG	Buy	15.5	17	15.2	10%	-2%	15.35	10	-0.97%	03/08/2023	
VCS	Hold	63.5	72	61.8	13%	-3%	63.5	4	0.00%	31/07/2023	
PTB	Buy	52.6	59.9	51.9	14%	-1%	53.3	1	1.33%	03/08/2023	

Economic calendar

August 2023

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
30	31 PMI data (US and Vietnam)	1	2	3	4 Unemployment rate (US)	5
6	7	8	9 CPI data (US)	10 MSCI quarterly review PPI Data (US)	11	12
13	14 Deadline for submission of semi-annual financial statements	15	16	17 Expiration date of future contract FOMC meeting	18	19
20	21	22 Ishare MSCI review	23	24 US GDP Q3	25 FDI Data (Vietnam)	26
27	28 Vietnam macroecnomic data	29	30	31	1	2

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Q&A

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