MORNING CALL
14/08/2023

Shinhan Securities

"Buying force participated at the end of the session"

- ❑ World market: Correction
- ❑ Vietnam market: Buying force participated at the end of the session
- ❑ Business News #HPG, #MWG, #VCI, #TCB, #FCN, #POW
- ❑ Key highlights: China in Deflation
- ❑ Technical perspective and recommendation update
- ❑ Event calendar
- ❑ Q&A

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Catching the latest report



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Global Market Review – Week 14 – 18/08/2023

Major stocks market

- The Dow Jones closed 105 points higher, supported by gains from Chevron (+2%) and Merck & Co (+1.8%). Meanwhile, the S&P 500 edged lower by 0.1% and the Nasdaq lost nearly 0.7% as investors were digesting fresh inflation data and assessing the future path of the Federal Reserves.
- European stocks fell on Friday, with both the DAX and the STOXX 600 falling about 1.1%, after producer prices for the US rose more than initially expected, raising concerns the Fed will need to keep interest rates higher for longer. On the week, the DAX lost 0.7% while the pan-European STOXX 600 was little changed.
- The Nikkei 225 Index fell 0.3% to 32,375 while the broader Topix Index rose 0.35% to 2,311 in mixed trade on Monday, as investors brace for Japan's second quarter gross domestic product report on Tuesday, as well as its inflation print on Friday. Last week, data showed that producer prices in the country rose the least in over two years and slowed for the seventh consecutive month in July.
- WTI crudes future rose to $83 per barrel, holding near its 9-month high of nearly $85. Investors are assessing the global economy, interest rates, as well as the outlook of organizations like the IEA and the OPEC. The IEA has signaled a potential decline in global oil inventories throughout 2023, which could further drive prices higher. However, the agency forecasts a deceleration in demand growth to around 1 million barrels per day (bpd) in 2024, a decrease of 150,000 bpd compared to their previous projection.

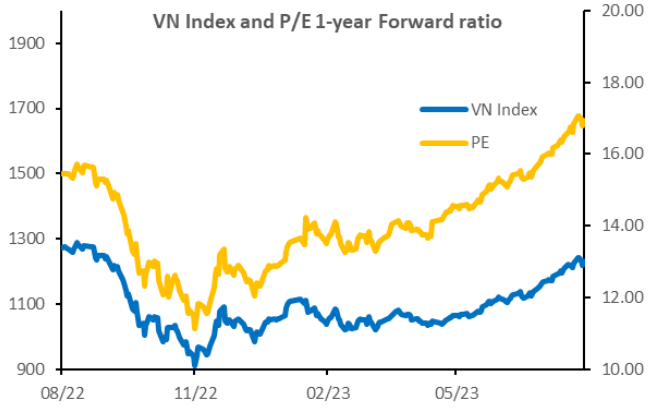
Market

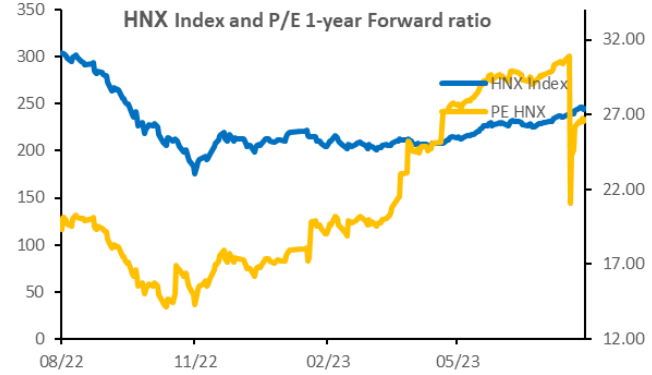
	Close	%1D	%1M	%1Y
VN-Index	1,232	0.95%	5.46%	-2.39%
S&P 500 Index	4,464	-0.11%	-0.92%	4.30%
Dow Jones Index	35,281	0.30%	2.24%	4.50%
GP 100	7,524	-1.24%	1.21%	0.31%
Nikkei 225	32,598	0.38%	1.22%	17.18%
SHCOMP Index	3,189	-2.01%	-1.50%	-2.67%
STOXX 600	459	-1.09%	-0.36%	4.15%
KOSPI Index	2,580	-0.44%	-1.84%	2.06%
Hang Seng	19,075	-0.90%	-1.74%	-5.45%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	102.96	0.11%	3.05%	-2.53%
USD/VND	23,753.00	-0.04%	-0.29%	-1.51%
EUR/USD	1.09	-0.12%	-2.60%	7.64%
USD/CNY	7.24	-0.29%	-0.41%	-6.83%
Brent	86.47	-0.39%	8.26%	-11.90%
WTI	82.88	-0.37%	9.89%	-10.00%
Natural gas	2.79	0.79%	9.96%	-68.16%
Coal	144.00	0.70%	9.92%	-64.09%
Gold	1,911.01	-0.14%	-2.26%	7.38%

Vietnam Market Snapshot 11/08/2023





Money flow and sector rotation (VND bn)

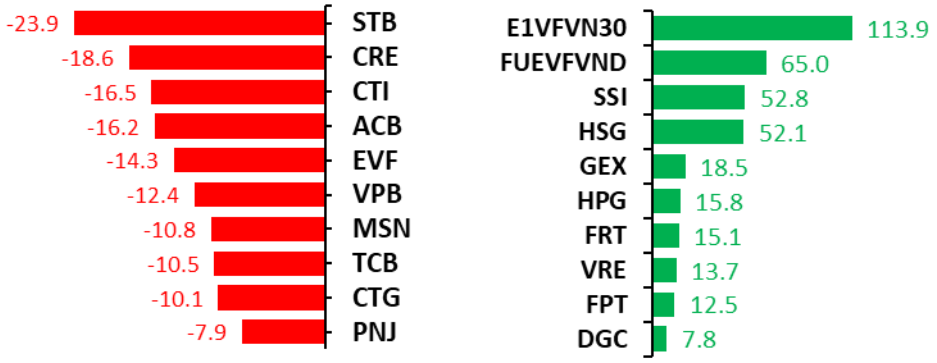
Sector	%1D	8/11/2023	8/10/2023	20-session Average
Insurance	72.69	64	37	65
Basic Resources	50.57	1,568	1,041	1,380
Automobiles & Parts	29.20	338	262	227
Real Estate	22.56	6,320	5,157	5,060
Retail	17.61	735	625	692
Financial Services	11.33	2,548	2,289	2,268
Banks	8.18	3,410	3,152	3,555
Chemicals	4.07	951	914	839
Travel & Leisure	0.25	142	142	159
Construction & Materials	-6.7	1,407	1,509	1,580
Technology	-18.3	125	153	130
Oil & Gas	-22.1	158	202	205
Food and Beverage	-26.2	1,304	1,768	1,435
Health Care	-29.2	26	37	46
Industrial Goods & Services	-33.5	845	1,271	1,022
Utilities	-38.1	255	412	319
Personal & Household Goods	-39.2	192	315	229
Media	-53.4	1	3	3

Source: Bloomberg, Shinhan Securities Vietnam

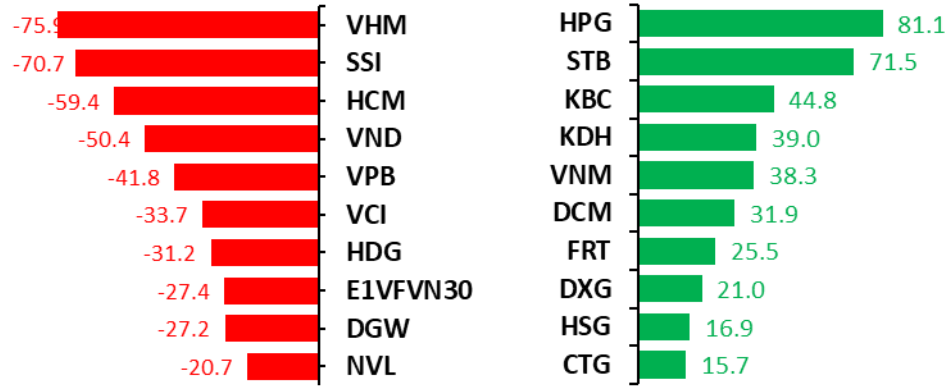
	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,232.21	16.94	11.60	0.95	929	20,398
HNX INDEX	245.25	26.66	1.34	0.55	118	1,725

Vietnam Market Snapshot 11/08/2023

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	(8)	(25)	92	(67)
Basic Resources	66	107	(203)	96
Media	-	(0)	(0)	0
Industrial Goods & Services	13	(14)	(55)	68
Health care	-	1	(1)	0
Chemicals	7	43	(4)	(39)
Financial Services	215	(251)	401	(150)
Travel & Leisure	(3)	(3)	(31)	34
Banks	(105)	61	(126)	65
Construction & Materials	(19)	(31)	38	(6)
Food and Beverage	(7)	51	(67)	17
Retail	7	14	(31)	17
Utilities	3	(11)	8	2
Personal & Household Goods	(8)	(2)	8	(6)
Technology	12	(2)	(20)	22
Automobiles & Parts	0	19	(15)	(4)
Insurance	(0)	0	(1)	0
Oil & Gas	(0)	(18)	6	12

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

- According to Bloomberg, less than two years after Evergrande's debt collapse shook the world, an even larger-scale Chinese developer is teetering on the edge of collapse. Bonds and stocks of Country Garden have plummeted this week after the company failed to make timely interest payments on two USD bond tranches. This information has raised concerns that this developer could be the next giant to fall after Evergrande. The company is considering the possibility of extending some bonds denominated in Chinese yuan that are soon due, Bloomberg's sources say.

- Despite efforts by the Government and various Ministries to address difficulties in real estate projects, the real estate supply continued to decline, transactions remained quiet, and prices continued to rise in the second quarter of 2023... In this period, the country completed 7 commercial housing projects with 2,424 units (852 apartments, 1,572 separate houses). This number is only about 50% compared to the first quarter of 2023 and 29.17% compared to the same period in 2022. In addition, there are 986 ongoing commercial housing projects with a scale of 413,539 units. This number is 141.26% compared to the first quarter of 2023 and 90.38% compared to the same period in 2022. There were 15 newly licensed projects with 3,239 units. This number is 88.24% compared to the first quarter of 2023 and 51.72% compared to the same period in 2022.

- The total value of corporate bonds issued in July reached 12,680 billion VND. Although corporate bond issuances have picked up again, there is still a lingering concern as the value of maturing bonds in the last five months of the year is up to 132,637 billion VND.

Business news

- **HPG:** Difficult to reach profit target? Weak consumer demand and slow recovery in the sales volume of Hoa Phat's steel products. The sales volume of construction steel, hot-rolled coil (HRC) steel, and steel billets reached 555,000 tons in July, a 3% increase compared to the previous month and a 6% increase compared to the same period in 2022, but still lower than the sales volume in December of the previous year. Falling prices and slow demand recovery have led to Hoa Phat's business results continuing to show negative growth compared to the same period last year. In the second quarter, the group recorded revenue of 29.8 trillion VND, a 21% decrease compared to the same period last year. After-tax profit reached 1.448 trillion VND, which is 3.8 times higher than the first quarter but still a 64% decrease compared to the second quarter of the previous year.

- **MWG:** "The optimism about the recovery of the retail market in the second half of 2023 and early 2024 is too high," shared the Chairman of MWG. Mobile World Investment Corporation (stock code: MWG) has announced its preliminary results for July, with revenue of 9.8 trillion VND, an 11% decrease compared to the same period last year. Among them, the revenue of Mobile World and Dien May Xanh reached 6.7 trillion VND, a slight 1% increase compared to the previous month. According to the Chairman of MWG, Nguyen Duc Tai, purchasing power in the second half of the year may not improve significantly. Although consumer demand may improve due to major holidays such as Christmas, Tet, and the launch of new iPhone models, it is still not significant compared to the current situation.

- **VCI:** Vietcap Securities Joint Stock Company (Vietcap, code: VCI) has announced the signing of a loan agreement for a capital injection of 100 million USD (equivalent to 2.35 trillion VND). The loan is arranged by the Mega International Commercial Bank with a short-term interest rate based on the international currency market. With this loan, Vietcap will record another successful capital mobilization after five previous rounds of fundraising.

Breaking News



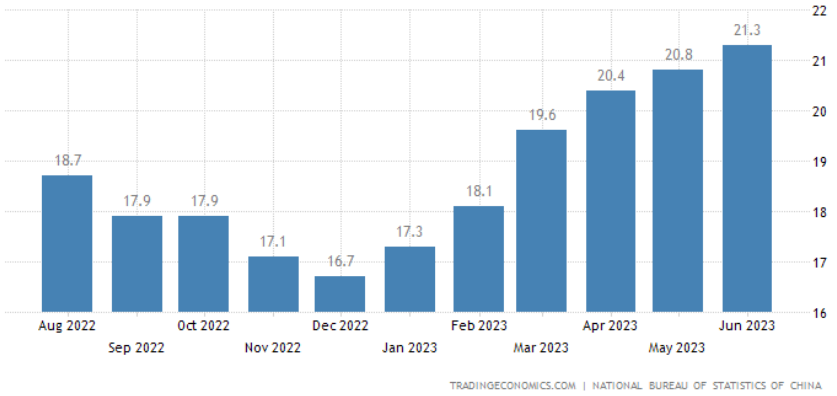
Business news

- **TCB:** Focusing on investing resources in big data and AI (artificial intelligence) to bring a superior experience to customers is how TCB asserts its leading position in the digital transformation of the banking industry. In this fierce race, the competitive advantage will lean towards banks with large data sources (big data) and the ability to fully exploit that massive data to anticipate and cater to customer needs. So, what is the link connecting users to the bank? The answer is emotions, individual experiences. This is also what Vietnam Technological and Commercial Joint Stock Bank (Techcombank) has been, is, and will continue to implement in order to become a pioneering bank leading the digital transformation in Vietnam.
- **FCN:** FECON Group (Hose: FCN) has announced winning 5 new bids in several major projects with a total value of 537.1 billion VND. Among these 5 newly signed contracts, as many as 4 are within the company's strong areas that have already made an impact in the construction market: foundation construction, underground projects, and infrastructure. Therefore, including the projects that have received bid acceptance letters, FECON has accumulated a total of 1.567 trillion VND in major projects mainly in the industrial construction and infrastructure construction fields from the beginning of the year until now. It is anticipated that in the final 5 months of the year, FECON will continue to sign contracts ranging from 2 trillion to 2.5 trillion VND in the portfolio of ongoing and upcoming bidding projects.
- **POW**: PetroVietnam Power Corporation (PV Power, stock code: POW) has just released its business results for July, with an estimated revenue of 2.312 trillion VND, a 5% increase compared to the same period last year. The total electricity output from power plants is around 1.3 billion kWh. In terms of the plan for August, PV Power aims to achieve an electricity output of approximately 1.1 billion kWh and a total revenue of 1.895 trillion VND.

China in deflation

China's consumer prices fell into deflation in July for the first time since February 2021, while factory gate prices extended their declines, as the world's second-largest economy struggled to revive demand.





Source: Refinitiv Datastream | Reuters, August 9, 2023 | By Kripa Jayaram

Technical view



Trend: Correction in short term

- The VNINDEX closed at 1,232.2 (+11.6 points, +0.95%), maintaining a relatively steady trading volume. Leading the market were groups like VIC, VCB, and STB, with VIC particularly contributing over 4.5 points to the market's upward momentum. On the flip side, GVR, GAS, and SAB had the most significant impact on the market's decline.
- Technical Analysis: The VNINDEX formed a doji candle at the end of the afternoon session, following strong profit-taking pressure in the morning session. It's noticeable that when the index approached the support zone of the 20-day moving average (MA 20) around 1,200, there was an immediate buying force ready to step in. However, we need to observe the second session of the week, if the index can maintain this level or even close higher, then we can be more confident about the market's continued upward trend.
- Strategy: Prioritize deploying funds into stocks that have rebounded upon reaching the MA 20 area. Nevertheless, we need to observe at least the second session to be more certain. Stocks that broke below the MA 20 during the recent correction should be cut loss quickly to safeguard the portfolio.

Scenario:

- Positive Scenario (40%): The market will rise to the 1,260 level after a favorable reaction at the MA 20 zone of the VNINDEX.
- Negative Scenario (60%): The market will move sideways in the 1,200 – 1,220 range to accumulate for a few more sessions.

Recommended stocks

14/8/2023

Unit: VND thousand

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
NKG	Buy	19.5	22.7	18.8	16%	-4%	19.5	Rebound from the base

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
MIG	Hold	18.7	21	18.37	12%	-2%	19.3	16	3.21%	21/07/2023	
GEG	Hold	15.5	17	15.2	10%	-2%	15.4	10	-0.65%	03/08/2023	
VCS	Hold	63.5	72	61.8	13%	-3%	63.1	10	-0.63%	31/07/2023	
PTB	Hold	52.6	59.9	51.9	14%	-1%	54.6	7	3.80%	03/08/2023	
BSI	Hold	33.1	36	32.2	9%	-3%	32.5	5	-1.81%	07/08/2023	Cutloss
VRE	Sell	28.7	31.2	28.2	9%	-2%	30.75	5	7.14%	07/08/2023	Take Profit

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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