MORNING CALL
15/08/2023

Shinhan Securities

"The upward momentum is coming from individual retail investors"

- ❑ World market: Divergent trends between China and the United States.
- ❑ Vietnam market: The upward momentum is coming from individual retail investors
- ❑ Business News #VPB, #VIC, #MWG, #STB, #HAG, #DPM
- ❑ Technical perspective and recommendation update #KBC
- ❑ Event calendar
- ❑ Q&A

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

Major stocks market

- The Dow inched up 0.07%, the S&P 500 rose 0.57% and the Nasdaq Composite jumped 1.05%. Investors now look ahead to retail earnings and more data later this week.
- European markets finished mixed as of the most recent closing prices. The DAX gained 0.46% and the CAC 40 rose 0.12%. The FTSE 100 lost 0.23% d
- ue to concerns about China's real estate sector and the overall economic prospects of the country, investor sentiment has been weighed down.
- The Nikkei 225 Index jumped 0.8% to above 32,300 while the broader Topix Index gained 0.5% to 2,293 on Tuesday, recouping some losses from the previous session, as investors cheered data showing Japan's economy grew more than expected in the second quarter. The country's economy expanded 1.5% quarter-on-quarter and 6% on an annualized basis, far exceeding expectations of 0.8% and 3.1%, respectively. The Shanghai Composite fell 0.34% to close at 3,178 while the Shenzhen Component lost 0.5% to 10,755 on Monday, extending losses from the previous session as data showed that new bank loans in China tumbled 89% in July compared to June, exacerbating market concerns about the country's faltering economy. Sentiment also took a hit on reports that top Chinese developer Country Garden missed payments on dollar-denominated notes last week, while suspending trading of its 11 onshore bonds on Monday.
- WTI crude futures eased below $83 per barrel on Monday after rallying for seven straight weeks on tightening global supply, as China-related uncertainties and a stronger dollar weighed.

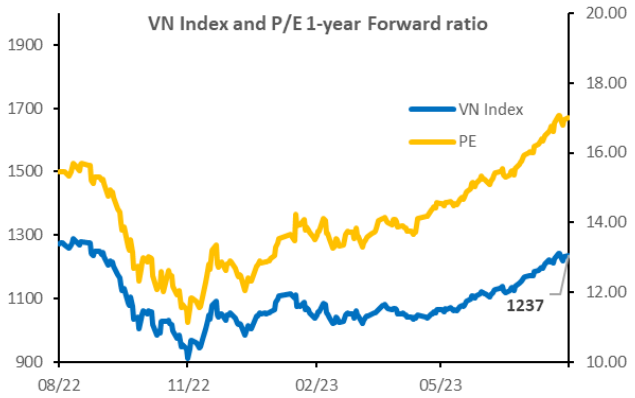
Market

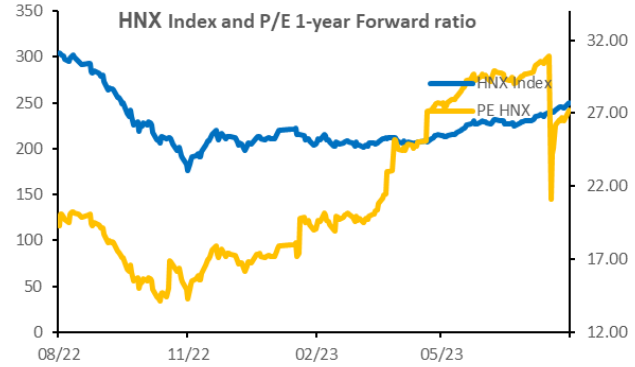
	Close	%1D	%1M	%1Y
VN-Index	1,237	0.38%	5.86%	-2.02%
S&P 500 Index	4,490	0.58%	-0.35%	4.48%
Dow Jones Index	35,308	0.07%	2.31%	4.11%
GP 100	7,507	-0.23%	0.98%	-0.03%
Nikkei 225	32,342	0.88%	-0.15%	12.02%
SHCOMP Index	3,178	-0.34%	-1.83%	-2.98%
STOXX 600	460	0.15%	-0.21%	3.96%
KOSPI Index	2,571	-0.79%	-2.19%	1.70%
Hang Seng	18,774	-1.58%	-3.30%	-6.32%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	103.18	-0.01%	3.27%	-3.16%
USD/VND	23,825.00	-0.30%	-0.75%	-1.79%
EUR/USD	1.09	-0.03%	-2.96%	7.31%
USD/CNY	7.26	-0.24%	-1.59%	-6.67%
Brent	86.17	-0.05%	7.89%	-9.39%
WTI	82.43	-0.10%	9.29%	-7.81%
Natural gas	2.82	0.82%	10.99%	-67.71%
Coal	146.50	1.74%	11.28%	-64.06%
Gold	1,905.72	-0.07%	-2.52%	7.08%

Vietnam Market Snapshot 14/08/2023





Money flow and sector rotation (VND bn)

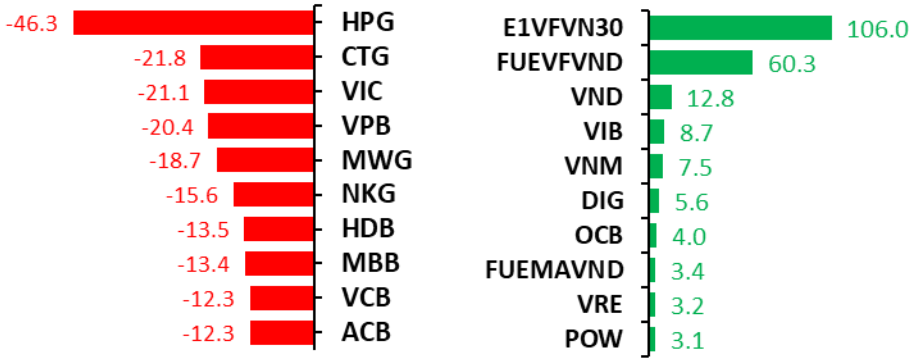
Sector	%1D	8/14/2023	8/11/2023	20-session Average
Financial Services	59.18	4,057	2,548	2,378
Basic Resources	29.95	2,037	1,568	1,440
Media	26.47	2	1	3
Health Care	13.70	30	26	45
Construction & Materials	12.20	1,579	1,407	1,594
Retail	11.17	818	735	713
Automobiles & Parts	9.72	371	338	238
Food and Beverage	4.03	1,357	1,304	1,445
Travel & Leisure	3.95	148	142	159
Real Estate	-1.1	6,250	6,320	5,141
Technology	-1.3	124	125	130
Utilities	-3.8	246	255	320
Oil & Gas	-4.5	150	158	201
Industrial Goods & Services	-10.3	759	845	1,017
Banks	-12.1	2,998	3,410	3,529
Personal & Household Goods	-14.7	164	192	220
Chemicals	-28.1	684	951	836
Insurance	-36.4	41	64	64

Source: Bloomberg, Shinhan Securities Vietnam

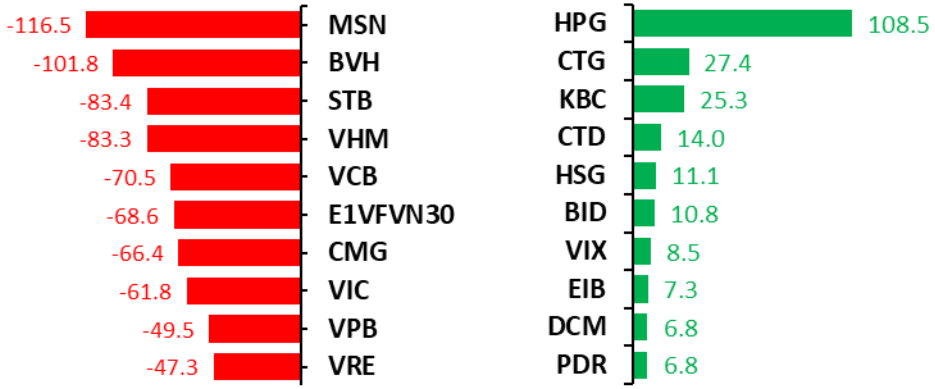
	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,236.84	17.00	4.63	0.38	989	21,819
HNX INDEX	250.44	27.19	5.19	2.12	133	2,341

Vietnam Market Snapshot 14/08/2023

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	(27)	(174)	416	(242)
Basic Resources	(62)	120	2	(122)
Media	(0)	(0)	0	(0)
Industrial Goods & Services	(1)	(25)	44	(19)
Health care	(7)	(1)	8	(7)
Chemicals	(9)	(15)	25	(11)
Financial Services	179	(111)	188	(77)
Travel & Leisure	(7)	(11)	(4)	16
Banks	(131)	(210)	282	(72)
Construction & Materials	(5)	(29)	46	(17)
Food and Beverage	(6)	(175)	183	(8)
Retail	(16)	(41)	41	(0)
Utilities	(1)	(38)	49	(11)
Personal & Household Goods	(1)	(1)	(2)	3
Technology	(4)	(66)	87	(20)
Automobiles & Parts	(1)	(3)	1	2
Insurance	(1)	(105)	106	(1)
Oil & Gas	(1)	(65)	63	2

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

- The exchange rate has surged to nearly 24,000 VND. At Vietcombank, the USD/VND exchange rate is currently quoted at 23,610-23,950 VND, increasing by 40 VND for buying and 30 VND for selling compared to the end of the previous week. Similarly, BIDV has risen by 35 VND to 23,640-23,940 VND. VietinBank has adjusted to 23,633-23,973 VND/USD. In the free market, the USD price today also slightly increased by about 15-20 VND compared to yesterday, currently popular at 23,750 VND for buying and 23,830 VND for selling.
- Which bank leads in return on equity (ROE)? According to data from the Wichart platform, the return on equity (ROE) for the last 4 quarters (trailing ROE) of 27 banks listed on the stock exchange is 17.9%, decreasing by 2 percentage points compared to 2022. Despite the decrease, the entire banking sector's ROE still remains among the highest on the stock market. In the last 4 quarters, VIB continues to lead the system in profitability efficiency with an ROE rate of 28.8%. Following VIB are the two major private sector banks ACB (25.2%) and MBB (24%). These are also the second and third highest ROE banks in the system in 2023.
- Implementation of the 9 trillion VND contract at Tan Son Nhat Airport. Vietnam Airport Corporation (ACV) has announced the results of selecting contractors to implement the construction and installation of equipment for Terminal 3 (T3) passenger terminal at Tan Son Nhat Airport (Ho Chi Minh City). A consortium of six corporations and companies won the bid for package No. 12, which involves the construction and installation of equipment for T3 passenger terminal. These companies are Hanoi Construction Corporation, Construction Corporation No. 1, Corporation 319 (Ministry of Defense), Truong Son Construction Corporation, Ricons Investment Construction Company, and Luu Nguyen Construction Company.

Business news

- **VPB:** The cost of funds (COF) at VPBank may not immediately decrease in Q3, but starting from Q4/2023, the downward trend is expected to become clearer. In response to investor inquiries about the increasing input capital costs during the business results update for the first half of 2023 last week, VPBank's leadership stated that the bank's cost of funds will require time to adjust as the old lending portfolio with maturities of 6-12 months begins to mature and gradually gets replaced by new loans with lower interest rates – disbursed during the period when interest rates began to decrease after multiple adjustments to the State Bank of Vietnam's (NHNN) policy rates. VPBank mentioned that the primary growth driver for the bank in the latter half of the year will continue to be the retail banking sector, leveraging the positive business results carried forward from the first half of the year.
- **VIC**: Surging 42% in two weeks, Vingroup's market capitalization has now reached the same level as the value of its ownership stake in VinFast ahead of its listing. The valuation of $23 billion for VinFast is twice the market capitalization of the parent group. Currently, Vingroup owns 51% of VinFast's charter capital. Thus, the ownership stake that Vingroup holds in this electric car company is valued at around $11.7 billion.
- **MWG**: Profits are expected to hit a bottom in the first half of the year, what will drive the retail businesses' recovery? In a context of low demand, decreased purchasing power, the past quarter continued to be a challenging period for the retail sector, especially for the mobile device retail segment (ICT). The majority of companies in the sector recorded significantly lower profits compared to the same period last year, with some even reporting record losses, such as FPT Retail (FRT).

Breaking News



Business news

- **STB:** Digital transformation at Sacombank: Focusing on GenZ while maintaining harmony across all customer generations. In Sacombank's digital transformation journey, the core focus is on enhancing customer experiences. Alongside the goal of comprehensively serving the needs of the existing customer groups, the voice of GenZ is also receiving attention and consideration from Sacombank. This generation represents potential customers who will soon become influential consumers in the market at large and particularly within Sacombank.

- **HAG:** During the occasion of New Year's Day and the Lunar New Year of the Quý Mão year 2023, on average, each employee at Hoang Anh Gia Lai Corporation (HAGL) was rewarded with an additional month's salary, with some individuals receiving up to 150 million VND. This is a reward distributed by the company to its employees to acknowledge their contributions in the collective effort to steer HAGL towards recovery.

- **DPM:** In the first week of August 2023, the price of urea fertilizer increased by 18 – 48 USD/ton compared to the last week of July 2023. Specifically, in the Middle East, the price of prilled urea for immediate delivery increased by an additional 37 – 48 USD/ton compared to mid-July 2023; this is also the strongest price surge among the key fertilizer markets worldwide. In reality, from late July until now, domestic fertilizer manufacturing plants have all announced adjustments to their selling prices to align with the global price trend. Specifically, PetroVietnam Fertilizer and Chemicals Corporation (PVFCCo, stock code DCM – HoSE) has announced an increase in selling price at the factory to 10,000 VND/kg; at the transshipment warehouse in the Southwestern region to 10,100 VND/kg, and at the transshipment warehouses in the Central and Northern regions to 10,150 VND/kg, applicable from August 2 to August 15.

Technical view



Trend: Sideway

- VNINDEX closed higher at 1,236 (+0.38%), with a clear market breadth favoring the buying side, as 620 stocks gained points, completely dominating the decliners. Liquidity continued to improve with trading value on HOSE reaching over 23.5 trillion VND. Foreign trading activity was lackluster as they net sold 976 billion VND across the whole market. VIC remains one of the leading stocks driving the market, but the upward momentum has decreased, so there's a risk that if VIC reverses its direction and starts declining, the index might struggle to surpass 1,260.
- Technical analysis: The market formed a doji candlestick pattern with the opening and closing prices being the same. It can be seen that the market trend is still favorable as the correction phase has ended and the market is holding onto the 10-day moving average (MA 10). It's possible for the VNINDEX to retest the 1,220 area of MA 10 and MA 20 to establish a more sustainable upward trend.
- Strategy: Prioritize deploying funds into stocks that have experienced a rebound upon touching the MA 10 and MA 20 areas.

Scenario:

- Positive Scenario (50%): The market is expected to rise to the 1,260 range after a positive reaction in the MA 20 zone of the VNINDEX.
- Negative Scenario (50%): The market is likely to move sideways in the 1,200 – 1,220 range to consolidate for a few sessions.

Recommended stocks

15/8/2023

Unit: VND thousand

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
KBC	Buy	32.3	37.5	31.3	16%	-3%	32.45	Bounce back from MA10

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	17	3.21%	21/07/2023	
GEG	Hold	15.5	17	15.2	10%	-2%	15.45	10	-0.32%	03/08/2023	
VCS	Hold	63.5	72	61.8	13%	-3%	63.1	11	-0.63%	31/07/2023	
PTB	Hold	52.6	59.9	51.9	14%	-1%	54.8	8	4.18%	03/08/2023	
NKG	Buy	19.5	22.7	18.8	16%	-4%	20.3	1	4.10%	14/08/2023	

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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