MORNING CALL
22/08/2023

Shinhan Securities

"Technical recovery"

- ❑ World market: Stock market showing mixed movements.
- ❑ Vietnam market: Technical recovery
- ❑ Business News #TDH, #ACB, #VFS, #ACV, #HAG, #TRA
- ❑ Technical perspective and recommendation update
- ❑ Event calendar
- ❑ Q&A

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Global Market Review – Week 21 – 25/08/2023

Major stocks market

- In regular trading on Monday, the Dow lost 0.11%, while the S&P 500 and Nasdaq Composite gained 0.69% and 1.56%, respectively. Investors now look ahead to Federal Reserve Chair Jerome Powell's address at the central bank annual symposium at Jackson Hole, Wyoming on Friday for further clues on the rates path.
- European markets finished mixed as of the most recent closing prices. The CAC 40 gained 0.47% and the DAX rose 0.19%. The FTSE 100 lost 0.06%. Investors digested China's central bank smaller-than-expected cut to its one-year loan prime rate, and await the annual Jackson Hole symposium at the end of the week for further clues on interest rate outlook.
- The Nikkei 225 Index rose 0.37% to close at 31,566 while the broader Topix Index gained 0.19% to 2,241 on Monday, recouping some losses from last week as risk sentiment improved, with nearly all sectors participating in the advance. The Shanghai Composite dropped 1.24% to close at 3,093 while the Shenzhen Component tumbled 1.32% to 10,320 on Monday, with both benchmarks sliding to their lowest levels in at least seven months as the People's Bank of China lowered its one-year loans prime rate by 10 basis points to a record low of 3.45%, but unexpectedly kept the five-year loan prime rate unchanged at 4.2%
- WTI crude futures rose past $82 per barrel on Monday, extending gains for the third session underpinned by factors including supply constraints and a halt in dollar's upward momentum, while persisting struggles within China's economy cast a shadow on the market sentiment.

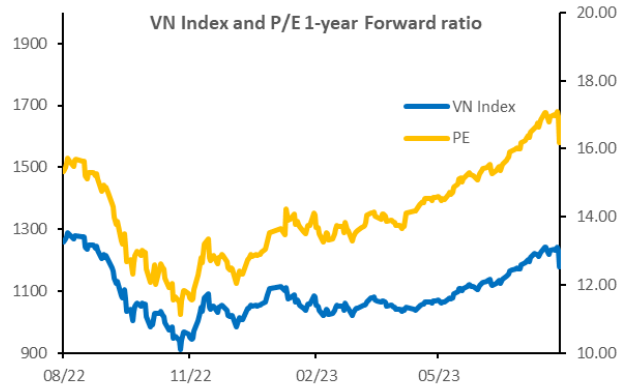
Market

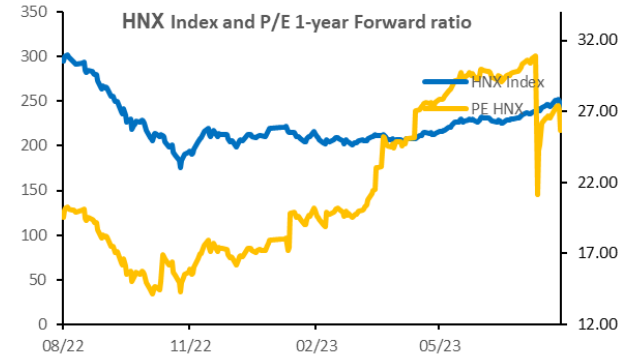
	Close	%1D	%1M	%1Y
VN-Index	1,180	0.15%	-0.52%	-6.40%
S&P 500 Index	4,400	0.69%	-3.01%	6.33%
Dow Jones Index	34,464	-0.11%	-2.17%	4.23%
GP 100	7,258	-0.06%	-5.30%	-3.66%
Nikkei 225	31,897	1.05%	-1.26%	10.77%
SHCOMP Index	3,093	-1.24%	-2.36%	-5.64%
STOXX 600	449	0.05%	-3.60%	3.58%
KOSPI Index	2,522	0.53%	-3.36%	2.42%
Hang Seng	17,623	-1.82%	-7.61%	-10.35%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	103.30	0.00%	2.21%	-5.27%
USD/VND	23,816.00	0.02%	-0.67%	-1.70%
EUR/USD	1.09	0.04%	-1.48%	9.62%
USD/CNY	7.28	0.02%	-1.31%	-5.97%
Brent	84.61	0.18%	4.37%	-12.30%
WTI	80.81	0.11%	4.85%	-10.44%
Natural gas	2.61	-1.03%	-3.98%	-73.09%
Coal	149.25	-0.17%	12.22%	-64.14%
Gold	1,895.07	0.01%	-3.05%	9.14%

Vietnam Market Snapshot 21/08/2023





Money flow and sector rotation (VND bn)

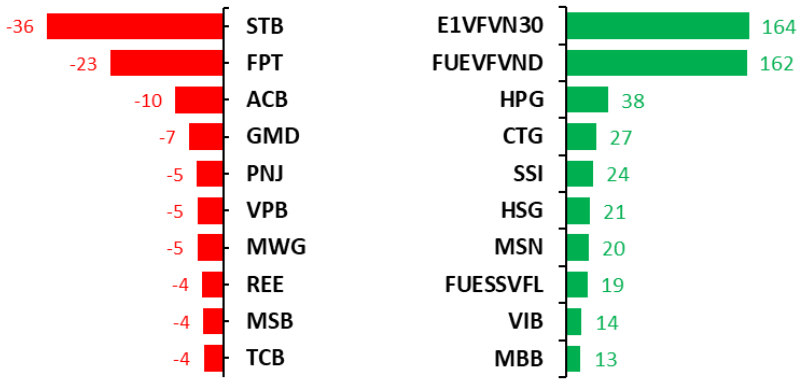
Sector	%1D	8/21/2023	8/18/2023	20-session Average	Trend
Financial Services	-27.8	3,426	4,745	2,737	-
Travel & Leisure	-30.9	146	212	152	-
Automobiles & Parts	-35.7	262	407	285	-
Banks	-38.3	3,898	6,320	3,730	-
Insurance	-41.0	68	115	64	-
Real Estate	-41.0	5,519	9,358	5,790	-
Chemicals	-42.9	917	1,605	893	-
Technology	-43.2	237	418	170	-
Basic Resources	-43.4	1,412	2,497	1,554	-
Personal & Household Goods	-46.0	141	262	216	-
Industrial Goods & Services	-46.2	777	1,444	1,042	-
Media	-46.8	1	3	3	-
Retail	-47.1	628	1,188	731	-
Food and Beverage	-50.6	1,136	2,299	1,475	-
Oil & Gas	-52.6	135	285	204	-
Utilities	-58.2	214	512	328	-
Construction & Materials	-63.1	1,079	2,922	1,660	-
Health Care	-64.6	21	60	39	-

Source: Bloomberg, Shinhan Securities Vietnam

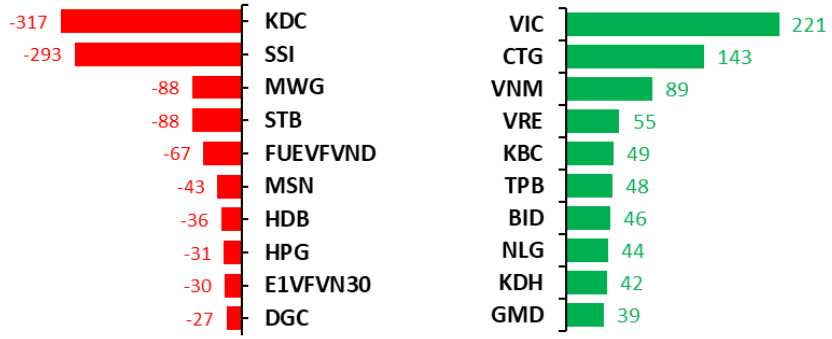
	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,179.76	16.20	1.77	0.15	520	9,372
HNX INDEX	237.97	25.84	2.00	0.85	45	728

Vietnam Market Snapshot 21/08/2023

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	22	544	224	(85)
Basic Resources	57	(9)	(195)	55
Media	-	-	23	-
Industrial Goods & Services	1	45	62	0
Health care	0	2	30	(1)
Chemicals	3	12	(134)	28
Financial Services	366	(399)	(19)	164
Travel & Leisure	1	(2)	(151)	8
Banks	3	184	(56)	148
Construction & Materials	(0)	5	(210)	(8)
Food and Beverage	24	(256)	(44)	89
Retail	(4)	(64)	34	21
Utilities	3	(6)	(33)	11
Personal & Household Goods	(5)	5	(109)	1
Technology	(22)	(3)	101	(27)
Automobiles & Parts	(0)	27	(8)	(11)
Insurance	9	1	(0)	11
Oil & Gas	2	9	(0)	13

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

- While the USD exchange rate at commercial banks has cooled down considerably in recent sessions, the USD exchange rate in the free market continues to rise, especially with a significant increase of 150 VND on August 21st. Currently, the "black market" USD exchange rate for buying and selling commonly ranges from 24,050 to 24,150 VND/USD, an increase of 150 VND compared to the previous day. In contrast, the USD exchange rate at commercial banks has dropped below 24,000 VND. For instance, at Vietcombank, the USD exchange rate is currently quoted at 23,620-23,960 VND (buying - selling), a decrease of 10 VND compared to the previous weekend and a decrease of around 200 VND from the peak rate the previous week.
- Continuing its price hike streak, RON95-III gasoline surpasses the 24,000 VND/liter threshold. On the afternoon of August 21st, the Ministry of Industry and Trade in collaboration with the Ministry of Finance announced the retail price adjustment for petroleum products. In this adjustment period, it was decided not to allocate the Price Stabilization Fund (PSF) for all petroleum products. Additionally, the PSF will not be allocated for gasoline, diesel oil, and kerosene. The allocation for mazut oil (which was 150 VND/kg in the previous period) has also been suspended. The price ceiling for RON95-III gasoline is set not to exceed 24,601 VND/liter (an increase of 608 VND/liter compared to the current retail price).
- Slower progress in 5 North-South expressway projects, Deputy Prime Minister suggests land handover in the third quarter. The five component projects of the Phase 2 North-South expressway that pass through provinces from Quang Ngai to Khanh Hoa still lack approximately 10% of the land area to be handed over. To ensure the progress of these projects, the Deputy Prime Minister proposes resolving difficulties and completing the handover of all land areas in the third quarter. The Phase 2 East section of the North-South expressway for the period 2021-2025, passing through provinces from Quang Ngai to Khanh Hoa, consists of 5 component projects with a total length of 351.2 km. The progress of implementation has reached 5.8% of the contract value, which is 2.3% behind the planned schedule.

Business news

TDH: Thuduc House Corporation (Ticker: TDH) recently held its second annual general meeting of shareholders in 2023. During this meeting, they approved the consolidated business plan for 2023, projecting a revenue of over 440 billion VND and a net profit of more than 88 billion VND for the parent company. These figures are three times and eighteen times higher than the previous year, respectively. According to the company's leadership, the significant increase in revenue this year is expected due to the recognition of previously unrealized revenue from the transfer of the Phu My project in Ba Ria - Vung Tau. Due to the impact of the electrical cabinet component project, the company's capital is somewhat limited for new projects. The company is currently focusing on completing the legal procedures for its existing projects in order to receive the 5% payment from customers upon project handover.

ACB: In 1996, Dragon Financial Holdings Limited invested in two banks, ACB and VPBank. While the investment in VPBank was sold off by 2010, the investment in ACB has been retained to this day. Dragon Financial Holdings Limited (DFHL) is a foreign fund owned 90% by Vietnam Enterprise Investment Limited (VEIL), a member managed by Dragon Capital. When Dragon Capital invested in December 1996, ACB's current chairman, Mr. Tran Hung Huy, was only 18 years old. Taking dividends into account, at the time DFHL reduced its holdings, the value of ACB shares held by the fund was more than 306 million USD. Since VEIL holds only 90% of DFHL's benefits, the portion owned by VEIL is around 275 million USD - almost 10 times higher than the initial investment of 28 million USD.

VFS: A significant partner has purchased 15 million VinFast shares (Ticker: VFS) at a price of 10 USD per share. According to VinFast's disclosure, on June 30, 2023, VinFast and Gotion Inc. (Gotion) signed an agreement for the purchase of common shares. Under this agreement, Gotion registered to purchase 15 million common shares in a private placement at a price of 10 USD per share, for a total purchase price of 150 million USD (equivalent to 3,540 billion VND), representing a 0.7% ownership stake.

Breaking News



Business news

ACV: On August 3, 2023, Airports Corporation of Vietnam - JSC (ACV) announced that the contractor has met the technical requirements for package 4.6 with a total investment of over 8.1 trillion VND. This is the second-largest package in component 3 of the Long Thanh Airport project, following package 5.10 worth 35 trillion VND. The only contractor that met the technical requirements is the consortium of Airport Construction Corporation (ACC) - Civil Engineering Construction Corporation No.6 (Truong Son) - Vietnam Construction Import-Export Corporation (Vinaconex) - Vietnam Investment and Construction Development JSC (Xuân Đường Construction) - Cienco4 Corporation - Airports Corporation No. 647.

HAG: Negotiations for the repurchase of a loan from Eximbank are underway. The head of the company, Chairman of the Board of Directors Đoàn Nguyên Đức, stated that the company's debt of 587 billion VND (principal and interest) at Eximbank is currently being negotiated for repurchase by an organization. Mr. Đức did not specify the exact plan for selling the debt or the organization involved in the negotiation. Furthermore, in his opening remarks at the meeting with investors of Hoàng Anh Gia Lai Group (HAGL) on August 20, 2023, Chairman Đức stated that there was a dialogue session today because he was confident in discussing the HAGL's outlook for the next 3 years. "HAGL has narrowed down to three things: growing bananas, raising pigs, and planting durian trees. There was a trial of raising chickens before, but HAGL has stopped it now because its effectiveness compared to the current areas is not equivalent, and also to avoid resource dispersion."

TRA: The strategic cooperation relationship between Traphaco and Daewoong is expected to create synergy between the strengths of both companies. Traphaco is a leading traditional medicine company in Vietnam with strengths in the over-the-counter pharmacy channel, while Daewoong focuses on new medicines and distribution through hospital channels (ETC).

Technical view



Trend: Confirming Correction

The market closed at 1,179 (+1.77 points, +0.15%) with stable liquidity. After a sharp decline in the previous Friday's session, VNINDEX experienced a slight recovery. Leading stock groups included BID, CTG, GAS; on the contrary, VIC and VHM continued to decrease, although the downward momentum eased.

Technical perspective: VNINDEX formed a candlestick with a small body and a long shadow, indicating that the struggle between supply and demand is easing as selling pressure weakens while buying interest is being observed. The slight 0.15% increase in the market's closing indicates a temporary pause in the decline and signs of establishing a new support level. RSI is around 40, which is the market's balance zone. The support level will be around 1,160, and resistance will be at 1,200.

Strategy: For short-term traders, it's advisable to observe the market's reactions in the coming sessions and be cautious about new purchases, as the market might not immediately show strong upward movement. For medium to long-term investors, a market below 1,200 presents a good opportunity to accumulate fundamentally strong stocks with attractive valuations.

Scenario:

- Positive Scenario (40%): The market will rise to the 1,200 range following a technical rebound.
- Negative Scenario (60%): The market will move sideways in the 1,150 – 1,190 range to consolidate further after a significant decline.

Recommended stocks

22/8/2023

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
MIG	Sell	18.7	21	18.37	12%	-2%	18.4	22	-1.60%	21/07/2023	Sold
GEG	Sell	15.5	17	15.2	10%	-2%	13.9	10	-10.32%	03/08/2023	Sold
VCS	Sell	63.5	72	61.8	13%	-3%	59	16	-7.09%	31/07/2023	Sold
PTB	Sell	52.6	59.9	51.9	14%	-1%	53.8	13	2.28%	03/08/2023	Sold
NKG	Sell	19.5	22.7	18.8	16%	-4%	17.7	6	-9.23%	14/08/2023	Sold
KBC	Sell	32.3	37.5	31.3	0.161	-3%	30	5	-7.12%	15/08/2023	Sold

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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