MORNING CALL
23/08/2023

Shinhan Securities

“Strong buying pressure at the lower price range”

- World market: Sideway
- Vietnam market: Strong buying pressure at the lower price range.
- Business News #KBC, #SGN, #MBB, #TCB, #LCG, #TDM
- Technical perspective and recommendation update #TCB #VRE #SZC
- Event calendar
- Q&A

[Analysts]

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Catching the latest report



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

Major stocks market

- In regular trading on Tuesday, the Dow and S&P 500 lost 0.51% and 0.28%, respectively, dragged lower by banks after S&P Global Ratings joined Moody's Investors Service and downgraded some US banks due to a challenging economic environment. Markets also await US new home sales and purchasing data on Wednesday, as well as the start of the two-day Federal Reserve symposium in Jackson Hole, Wyoming, beginning Thursday.
- European markets finished higher today with shares in Germany leading the region. The DAX is up 0.66% while France's CAC 40 is up 0.59% and London's FTSE 100 is up 0.18%. , investors turn their attention to August's preliminary PMI surveys and the Jackson Hole Symposium later this week, where ECB President Christine Lagarde and Federal Reverse Chair Jerome Powell are expected to provide clues about the interest rate outlook.
- The Nikkei 225 Index jumped 0.92% to close at 31,857 while the broader Topix Index gained 1.08% to 2,266 on Tuesday. The au Jibun Bank Japan Composite PMI rose to 52.6 in July 2023 from a final 52.2 in the prior month. This was the eighth straight month of expansion in private sector activity and the steepest pace in three months, a flash reading showed.
- WTI crude futures steadied slightly below $80 per barrel on Tuesday after losing some ground in the previous session, as traders continued to assess various demand and supply factors ground in the previous session, as traders continued to assess various demand and supply factors. Economic uncertainties in China continued to weigh on the demand outlook, as policy support measures from Beijing have so far failed to convince markets of a stronger recovery in the world's top crude importer

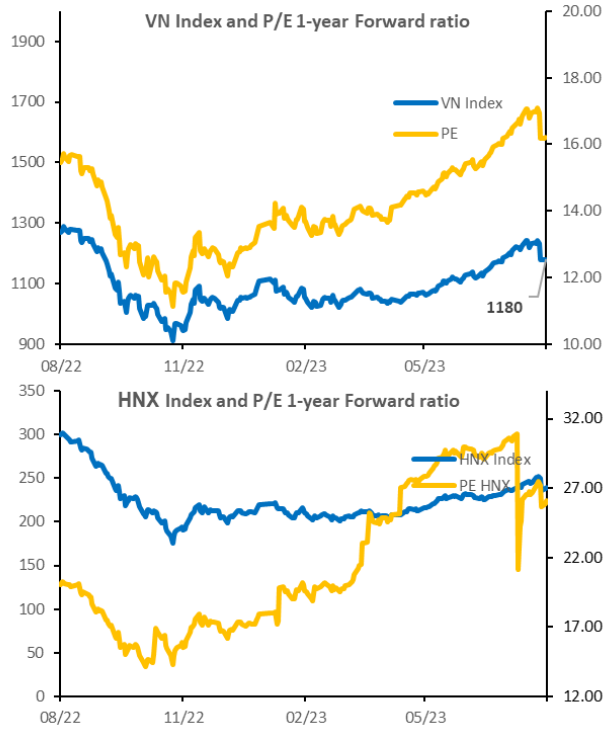
Market

	Close	%1D	%1M	%1Y
VN-Index	1,180	0.06%	-0.46%	-7.11%
S&P 500 Index	4,388	-0.28%	-3.28%	6.27%
Dow Jones Index	34,289	-0.51%	-2.67%	4.19%
GP 100	7,271	0.18%	-5.13%	-2.90%
Nikkei 225	31,858	0.00%	-1.38%	11.97%
SHCOMP Index	3,120	0.88%	-1.50%	-4.76%
STOXX 600	452	0.68%	-2.94%	4.72%
KOSPI Index	2,510	-0.24%	-3.83%	3.05%
Hang Seng	17,791	0.95%	-6.73%	-8.78%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	103.54	-0.03%	2.44%	-4.68%
USD/VND	23,940.00	0.00%	-1.09%	-2.14%
EUR/USD	1.08	0.02%	-1.95%	8.81%
USD/CNY	7.29	-0.15%	-1.46%	-6.11%
Brent	83.87	-0.19%	3.45%	-16.31%
WTI	79.57	-0.09%	3.24%	-15.12%
Natural gas	2.56	-0.08%	-5.71%	-72.17%
Coal	150.00	0.50%	12.78%	-64.14%
Gold	1,899.36	0.10%	-2.83%	8.65%

Vietnam Market Snapshot 22/08/2023



Money flow and sector rotation (VND bn)

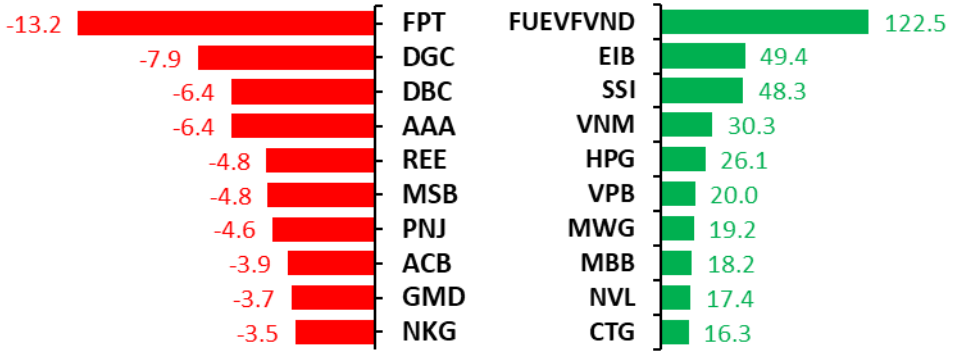
Sector	%1D	8/22/2023	8/21/2023	20-session Average
Automobiles & Parts	42.83	374	262	297
Retail	39.72	878	628	743
Utilities	35.53	290	214	330
Construction & Materials	22.46	1,321	1,079	1,647
Financial Services	19.70	4,101	3,426	2,842
Health Care	10.46	23	21	38
Food and Beverage	1.37	1,152	1,136	1,462
Basic Resources	-0.9	1,400	1,412	1,563
Personal & Household Goods	-3.5	137	141	208
Technology	-3.9	228	237	175
Insurance	-5.9	64	68	64
Oil & Gas	-9.1	123	135	201
Travel & Leisure	-9.1	133	146	150
Industrial Goods & Services	-11.2	690	777	1,034
Banks	-14.8	3,322	3,898	3,696
Real Estate	-15.1	4,684	5,519	5,799
Chemicals	-21.5	720	917	878
Media	-45.6	1	1	3

Source: Bloomberg, Shinhan Securities Vietnam

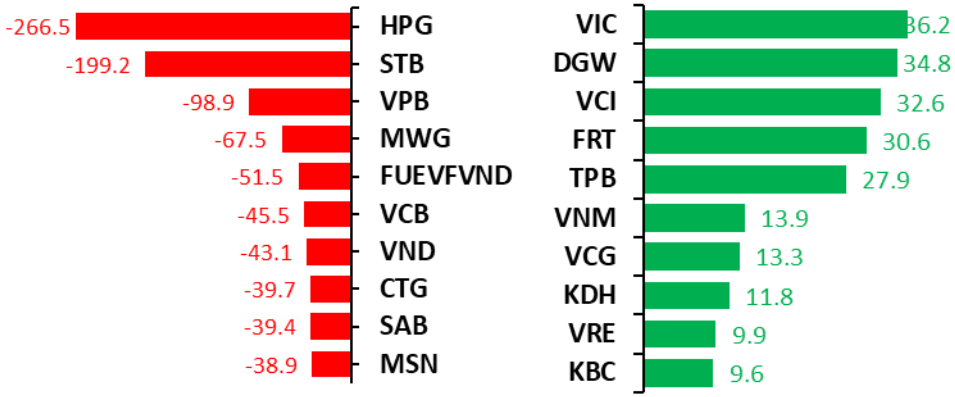
	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,180.49	16.20	0.73	0.06	930	19,647
HNX INDEX	239.65	26.09	1.69	0.71	123	2,049

Vietnam Market Snapshot 22/08/2023

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	38	55	(117)	62
Basic Resources	23	(267)	216	51
Media	-	0	(0)	-
Industrial Goods & Services	(9)	13	(7)	(5)
Health care	2	(0)	(5)	5
Chemicals	(13)	14	9	(23)
Financial Services	176	(94)	(11)	105
Travel & Leisure	0	10	(15)	5
Banks	133	(369)	109	260
Construction & Materials	0	14	(13)	(1)
Food and Beverage	28	(87)	40	46
Retail	22	(2)	(41)	44
Utilities	(1)	(19)	26	(7)
Personal & Household Goods	(5)	2	(1)	(1)
Technology	(13)	(2)	(1)	3
Automobiles & Parts	2	6	(6)	1
Insurance	0	7	(5)	(2)
Oil & Gas	7	(4)	(7)	11

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

- Rapid Rice Price Increase and Inflation in Asia: Is an Upheaval Ahead? In an estimation reflecting the erosion of purchasing power due to the steep rise in food prices, the Asian Development Bank (ADB) indicates that during this crisis, every additional 10% increase in food prices in developing Asian countries could push an additional 64.4 million people into poverty, with the poverty threshold set at $1.25 USD per day. This translates to a rise in the poverty rate from 27% to 29% during this crisis. Ms. Tay emphasizes that certain Asian countries like Thailand, Vietnam, Myanmar, and Cambodia are net rice exporters. China, the world's largest rice market, only imports 1% for domestic demand, mainly from Vietnam and Myanmar, so it is "minimally affected" by supply disruptions from India.
- Credit Standards for High-Risk Sectors: Credit institutions are expected to mildly "tighten" credit standards for high-risk sectors such as (1) "securities business investment," (2) "real estate business investment," (3) "financial business, banking, and insurance," and (4) "construction." Similarly to the survey results in 2022, "wholesale, retail trade" and "exports, imports" continue to be the top two sectors chosen by many credit institutions as the primary "growth drivers" in credit during the first six months of 2023. The third and fourth sectors are "food and beverage production" and "lending for living expenses," (reversed from the previous period), and these four sectors are anticipated to be the top "credit growth drivers" for the banking system in the last six months of 2023 and throughout the year 2023.
- Balancing the Real Estate Credit Equation and System Stability: According to the State Bank of Vietnam, 94% of real estate debt has a tenure of 10 to 25 years, while 80% of bank funding comes from short-term deposits with interest rates fluctuating with the market. It seems that the lessons from the liquidity risk crisis during the 2008-2011 period, which led to the disappearance of many banks and the need to establish mechanisms for dealing with bad debt, have not fully cooled the desires of the "big players." The real estate credit growth rate has consistently led for the past five years...

Business news

KBC: Kinh Bac Urban Development Corporation (KBC) reported a net profit increase of nearly 270 billion VND after auditing. The company's net profit rose to 1.92 trillion VND, a 16% increase compared to the previous independent report. The leadership of Kinh Bac explained that the increase in profit was due to adjustments in revenue growth and cost management reduction during the period. Specifically, the company's revenue increased by 6% compared to the previous independent report. The most significant change was a 27% decrease in business management costs, down to 302 billion VND.

SGN: Saigon Ground Services Corporation (SGN) announced that it had received an execution order at the request of the Civil Execution Bureau of Phu Quoc City regarding Air Mekong. Air Mekong is being demanded to pay more than 5.5 billion VND in owed debt despite having ceased operations for 10 years. During the period from the date of the execution request to the completion of the execution, Air Mekong will also be subject to interest on the outstanding amount, as regulated by the Civil Law of 2015.

MBB: Military Commercial Joint Stock Bank (MB) is implementing preferential interest rate policies for loans to business customers, aiming to ease their financial pressure and promote efficient and safe production and business operations. In the recent month of July, interbank interest rates dropped to their lowest level since January 2021. Credit is also predicted to accelerate significantly in the third and fourth quarters. The Government and the State Bank of Vietnam are continuously providing guidance to credit institutions to further reduce interest rates to support and stimulate small and medium-sized enterprises (SMEs).

Breaking News



Business news

TCB: The daughter of Techcombank's chairman, Ho Hung Anh, is planning to purchase over 82 million Techcombank shares, worth around 2.7 trillion VND. If successful, she would become one of the top 40 wealthiest individuals on the Vietnamese stock market, even though she is just over 20 years old, with an estimated asset value of around 3.5 trillion VND.

LCG: Lizen Corporation (HoSE: LCG) leads a consortium that won a contract valued at 1.411 trillion VND for the Bien Hoa - Vung Tau expressway project. The company reported a 74.7% decrease in after-tax profit compared to the same period in 2022. According to Lizen's announcement, the company, along with other members of the consortium, has signed a construction contract for package 21, which covers the construction of the section from Km6+200 to Km16+000 of the Phase 1 Bien Hoa - Vung Tau expressway project.

TDM: Thu Dau Mot Water Joint Stock Company (TDM WATER, HoSE: TDM) has announced a resolution by its Board of Directors regarding the acquisition of shares in Infrastructure Investment Company DNP Quang Binh. TDMWATER will purchase shares in DNP Quang Binh with a stake ranging from 20% to below 50%. After the successful transaction, DNP Quang Binh will become an affiliate company of Thủ Dầu Một Water Joint Stock Company. The share acquisition transaction is expected to take place in the third quarter of 2023.

Key Highlight: Jackson Hole

Kansas City Fed's Jackson Hole Symposium set for Aug. 24 to 26

The 2023 event marks the 46th year of the annual forum.

August 21, 2023 | Jackson Hole Economic Policy Symposium | News

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KANSAS CITY, MISSOURI – The Federal Reserve Bank of Kansas City will convene its annual Economic Policy Symposium, Aug. 24-26 in Jackson Hole, Wyoming. The 2023 event, which marks the symposium's 46th year, will focus on the theme "Structural Shifts in the Global Economy."

This year's theme will explore several significant, and potentially long-lasting, developments affecting the global economy. While the immediate disruption of the pandemic is fading, there likely will be long-lasting aftereffects for how economies are structured, both domestically and globally, as trade networks shift, and global financial flows react. Similarly, the policy response to the pandemic and its aftermath could have persistent effects as economies adjust to rapid shifts in the stance of monetary policy and a substantial increase in sovereign debt. Papers will share how these developments are likely to affect the context for growth and monetary policy in the coming decade.

Technical view



Trend: Sideway

The VNINDEX closed at 1180.4 (+0.73 points, +0.06%) showing a sideways movement compared to the second trading session. However, if calculated from the lowest point in today's session at 1149, the market witnessed a 30-point increase. This upward momentum mainly came from the financial services and retail sectors, with stocks like SSB, SSI, and TCB leading the way. Additionally, the VIC stock group continued to experience strong selling pressure.

Technical Analysis: The market experienced a significant drop in the morning session, touching the 1149 region, after which buying pressure pulled the market back up to close at 1180 – forming a pin bar candlestick pattern. Looking at the candlesticks from yesterday and today, it seems that buying pressure is ready to step in when the market drops to the 1160 region. This level also acts as strong support, corresponding to the 0.5 and 0.618 Fibonacci levels. The current support level is around 1160, with resistance at 1200.

Strategy: The market is showing signs of slowing down its upward momentum, and the buying pressure around the 1160 level is strong and ready to push the market up. Therefore, investors can consider buying stocks that respond well at support levels like the 20-day and 50-day moving averages, and rebound from there.

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

23/8/2023

Unit: VND thousand

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
TCB	Buy	32.9	35.9	32	9%	-3%	33.1	Bounce up from the support level.
VRE	Buy	28.9	31.5	28	9%	-3%	29.1	Bounce up from the support level.
SZC	Buy	34.2	38.8	32.7	13%	-4%	34.8	Bounce up from the support level.

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note

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 Jackson Hole Economic Symposium	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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