MORNING CALL
25/08/2023

Shinhan Securities

"Recovery"

- ❑ World market: Caution in response to information from Jackson Hole.
- ❑ Vietnam market: Recovery
- ❑ Business News #FPT, #NVL, #FRT, #BCG, #VNZ, #LTG
- ❑ Technical perspective and recommendation update #VPG, #MBB #VHC
- ❑ Event calendar
- ❑ Q&A

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Catching the latest report



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

Major stocks market

- The Dow fell 1.08%, the S&P 500 dropped 1.35% and the Nasdaq Composite tumbled 1.87%. New orders for manufactured durable goods in the US plummeted by 5.2% in July 2023, following a downwardly revised growth of 4.4% in June and exceeding market expectations for a 4.0% decline. It was the sharpest decrease in durable goods orders since the aftermath of the COVID-19 outbreak in April 2020, driven by a significant drop in demand for transport equipment
- European equity markets erased their early gains and fell on Thursday, with Frankfurt's DAX 40 retreating 0.7% and the pan-European STOXX 600 losing 0.4% as investors remained cautious ahead of key speeches scheduled for the Jackson Hole conference on Friday. The upcoming addresses by Federal Reserve Chair Jerome Powell and ECB President Christine Lagarde are highly anticipated, with expectations for them to shed light on the future trajectory of monetary policy.
- The Nikkei 225 Index dropped 1.5% to below 32,000 while the broader Topix Index lost 0.6% to 2,273 on Friday, snapping a four-day advance and tracking losses on Wall Street overnight as investors turned cautious ahead of Federal Reserve Chair Jerome Powell's Jackson Hole speech
- WTI crude futures traded near $79 per barrel on Thursday, attempting to rebound after experiencing three consecutive sessions of losses as investors balance the supply and demand dynamics in the oil market. On the supply side, Iran's oil minister said the country's oil output will reach 3.4 million barrels per day by the end of September despite US sanctions. Additionally, US authorities are reportedly considering a proposal to ease sanctions on Venezuela's oil sector

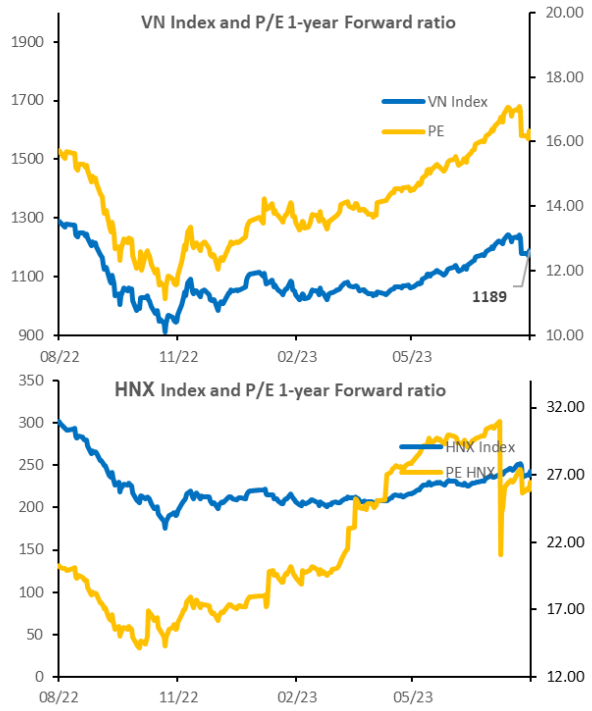
Market

	Close	%1D	%1M	%1Y
VN-Index	1,189	1.44%	-0.54%	-7.72%
S&P 500 Index	4,376	-1.35%	-4.19%	4.22%
Dow Jones Index	34,099	-1.08%	-3.78%	2.43%
GP 100	7,334	0.18%	-4.66%	-1.95%
Nikkei 225	31,821	-1.44%	-2.64%	11.74%
SHCOMP Index	3,082	0.12%	-4.62%	-5.05%
STOXX 600	452	-0.41%	-3.49%	4.20%
KOSPI Index	2,515	-0.90%	-4.61%	1.52%
Hang Seng	18,212	2.05%	-6.29%	-8.79%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	104.09	0.10%	2.70%	-4.04%
USD/VND	24,008.00	0.00%	-1.43%	-2.42%
EUR/USD	1.08	-0.15%	-2.36%	8.21%
USD/CNY	7.28	-0.02%	-1.27%	-5.77%
Brent	83.26	-0.12%	-0.45%	-16.19%
WTI	79.01	-0.05%	-0.78%	-14.60%
Natural gas	2.50	-0.91%	-8.57%	-73.38%
Coal	149.00	-0.67%	11.95%	-63.89%
Gold	1,915.71	-0.06%	-2.51%	8.93%

Vietnam Market Snapshot 24/08/2023



Money flow and sector rotation (VND bn)

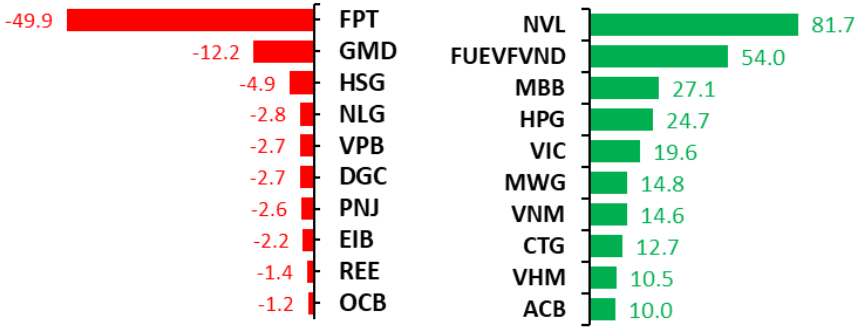
Ngành	%1D	8/24/2023	8/23/2023	TB 20 phiên
Công nghệ Thông tin	243.26	503	146	193
Bán lẻ	59.04	678	427	734
Thực phẩm và đồ uống	48.45	1,230	829	1,437
Hóa chất	39.04	756	543	862
Dịch vụ tài chính	36.72	3,233	2,364	2,897
Bất động sản	19.38	5,182	4,341	5,738
Hàng & Dịch vụ Công nghiệp	18.41	626	528	966
Xây dựng và Vật liệu	15.66	1,044	903	1,593
Tài nguyên Cơ bản	9.01	893	819	1,519
Hàng cá nhân & Gia dụng	8.04	85	79	193
Du lịch và Giải trí	7.31	113	105	148
Ô tô và phụ tùng	1.40	217	215	297
Bảo hiểm	-8.7	30	32	61
Y tế	-14.6	16	19	36
Dầu khí	-21.7	79	101	190
Điện, nước & xăng dầu khí đốt	-27.3	199	274	313
Ngân hàng	-30.9	2,087	3,022	3,672
Truyền thông	-52.8	1	1	2

Source: Bloomberg, Shinhan Securities Vietnam

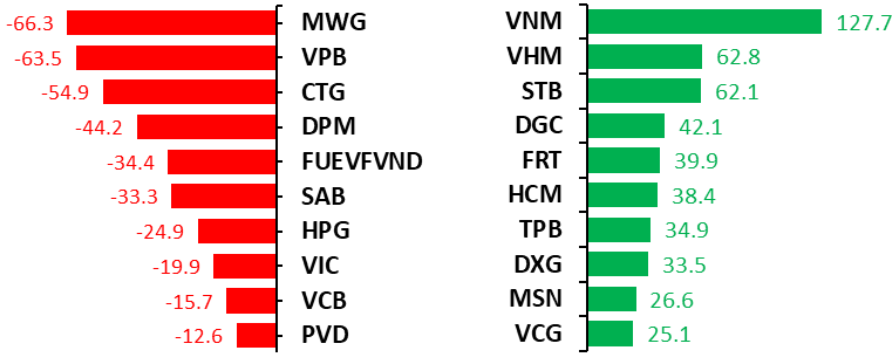
	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,189.39	16.32	16.83	1.44	735	16,977
HNX INDEX	243.23	26.43	5.15	2.16	119	1,824

Vietnam Market Snapshot 24/08/2023

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	122	119	(184)	65
Basic Resources	20	(18)	(22)	40
Media	-	-	-	-
Industrial Goods & Services	(12)	9	(12)	3
Health care	1	(1)	(2)	3
Chemicals	0	14	(28)	15
Financial Services	57	36	(76)	40
Travel & Leisure	(0)	1	1	(1)
Banks	76	(56)	(48)	104
Construction & Materials	(2)	37	(19)	(18)
Food and Beverage	20	127	(117)	(10)
Retail	14	(33)	42	(9)
Utilities	4	11	10	(20)
Personal & Household Goods	(3)	(2)	4	(2)
Technology	(47)	1	84	(85)
Automobiles & Parts	2	2	(6)	4
Insurance	0	1	(0)	(1)
Oil & Gas	1	(13)	11	2

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

- EVN has warned of a power shortage situation in 2024, which companies could benefit from? Vietnam Electricity Group (EVN) has recently announced that its commercial electricity output for 7M2023 reached 160.6 billion kWh, marking a 1.6% increase compared to the same period last year. Specifically, thermal power production rose by 25%, compensating for a 30% decrease in hydropower output due to unfavorable weather conditions. Vietcap also anticipates that thermal power plants in the northern region, including Pha Lai Thermal Power Plant, Quang Ninh Thermal Power Plant, and Vung Ang 1 of PV Power, will be the most advantaged by the power shortage situation in 2024. Meanwhile, this entity expects that a higher CGM price will partially offset the projected decrease in hydropower production in 2024 for PC1, Ha Do, and REE.
- Rice enterprises are in need of timely capital during the main crop season. According to experts, there are two categories of rice export companies. Category 1 includes commercial rice enterprises that buy rice from domestic suppliers and then export it. Category 2 comprises enterprises engaged in rice production, purchasing, and exporting. For Category 1, accessing bank loans is not too difficult, especially with export contracts, which banks can offer loans against. However, Category 2 enterprises need substantial capital and must prepay farmers. Since output contracts might not be signed yet, banks might refrain from lending or offer higher interest rates to compensate for the higher risks. Some Category 2 enterprises include Loc Troi Group and Tan Long Group.
- Commercial banks have invested around 15 trillion VND in digital transformation. Before 2016, achieving around 500,000 to 1,000,000 transactions per day was an aspiration for credit institutions. Nowadays, the average daily transaction volume has surged to 8 million transactions, with cash-based transactions amounting to around 900 trillion VND (equivalent to 40 billion USD). "With such a substantial daily payment volume, digital transformation is crucial and practical. For the banking sector, this marks a significant leap, particularly given the context of the Covid-19 pandemic," said Mr. Hung, General Secretary and Deputy Chairman of the Vietnam Bank Association (VNBA).

Business news

FPT: Shareholders of FPT are experiencing double joy as the stock has surpassed its peak on the same day as the dividend payout. With continuous business growth and consistent dividend policies, the majority of shareholders have confidence in the stable performance and growth potential of the industry, along with FPT's regular dividend policy. Since the restructuring phase in 2018, FPT Group has been steadily improving its revenue and profit each year. Moving into 2023, FPT has set ambitious targets with a revenue plan of 52,289 billion VND (~2.1 billion USD) and pre-tax profit of 9,055 billion VND, representing a respective increase of 19% and 18% compared to the previous year's results. If these targets are achieved, this technology conglomerate will continue to break its own records for revenue and profit set in 2022.

NVL: Both Novagroup and Diamond Properties Joint Stock Companies have simultaneously reported the trading results of shares of No Va Investment Group Joint Stock Company. Specifically, on August 15 and 17, Novagroup had 2.73 million pledged NVL shares sold by a securities company. Similarly, Diamond Properties also had 2.38 million pledged NVL shares sold during the August 17 session. Prior to this, from August 9 to 16, Diamond Properties and Novagroup had a total of nearly 5 million pledged NVL shares sold. At the beginning of the month, these two entities were also sold nearly 93,000 shares. Thus, from the beginning of August until now, these two organizations have had more than 10 million NVL shares sold as pledged collateral.

FRT: Despite the impressive performance of the Long Chau retail chain, what expectations are there for FPT Retail in the second half of the year? For the first time, revenue from drug sales has surpassed that from computers and phones. In the context of weakening purchasing power and declining demand, the past quarter continued to be a relatively challenging period for retail businesses, and FPT is no exception. The loss of nearly 220 billion VND in the past quarter is the largest net loss (loss attributable to the parent company's shareholders) in the company's history. FRT mentioned that amidst economic fluctuations, the ICT retail market in the first six months of 2023 faced the biggest challenges in years, with the overall market decreasing by around 24%. This is coupled with a fierce price competition to gain market share.

Breaking News



Business news

BCG: A member of Bamboo Capital is preparing to list on UPCoM. BCG Land will register the trading of BCR shares on the Upcom market, with a registered quantity of 460 million shares, equivalent to 4.6 trillion VND. The expected time for this is in the third quarter of 2023. Starting from August 23, 2023, VSDC will receive the custody of the registered shares.

VNZ: Vietnamese technology "unicorn" VNG has announced that VNG Limited has submitted an F-1 registration statement to the U.S. Securities and Exchange Commission (SEC). VNG Limited, a shareholder of VNG, plans to conduct an initial public offering (IPO) of Class A common shares on the Nasdaq Global Select Market under the trading symbol "VNG." According to Newzoo, VNG is currently the leading game publisher in the Vietnamese market and is rapidly expanding globally. Additionally, VNG owns Zalo, the most popular messaging app in Vietnam with over 75 million monthly active users, according to F&S. Other notable products from VNG include Zing MP3 (Vietnam's largest online music platform with over 28 million monthly active users, according to F&S) and ZaloPay (the fastest-growing e-wallet in Vietnam, according to F&S).

LTG: During the period from August 7 to August 15, Mr. Tran Thanh Hai successfully sold his entire registered 274,400 LTG shares through matched orders. After the transaction, the leadership of Loc Troi no longer holds any shares in the company. Using the closing price on August 15 as the selling price, Mr. Tran Thanh Hai is estimated to have earned 10.6 billion VND for these shares.

Technical view



Trend: Sideway

The market gained more than 16 points and closed at 1,189 (+1.44%), with strong momentum spreading across most stocks. Specifically, the VNINDEX saw 400 stocks rise and only 107 stocks decline. Most industry groups showed increases, with the food and beverage as well as telecommunications sectors leading the gains, while the commodities and media sectors experienced declines.

Technical view: The market formed a green candlestick, rising more than 16 points from the support of the MA50 at the 1,175 level, further consolidating the support zone of 1,160-1,175, which is relatively reliable. In previous sessions, it can be observed that whenever the market dropped to this area, there was immediate buying interest. This area also aligns with the Fibonacci levels 0.5 and 0.618. The STOCH RSI indicator has crossed above the signal line, indicating an improved price momentum.

Strategy: Investors can consider buying stocks that respond well to the MA50 level. However, it's important to note that the closer the entry point is to the 1,200 level, the higher the risk becomes. This level is psychologically significant and is also a reasonable valuation area for the current market, in our view.

Scenario:

- Positive (50%): The market will rise to the 1,200 level in a technical rebound.
- Negative (50%): The market will trade sideways in the range of 1,160 to 1,190 to accumulate further after a significant decline.

Recommended stocks

25/8/2023

Unit: VND thousand

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
VPG	Buy	20.2	22.5	19.4	11%	-4%	20.4	Bounce up from the support level
VHC	Buy	71.5	78.9	69.5	10%	-3%	72.5	
MBB	Buy	18.2	19.4	17.9	7%	-2%	18.25	

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
VRE	Hold	28.9	31.5	28	9%	-3%	29.05	2	0.52%	8/23/2023	
SZC	Hold	34.4	38.8	32.7	13%	-5%	35.2	1	2.33%	24/08/2023	

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 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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