MORNING CALL
31/08/2023

Shinhan Securities

“Increase amid uncertainty”

- ❑ World stocks: The market is optimistic with multiple pieces of information
- ❑ Vietnam Stocks: Increase amid uncertainty
- ❑ Business news: Economic update #NVL, #CII, #HBC, #HAG, #FEcredit, #HPX
- ❑ Technical perspective and recommendation update
- ❑ Event calendar
- ❑ Q&A

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Following SSV's Zalo,
Catching the latest report



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Global Market Review – Week 28 – 31/08/2023

Major stocks market

- In regular trading on Wednesday, the Dow rose 0.11%, the S&P 500 gained 0.38% and the Nasdaq Composite advanced 0.54%. Those moves came as weaker-than-expected US data suggested the Federal Reserve could be done with policy tightening, boosting equities. Updated GDP figures showed the US economy grew less than previously thought in the second quarter and job creation slowed more than expected in August according to ADP. Investors now look ahead to July personal consumption expenditures and weekly jobless claims data on Thursday.
- European markets finished mixed as of the most recent closing prices. The FTSE 100 gained 0.12%, while the DAX led the CAC 40 lower. They fell 0.24% and 0.12% respectively. The data showed an increase in inflation rates across Germany and Spain, bolstering expectations that the European Central Bank's tightening cycle might not end soon. Additionally, the Eurozone business survey indicated a deterioration in the bloc's economic sector morale in August, coupled with a rise in inflationary pressures
- The Nikkei 225 Index rose 0.33% to close at 32,333 while the broader Topix Index gained 0.43% to 2,313 on Wednesday, with Japanese shares climbing for the third straight session and tracking Wall Street higher as softer-than-expected consumer sentiment and job openings data in the US bolstered bets of a pause in interest rate hikes from the Federal Reserve.
- WTI crude futures rose above $81 per barrel on Wednesday, extending gains for the fifth straight session after EIA data showed a larger-than-expected weekly crude inventory draw, in line with the API report on Tuesday.

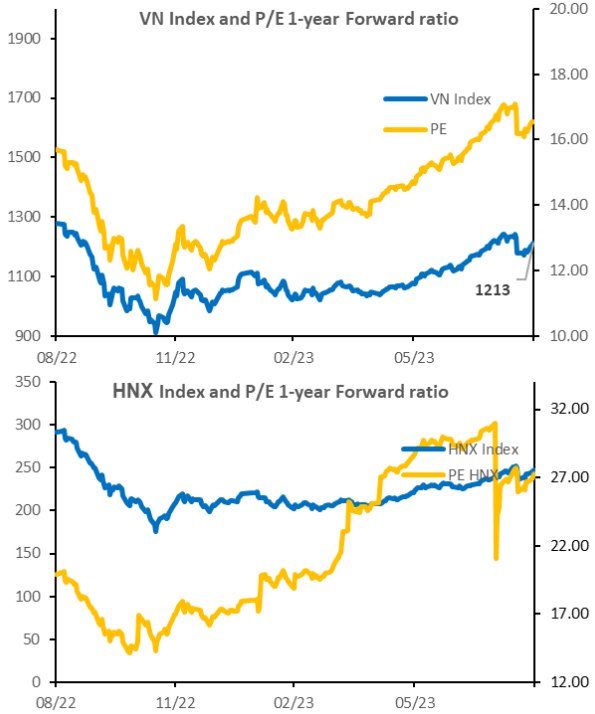
Market

	Close	%1D	%1M	%1Y
VN-Index	1,213	0.72%	-0.80%	-5.26%
S&P 500 Index	4,515	0.38%	-1.61%	14.16%
Dow Jones Index	34,890	0.11%	-1.88%	10.73%
GP 100	7,474	0.12%	-2.93%	2.60%
Nikkei 225	32,456	0.38%	-2.16%	15.54%
SHCOMP Index	3,137	0.04%	-4.68%	-2.03%
STOXX 600	459	-0.15%	-2.59%	10.60%
KOSPI Index	2,555	-0.22%	-2.93%	3.37%
Hang Seng	18,483	-0.01%	-7.95%	-7.37%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	103.07	-0.09%	1.19%	-5.18%
USD/VND	24,128.00	0.05%	-1.82%	-2.93%
EUR/USD	1.09	0.11%	-0.56%	8.76%
USD/CNY	7.29	-0.09%	-1.98%	-5.15%
Brent	86.00	0.16%	0.51%	-10.87%
WTI	81.75	0.15%	-0.06%	-8.71%
Natural gas	2.79	-0.07%	6.07%	-69.39%
Coal	159.50	-2.19%	16.03%	-62.37%
Gold	1,946.65	0.22%	-0.94%	13.77%

Vietnam Market Snapshot 30/08/2023



Money flow and sector rotation (VND bn)

Sector	%1D	8/30/2023	8/29/2023	20-session Average
Technology	53.87	256	166	214
Media	45.31	2	1	2
Health Care	28.33	20	16	31
Banks	16.38	3,024	2,599	3,436
Basic Resources	15.12	1,030	895	1,404
Travel & Leisure	12.14	110	98	140
Automobiles & Parts	4.65	272	260	307
Financial Services	-2.1	3,711	3,791	3,092
Real Estate	-2.4	6,033	6,181	5,744
Industrial Goods & Services	-3.7	778	808	906
Retail	-6.6	778	834	746
Personal & Household Goods	-9.2	145	160	169
Food and Beverage	-11.2	1,089	1,226	1,343
Construction & Materials	-14.4	1,345	1,571	1,500
Chemicals	-24.1	674	888	852
Utilities	-26.9	151	206	278
Insurance	-37.6	28	45	51
Oil & Gas	-49.7	69	136	158

Source: Bloomberg, Shinhan Securities Vietnam

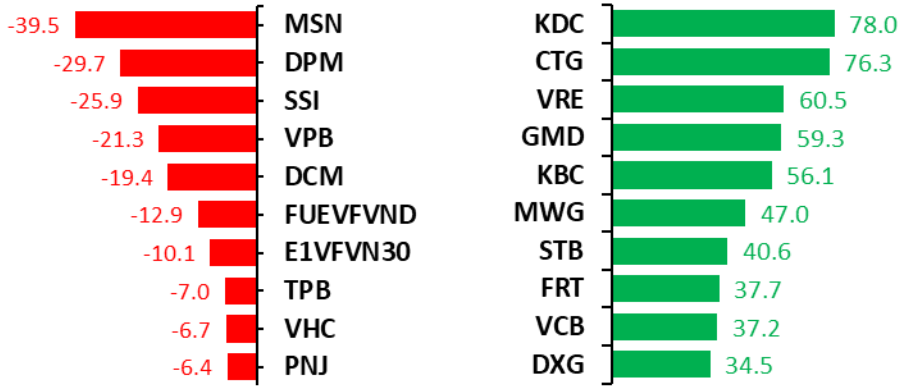
	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,213.16	16.54	8.73	0.72	797	19,518
HNX INDEX	247.96	27.05	1.48	0.60	108	1,986

Vietnam Market Snapshot 30/08/2023

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	(4)	204	(87)	(117)
Basic Resources	(9)	7	10	(17)
Media	-	-	-	-
Industrial Goods & Services	(3)	55	(58)	3
Health care	0	3	(3)	(0)
Chemicals	(2)	(38)	41	(3)
Financial Services	2	(12)	14	(2)
Travel & Leisure	(2)	(8)	5	3
Banks	(133)	122	(65)	(57)
Construction & Materials	7	41	4	(45)
Food and Beverage	35	70	(79)	10
Retail	99	84	(101)	17
Utilities	1	1	2	(3)
Personal & Household Goods	0	(6)	(2)	8
Technology	(14)	(1)	26	(25)
Automobiles & Parts	(0)	(1)	(1)	2
Insurance	0	(1)	3	(2)
Oil & Gas	1	6	(0)	(6)

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

- The strong upward trend of the USD continues. The USD receives additional support after Federal Reserve Chairman Jerome Powell, at the annual central bank conference in Jackson Hole, hinted at the possibility of further interest rate hikes to bring inflation to the 2% target. The resilience of the US economy after 11 rate hikes by the Fed provides a basis for the market to not rule out the possibility of the Fed maintaining higher interest rates for a longer period, and this expectation is driving the recent upward trend of the USD.
- Ho Chi Minh City continues its consumer stimulus policy. The report from the HCMC Statistical Office indicates that the industrial production index (IIP) for August 2023 is estimated to increase by 3.4% MoM and by 6.6% YoY. Specifically, the mining industry increased by 1.0% compared to the previous month but decreased by 9.7% YoY; manufacturing and processing industries increased by 3.5% MoM and by 7.0% YoY; electricity production and distribution increased by 3.3% MoM and by 8.7% YoY; water supply and waste treatment increased by 1.3% MoM but decreased by 0.3% YoY. Accumulated over the first 8 months of 2023, the IIP in the region increased by 2.8% YoY. Specifically, the mining sector decreased by 0.6%; manufacturing and processing industries increased by 2.7%; electricity production and distribution increased by 4.8%; water supply and waste treatment increased by 3.9%.
- Exports of agricultural and aquatic products in the first 8 months of 2023: Impressive performance in fruits and vegetables, with rice prices at the world's highest. Overall, in the first 8 months of 2023, the total export and import turnover of agricultural and aquatic products is estimated at $59.69 billion. Specifically, exports reached $33.21 billion, and imports reached $26.48 billion. Up to this point, the agricultural and aquatic industry as a whole has achieved a trade surplus of $6.73 billion. China, the United States, and Japan continue to be the three largest markets for Vietnamese agricultural and aquatic product exports over the 8 months: the export value to China accounts for 21.9%, increasing by 9.8%; to the United States, it accounts for 20.6%, decreasing by 27.4%; and to Japan, it accounts for 7.6%, decreasing by 10.6% compared to the same period last year.

Business news

NVL: Novaland's Chief Accountant has been fined 100 million VND for insider trading of NVL shares. The State Securities Commission (SSC) has issued an administrative fine against Mr. Huynh Minh Lam, the Chief Accountant of No Va - Novaland Investment Group Joint Stock Company (code: NVL). Specifically, the Chief Accountant of Novaland sold 603,790 NVL shares on July 28, 2023, without reporting the planned transaction.

CII: Infrastructure Investment Technical Corporation of Ho Chi Minh City (code: CII) has sent a notice to shareholders regarding their participation in the extraordinary general meeting of 2023, scheduled to be held on September 19. Notably, CII will send a gift of gratitude in the form of money to shareholders who attend the meeting directly or delegate their attendance (to others or to the Chairman of the Supervisory Board). Further information about the upcoming meeting includes a significant proposal outlining CII's development strategy for the 2024-2030 period, which includes budget allocation to strengthen research on BOT projects and other transportation infrastructure projects; as well as budget allocation for research on healthcare and real estate projects.

HBC: Despite having a profit of over a hundred billion VND, Hoa Binh Construction (HBC) reported a net loss of more than 700 billion VND after reviewing its biannual financial statements. Hoa Binh Construction (code: HBC) has recently announced its reviewed semi-annual financial statements with a net loss of 711 billion VND. However, its independent financial statement showed a profit of 103.2 billion VND. The most significant change in Hoa Binh's reviewed statement compared to its independent statement is a 99% decrease in other profits, which amounted to 6 billion VND. This change is explained by the adjustment in reducing profits from the company's asset sales.

Breaking News



Business news

HAG: Hoang Anh Gia Lai Group (HAGL – HoSE: HAG) has released its reviewed consolidated semi-annual financial report for 2023. Tay Nguyen Agriculture Services LLC has become the largest debtor of HAGL, surpassing Le Me. As of the end of Q2/2023, Tay Nguyen Agriculture Services had short-term loans from HAGL amounting to 1.26 trillion VND at an interest rate of 10.4% per year. This short-term loan balance has more than doubled in just six months. In the company's previous self-prepared financial report, HAGL stated that Tay Nguyen Agriculture Services had short-term loans of 627 billion VND and long-term loans of 633 billion VND. Therefore, the audit of the reviewed report has adjusted the maturity term of Tay Nguyen Agriculture Services' long-term loans. Tay Nguyen Agriculture Services is a related company of HAGL. The exact relationship between HAGL and Tay Nguyen Agriculture Services is not clearly stated in the company's financial report.

FEcredit: FE CREDIT has incurred a loss of nearly 3 trillion VND in the first half of 2023. The company reported a loss of 2.996 trillion VND, whereas in the same period last year, it had a profit of 144 billion VND. Its owner's equity decreased from 15.917 trillion VND to 10.250 trillion VND. The debt-to-equity ratio increased from 4.02 to 5.43 times, and the ratio of bond debt to owner's equity also increased from 14.45% to 23.41%. Therefore, by the end of Q2/2023, FE CREDIT's bond debt and payable debt amounted to 2.4 trillion VND and 55.658 trillion VND, respectively.

HPX: Hai Phat Invest Corporation reported a profit of over 84 billion VND in Q2/2023. After being repeatedly reminded by HoSE, Hai Phat Invest Corporation (HPX) has released its separate financial report for Q2/2023. Specifically, its net revenue in Q2 reached over 624 billion VND, a 44% increase compared to the same period in 2022. However, the high cost of goods sold, which was almost three times the revenue, resulted in a significant decrease in gross profit by 42% to 157 billion VND, corresponding to a gross margin of 22% (compared to 62% in Q2/2022).

Technical view



Trend: Recovery

The VNINDEX closed at 1,213 (+8.7 points, +0.72%) with 320 gainers and 167 losers. Leading stocks today were CTG, FPT, and VCB, while VIC contributed to the market's decline. Foreign investors returned with strong net buying, and though the liquidity was relatively low, the leading sectors driving today's increase were financial services, technology, and telecommunications.

Technical analysis: After forming a doji candlestick on the third trading session, the market showed relatively good upward momentum today. The index mostly experienced continuous growth throughout the day, with buying dominance. The market is currently in a recovery trend after a significant previous decline. The index has approached the MA20 level. The support/resistance levels are at 1,180 – 1,250.

Strategy: We continue to maintain the strategy of buying when the market tends to decline to around 1,180 and shows signs of rebound. However, as the market has surpassed 1,200, the risk/reward ratio has become less attractive. Therefore, selecting stocks will be more challenging, and additional consideration of the T+ element is necessary for timely selling in case the market reverses at any time.

Scenario:

- Positive Scenario (60%): The market will rise to the range of 1,250 – 1,300. This is also the time when we can consider selling to lock in profits.
- Less Positive Scenario (40%): The market will return to the 1,180 range, and if there are signs of a reversal and upward momentum, buying could be considered.

Recommended stocks

31/8/2023

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
VRE	Hold	28.9	31.5	28	9%	-3%	29.7	6	2.77%	8/23/2023	
SZC	Hold	34.4	38.8	32.7	13%	-5%	36.6	5	6.40%	8/24/2023	
VPG	Hold	20.2	22.5	19.4	11%	-4%	21.2	4	4.95%	8/25/2023	
MBB	Hold	18.2	19.4	17.9	7%	-2%	18.4	4	1.10%		

Economic calendar

September 2023

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
27	28	29	30	31 MSCI: New reviewed list is effective	1 FTSE Vietnam Swap UCITS ETF review	2
3	4	5 ISM Services PMI ETF FTSE VN announces portfolio	6	7 ECB meeting and announces Monetary policy & interest rates V.N.M ETF review	8	9
10	11	12 ETF VNM, ETF FTSE executes the transaction	13	14 Maturity of Derivatives Contracts	15	16
17	18	19 FTSE Russell releases market full year rating	20 Fed meeting and announces Monetary policy & interest rates	21	22 Announcement of FDI	23
24	25	26	27	28 Vietnam macroecnomic data	29	30

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Q&A

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