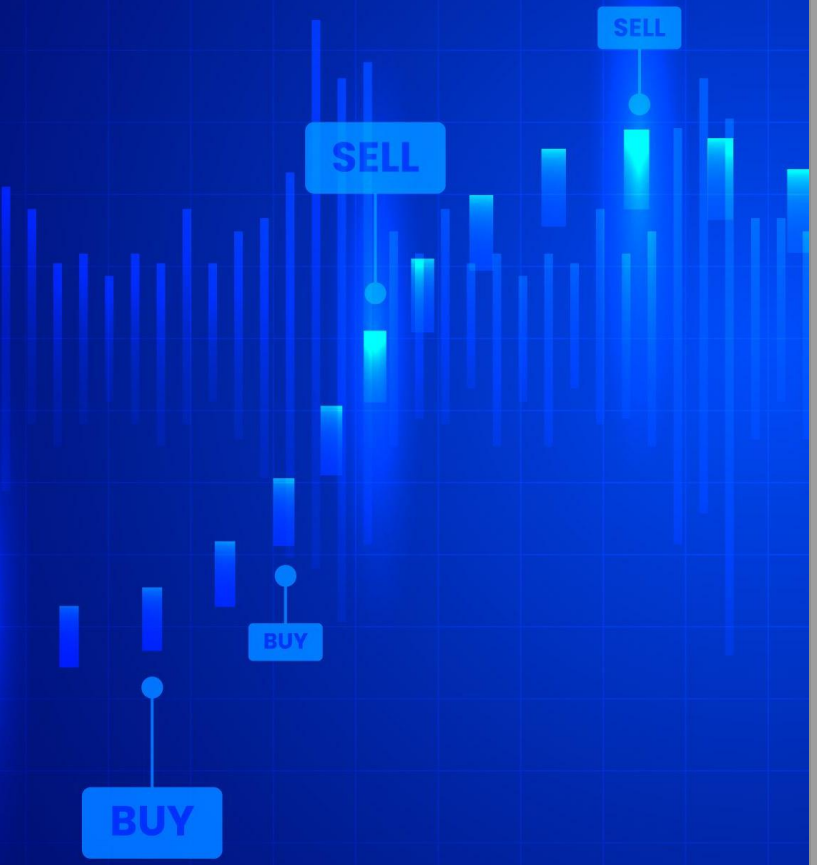
Shinhan Securities



MORNING CALL

31/07/2024

"Buyers are determined to hold the index"

- ❑ World stocks: US stock market money flows into traditional sectors
- ❑ Vietnamese stocks: Buyers are determined to hold the index
- ❑ Macro news
- ❑ Business news: #NKG, #EIB, #OCB, #REE, #POW, #SHB
- ❑ Technical perspective and updated recommendations
- ❑ Event calendar
- ❑ Q&A

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Following SSV's Zalo,
Catching the latest report



Please click or scan

Shinhan Securities

Global Market Review 29/07 - 02/08/2024

Major stocks market

- In regular trading on Tuesday, the Dow gained 0.5%, while the S&P 500 and Nasdaq Composite dropped 0.5% and 1.28%, respectively. Those moves came as investors continued to rotate out of megacap tech names amid doubts over the sustainability of the AI rally, shifting their focus to more traditional sectors of the US economy. Investors now look ahead to more earnings reports and economic data on Wednesday, as well as the Fed's policy announcement.
- European stocks held early gains and closed higher on Tuesday, bouncing from losses in the prior sessions as markets digested a batch of corporate results and positioned for a batch of key central bank meetings this week, including the Fed, the BoE, and the BoJ. The Eurozone'z Stoxx 50 added 0.5% to close at 4,841 and the pan-European Stoxx 600 added 0.5% to close at 514.
- The Nikkei 225 Index fell 0.9% to below 38,200 while the broader Topix Index lost 0.8% to 2,730 on Wednesday as investors positioned more cautiously ahead of the latest Bank of Japan monetary policy decision. Market rumors circulated overnight that the BOJ was considering raising short-term interest rates to around 0.25%, causing a sharp rally in the yen and JGB yields.
- WTI crude futures fell to around $75.6 per barrel on Tuesday, reaching its lowest level since early June, weighed down by persistent demand concerns from top consumer China.

Market

	Close	%1D	%1M	%1Y
VN-Index	1,245	-0.12%	-0.02%	1.81%
S&P 500 Index	5,436	-0.50%	-0.44%	18.47%
Dow Jones Index	40,743	0.50%	4.15%	14.58%
GP 100	8,274	-0.22%	1.35%	7.47%
Nikkei 225	38,085	-1.15%	-3.79%	14.81%
SHCOMP Index	2,879	-0.43%	-2.97%	-12.51%
STOXX 600	514	0.45%	0.52%	9.07%
KOSPI Index	2,753	0.52%	-1.62%	4.56%
Hang Seng	17,003	-1.37%	-4.04%	-15.32%

Commodity

	Close	%1D	%1M	%1Y
Brent	79	0.50%	-8.55%	-7.64%
WTI	75	0.74%	-7.68%	-7.97%
Gasoline	239	0.31%	-5.32%	-18.25%
Natural gas	2	0.05%	-18.22%	-19.25%
Coal	139	-0.61%	4.35%	3.57%
Gold	2,406	-0.19%	3.18%	22.44%
China HRC	3,471	-0.91%	-6.39%	-14.55%
Steel rebar	2,982	-1.84%	-10.56%	-20.94%
BDI index	1,762	-1.95%	-14.05%	56.34%

Currency

	Close	%1D	%1M	%1Y
Dollar Index	104	-0.16%	-1.39%	2.49%
USD/VND	25,282	0.01%	0.69%	-6.30%
EUR/USD	1	0.07%	0.77%	-1.58%
USD/JPY	152	0.34%	6.05%	-6.54%
USD/CNY	7	0.27%	0.38%	-1.36%
USD/GPB	1	-0.08%	-1.52%	-0.08%
USD/KRW	1,381	0.28%	0.23%	-7.68%
USD/AUD	2	0.02%	1.89%	2.77%
USD/CAD	1	0.02%	-0.79%	-4.74%

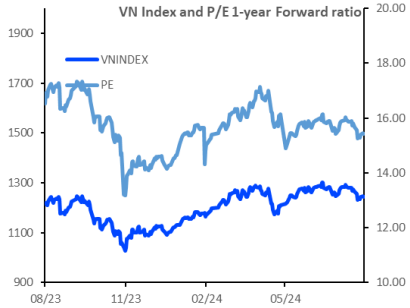
Source: Bloomberg. Shinhan Securities Vietnam

Vietnam Market Snapshot 30/07/2024

Market data

	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,245.06	15.43	-1.54	-0.12	564	12,501
HNX INDEX	235.87	16.85	-1.65	-0.69	61	986





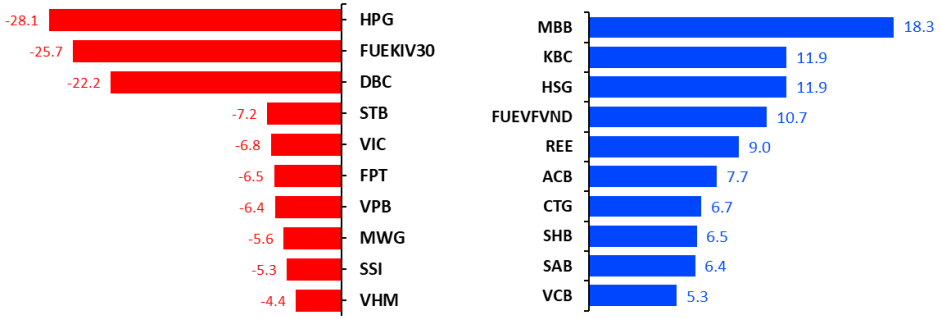
Money flow and sector rotation (VND bn)

Sector	%1D	7/30/2024	7/29/2024	20-session Average
Industrial Goods & Services	90.03	1,284	675	1,136
Travel & Leisure	87.26	311	166	267
Food and Beverage	40.99	1,608	1,141	1,257
Banks	36.87	2,223	1,624	3,269
Utilities	25.35	264	211	376
Financial Services	20.77	1,224	1,013	1,364
Health Care	20.03	44	36	81
Real Estate	16.02	2,022	1,743	2,295
Personal & Household Goods	13.50	228	201	317
Construction & Materials	13.14	465	411	641
Media	10.74	12	11	21
Oil & Gas	6.43	130	122	200
Chemicals	0.39	774	771	1,064
Insurance	-0.9	28	28	62
Retail	-1.7	497	505	813
Basic Resources	-5.0	769	809	1,024
Automobiles & Parts	-8.7	211	231	289
Technology	-44.6	389	702	890

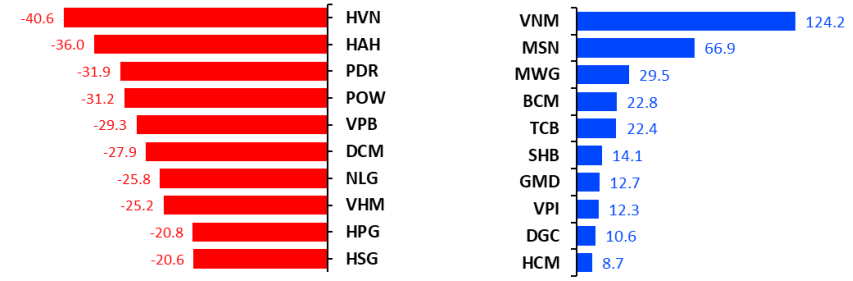
Source: Bloomberg. Shinhan Securities Vietnam

Vietnam Market Snapshot 30/07/2024

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	3	(116)	99	17
Basic Resources	(16)	(52)	87	(35)
Media	-	(0)	0	(0)
Industrial Goods & Services	11	(48)	(28)	77
Health care	-	(5)	4	0
Chemicals	1	(42)	34	9
Financial Services	6	(52)	29	22
Travel & Leisure	(0)	(52)	73	(22)
Banks	32	(21)	(70)	91
Construction & Materials	1	(19)	22	(3)
Food and Beverage	(19)	152	(159)	7
Retail	(5)	29	(26)	(3)
Utilities	1	(43)	51	(7)
Personal & Household Goods	1	1	(2)	0
Technology	(6)	(9)	23	(15)
Automobiles & Parts	2	(18)	15	3
Insurance	0	(2)	(0)	2
Oil & Gas	1	(11)	10	0
Total	**12**	**(307)**	**163**	**144**

Source: Fiinpro. Shinhan Securities Vietnam

Breaking News



Macro

- As of July 30th, 751 businesses have either provided estimates or released their Q2 2024 financial reports. Surprisingly, the Non-Financial sector has reported a significant outperformance in profit growth compared to the Financial sector, achieving a 33.1% year-on-year increase. The Financial sector's after-tax profit continued the growth momentum from Q1, rising 25.1% year-on-year in Q2 2024.The Non-Financial sector's exceptional profit growth can be attributed to the strong performance of several newly updated companies in the Electrical Equipment (GEX), Steel (NKG), Fertilizer (DCM),
- Import of hot-rolled coil (HRC) steel has surged, prompting an investigation. Vietnam's demand for HRC steel is currently between 12 and 13 million tons per year, while domestic production capacity can only meet a maximum of about 9 million tons per year. As a result, the shortfall in production has to be met through imports. However, the sudden surge in imports of this product poses a significant risk to domestic industries. According to the General Department of Customs, in June 2024, Vietnam imported 886,000 tons of HRC steel, equivalent to 151% of domestic production, of which 77% was imported from China
- The production of gold jewelry and handicrafts is a sector directly related to and impacting the gold market; therefore, businesses must meet the required conditions, have a business registration certificate, register for the industry code, and comply with legal regulations. However, in addition to the efficiency it brings, the requirement to comply with legal regulations in the production, business, and trading of gold must be ensured and strictly adhered to, contributing significantly to socio-economic development as well as the stabilization of the gold, foreign exchange, and macro-economic markets. Moreover, businesses involved in the production of gold jewelry and handicrafts must strictly comply with legal regulations on financial accounting and the Ministry of Finance's regulations on invoices and receipts.

Breaking News



Business news

- **NKG**: English TranslationNam Kim Steel Surpasses Profit Plan After 6 Months, Focusing Nearly 70% on ExportsAccording to the second-quarter 2024 financial report, Nam Kim recorded a net revenue of over VND 5,660 billion and a net profit of VND 220 billion, representing increases of 3% and 75%, respectively, compared to the same period last year. The optimistic profit margin is largely attributed not to growth in core operations, but rather to financial activities and cost reductions.In the second quarter of 2024, Nam Kim's financial revenue surged by 125%, reaching VND 114 billion. Concurrently, the company significantly reduced its financial expenses, decreasing by 44% to nearly VND 70 billion. Of this amount, interest expenses declined by 46% to VND 43 billion.

- **EIB:** The consolidated financial statement for the second quarter of 2024 shows that Vietnam Commercial Joint Stock Export Import Bank (Eximbank, HOSE: EIB) had a pre-tax profit of over 813 billion VND, an increase of 52% compared to the same period last year. However, this only represents 28% of the annual target. In the second quarter of 2024 alone, Eximbank experienced a recovery compared to the same period. Net interest income increased by 38%, reaching nearly 1,512 billion VND. Although non-interest income sources declined, such as foreign exchange operations (-33%) and investment securities trading (loss of 5 billion VND), Eximbank recorded a significant increase in income from other activities. Net income from other activities exceeded 213 billion VND, a threefold increase compared to the same period

- **OCB**: Orient Commercial Joint Stock Bank has just announced its business results for the first 6 months of 2024, recording a profit of VND 2,113 billion. With the gradual shift of its customer base towards high-growth potential segments and the establishment of a new sustainable development strategy, OCB has maintained a credit growth rate higher than the industry average, and its core business has developed stably. Although net interest income has increased insignificantly, OCB has expanded its scale compared to the same period last year, thanks to the bank's proactive support of interest rates and fees through programs accompanying customers, in line with the general policy of the Government and the State Bank of Vietnam."

Breaking News



Business news

- **REE:** Refrigeration Electrical Engineering Corporation has announced its Q2 2024 financial report, revealing a significant decline in various key performance indicators compared to the same period last year. This marks the fifth consecutive quarter of decreased profits for the company.In Q2, REE's revenue remained relatively flat year-on-year at nearly 2.2 trillion VND, while the cost of goods sold surged by 16%. Consequently, the company's gross profit margin contracted by 23% to 680 billion VND. Although financial income increased by 55% to 90 billion VND, financial costs and administrative expenses remained elevated. Notably, profits from affiliated companies declined by 37% to just over 113 billion VND. As a result, REE's net profit stood at 355 billion VND, representing a 27% decrease year-on-year. This marks the fifth consecutive quarter of declining profits since Q2 2023.

- **POW:** In the second quarter, POW achieved a net revenue of 9.4 trillion VND, marking a 12% increase compared to the same period last year. The cost of goods sold grew at a lower rate of only 9%. After deductions, gross profit reached 724 billion VND, a significant 54% surge. According to the explanation, this increase is attributed to the core business operations of the parent company and the increased profit from the Dakdrinh Hydropower Plant. Financial revenue during the quarter rose by 8%, reaching 131 billion VND. However, financial costs jumped by a substantial 69% to 229 billion VND, primarily due to foreign exchange loss. Conversely, administrative expenses decreased by 13% to 181 billion VND. Ultimately, POW recorded a net profit of 401 bn VND, which is triple the amount from the same period last year

- **SHB:** As of the end of the first six months of 2024, SHB's pre-tax profit reached over 6,860 billion VND, a 13% increase compared to the same period last year, completing 61% of the annual plan. Notably, the bank continues to maintain the lowest cost-to-income ratio (CIR) in the industry at only 22.25%. Operational safety indicators continue to be strengthened, and risk management is in accordance with Basel II and Basel III standards. SHB's capital adequacy ratio (CAR) is at 12.32%, higher than the State Bank's regulations, and the bad debt ratio is controlled below 3%. SHB's leadership shared that in the context of rising bad debts across the industry in the first six months of the year, SHB is highly focused on monitoring and handling bad debts. The bank has established teams from the head office to branches/transaction offices to directly clarify and propose appropriate solutions for bad debt recovery and support customers in overcoming difficulties

Technical view

Trend: Slow recovery

- The VNINDEX closed at 1,245 points, down 1.54 points (-0.12%) with average liquidity over the past 20 trading sessions. The market saw 154 gainers and 267 decliners. Stocks contributing to the market's gains include VIC, MBB, and MWG, while VHM, BID, and FPT contributed to the market's decline. The real estate and securities sectors faced significant selling pressure. Foreign investors net sell approximately 305 billion dong
- **Technical view:** The VN-Index formed a doji candle, indicating that buying interest was only willing to participate at lower price levels. However, it encountered resistance when it approached the MA10 level, equivalent to 1,250 points. Nevertheless, the index was unable to break out strongly and is expected to trade within the range of 1,220 – 1,250 points. During the session, banking stocks witnessed active buying while the real estate sector faced strong selling pressure. Overall, the market is expected to consolidate and await more robust catalysts to drive the VN-Index to a more convincing breakout
- **Strategy**: Investors should continue to monitor market movements around the support level of 1,220-1,230 points and may consider gradually deploying capital at a low weight. For stocks that still maintain an upward trend and have a solid fundamental foundation, investors can continue to hold. Investors should reduce their holdings in stocks that violate technical signals and have poor business fundamentals in the near future



Scenarios:

- Positive: The market is expected to trade in the 1,300 – 1,340 area.
- Base: The market is expected to trade 1,250-1,280
- Negative: The market continues to trade in the 1,200-1,220 range

Recommended stocks

31/07/2024 9:00 AM

Unit: VND thousand

Today's watchlist

Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals	Note

Trading portfolio

Ticker	Recommendation	Buying price	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
NLG	Hold	41.5	44.4	40.4	7%	-2.7%	41.8	4	0.72%	25/07/2024	
HAH	Hold	42.7	46.8	41.4	10%	-3.0%	43.4	3	1.52%	26/07/2024	
ACB	Hold	23.9	25.3	23.5	6%	-1.7%	24.2	3	1.05%	26/07/2024	
CTG	Hold	32	33.9	31.1	6%	-2.9%	32.0	2	0.00%	26/07/2024	

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Economic calendar

August 2024

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
28	29 Announcement of Vietnam's economic data for July	30 US JOLTs Job Openings JUN	31	1 _ Fed Interest Rate Decision _ US ISM Manufacturing PMI JUL _ PMI VN	2 _ US Non Farm Payrolls JUL _ US Unemployment Rate JUL	3
4	5 _ ISM Services PMI JUL	6	7	8 US Initial Jobless Claims	9	10
11	12 MSCI's restructure portfolio announcement	13	14 _ US Core Inflation& Inflation Rate MoM JUL	15 _ Expiration date of future contract VN30F2408 _ US Retail Sales MoM JUL	16 _ Michigan Consumer Sentiment Prel AUG	17
18	19	20	21	22 _ FOMC Minutes	23 ETF Share MSCI restructure the portfolio	24
25	26	27	28	29 _ US GDP Growth Rate QoQ 2nd Est Q2 _ Vietnam macroeconomic data in August	30	31

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Q&A

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