Monday, May 23, 2022

Exploring Vietnam

Research Center

Market Insight



Daily report

Market Summary:

"Fiery market "

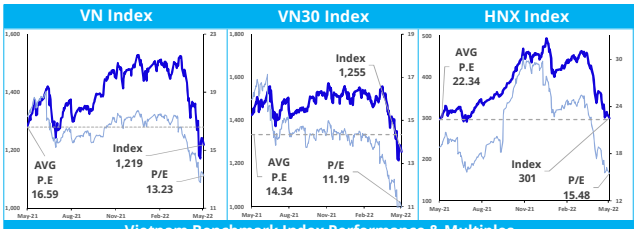
▶ Vietnam stock market started well with a gap up at the beginning of the week. However, strong selling pressure appeared at the end of the afternoon session, causing VN-Index to sink deeply in red.

▶ At the end of the session, the VN-Index dropped 21.90 points, equivalent to 1.77% to close at 1218.81 points. Market liquidity reached 13,332 billion, equivalent to 557 million shares traded. Foreign investors net sold 348 billion, focusing mainly on SSI.

▶ BVH (+1.20%), DCM (+2.15%), BHN (+2.78%) were the three tickers that contributed the most to the green color of the market. On the contrary, VPB(-4.25%), BCM(-6.45%), BID (-3.33%) were the three tickers that lost the most points of the market.

▶ Many industry groups dropped points in today's session. Notably, the seafood and insurance industries went against the flow with prominent stocks such as: VHC, IDI, MIG.

▶ From a technical perspective, the VN Index corrects when it meets the resistance area of 1250 points. The MACD has shown signs of going up and is approaching the Signal line. Meanwhile, the market liquidity remained at a low level, and the MFI indicator continued its downtrend.



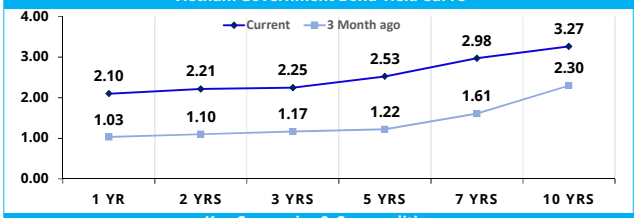
Vietnam Benchmark Index Performance & Multiples

Index	Price	%1D	%1M	%1Yr.	PER	PBR	Mkt Cap
VN-Index	1,219	-1.8	-11.6	-5.1	13.2	2.1	4,920,386
VN30 Index	1,255	-2.1	-13.1	-11.9	11.0	2.1	3,387,131
VN Midcap	1,588	-1.2	-12.4	22.3	10.7	1.2	316,768
VN Smallcap	1,588	-1.2	-12.4	22.3	10.7	1.2	316,768
HNX Index	301	-2.1	-16.3	0.9	15.5	1.8	314,222
UpCom	94	-0.5	-10.1	14.7	15.0	1.7	1,246,472

Vietnam Sector Performance

Sector	%1D	%1M	%YTD	%1 YR.	PER	PBR	Mkt Cap
Financials	-3.3	-20.0	-31.2	1.4	10.9	1.8	180,532
Oil & Gas	0.0	-16.1	-23.9	-22.6	21.7	2.5	61,627
Utilities	-0.9	-6.9	0.1	25.1	19.2	2.5	294,649
Banks	-2.5	-14.1	-18.3	-8.3	10.5	1.8	1,468,237
Consumer Goods	-1.7	-11.8	-17.1	-0.4	17.5	3.0	584,533
Real Estate	-1.3	-4.4	-17.2	-3.9	20.0	2.5	1,192,693
Basic Materials	-1.0	-16.4	-21.2	-2.6	7.2	1.8	421,901
Industrials	-1.0	-11.4	-19.2	23.1	16.3	1.5	243,823
Consumer Services	-1.3	-15.3	-6.7	23.8	n.a	4.4	247,286
Health Care	-0.5	-9.7	-12.6	7.0	16.4	2.3	33,203
Technology	-1.3	-12.0	-1.7	22.4	20.7	3.8	102,869

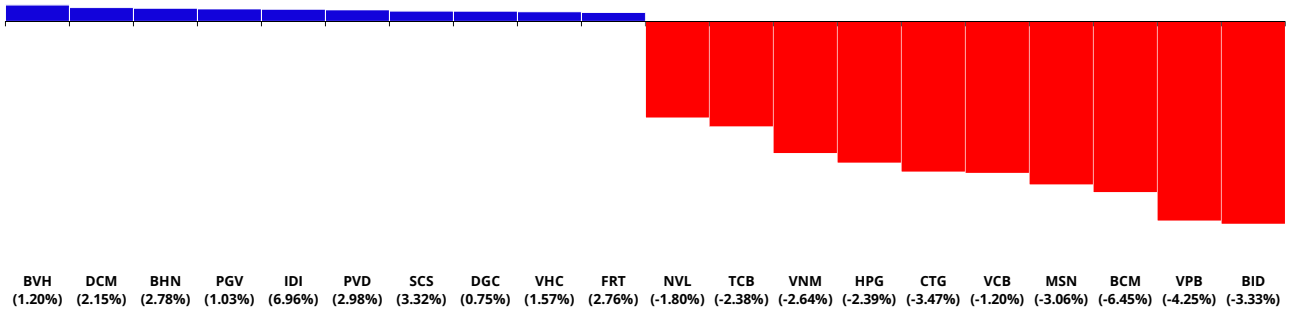
Vietnam Government Bond Yield Curve



Key Currencies & Commodities

Term	Price	%1D	%1W	%1M	%3M	%YTD	%1Yr.
Dollar index	103	-0.5	-1.5	1.4	6.7	7.3	14.0
USD/JPY	128	-0.2	-1.2	-0.4	10.9	10.9	17.3
USD/CNY	7	-0.4	-1.7	1.7	5.6	4.9	3.9
KRW/USD	1,264	-0.3	-1.5	1.2	5.9	6.4	12.2
EUR/USD	1	-0.4	-1.6	1.0	6.6	7.2	15.2
USD/VND	23,166	0.0	0.4	0.9	1.5	1.5	0.5
WTI	111	1.0	-2.5	9.1	20.9	48.0	75.1
Gasoline	385	0.3	-4.4	16.4	41.2	72.6	86.0
Natural gas	8	0.1	1.7	23.9	75.1	117.0	178.5
Coal	417	1.2	6.2	27.9	79.6	146.0	318.3
Gold	1,857	0.6	1.8	-2.1	-2.7	1.5	-1.3
China HRC	4,899	0.2	-1.2	-6.4	-1.2	3.2	-14.2

Contributors to VN Index



Shinhan Securities

Stock Feeds

Companies News

1)**HPG, Materials (Steel):** In April, construction steel was 300,000 tons (-30% YoY) as there are high inventories at agents; construction steel exports were 93,000 tons (+28% YoY). Steel pipe volume was 44,000 tons, galvanised steel 31,000 tons (+60% YoY) mainly by exports. Accumulated in 4 months, HPG produced 2.9 mn tons of raw steel (+7% YoY); sold construction steel 1.6 mn tons (+28% YoY), hot rolled coil (HRC) 1 mn tons (+16% YoY), galvanised steel +47% YoY.

Current capacity of raw steel is 8.5 mn tons/year, of which there are 3 mn tons of HRC. HPG's market share in construction steel is 36.5%, steel pipe 29.2%, galvanised steel 8.4% (April 2022). This implies there is still high room for HPG to grow production and selling volume by gaining market share. In addition, the demand for steel in Vietnam is supported by demand for house, infrastructure and production. There are also export demand as we think that the selling price is competitive given lower costs of labour, electricity and economies of scale with the new factory in Dzung Quat. There may be concerns about HPG's expansion into many different industries like agriculture (feed, farm), real estate and consumer electronics, which have negative points like efficient allocation of resources and specialisation (each company has its own strength at one industry). However, HPG has shown its success with both farm and real estate, which we think that they have top experts in each industry as well as invest in technology and scale. The expansion in different industries also offsets shortage of cash for high capex in new steel factories, whose profits are not stable when price of iron ore is high. Moreover, HPG has increased its stability of steel production with ownership of iron ore mines and investment in steel containers.

2) VTP, Logistics : Mr. Hoang Trung Thanh, former Deputy General Director of Viettel Telecommunications Corporation has been assigned by the Group to be the General Director of Viettel Post Corporation since May 18. Hoang Trung Thanh used to take many leadership roles at Viettel's branches with large domestic markets such as Hanoi, Hai Phong, Viettel Telecom as well as in international markets such as Cambodia, Timor Leste and Myanmar. In particular, in the period 2018 - 2021, Mr. Hoang Trung Thanh, in the position of general director, helped Viettel Myanmar bring Mytel to occupy the No. 1 market share in Myanmar in terms of mobile and fixed broadband.

3) **NT2, Utilities**: Nhon Trach 2 plans after-tax profit in 2022 to reach VND 468 billion, about 12.3% lower than last year.

According to the company's explanation, the increase in gross profit was mainly due to the increase in revenue from power generation by 22% while COGS increased by only 21%. In addition, financial revenue decreased because the company did not have interest on foreign exchange differences as in the same period, and financial expenses decreased because the company has fulfilled its obligation to repay foreign loans to build power plants. Nhon Trach 2 should reduce borrowing costs.

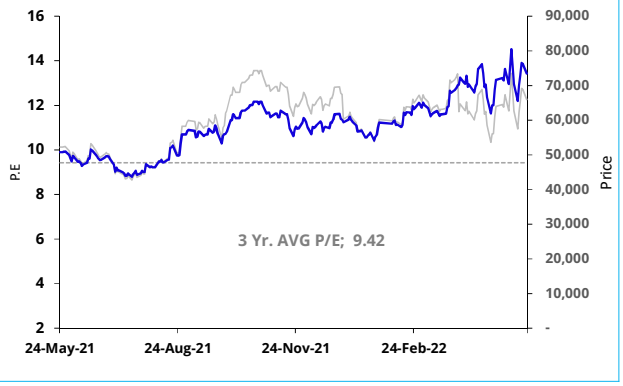
Regarding the dividend payment plan in 2022, the company is expected to present a cash dividend of 15% (1,500 VND/share), equivalent to the estimated amount of about 432 billion VND.

Stock of the day

Refrigeration Electrical Engineering Corporation - REE

REE, Industrials: 1Q2022 business results of company Refrigeration Electrical Engineering JSC: Net revenue was VND 2,045.4bil (+73% QoQ), with 56.2% GPM (1Q21 reached 36.9%), EAT was 2 times compared to that in the same period last year, reaching VND 955.4bil, equivalent to 46.7% profit margin (1Q21 39.9%). The company respectively completed 22% (of VND 9,280bil target revenue) and 46.3% (of VND 2,064bil target profit after tax) of the 2022 initial business plan.

Regarding the revenue structure in 1Q22, the company's electricity and water supply nearly quadrupled compared to that in the same period last year (VND 1,445.3bil compared to VND 372.2bil in 1Q21), contributing 70% to the company's 1Q22 revenue, resulting from the profit from hydroelectric power plant projects that have just been completed and launched into operation – especially Vinh Son Song Hinh Hydropower Plant (HOSE: VSH) that REE has just merged to its FS in 2021, plus the profit contribution from new wind power plants put into operation in the fourth quarter of 2021. Profits from wind power plants are expected to increase rapidly in the following quarters as wind speeds are usually stronger in the last quarters of the year.



Cashflow Trend

Cash Flow Trend Among Sector

Market liquidity continued to remain at a low level below 20 session average. The financial services sector recorded an increase of nearly 20% in transaction value. Meanwhile, the information technology industry had the strongest liquidity drop of over 25%.

Sectors	% Liqidity Change	Today	5 days AVG	20 days Trend
Financial Services	19.8	1,774	1,480	
Construction & Materials	8.2	771	713	
Travel & Leisure	7.6	123	115	
Food & Beverage	6.0	1,033	975	
Oil & Gas	2.0	199	196	
Personal & Household Goods	-0.6	134	135	
Chemicals	-1.8	941	958	
Utilities	-3.2	263	271	
Automobiles & Parts	-3.4	95	98	
Insurance	-3.6	124	128	
Real Estate	-4.5	2,458	2,574	
Banks	-4.6	2,030	2,127	
Retail	-5.2	333	351	
Basic Resources	-16.1	932	1,110	
Health Care	-21.7	20	25	
Industrial Goods & Services	-22.5	582	751	
Technology	-26.2	132	179	

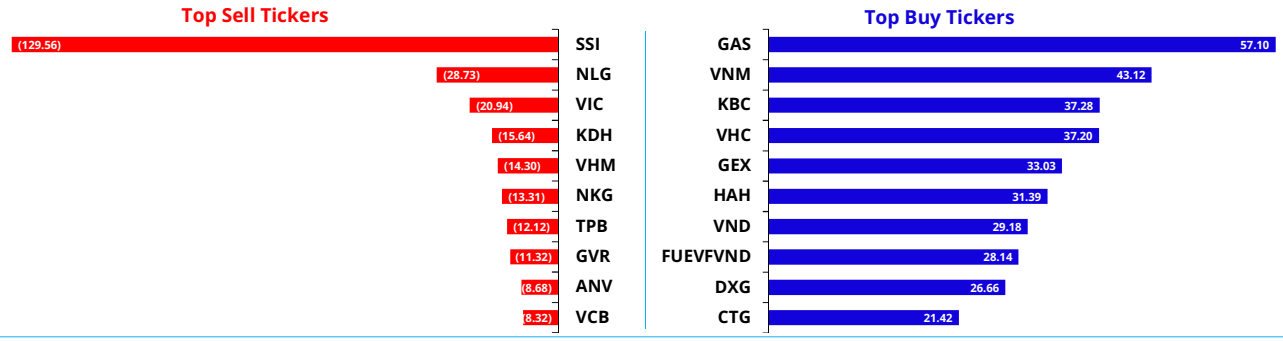
Top 15 tickers in trading value

Ticker	Company name	Sectors	Performance				Trading Stats		Trend
			Close price	%1D	% 1W	%YTD	%Turnover Change	Turnover (VND bn)	
SSI	SSI Securities Corp.	Financial Services	26,500	-6.9	-2.9	-48.8	52.0	839.0	
STB	Sacombank	Banks	20,350	-5.8	6.8	-35.4	35.9	641.7	
DIG	DIC Corp	Real Estate	54,800	-7.0	13.0	-43.3	22.1	549.2	
CII	Ho Chi Minh Infrastructure	Construction & Materials	20,800	0.0	11.2	-55.2	66.1	206.6	
DCM	PetroVietnam Camau Fertilizer	Chemicals	33,300	2.1	27.6	-9.3	40.5	253.2	
VCI	Viet Capital Securities	Financial Services	35,300	-4.9	13.7	-51.5	44.9	222.0	
NKG	Nam Kim Steel	Basic Resources	30,000	1.0	16.7	-22.6	30.1	225.4	
HQC	Hoang Quan Real Estate	Real Estate	5,590	4.3	9.6	-36.5	92.2	95.1	
VHC	Vinh Hoan Corp.	Food & Beverage	90,500	1.6	11.2	44.1	27.5	189.3	
IDI	I.D.I International Development & Investment	Food & Beverage	20,750	7.0	13.1	29.7	67.1	96.6	
BCG	Bamboo Capital	Financial Services	19,900	0.0	10.6	-16.7	35.1	139.8	
VIX	VIX Securities	Financial Services	11,950	-5.9	8.6	-52.9	39.4	107.7	
PET	Petrovietnam General Services	Retail	35,400	0.0	15.1	-3.1	116.8	55.3	
HDC	Ba Ria - Vung Tau House Development	Real Estate	54,700	-7.0	9.0	-42.4	43.2	91.5	
ASM	Sao Mai Group	Food & Beverage	16,900	3.7	13.8	-3.9	36.3	80.1	

Top 10 tickers in Trading volume

Ticker	Company name	Sectors	Performance				Trading Stats		Trend
			Close price	%1D	% 1W	%YTD	%Volume Change	Volume (x1000)	
PET	Petrovietnam General Services	Retail	35,400	0.0	15.1	-3.1	5.2	35.40	
PGC	Petrolimex Gas	Utilities	20,400	1.0	6.8	-14.3	3.2	20.40	
HQC	Hoang Quan Real Estate	Real Estate	5,590	4.3	9.6	-36.5	5.9	5.59	
ITC	Investment and Trading of Real Estate	Real Estate	11,900	1.7	5.3	-49.1	2.1	11.90	
CRC	Create Capital Viet Nam	Construction & Materials	7,800	0.3	5.5	-31.6	1.3	7.80	
PTC	Post and Telecom Construction	Construction & Materials	15,700	-0.6	6.1	-27.2	0.2	15.70	
BWE	Binh Duong Water Environment	Utilities	48,600	0.1	2.1	13.3	-0.2	48.60	
DHM	Duong Hieu Mining	Basic Resources	10,250	-1.4	-2.8	-14.6	-2.3	10.25	
DQC	Dien Quang bulbs	Personal & Household Goods	24,200	-4.9	5.9	-25.3	-1.6	24.20	
AGM	An Giang Import Export	Food & Beverage	28,700	-4.3	-10.3	-20.5	-7.8	28.70	

Foreign Investor Trading Activities

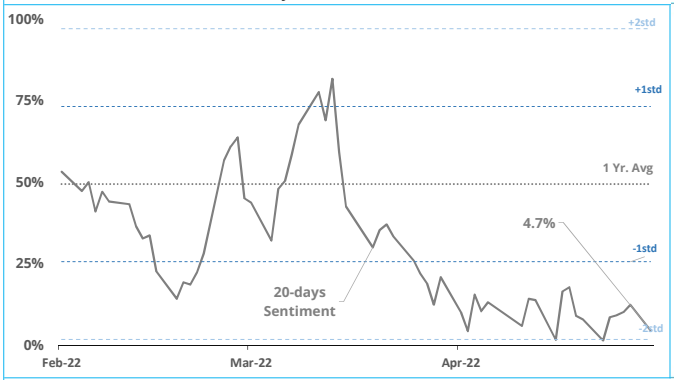


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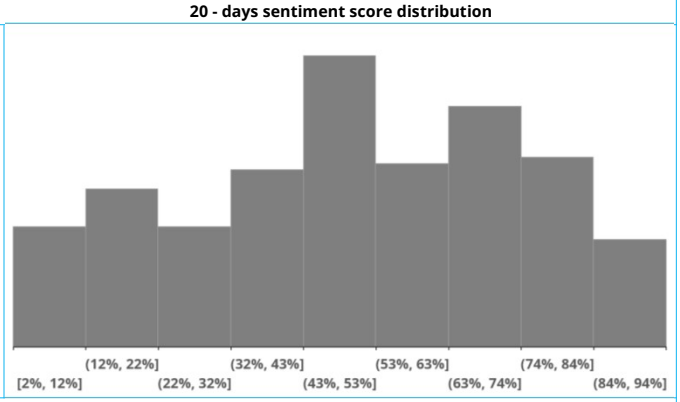
Market Sentiment

20 days Market Sentiment (short-term)

Historical 20 - days sentiment line 's movement



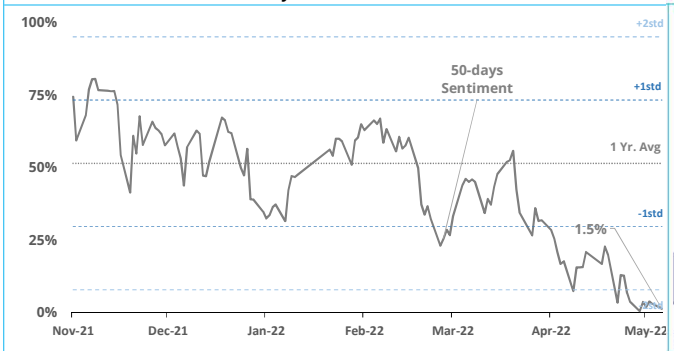
20 - days sentiment score distribution



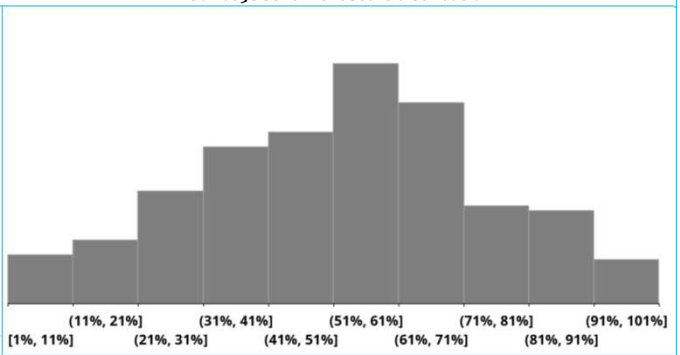
According to 20 days time horizon, total market cap of tickers having price above MA20 line accounts for 4.68% of total market cap of the Index. Based on 1 year historical data, probality of falling further from the current level is 1.20% - Comment: Market sentiment is over negative

50 days Market Sentiment (Mid-term)

Historical 50 - days sentiment line 's movement



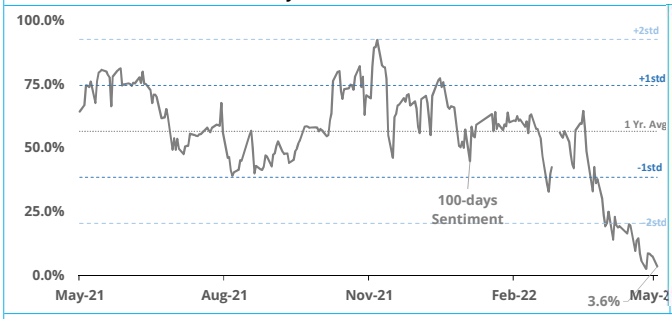
50 - days sentiment score distribution



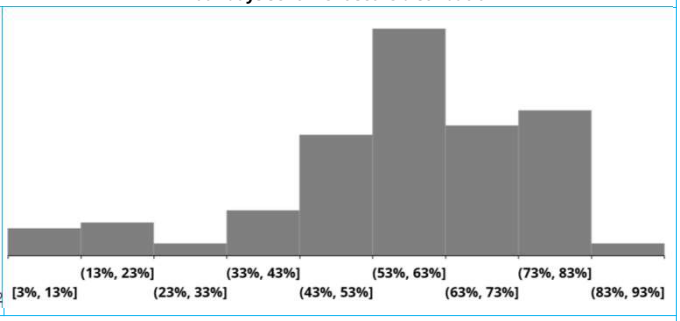
According to 50 days time horizon, total market cap of tickers having price above MA50 line accounts for 1.47% of total market cap of the Index. Based on 1 year historical data, probality of falling further from the current level is 0.40% - Comment: Market sentiment is over negative

100 days Market Sentiment (Mid-term)

Historical 100 - days sentiment line 's movement



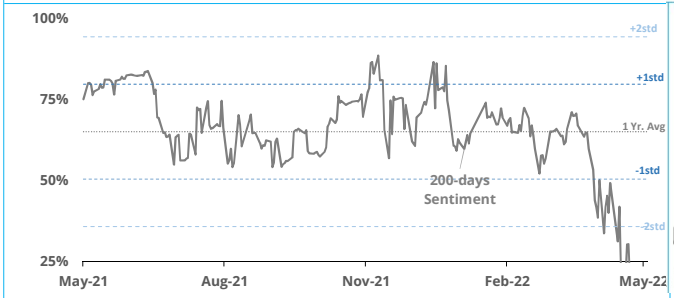
100 - days sentiment score distribution



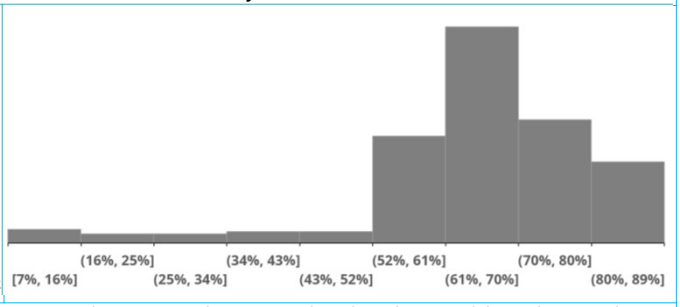
According to 100 days time horizon, total market cap of tickers having price above MA100 line accounts for 3.57% of total market cap of the Index. Based on 1 year historical data, probality of falling further from the current level is 1.20% - Comment: Market sentiment is over negative

200 days Market Sentiment (Long - Term)

Historical 200 - days sentiment line 's movement



100 - days sentiment score distribution



According to 200 days time horizon, total market cap of tickers having price above MA200 line accounts for 10.30% of total market cap of the Index. Based on 1 year historical data, probality of falling further from the current level is 0.40% - Comment: Market sentiment is over negative

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