MORNING CALL

August 16, 2022

Shinhan Securities

“The first session prospered”

- Global stocks’ transactions started to be more cautious
- VNIndex prospered at the first session
- Power sector update
- Technical view and recommendations #HPG #VGI
- Economic calendar
- Q&A

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Global Market Review - Week 15-19/08/2022

Shinhan
Compassionate Finance

After a prosper week of trading, the market started to be more cautious

- Wall Street started to slow down as investors waited for earnings reports from major retailers, as well as the FOMC meeting on Thursday, which will reveal more detail about the Fed's upcoming increasing rate decision.
- Asian stocks mostly rose, Japan's GDP is forecast to increase by more than 2%. While, China went backwards as industrial output and retail sales in July rose less than expected.
- Crude oil fell below the threshold of 90 USD/barrel. As the industrial production of China, a top oil importer, has fallen than the expectations, add to the possible increase of supply from Iran as it may accept the EU's offer to recover the nuclear deal.

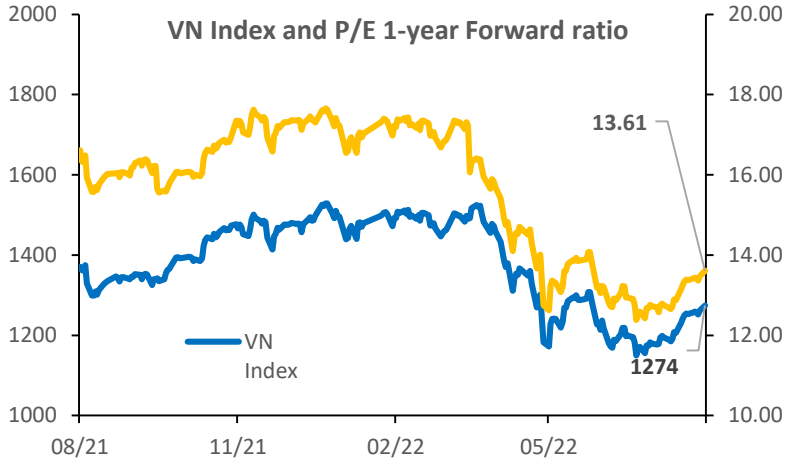
Market

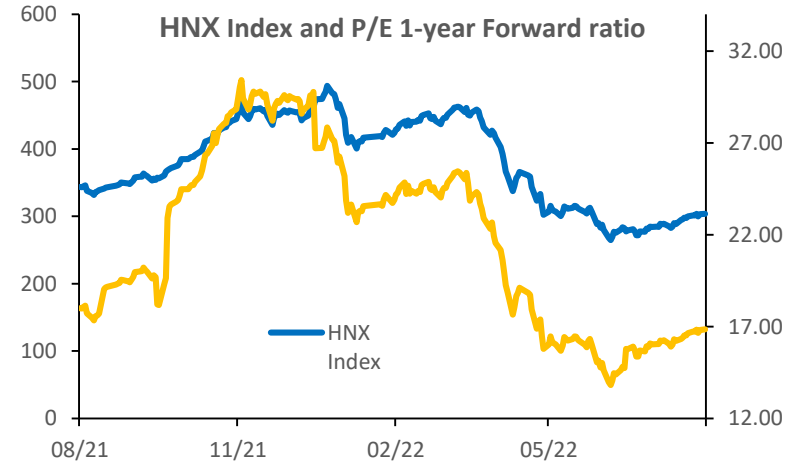
	Close	%1D	%1M	%1Y
VN-Index	1,274	0.94%	8.05%	-7.06%
S&P 500 Index	4,297	0.40%	11.23%	-3.82%
Dow Jones Index	33,912	0.45%	8.39%	-4.51%
Hang Seng	20,041	-0.67%	-1.27%	-23.45%
Nikkei 225	28,872	1.14%	7.78%	4.90%
SHCOMP Index	3,276	-0.02%	1.49%	-6.86%
STI Index	3,257	-0.38%	5.09%	3.54%
KOSPI Index	2,535	0.29%	8.77%	-20.05%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	106.49	-0.05%	-1.46%	14.96%
USD/VND	23,398.00	-0.01%	0.01%	-2.42%
EUR/USD	1.02	0.00%	0.17%	-13.74%
USD/CNY	6.77	-0.45%	-0.24%	-4.41%
Brent	94.15	-1.00%	-6.93%	35.45%
WTI	88.56	-0.95%	-9.25%	31.61%
Natural gas	8.83	1.21%	25.91%	123.87%
Coal	407.50	-0.04%	0.23%	135.89%
Gold	1,778.51	-0.07%	4.05%	-0.50%

Vietnam Market Snapshot – 15/08/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,274.20	13.61	11.87	0.94	634	15,509
HNX INDEX	303.97	16.86	0.55	0.18	81	1,650

Money flow and sector rotation (VND bn)

Sector	%1D	8/15/2022	8/12/2022	20-session Average
Banks	121.48	2,929	1,322	2,037
Technology	99.80	311	156	203
Food and Beverage	36.41	1,489	1,091	1,255
Oil & Gas	29.89	218	168	166
Utilities	22.96	357	290	346
Automobiles & Parts	17.26	104	88	110
Travel & Leisure	13.01	122	108	114
Insurance	7.97	81	75	110
Industrial Goods & Services	7.94	781	723	719
Chemicals	5.89	505	477	699
Personal & Household Goods	4.06	187	180	183
Real Estate	1.96	2,317	2,273	2,233
Health Care	-0.3	26	26	40
Construction & Materials	-1.0	889	899	896
Financial Services	-10.7	1,602	1,794	1,802
Retail	-11.2	571	643	454
Basic Resources	-21.4	1,360	1,730	1,229
Media	-52.0	5	11	11

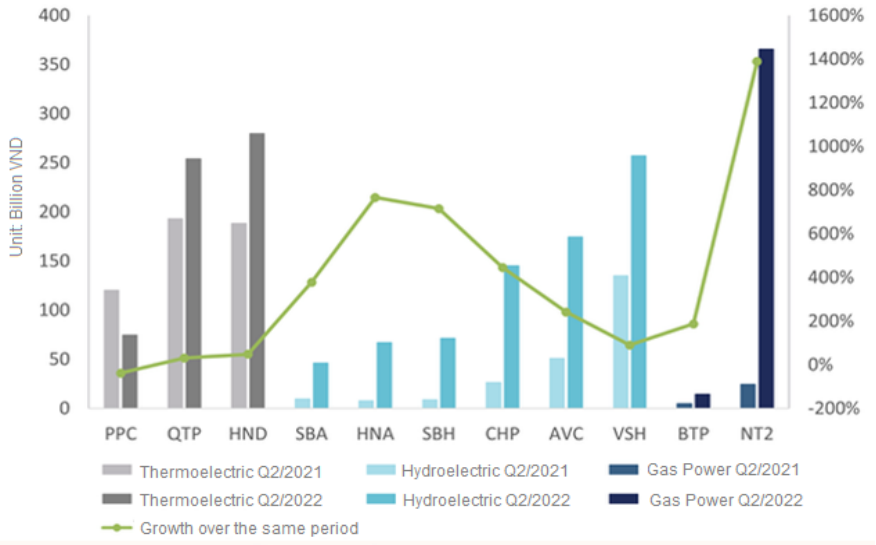
Breaking News

Bullish	■ The project to upgrade the Cai Mep - Thi Vai port is expected to start at the beginning of next year, depending on the actual situation. ■ Vietnam continues to consolidate its high position in the global recovery index and is recognized as one of the rising economic stars in the region with a positive economic outlook (WB, IMF, Rouse website, Asia global Online ...) ■ The Ministry of Industry and Trade released a report on industrial production in July with data showing that industrial production has continued to recover in most industries. ■ Vo Van Hoan, Vice chairman of the People's Committee of Ho Chi Minh City, affirmed that the city does not have a policy of abolishing any export processing zone - industrial park, but orienting to appropriate transformation, and at the same time supplementing and orienting for new export processing zones - industrial zones.
Bearish	■ The textile and garment industry is forecasted to face many difficulties and great challenges in the second half-year 2022. The high inflation rate in major consumer markets such as the US and Europe... lessens the purchasing power of consumer goods. In addition, input costs increased due to high prices of raw materials and fuel. ■ The number of Covid cases is increasing slightly.

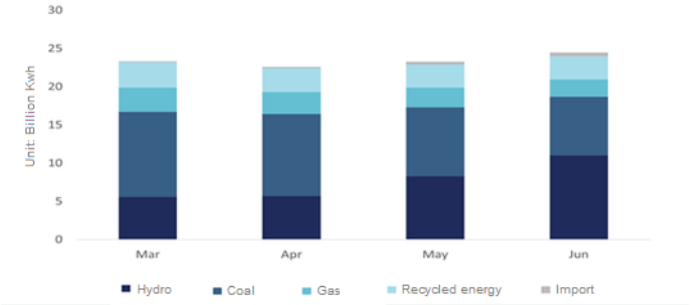
Power sector update

Results 2Q2022: Differentiation between gas power, coal power and hydropower

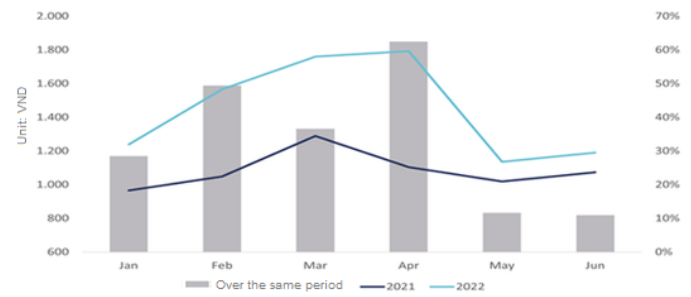
- Hydrological situation in the first half of 2022 has created advantageous conditions for hydropower enterprises to bring in high profits.
- Coal power industry in the second quarter of 2022 achieved a relatively modest increase compared to other enterprises in the power industry, even Pha Lai Thermal Power (PPC) grew negatively 27.8% because the Power S6 have not been put into operation. The reason was that the price of input materials (coal, gas) increased and output decreased when hydroelectricity activated again.
- Although under the same situation from the increase in input material prices, gas power enterprises still had a sudden growth over the same period, such as NT2. The reason was that gas power's business results in the same period in 2021 were extremely low, creating a much lower base compared to coal power enterprises.



Growth in profit after tax in the second quarter of power generation enterprises by type (Wichart)



Structure of mobilized power sources in Q2/2022 (EVN, Wichart.vn)



Total market price of electricity (FMP), Wichart.vn

Power sector update





Highlights:

- According to the forecast of the Department of Meteorology and Hydrology, it is likely to continue to remain in the state of La Nina from now until the end of 2022 with a probability of about 55 - 65%. Accordingly, the basic rainfall in the regions is forecasted to continue to be higher than the same period last year. Thus, hydropower plants are likely to continue to benefit.
- The average transaction price of electricity in the Q2/2022 is still 30% higher than the same period.
- Power consumption is still high.

Stocks:

- In terms of trending, REE and NT2 are showing superiority, concurring with relatively positive business results. The oscillation seems to be close to the end of the short-term correction process, so we should observe to choose the appropriate disbursement point.

Technical view



Market trend: Inertia increased

- VnIndex opened with a gap and increased in the first session to 1,274 points. The green candle also surpassed the bearish candle in the last Thursday (August 11th) with a consensus high trading volume. The market soon regained its recovery inertia, however, the money flow started to be more divergent. MACD remained above the positive and neutral domain. While RSI was back to the overbought zone, the upcoming sessions are likely to fluctuate.

Scenarios:

- Positive (70%): The retracement is likely to continue and target resistance around 1300 points, which is a strong resistance. However, the uptrend will be accompanied by correction sessions, so take advantage to accumulate long-term positions at red prices during the session.
- Less positive (30%): If index drops again and breaks through 1200 points, it means that the retracement wave will gradually end and possibly a bull trap. At this time, you should minimize your stock position and stand outside to observe.

Trading ideas for 2H2022

❖ **Financials:** Cash flow has been returned and most of the stocks are above MA20. Many stocks created cross points (MA20 crosses MA50 > positive signal for short-term trading). This group is likely to have a considerable impact on the index in coming time.

- ✓ **Banking:** STB, MBB, CTG, BID, LPB (UPCoM: BVB, ABB). The highlight is that profits of this group continue to grow while the stock market prices have had a big discount, however, it should be noted that bad debts of some banks still increase.
- ✓ **Securities:** HCM, SSI, VND, VCI, SHS (beneficiary from applying T+2, however, should be cautious with stocks that are highly speculative or unpromising long-term outlook)

❖ **Real estate** (Residential + Industrial): FDI inflows into Vietnam is still high, FDI moving out of China remains and the housing market recovers

- ✓ **Residential**: DIG, PDR, NLG, DXG, HDC
- ✓ **Industrial**: KBC, GVR, SZC

❖ **Construction, public investment:** The disbursement of public investment capital, in addition to the reduced cost of materials such as steel and cement will contribute to improve profit margins for this group.

- ✓ **Construction**: HBC, VGC
- ✓ **Public investment**: LCG, C4G, HHV

❖ **Power:** NT2, REE, POW (electricity price and demand still increasing)

Watchlist for 2H2022

Signal	Sector	Stock
"Strong"	Banking	**STB, MBB, CTG, BID, LPB** UPCoM: **BVB, ABB**
	Securities	**HCM, SSI, VND, VCI, SHS**
	Real estate	**DIG, PDR, NLG, DXG, HDC** **KBC, GVR, SZC**
	Construction	**HBC, VGC** **LCG, C4G, HHV**
	Power	**NT2, REE, POW**
Watchlist	Export	**VHC, ANV** **TNG, VGT**
	Economy reopening (Tourism/ Aviation)	**HVN, VJC** **SKG, VTD**

Recommended portfolio

Trading portfolio

Updated date **16/8/2022**

Unit: thousand VND

Ticker	Recommendation day	Buying price (+/- 1%)	Target	Cut loss	Upside	Current price	T+	Profit/Loss	Status
PDR	9/8/2022	53.5	60	52	12%	54.2	7	1.31%	Hold
CTG	9/8/2022	28.5	32	27.5	12%	29.45	7	3.33%	Hold
GVR	9/8/2022	24.6	28	23.5	14%	24.85	7	1.02%	Hold
HVN	10/8/2022	17.3	20	16.5	16%	17.65	6	2.02%	Hold
BVB	10/8/2022	14	15	13.5	7%	14.1	6	0.71%	Buy
HPG	15/8/2022	23.8	26.5	22.4	11%	24	1	0.84%	Buy
VGI	15/8/2022	33	38	31	15%	34.6	1	4.85%	Hold
						Total return		**14.08%**	

Today's watchlist

NT2	Open a long position when the price has a signal of break 27 with trading volume above 20 session average
VGC	Open a position when the price drops to 64

Economic calendar

August 2022

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
31	1 PMI data (US and Vietnam)	2	3	4	5 Unemployment rate (US)	6
7	8	9	10 CPI data (US)	11 MSCI quarterly review PPI Data (US)	12	13
14	15 Deadline for submission of semi-annual financial statements	16	17	18 Expiration date of future contract FOMC meeting	19	20
21	22	23 Ishare MSCI review	24	25 US GDP Q3	26 FDI Data (Vietnam)	27
28	29 Vietnam macroecnomic data	30	31	1	2	3

Q&A

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