MORNING CALL

August 18, 2022

Shinhan Securities

“Money flow differentiates ”

- Global stocks slightly declined
- VN-Index: “Appearances are deceptive”
- Update business results of Q2/2022
- Technical view and recommendations #PDR
- Economic calendar
- Q&A

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

Major stock markets differentiates

- Wall Street stocks slightly declined as earnings reports from major retailers were lower than expected, and the transactions started to be more cautious to wait for the FOMC which will reveal more detail about the Fed's upcoming increasing rate decision.
- Asian stocks gained at the beginning of the session but corrected down towards the end of the session. European stocks mostly traded in the red.
- The People's Bank of China (PBoC) unexpectedly cut key interest rates, aiming to restore credit demand.
- The UK consumer price index (CPI) in July increased to 10.1%, higher than the market forecast of 9.8%.
- Crude oil fell below the threshold of 87.5 USD/barrel.

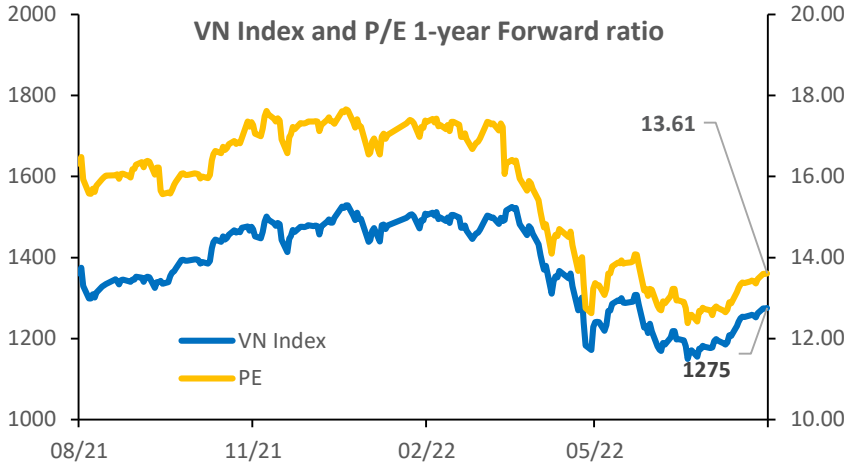
Market

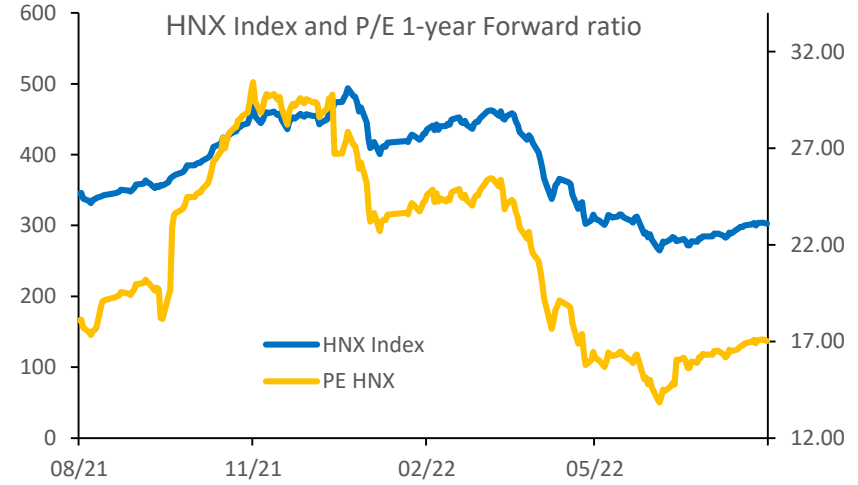
	Close	%1D	%1M	%1Y
VN-Index	1,275	0.05%	8.40%	-6.29%
S&P 500 Index	4,274	-0.72%	10.64%	-3.91%
Dow Jones Index	33,980	-0.50%	8.60%	-3.86%
Hang Seng	19,922	0.46%	-4.43%	-22.98%
Nikkei 225	29,223	1.23%	9.09%	5.93%
SHCOMP Index	3,293	0.45%	0.44%	-5.53%
STI Index	3,263	0.28%	4.52%	4.19%
KOSPI Index	2,493	-0.95%	4.94%	-21.09%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	106.61	0.03%	-0.71%	14.46%
USD/VND	23,393.00	0.03%	0.20%	-2.44%
EUR/USD	1.02	0.03%	0.39%	-13.05%
USD/CNY	6.78	0.10%	-0.56%	-4.35%
Brent	93.19	-0.49%	-12.31%	36.58%
WTI	87.60	-0.58%	-14.62%	33.82%
Natural gas	9.18	-0.66%	22.78%	138.40%
Coal	413.90	2.20%	1.81%	141.41%
Gold	1,765.21	0.20%	3.28%	-1.26%

Vietnam Market Snapshot – 17/08/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,275.28	13.61	0.59	0.05	712	17,674
HNX INDEX	302.59	17.03	-0.43	-0.14	100	1,820

Money flow and sector rotation (VND bn)

Sector	%1D	8/17/2022	8/16/2022	20-session Average
Real Estate	86.23	3,581	1,923	2,319
Insurance	76.30	138	78	111
Utilities	40.56	419	298	341
Food and Beverage	35.91	1,441	1,060	1,253
Health Care	29.44	42	33	39
Financial Services	28.63	2,027	1,576	1,811
Banks	26.18	2,147	1,701	2,078
Technology	22.29	217	177	202
Travel & Leisure	19.56	137	114	118
Automobiles & Parts	16.23	110	94	108
Construction & Materials	13.17	1,321	1,168	938
Media	0.39	9	9	9
Oil & Gas	-0.7	275	277	180
Industrial Goods & Services	-2.3	814	833	733
Chemicals	-2.8	636	654	687
Retail	-27.9	414	574	457
Personal & Household Goods	-30.8	204	295	190
Basic Resources	-40.6	1,506	2,534	1,352

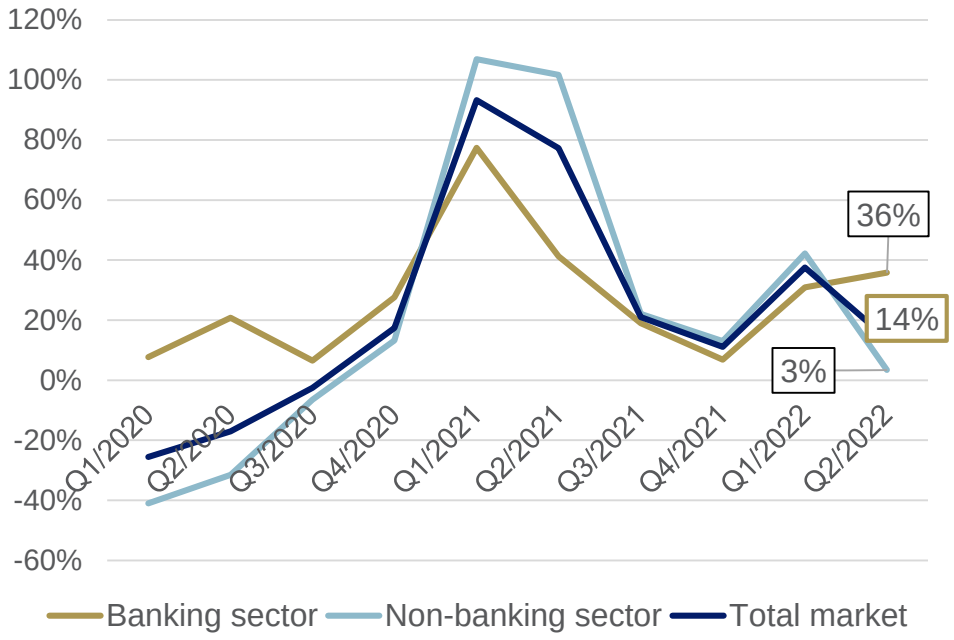
Breaking News

Bullish	■ Focus on handling cases related to FLC, Tan Hoang Minh and Viet A ■ Ho Chi Minh City decided to start construction of Vanh Dai 3 project in mid-2023. ■ Viettel wants to research and produce chips. In addition to being an intermediary for switching payments, Viettel has just proposed to the Prime Minister to produce chips for domestic demand and for export (VGI, CMG). ■ General Statistics Office of Vietnam stated that the gross domestic product (GDP) in the second quarter of 2022 was estimated to increase by 7.72% over the same period of last year, higher than the growth rate of the second quarter of the years between 2011-2021. With this result, Vietnam's GDP growth in the second quarter of 2022 is the second highest in the ASEAN-6 region, after Malaysia.
Bearish	■ Fishery enterprises may face difficulties due to the impact of exchange rates ■ The number of Covid cases is increasing slightly.

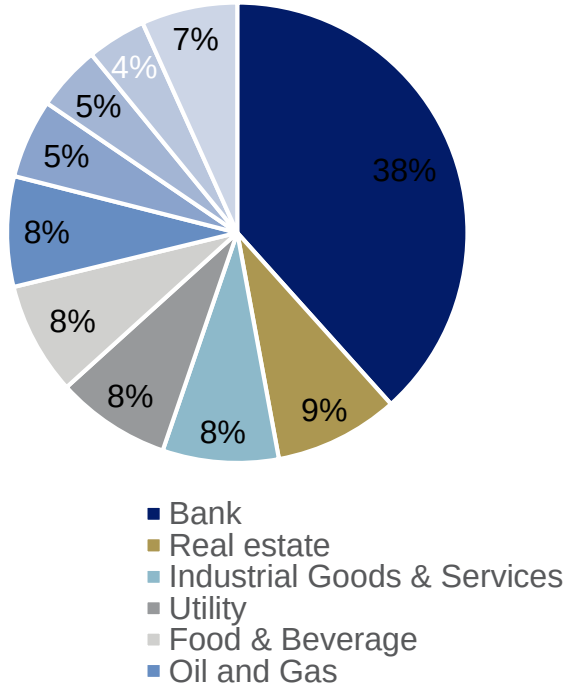
Update business results Q2/2022

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Compassionate Finance

Net profit growth rate from Q1/2020 to Q2/2022 (%)



Net profit breakdown by sectors



Net profit of listed companies (*) grew by **14% YOY** in Q2/2022**.**

* Statistics update on 12/08/2022 based on results of 1,126 companies listed on HOSE, HNX and UPCOM with total market capital account for 98%
Source: Fiinpro

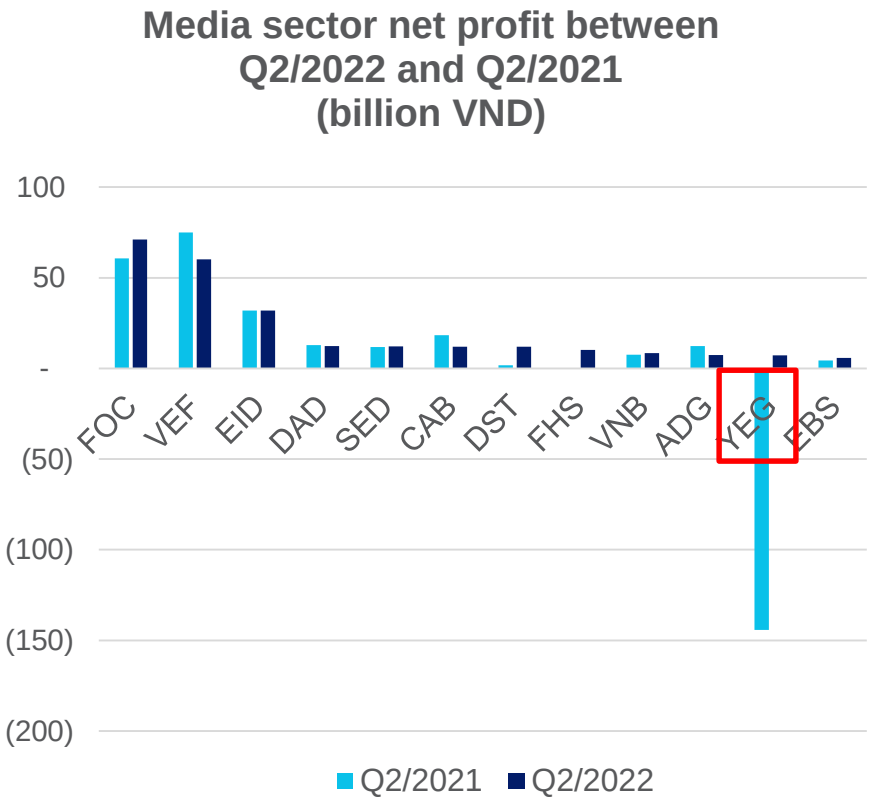
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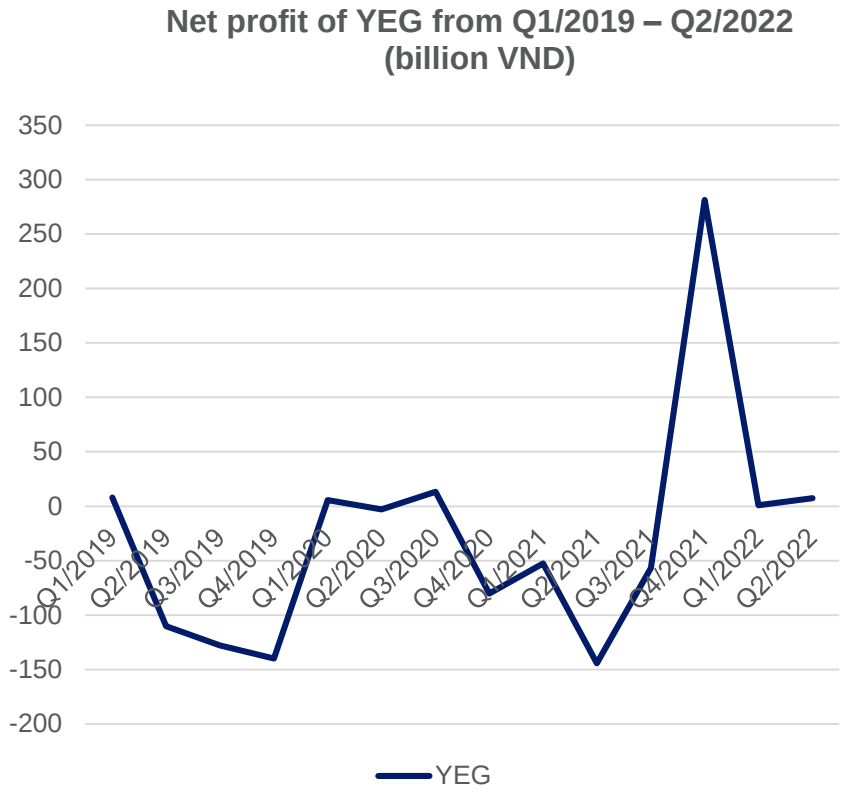
Update business results Q2/2022

Sector	Revenue growth rate in Q2/2022 (YoY%)	Net profit growth rate in Q2/2022 (YoY%)
Media	36%	173%
Oil & Gas	85%	170%
Chemicals	33%	114%
Utilities	22%	56%
Travel & Leisure	155%	45%
Personal & Household Goods	32%	44%
Construction & Material	8%	40%
Automobiles & Parts	18%	36%
Banks*	16%	36%
Industrial goods & services	14%	35%
Technology	23%	34%
Telecom	13%	33%
Food & Beverage	3%	11%
Health care	-11%	3%
Retails	13%	-20%
Insurance	10%	-33%
Real estate	-43%	-36%
Basic resources	9%	-62%
Financial services	-1%	-77%

* Statistics update on 12/08/2022 based on results of 1,126 companies listed on HOSE, HNX and UPCOM with total market capital account for 98%
Source: Fiinpro

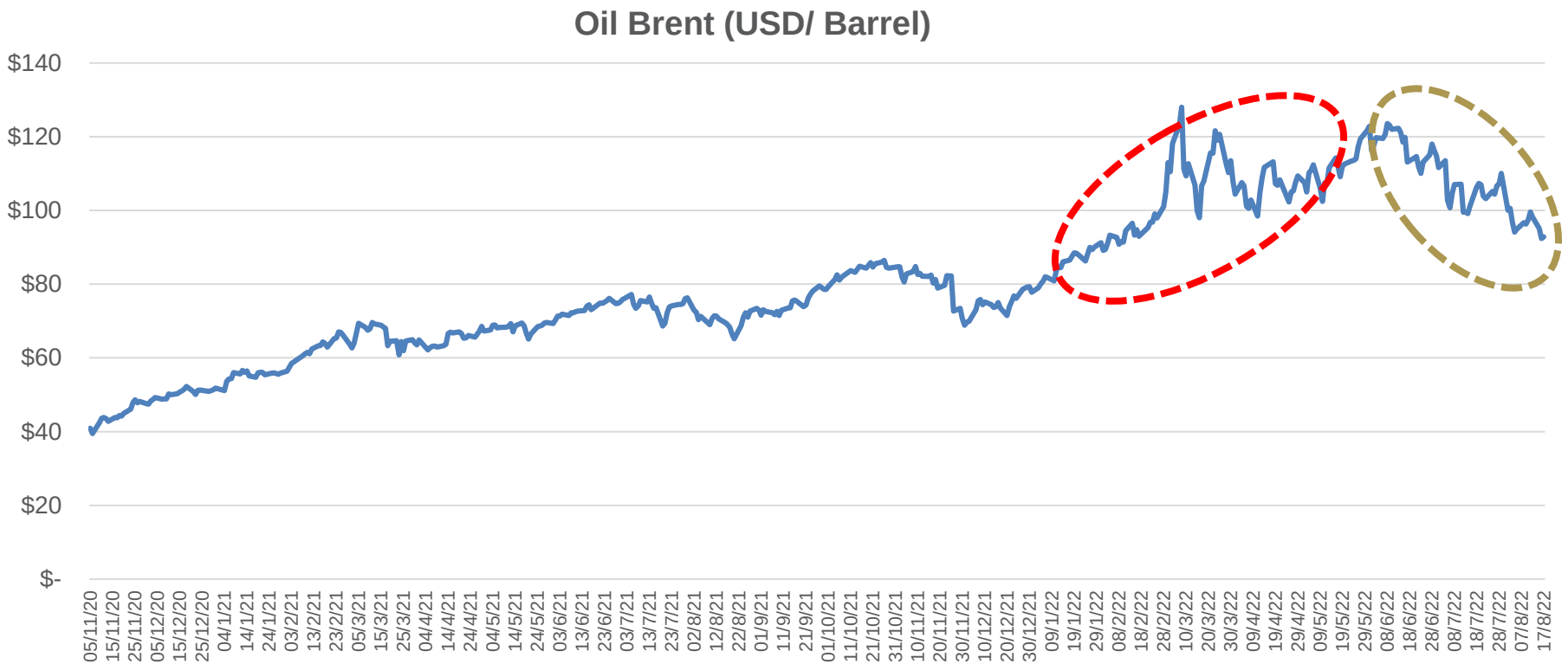
Media sector





- The media sector was significantly affected by YEG.
- Net profit of the media sector increased by 10% if YEG was excluded

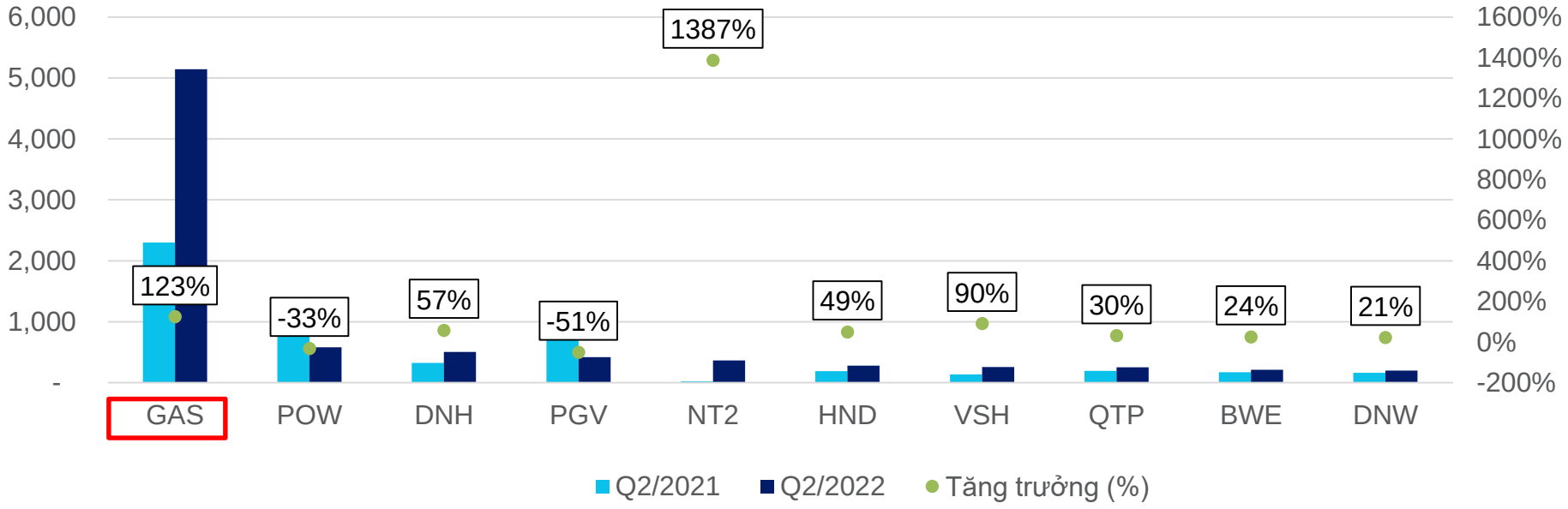
Oil & gas and Chemical sectors



- Oil & gas and Chemical sector had a considerable increase as Oil Brent skyrocketed during 1/2022 and 3/2022, which increased from USD 80 to USD 100.
- Net profit of the chemical decreased by -1% if oil-related companies were excluded

Utilities sector

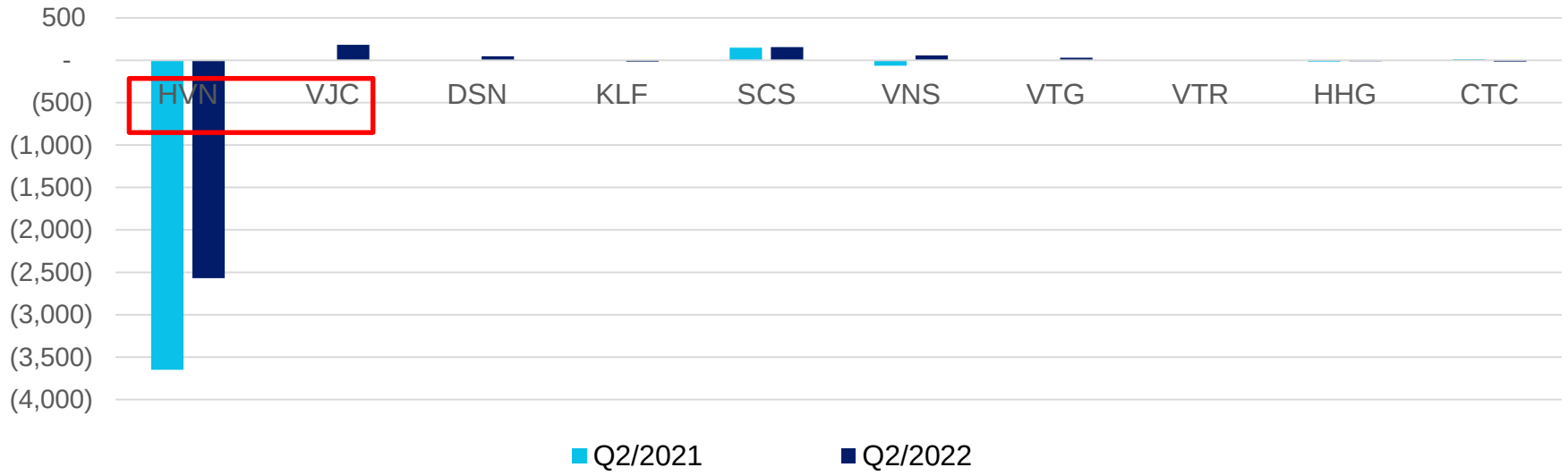
Utilities sector net profit between Q2/2022 and Q2/2021 (billion VND)



- Utilities sectors includes electricity, water and gas in which gas accounts for the greatest shares
- Net profit of the utilities sector increased by 21% if GAS was excluded

Travel & Leisure sector

Travel & Leisure sector net profit between Q2/2022 and Q2/2021 (billion VND)

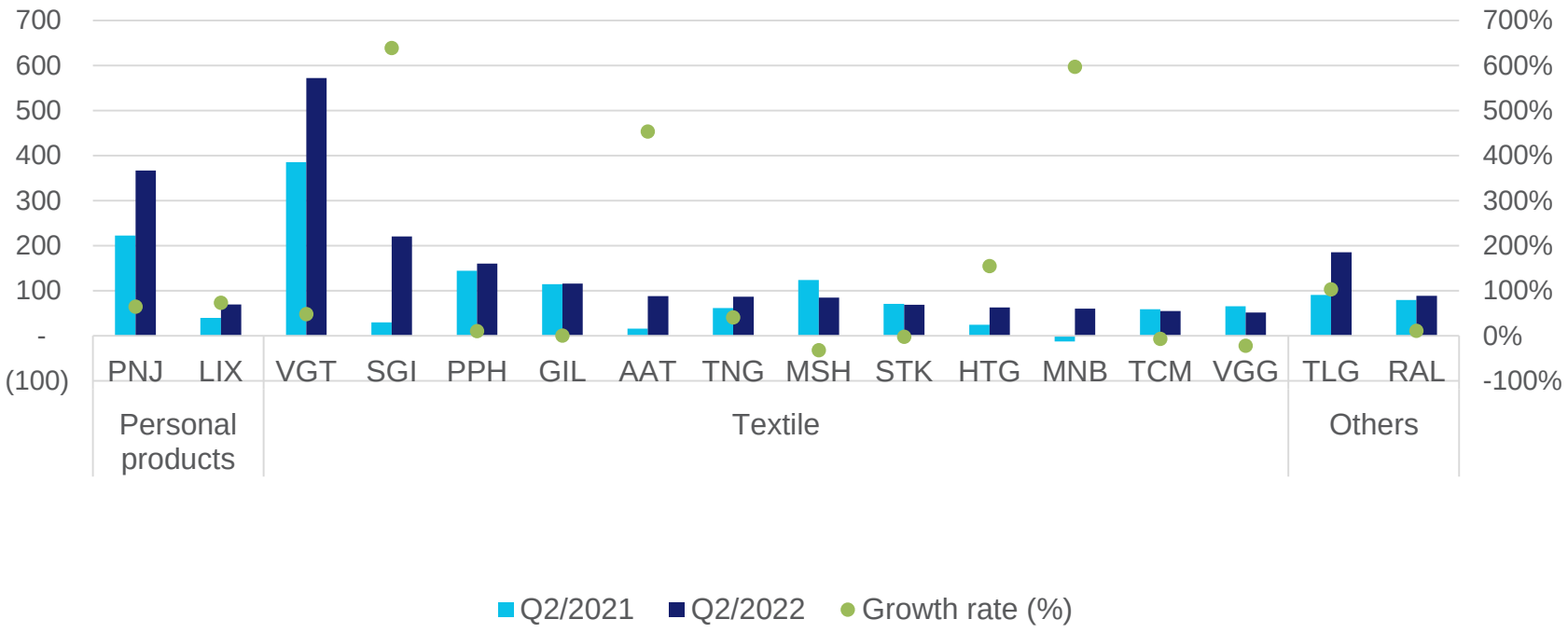


- HVN & VJC account for the largest shares of the travel & leisure sector
- The travel & leisure sector net profit growth rates increased as the net profit of the same period last year was low

➔ **Recommend the travel & leisure sector to the watchlist**

Personal & Household Goods sector

Personal & Household Goods sector net profit between Q2/2022 and Q2/2021 (billion VND)



- The textile sectors increased by **43%**, and the personal products sector increased by **56%** **(in which PNJ rose by 65%)**
- The personal & household goods sector is expected to continue to grow due to the low level of net profit during Q3 & Q4/2021

➔ **Positive outlook with the personal & household goods sector during 2H2022.**

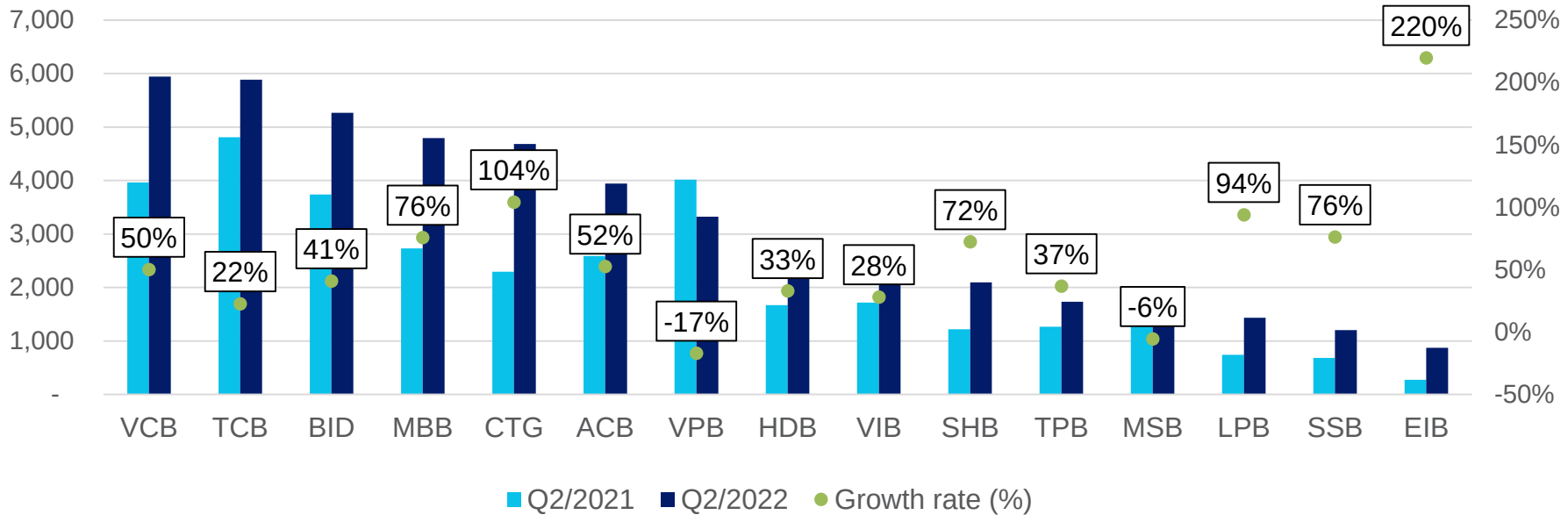
Construction and Automobiles & parts sector

- The net profit of construction & materials sectors increased strongly mainly due to SJG (up from 45 billion in Q2/2021 to 1,028 billion in Q2/2022 - due to the divestment of the company's investment). Excluding SJG, the net profit of construction and materials industry increased by 15%.
- The net profit of the automobiles & parts industry increased strongly due to SVC (up from 53 billion in Q2/2021 to 162 billion in Q2/2022). If excluding SVC, NPAT of the Automotive and spare parts industry increased by 11%.

➔ **Neutral view and keep monitoring the benefit effect from the decrease in input material prices.**

Banking sector

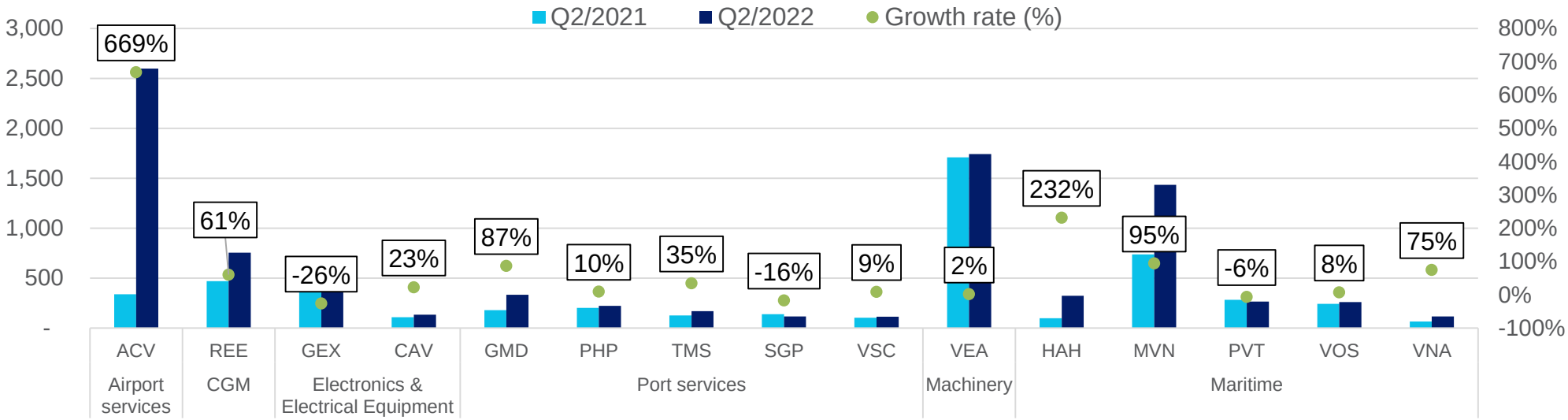
The banking sector net profit between Q2/2022 and Q2/2021 (billion VND)



➔ **Maintaining a positive outlook of the banking sector in 2H2022 as a result of the economic recovery expectation after Covid-19**

Industrial goods & services sector

The Industrial goods & services sector net profit between Q2/2022 and Q2/2021 (billion VND)

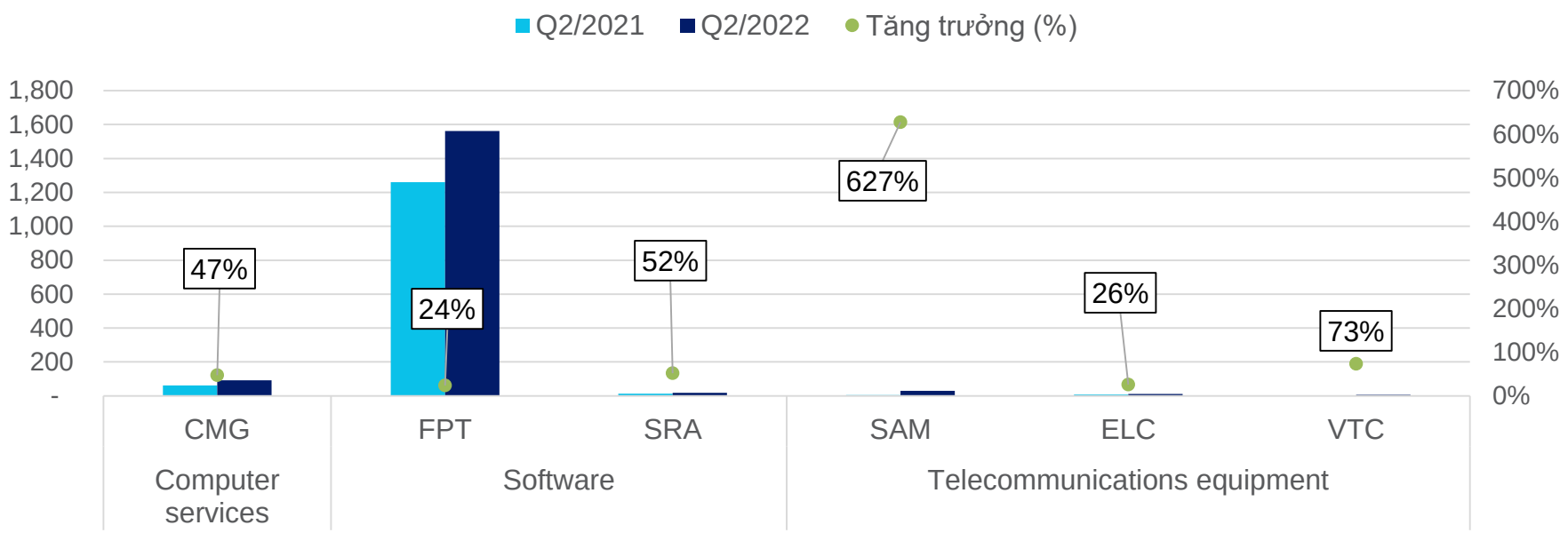


- The prospects of economic recovery after Covid-19 in the airports services sectors with a sharp increase in the number of flights
- The strong growth prospect in GMD with the new investment of Gemalink port
- The maritime sector benefited from the increase in freight rates, in which HAH – the top player had a strong growth thanks to the expansion of the fleet

➔ **Positive outlook with Airport services (ACV), Port services (GMD) và Marine time (HAH)**

Technology sector

The techonolgy sector
net profit between Q2/2022 and Q2/2021 (billion VND)



- **Positive outlook with the technology sector (FPT, CMG) thanks to the trend of digital transformation and new investment of Vietnam in chip manufacturing.**

Update the valuation ratio

Sectors	P/E at the beginning of the year	P/E on 08/08/2022	changes	P/B at the beginning of the year	P/B on 08/08/2022	changes
Retail	24.9	18.3	-27%	3.9	3.4	-13%
Insurance	16.4	17.0	4%	1.8	1.7	-4%
Real Estate	23.4	23.1	-1%	2.6	2.4	-7%
Technology	23.4	18.7	-20%	4.0	3.6	-11%
Oil & Gas	19.0	9.4	-51%	1.7	1.5	-12%
Financial Services	13.5	9.6	-29%	2.0	1.5	-22%
Travel & Leisure	(30.7)	(13.7)	-55%	4.1	4.3	6%
Industrial Goods & Services	23.7	17.3	-27%	2.7	2.4	-11%
Personal & Household Goods	15.5	10.9	-29%	2.0	1.7	-13%
Chemical	21.6	8.8	-59%	2.1	1.8	-12%
Banks	13.1	9.6	-26%	2.0	1.7	-15%
Automobiles & Parts	21.0	14.6	-30%	1.2	1.1	-5%
Basic resources	8.2	6.2	-24%	1.4	1.3	-11%
Food & Beverage	25.2	16.3	-35%	3.5	3.2	-9%
Utilities	16.1	13.5	-16%	2.3	2.1	-8%
Media	109.9	27.9	-75%	3.5	3.2	-7%
Telecom	195.0	47.4	-76%	3.4	3.2	-6%
Construction & Material	25.4	15.2	-40%	1.7	1.5	-11%
Health care	20.2	15.4	-24%	1.9	1.8	-7%

Technical view



VNI	1275.28 (0.59 0.05%)	VN30	1300.4 (5.30 0.41%)	HNX	302.59 (-0.43 -0.14%)	UPCOM	93.07 (0.23 0.24%)
712,253,187 CP	17,674.35 Tỷ	165,416,153 CP	6,012.95 Tỷ	100,317,709 CP	1,820.84 Tỷ	58,371,931 CP	1,210.82 Tỷ
189(6) 82	247(7) Hết giờ GD	13(0) 3	14(0) Hết giờ GD	81(6) 135	121(3) Hết giờ GD	138(12) 477	138(4) Hết giờ GD

Market trend: Money flow differentiates

- Another struggling session of the market when the VnIndex closed in green at 1,275 points but narrowed the gaining momentum towards the end of the session. Money flow was showing a divergence between industries and stocks in the industry. MACD was neutral, but decreasing in volume, which was likely to cross the signal line. RSI was still above the overbought zone, so the fluctuate signal is easy to see. In general, there may be a correction so that the market can create more gaining momentum.

Scenarios:

- Positive (70%): The retracement wave is likely to continue and target the resistance area around 1300 points. However, in the short term, we need to be cautious because the index might need to correct to create more gaining momentum. Therefore, only open long positions in the correction and avoid excitement.
- 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 **18/8/2022**

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%	58.2	7	8.79%	Sell
CTG	9/8/2022	28.5	32	27.5	12%	29.1	7	2.11%	Hold
GVR	9/8/2022	24.6	28	23.5	14%	24.55	7	-0.20%	Buy
HVN	10/8/2022	17.3	20	16.5	16%	17.35	6	0.29%	Buy
BVB	10/8/2022	14	15	13.5	7%	14	6	0.00%	Buy
HPG	15/8/2022	23.8	26.5	22.4	11%	24.3	3	2.10%	Hold
VGI	15/8/2022	33	38	31	15%	33.8	3	2.42%	Hold
						Total return		**15.50%**	

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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