MORNING CALL

August 19, 2022

Shinhan Securities

“Money flow was hesitant in buying direction”

- Global stocks struggled
- Domestic stocks was hesitant in buying direction
- Fuel price update #GAS #CNG
- Technical view and recommendations #PDR
- Economic calendar
- Q&A

[Analysts]

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

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Major stock markets differentiates

- Wall Street struggled around the threshold of 34,000 points. US home sales in July fell.
- Asian stocks slightly declined. The annual inflation rate in Japan rose to 2.6% in July from 2.4% in June. This was the fastest increase in consumer prices since April 2014.
- China is facing a serious power shortage in the area around the Yangtze River due to the heat.
- The UK consumer price index (CPI) in July increased to 10.1%, higher than the market forecast of 9.8%.
- Crude oil rises to the threshold of 90 USD/barrel as natural gas prices escalate.

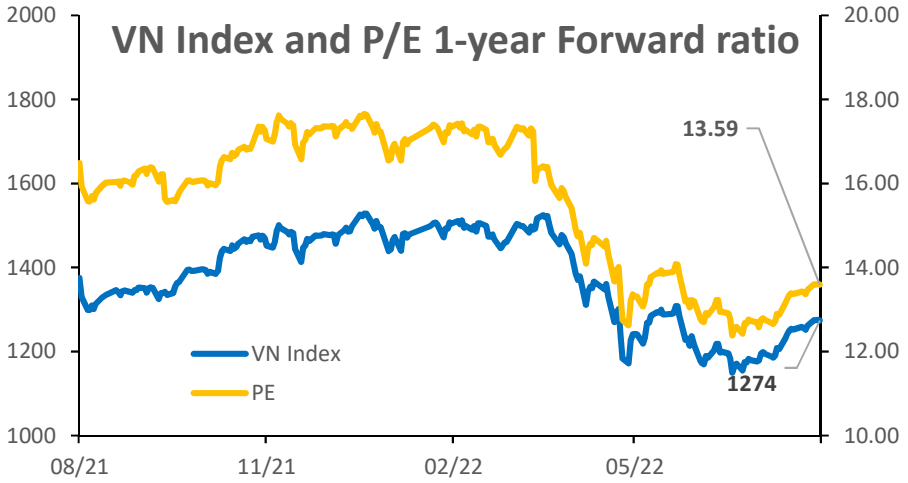
Market

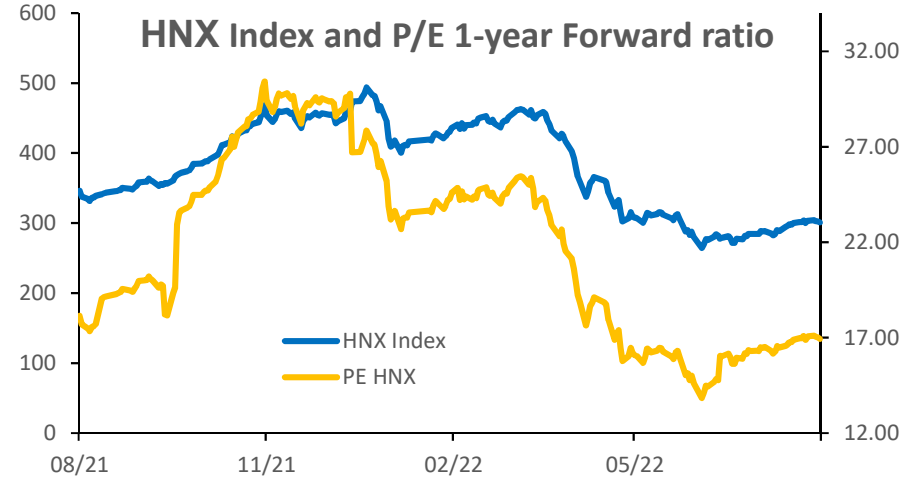
	Close	%1D	%1M	%1Y
VN-Index	1,274	-0.13%	8.09%	-7.36%
S&P 500 Index	4,284	0.23%	11.82%	-2.65%
Dow Jones Index	33,999	0.06%	9.42%	-2.75%
Hang Seng	19,764	-0.80%	-4.34%	-21.93%
Nikkei 225	29,101	0.55%	7.93%	6.67%
SHCOMP Index	3,278	-0.46%	-0.06%	-5.43%
STI Index	3,273	0.33%	4.99%	6.04%
KOSPI Index	2,503	-0.20%	5.57%	-19.20%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	107.60	0.11%	0.86%	15.00%
USD/VND	23,405.00	-0.05%	0.15%	-2.52%
EUR/USD	1.01	-0.05%	-1.42%	-13.64%
USD/CNY	6.79	-0.08%	-0.64%	-4.44%
Brent	96.58	-0.01%	-10.03%	45.34%
WTI	90.56	0.07%	-13.11%	42.19%
Natural gas	9.22	0.34%	26.91%	140.70%
Coal	413.90	0.00%	4.51%	142.05%
Gold	1,756.41	-0.13%	2.61%	-1.35%

Vietnam Market Snapshot – 18/08/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,273.66	13.59	-1.62	-0.13	599	15,351
HNX INDEX	301.19	16.94	-1.40	-0.46	74	1,457

Money flow and sector rotation (VND bn)

Sector	%1D	8/18/2022	8/17/2022	20-session Average
Chemicals	29.08	820	636	697
Travel & Leisure	25.82	172	137	122
Retail	25.08	518	414	451
Technology	22.51	265	217	206
Financial Services	15.49	2,341	2,027	1,869
Banks	5.08	2,256	2,147	2,088
Food and Beverage	-4.2	1,381	1,441	1,258
Utilities	-9.7	378	419	344
Personal & Household Goods	-10.4	183	204	190
Industrial Goods & Services	-20.0	651	814	738
Oil & Gas	-20.8	218	275	187
Automobiles & Parts	-20.9	87	110	109
Real Estate	-23.7	2,732	3,581	2,356
Basic Resources	-32.0	1,024	1,506	1,358
Insurance	-34.9	90	138	112
Construction & Materials	-35.0	859	1,321	945
Media	-38.2	6	9	9
Health Care	-54.6	19	42	37

Breaking News

Bullish	■ Commencing "Ring 4 Road" in Hanoi Capital Region before June 30, 2023. ■ 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	■ The economic situation of many countries in the world falling into inflation recently has affected export of agricultural products of Vietnam such as wood processing and export industry. ■ The number of Covid cases is increasing slightly.

Fuel price update



Natural gas prices: Returning to peaks

- Russia's Gazprom Corporation stated that the price of gas to Europe could increase by 60% in the winter because of reduced production and exports. Currently, the important Nord Stream 1 pipeline from Russia to Germany is running at 20% capacity.
- Ukraine closes a gas pipeline that runs through the territory.
- Temperature in the US this summer remains high, with several heat waves boosting demand for air conditioners.



Urea Price: Recovery but long-term unclear

- Russia's threat to cut gas through the Nord Stream 1 pipeline increases fears of gas shortages and pushes up urea prices.
- Urea selling price increased stronger than input gas price in the context that China has not restored urea production due to coal shortage and high coal price.
- However, it is noted that urea prices may fall again when China gradually relaxes export policies and the problem of coal shortage is gradually overcome. In addition, when tensions between Russia and Ukraine eased.

Fuel price update



Crude oil price: Still in a descending channel

- Oil prices fell recently as the released data of top oil importer China's industrial production came in lower than expected, adding further supply could come from Iran as it may accept the EU's offer to restore the nuclear deal.
- Another factor is the expectation of a slow economic recovery and the problem of a recession that could reduce energy demand.

Trend:

Crude oil price is still moving in a descending channel, a reversal signal when it surpasses the threshold of 96 USD/barrel. Short-term information has already reflected on the price, so the trend may be sideways in the near future.



Stocks: Neutral view

Most oil stocks are still below the medium-term MA20. Therefore, it is still in a descending channel. The uptrend is biased towards the recovery wave following the general trend of the market. Neutral recommendation.

PART
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Fuel price update





Recommendation: Positive natural gas group

GAS: In the second quarter, GAS earned VND 27,653 billion in net revenue, up nearly 22%, profit after tax reached VND 5,141 billion, up 123%.YoY. Accumulated in the first 6 months, Vietnam Gas Corporation recorded net revenue of 54,342 billion VND, up 35%YoY; profit after tax reached VND 8,637 billion, up 98%

- Trend: The stock is maintaining the medium-term uptrend channel, however, trading volume is still not high, showing that the money flow is not really strong. Suitable for medium-term buying position.

CNG: In the second quarter of 2022, CNG Vietnam recorded a revenue increase of about 40% to VND 1,160.3 billion and pre-tax profit increased by about 54% to VND 47,01 billion. Accumulated in the first 6 months, the Company recorded a revenue increase of 45.5% to VND 2,160.7 billion and profit before tax increased by 87.7% to 92,53 billion VND.

- Trend: The stock is maintaining a medium-term uptrend channel, the trading volume has increased recently but has not really exploded. Suitable for medium-term buying position.

Technical view



VNI	1273.66 (-1.62 -0.13%)			VN30	1299.93 (-0.47 -0.04%)			HNX	301.19 (-1.40 -0.46%)			UPCOM	92.85 (-0.22 -0.24%)		
599,082,777 CP		15,351.54 Tỷ		176,174,654 CP		6,508.97 Tỷ		74,005,649 CP		1,457.26 Tỷ		39,273,569 CP		847.15 Tỷ	
↑ 132(3)	▁ 81	↓ 311(8)	Hết giờ GD	↑ 11(0)	▁ 4	↓ 15(0)	Hết giờ GD	↑ 79(6)	▁ 151	↓ 107(2)	Hết giờ GD	↑ 121(11)	▁ 477	↓ 155(10)	Hết giờ GD

Trend: Money flow hesitates in the buying direction.

- The VN-Index dropped slightly to 1,273 points, once again narrowing its gain at the end of the session, sometimes surpassing 1,280 points during the session. The money flow continued to differentiate and investors were quite hesitant to buy up. MACD was starting to narrow, and it was likely to cut down to the signal line, giving a correcting signal. While the RSI remained neutral. In general, the shaking in the next few sessions will continue.

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

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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 Update



PDR (reached target)

- Buy: 53.5
- Target: 59
- Cut loss 51.5
- Profit / Loss: 2:1

Technical signal

- Price increased to the resistance around 59 – 60
- RSI considerably went up and in overbought zone

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Recommended portfolio

Trading portfolio

Updated date **19/8/2022**

Unit: thousand VND

Ticker	Recommendation day	Buying price (+/- 1%)	Target	Cut loss	Upside	Current price	T+	Profit/Loss	Status
CTG	9/8/2022	28.5	32	27.5	12%	28.75	8	0.88%	Buy
GVR	9/8/2022	24.6	28	23.5	14%	24.35	8	-1.02%	Hold
HVN	10/8/2022	17.3	20	16.5	16%	17.35	7	0.29%	Buy
BVB	10/8/2022	14	15	13.5	7%	13.8	7	-1.43%	Hold
HPG	15/8/2022	23.8	26.5	22.4	11%	24.15	4	1.47%	Hold
VGI	15/8/2022	33	38	31	15%	33.6	4	1.82%	Hold
PDR	9/8/2022	53.5	60	52	12%	58.4	8	9.16%	Sell
						Total return		11.17%	

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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