MORNING CALL

August 23, 2022

Shinhan Securities

“Patience in the correction”

- Global stocks slightly declined
- Domestic stocks opened the session in red
- Foreign exchange update
- Technical view and recommendations
- Economic calendar
- Q&A

[Analysts]

Khang Tran ☎ (84-28) 6287-8037
✉ khang.lt@shinhan.com

Xuan Nguyen ☎ (84-28) 6287-8037
✉ xuan.nht@shinhan.com

Global Market Review - Week 22-26/08/2022

Shinhan
Compassionate Finance

Major stock markets fell

- Wall Street dropped sharply at the first session, extending the decline from the end of last week. The pace of growth of housing price is slowing across the US, in addition to recent "hawkish" comments from FOMC members that have made investors more cautious.
- Asian and European stocks also traded in red. Japan recorded nearly 1.4 million Covid-19 infections between August 8-14th, the current number of new infections remains high, which could disrupt the economic recovery.
- On August 22nd, the People's Bank of China (PBoC) continued to cut interest rates, just a week after the agency unexpectedly lowered interest rates on some loans in the previous week.
- Crude oil struggled around the threshold of 90 USD/barrel as gas prices escalated.

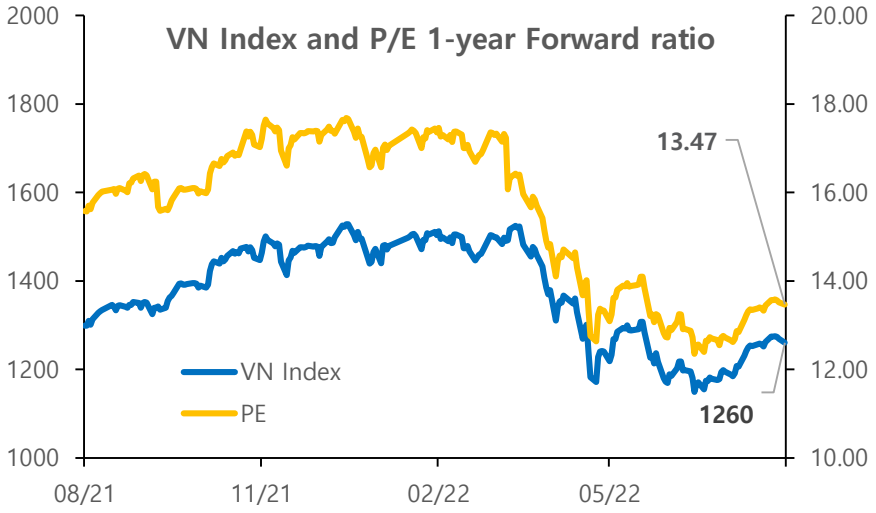
Market

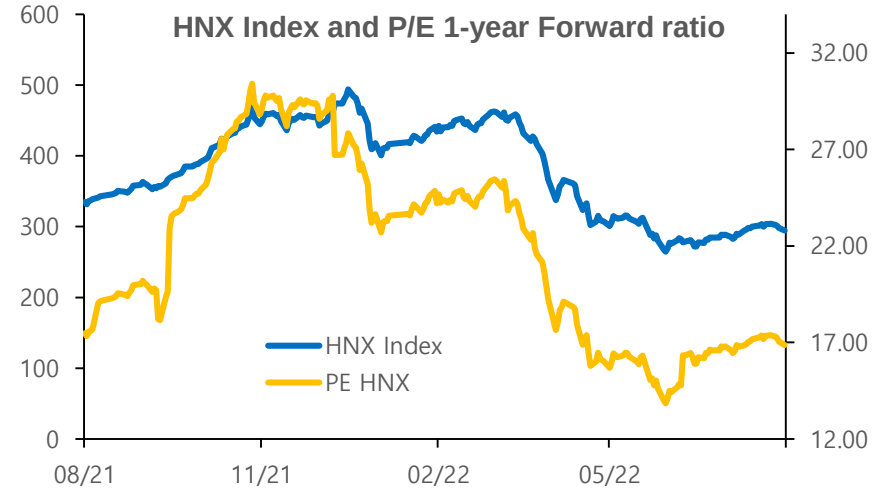
	Close	%1D	%1M	%1Y
VN-Index	1,260	-0.69%	5.50%	-2.96%
S&P 500 Index	4,138	-2.14%	4.45%	-6.84%
Dow Jones Index	33,064	-1.91%	3.65%	-5.86%
Hang Seng	19,657	-0.59%	-4.62%	-21.72%
Nikkei 225	28,512	-0.98%	2.14%	3.70%
SHCOMP Index	3,278	0.61%	0.24%	-5.73%
STI Index	3,263	0.49%	2.55%	5.67%
KOSPI Index	2,453	-0.40%	2.48%	-20.64%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	109.04	0.00%	2.17%	17.30%
USD/VND	23,412.00	-0.08%	-0.02%	-2.49%
EUR/USD	0.99	-0.04%	-2.75%	-15.38%
USD/CNY	6.85	-0.45%	-1.41%	-5.35%
Brent	96.85	0.38%	-6.15%	40.87%
WTI	90.78	0.46%	-4.14%	38.30%
Natural gas	9.84	1.60%	18.51%	149.30%
Coal	418.35	0.50%	2.24%	149.39%
Gold	1,736.85	0.03%	0.99%	-3.80%

Viet nam Market Snapshot 22/8/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,260.43	13.57	-8.75	-0.69	619	14,839
HNX INDEX	294.73	17.04	-3.20	-1.08	107	2,163

Money flow and sector rotation (VND bn)

Sector	%1D	8/22/2022	8/19/2022	20-session Average
Retail	61.37	755	468	463
Media	11.72	7	6	9
Real Estate	11.67	2,863	2,564	2,472
Financial Services	10.35	1,718	1,556	1,904
Food and Beverage	7.05	1,325	1,238	1,296
Health Care	2.79	34	33	37
Technology	-2.6	200	205	208
Construction & Materials	-4.4	970	1,015	981
Chemicals	-7.8	521	565	693
Industrial Goods & Services	-9.7	765	847	762
Automobiles & Parts	-13.3	75	87	108
Utilities	-13.7	265	307	345
Oil & Gas	-16.8	260	312	205
Banks	-20.9	1,881	2,378	2,154
Basic Resources	-24.9	1,083	1,443	1,412
Personal & Household Goods	-30.4	183	263	203
Insurance	-31.7	88	129	112
Travel & Leisure	-32.1	68	100	120

Shinhan Securities

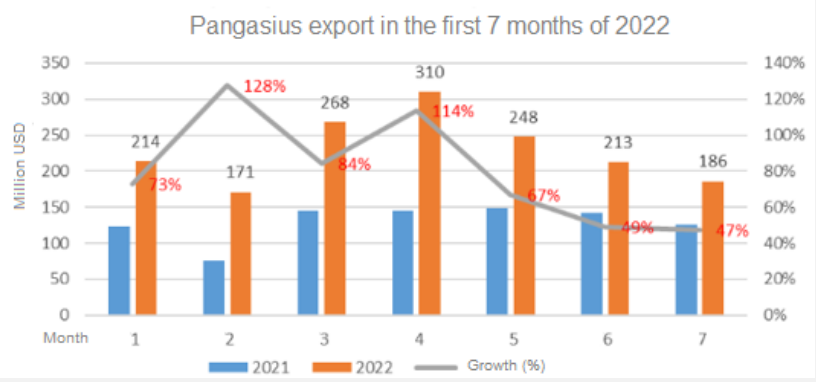
Breaking news

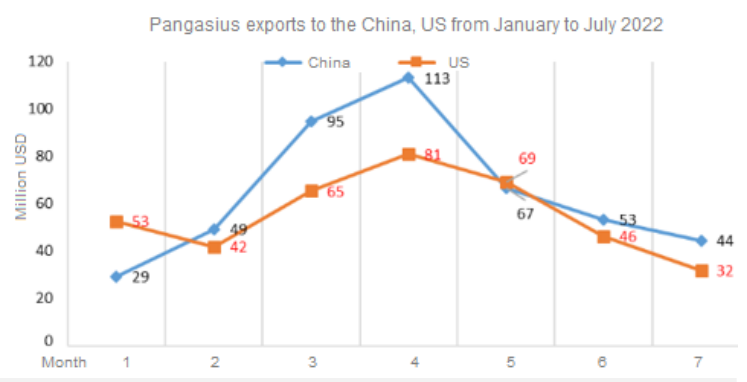
Bullish

- The Government Office has just issued Notice No. 259/TB-VPCP conveying the conclusions of Deputy Prime Minister Le Minh Khai at the meeting on medium-term public investment plan for the 2021-2025 period that have been remained unallocated, and not been assigned details of ministries, central and local agencies.
- Vietnam's public debt dropped sharply, equivalent to just over 43% of GDP.
- Applying T+2 to transaction begins on 29/08.

Bearish

- Although pangasius exports in July still increased by 47% over the same period last year, reaching USD 186 million, but that was the lowest export level in the first 7 months of this year.





Source: Vietstock

- The number of Covid cases is increasing slightly.

Foreign exchange update

Euro exchange rate



Exchange rates of common currency pairs

	Actual	Chg	%Chg
EURUSD	0.99977	▼ 0.00412	-0.41%
GBPUSD	1.18085	▼ 0.00182	-0.15%
AUDUSD	0.68977	▲ 0.00213	0.31%
NZDUSD	0.61903	▲ 0.00203	0.33%
USDJPY	137.126	▲ 0.234	0.17%
USDCNY	6.86459	▲ 0.02999	0.44%
DXY	108.4614	▲ 0.2894	0.27%

Trend: USD backs to the top

- USD has once again gained parity with the Euro, and stronger than other major currencies.
- The dollar index (DXY) broke above 108, approaching a 20-year high of 109. This was boosted by comments from Federal Reserve (FED) officials that interest rates will be increased sharply to reduce inflation. Traders are now looking forward to Fed Chairman Jerome Powell's official speech at the annual Jackson Hole symposium this week.

Foreign exchange effects

Bearish

- ✓ Enterprises have a high proportion of USD debt to total assets. The mobilization of USD loans with a large proportion can cause businesses to suffer exchange rate losses, thereby increasing financial costs and reducing profit after tax. For example, many businesses recorded exchange rate losses in Q2/2022 such as: Vietnam Airlines (VND 841.4 billion), Hoa Sen Group Joint Stock Company (VND 158.8 billion), PC 1 Group Joint Stock Company (VND 72 billion), Hoa Sen Group Joint Stock Company (VND 158.8 billion) billion VND), Minh Phu Seafood Corporation Joint Stock Company (VND 69.1 billion), Loc Troi Group Joint Stock Company (VND 42.3 billion)…
- ✓ Enterprises import raw materials mostly at USD, increasing the cost of capital and input costs.
- ✓ Domestic enterprises are facing competition with imported products.
- ✓ When the local currency depreciates, for example, the Euro depreciates against the USD causing the reduce of buyers' profit margins, then leading to cut costs. This will certainly cause price pressure on Vietnamese manufacturing enterprises. Moreover, low purchasing power makes consumers limit spending, especially on non-essential goods.

Bullish

- ✓ Exporting businesses will benefit from the increase of USD/VND exchange rate.
    - However, if the USD appreciates, benefiting to export revenue in USD, the cost of imports, transportation, logistics, warehousing, and debt denominations in USD will also increase. Therefore, the assessment of gain and loss will depend on the specific situation of each business.
- ✓ Industrial park enterprises have the advantage of attracting FDI inflows, the rental price is based on the USD dollar will also benefit.
- ✓ Businesses that are borrowing heavily in JPY will have advantage. The reason is that this will help businesses reduce financial costs due to the recognition of foreign exchange gains and will improve profits. For example, ACV's financial revenue reached VND 1,906 billion, twice as much as in Q2/ 2021 thanks to an increase in exchange rate difference.

➢ *In general, the appreciation of the USD still has a certain influence on input costs and output revenue of enterprises. The impact depends on which businesses can adapt and regulate well.*

Technical view



VNI	1260.43 (-8.75 -0.69%)	VN30	1285.45 (-9.48 -0.73%)	HNX	294.73 (-3.20 -1.08%)	UPCOM	92.22 (-0.55 -0.60%)
619,447,855 CP	14,839.12 Tỷ	141,396,965 CP	4,874.35 Tỷ	106,716,009 CP	2,163.60 Tỷ	37,836,066 CP	724.98 Tỷ
130(7) 70	326(5) Hết giờ GD	3(0) 1	26(0) Hết giờ GD	63(2) 149	125(4) Hết giờ GD	103(9) 479	170(6) Hết giờ GD

Trend: The signal of correction

- VnIndex opened the first session of the week in red when when selling continued to dominate and pushed the index back to 1,260 points. . MACD was shrinking in volume and may cut down to the signal line, giving a short-term correction signal. RSI also dropped to 60. The bright spot is that trading volume was not too high, showing that the selling may decrease in the coming sessions. The nearest support for the trend is the area of 1,240 – 1,250 points, it is likely that the index will correct and shake around this zone.

Scenarios:

- Positive (65%): The retracement wave is likely to continue and target the resistance area around 1,300 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 (35%): If index drops again and breaks through 1,220 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 23/8/2022

Unit: thousand VND

Ticker	Recommendation day	Buying price (+/- 1%)	Target	Cut loss	Upside	Current price	T+	Profit/Loss	Recommendation	Status
CTG	9/8/2022	28.5	32	27.5	12%	28	10	-1.75%	Hold	Open
GVR	9/8/2022	24.6	28	23.5	14%	23.65	10	-3.86%	Hold	Open
HVN	10/8/2022	17.3	20	16.5	16%	17.4	9	0.58%	Buy	Open
BVB	10/8/2022	14	15	13.5	7%	13.5	9	-3.57%	Hold	Open
HPG	15/8/2022	23.8	26.5	22.4	11%	23.35	6	-1.89%	Hold	Open
VGI	15/8/2022	33	38	31	15%	32.9	6	-0.30%	Buy	Open
Position Closed										
PDR	9/8/2022	53.5	60	52	12%	58.4	10	9.16%	Sell	18/08/2022

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

Shinhan Investment Network

SEOUL

Shinhan Investment Corp.
Shinhan Investment Tower
23-2, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

NEW YORK

Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

HONG KONG

Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

INDONESIA

PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599

SHANGHAI

Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

HO CHI MINH

Shinhan Securities Vietnam Co., Ltd.
22nd Floor, Centec Tower, 72-74 Nguyen Thi Minh Khai Street,
District 3, Ho Chi Minh City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

HA NOI

Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District,
Hanoi, Vietnam.
Tel : (84-8) 6299-8000

Shinhan Securities



Compliance Notice

- Analyst Certification: We/I hereby certify the information and material presented in this report are accurate expressions of their views, and that we/I have not received internally or externally wrongful pressure to express such views.
- All opinions and estimates regarding the company and its securities are accurate representations of the covering analyst's judgments as of this date and may differ from actual results.
- This report is intended to provide information to assist investment decisions only and should not be used or considered an offer or the solicitation of an offer to sell or to buy any securities. Stock selection and final investment decisions should be made at the client's own discretion.
- This report is distributed to our clients only, and any unauthorized use, duplication, or redistribution of this report is strictly prohibited.

Disclaimers

- This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of Shinhan Securities Vietnam Ltd.., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of Shinhan Securities Vietnam Ltd.
- This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. Shinhan Securities Vietnam Ltd. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Shinhan Securities Vietnam Ltd.., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or Shinhan Securities Vietnam Ltd. The final investment decision is based on the client’s judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.
- Copyright ⓒ 2020 Shinhan Securities Vietnam Ltd. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of Shinhan Securities Vietnam Ltd.