MORNING CALL

August 25, 2022

Shinhan Securities

“Recovering in caution”

- Global stocks partially recovered
- Domestic stocks remained in green
- Oil and Gas sector update, Block B – O Mon #GAS, #PVS, #PVD
- Technical view and recommendations
- Economic calendar
- Q&A

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

Major stock markets partially rebounded

- Wall Street partially rebounded, regaining the threshold of 33,000 points. New orders for US manufactured durable goods unexpectedly were unchanged from a month earlier in July, disappointing market expectations of a 0.6% increase and following an upwardly revised 2.2% rise in June.
- Asian and European stocks rose slightly. Except China dropped sharply on Wednesday, as domestic economic concerns and dwindling risk sentiment spurred a selloff in Chinese growth stocks.
- Investors cautiously await the speech of Fed Chairman - Jerome Powell on the US economic outlook and inflation within the framework of the Fed's annual Economic Policy Conference held in Jackson Hole on August 26.
- Crude oil rose sharply to the threshold of 95 USD/barrel, along with natural gas prices continued to escalate.

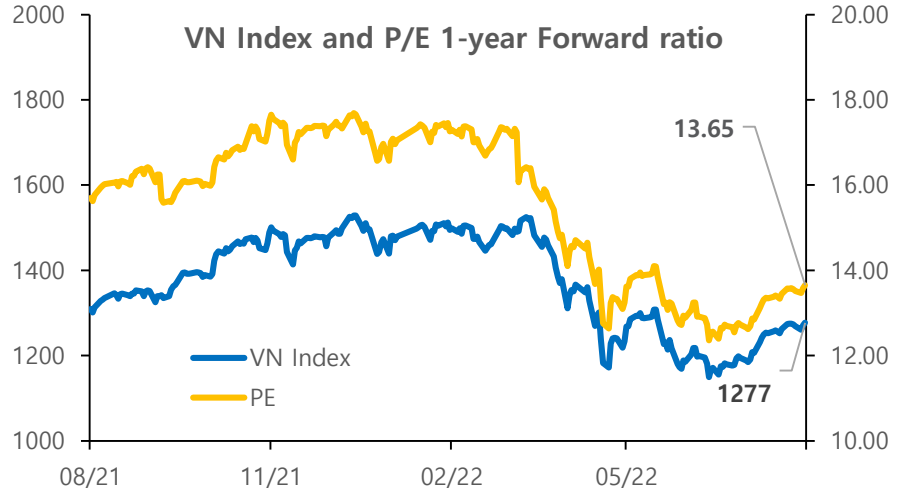
Market

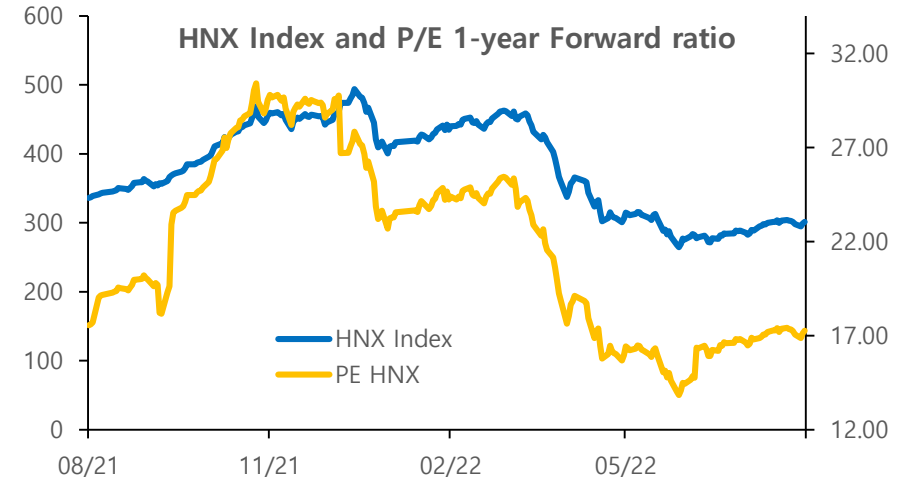
	Close	%1D	%1M	%1Y
VN-Index	1,277	0.50%	7.46%	-2.47%
S&P 500 Index	4,141	0.29%	4.52%	-7.70%
Dow Jones Index	32,969	0.18%	3.35%	-6.78%
Hang Seng	19,269	-1.20%	-6.29%	-25.01%
Nikkei 225	28,313	-0.49%	2.22%	2.12%
SHCOMP Index	3,215	-1.86%	-1.08%	-9.18%
STI Index	3,233	-0.39%	1.67%	4.05%
KOSPI Index	2,460	0.50%	2.32%	-21.84%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	108.62	-0.05%	2.01%	17.02%
USD/VND	23,445.00	-0.07%	-0.22%	-2.67%
EUR/USD	1.00	0.11%	-2.37%	-15.24%
USD/CNY	6.86	-0.36%	-1.58%	-5.66%
Brent	101.74	0.51%	-3.24%	40.82%
WTI	95.27	0.40%	-1.48%	39.37%
Natural gas	9.26	-0.75%	6.11%	137.62%
Coal	417.60	-1.20%	0.83%	142.71%
Gold	1,751.58	0.02%	1.85%	-2.20%

Vietnam Market Snapshot 24/8/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,277.16	13.65	6.35	0.50	602	15,196
HNX INDEX	301.30	17.26	2.16	0.72	74	1,731

Money flow and sector rotation (VND bn)

Sector	%1D	8/24/2022	8/23/2022	20-session Average
Chemicals	70.28	1,018	598	733
Media	62.89	9	5	9
Personal & Household Goods	56.57	346	221	222
Industrial Goods & Services	46.62	1,048	715	799
Insurance	43.16	121	84	113
Food and Beverage	34.80	1,669	1,238	1,361
Utilities	32.63	371	280	357
Banks	17.42	1,806	1,538	2,202
Construction & Materials	10.43	947	857	1,004
Technology	8.84	135	124	211
Travel & Leisure	6.12	115	108	123
Retail	-5.6	459	486	485
Real Estate	-9.1	2,134	2,348	2,558
Basic Resources	-10.1	819	911	1,403
Oil & Gas	-21.8	302	387	234
Automobiles & Parts	-24.3	84	111	111
Health Care	-32.9	20	30	36
Financial Services	-42.4	1,386	2,406	1,988

Breaking news

Macro

Positive

- Disbursement rate of public investment in 8 months is estimated at 39.2%, lower than the same period last year at 40.6%.
- Raconteur, a finance, technology and marketing website based in London, England, recently published an article about Vietnam's potential to become a new technology hub in the region.
- Applying T+2 transaction on August 29.

Less positive:

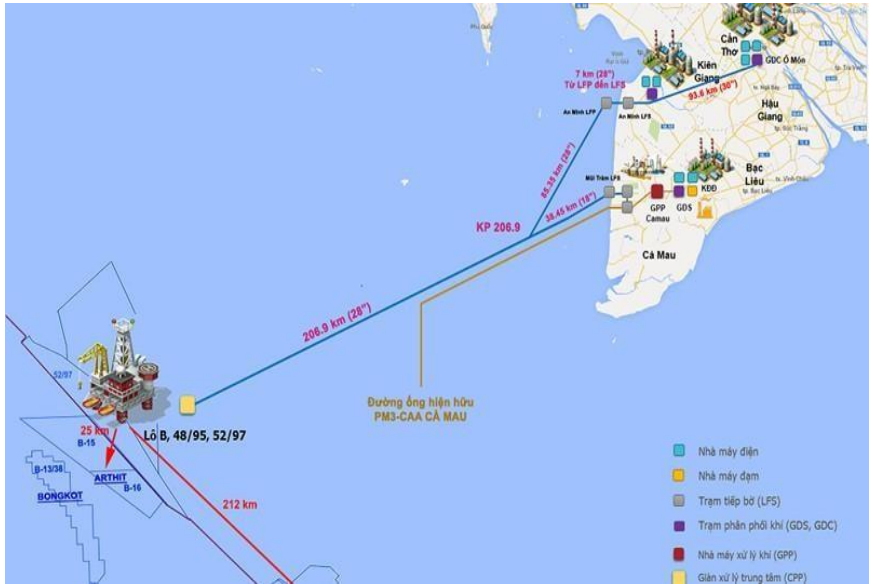
- Inflation in export markets such as the US and EU has significantly affected orders and unit prices of textile, footwear and furniture enterprises from now until the end of the year.
- The support package for loans with 2% interest rate under Decree 31 from the Government Budget is practically difficult to access.
- The number of Covid cases is increasing slightly again.

Business news

- In the official reply to Vietnam Airlines, the Ministry of Finance said that reducing the environmental protection tax rate to zero would not ensure the true nature of the environmental protection tax.
- Masan Group, through its subsidiary The Sherpa, continued to spend more than VND 3,600 billion (equivalent to USD 155 million) to buy 34% more shares of Phuc Long, increasing the ratio



Oil and Gas Sector Update



Overview: Project Block B – O Mon

- With a total investment of about USD 10 billion, the Block B - O Mon megaproject will create many job opportunities for upstream service providers and EPC contractors in Vietnam. The Block B gas field with an estimated gas reserve of 107 billion m3 will also ensure gas supply for power generation, replacing some old gas fields that are in the final stage of exploitation.
- Located in Malay-Tho Chu basin off the southwest coast. The project operators are PetroVietnam (42.9% ownership), local E&P operator PetroVietnam Exploration Production (26.8%, also a subsidiary of PVN), and two leading Asian E&P companies, Japan's Moeco (22.5%) and Thailand's PTTEP (7.7%).

Planned natural gas E&P projects in Vietnam, 2018-26

Block B would be the first mega project to launch

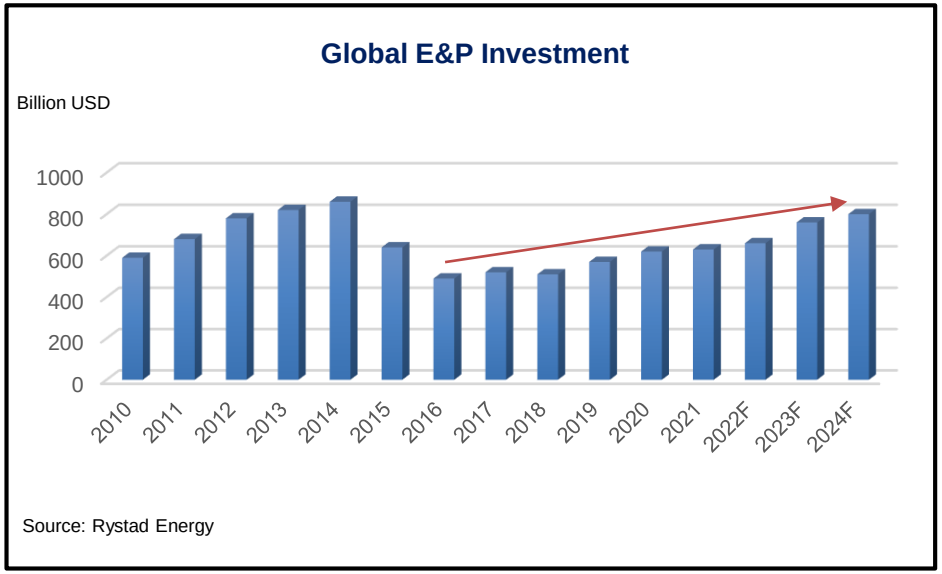
Projects	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
SV-DN	EPC + FSO + JUs (USD600 mn)								
White Lion 2							EPC + FSO (USD500 mn)		
Nam Du-U Minh							EPC + FSO (USD850 mn)		
Blue Whale							(Est. investment value = USD10bn)		
Block B - O Mon						EPC + FSO + 2 JUs (USD1.3 bn)			
Red Emperor	Suspended								

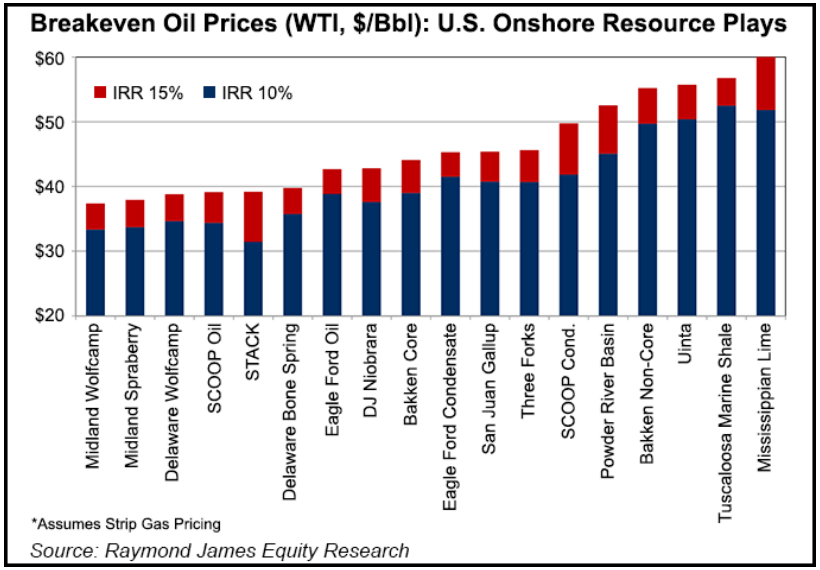
Notes: Block B delay expected to total five years (FY18-22); Red Emperor is suspended due to offshore tensions; Blue Whale likely delayed further, only starting in FY25 earliest; EPC = Engineering, Procurement & Construction; FSO= Floating, Storage & Offloading; JU = jack-up.

Source: Consolidated

- Industry experts believe that the Block B project will be approved for decision FID as early as the fourth quarter of 2022. Initially, the O Mon III project was delayed due to higher-than-expected investment costs and the Japanese government's unwillingness to scale up the ODA loans needed to complete the project.

Oil and Gas Sector Update





Opinion

- In the coming quarters, recovering major economies will maintain economic activity requiring large consumption of oil & gas products, thereby driving up demand for oil & gas products, and supporting demand for E&P services. Investment capital for E&P activities has made a bottom in 2016 and is increasing again, except for the period of 2019 due to the impact of Covid. However, risks still exist in the context of global inflation continuing to rise, along with the continued tightening of monetary policy by major central banks.
- The price of WTI remaining above the breakeven level of production in Southeast Asia will encourage oil producers to step up investment in E&P. This will increase the workload for service providers and support upstream services price.

Oil and Gas Sector Update – Beneficiaries

	Activities	Businesses benefit	Opinion
Upstream: **Block B gas field development project**	EPCI	PVS, PVX, PXS	PVS, PVX can participate in EPC contracts to develop gas fields in joint ventures with foreign contractors.
	FSO Ship	PVS	PVS will participate in the bidding for this FSO package. Currently, PVS is the largest FSO/FPSO service provider in Vietnam, operating 6 FSO/FPSO vessels in the domestic market in the form of a joint venture with foreign partners.
	Drilling and Well Services	PVD, PVC	Drilling is always one of the first steps of upstream mining projects. With more than 700 wells planned for exploitation, the project can bring many job opportunities for enterprises providing drilling services.
Midstream: **Block B - O Mon Gas pipeline**	Gas Distribution	GAS	As the main investor of the Block B - O Mon pipeline, GAS will benefit from the additional gas source from Block B and gas transportation charges. With a maximum of 7 billion m3 of natural gas/year, equivalent to about 70-80% of Vietnam's current pipeline gas output. The additional gas is expected to offset the rapid depletion of the old gas fields.
	Pipeline Wrapping and Coating	PVB	Owning the only pipe coating factory in Vietnam, PV Coating is the one to perform most of the offshore pipe coating contracts in Vietnam.
Downstream: **Gas Turbine Power Plant**	Power plant projects will create a huge amount of backlog for domestic EPC contractors, however, for oil and gas contractors in this segment is relatively limited.		

Technical view



VNI	1277.16 (6.35 0.50%)			VN30	1296.41 (4.41 0.34%)			VN30	1296.41 (4.41 0.34%)			UPCOM	93.3 (0.52 0.56%)		
601,884,844 CP		15,195.58 Tỷ		136,374,600 CP		4,619.80 Tỷ		136,374,600 CP		4,619.80 Tỷ		46,336,779 CP		1,000.32 Tỷ	
279(10)	74	172(2)	Hết giờ GD	17(0)	1	12(0)	Hết giờ GD	17(0)	1	12(0)	Hết giờ GD	215(11)	451	85(6)	Hết giờ GD

Trend: Recovering in caution

- The VnIndex continued its recovery and reached 1,277 points. However, trading volume was still below the 20 session average. Although it remained in green throughout the session, the index closed with a narrow body, showing a struggle, investor sentiment seems to be still cautious. MACD has crossed the signal line but is still in the positive zone, RSI was returning to the overbought zone, so the shaking is likely to continue. The nearest support for the trend is raised to 1,255 points.

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

Shinhan
Compassionate Finance

Trading portfolio

Date 25/8/2022 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%	28.2	12	-1.05%	Hold	Open
GVR	9/8/2022	24.6	28	23.5	14%	24.15	12	-1.83%	Hold	Open
HVN	10/8/2022	17.3	20	16.5	16%	17.9	11	3.47%	Hold	Open
BVB	10/8/2022	14	15	13.5	7%	13.6	11	-2.86%	Hold	Open
HPG	15/8/2022	23.8	26.5	22.4	11%	23.5	8	-1.26%	Hold	Open
VGI	15/8/2022	33	38	31	15%	33.4	8	1.21%	Hold	Open
Position Closed										
PDR	9/8/2022	53.5	60	52	12%	58.4	7	9.16%	Sell	18/08/2022

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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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