MORNING CALL

September 07, 2022

Shinhan Securities

“Morning green, red afternoon with differentiated money flow”

- Global stocks mixed, People's Bank of China cuts Reserve Ratio
- Domestic stocks are strongly differentiated, cautiously increasing
- Update exchange rates USD/JPY, USD/CNY, CNY/VND
- Technical view and recommendations #HVN
- Economic calendar
- Q&A

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Global Market Review - Week 05-09/09/2022

Global stocks mixed

- Wall Street declined on Tuesday (September 6) as investors raised concerns about the Fed's interest rate policy in the next time along with the energy crisis in Europe. Meanwhile, China's stock market was positive thanks to many solutions to support the market. On September 5, the People's Bank of China (PBoC) announced to reduce the required foreign exchange reserve ratio (from 8% to 6%) from September 15 to support the yuan exchange rate.
- An estimated 70,000 people protested in Prague against the Czech government, calling on the ruling coalition to do more to control soaring energy prices.
- Russian energy group, Gazprom, has announced that the Nord Stream 1 pipeline would remain locked until the turbine was repaired.
- Crude oil lost more than 3% to $86 per barrel, due to economic recession concerns and the impact of the new blockade in China.

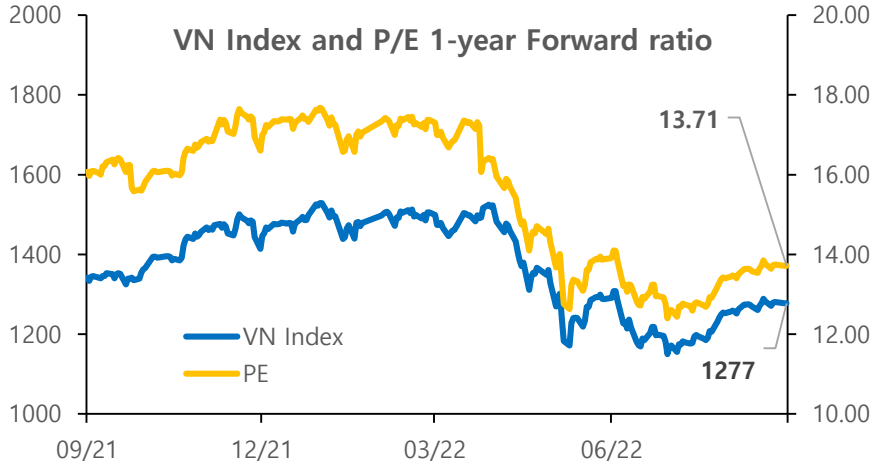
Market

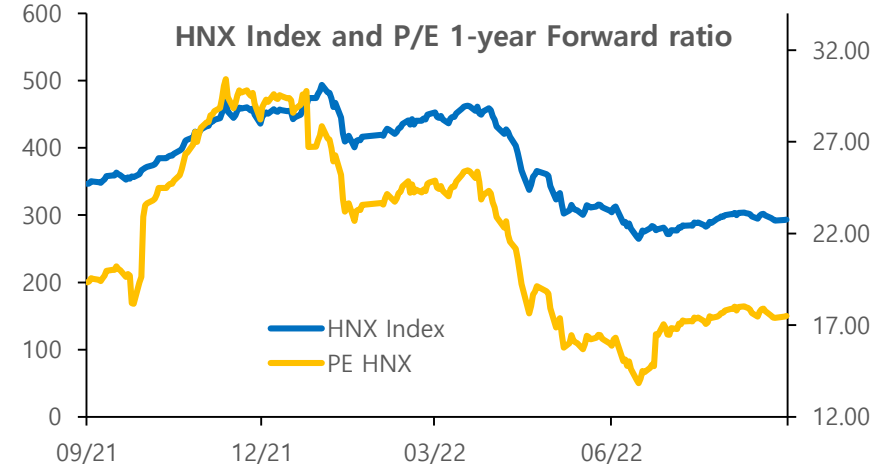
	Close	%1D	%1M	%1Y
VN-Index	1,277	0.00%	1.97%	-4.81%
S&P 500 Index	3,908	-0.41%	-5.72%	-13.83%
Dow Jones Index	31,145	-0.55%	-5.05%	-11.27%
Hang Seng	19,203	-0.12%	-4.95%	-27.13%
Nikkei 225	27,432	-0.70%	-2.64%	-8.30%
SHCOMP Index	3,243	1.36%	0.51%	-11.78%
STI Index	3,224	0.27%	-1.79%	3.72%
KOSPI Index	2,380	-1.26%	-4.46%	-25.34%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	110.45	0.21%	3.59%	19.39%
USD/VND	23,526.00	-0.12%	-0.58%	-3.21%
EUR/USD	0.99	-0.17%	-3.04%	-16.49%
USD/CNY	6.95	-0.29%	-2.92%	-7.14%
Brent	92.32	-0.55%	-2.74%	28.78%
WTI	86.30	-0.67%	-3.04%	26.26%
Natural gas	8.08	-0.80%	0.20%	76.88%
Coal	457.80	-1.65%	24.72%	152.95%
Gold	1,694.17	-0.47%	-5.30%	-5.58%

Vietnam Market Snapshot 06/09/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,277.40	13.71	0.05	0.00	581	14,561
HNX INDEX	293.27	17.47	0.45	0.15	70	1,376

Money flow and sector rotation (VND bn)

Sector	%1D	9/6/2022	9/5/2022	20-session Average
Utilities	121.15	657	297	378
Construction & Materials	86.67	1,063	569	961
Health Care	72.11	34	20	31
Chemicals	37.27	1,370	998	896
Industrial Goods & Services	32.88	894	673	793
Food and Beverage	27.67	1,549	1,213	1,363
Retail	22.58	587	479	600
Real Estate	13.42	2,016	1,777	2,498
Banks	12.68	1,561	1,385	1,951
Financial Services	11.04	1,250	1,125	1,803
Automobiles & Parts	9.96	78	71	105
Personal & Household Goods	4.21	189	182	238
Travel & Leisure	-2.0	99	101	113
Technology	-13.1	156	180	195
Media	-19.2	4	5	8
Oil & Gas	-25.0	268	357	293
Insurance	-30.2	146	209	123
Basic Resources	-41.1	1,110	1,885	1,341

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Breaking news

Macro

Positive

- Purchasing Managers' Index (PMI) in August in Vietnam reached 51.7 points, up from 51.2 points in July.
- The central budget will supplement VND 19,570 billion for 10 ministries, central agencies and 36 localities to perform tasks and projects under the medium-term public investment plan for the period 2021-2025.

Less positive:

- According to Mercantile Exchange of Vietnam, for the first time in history, the price of heating oil is higher the price of gasoline. Therefore, in the coming time, consumers may experience spending pressure due to rising commodity prices.
- 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 number of Covid cases is increasing slightly again.

Business news

- Steel (NKG, HSG, HPG), electricity crisis in China will affect a lot of electricity-intensive industries such as steel production, many manufacturers were requested to cut capacity to save energy. In addition, in Europe, it's also required to reduce capacity and temporarily closing metallurgical plants to save energy for the winter.
- LTG, Loc Troi Group has just announced that rice with the brand "Vietnam Rice" is officially on the shelves of E.Leclerc - the largest retail supermarket chain in France.
- FMC, Sao Ta Food achieved revenue of USD 162 million in 8 months, an increase of 22% over the same period. As for August, sales reached USD 22 million.
- IDI, Seafood IDI announced to pay cash dividend at the rate of 15%, the ex-right date is September 23th.
- SZL, Sonadezi Long Thanh JSC announced to pay cash dividend at the rate of 40%, the ex-rights date is September 12th.
- GIL, Binh Thanh Import - Export Production & Trade JSC announced to pay stock dividend at the rate of 15%, the ex-rights date is September 9th.



Update exchange rate - DXY makes higher peak

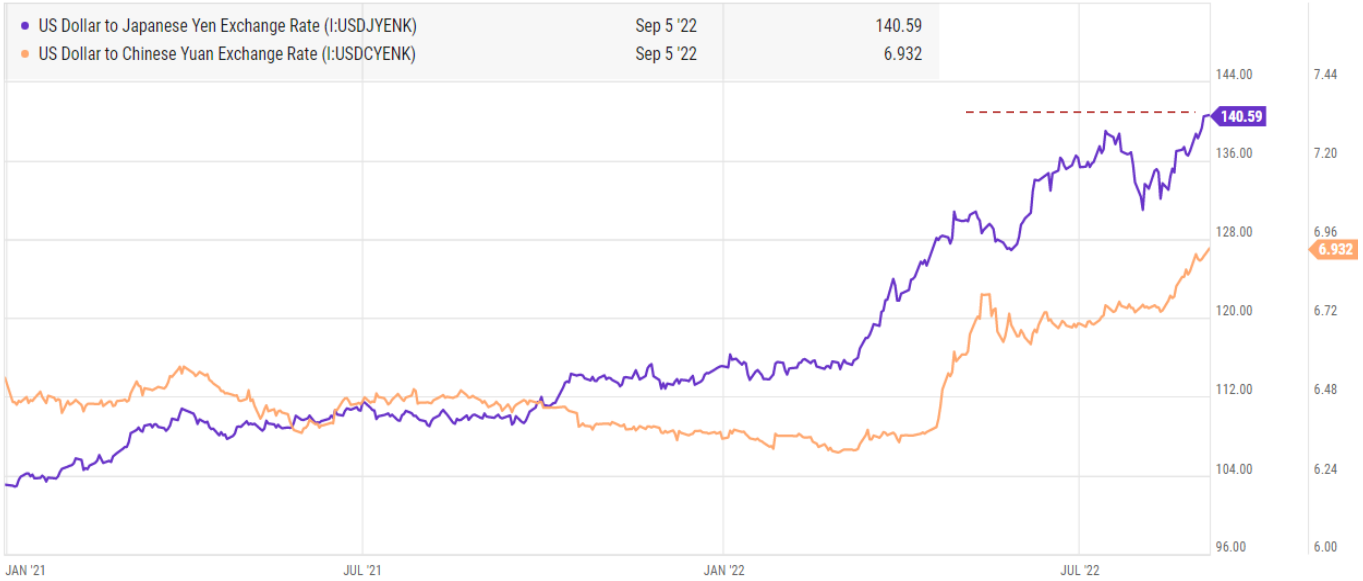


	Actual	Chg	%Chg
EURUSD	0.99013	▼ 0.00485	-0.49%
GBPUSD	1.15159	▼ 0.00443	-0.38%
AUDUSD	0.67313	▼ 0.00813	-1.19%
NZDUSD	0.60381	▼ 0.00569	-0.93%
USDJPY	142.933	▲ 2.56	1.82%
USDCNY	6.96855	▲ 0.02715	0.39%
USDCHF	0.98502	▲ 0.00542	0.55%
USDCAD	1.31533	▲ 0.00123	0.09%

Trend

- The dollar index (DXY) officially surpassed the peak of 109, the highest level in 20 years. The USD's strength led to the weakening of major currency pairs in the currency basket.
- The euro fell due to the energy crisis in Europe, high inflation, and recession fears. Besides, the ECB meeting on September 8th this week is expected to raise interest rates again.

Exchange rates in Asia



Trend:

- USD/JPY and USD/CNY have both surpassed their peaks recently, especially with the rapid devaluation of the Japanese Yen.
- The main reason for the strong Yen depreciation against the dollar was that investors concerned about the possibility that the interest rate gap between the Japanese and American economies would widen further when the US Federal Reserve (Fed) continues to raise interest rates. Because the Bank of Japan (BoJ) remains steadfast with its loose monetary policy.

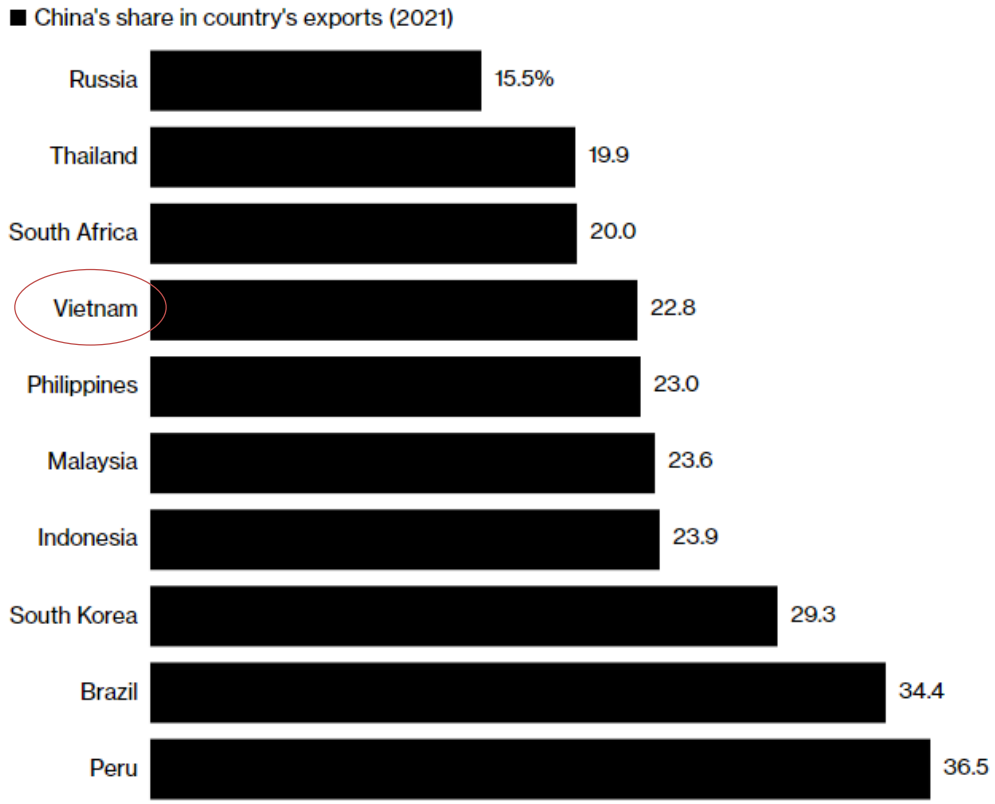
Opinion about Yen depreciated:

- Exports are not necessarily beneficial. A weaker currency still benefits Japanese companies abroad but does not necessarily make this country's goods more attractive to foreign customers.
- Companies face higher raw material prices and import costs due to the weakening Yen.
- A weak Yen will reduce the purchasing power of Japanese households.

➢ With depreciation of the Yen, the Japanese Government will have to intervene.

Impact of Chinese Yuan

China's share in emerging countries' exports



Source: Bloomberg

Effects (emerging markets)

- A weaker CNY will have many negative effects on emerging economies.
- The Chinese currency makes up 30% of the MSCI Emerging Market Currency Index.
- According to Goldman Sachs and Societe Generale, a weaker CNY will drag down the Korean Won, Taiwan's New Taiwan Dollar, Thailand's Baht, Malaysia's Ringgit and the South African Rand.

Effects (domestic)

- When the CNY continues to decline sharply, businesses importing goods from China will benefit, but companies exporting goods to China will face a disadvantage. Therefore, it will be challenging for businesses to regulate the input and output of goods.
- Besides, Chinese goods will also be cheaper in other markets, especially the EU and Japan markets. Therefore, Vietnamese goods will have a reduced competitive advantage, even losing market share to Chinese enterprises in these markets.
- In particular, cheap Chinese goods may flood into Vietnam, causing domestic goods to lose their advantage in the domestic.

CNY vs. VND



Trend:

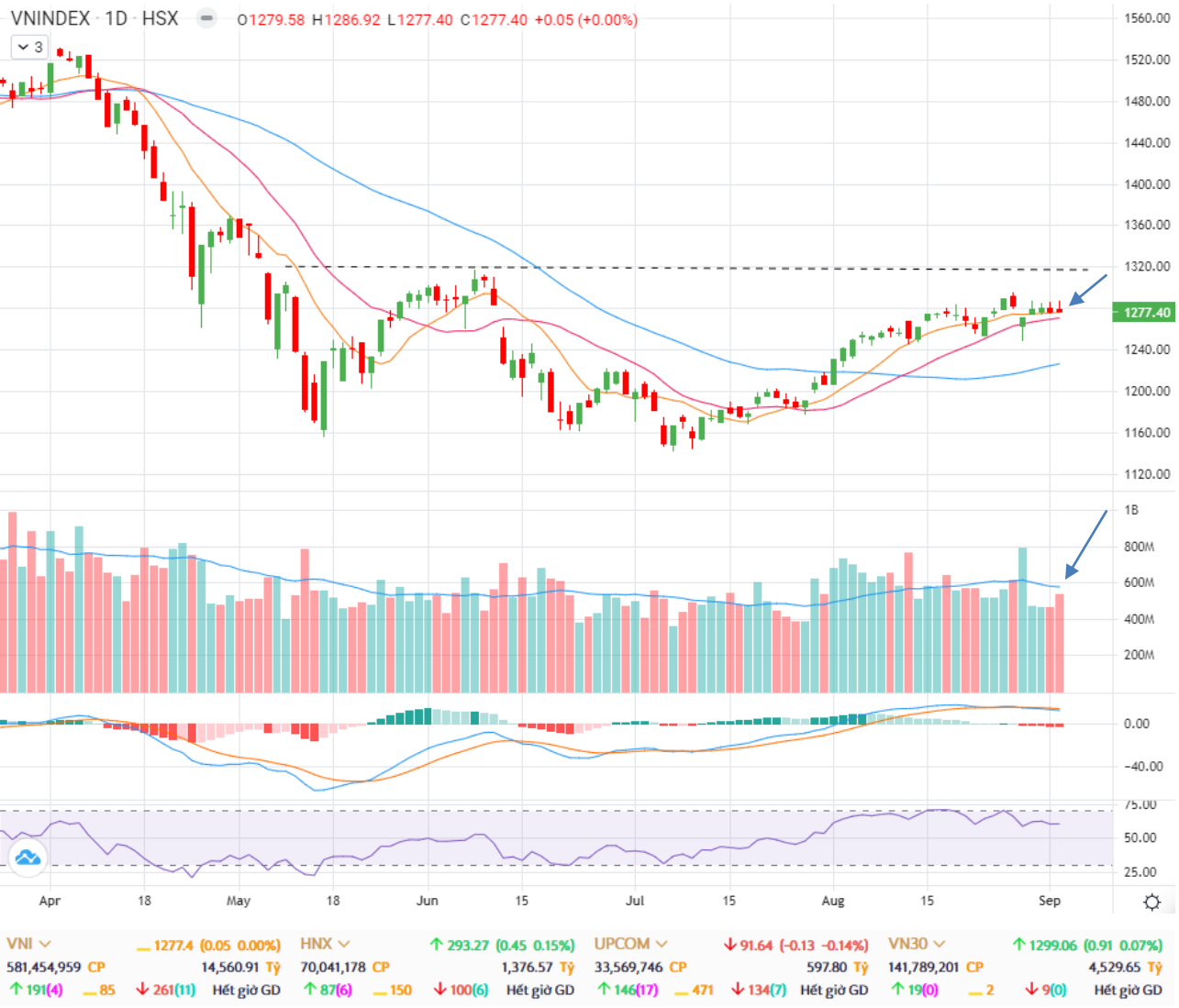
The CNY/VND exchange rate is quite similar to the movements of the Vnindex, at important events, almost both move in the same direction.

From the period of August 2022, there will be a phase difference, however, the deep drop of the CNY exchange rate (now it has broken the nearest bottom), may pull the phase back and the Vnindex will correct down.

Overview

- China's economy has been severely affected by the Covid pandemic, and slowing economic growth has caused the local currency to weaken. In addition to being consistent with the "zero Covid" strategy - the anti-epidemic method that causes losses to almost all sectors of the economy, the strong depreciation of the CNY is also caused by foreign investors sell stocks and Chinese bonds, when the Fed raises interest rates, create greater attractiveness for investments in US government bonds. Besides, the Russian-Ukrainian war also made this wave stronger.
- On September 5, the People's Bank of China (PBoC) announced to reduce the required foreign exchange reserve ratio (from 8% to 6%) from September 15 to support the yuan exchange rate. A day later, The People's Bank of China set the fix at 6.9160 per dollar, the lowest since August 25, 2020.

Technical view



VNI	HNX	UPCOM	VN30
1277.4 (0.05 0.00%)	293.27 (0.45 0.15%)	91.64 (-0.13 -0.14%)	1299.06 (0.91 0.07%)
581,454,959 CP	70,041,178 CP	33,569,746 CP	141,789,201 CP
14,560.91 Tỷ	1,376.57 Tỷ	597.80 Tỷ	4,529.65 Tỷ
191(4) 85 261(11) Hết giờ GD	87(6) 150 100(6) Hết giờ GD	146(17) 471 134(7) Hết giờ GD	19(0) 2 9(0) Hết giờ GD

Trend: Increased caution

- Selling pressure once again dominated and pushed the index to close to the reference price at 1,277 points, creating an inverted hammer candlestick pattern. Trading volume also increased again compared to the previous sessions, showing that stronger selling pressure. Recent trading sessions showed excitement in the morning but the index was declined in the afternoon. Technical indicators are showing short-term correcting signals. Therefore, money flow will be quite differentiated in the coming time. Maintaining a cautious strategy, the nearest support for the trend is around 1,250 points and lower is 1,220 points.

Scenarios:

- Positive (60%): 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 (40%): 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

Updated date 07/09/2022

Unit: thousand VND

Trading portfolio

Ticker	Recommendation day	Buying price (+/- 1%)	Target	Cut loss	Upside	Current price	T+	Profit/Loss	Recommendation	Note
CTG	09/08/2022	28.5	32	27.5	12%	28.25	19	-0.88%	Hold	Open
GVR	09/08/2022	24.6	28	23.5	14%	25.9	19	5.28%	Hold	Open
HVN	10/08/2022	17.3	20	16.5	16%	16.85	18	-2.60%	Sell	Close
HPG	15/08/2022	23.8	26.5	22.4	11%	23.55	15	-1.05%	Hold	Open
VGI	15/08/2022	33	38	31	15%	31.8	15	-3.64%	Hold	Open

Today's watchlist

	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals

Position Closed

PDR	09/08/2022	53.5	60	52	12%	58.4	7	9.16%	Sell	18/08/2022
BVB	10/08/2022	14	15	13.5	7%	13.5	15	-3.57%	Sell	31/08/2022

Economic calendar

September 2022

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
28	29	30	31	1 MSCI: New reviewed list is effective	2 FTSE Vietnam Swap UCITS ETF review	3
4	5	6 ETF FTSE VN announces portfolio	7	8 ECB meeting and announces Monetary policy & interest rates V.N.M ETF review	9	10
11	12	13 ETF VNM, ETF FTSE executes the transaction	14	15 Maturity of Derivatives Contracts	16	17
18	19	20 FTSE Russell releases market full year rating	21 Fed meeting and announces Monetary policy & interest rates	22	23 Announcement of FDI	24
25	26	27	28	29 Vietnam macroecnomic data	30	1

Q&A

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