MORNING CALL

September 08th, 2022

Shinhan Securities

“Covered in red with increasing risk”

- Global stocks rebounded
- Domestic stocks dropped sharply, losing the threshold of 1,250 points
- Banks are allowed to increase credit room and Moody’s upgrades Vietnam rating
- Technical view and recommendations #HVN #VGI
- Economic calendar
- Q&A

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

Global stocks rebound, Oil Prices Tumble

- Wall Street slightly rebounded to 31,400 points, trading continued to struggle. European and Asian stocks regained the green color.
- ECB meets and announces monetary policy & interest rates on September 8th. Recently, the Bank of Canada raised the target for its overnight rate by 75 bps to 3.25% in September 2022.
- Russian energy group, Gazprom, announced that the Nord Stream 1 pipeline would remain locked until the turbine was repaired.
- China locked down the city of Chengdu with more than 21 million people as the number of new Covid cases increased.
- Oil prices fell about 5% to their lowest level since January, WTI and Brent are trading below $83 and $89 per barrel, respectively. The sell-off comes after weak trade data from top importers of China and recent coronavirus restrictions further reduced fuel demand prospect.

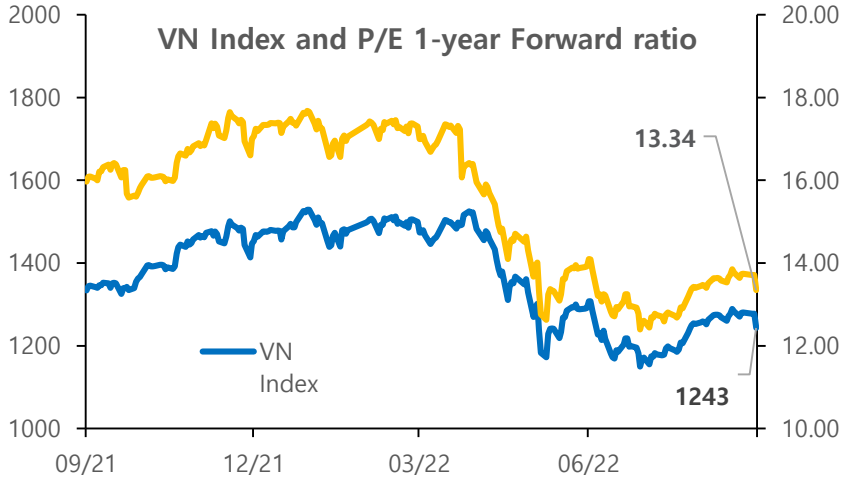
Market

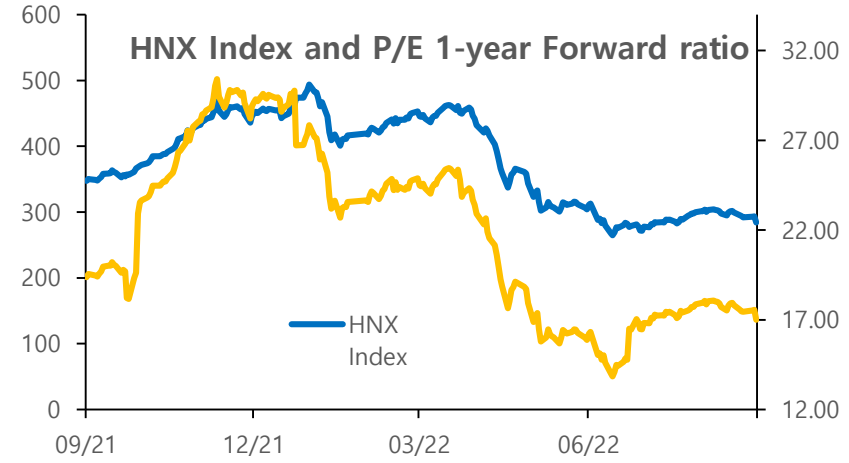
	Close	%1D	%1M	%1Y
VN-Index	1,243	-2.68%	-1.08%	-6.78%
S&P 500 Index	3,980	1.83%	-3.87%	-11.83%
Dow Jones Index	31,581	1.40%	-3.81%	-9.85%
Hang Seng	19,044	-0.83%	-5.00%	-27.65%
Nikkei 225	27,880	1.64%	-1.31%	-7.62%
SHCOMP Index	3,246	0.09%	0.29%	-11.67%
STI Index	3,211	-0.41%	-1.84%	4.62%
KOSPI Index	2,388	0.47%	-4.23%	-24.51%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	109.79	-0.05%	3.15%	18.49%
USD/VND	23,593.00	-0.03%	-0.86%	-3.56%
EUR/USD	1.00	-0.20%	-2.07%	-15.49%
USD/CNY	6.97	-0.16%	-3.08%	-7.16%
Brent	88.73	0.83%	-8.19%	22.22%
WTI	82.76	1.00%	-8.81%	19.42%
Natural gas	7.92	0.99%	4.36%	61.17%
Coal	439.00	-2.50%	21.61%	147.74%
Gold	1,716.16	-0.13%	-4.07%	-4.09%

Vietnam Market Snapshot 07/09/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,243.17	13.34	-34.23	-2.68	852	20,332
HNX INDEX	284.05	17.00	-9.22	-3.14	103	2,244

Money flow and sector rotation (VND bn)

Sector	%1D	9/7/2022	9/6/2022	20-session Average	Trend
Automobiles & Parts	202.82	235	78	111	-
Banks	88.03	2,935	1,561	1,993	-
Financial Services	82.62	2,282	1,250	1,817	-
Technology	68.21	263	156	200	-
Basic Resources	67.90	1,864	1,110	1,361	-
Real Estate	59.43	3,214	2,016	2,543	-
Insurance	58.92	232	146	128	-
Personal & Household Goods	57.68	299	189	240	-
Travel & Leisure	57.39	156	99	116	-
Retail	53.55	901	587	619	-
Media	46.78	6	4	7	-
Oil & Gas	32.51	355	268	299	-
Construction & Materials	30.07	1,382	1,063	979	-
Industrial Goods & Services	19.68	1,070	894	801	-
Chemicals	7.89	1,478	1,370	927	-
Food and Beverage	-2.7	1,507	1,549	1,358	-
Utilities	-18.8	533	656	388	-
Health Care	-30.8	24	34	30	-

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.

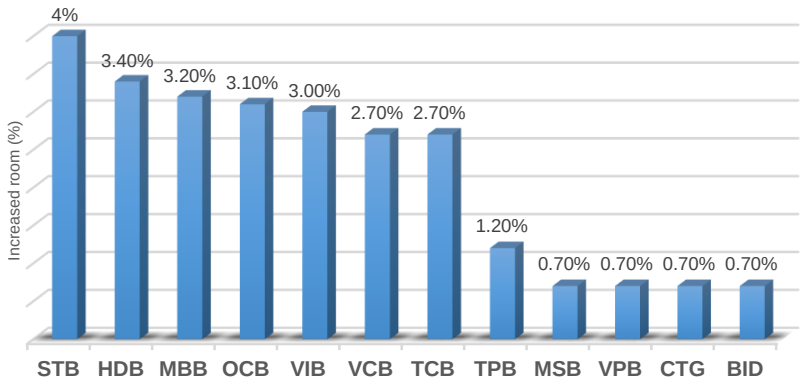
Business news

- 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 bank sector

Banks were expanded credit room



Sources: Vietnamplus.vn

Credit Rating Scales by Agency, Long-Term

Moody's	S&P	Fitch	
Aaa	AAA	AAA	Prime
Aa1	AA+	AA+	High grade
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	Upper medium grade
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	Lower medium grade
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	Non-investment grade speculative
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	Highly speculative
B2	B	B	
B3	B-	B-	
Caa1	CCC+	CCC	Substantial risk
Caa2	CCC		Extremely speculative
Caa3	CCC-		Default imminent with little prospect for recovery
Ca	CC	CC	
	C	C	
C	D	D	In default
/			
/			

Viet Nam

"Junk"

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Expand credit room

- The State Bank has adjusted and increased credit room for some commercial banks. This is considered a timely action to untie when many banks have almost run out their credit limit this year and have to limit lending in the past time.
- By August 26, 2022, credit growth was 9.91% compared to the end of 2021, a high increase compared to the same period in recent years, consistent with economic growth, supporting businesses and the economy. The economy has recovered positively in recent months.

Credit rating upgrade

On September 9th, Moody's upgraded Vietnam's long-term national credit rating from "Ba3" to "Ba2. Previously, on May 26, S&P Global upgraded Vietnam's credit rating to BB+.

- ➢ The upgrade of the national credit rating will help improve the reputation and support foreign capital mobilization activities of banks.
- ➢ However, the level of Ba2 or BB+ is still considered a speculative market, and Vietnam needs to make more efforts to develop a safe and transparent capital market, compared with neighbor countries such as Thailand (Baa1), Indonesia, Philippines (Baa2), Malaysia (A3) or the highest is Singapore (Aaa).

Technical view



VNI	1243.17 (-34.23 -2.68%)	VN30	1268.95 (-30.11 -2.32%)	HNX	284.05 (-9.22 -3.14%)	UPCOM	90.38 (-1.26 -1.37%)
852,271,781 CP	20,331.77 Tỷ	204,082,220 CP	6,728.16 Tỷ	103,003,024 CP	2,244.87 Tỷ	70,795,076 CP	1,445.60 Tỷ
↑ 71(2)	⎯ 41 ↓ 423(30) Hết giờ GD	↑ 1(0)	⎯ 0 ↓ 29(0) Hết giờ GD	↑ 41(8)	⎯ 125 ↓ 171(14) Hết giờ GD	↑ 100(13)	⎯ 452 ↓ 199(5) Hết giờ GD

Trend: Increasing risk

- Because of the recent struggling sessions, the index still couldn't break out, increasing investors' caution, leading to selling pressure prevail, pushing the index down sharply. VnIndex broke through the support at 1,250 points and closed at 1,243 points, creating a red marubozu candlestick pattern. Technical indicators that signaled short-term correction as in previous updates were correct. Now, the correcting signal is clear and the risk is also increasing. The positive point is that the selling force gradually increased at the end of the session, showing most investors want to sell in panic, RSI also dropped strongly below 50 level, such a shock reduction is expected to have a technical rebound. Consider reducing proportion of stocks in the rebound period, continue to maintain a cautious strategy.

Scenarios:

- Positive (55%): Correction signal has appeared and the index will need to retest the support area around 1,220 points. If the trade is balanced, expected to the index will soon rebound and increase to the threshold of 1,320 points.
- Less positive (45%): 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 08/09/2022

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%	27.4	20	-3.86%	Hold	Open
GVR	09/08/2022	24.6	28	23.5	14%	25.8	20	4.88%	Hold	Open
HPG	15/08/2022	23.8	26.5	22.4	11%	23	16	-3.36%	Hold	Open
VGI	15/08/2022	33	38	31	15%	30.6	16	-7.27%	Sell	Close

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
HVN	10/08/2022	17.3	20	16.5	16%	16.85	18	-2.60%	Sell	07/09/2022

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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