MORNING CALL

September 14th, 2022

Shinhan Securities

"Trading continued to struggle"

- Global stocks reversed after US CPI released higher than expected
- Domestic stocks traded cautiously
- Update food sector, Vietnamese rice prices increase after India restricts rice exports #LTG #PAN #TAR
- Technical view and recommendations #CTG
- 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 12-16/09/2022

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Major stock markets reversed

- Wall Street reversed to decline when the published inflation data did not meet expectations. US CPI in August increased by 0.1% compared to July (forecast to decrease by 0.1%) and 8.3% over the same period last year. Excluding food and energy prices, core CPI increased by 0.6% compared to July, and 6.3% compared to August 2021.
- Bond yields also went up. Yields on 2-year US bonds rose to 3.7%, the highest since November 2007.
- European stocks also turned lower. Major markets lost more than 1.5%. The sell-off also spread to the cryptocurrency market, as bitcoin lost more than 8% to USD 20,400.
- Crude oil price dropped to 87 USD/barrel. Gas price balance above the threshold of 8 USD/MMBtu.

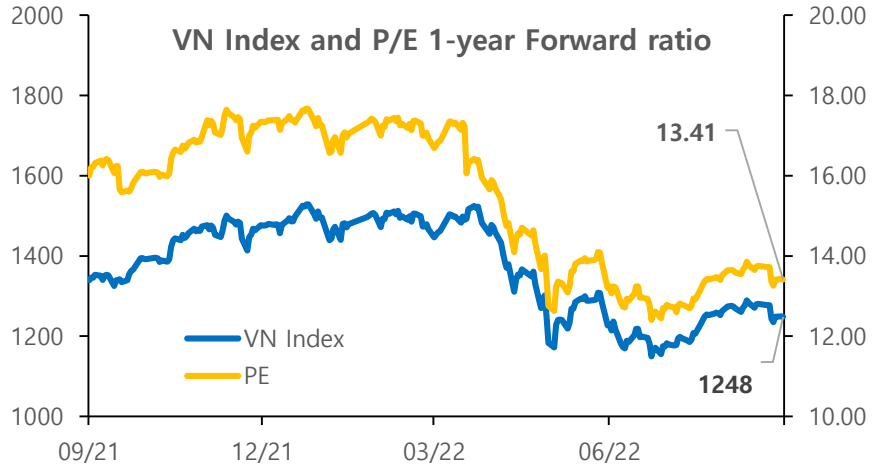
Market

	Close	%1D	%1M	%1Y
VN-Index	1,248	-0.10%	-1.10%	-6.81%
S&P 500 Index	3,933	-4.32%	-8.12%	-12.00%
Dow Jones Index	31,105	-3.94%	-7.87%	-10.80%
Hang Seng	19,327	-0.18%	-4.21%	-24.22%
Nikkei 225	27,810	-2.81%	-2.58%	-9.32%
SHCOMP Index	3,264	0.05%	-0.40%	-10.89%
STI Index	3,290	0.47%	0.64%	6.81%
KOSPI Index	2,388	-2.50%	-5.52%	-24.15%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	109.90	0.07%	4.04%	18.65%
USD/VND	23,557.00	-0.18%	-0.68%	-3.42%
EUR/USD	1.00	0.04%	-1.83%	-15.50%
USD/CNY	6.93	-0.06%	-2.27%	-6.91%
Brent	93.44	0.29%	-4.80%	26.96%
WTI	87.63	0.37%	-4.84%	24.37%
Natural gas	8.42	1.58%	-4.03%	59.98%
Coal	439.35	0.42%	7.78%	147.52%
Gold	1,701.62	-0.03%	-4.39%	-5.70%

Vietnam Market Snapshot 13/09/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,248.40	13.41	-1.22	-0.10	474	12,749
HNX INDEX	281.59	16.98	-1.49	-0.53	62	1,414

Money flow and sector rotation (VND bn)

Sector	%1D	9/13/2022	9/12/2022	20-session Average
Food and Beverage	47.00	1,341	913	1,318
Financial Services	32.23	1,182	894	1,656
Construction & Materials	30.16	705	541	923
Technology	17.36	114	97	182
Oil & Gas	14.88	350	305	304
Banks	14.14	1,053	923	1,898
Real Estate	7.67	1,757	1,632	2,429
Utilities	4.96	331	316	400
Chemicals	0.12	972	971	984
Health Care	-3.6	19	20	27
Industrial Goods & Services	-4.1	431	449	759
Travel & Leisure	-10.2	84	94	112
Automobiles & Parts	-13.2	76	88	107
Personal & Household Goods	-22.2	110	141	227
Insurance	-22.5	56	72	122
Basic Resources	-24.7	1,027	1,365	1,274
Media	-35.0	6	9	7
Retail	-62.4	428	1,139	654

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Breaking news

Macro

Positive

- The International Monetary Fund (IMF) and the World Bank (World Bank) both said that Vietnam's economy is recovering very well and both raised their growth forecasts for this year.
- International business associations such as JICA, KOICA, EuroCham, AmCham stated that their domestic enterprises are paying special attention to the development of renewable energy in Vietnam, especially after the strong commitment of Prime Minister at COP 26. It is expected that the renewable energy sector will bring a new wave of FDI.
- Revenue of technology product retailers are expected to experience a breakthrough during the back to school season in September, in addition to a boost from the upcoming iPhone 14 launch.

Less positive

- In the first week of September, some banks increased their VND deposit interest rates.
- 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.

Business news

- HBC, Hoa Binh Construction is the general contractor of the luxury hotel project with investment capital of EUR 30 million in Hungary.
- VSH, a subsidiary of Refrigeration Electrical Engineering (REE) wants to buy an additional 4 million shares to increase its ownership.
- TV2, TV2 and its partner want to do a VND 175,600 billion Green Hydro Center project in Quang Tri, which will include solar power plants, wind power plants, H2/NH3 production plants.
- HPG, Hoa Phat Group announced that August sales volume reached 628,000 tons, up 19% compared to July and equivalent to the same period last year.
- HSG, Hoa Sen Group announced to pay 20% stock dividend, ex-dividend date is September 14th.
- HTI, Idico Infrastructure Investment and Development announces to pay cash dividend at the rate of 18%, ex-right date is September 19th.
- IDI, Fisheries IDI announced to pay a cash dividend at the rate of 15%, the ex-rights date is September 23rd.



Update food sector (rice)





Overview

- On September 8th, the General Department of Foreign Trade of India issued a notice, deciding to ban the export of broken rice, HS code 1006 40 00, effective from September 9th, 2022. At the same time, a 20% tax is imposed on some other types of exported rice.
- The move by the Government of India comes as the area under rice cultivation in the current crop has decreased by 5.6% due to lack of rain in some localities. Rainfall has decreased by more than 25% on average in several major rice-growing states such as Uttar Pradesh, Jharkhand and Bihar. Meanwhile, every year, the rainfall at this time is usually 5% higher than normal.

➢ The decision is in an effort to increase the supply and stabilize the domestic price of rice.

Scale and Impacts

- India is currently leading the global rice export, accounting for more than 40% and competing with major exporting countries such as Thailand, Vietnam, Pakistan, Myanmar in the international market. In 2021, India exported a record 21.5 million tons of rice, more than the combined total of the four following countries combined.
- India's move to limit rice exports is expected to have the effect of pushing up global rice prices. At the same time, the ban on exporting broken rice (raw material for animal feed production) will push up the price of animal feed.
- According to Reuters, the price of Vietnam's 5% broken rice RI-VNBKN5-P1 was offered at $410/ton on September 12th, up about $20 from the price of $390-393/ton last week.
- New Delhi had previously restricted exports of wheat and sugar, upsetting global markets as the country went down the path of food protectionism.

Update food sector (rice)

Unit: bn VND

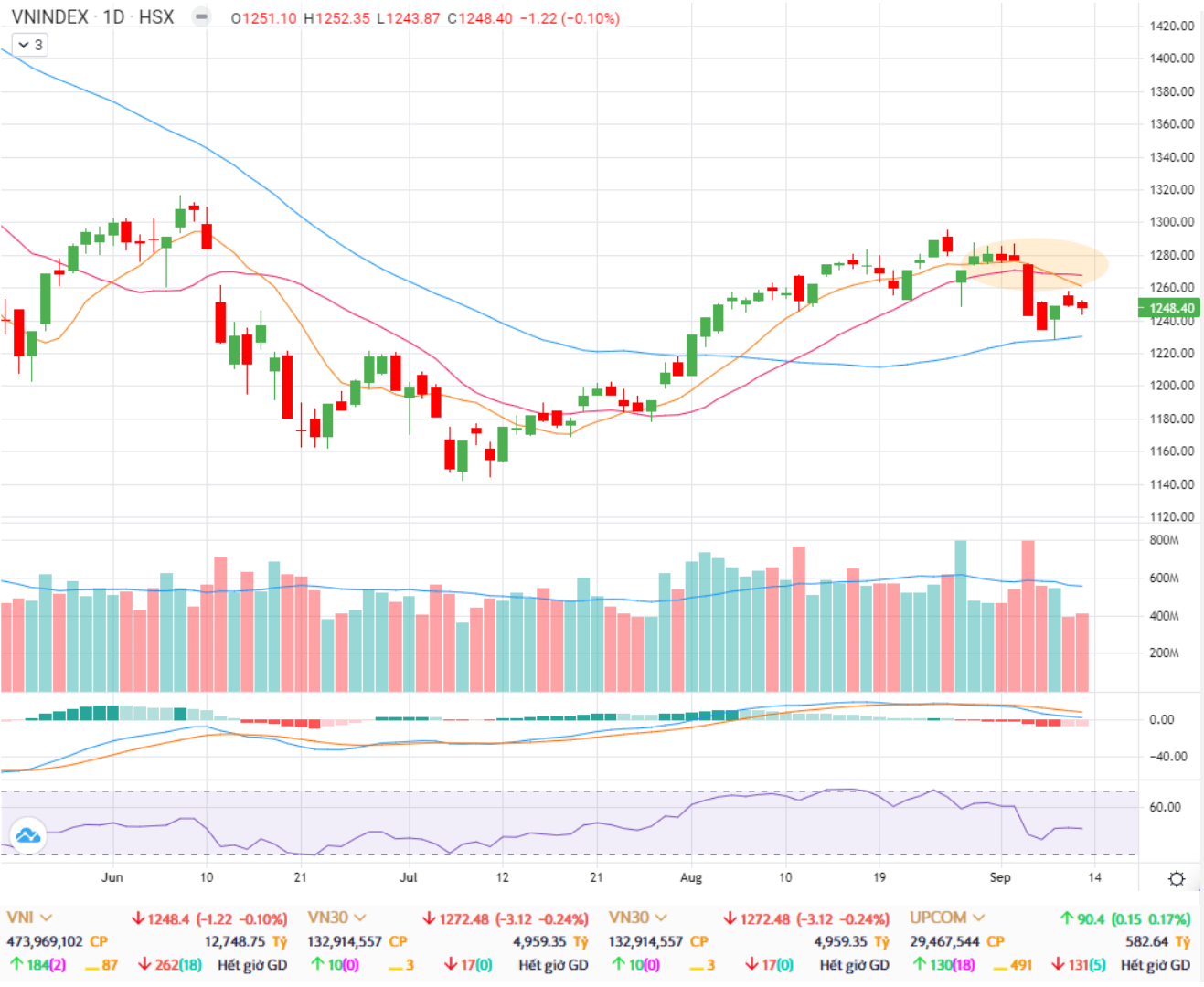
Companies	Revenue			Net profit after tax		
	1H2021	1H2022	Thay đổi (%)	1H2021	1H2022	Thay đổi (%)
The PAN Group (PAN)	3,847	6,171	60%	83	176	112%
Loc Troi Group (LTG)	5,122	5,893	15%	229	138	-40%
Trung An (TAR)	1,229	1,723	40%	18	46	156%
Vinaseed (NSC)	777	894	15%	96	120	25%
An Giang (AFX)	350	625	79%	4	18	350%
Agimex (AGM)	1,036	2,381	130%	14	-3	-121%

Evaluation

- PAN estimates that in the third quarter of this year, net revenue will reach VND 3,643 billion (+43% YoY) and profit after tax of VND 140 billion (+92% YoY). In the current revenue structure of PAN, the proportion of fishery segment accounts for 51% and the agricultural segment accounts for 35%. However, the agriculture segment accounted for 41% of the profit while the seafood segment ranked second with 35%.
- Loc Troi (LTG), revenue in the first half of the year increased well, but due to cost pressure, the profit dropped sharply compared to the same period last year. It should be noted that, despite having a good brand name in the rice market, the main activities of the company are production of plant protection drugs (accounting for 49% of revenue in 2021) along with production and trade of food and rice (accounting for 39%). Particularly, in terms of rice production capacity, in 2021, LTG exported more than 80,000 tons of rice to many countries in Europe, Australia, Asia, the Middle East and Africa, an increase of 4 times compared to 2020.
- TAR, since August 2020, Trung An has also exported Trung An branded rice to the European market. A representative of the Company shared with the press that all rice sold by the Company to Europe is packaged with Trung An brand name. Trung An's rice export volume currently accounts for about 20% of the company's total rice exports.

➢ *The potential of food businesses is there, but there are not many changes due to the influence of many factors, the price movement will depend on the general trend of the market.*

Technical view



VNI	1248.4 (-1.22 -0.10%)		VN30	1272.48 (-3.12 -0.24%)		VN30	1272.48 (-3.12 -0.24%)		UPCOM	90.4 (0.15 0.17%)	
473,969,102 CP	12,748.75 Tỷ		132,914,557 CP	4,959.35 Tỷ		132,914,557 CP	4,959.35 Tỷ		29,467,544 CP	582.64 Tỷ	
184(2)	87	262(18) Hết giờ GD	10(0)	3	17(0) Hết giờ GD	10(0)	3	17(0) Hết giờ GD	130(18)	491	131(5) Hết giờ GD

Trend: Continue to struggle

- The market continue to struggle, but trading volume improved compared to the previous session even still at a low level. Investors' caution remained when the focus was on CPI data in the US and UK to be released this week. The selling pressure still existed but the demand at low prices started to join again so the index didn't drop too deeply. At the end of the session, Vnindex closed at 1,248 points, creating a hammer candle. The RSI indicator was neutral but below 50, while the MACD was still sloping down, showing that the corrective inertia was not over and needs a better catalyst to help the index break out. The upcoming trend is probably inclined to shake sideways.

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 14/9/2022

Unit: thousand VND

Today's watchlist

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
POW	Buy	14.5	16	13.8	10%	5%	14.15	When break 14.5
CTG	Sell	28.5	32	27.5	12%	4%	27.5	Stop loss

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
CTG	Hold	28.5	32	27.5	12%	4%	27.5	24	-3.51%	9/8/2022	Open
GVR	Hold	24.6	28	23.5	14%	4%	25.05	24	1.83%	9/8/2022	Open
HPG	Hold	23.8	26.5	22.4	11%	6%	23.7	20	-0.42%	15/8/2022	Open
VSH	Hold	43	50	40	16%	7%	44.9	1	4.42%	13/9/2022	Open

Position Closed

Ticker	Recommendation	Buying price	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Open Date	Close Date
PDR	Sell	53.5	60	52	12%	3%	58.4	7	9.16%	9/8/2022	18/08/2022
BVB	Sell	14	15	13.5	7%	4%	13.5	15	-3.57%	10/8/2022	31/08/2022
HVN	Sell	17.3	20	16.5	16%	5%	16.85	18	-2.60%	10/8/2022	07/09/2022
VGI	Sell	33	38	31	15%	6%	30.6	16	-7.27%	15/8/2022	08/09/2022

Economic calendar

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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

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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

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