MORNING CALL

September 15th, 2022

Shinhan Securities

"The threshold of 1,220 points is maintained, shouldn't be excited"

- Global stocks still could not recover
- Domestic stocks rebounded from MA50 support with increasing order matching
- Core CPI pushed US CPI higher than expectation, but may cool down in coming months
- Technical view and recommendations #PVS,#PAN
- Economic calendar
- Q&A

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Global Market Review - Week 12-16/09/2022

Major stock markets decline

- Wall Street struggled around 31,100 points. Producer prices (PPI) in the US fell 0.1% in August, following a 0.4% drop in July and in line with forecasts.
- Asian stocks tumbled on Wednesday, tracking sharp overnight losses on Wall Street as higher-than-expected US CPI data stoked fears that the Fed will need to move even more aggressively to combat inflation.
- 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 20,200.
- WTI crude futures rebounded over 2% towards the $89-per-barrel mark, as the International Energy Agency's latest report indicated a large-scale gas-to-oil switching in many countries. US natural gas futures jumped more than 6% toward $8.8/MMBtu, boosted by higher demand forecast and more coal-to-gas switching in case of a rail strike.

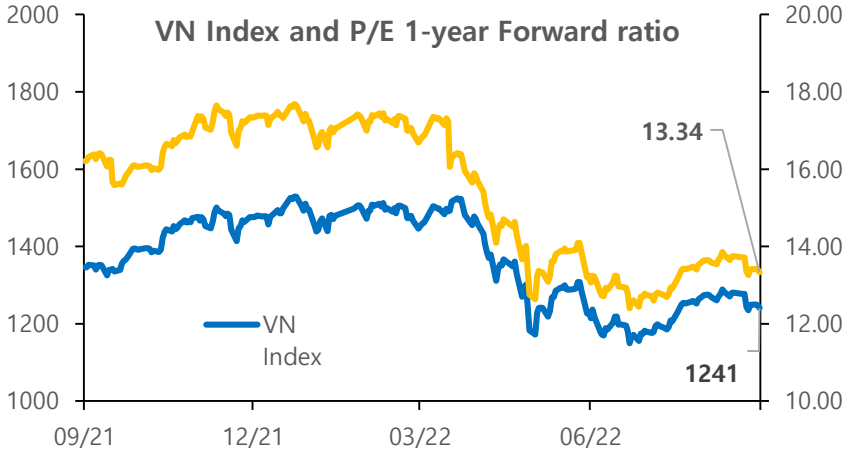
Market

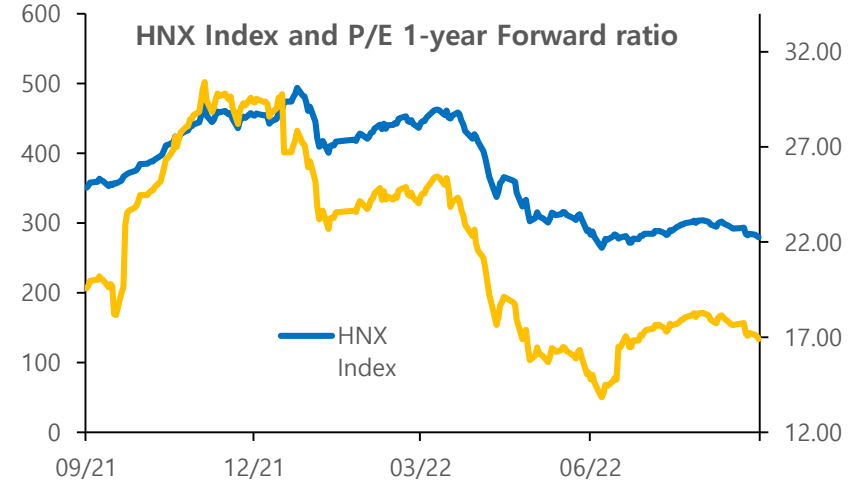
	Close	%1D	%1M	%1Y
VN-Index	1,241	-0.61%	-2.62%	-7.81%
S&P 500 Index	3,946	0.34%	-8.17%	-11.93%
Dow Jones Index	31,135	0.10%	-8.19%	-10.57%
Hang Seng	18,847	-2.48%	-5.96%	-24.71%
Nikkei 225	27,804	-0.05%	-3.70%	-8.87%
SHCOMP Index	3,238	-0.80%	-1.18%	-11.45%
STI Index	3,258	-0.97%	0.04%	6.52%
KOSPI Index	2,415	0.16%	-4.46%	-23.41%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	109.70	0.04%	2.96%	18.53%
USD/VND	23,591.00	-0.14%	-0.82%	-3.55%
EUR/USD	1.00	-0.07%	-1.83%	-15.60%
USD/CNY	6.96	-0.45%	-2.70%	-7.52%
Brent	94.31	0.22%	-0.83%	24.98%
WTI	88.82	0.38%	-0.66%	22.32%
Natural gas	9.07	-0.54%	3.86%	66.03%
Coal	444.20	1.10%	8.97%	150.32%
Gold	1,695.63	-0.10%	-4.72%	-5.49%

Vietnam Market Snapshot 14/09/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,240.77	13.34	-7.63	-0.61	474	14,351
HNX INDEX	279.42	16.90	-2.17	-0.77	62	1,738

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.



US CPI and core CPI assessment

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month						
	Feb. 2022	Mar. 2022	Apr. 2022	May 2022	Jun. 2022	Jul. 2022	Aug. 2022
All items	0.8	1.2	0.3	1.0	1.3	0.0	0.1
Food	1.0	1.0	0.9	1.2	1.0	1.1	0.8
Food at home	1.4	1.5	1.0	1.4	1.0	1.3	0.7
Food away from home(1)	0.4	0.3	0.6	0.7	0.9	0.7	0.9
Energy	3.5	11.0	-2.7	3.9	7.5	-4.6	-5.0
Energy commodities	6.7	18.1	-5.4	4.5	10.4	-7.6	-10.1
Gasoline (all types)	6.6	18.3	-6.1	4.1	11.2	-7.7	-10.6
Fuel oil(1)	7.7	22.3	2.7	16.9	-1.2	-11.0	-5.9
Energy services	-0.4	1.8	1.3	3.0	3.5	0.1	2.1
Electricity	-1.1	2.2	0.7	1.3	1.7	1.6	1.5
Utility (piped) gas service	1.5	0.6	3.1	8.0	8.2	-3.6	3.5
All items less food and energy	0.5	0.3	0.6	0.6	0.7	0.3	0.6
Commodities less food and energy commodities	0.4	-0.4	0.2	0.7	0.8	0.2	0.5
New vehicles	0.3	0.2	1.1	1.0	0.7	0.6	0.8
Used cars and trucks	-0.2	-3.8	-0.4	1.8	1.6	-0.4	-0.1
Apparel	0.7	0.6	-0.8	0.7	0.8	-0.1	0.2
Medical care commodities(1)	0.3	0.2	0.1	0.3	0.4	0.6	0.2
Services less energy services	0.5	0.6	0.7	0.6	0.7	0.4	0.6
Shelter	0.5	0.5	0.5	0.6	0.6	0.5	0.7
Transportation services	1.4	2.0	3.1	1.3	2.1	-0.5	0.5
Medical care services	0.1	0.6	0.5	0.4	0.7	0.4	0.8

Constituting core CPI

Source: https://www.bls.gov/

Overview

- The energy group actually dropped by 5-10% as the market expected, helping CPI to drop to 8.3% yoy.
- Core CPI makes the Fed more interested in regulating its monetary policy. Wall Street's sharp decline was caused by a 0.6% increase in Core CPI, much higher than the 0.3% expected by investors. This raises concerns that the Fed will need to move even more aggressively to combat inflation..

Opinion

- The group with a high proportion in core CPI is services, almost all of which increased higher than in July.
- New Vehicles increased continuously in the previous months and remained high in August, which reflects supply chain jams. For example, when you order a new car, it takes a long time to receive it.
- Shelter services reflect the rent of hotel rooms, houses. The increase in August is reasonable when it is the season of entertainment.
- Medical and transport services reflect a labor market slack. The labor shortage market pushes up labor costs and reflects on overheads.

➢ *The increase in core CPI is likely to cool down in the coming months. The Fed will still have to regulate but the extent will not be too strong. A 75 basis point increase in interest rates in September may be more plausible as hawkish attitude are raising forecasts to a 100-point gain.*

Technical view



VNI	1240.77 (-7.63 -0.61%)			VN30	1260.88 (-11.60 -0.91%)			HNX	279.42 (-2.17 -0.77%)			UPCOM	90.16 (-0.23 -0.26%)		
607,855,867 CP		14,351.72 Tỷ		149,818,035 CP		4,566.01 Tỷ		80,481,256 CP		1,739.95 Tỷ		35,133,435 CP		661.06 Tỷ	
120(3)	86	321(15)	Hết giờ GD	2(0)	4	24(0)	Hết giờ GD	57(2)	152	128(7)	Hết giờ GD	120(12)	491	141(10)	Hết giờ GD

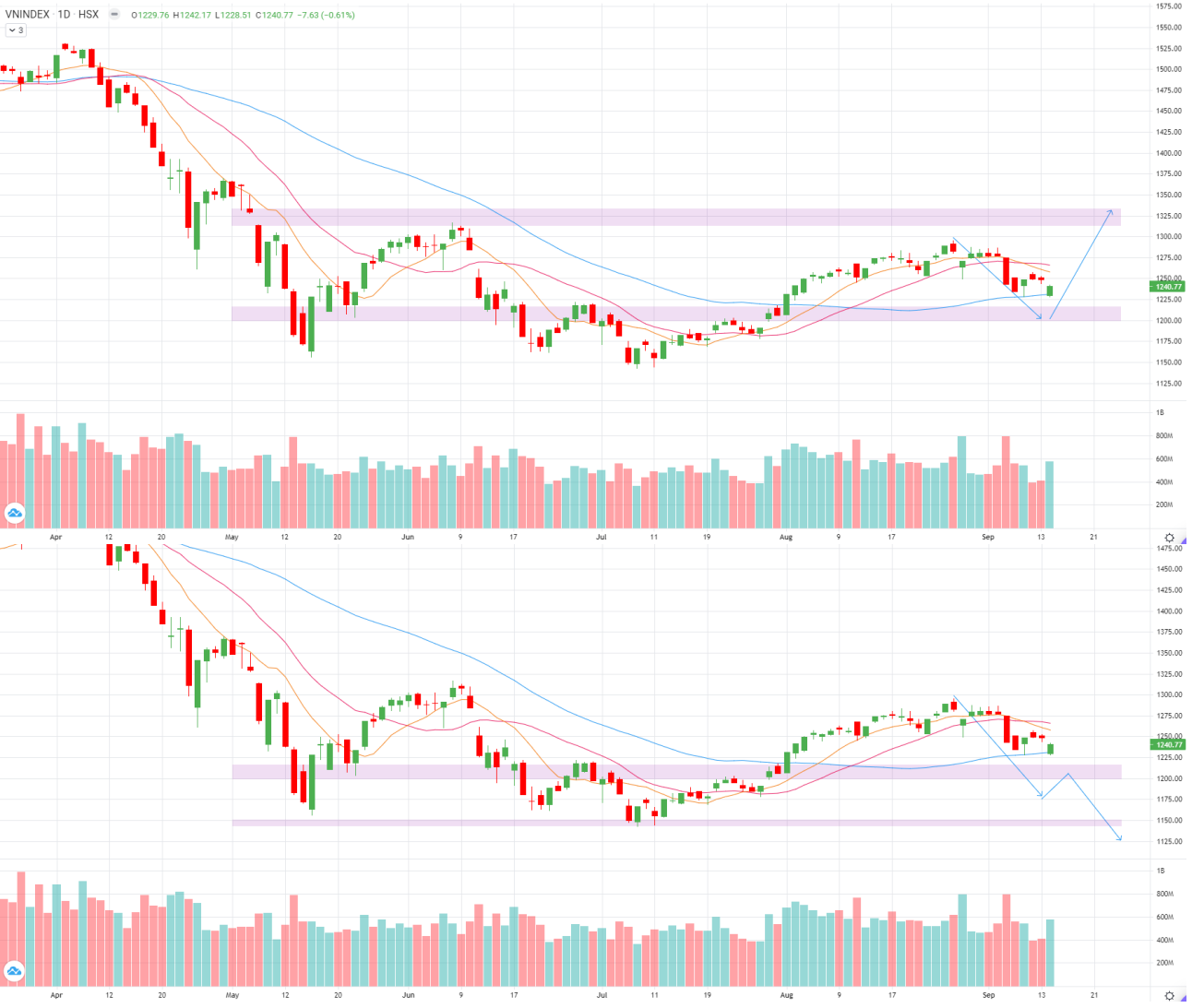
Trend: Should not be excited

- The same downward trend with global stocks, Vnindex opened a gap down more than 15 points at the beginning of the session. However, bottom-fishing demand participated well and helped the index rebound and narrow the drop in the session, closing at 1,241 points. Order matching increased again and above the 20 session average. MA50 support level holds once again. In general, the rebound signal is good but not enough to conclude the real reversal point. Technical indicators have not shown any change and are still showing correcting signals. Therefore, in the coming time, money flow will be differentiated according to the story of each business. It will be more challenging to fill the bearish gap today and defeat the resistance of 1,270 points.

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.

Technical view



Positive:

- The money flow participated well and helped the index balance above 1,220 points (corresponding to MA50). Currently, the support around the MA50 is reacting quite well with two recent bounces. This will create motivation for the index to fill the gap down and return to the uptrend with the target towards the area of 1,320 points.
- Short-term cash flow is weak and the index drops below 1,220 points but still above 1,200 points, mid-term rebounding trend is still maintained. The support level of 1,200 points is also a psychological level and is stronger than the MA50. If the index holds the 1,200 area, it will return to the positive scenario above.

Less Positive:

- In case the index drops again and breaks through 1,200 points, meaning the medium-term retracement wave was breached. At this time, you should minimize your stock position and stand outside to observe. The drop might push the index to the old bottom of 1,150 points and lower at 1,100 points.

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 **15/9/2022**

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
PVS	Buy	27.5	31	26	13%	5%	27.8	Pull back
PAN	Buy	26	30	24.5	15%	6%	26.6	Break confirmed 13/09
POW	Wait to Buy	14.5	16	13.8	10%	5%	14.15	When break 14.5
VHC	Wait to Buy	92	102	88	11%	4%	90	Good reaction around MA20, waiting for break 92

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
GVR	Hold	24.6	28	23.5	14%	4%	25	25	1.63%	9/8/2022	Open
HPG	Hold	23.8	26.5	22.4	11%	6%	23.7	21	-0.42%	15/8/2022	Open
VSH	Hold	43	50	40	16%	7%	44.6	2	3.72%	13/9/2022	Open

Economic calendar

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Compassionate Finance

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

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