MORNING CALL

September 20th, 2022

Shinhan Securities

“Patience to face the big storm”

- Global stocks traded struggling
- Domestic stocks retest the psychological threshold of 1,200 points
- Lessons from the marketing story of Coca-Cola and Pepsi
- Technical view and recommendations #GVR #HPG
- Economic calendar
- Q&A

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Global Market Review - Week 19-23/09/2022

Major stock markets fell but have reached strong support levels

- Wall Street swung between gains and losses on Monday as investors reassessed the outlook for monetary policy.
- Major bourses in Europe started the week in the red, with the STOXX 600 trading at levels not seen in two months.
- Stocks in Hong Kong, China, Korea and Australia all fell with Hang Seng and Kopsi drop more than 1%. Japanese stocks are on a holiday.
- This week will be dominated by interest rates decisions by the major central banks including Federal Reserve, Bank of England and Bank of Japan. Besides, inflation data for Japan, Canada and flash PMI figures for US, UK, Euro Area will be also released.
- WTI crude futures rebounded to above $85 per barrel, bouncing off their daily lows of around $82. The threat of further supply disruptions from OPEC and the proposed price cap from G7 countries on Russian oil has been offering some support to prices.

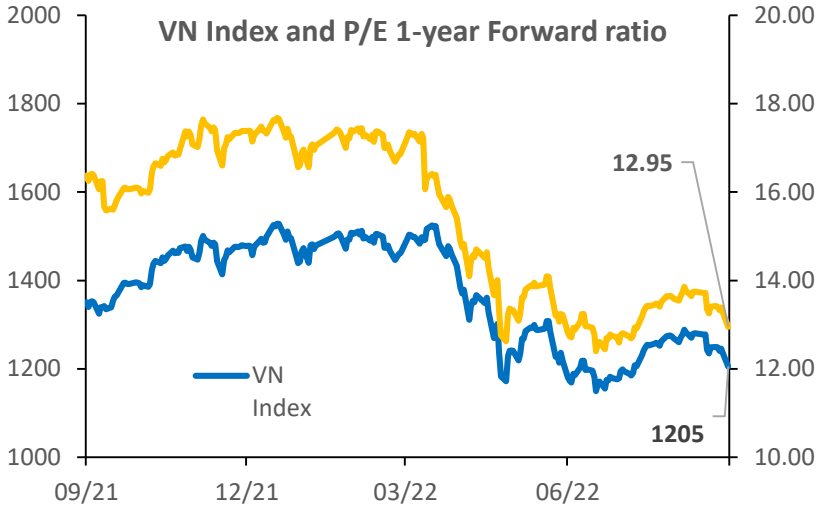
Market

	Close	%1D	%1M	%1Y
VN-Index	1,205	-2.32%	-5.02%	-10.74%
S&P 500 Index	3,900	0.69%	-7.77%	-12.03%
Dow Jones Index	31,020	0.64%	-7.97%	-10.31%
Hang Seng	18,566	-1.04%	-6.10%	-22.96%
Nikkei 225	27,898	1.20%	-3.57%	-8.53%
SHCOMP Index	3,116	-0.35%	-4.37%	-13.79%
STI Index	3,256	-0.37%	0.30%	7.05%
KOSPI Index	2,375	0.83%	-4.72%	-24.37%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	109.40	-0.31%	1.14%	17.29%
USD/VND	23,667.00	-0.06%	-1.16%	-3.78%
EUR/USD	1.00	0.18%	1.00%	-14.36%
USD/CNY	7.01	-0.26%	-2.68%	-7.69%
Brent	92.27	0.29%	-4.60%	24.82%
WTI	86.01	0.33%	-5.24%	22.36%
Natural gas	7.88	1.59%	-15.65%	57.97%
Coal	439.05	0.01%	5.48%	147.35%
Gold	1,677.10	0.08%	-3.41%	-4.93%

Vietnam Market Snapshot 19/09/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,205.43	12.95	-28.60	-2.32	701	16,706
HNX INDEX	264.25	15.97	-8.63	-3.16	91	2,008

Money flow and sector rotation (VND bn)

Sector	%1D	9/16/2022	9/15/2022	20-session Average
Travel & Leisure	156.30	277	108	117
Personal & Household Goods	122.51	375	169	228
Financial Services	81.81	1,561	859	1,613
Food and Beverage	79.14	1,740	971	1,331
Basic Resources	72.44	1,324	768	1,179
Technology	64.38	144	88	165
Health Care	59.96	34	22	26
Banks	59.12	1,771	1,113	1,784
Real Estate	50.04	2,443	1,628	2,346
Automobiles & Parts	43.00	90	63	104
Industrial Goods & Services	37.25	630	459	718
Insurance	35.41	79	59	118
Construction & Materials	33.65	1,272	951	927
Retail	24.20	667	537	666
Oil & Gas	19.66	326	273	317
Chemicals	10.73	1,101	994	1,044
Media	6.93	6	6	7
Utilities	-3.2	600	620	434

Breaking news

Macro

Positive

- The Ministry of Industry and Trade said that offshore wind power development in Vietnam is only in the first stage, so the implementation will face some difficulties. According to the research, Vietnam is a country with great potential for offshore wind power with about 600 GW, of which 260 GW of offshore wind power is fixed foundation and 338 GW is offshore wind power floating foundation.

  ✓ Development Finance Corporation (DFC) wants to help Vietnam realize its target of 7,000MW of offshore wind by 2030.

Less positive

- According to a survey with most of the leading economists of the Financial Times, the majority think the Fed will raise interest rates to more than 4% and keep at that level until after 2023 to prevent high inflation.
- 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

- FPT, FPT Corp. has just announced business results for the first 8 months of 2022, the revenue of FPT reached VND 27,060 billion (+24% YoY), EBT was VND 4,951 billion (+23.6%).
- HAG, by 2023, HAGL has 1,000 stores selling "pork eats banana" products, including franchise model. In addition, the company is experimenting with banana-eating jogging chickens, which are expected to launch later this year or next year.
- VHC, Vinh Hoan's revenue in August reached VND 1,270 billion, up 73% over the same period last year and up 6% from the previous month.
- DGC, Yellow phosphorus prices recovered 34.6% within a month due to drought in Sichuan, which accounts for 20% of China's P4 production. Revenue from yellow phosphorus products contributes more than 40% of the group's total revenue.
- HT1, Ha tien 1 Cement announces to pay cash dividend at the rate of 6%, ex-right date is September 23th .
- 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.

Coca-Cola vs Pepsi: The Story Behind Marketing Rivalry



Pepsi Challenge 1975



Background (Phase 1)

- In 1975, Pepsi and Coca-Cola are two direct competitors, Pepsi did a famous advertising campaign - "Pepsi Challenge". For this campaign, participants were asked to take a taste test blindfolded, where they tasted two colas, one filled with Coke and the other with Pepsi. This campaign yielded results with a large percentage of testers liking Pepsi from the first sip. Then Coca-Cola decided to do the same challenge internally, and they were shocked to see similar results.
- Coca-Cola decided not to accept that result. They believed that people liked the taste of Pepsi over Coke because Pepsi was sweeter, so the company decided to reinvent Coke and come up with New Coke. But the introduction of New Coke then was a catastrophic failure.

Lesson

- When you have a good investment strategy, be careful about changing it. The grass is always greener on the other side of the fence. Experimenting with new strategy is necessary to improve the method, but it is not necessary to eliminate the old things, because the core value that makes the method successful.

Coca-Cola vs Pepsi: The Story Behind Marketing Rivalry



- After nearly 3 months of launching New Coke, Coca-Cola executives once again held a press conference to announce the return of the old Coke with the name Coca-Cola Classic.
- President Donald Keough (left) said: "Our boss is a user" and "We want everyone to know that we're sorry.“ The news was so important that TV channels had to pause the broadcast to report on Coca-Cola Classic.

Source: https://www.coca-colacompany.com/company/history/the-story-of-one-of-the-most-memorable-marketing-blunders-ever
https://www.history.com/news/why-coca-cola-new-coke-flopped

Background (Phase 2)

- In the 1980s, when the Coca-Cola - Pepsi war was at its peak, Coca-Cola decided to change the Coke formula. After testing more than 200,000 customers in the US and Canada to try new Coke flavors in a two-year campaign, Coca-Cola believes there is a recipe to beat Pepsi in the game. The new version is called New Coke, and the company even wants New Coke to completely replace the 99-year-old Coke version.
- In 1985, Coca-Cola launched New Coke and disaster began from there. A large number of consumers have reacted violently. The headquarters of Coca-Cola in Atlanta (USA) received 400,000 calls and angry letters. At the same time, protest groups took place in many places demanding the company return to the original formula.
- However, Coke fans didn't switch to Pepsi. The old version of Coke became a hot commodity in the market. People feared that this version could no longer be drunk, so they bought and stocked up in the garage.

Lesson

- Core values will not be easily lost and loyal customers will not give up easily. Therefore, build "value" for yourself as well as the value of customers. The value will be something that lasts with time and brings great success, not something temporary, like the "sweet taste" of Pepsi.

Technical view



VNI	1205.43 (-28.60 -2.32%)			HNX	264.25 (-8.63 -3.16%)			UPCOM	88.34 (-1.12 -1.25%)		
701,958,194 CP	16,706.04 Tỷ			91,417,976 CP	2,009.59 Tỷ			40,832,805 CP	696.10 Tỷ		
64(1)	42	399(70)	Hết giờ GD	51(4)	124	162(23)	Hết giờ GD	87(14)	464	201(10)	Hết giờ GD

VN30	1229.88 (-22.90 -1.83%)										
181,341,977 CP	5,605.84 Tỷ										
2(0)	1	27(1)	Hết giờ GD								

Trend: Retest the 1,200 point threshold

- Selling pressure continued to dominate at the opening session of the week, pushing the index into red, many sectors and stocks fell to the floor price of the day. Vnindex closed at 1,205 points, losing more than 2.3%. The liquidity increased compared to the previous session and above the 20 session average, showing that the selling supply was quite active. The MACD has fallen to below zero, while the RSI is also close to 30, which is a signal that selling is overwhelming in the short term but is expected to balance out when near the oversold zone. Currently, the nearest support zone for the trend is around 1,190 – 1,200 points and the index might retest this zone in the next few sessions. Maintain a prudent strategy and observe the market.

Scenarios:

- Positive (55%): Correction signal has appeared and the index will need to retest the 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 **20/9/2022**

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
GVR	Sell			23.5			22.9	Stop loss
HPG	Sell			23			22.65	Stop loss

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
GVR	Sell	24.6	28	23.5	14%	4%	22.9	28	-6.91%	9/8/2022	Close
HPG	Hold	23.8	26.5	22.4	11%	6%	22.65	24	-4.83%	15/8/2022	Close
VSH	Hold	43.5	50	40	15%	8%	44.1	5	1.38%	13/9/2022	Open
PAN	Hold	26	30	24.5	15%	6%	26.6	4	2.31%	14/9/2022	Open
PVS	Hold	27	31	25	15%	7%	25	4	-7.41%	15/9/2022	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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