MORNING CALL

September 21th, 2022

Shinhan Securities

“Overcoming difficulties but still struggling”

- Global stocks struggled again
- Domestic stocks kept the support of 1,200 points but trading value was low
- Fisheries exports accelerated again in August 2022 #VHC #ANV #IDI #MPC #FMC
- Technical view and recommendations #GVR #HPG
- Economic calendar
- Q&A

[Analysts]

Khang Tran ☎ (84-28) 6287-8037
✉ khang.lt@shinhan.com

Nhut Nguyen ☎ (84-28) 6287-7751
✉ nhut.nq@shinhan.com

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

Major stock markets struggled again

- Wall Street remains under pressure, three major US stock indexes lost by 1% on Tuesday as investors refrained from opening new positions ahead of the outcome of the Federal Reserve's two-day policy meeting.
- European equity markets closed in the red, Stoxx 600 down more than 1%.
- Asian stocks rebound slightly. The annual inflation rate in Japan rose to 3.0% in August 2022 from 2.6% in July, highest in near 8 years.
- This week will be dominated by interest rates decisions by the major central banks including Federal Reserve, Bank of England and Bank of Japan. Also in the focus will be flash services and manufacturing PMI figures for US, UK, Euro Area.
- WTI crude futures tumbled over 2% to below the $84 per barrel mark, moving away from their daily highs of $86.5 amid lingering concerns about the impact of slower global economic growth on demand.

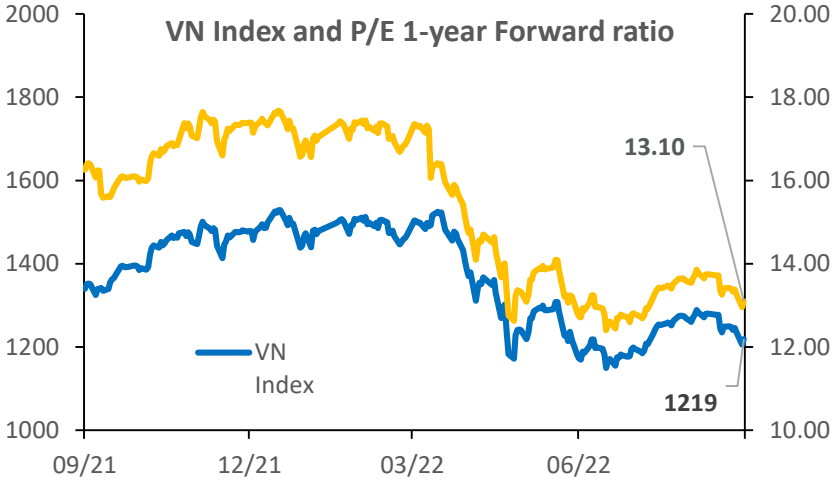
Market

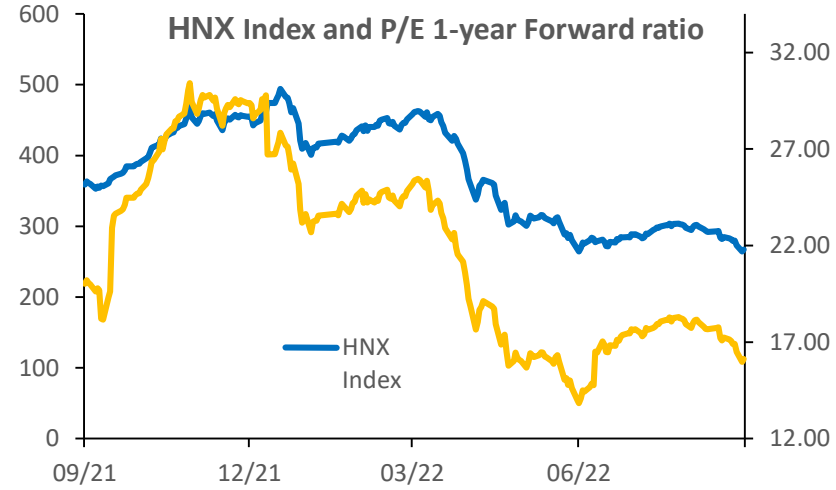
	Close	%1D	%1M	%1Y
VN-Index	1,219	1.12%	-3.96%	-9.02%
S&P 500 Index	3,856	-1.13%	-8.81%	-11.44%
Dow Jones Index	30,706	-1.01%	-8.90%	-9.47%
Hang Seng	18,781	1.16%	-5.01%	-22.46%
Nikkei 225	27,432	-0.93%	-5.18%	-8.07%
SHCOMP Index	3,122	0.22%	-4.16%	-13.60%
STI Index	3,267	0.33%	0.63%	6.65%
KOSPI Index	2,354	-0.58%	-5.56%	-25.04%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	110.21	-0.01%	1.88%	18.24%
USD/VND	23,668.00	0.00%	-1.08%	-3.78%
EUR/USD	1.00	-0.11%	0.17%	-15.06%
USD/CNY	7.02	-0.19%	-2.42%	-7.87%
Brent	90.33	-0.32%	-6.61%	21.48%
WTI	83.78	-0.19%	-7.70%	18.74%
Natural gas	7.81	1.22%	-16.33%	62.56%
Coal	441.30	0.51%	6.02%	148.62%
Gold	1,664.76	-0.01%	-4.12%	-6.18%

Vietnam Market Snapshot 20/09/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,218.93	13.10	13.50	1.12	473	11,157
HNX INDEX	266.91	16.13	2.65	1.00	58	1,157

Money flow and sector rotation (VND bn)

Sector	%1D	9/20/2022	9/19/2022	20-session Average
Media	55.51	10	6	7
Travel & Leisure	-13.2	64	74	110
Personal & Household Goods	-18.8	159	195	223
Financial Services	-20.8	1,283	1,620	1,564
Oil & Gas	-22.6	263	339	321
Industrial Goods & Services	-23.4	580	757	710
Health Care	-30.8	14	20	25
Banks	-31.1	1,180	1,713	1,697
Real Estate	-31.8	1,631	2,391	2,283
Utilities	-33.2	402	602	450
Automobiles & Parts	-35.5	76	118	105
Retail	-37.6	510	818	684
Construction & Materials	-42.4	863	1,499	951
Chemicals	-44.2	729	1,307	1,077
Food and Beverage	-45.6	854	1,570	1,322
Insurance	-53.3	78	167	119
Basic Resources	-56.6	637	1,467	1,160
Technology	-61.5	68	177	154

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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

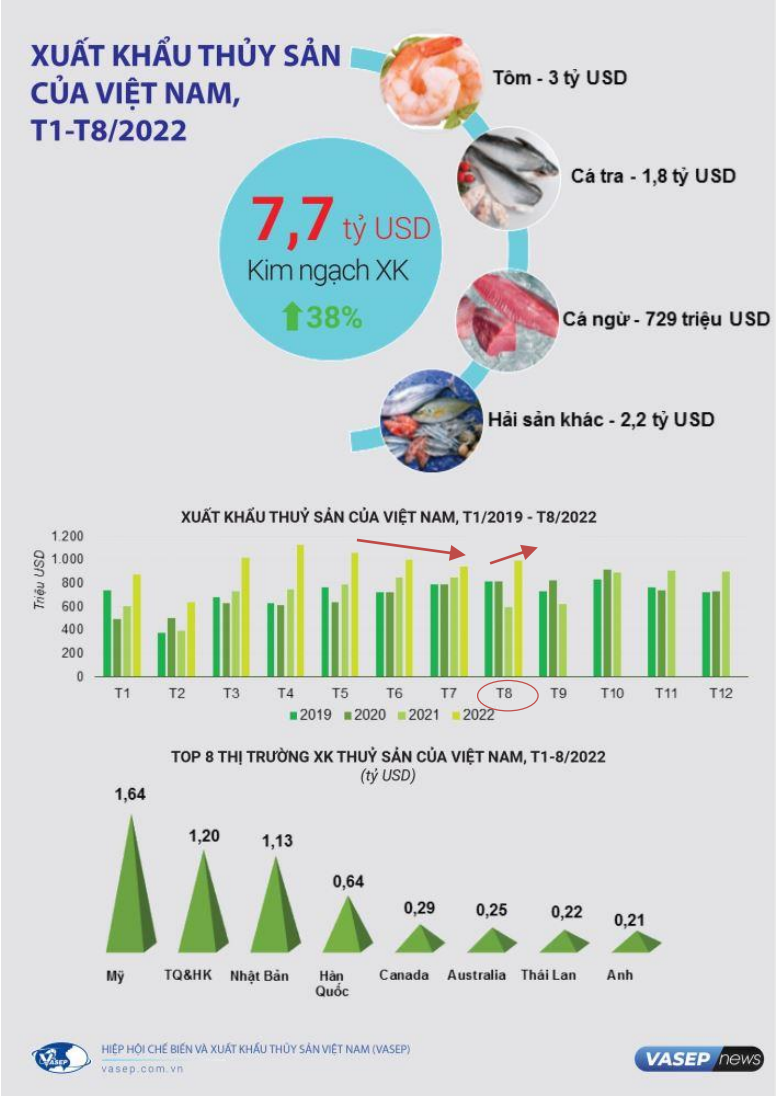
- According to a survey with most of the leading economists of the Financial Times, the majority think the Fed will raise interest rates to more than 4% and keep at that level until after 2023 to prevent high inflation.
- In the first week of September, some banks increased their VND deposit interest 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.
- POW, PV Power's revenue in August reached VND 1,868 billion, up 3% over the same period and 16% higher than the plan. However, September revenue is expected to decrease as many factories enter the overhaul period.
- 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.

Update fisheries sector - Exports grow again

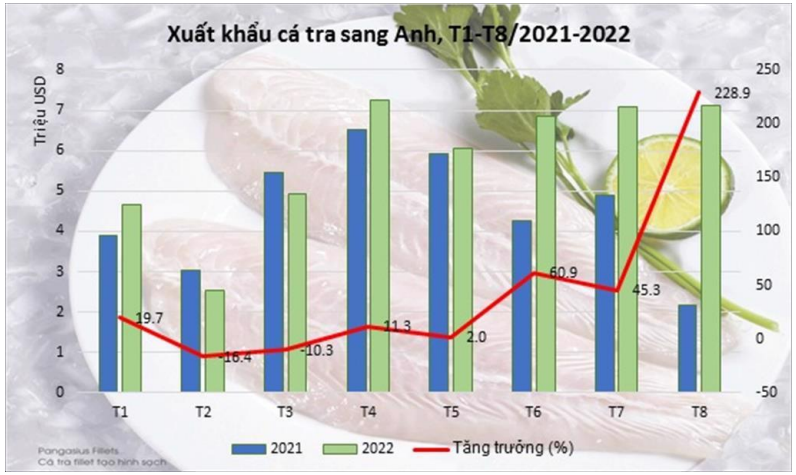


Overview

- After slowing down in the past 3 months (from April to July), Vietnam's fisheries exports accelerated again in August. The value of fisheries exports in August 2022 reached USD 998 million (+68% YoY). This figure has contributed to bringing the total export turnover in the first 8 months of 2022 to nearly USD 7.7 billion, (+38% YoY).
- Accumulated in the first 8 months of this year, pangasius exports reached nearly 1.8 billion USD, (+81% YoY). Pangasius turnover to China more than doubled over the same period to nearly 500 million USD, accounting for 29% of Vietnam's total pangasius export turnover. Pangasius exports to the US reached 428 million USD, (+90% YoY), contributing for 25% of total export turnover. Only for the Russian market, pangasius exports were reduced due to the Russia-Ukraine conflict disrupting exports.
- The US and China are still the two leading countries in the proportion of fisheries exports.
- From a market perspective, a representative of the Agency of Foreign Trade added: In August 2022, seafood exports to many markets increased compared to July 2022, but exports to the United States, Australia, Germany, and the Netherlands and Hong Kong (China) decreased.

➢ In general, the signal of recovery in August is good, but growth in major markets has slowed, and sufficient condition is that September export turnover must recover above $ 1 billion.

Update the fisheries sector – Pangasius bright spot





Overview

- Pangasius exports to the UK in August 2022 more than doubled over the same period.
- Inflation in the UK is at a 40-year record high and is almost the highest in European countries, so consumption of high-priced food items is limited. Therefore, exports of shrimp, tuna and some marine fish species to the UK decreased sharply. Meanwhile, pangasius exports still maintain growth because pangasius has a moderate price, moreover, the UK has a shortage of white fish due to the ban on seafood from Russia, so pangasius has become a substitute fish in the market.
- From May, seafood exports to Russia recovered gradually and by July, exports had reversed, increasing by 36% and increasing sharply by 98% in August 2022. In 8 months, the export of seafood from Vietnam to Russia reached over 94 million USD (down 20% compared to 2021).
- In August 2022, shrimp exports to the United States decreased by 33%, shrimp exports to China also decreased by 13%. With the rapid decline of the US market, accumulated shrimp exports in the first 8 months of the year in this market decreased by nearly 9% compared to the same period in 2021. In the context of inflation in many countries around the world, gasoline prices oil and high transportation costs, sharply reduced consumption ... made "consumption" of Vietnam's high-end shrimp products plummet, especially in important markets such as the United States, EU, Japan…
- It is forecasted that in the coming years, rival countries in the shrimp industry such as Ecuador, India, and Indonesia will invest in machinery and technology to process shrimp products.

Business results of fisheries export enterprises – Pangasius outperform

	Main product	Business result	Comment
VHC	Pangasius	Export revenue in August reached VND 1,270 billion (+73% YoY) and increased by 6% compared to July. In general, the revenue of VHC in August regained its momentum compared to the previous two months. However, revenue in August was still lower than in March, April, and May.	• The leading enterprises in fisheries of Vietnam were not subject to US anti-dumping duties during the preliminary review of the DOC (POR18). • Domestic market revenue jumped by 179% to 310 billion VND, becoming the second largest contributor to Vinh Hoan's revenue in August, after the US. • Expectations on the growth of the Chinese market when the economy is fully open has boosted the demand for pangasius to increase rapidly. • Pangasius is more competitive than other seafood in the context of inflation, when the price is cheaper.
ANV	Pangasius	In 1H2022, Nam Viet recorded net revenue of VND 2,513 billion (+41% YoY). In particular, this breakthrough mainly comes from the growth of the pangasius segment. Net income reached VND 447 billion, 5 times higher than the same period last year.	
IDI	Pangasius	In 1H2022, the net revenue of IDI reached VND 2,727 billion (+45.6% YoY), gross profit was VND 660 billion, up nearly 3.5 times. Business results of IDI improved significantly because the company shifted its strategic market from the Chinese market to new markets such as Europe, Australia, America, and Africa with higher export unit prices	
Threat	Shipping costs to import markets (USA, Europe) are quite high. Input costs (animal feed, labor, etc.) also increased in the context of inflation, which reduced consumer purchasing power.		
MPC	Shrimp	In 1H2022, the net revenue of "Shrimp King" Minh Phu reached VND 8,730 billion (+43% YoY). However, COGS also increased by 38% to VND 7,345 billion, contributing 85% of total net revenue. Besides that, financial expenses and SG&A expenses increased solidly driving the net income of MPC to decrease by 12%, reaching VND 241 billion.	• Rainy weather makes farmers have to harvest shrimp early and also limit stocking. • Due to high inflation in international markets, the consumption market from now until the end of the year will be difficult. • Many competitors
FMC	Shrimp	Net sales of FMC in the first 8 months of 2022 recorded USD 161.9 million (~ VND 3,807 billion), soaring by 121.8% over the same period in 2021 and completing 70.4% of the year plan. Notably, in August, sales reached 22 million USD, double that of August 2021	

Technical view



VNI	↑ 1218.93 (13.50 1.12%)	HNX	↑ 266.91 (2.65 1.00%)	UPCOM	↑ 88.51 (0.18 0.20%)	VN30	↑ 1241.07 (11.19 0.91%)
473,888,795 CP	11,157.30 Tỷ	58,057,397 CP	1,158.49 Tỷ	31,938,039 CP	511.19 Tỷ	117,921,200 CP	3,681.53 Tỷ
↑ 309(5)	— 81 ↓ 120(6) Hết giờ GD	↑ 121(13)	— 154 ↓ 62(7) Hết giờ GD	↑ 153(16)	— 488 ↓ 111(9) Hết giờ GD	↑ 25(0)	— 2 ↓ 3(0) Hết giờ GD

Trend: Threshold of 1,200 points is maintained

- The market reacted well when the index approached the psychological support level around 1,200 points, VN-index rebounded and closed at the highest level of the session at 1,218 points, creating a green hammer candle. However, the order matching was low, showing that the buying force was not really drastic. The MACD is still below 0 and sloping down, while the RSI, although recovering, has not yet reached 50 level. Therefore, today's bullish signal is not enough to confirm the short-term reversal point and the upcoming sessions will continue to shake.The strategy is still in favor of lowering the proportion of stocks and observe the market more, at least after the official decision of the Fed on Thursday (September 22).

Scenarios:

- Positive (50%): Correction signal has appeared and the index will need to retest the support area around 1,190 - 1,200 points. If the trade is balanced, expected to the index will soon rebound and increase to the threshold of 1,300 points.
- Less positive (50%): If index drops again and breaks through 1,200 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 21/9/2022

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%	23.5	29	-4.47%	9/8/2022	Close
HPG	Sell	23.8	26.5	22.4	11%	6%	23	25	-3.36%	15/8/2022	Close
VSH	Hold	43.5	50	40	15%	8%	43	6	-1.15%	13/9/2022	Open
PAN	Buy	26	30	24.5	15%	6%	26.06	5	0.23%	14/9/2022	Open
PVS	Hold	27	31	25	15%	7%	26	5	-3.70%	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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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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