MORNING CALL

September 28th, 2022

Shinhan Securities

“Many industries have dropped to the oversold zone, is the market balanced?”

- Global stocks recovered slightly
- Domestic stocks trading struggled
- Many industries have dropped to the oversold zone, is the market balanced?
- Technical view and recommendations
- Economic calendar
- Q&A

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Global Market Review - Week 26-30/09/2022

Major stock markets rebounded

- Dow Jones rose 200 points on Tuesday, while the S&P 500 and the Nasdaq added more than 1% each as dip buyers emerged to blunt a five-day selloff that dragged Wall Street to fresh yearly lows. New home sales in the United States soared 28.8% from a month earlier to a 5-month high of 685K in August of 2022, and above market expectations of 500K.
- European shares traded mostly in the green Tuesday led by automakers and basic resources, as stocks tried to stage a comeback from a recent sell-off.
- Lumber futures regained some ground to around $450 per thousand board feet, recovering from an over two-year low of $410, as an unexpected rebound in home sales lifted sentiment.
- WTI crude futures rebounded 1.5% to near $78 per barrel on Tuesday from 9-month lows, mainly boosted by a pause in the dollar rally and after Iraq Oil Minister Ihsan Abdul Jabbar said that OPEC+ was monitoring oil prices as it sought to maintain market balance.

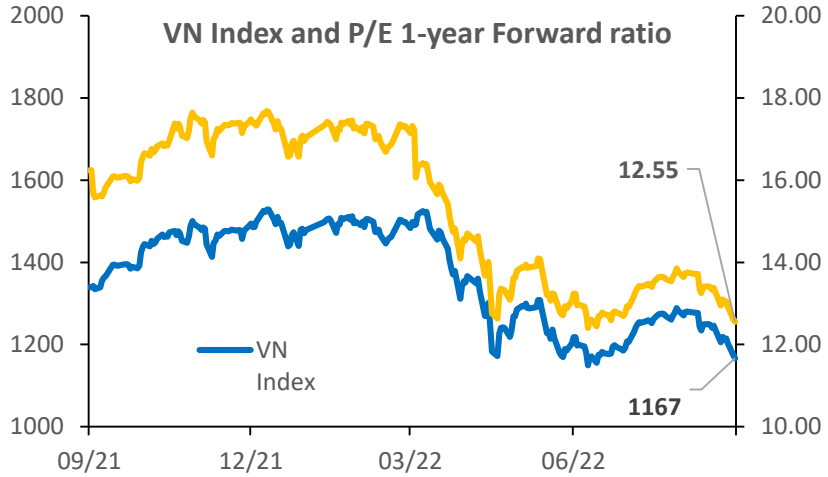
Market

	Close	%1D	%1M	%1Y
VN-Index	1,167	-0.67%	-9.05%	-12.90%
S&P 500 Index	3,647	-0.21%	-10.11%	-17.91%
Dow Jones Index	29,135	-0.43%	-9.75%	-16.45%
Hang Seng	17,860	0.03%	-11.45%	-27.10%
Nikkei 225	26,476	-0.36%	-7.56%	-12.28%
SHCOMP Index	3,094	1.40%	-4.40%	-14.11%
STI Index	3,166	-0.52%	-2.59%	2.85%
KOSPI Index	2,214	-0.45%	-10.77%	-28.54%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	114.10	-0.01%	4.87%	21.68%
USD/VND	23,736.00	-0.08%	-1.30%	-4.09%
EUR/USD	0.96	-0.03%	-4.06%	-17.91%
USD/CNY	7.18	-0.54%	-3.72%	-10.02%
Brent	86.23	-0.05%	-14.62%	9.03%
WTI	78.70	0.25%	-15.43%	4.53%
Natural gas	6.78	1.98%	-27.03%	16.13%
Coal	437.65	-0.08%	4.85%	113.75%
Gold	1,628.52	-0.02%	-6.25%	-6.08%

Vietnam Market Snapshot 27/09/2022





	Close	PE	Change	%1D	Trading volume. (mn stocks)	Trading value . (VND bn)
VNI NDEX	1,166.54	12.55	-7.81	-0.67	701	16,706
HNX INDEX	255.52	15.43	-0.16	-0.06	91	2,008

Money flow and sector rotation (VND bn)

Sector	%1D	9/27/2022	9/26/2022	20-session Average
Health Care	6.91	21	20	23
Automobiles & Parts	3.58	219	212	114
Media	-0.8	5	5	6
Personal & Household Goods	-2.6	202	207	200
Oil & Gas	-28.2	262	365	313
Real Estate	-34.6	1,932	2,953	2,168
Industrial Goods & Services	-37.7	461	740	639
Food and Beverage	-38.5	1,062	1,727	1,282
Chemicals	-40.2	684	1,144	1,024
Construction & Materials	-42.7	879	1,532	1,007
Banks	-46.0	1,139	2,110	1,538
Travel & Leisure	-47.4	47	89	101
Utilities	-49.3	256	504	443
Financial Services	-50.3	901	1,813	1,407
Technology	-52.4	88	185	141
Insurance	-55.0	113	252	136
Basic Resources	-55.7	503	1,137	1,087
Retail	-60.9	352	900	632

Breaking news

Macro

Positive

- On the morning of September 26, Prime Minister Pham Minh Chinh chaired a nationwide online conference on accelerating the disbursement of public investment capital and implementing three national target programs.
- According to Nikkei Asia, Vietnam and Thailand, the world's second and third largest rice exporters, will hold meetings in October to negotiate a proposal to raise rice export prices.
- An increase in electricity price will be proposed when the average retail price increases from 1% due to fluctuating input parameters.

Less positive

- The State Bank of Vietnam has increased operating interest rates since September 23. Accordingly, large banks began to sharply increase deposit rates.
- USD/VND exchange rate to the highest level ever.
- High world raw material prices due to inflation will affect Vietnam's economy through production activities, when more than 30% of input materials for production activities are imported.

Business news

- HAG, HAGL announced a new issuance plan of VND 1,700 billion, prioritizing capital for banana farming company.
- MWG, According to sharing of MWG, the Bach Hoa Xanh chain has ended the process of changing the layout and closing inefficient stores. In August 2022, Mobile World achieved revenue of more than VND 10,400 billion and a profit of VND 295 billion, up 60% and 33% respectively over the same period.
- C4G, Cienco4 won the contract to construct the tunnel at the Ring 2.5 intersection with Giai Phong road.
- NLG, Nam Long plan to issue more than 1.14 million ESOP shares on October 20.
- HAH, Hai An Transport & Stevedoring JSC is applied arrears and tax fines of VND 508 million.

- VPB, Vpbank announced bonus shares with the ratio 2:1, the ex-rights date is September 28.
- VSC, Vietnam Container Shipping announces to pay cash dividend at the rate of 10%, ex-right date is September 28.
- ITC, Intresco announces to pay stock dividend at the rate of 10%, ex-right date is September 30.

Technical view



Trend: Be patient and wait

- The current trade was quite struggling with selling pressure being more dominant, pushing the index down again and closing in red at 1,166 points. The liquidity also fell below the 20 session average, showing the caution of the cash flow on the buying side. The RSI has dropped to the oversold zone, which can expect the selling force will be less in the following sessions. Overall, the graphics is still unclear and the market needs time to find an equilibrium. Maintain observation status and should not be in a hurry to open a position.

Scenarios:

- Positive (45%): Corrective signal has appeared and the index will need to retest the support area around the old bottom at 1,150 points. If the trade is balanced, it is expected that soon there will be a recovery span to the threshold of 1,200 - 1,220 points.
- Less positive (55%): If the index drops again and breaks through 1,150 points, at this time, the medium-term recovering wave is breached, the risk increases and the index might fall to 1,100 points, or lower 1,025 points.

Many industries have dropped to the oversold zone





Bank:

- The banking chart is showing that the drop has reached the oversold zone. Bank group usually contributes mainly to the index, so the fluctuations in this group often have a big influence on the market trend.
- It is expected that the bottom-fishing demand will participate better and the selling supply will slow down in the coming sessions.

Securities:

- The Securities industry chart also nearly fell below the oversold threshold. If there is a strong sell signal next, it is likely that the RSI will drop below 30, and reach the oversold area, signaling that bottom-fishing demand may be involved.

Many industries have dropped to the oversold zone



Real estate:

- The real estate industry chart has also dropped to the oversold zone when many stocks have plummeted recently, in the context of high interest rates affecting borrowing costs of businesses as well as making it harder for customers to get a home loan.
- It is expected that the bottom-fishing demand will participate better and the selling supply will slow down in the coming sessions.

Steel:

- The Steel industry chart is somewhat stronger, but the RSI momentum also decreased continuously to near 30. If there is more strong bearish signal, it is likely that the indicator will fall to the area below 30, i.e. oversold and signaling that the bottom-fishing demand may increase.

➢ *Oversold signals are usually short-term essence, and depend on the direction of the money flow. In periods of weak cash flow, although in the oversold zone, the index may recover slightly and then continue to decrease, not really reverse to rise. Therefore, it still takes time for the index to find the equilibrium.*

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 **28/9/2022**

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
VSH	Sell	43.5		41			42	Hit stop loss, lose MA20
FRT	Watch						86.7	Strong support, open position when price breaks 88
REE	Watch						84.4	Open position when price breaks 86 with volume above 20 session average

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
PAN	Hold	26	30	24.5	15%	6%	25.5	10	-1.92%	14/9/2022	Open
TAR	Hold	27.4	31	25.8	13%	6%	27.7	4	1.09%	22/9/2022	Open
VCG	Hold	25	28.5	23.6	14%	6%	25.8	3	3.20%	23/9/2022	Open

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

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Q&A

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