MORNING CALL
20/07/2023

Shinhan Securities

"Profit-taking pressure is emerging"

- World stocks: The global market is showing mixed movements.
- Vietnam stocks: Profit-taking pressure is emerging
- Business News #PPC, #PVS, #FMC, #PVP, #HPG, #NVL
- Technical perspective and recommendation update
- Event calendar
- Q&A

[Analysts]

Tien Le
☎ (84-28) 037 639 1443
✉ tien.ld@shinhan.com

Nam Hoang
☎ (84-28) 6299 8004
✉ nam.h@shinhan.com

Following SSV's Zalo,
Catching the latest report



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Global Market Review - Week 17 - 21/07/2023

Major stocks market

- The Dow gained 0.31%, the S&P 500 rose 0.24% and the Nasdaq Composite inched up 0.03%. Those gains came on the heels of upbeat quarterly results and firm expectations that the Federal Reserve is close to ending its rate-hiking cycle. Investors now look ahead to more economic data and corporate earnings reports on Thursday.
- European markets finished higher today with shares in London leading the region. The FTSE 100 is up 0.64% while France's CAC 40 is up 0.38% and Germany's DAX is up 0.35%. The consumer price inflation rate in the Euro Area was confirmed at 5.5 percent in June 2023, the lowest level since January 2022, mainly due to a decline in energy prices. However, the core rate, which excludes volatile items such as food and energy, picked up to 5.5 percent, above a preliminary estimate of 5.4%, remaining close to a recent peak of 5.7 percent and supporting the view that ECB policymakers are likely to continue raising rates in the upcoming months
- The Nikkei 225 Index climbed 1.24% to close at 32,896 while the broader Topix Index jumped 1.19% to 2,279 on Wednesday. On the monetary policy front, Bank of Japan governor Kazuo Ueda signaled the bank's commitment to ultra-easy policy, saying there's still some distance to sustainably and stably achieve the 2% inflation target. The Shanghai Composite inched up 0.03% to close at 3,199 while the Shenzhen Component fell 0.37% to 10,933 in mixed trade on Wednesday.
- WTI crude futures steadied around $76 a barrel on Wednesday, after gaining 2% in the previous session, as traders weigh demand concerns, China's pledge to support economic growth and signs of tightening global oil supplies

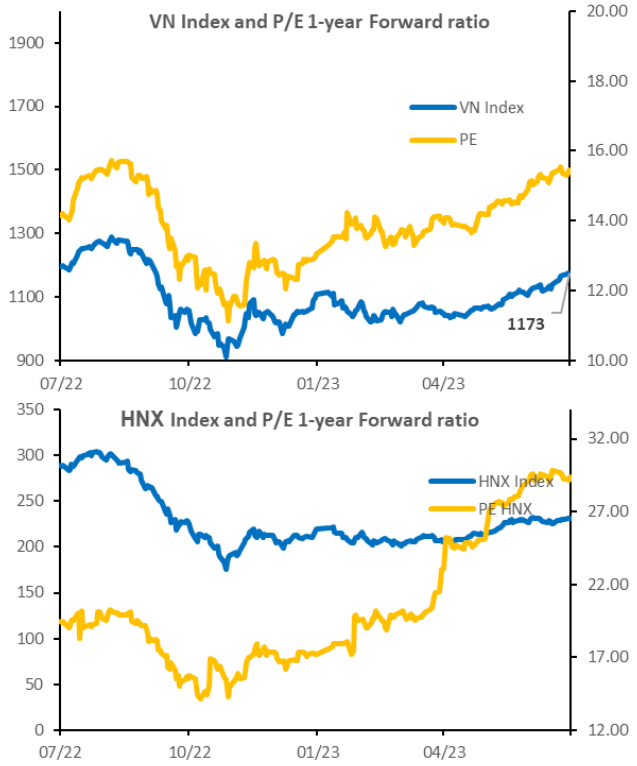
Market

	Close	%1D	%1M	%1Y
VN-Index	1,173	-0.09%	5.51%	-1.77%
S&P 500 Index	4,566	0.24%	4.03%	15.30%
Dow Jones Index	35,061	0.31%	2.96%	10.00%
GP 100	7,588	1.80%	0.25%	4.46%
Nikkei 225	32,757	-0.42%	-1.89%	18.34%
SHCOMP Index	3,199	0.03%	-1.28%	-3.20%
STOXX 600	462	0.26%	0.58%	9.34%
KOSPI Index	2,603	-0.19%	-0.06%	9.07%
Hang Seng	18,952	-0.33%	-3.34%	-9.28%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	100.18	-0.10%	-2.30%	-6.44%
USD/VND	23,643.00	0.00%	-0.46%	-0.86%
EUR/USD	1.12	0.16%	2.76%	10.21%
USD/CNY	7.22	-0.51%	-0.83%	-6.63%
Brent	79.42	-0.05%	4.64%	-25.72%
WTI	75.23	-0.16%	6.71%	-26.43%
Natural gas	2.62	0.58%	5.06%	-67.30%
Coal	132.00	-1.75%	2.84%	-66.97%
Gold	1,979.76	0.16%	2.24%	16.69%

Vietnam Market Snapshot 19/07/2023



Money flow and sector rotation (VND bn)

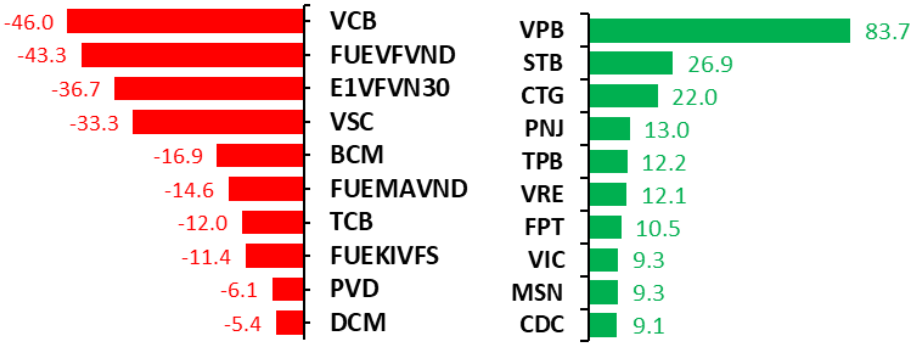
Sector	%1D	7/19/2023	7/18/2023	20-session Average
Health Care	83.90	78	42	29
Oil & Gas	58.16	203	128	190
Industrial Goods & Services	44.52	968	670	941
Travel & Leisure	30.42	181	139	156
Financial Services	27.83	1,765	1,381	2,047
Automobiles & Parts	25.75	155	123	129
Basic Resources	12.39	1,103	981	1,247
Real Estate	11.98	3,906	3,488	3,070
Construction & Materials	11.58	1,333	1,195	1,229
Personal & Household Goods	0.37	208	207	219
Chemicals	-0.2	711	712	802
Food and Beverage	-2.1	1,203	1,229	1,349
Technology	-9.0	72	79	113
Insurance	-12.0	52	59	78
Utilities	-16.9	236	284	236
Banks	-19.7	2,851	3,551	2,810
Retail	-22.0	415	532	498
Media	-70.3	1	2	1

Source: Bloomberg, Shinhan Securities Vietnam

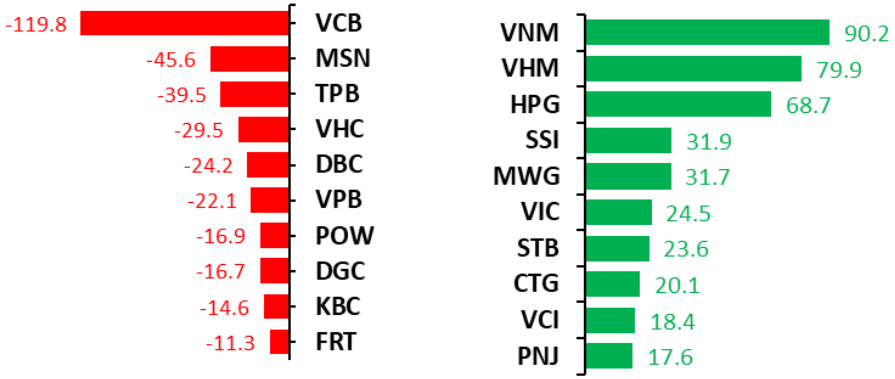
	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,172.98	16.01	-1.11	-0.09	777	15,450
HNX INDEX	231.47	29.75	0.51	0.22	95	1,627

Vietnam Market Snapshot 19/07/2023

Top net buying & selling of proprietary trading (VND billion)



Top net buying & selling foreign investors (VND billion)



The net trading value of proprietary trading and investors by sector (VND billion)

Sub-sector	Proprietary trading (VND bn)	Foreign (VND bn)	Local Individual (VND bn)	Local Institutions (VND bn)
Real Estate	17	147	(229)	82
Basic Resources	8	97	(139)	42
Media	-	-	-	-
Industrial Goods & Services	(35)	8	178	(186)
Health care	-	5	7	(12)
Chemicals	(5)	(9)	(34)	43
Financial Services	(72)	66	(86)	19
Travel & Leisure	4	9	(17)	9
Banks	117	(131)	(368)	498
Construction & Materials	5	4	(1)	(4)
Food and Beverage	14	(2)	7	(5)
Retail	4	16	(3)	(13)
Utilities	5	(9)	11	(2)
Personal & Household Goods	13	12	(19)	7
Technology	11	0	(30)	30
Automobiles & Parts	0	(2)	3	(1)
Insurance	1	16	(19)	3
Oil & Gas	(6)	(12)	18	(6)

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

- **Opening of the Corporate Bond Trading System**: On July 19th, the Ministry of Finance held a ceremony to inaugurate and put into operation the Corporate Bond Trading System at the Hanoi Stock Exchange (HNX). The secondary trading system for private corporate bonds is expected to boost market liquidity and provide professional investors, market participants, and the public with more information about the market, from the primary to secondary levels. This, in turn, will help formulate appropriate market management and development policies as well as investment decisions.

- **Domestic steel market remains "cold", VSA proposes "setting up barriers" to prevent steel imports.** Production and consumption of steel in the first six months of 2023 continued to decline, by 20.9% and 17.5% respectively compared to the same period in 2022. Meanwhile, steel imports still flood into Vietnam, with steel from China alone accounting for 54.17% of the total imported steel. According to the latest report by the Vietnam Steel Association (VSA), in June 2023, finished steel production reached 2.012 million tons, a decrease of 9.52% compared to May 2023 and a decrease of 16.2% compared to the same period in 2022. Consumption of various types of steel reached 2.161 million tons, a decrease of 6.41% compared to the previous month and a decrease of 4% compared to the same period in 2022.

- **Banking Association proposes a 2% VAT reduction to enable banks to lower lending rates**. In order to stimulate credit flow, the Banking Association of Vietnam (VNBA) has proposed a reduction in VAT for commercial banks, similar to other businesses, to create conditions for a significant reduction in lending rates to support businesses.

Business news

- **PPC**: **Pha Lai Thermal Power Company (PPC) reported a remarkable increase in profit in the second quarter**, causing its stock to surge nearly 6% in the session. The company disclosed its financial statement for Q2 this year, with revenue reaching 1,404 billion VND, up 8.3% compared to the same period last year. However, the increase in cost of goods sold resulted in a 7.2% decrease in the company's gross profit, down to 103.7 billion VND. During the past quarter, Pha Lai Thermal Power Company received nearly 100 billion VND in dividends from its invested units, contributing to a significant surge of 14.7 times in its financial income, reaching 104 billion VND. Thanks to this, the company achieved a pre-tax profit of 186.4 billion VND, 2.2 times higher than the same period last year. After-tax profit reached 167.4 billion VND, 2.5 times higher than Q2 of the previous year. This is also the highest profit level recorded by the company since Q1/2021.
- **BVS**: **Bao Viet Securities Joint Stock Company (BVSC - BVS ticker) has just released its financial report for Q2/2023**, with operating revenue slightly increasing by 1% compared to the same period, reaching over 237 billion VND. The proprietary trading activities of BVSC performed well, while brokerage and lending were less efficient than the same period last year. After deducting expenses, BVSC recorded a pre-tax profit of 96.2 billion VND, nearly 5 times higher than the same period last year.
- **FMC**: **World shrimp prices hit bottom**, leading to a 38% decrease in second-quarter profits for Sao Ta Seafood Corporation (FMC). The company's inventory surged to "prepare for the wave". According to Mr. Ho Quoc Luc, shrimp consumption prices in the world have hit rock bottom and are beyond the endurance of shrimp farmers in all major shrimp farming nations, indicating that prices cannot decrease any further. Sao Ta Food Joint Stock Company (FMC) has just released its financial report for Q2 with revenue of 1,032 billion VND, down 27% compared to the same period last year. Gross profit margin sharply decreased to 8% from 12% in the same period last year.

Breaking News



Business news

- **PVP**: **Right after announcing the financial statement for Q2/2023**, PVP shares of Pacific Petrovietnam Transportation Corporation surged to the ceiling with a significant buying volume. At the closing session, PVP was traded at 15,400 VND/share, a 48% increase compared to the bottom set at the end of March 2023. It's known that PVP is responsible for crude oil transportation and FSO/FPSO services. Currently, PVT Appollo - a crude oil tanker with a loading capacity of 105,000 DWT (owned by PVP) is operating in the international market. The company's website introduces PVP as the sole crude oil transportation unit in Vietnam.

- **HPG**: **Hoa Phat Group established a household appliances company with a charter capital of 1,000 billion VND**, aiming to become the largest household equipment manufacturer in Vietnam. According to the latest information from the Group in the first 6 months of 2023, Hoa Phat's air conditioner products have experienced strong growth, contributing to nearly a 30% increase in sales compared to the same period last year. The sales volume of air conditioners nationwide increased by 50% compared to the same period in 2022.

- **NVL: Novaland provided information about the delayed repayment of the $300 million USD bond**: Currently working with Deloitte, YKVN, Sidley Austin, and Hogan Lovells, the company plans to hold a call with bondholders. Novaland stated that recent macroeconomic pressures and legal changes have seriously affected market conditions and caused liquidity crisis in the real estate sector in Vietnam.

Technical view



Trend: Preparing for correction.

- VNINDEX continued to fluctuate and closed at 1,172 (-0.09%), with strong support from VCB. Without VCB, the market could have dropped nearly 3 points. During the session, there were many signals of fluctuations as individual investors began to take profits. Foreign and proprietary traders continued to be net buyers.

- Technical view: the market opened higher but closed lower, with STOCH RSI crossing below the signal line, indicating a short-term correction forming. Additionally, the RSI indicator is still in the overbought zone. Market corrections are normal after VNINDEX has been continuously rising for 8 sessions.

- Strategy: Investors should be patient and wait for safer buying opportunities when prices consolidate at the support levels of 1,140-1,160 of MA 20-MA 10. Limit new purchases, chasing the market, and using margin during this period.

Scenario:

- Positive (40%): The market moves sideways around 1,170 and advances towards 1,200.

- Less Positive (60%): The market corrects to the range of 1,140-1,160 for accumulation before attempting to conquer the 1,200 area.

Recommended stocks

20/7/2023

Unit: VND thousand

Today's watchlist

Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
CMX	Hold	10	12.1	9.4	21%	-6%	10.45	18	4.50%	25/06/2023	
TAR	Hold	16.1	19.3	15.2	20%	-6%	17.4	18	8.07%	26/06/2023	
KDH	Hold	31.2	34.95	30	12%	-4%	32.2	18	3.21%	26/06/2023	
REE	Hold	62.8	68.6	60.5	9%	-4%	65	26	3.50%	14/06/2023	
DIG	Sell	21.35	23.15	20.5	8%	-4%	22.95	8	7.49%	10/07/2023	Take profit early due to weakening upward trend
TCB	Hold	31.9	34.75	31.1	9%	-3%	32.3	3	1.25%	17/07/2023	

Economic calendar

July 2023

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
25	26	27	28	29	30	1
2	3	4 Australia interest rate hike	5	6 FOMC Minute	7 Unemployed rate of US and Canada	8
9	10 China Inflation rate	11 England Unemployement rate	12 US inflation rate	13 Producer Price Index (PPI) of the US	14	15
16	17 Re-evaluate component of stocks in VN30	18	19	20 Futures contract maturity in July (VN30)	21	22
23	24	25	26	27 Fed announces interest rates US preliminary GDP"	28 Announcement of new stock composition in VN30	29
30	31					

Shinhan Securities

Q&A

Shinhan Investment Network

SEOUL

Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, 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

Shinhan Securities



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