MORNING CALL
03/08/2023

Shinhan Securities

"The valuation seems reasonable"

- ❑ World stocks: Negative information spreads.
- ❑ Vietnam stocks: The valuation seems reasonable
- ❑ Business News #BAF, #HPG, #HSG, #ITA, #VGC, #NVL
- ❑ Technical perspective and recommendation update
- ❑ Event calendar
- ❑ Q&A

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Catching the latest report



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Global Market Review – Week 31/07 – 04/08/2023

Shinhan Securities

Major stocks market

- In regular trading on Wednesday, the Dow fell 0.98%, the S&P 500 dropped 1.38% and the Nasdaq Composite sank 2.17%. Those losses came as Fitch cut its rating on U.S. debt from AAA to AA+, while a spike in Treasury yields weighed on sentiment further. Investors now look ahead to more earnings reports and economic data on Thursday.
- European markets finished broadly lower today with shares in Germany leading the region. The DAX is down 1.28% while France's CAC 40 is off 1.04% and London's FTSE 100 is lower by 0.85%.
- The Nikkei 225 Index dropped 2.3% to close at 32,708 while the broader Topix Index tumbled 1.52% to 2,302 on Wednesday, breaking a two-day rally, weighed down by weak global sentiment. The Shanghai Composite fell 0.89% to close at 3,262 while the Shenzhen Component lost 0.35% to 11,104 on Wednesday, sliding for the second straight session and tracking global peers lower, as investor sentiment took a hit after Fitch downgraded the US's credit rating due to fiscal and governance-related uncertainties.
- WTI crude oil futures erased initial gains and fell below $80 per barrel on Wednesday, pressured by an upswing for the dollar and general unease in global commodity markets. Concerns around commodity demand were also magnified by deepening contractions in China's manufacturing sector following another round of weak PMI data for the world's top oil importer.

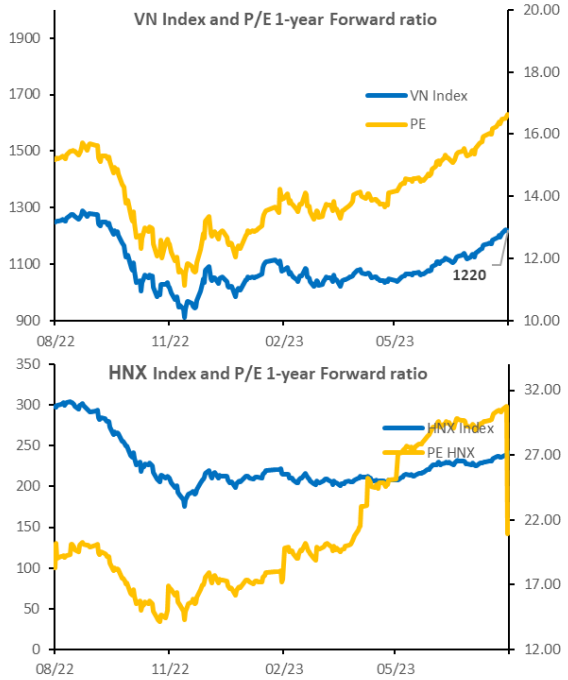
Market

	Close	%1D	%1M	%1Y
VN-Index	1,220	0.24%	8.43%	-1.71%
S&P 500 Index	4,513	-1.38%	1.30%	8.62%
Dow Jones Index	35,283	-0.98%	2.51%	7.53%
GP 100	7,562	-1.36%	0.46%	1.56%
Nikkei 225	32,244	-1.42%	-4.47%	16.23%
SHCOMP Index	3,262	-0.89%	0.55%	3.10%
STOXX 600	461	-1.35%	-0.03%	5.14%
KOSPI Index	2,620	0.15%	0.69%	6.46%
Hang Seng	19,517	-2.47%	1.09%	-1.26%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	102.63	0.04%	-0.34%	-3.64%
USD/VND	23,737.00	-0.20%	-0.33%	-1.61%
EUR/USD	1.09	0.01%	0.25%	7.60%
USD/CNY	7.19	-0.19%	0.77%	-6.11%
Brent	83.34	0.17%	11.64%	-13.89%
WTI	79.61	0.15%	14.07%	-12.19%
Natural gas	2.48	0.20%	-8.38%	-69.97%
Coal	133.50	-0.63%	4.26%	-66.91%
Gold	1,935.61	0.06%	0.73%	9.65%

Vietnam Market Snapshot 02/08/2023



Money flow and sector rotation (VND bn)

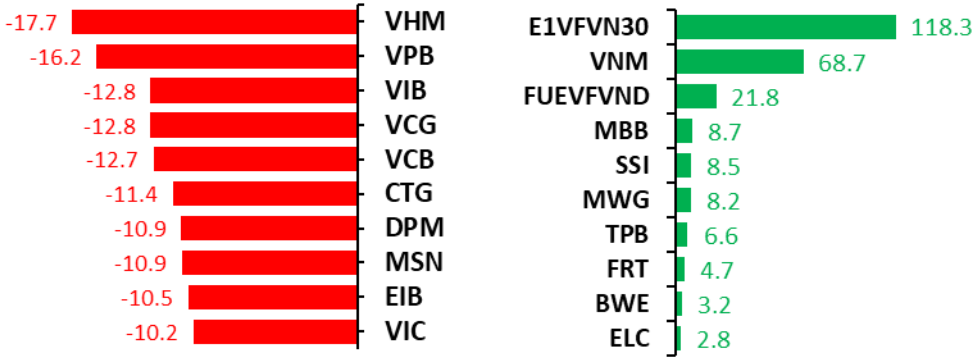
Sector	%1D	8/2/2023	8/1/2023	20-session Average
Technology	-17.2	132	159	132
Travel & Leisure	-18.4	126	155	164
Retail	-22.9	539	698	650
Media	-23.0	2	2	3
Financial Services	-23.0	2,030	2,636	2,288
Food and Beverage	-23.7	1,327	1,740	1,389
Insurance	-24.0	69	90	75
Real Estate	-26.4	4,299	5,845	4,076
Automobiles & Parts	-31.0	159	231	163
Banks	-31.6	3,465	5,063	3,301
Oil & Gas	-33.2	196	293	204
Construction & Materials	-34.2	1,652	2,510	1,478
Basic Resources	-38.4	1,028	1,669	1,304
Utilities	-40.8	227	384	299
Industrial Goods & Services	-42.8	869	1,520	994
Chemicals	-48.9	679	1,327	854
Personal & Household Goods	-57.1	152	354	248
Health Care	-59.2	27	65	42

Source: Bloomberg, Shinhan Securities Vietnam

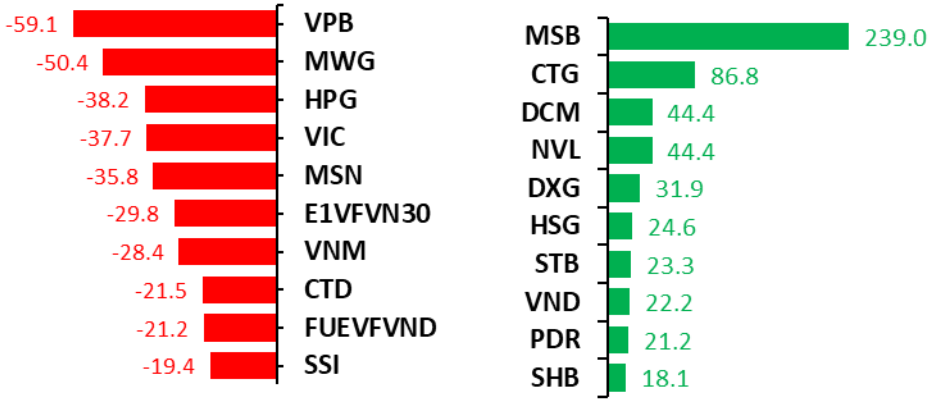
	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,220.43	16.63	2.87	0.24	810	16,981
HNX INDEX	241.31	21.13	1.96	0.82	96	1,560

Vietnam Market Snapshot 02/08/2023

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	(41)	53	69	(122)
Basic Resources	(13)	(6)	24	(17)
Media	-	0	(0)	-
Industrial Goods & Services	(1)	(11)	(50)	60
Health care	-	2	(16)	14
Chemicals	(24)	27	5	(32)
Financial Services	140	(43)	20	23
Travel & Leisure	(6)	(4)	13	(10)
Banks	(69)	270	(185)	(85)
Construction & Materials	(16)	(4)	36	(33)
Food and Beverage	49	(83)	91	(8)
Retail	12	(33)	52	(19)
Utilities	(2)	(25)	26	(1)
Personal & Household Goods	0	0	(4)	4
Technology	(6)	6	4	(9)
Automobiles & Parts	(0)	10	(2)	(8)
Insurance	(0)	(1)	1	(0)
Oil & Gas	0	(2)	5	(4)

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

- The disbursement of public investment has surged, exceeding the same period last year by over 80,000 billion VND. The report from the Ministry of Finance shows that the disbursement rate in the first seven months of 2023 increased by 3.88% compared to the same period last year, reaching an absolute figure of 80,777 billion VND. However, there are still 40 ministries and 24 localities whose disbursement falls below the national average rate. Furthermore, the total capital plan for 2023 is over 808,179 billion VND, including the transfer of capital plans from previous years amounting to 54,123 billion VND. The estimated payment from the beginning of the year until the end of July is over 284,238 billion VND, achieving 35.17% of the plan.
- The industrial sector in HCMC continues to recover, although the industrial growth rate is still not high as the first month of the third quarter has ended. Specifically, the industrial production index (IIP) in July 2023 is estimated to increase by 1.9% MoM,nd 6.5% YoY. Among them, the mining industry increased by 0.9% compared to the previous month and 17.7% compared to the same period last year; the processing and manufacturing industry increased by 2.0% compared to the previous month and 6.5% compared to the same period last year; the electricity production and distribution decreased by 0.4% MoM but increased by 7.9% YoY; the water supply and waste treatment decreased by 0.6% MoM but increased by 1.5% YoY.
- The Ministry of Transport has proposed reducing a series of fees and providing direct subsidies of 1,000 USD to buyers of electric cars. In order to promote consumption and use of electric vehicles, the Ministry of Transport proposes waiving or reducing registration fees and license plate fees for electric cars. Along with that, it also proposes providing credit support and subsidies of around 1,000 USD per car for people to switch to electric cars. According to information from the Ministry of Transport, the number of newly manufactured, assembled, and imported electric cars has been increasing rapidly in recent years. Specifically, from 2018 to 2021, only 167 cars were tested and certified, but by July 2023, this number has risen to nearly 12,600 cars. However, electric cars in Vietnam are mainly compact cars and city buses.

Business news

- BAF: Businessman Truong Sy Ba is proud to have protected the herd of pigs, despite a sharp 88% decrease in profits for the first six months due to the first-time occurrence of real estate revenue. Agriculture Corporation BAF Vietnam (BAF) has recently released its consolidated financial statements for the second quarter of 2023, recording a revenue of 1,638.5 billion VND, a 14.5% increase compared to the same period last year. Excluding cost of goods sold, the company earned over 102 billion VND in profit, which is 1.5 times higher than the same period last year. However, during this period, various expenses increased significantly, resulting in a net profit of only 12 billion VND, slightly more than 10 billion VND, which is approximately one-fourth of the second quarter of 2022.

- HPG: Chinese steel is being imported in large quantities into Vietnam, causing domestic steel production to continuously reduce prices but still facing difficulties in competing. Many domestic steel enterprises are currently going through a short-term tough period. Since the beginning of the year, the prices of various types of steel in Vietnam have been continuously adjusted downwards. In the past six months, Vietnamese steel companies have adjusted steel prices about 15 times, the most recent being on July 22. Over a year ago, the price of construction steel was at a very high level, about 20,000 VND/kg, but now, after continuous adjustments, the price for this type of steel is only around 13,600 – 14,100 VND/kg, depending on the specific type. This price level is equivalent to that of more than three years ago.

- HSG: A group of foreign funds managed by Dragon Capital recently announced that they have collectively purchased a large number of shares of Hoa Sen Group (HSG) at the end of July. In just three days from July 26 to 28, Dragon Capital acquired a total of 6.9 million HSG shares, increasing their ownership ratio from 6.95% to over 8%.

Breaking News



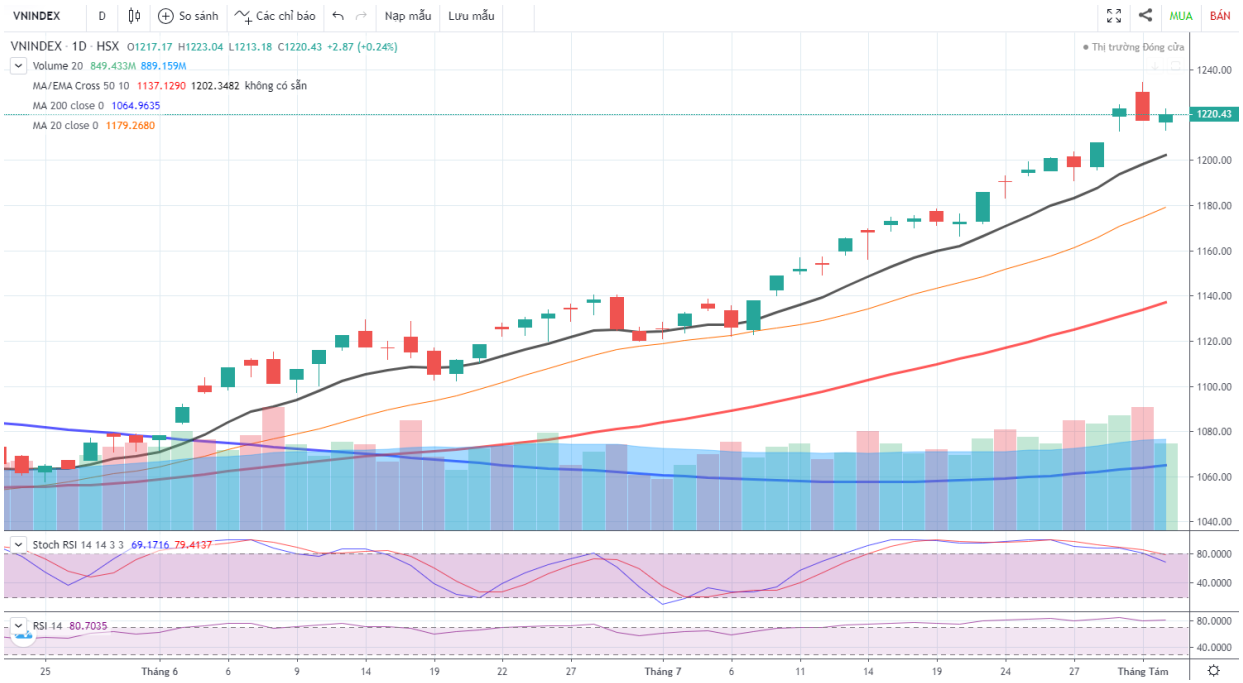
Business news

- **HAH:** The shipping industry is facing difficulties due to low order volumes and decreasing freight rates. In the first half of this year, many companies reported modest profits. HAI AN Transport and Stevedoring Joint Stock Company (HAH) also experienced a significant decrease in profit in the second quarter. Specifically, the company's net revenue reached over 611 billion VND, a 34% decrease compared to the same period last year. After-tax profit was 79.7 billion VND, a 75% decrease. For the first six months of the year, HAI AN recorded a net revenue of 1,267 billion VND and after-tax profit of over 206 billion VND, a 20% and 65% decrease respectively compared to the same period last year.

- **ADS:** The An Ninh fiber factory went into operation, leading to a 43% increase in profit for Damsan Corporation (ADS) in the second quarter. Damsan Corporation (stock code ADS) has just released its financial report for the second quarter of 2023, with net revenue reaching 676 billion VND, a 67% increase compared to the same period last year. According to the explanation, the revenue increase is due to the An Ninh fiber factory going into operation and the real estate revenue from the Phu Xuan Urban Area, which increased by 30% compared to the same period.

- **GMD**: Gemadept Corporation (stock code GMD) reported a net profit of 1,646 billion VND in the second quarter of 2023, 5.7 times higher than the same period last year. EPS surged from 878 VND to 5,404 VND. This is also the largest profit that the company has ever recorded in its operating history. The main reason for Gemadept's significant profit increase in the past quarter was the financial revenue of 1,863 billion VND. A large portion of this comes from the profits the company gained from selling its stake in the Nam Hai Dinh Vu Port to Viconship (VCS) and other partners.

Technical view



Trend: Sideway in shorterm

The VNINDEX showed a slight recovery, closing at 1,220 points (+0.24%), with the VIC and VHM groups no longer supporting the market as they did in previous sessions, even contributing the most to the market's decline. Conversely, the stocks of four banks, BID, CTG, EIB, and VCB, contributed to the market's rebound. The number of green and red stocks is relatively balanced in both VNINDEX and VN30.

- Technical view: the medium-term trend of the market remains bullish as support levels have not been violated. However, there is short-term downward pressure as the STOCH RSI indicator crossed below the signal line and entered the oversold region below 80, indicating a slowdown in upward momentum. The reference support levels for the market are around 1,180 points of the MA 20 and 1,280 points as the next resistance.

- The investment strategy should prioritize holding strong stocks and avoid buying stocks without sufficient price accumulation. Maintain a safe account status, and stocks in the portfolio should be ready for sale.

Scenario:

- Positive (40%): The market will rise to the 1,260 zone with the liquidity continuing to increase.

- Negative (60%): The market will correct to 1,200 to accumulate more and gain momentum to conquer 1,300 by the end of the year.

Recommended stocks

3/8/2023

Unit: VND thousand

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
PTB	Buy	52.6	59.9	51.9	14%	-1%	53.3	Bounce from the support level
GEG	Buy	15.5	17	15.3	10%	-1%	15.65	Liquidity increases, EMA10 crosses MA 50

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
TCB	Hold	31.9	34.75	31.1	9%	-3%	33.9	13	6.27%	17/07/2023	
MIG	Hold	18.7	21	18.37	12%	-2%	19.6	9	4.81%	21/07/2023	
ACB	Hold	21.95	23.5	21.5	7%	-2%	23.1	9	5.24%	21/07/2023	
ANV	Sell	37.3	41.1	36.6	10%	-2%	36.15	8	-3.08%	24/07/2023	Violate the support range
VCS	Buy	63.5	72	61.8	13%	-3%	63.5	3	0.00%	31/07/2023	

Economic calendar

August 2023

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
30	31 PMI data (US and Vietnam)	1	2	3	4 Unemployment rate (US)	5
6	7	8	9 CPI data (US)	10 MSCI quarterly review PPI Data (US)	11	12
13	14 Deadline for submission of semi-annual financial statements	15	16	17 Expiration date of future contract FOMC meeting	18	19
20	21	22 Ishare MSCI review	23	24 US GDP Q3	25 FDI Data (Vietnam)	26
27	28 Vietnam macroecnomic data	29	30	31	1	2

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Q&A

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