Shinhan Securities

# MORNING CALL
# 28/07/2023

## "Pressure for correction is emerging"

- World stocks: The global market is declining.
- Vietnam stocks: Pressure for correction is emerging
- Business News #LHG, #SAB, #FOX, #GVR, #GMC, #MWG
- Technical perspective and recommendation update
- Event calendar
- Q&A

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# Global Market Review - Week 24 - 28/07/2023

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## Major stocks market

- In regular trading on Thursday the Dow fell 0.67%, snapping a 13-day winning streak, while the S&P 500 and Nasdaq Composite dropped 0.64% and 0.55%, respectively. Latest data showed that the US economy expanded 2.4% in the second quarter, surpassing market expectations for a 1.8% growth, while durable goods orders surged and jobless claims declined to multi-month lows
- European markets finished broadly higher today with shares in France leading the region. The CAC 40 is up 2.05% while Germany's DAX is up 1.70% and London's FTSE 100 is up 0.21%. The European Central Bank raised interest rates by 25 basis points on Thursday, a ninth consecutive rate hike, saying inflation is still expected to remain too high for too long despite the recent slowdown. This brought the rate on main refinancing operations to 4.25%, the highest since October 2008, and the rate on the deposit facility to an over 22-year high of 3.75%.
- The Nikkei 225 Index rose 0.68% to close at 32,891 while the broader Topix Index gained 0.53% to 2,295 on Thursday, hitting their highest levels in three weeks as investors digested the US Federal Reserve's policy decision overnight.
- WTI crude futures rose above $79 per barrel on Thursday, hovering near a three-month high hit earlier in the week, as the prospect of tighter global supply and a rebound in Chinese demand supported the market.

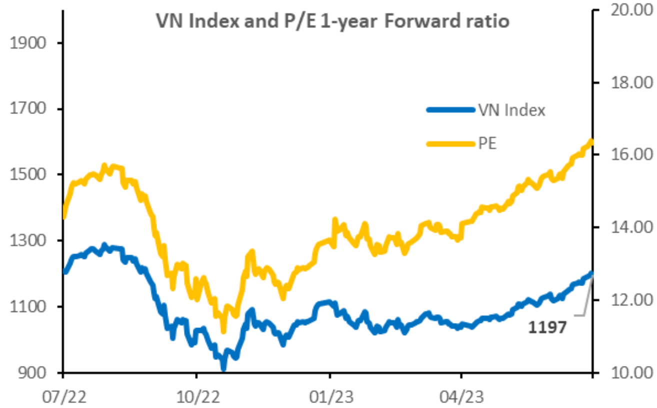
## Market

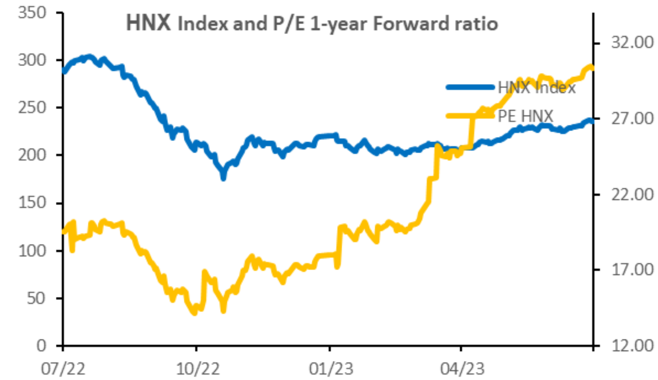
| | Close | %1D | %1M | %1Y |
|---|---|---|---|---|
| VN-Index | 1,197 | -0.29% | 5.18% | -0.89% |
| S&P 500 Index | 4,537 | -0.64% | 3.67% | 11.42% |
| Dow Jones Index | 35,283 | -0.67% | 4.22% | 8.46% |
| GP 100 | 7,693 | 0.21% | 2.56% | 4.73% |
| Nikkei 225 | 32,462 | -1.31% | -2.21% | 16.70% |
| SHCOMP Index | 3,217 | -0.20% | 0.86% | -2.01% |
| STOXX 600 | 472 | 1.35% | 3.44% | 9.00% |
| KOSPI Index | 2,592 | -0.44% | 1.10% | 6.46% |
| Hang Seng | 19,639 | 1.41% | 2.44% | -4.77% |

## Currency & Commodity

| | Close | %1D | %1M | %1Y |
|---|---|---|---|---|
| Dollar Index | 101.69 | -0.08% | -1.18% | -4.38% |
| USD/VND | 23,667.00 | 0.02% | -0.58% | -1.22% |
| EUR/USD | 1.10 | 0.00% | 0.60% | 7.67% |
| USD/CNY | 7.17 | -0.34% | 0.79% | -5.70% |
| Brent | 83.57 | -0.80% | 12.89% | -22.00% |
| WTI | 79.53 | -0.70% | 14.33% | -17.52% |
| Natural gas | 2.60 | 0.12% | -0.19% | -68.06% |
| Coal | 134.00 | 0.00% | 4.77% | -67.44% |
| Gold | 1,947.01 | 0.05% | 2.08% | 10.89% |

# Vietnam Market Snapshot 27/07/2023




| | Close | PE | Change | %1D | Trading volume (mn stocks) | Trading value (VND bn) |
|---|---|---|---|---|---|---|
| VNI NDEX | 1,197.33 | 16.34 | -3.51 | -0.29 | 1,044 | 20,875 |
| HNX INDEX | 235.64 | 30.29 | -0.56 | -0.24 | 120 | 1,744 |

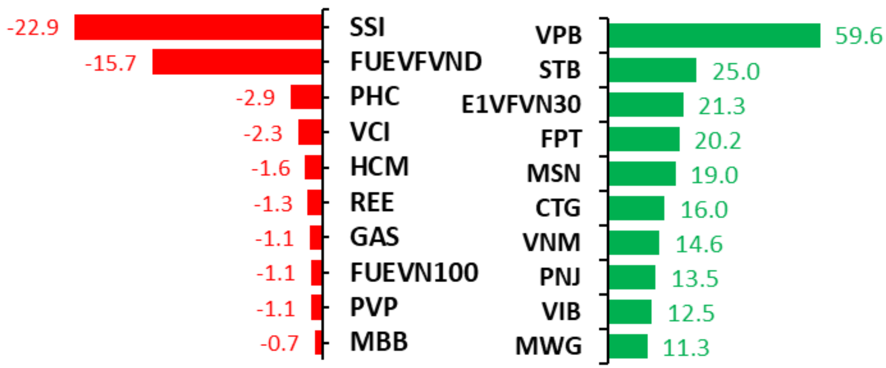
## Money flow and sector rotation (VND bn)

| Sector | %1D | 7/27/2023 | 7/26/2023 | 20-session Average |
|---|---|---|---|---|
| Construction & Materials | 57.32 | 1,844 | 1,172 | 1,274 |
| Insurance | 55.93 | 77 | 49 | 68 |
| Real Estate | 47.89 | 6,428 | 4,347 | 3,420 |
| Health Care | 35.47 | 51 | 37 | 37 |
| Banks | 32.06 | 3,180 | 2,408 | 2,964 |
| Automobiles & Parts | 31.14 | 248 | 189 | 137 |
| Food and Beverage | 29.76 | 1,451 | 1,118 | 1,307 |
| Technology | 25.39 | 161 | 128 | 126 |
| Oil & Gas | 21.30 | 220 | 181 | 191 |
| Retail | 20.21 | 708 | 589 | 595 |
| Chemicals | 18.88 | 877 | 738 | 801 |
| Financial Services | 18.28 | 2,437 | 2,060 | 2,109 |
| Basic Resources | 4.89 | 1,325 | 1,264 | 1,211 |
| Travel & Leisure | 2.84 | 140 | 136 | 158 |
| Personal & Household Goods | -7.5 | 219 | 236 | 232 |
| Industrial Goods & Services | -10.8 | 1,182 | 1,325 | 934 |
| Utilities | -38.4 | 309 | 502 | 266 |
| Media | -68.6 | 7 | 23 | 2 |

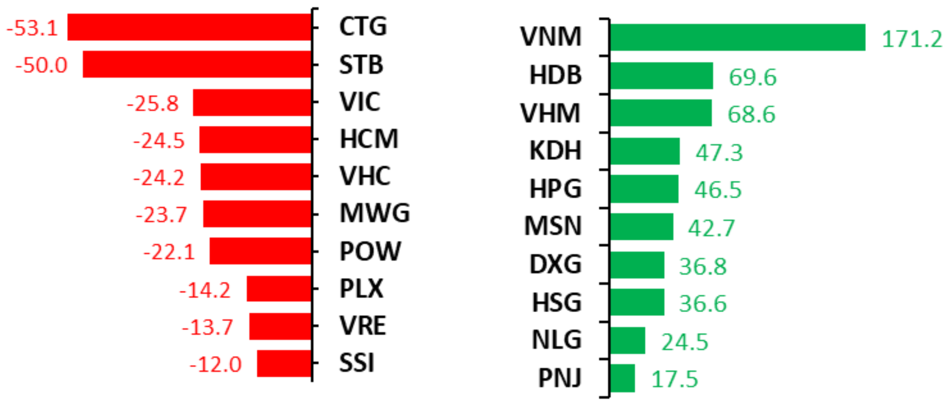
Source: Bloomberg, Shinhan Securities Vietnam

# Vietnam Market Snapshot 27/07/2023

## 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 | 31 | 149 | (113) | (36) |
| Basic Resources | 16 | 75 | (129) | 53 |
| Media | - | (7) | 7 | (0) |
| Industrial Goods & Services | 4 | 16 | 38 | (54) |
| Health care | 1 | 0 | 1 | (2) |
| Chemicals | 3 | 19 | (78) | 59 |
| Financial Services | (21) | (37) | 71 | (34) |
| Travel & Leisure | 1 | 4 | (10) | 6 |
| Banks | 127 | (10) | (88) | 99 |
| Construction & Materials | (3) | (21) | 26 | (5) |
| Food and Beverage | 34 | 187 | (258) | 70 |
| Retail | 13 | (34) | 55 | (21) |
| Utilities | 4 | (21) | 30 | (9) |
| Personal & Household Goods | 13 | 6 | 0 | (6) |
| Technology | 20 | 3 | (8) | 5 |
| Automobiles & Parts | 3 | 2 | (4) | 2 |
| Insurance | 0 | (9) | 8 | 1 |
| Oil & Gas | 3 | (4) | 3 | 1 |

Source: Fiinpro, Shinhan Securities Vietnam

# Breaking News

## Macro

- **According to the report from the Binh Duong Provincial Department of Planning and Investment, in the first 6 months of 2023, the province attracted 967.3 million USD in foreign direct investment (FDI).** In terms of investment sectors, foreign investors have invested in 10 different industries. Among them, the real estate business sector topped the list with a total capital of nearly 477 million USD, accounting for 49.35% of the total registered investment capital. The processing and manufacturing industry ranked second with a total investment capital of over 452 million USD, accounting for 46.81% of the total registered investment capital. Binh Duong is ranked third in the country in terms of attracting FDI in the real estate sector.
- **According to Reuters' analysis, assets in hedge funds focused on emerging markets (EM) and exchange-traded funds (ETFs) outside of China have surged, as US and European investors become more cautious with the Chinese market.** Investor concerns about China have increased this year as the Chinese economic recovery from Covid-19 shows signs of slowing down. They are disappointed that China has not implemented strong policy responses amid escalating tensions with the US regarding trade, technology, and geopolitics.
- **The 120,000 billion VND credit program has been implemented for over 3 months, but currently, there are only more than 20 projects eligible for loans, equivalent to about 10% of the total capital to be disbursed.** Since the beginning of April, the Government has implemented the 120,000 billion VND credit program to support investors and homebuyers in social housing and worker housing projects with interest rates lower than the market's medium and long-term loan interest rates by 1.5 - 2%. This credit package has been highly anticipated. However, despite multiple directions from the Prime Minister, the disbursement rate is still slow. Currently, only 23 projects are eligible for loans.

## Business news

- **LHG: The financial report of Long Hau Corporation (HoSE: LHG) for the second quarter of 2023 indicates a rather disappointing business performance with both revenue and profit declining.** After deducting all expenses, Long Hau Corporation reported a profit of 24 billion VND in the second quarter of 2023, down 52% compared to the first quarter of 2023 and a 40% decrease compared to the same period last year. Accumulated over the first six months of the year, LHG earned 182 billion VND in revenue, a 47% decrease compared to the same period last year, and a net profit after tax of 75 billion VND, down 15% compared to the same period last year.
- **SAB: Saigon Beer Alcohol Beverage Corporation (Sabeco - HoSE: SAB) holds nearly 1 billion USD in cash,** earning over 350 billion VND in interest from bank deposits, but its profit in the second quarter still declined by 30%. In the first six months of the year, Sabeco recorded a net revenue of 14.526 trillion VND, a decrease of 11% compared to the same period last year, and a net profit after tax of 2.214 trillion VND, down 27% compared to the same period last year.
- **FOX: FPT Telecom Corporation (FOX) achieved a record profit in the second quarter, with bank deposits exceeding 10 trillion VND**. FPT Telecom Corporation (FPT Telecom - FOX stock code) recently released its financial report for the second quarter of 2023, with net revenue reaching 3.892 trillion VND, a 8% increase compared to the same period last year. However, the cost of goods sold increased significantly, resulting in a gross profit margin narrowing from 49.2% in the same period last year to 45.1%. The corresponding gross profit reached 1.754 trillion VND, a slight decrease of 1% compared to the second quarter of the previous year. By the end of the second quarter, FPT Telecom's short-term bank deposits amounted to nearly 10.5 trillion VND, an increase of over 4.6 trillion VND compared to the beginning of the year, accounting for nearly half of the total assets.

# Breaking News

## Business news

- **GVR: Vietnam Rubber Group (GVR) has experienced two blows from the decline in rubber prices and the depreciation of the Laotian Kip**. The company reported a nearly 50% decrease in profit in the second quarter of 2023. After two quarters, GVR has completed 30.5% of its revenue plan and 34.5% of its profit target for the year. In its financial report for the second quarter of 2023, Vietnam Rubber Group recorded a revenue of 4,275 billion VND, a 23.3% decrease compared to the same period last year. Gross profit also decreased by 35.2% to 969 billion VND.
- **GMC: Due to a shortage of orders, Garmex Saigon (GMC) had a meager revenue of just over 100 million VND in the second quarter**, and the workforce decreased by nearly 2,000 people compared to the beginning of the year. The company stated that its financial performance in the first six months continued to incur losses due to the decline in orders from major markets such as the US and EU. Garmex Saigon Corporation (GMC) has released its financial report for the second quarter of 2023, with a significant decline in revenue and profit. Specifically, the net revenue reached just over 100 million VND, a 99.92% decrease compared to the same period last year.
- **MWG: In the first half of 2023, the revenue of Mobile World Corporation (MWG) decreased by 20% compared to the same period last year**, with more revenue coming from selling meat, fish, and vegetables than from selling phones and computers. In June 2023 alone, MWG's revenue decreased by 8% compared to May of the same year and nearly 18% compared to the same period last year. Specifically, the total revenue of the two chains, Thế Giới Di Động and Điện Máy Xanh, reached 6,700 billion VND, a 13% decrease compared to May. Meanwhile, Bách Hoá Xanh achieved a revenue of 2,530 billion VND, accounting for over 24% of the total, and continued to increase by 9% compared to the same period last year and 3% compared to the previous month of May.

# Technical view


## Trend: Correction

- The market closed at 1,197.3 (-0.29%) with a significant increase in liquidity, reaching the highest value in a month at 22,695 billion VND. Leading the market were MWG, VNM, and PGV, while VHM and VCB contributed significantly to the market's decline. Proprietary trading has been net buying for two consecutive weeks, and foreign investors returned with a net purchase of 290 billion VND.

- Technical view: the market saw a surge in the morning session, reaching 1,203, but then faced profit-taking pressure, leading to a sharp decline to 1,191 and finally closing at 1,197, with strong cash flow into the retail and technology sectors. The Stoch RSI indicator crossed below the signal line, indicating a possible short-term correction. Currently, most of the major pillars have reached or surpassed the 200-day moving average (MA), except for SAB and GAS. Funds may shift towards these sectors to support the market in the near future.

- Strategy: Continue observing global news and the flow of money into different sectors and stocks to make appropriate decisions. Prioritize holding strong stocks and limit new purchases, avoiding chasing the market during upswings.

## Scenario:

- The positive outlook (50%): The market is currently consolidating and forming a support base around the 1,200 level, preparing to break out above 1,200.

- The negative outlook (50%): The market breaches the 10-day moving average (MA) around 1,180 and falls to consolidate at 1,160.

# Recommended stocks

**29/7/2023** Unit: VND thousand

## Today's watchlist

| Ticker | 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 | Sell | 10 | 12.1 | 9.4 | 21% | -6% | 10.95 | 24 | 9.50% | 25/06/2023 | Portfolio restructuring |
| KDH | Sell | 31.2 | 34.95 | 30 | 12% | -4% | 35.5 | 24 | 13.78% | 26/06/2023 | Take Profit |
| REE | Sell | 62.8 | 68.6 | 60.5 | 9% | -4% | 67.1 | 32 | 6.85% | 14/06/2023 | Portfolio restructuring |
| TCB | Hold | 31.9 | 34.75 | 31.1 | 9% | -3% | 33.1 | 9 | 3.76% | 17/07/2023 | |
| MIG | Hold | 18.7 | 21 | 18.37 | 12% | -2% | 19.4 | 5 | 3.74% | 21/07/2023 | |
| ACB | Hold | 21.95 | 23.5 | 21.5 | 7% | -2% | 22.15 | 5 | 0.91% | 21/07/2023 | |
| ANV | Hold | 37.3 | 41.1 | 36.18 | 10% | -3% | 37.25 | 4 | -0.13% | 24/07/2023 | |
| VCS | Sell | 63.7 | 69.6 | 62 | 9% | -3% | 62.6 | 4 | -1.73% | 24/07/2023 | Cut loss due to violating the MA 20 |

# July 2023

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

# Q&A

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