

WEEKLY SUMMARY AND RECOMMENDATION

Week 04/10-08/10/2021

Hanoi, 04/10/2021

NO.	TABLE OF CONTENTS	PAGE
I	MACRO NEWS	
	GDP in 3Q2021 decreased by 6.17% over the same period	4
	CPI T9.2021 increased by 2.06% over the same period, accumulatively increased by 1.82% mainly due to the increase in petrol prices	5
II	MARKET UPDATES	
	VN-Index fell 1.2% in the week, the decline occurred in all 3 capitalization groups	7
	Electricity, Water and Oil and Gas group increased strongly in the week	8
	Liquidity dropped to more than 20,000 billion/session, cash flow focused on Basic Resources group	9
	Foreign investors continued to net sell more than 1,000 billion VND in the week, focusing on HPG	10
III	TECHNICAL ANALYSIS	
	VN-Index dropped at the beginning of the new month, signaling the end of the recovery	12
	Industry performance pivot chart – Banking and securities sectors plummeted	13
	The performance chart of VN30 basket stocks – GAS and POW is the highlight	14
IV	SUMMARY	
	Comments next week – Continue to differentiate. Steel, Oil & Gas and Chemicals remain the focus of the market	16

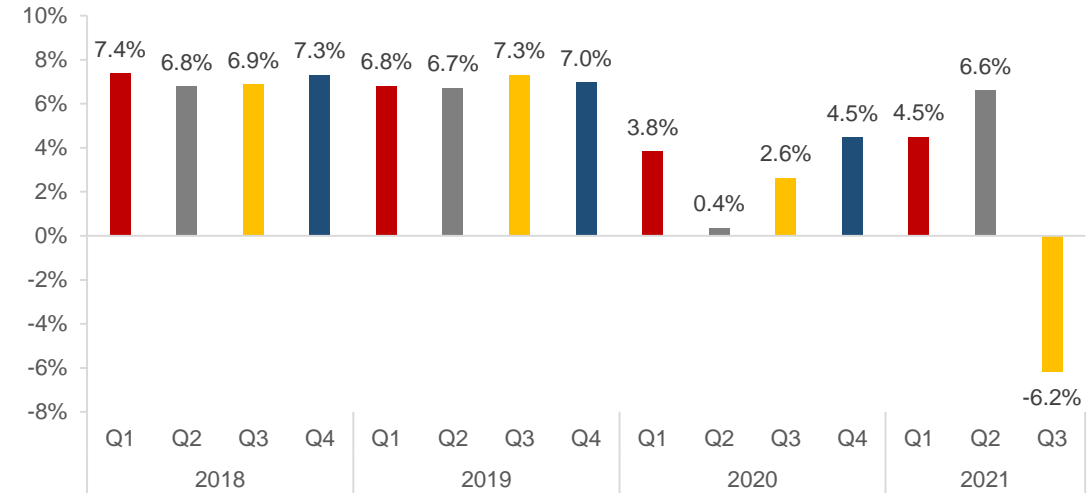


MACRO NEWS

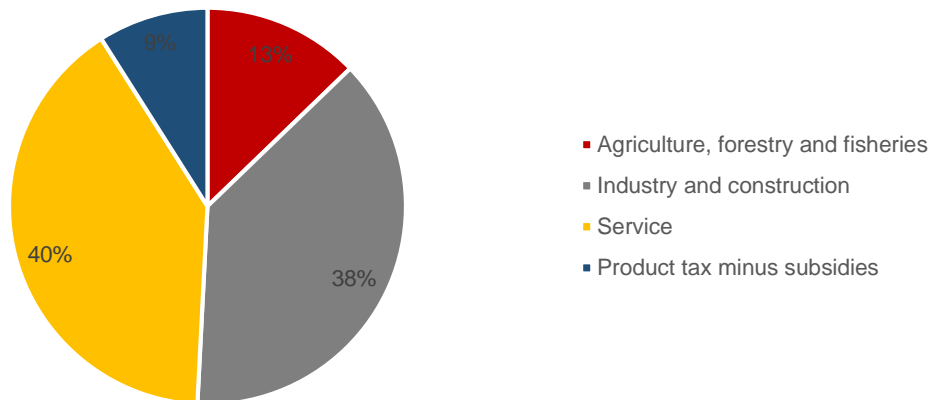
GDP in 3Q2021 decreased by 6.17% over the same period

❖ GDP in 3Q2021 decreased by 6.17% compared to the same period, of which the 2 main pillars of the economy were (1) industrial and construction and (2) services decreased by 5.02% and 9.28% respectively due to the impact of the epidemic. The disease caused a sharp decline in domestic production and consumption in August and September (under the social distancing directive 16 and 16+). Cumulative GDP 1.42%, lower than the same period increase of 2.12%.

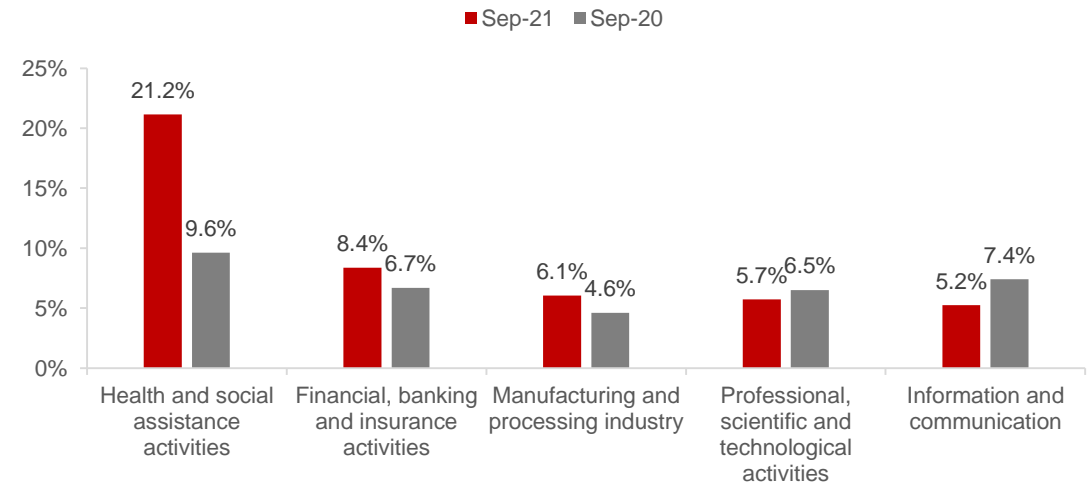
GDP Q3.2021 fell by 6.27% YoY



GDP structure



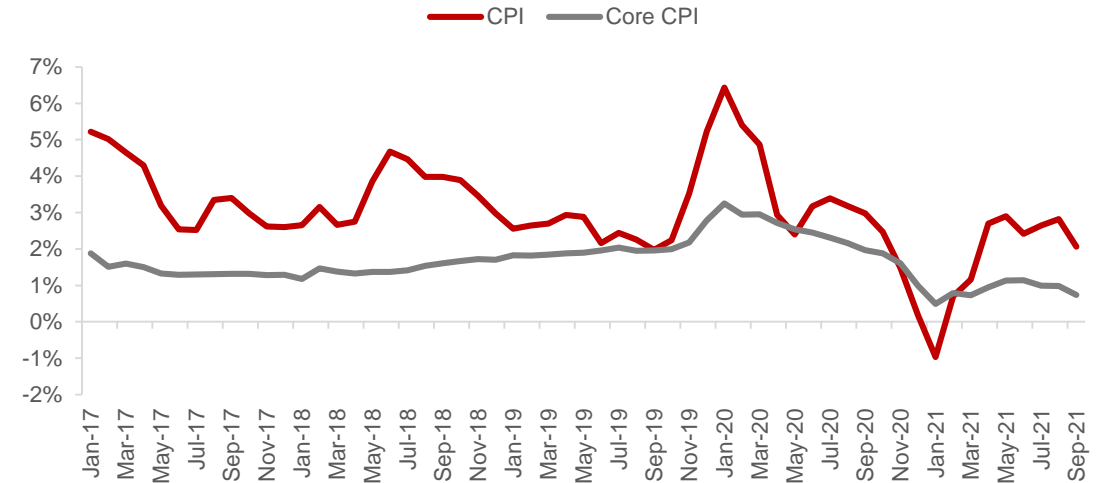
Top 5 industries with most increase



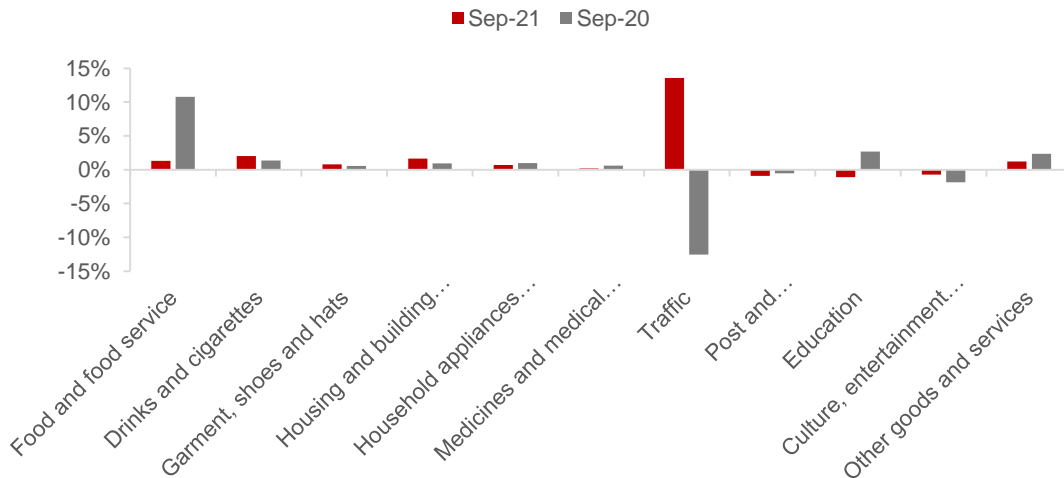
CPI T9.2021 increased by 2.06% over the same period, accumulatively increased by 1.82% mainly due to the increase in petrol prices

- ❖ CPI September 2021 increased 2.06% YoY. In contrast to 2020 when the inflation momentum mainly comes from the influence of food and beverage groups (36.12% of CPI structure) with a sharp increase in pork prices, 9M2021 witnessed a decline in pork prices by nearly 40%. from the beginning of the year until now. Instead, inflation increased when gasoline prices increased by a cumulative 29.8%.
- ❖ Cumulative inflation increased by 1.82%, with core inflation increasing by 0.74% in September 2021. Average inflation is still well controlled and is forecast to reach 2.5% in 2021.

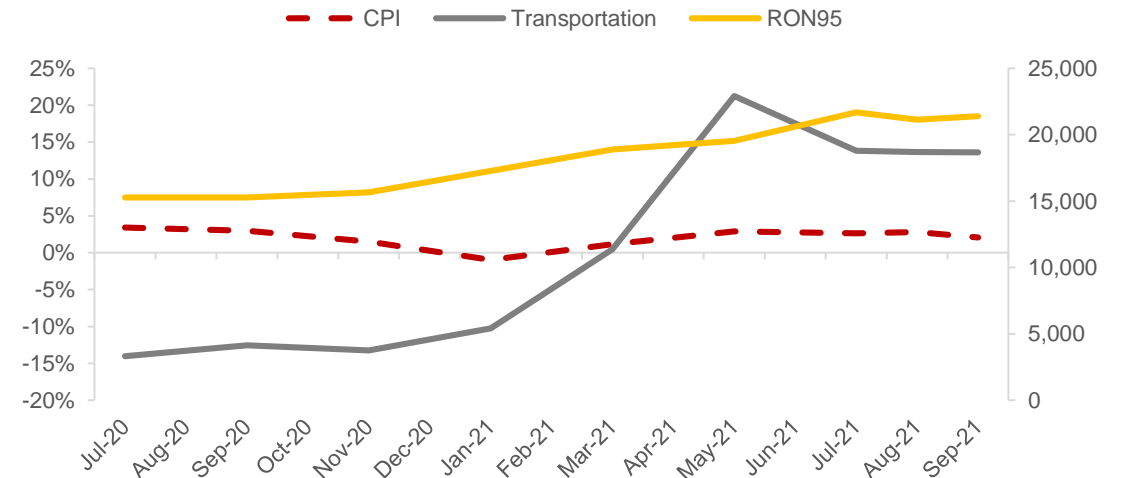
Inflation T9.2021 increased by 2.06% YoY



Inflation growth by industry groups (YoY)



Inflation of Transportation

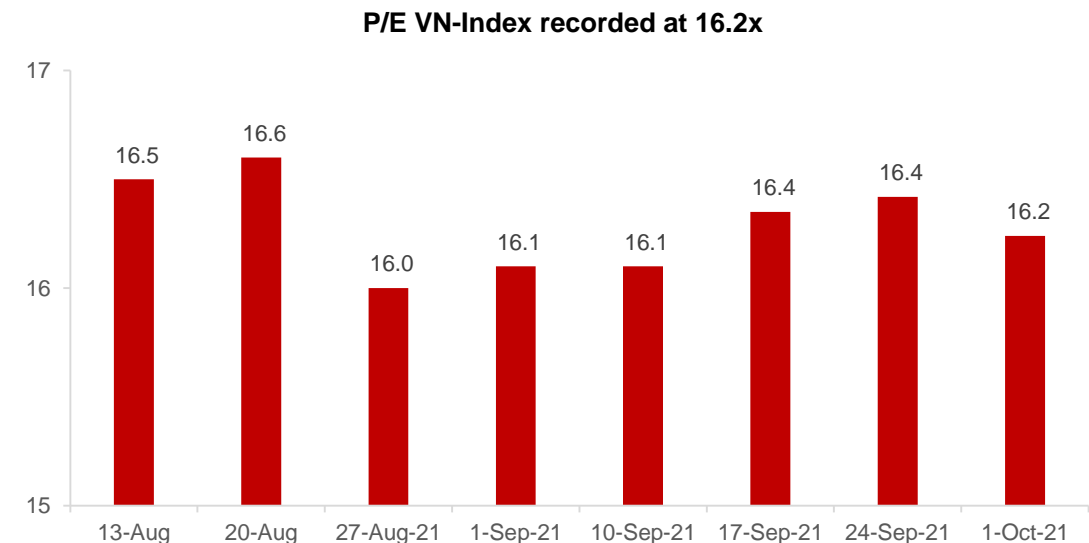
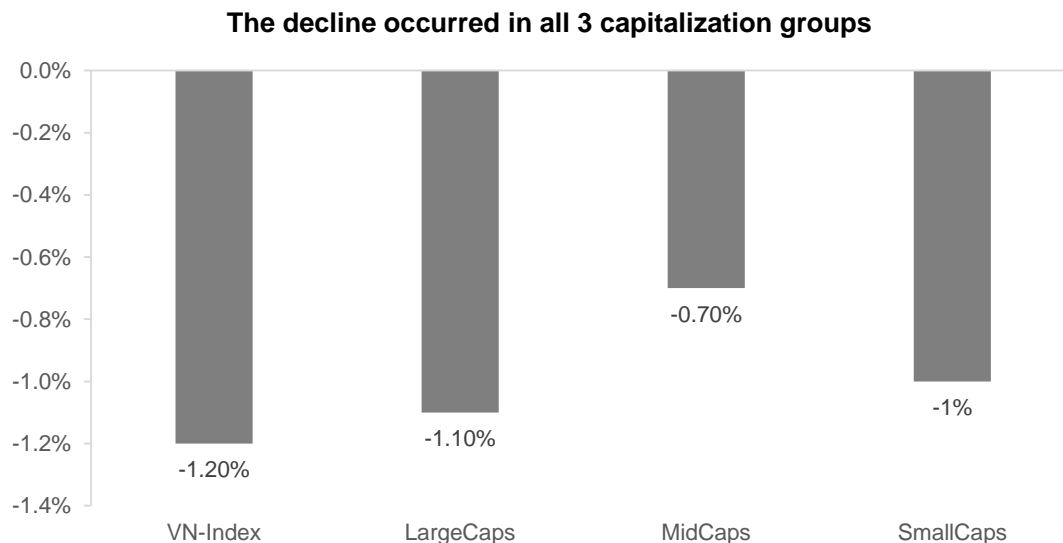
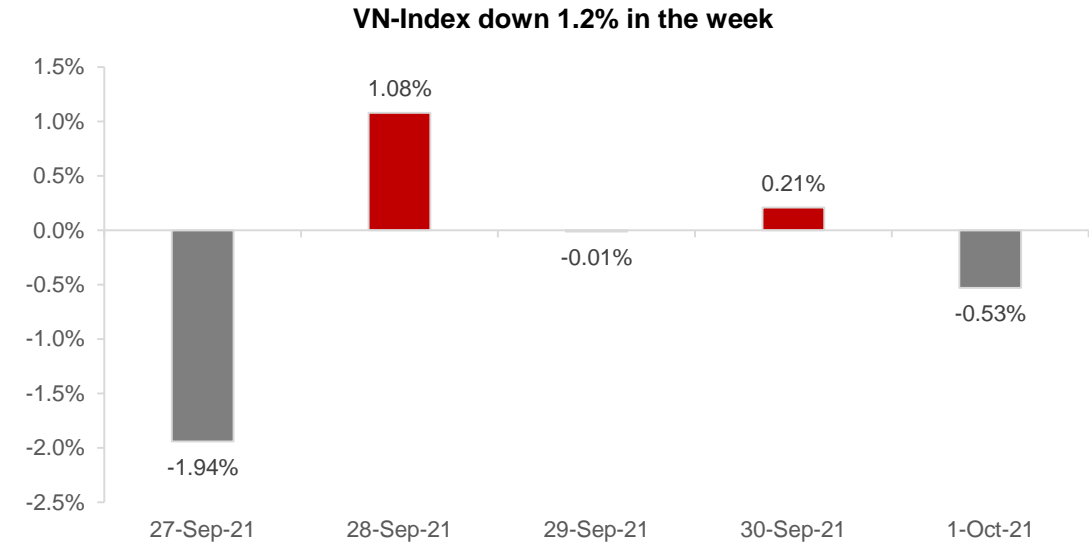


MARKET UPDATES



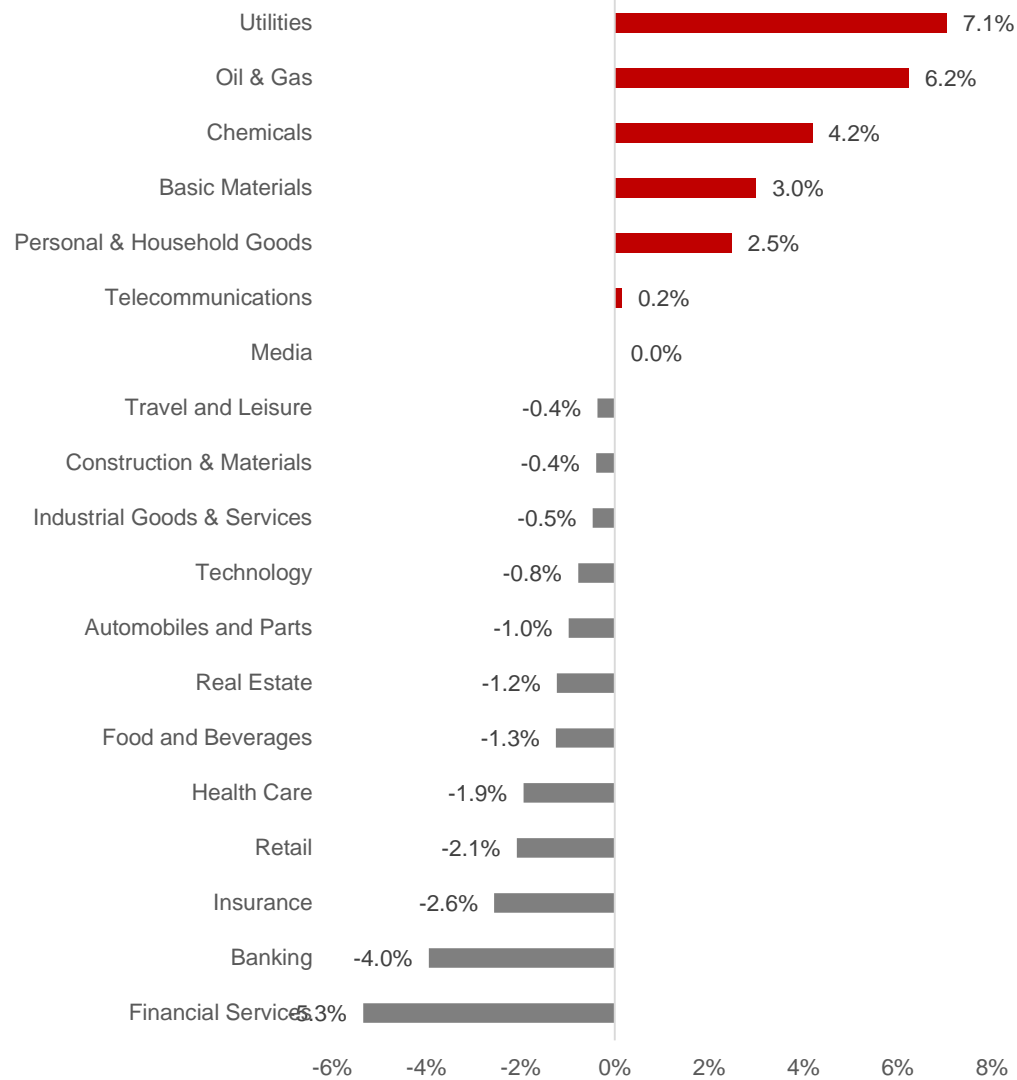
VN-Index fell 1.2% in the week, the decline occurred in all 3 capitalization groups

- ❖ VN-Index lost 1.2% during the week, with the decline occurring simultaneously in all 3 capitalization groups, with LargeCaps down 1.1%, MidCaps down 0.7%, SmallCaps down 1%.
- ❖ P/E VN-Index in the past week was recorded at 16.24x, before the announcement of Q3.2021 business results.

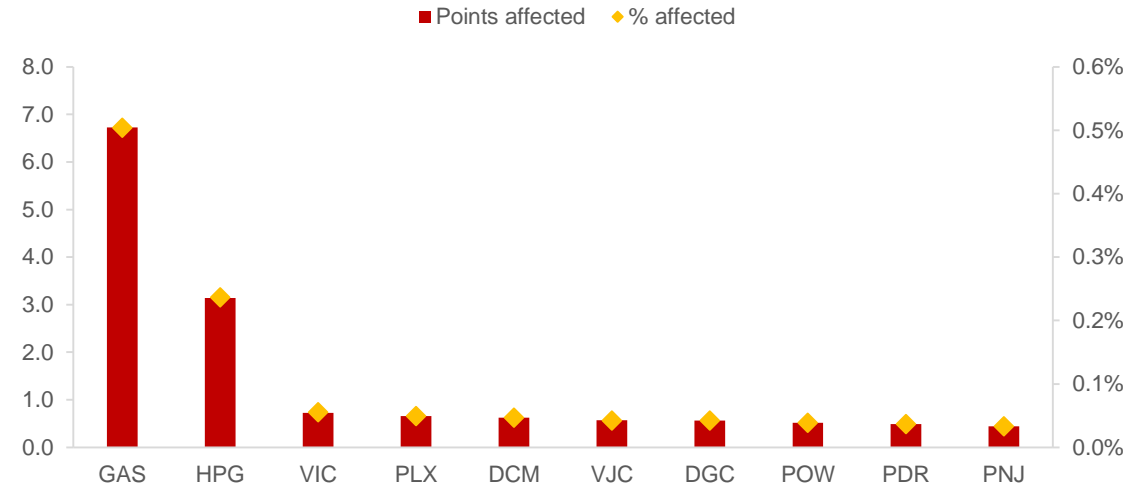


Electricity, Water and Oil and Gas group increased strongly in the week

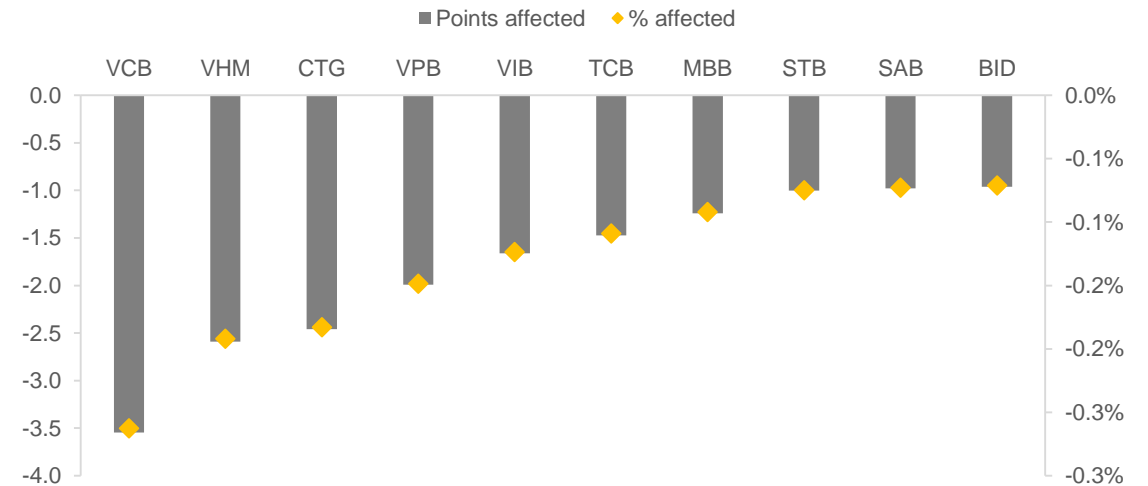
Increases of industries



Top 10 most positive equities

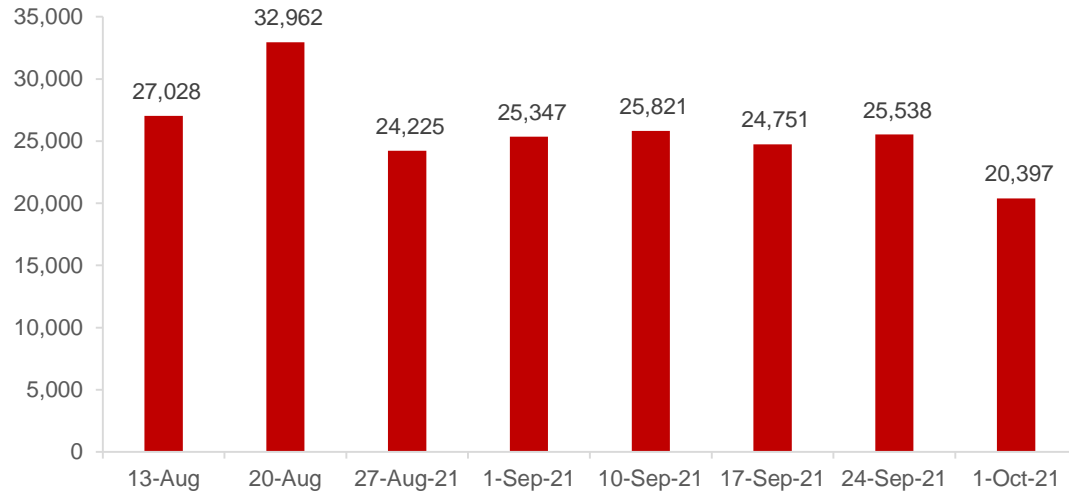


Top 10 most negative equities

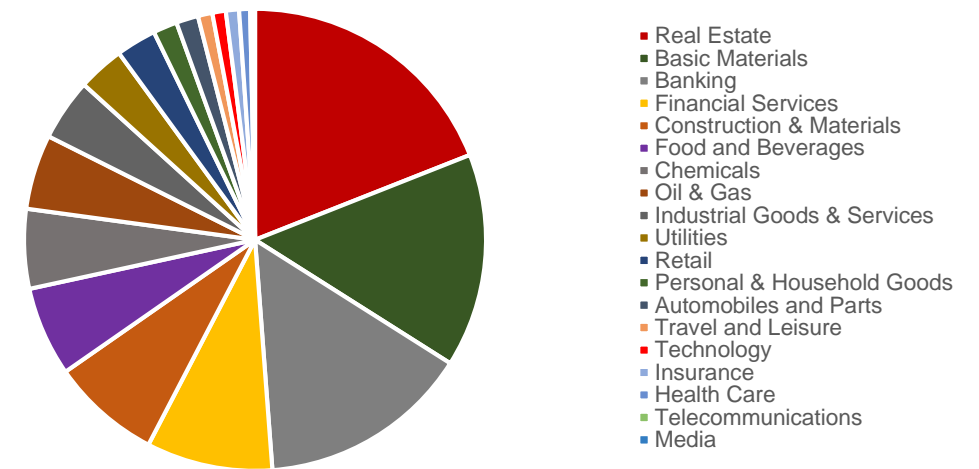


Liquidity dropped to more than 20,000 billion/session, cash flow focused on Basic Resources group

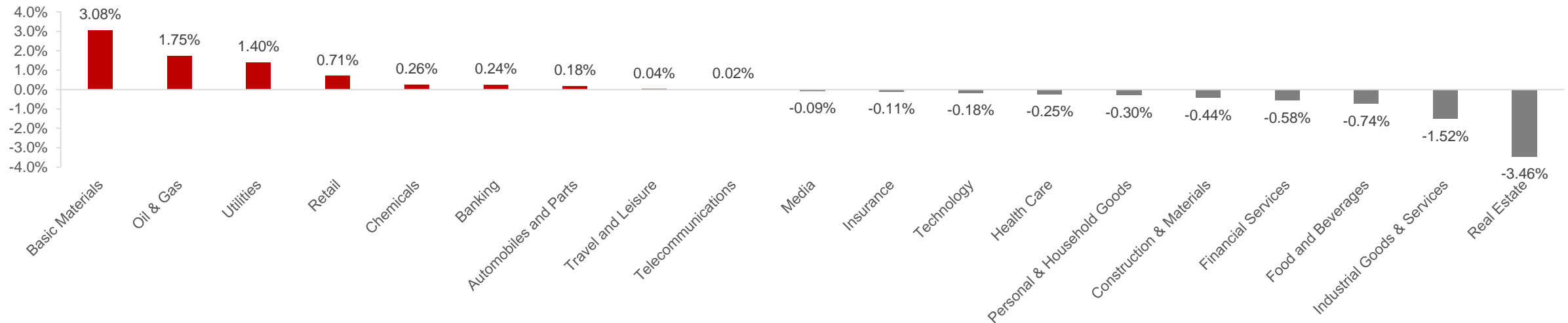
Liquidity decreased by 20%, recorded at 20,000 bn per session



Cash flow proportion by industries



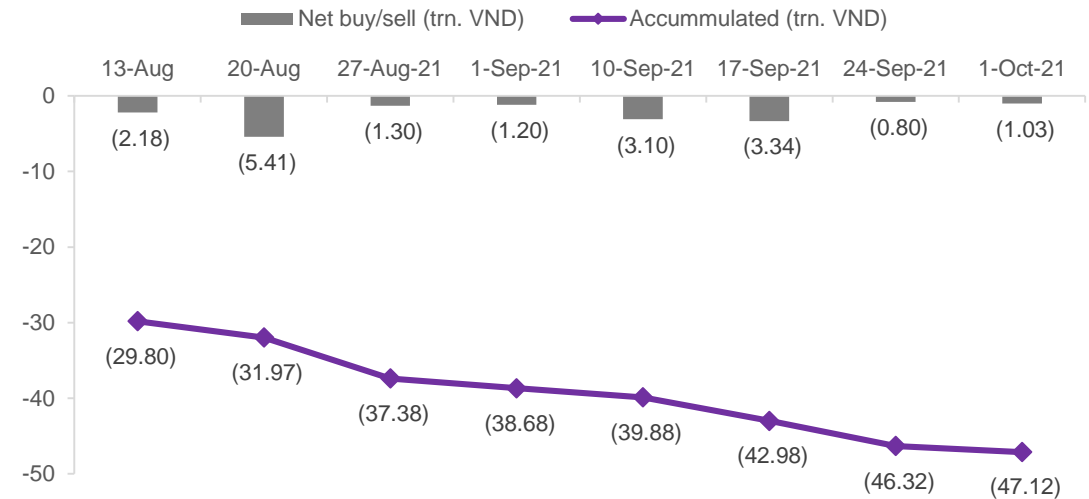
Cash flow concentrated in Basic Materials with an increase of 3.08%



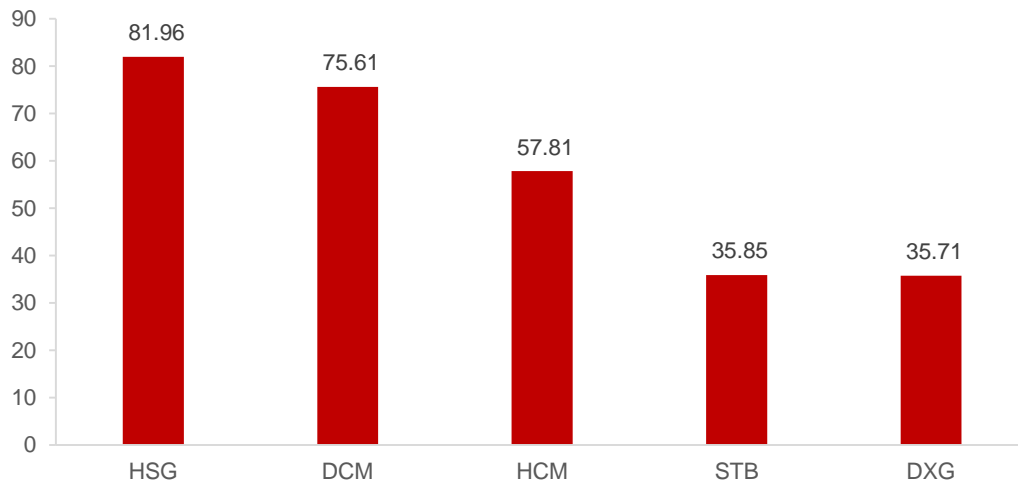
Foreign investors continued to net sell more than 1,000 billion VND in the week, focusing on HPG

- ❖ In the past week, foreign investors continued to net sell more than 1,000 billion VND, this is also the 8th consecutive week that foreign investors have been net sellers. Accumulated from the beginning of the year until now, foreign investors net sold more than 47 trillion dong.
- ❖ HPG is the strongest net selling foreign stock, with a net selling value of more than 370 billion.

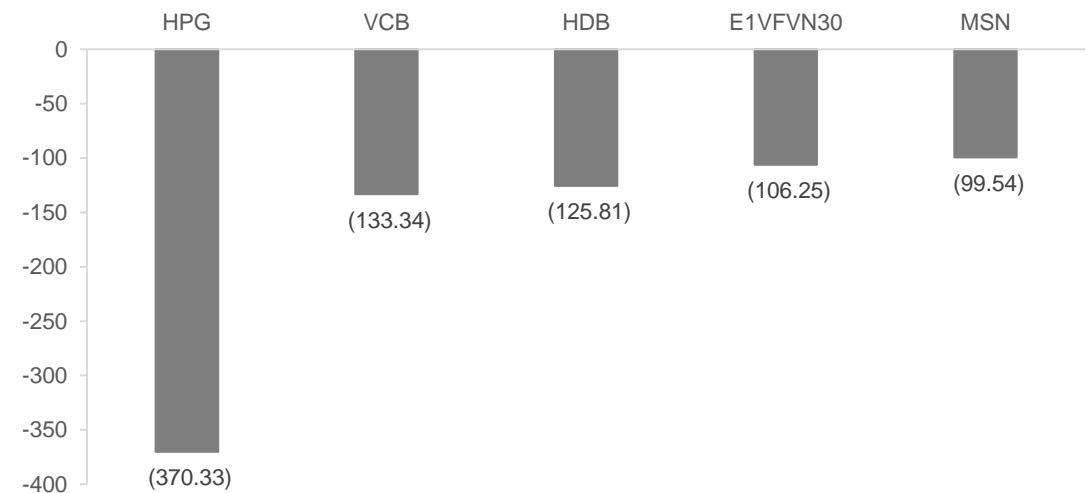
Overseas investors net sold over 1,000 bn last week



Top 5 foreign investors net buying



Top 5 foreign investors net selling



TECHNICAL ANALYSIS



✓ **Technical Analysis:**

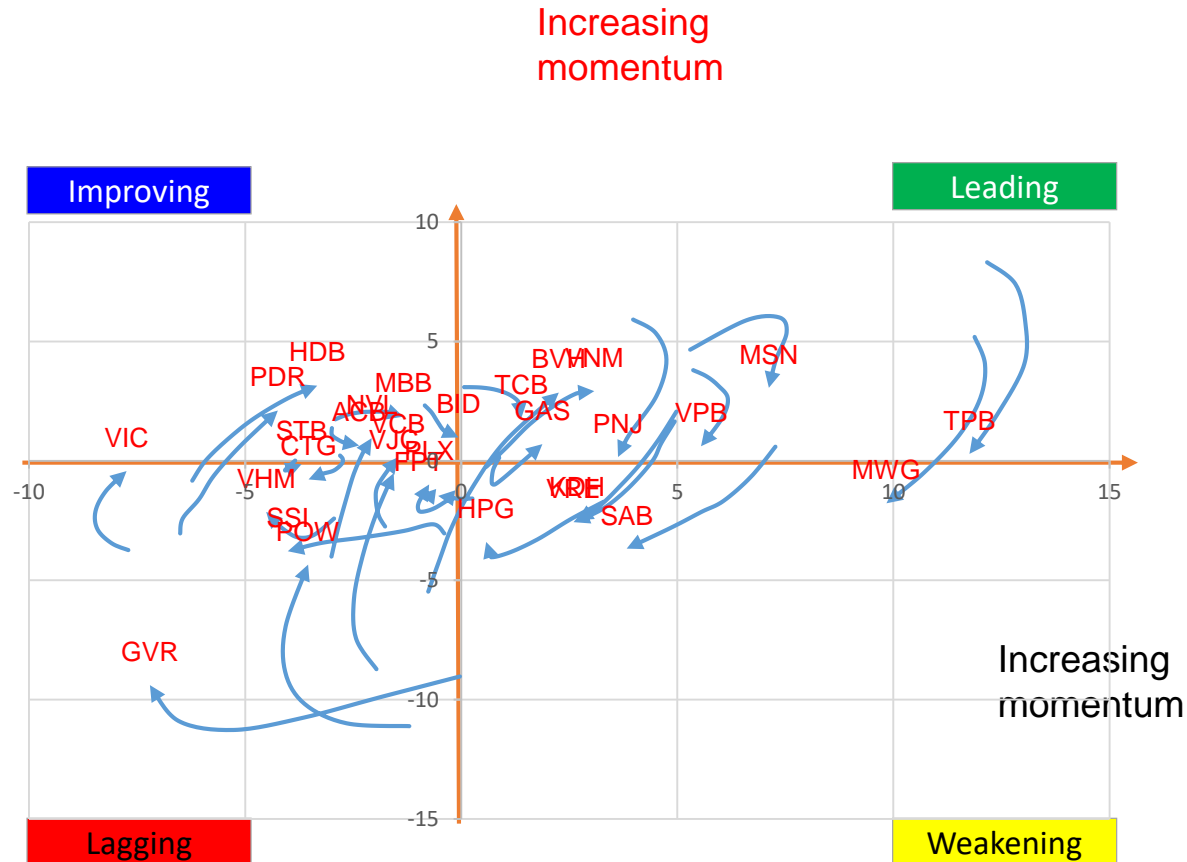
VN-Index continued to create a Bearish pinbar bearish candle with the closing price near the daily low and the volume increased again, showing that the negative momentum is gradually increasing. The market is gradually showing that the rally has ended and the downtrend is likely to resume. On the weekly chart, VN-Index has lost the support of MA(20) week, showing that the uptrend 3 months ago is showing signs of ending. Although VN-Index had a short recovery reaction in the session right at the support of 1330 points, the market's rally will be difficult to continue. The current trend of VN-Index is still sideways and the index has confirmed a downward correction to the lower support zone.

✓ **Forecast:**

In the new week, VN-Index is forecasted to end the sideways trend soon and expect the correct trend to appear in the last sessions of the week.



The performance chart of VN30 basket stocks – GAS and POW is the highlight



- ✓ **In terms of leading stocks:** Last week, in the VN30 basket, the leading stocks and helped narrow the decline, most notably defensive stocks such as GAS and POW.
- ✓ **Strong stocks:** During the past week, positive gainers were HPG, GAS, PNJ and POW. However, stocks that are trending positively are only GAS, PNJ and HPG.
- ✓ **Recommended stocks:** In the coming week, stocks that RS recommend are strong pillar stocks like GAS and HPG. In addition, another notable stock next week is VNM.

SUMMARY



Comments next week – Continue to differentiate. Steel, Oil & Gas and Chemicals remain the focus of the market

- ❖ **Market last week.** VN-Index continued to move sideways and diverged. Cash flow was concentrated in Steel, Oil & Gas and Fertilizer groups thanks to the expectation of the industry's own story. The banking group continued to be under pressure to take profits due to concerns about bad debt information. Market liquidity dropped sharply to 20 trillion VND/session. Foreign investors net sold more than 1,000 billion dong while self-trading group net bought 187 billion dong last week.
- ❖ **The ratio of on-balance sheet and potential bad debt may be up to 8% by the end of this year.** According to the Deputy Governor of the State Bank, under the influence of Covid, the ratio of bad debt on the balance sheet and potential bad debt by the end of 2021 may increase to 7.1% - 7.7%; approximately 8% after restructuring and delaying debt according to Circular 01, Circular 03 and Circular 14. This rate increased sharply compared to the end of 2020 at 3.81%. The pressure of provisioning for bad debts on the banking system is huge. Besides, currently, banks' CARs are at 9-11%, slightly higher than Basel II standards, so banks will also have pressure to increase capital to ensure Basel II and maintain credit growth in the coming years.
- ❖ **Electricity crisis in China.** China's power shortage is caused by many reasons (1) Coal prices increased sharply due to the cessation of Australian coal imports due to escalating geopolitical tensions and the approaching winter purchase (2) Beijing pursues energy targets energy consumption has resulted in some industries being limited in energy consumption. (3) A sharp increase in Chinese exports increases the demand for electricity. The power shortage in China is not expected to go away anytime soon and has the effect of increasing global supply chain disruptions and inflationary pressures. Vietnam will be negatively affected when it has a large trade relationship with China (1) The price of input materials will increase in the short term, Vietnam is currently importing a lot of machinery, equipment, tools and spare parts; textile raw materials, footwear, garment fabrics, raw materials for production from China (2) the risk of shortage of input materials has not yet appeared according to the report of the Ministry of Industry and Trade (3) Exports of some products from China to Vietnam such as Steel, Fertilizer, etc. may decrease because China cuts output, creating room for domestic enterprises to increase market share (4) Orders exports may shift away from China due to inability to accommodate, Vietnam can benefit from this factor. (5) Enterprises that export products that have been cut by China's output will benefit from better prices and opportunities to boost exports.
- ❖ **Forecast next week.** VN-Index continued to record strong divergence based on expectations of Q3.21 business results and individual stories of each industry group. Steel, Petroleum and Chemicals are assessed to still be the focus of the market.



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THANK YOU