

[Market Preview 16/07] FORECAST AND TRADING STRATEGIES

IF VNINDEX DOES NOT SOON RECOVER TO THE AREA OF 1300 - 1320 POINTS, BUT CONTINUES TO DECREASE AND CANNOT KEEP IMPORTANT SUPPORTS AT 1260 POINTS AND 1240 POINTS, **THE WORST-CASE SCENARIO WILL OCCUR.**

MARKET TREND	SUMMARY RECOMMENDATION STATUS
Short-term: Bearish (Under a month)	- We believe that, if Vnindex does not soon recover to the area of 1300 - 1320 points, but continues to decrease and cannot keep important supports at 1260 points and 1240 points, THE WORST-CASE SCENARIO WILL OCCUR.
Medium-term: Bullish (1 – 6 months)	- In the short term, the market will soon have recovery sessions , but it needs the "support and reinforcement" of liquidity and trading value. The trading value of 22-25 trillion dong/session of HOSE are important milestones to observe
Long-term: Bullish (6 months beyond)	- Previously purchased short-term investments (trapped at high prices) have no cost advantage. It is prudent to consider closing the position (does not need to be too hasty) in the coming rebounds , to prevent the prospect that the volatility and market breadth will be large in the coming sessions of July.

	VnIndex	HNX Index	Upcom Index
Last	1293,92	306,11	84,98
Change (%)	14,01 (1,09%)	9,27 (3,12%)	0,42 (0,50%)
% [↑] 1 week	-3,95%	-0,14%	-2,41%
Market value			
Today (bil.)	15.144,71	2.684,29	674,24
Foreign investor			
Buy (bil.)	2.285,01	15,61	14,44
Sell (bil.)	1.556,90	17,26	5,68
Net (bil.)	728,11	-1,65	8,76
Market Summ.			
Advances	287	139	200
Declines	82	65	72
Unchanged	49	48	58
Futures			
	Last	Open Interest	Volume (bil. VND)
VN30F1M	1431,8	28.687	34.903,53
VN30F2M	1437	7.617	4100,15
VN30F1Q	1439,7	242	21,02
VN30F2Q	1438,8	240	12,78

The markets rallied again in the context of the recent 5 consecutive declines. Opening the morning session, the trading was very irritating when the score fluctuated in a narrow range and only increased clearly after 13:00 on the same day, before closing at near the highest level in the session. With VNINDEX closing at 1,293.92 points (+1.09%), VN30 at 1430.29 points (+1.42%), HNXINDEX at 306.3 points (+3.19%) and Derivatives this session expired before closing at 1,431.8 points (+1.62%).

Foreign investors net bought over 728 billion dong this session when they focused on buying HPG, SSI, STB, VNM and net selling VIC, VJC. In general, since the beginning of July, the transaction of this block has been quite active when focusing on net buying mainly. Normally, this block's buying activity is concentrated only when the market and stocks fall, rarely they buy in the strong up months like in last May and June.

The number of losers in this session was quite small, only 82 stocks decreased (on HO exchange) while the number of gainers was 287. This proves that the buying cash flow has spread widely in most stocks and groups of stocks whenever there is a signal of recovery of the market score.

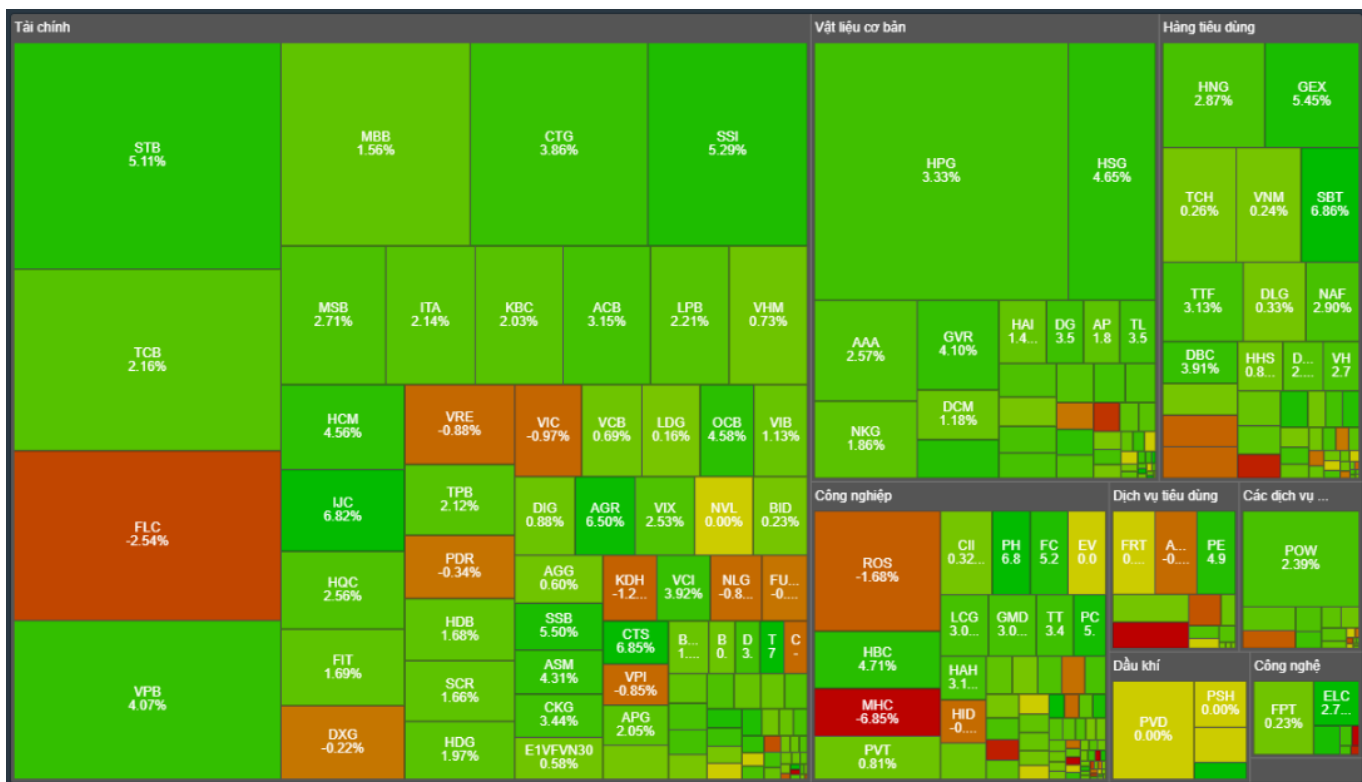
Stocks of securities, banks, and industrial metals were still bought in this session, helping the green market score. The

sector indexes of Real Estate and Real Estate Services fell slightly by 0.05% this session, due to the decrease in prices of FLC, DXG, PDR, VRE and newly launched stock DXS; Most of the rest increased in price at a decent rate.

Returning to market forecasts, We believe that, if Vnindex does not soon recover to the area of 1300 - 1320 points, but continues to decrease and cannot keep important supports at 1260 points and 1240 points, the worst-case scenario will occur.

In the short term, the market will soon have recovery sessions to approach the level of 1290-1300 points again, and need the "support and reinforcement" of liquidity and trading value. The trading value of 22-25 trillion dong/session of HOSE are important milestones to observe.

Previously purchased short-term investments (trapped at high prices) have no cost advantage. It is prudent to consider closing the position (does not need to be too hasty) in the coming rebounds, to prevent the prospect that the volatility and market breadth will be large in the coming sessions of July.



(Source: HOSE, FireAnt)

Futures Market:

VN30F2107	1,431.8	22.80/1.62	246,031
VN30F2108	1,437.0	24.10/1.71	28,743
VN30F2109	1,439.7	22.30/1.57	147
VN30F2112	1,438.8	32.80/2.33	90
15/07/2021			

(Source: Vietstock)

With pessimism still present from the beginning of the week until now, stocks in the VN30 group were traded cautiously. Moreover, the fact that the F1M contract expires today partly makes investors more hesitant in buying and selling. In the morning session, VN30 mainly struggled around the reference, making it difficult for the F1M contract to gain points. The liquidity of the VN30 group also decreased significantly when in the morning the trading value was less than 3,600 billion, while the 10-day average liquidity in the morning of this group reached 7,600 billion. At the end of the morning session, F1M contracts only increased by 6 points. In the afternoon session, the VN30 index and the F1M contract became more positive when increasing 25 points to 1440. After setting the high of the day at 1440, F1M cooled down a bit and closed the expiration session at 1431.80, 22.80 points higher compared reference.

Although F1M's liquidity decreased today, it still remained at a high level when more than 246,000 contracts were matched in the session, equivalent to the average liquidity of the previous 20 sessions. Foreign investors turned to be net buyers today after 6 previous net selling sessions with value of more than 56 billion dong.

The medium and long-term trend of F1M contracts remains bullish. F1M contract has recovered quite positively in the expiration session, however, the trend for the next sessions is likely to continue to be accumulation and fluctuation in a narrow price range.



VN30F1M intraday. Source: FireAnt

Trading strategy:

Currently, the short-term trend of F1M contract is accumulation and fluctuates in a narrow range. Investors need to be cautious because the trend may reverse unexpectedly. We recommend that investors can open a long position with a small number of contracts around 1425 ± 2 points, take profit around 1445 ± 5 points and place a stop loss at 1417.

Watchlist

Ticker	Sector	Foreign Investor Room	Market Cap (bil.)	Current Price	Target Price	Est Profit Target (%)	Forward dividend yield	Forecast & Recomm.	P/E	P/B	P/E 2021 (forward)
ASM	Aquaculture	47,8%	3.132	12,1	20	65%	4,1%	BUY	7,84	0,63	5,2
CNG	Natural Gas Distribution	44,0%	662	24,5	29	18%	6,1%	Positive	12,48	1,31	11,0
CTG	Depository Credit Intermediation	4,9%	130.319	35	56	60%	0,0%	BUY	11,28	2,19	8,7
DCM	Chemical - Pharmaceutical	46,8%	9.106	17,2	18	5%	5,8%	Positive	14,50	1,65	13,0
FPT	Software Publishers	0,0%	77.498	85,4	80	-6%	2,3%	Negative	17,96	3,56	19,9
FRT	Electronics and Appliance Stores	34,8%	2.330	29,5	39,0	32%	3,4%	BUY	130,00	1,99	11,6
GAS	Natural Gas Distribution	46,9%	173.212	90,5	101	12%	4,4%	Positive	24,39	3,58	14,4
GMD	Support Activities for Water Transportation	7,9%	12.176	40,4	50	24%	3,7%	BUY	29,22	1,99	20,3
HPG	Primary Metal Manufacturing	22,6%	207.995	46,5	60	29%	1,1%	BUY	9,25	2,54	7,5
MSN	Manufacturing	67,1%	135.761	115	98	-15%	0,9%	Negative	83,20	11,82	45,3
MWG	Electronics and Appliance Stores	0,0%	79.445	167,1	160	-4%	0,9%	Negative	16,28	3,97	18,1
NT2	Electric Power Generation	34,2%	5.527	19,2	19	-1%	7,8%	Negative	10,72	1,47	11,1
PLX	Merchant Wholesalers, Nondurable Goods	2,8%	65.858	50,9	65	28%	5,9%	BUY	19,76	2,87	13,2
POW	Electric Power Generation	46,0%	25.058	10,7	12	12%	4,7%	Positive	12,65	0,91	11,9
REE	Building Equipment Contractors	0,0%	15.823	51,2	58	13%	0,0%	Positive	9,82	1,40	8,3
TCB	Depository Credit Intermediation	100,0%	182.606	52,1	57	9%	0,0%	Positive	12,58	2,29	12,2
TCH	Real Estate Development	37,2%	7.644	19,15	24	25%	5,2%	BUY	9,14	0,94	9,6
TDM	Water Supply and Irrigation Systems	43,7%	2.745	27,45	35	28%	4,4%	BUY	10,65	1,63	11,0
VEA	Manufacturing	43,3%	52.753	39,7	45	13%	11,3%	Positive	11,34	2,58	7,5
VHM*	Real Estate Development	26,2%	369.451	110,3	145	31%	0,9%	BUY	14,01	3,92	12,3
VIC	Manufacturing	22,6%	345.008	102	114	12%	0,0%	Positive	58,35	3,37	69,0
VJC	Air Transportation	11,8%	62.177	114,8	80	-30%	0,0%	SELL	51,20	4,14	621,8
VND	Securities/ Finance	30,5%	17.676	41,2	43	5%	2,4%	Positive	16,12	2,05	13,6
VNM	Food Manufacturing	45,2%	178.064	85,2	80	-6%	4,7%	Negative	17,03	5,66	16,2
VNR	Insurance Carriers	21,1%	2.949	22,5	35	56%	5,3%	BUY	9,45	1,16	8,4

Source: AIS'sResearch, Corporate Auditing Financial Statements, FireAnt, Bloomberg, FiinPro

FORECAST & RECOMMENDATION:

- We recommend BUY when the expected return is above 20%;
- We rate the stock's price outlook as POSITIVE when the expected return is from 0% - 20%;
- We rate the stock's price outlook as NEGATIVE when the expected return is from 0% to -20%;
- We recommend SELL when the expected return is below -20%;

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