MORNING CALL
26/10/2023

“Buying demand is still weak”

- ❑ World stocks: Mixed movements
- ❑ Vietnam stocks: Buying demand is still weak
- ❑ Business news: #AnalystmeetingVIB, #DBC, #ACB, #HAX, #FOX, #SGN, #PAT
- ❑ Technical perspective and updated recommendations: #ACB
- ❑ Event calendar
- ❑ Q&A

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Catching the latest report



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Global Market Review 23/10 – 27/10/2023

Shinhan Securities

Major stocks market

- In regular trading on Wednesday, the Nasdaq Composite plunged 2.43%, the S&P 500 tumbled 1.43% and the Dow lost 0.32%. Those losses came as investors weighed the latest batch of corporate reports, with disappointing results from Alphabet pressuring the market. Investors now look ahead to more earning reports and preliminary Q3 GDP figures on Thursday for more clues. Sales of new single-family houses in the United States surged by 12.3% to a seasonally adjusted annualized rate of 759 thousand in September 2023, up from a revised 676 thousand in the previous month and surpassing the market consensus of 680 thousand.
- European markets finished higher today with shares in London leading the region. The FTSE 100 is up 0.33% while France's CAC 40 is up 0.31% and Germany's DAX is up 0.08% as markets digested a batch of economic data and corporate earnings ahead of the ECB's policy decision tomorrow.
- The Nikkei 225 Index dropped 1.7% to below 30,800 while the broader Topix Index lost 0.8% to 2,236 on Thursday, snapping a two-day advance and tracking a technology-led selloff on Wall Street overnight amid disappointing earnings reports and a surge in Treasury yields.
- WTI crude oil futures pared mid-afternoon losses to trade above $84 per barrel on Wednesday, as markets continued to take heed to supply uncertainty due to military conflict in the Middle East and tight production from OPEC producers

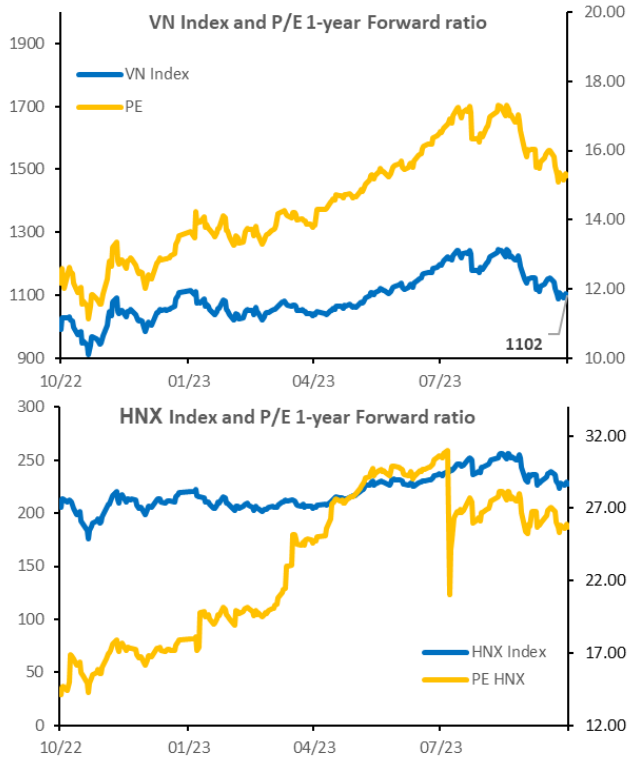
Market

	Close	%1D	%1M	%1Y
VN-Index	1,102	-0.38%	-3.19%	10.90%
S&P 500 Index	4,187	-1.43%	-2.03%	9.30%
Dow Jones Index	33,036	-0.32%	-1.73%	3.76%
GP 100	7,414	0.33%	-2.77%	5.08%
Nikkei 225	30,763	-1.62%	-4.80%	12.14%
SHCOMP Index	2,974	0.40%	-4.13%	-0.85%
STOXX 600	435	0.04%	-2.78%	6.08%
KOSPI Index	2,320	-1.84%	-5.82%	3.11%
Hang Seng	17,085	0.55%	-2.18%	11.54%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	106.58	0.05%	0.33%	-2.84%
USD/VND	24,571.00	-0.04%	-0.76%	1.13%
EUR/USD	1.06	-0.07%	-0.12%	4.74%
USD/CNY	7.32	-0.08%	-0.07%	-0.66%
Brent	90.14	0.01%	-4.07%	-5.80%
WTI	85.39	0.00%	-5.53%	-2.87%
Natural gas	3.01	0.10%	13.44%	-46.25%
Coal	133.50	-2.20%	-16.56%	-65.61%
Gold	1,983.42	0.19%	4.35%	19.16%

Vietnam Market Snapshot 25/10/2023



Money flow and sector rotation (VND bn)

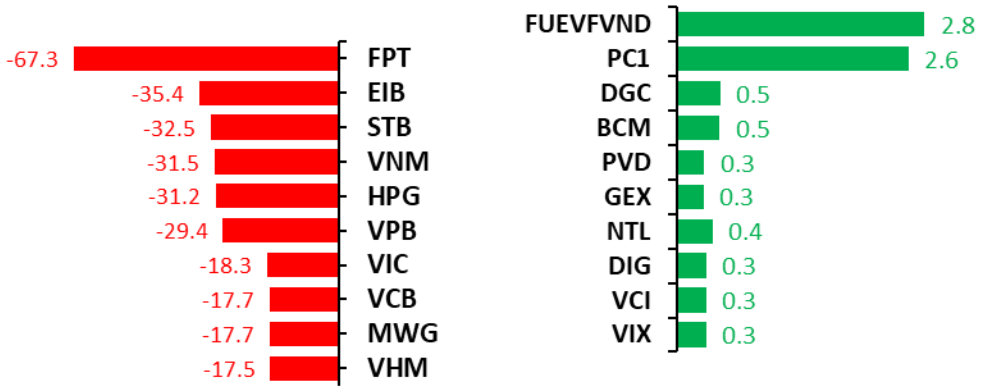
Sector	%1D	10/25/2023	10/24/2023	20-session Average
Automobiles & Parts	57.00	109	69	122
Food and Beverage	48.61	742	499	814
Real Estate	32.88	2,405	1,810	2,452
Basic Resources	26.19	554	439	856
Technology	12.23	179	160	247
Personal & Household Goods	10.57	74	67	113
Oil & Gas	10.44	144	131	219
Financial Services	8.07	1,624	1,503	2,455
Construction & Materials	3.64	714	689	995
Insurance	-0.8	10	10	19
Travel & Leisure	-4.5	97	102	122
Industrial Goods & Services	-6.4	575	614	916
Health Care	-10.4	10	11	21
Chemicals	-11.0	691	777	865
Banks	-16.4	1,255	1,503	1,879
Utilities	-16.8	88	105	162
Retail	-24.5	346	458	585
Media	-26.1	7	10	5

Source: Bloomberg, Shinhan Securities Vietnam

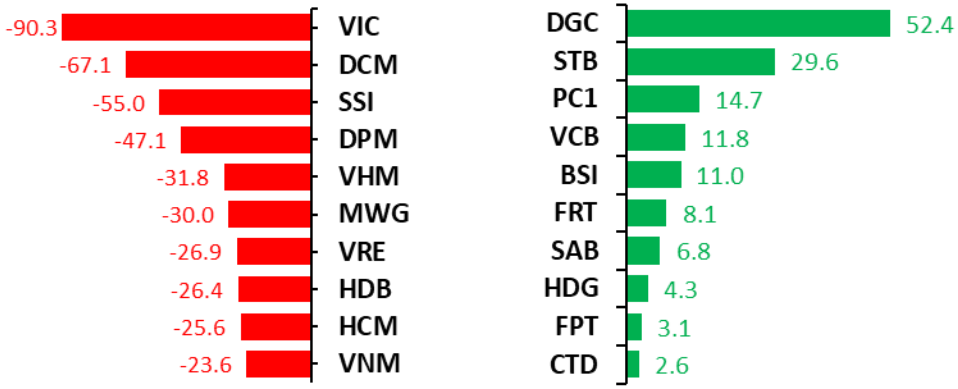
	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,101.66	15.27	-4.24	-0.38	439	9,631
HNX INDEX	227.01	25.70	-1.89	-0.83	86	1,352

Vietnam Market Snapshot 25/10/2023

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)	(182)	302	(120)
Basic Resources	(31)	(18)	43	(24)
Media	-	0	(0)	-
Industrial Goods & Services	(5)	(11)	17	(6)
Health care	-	(1)	1	0
Chemicals	(0)	(64)	84	(21)
Financial Services	(26)	(151)	144	6
Travel & Leisure	(10)	(5)	17	(11)
Banks	(209)	(57)	254	(197)
Construction & Materials	3	4	6	(10)
Food and Beverage	(49)	(41)	95	(54)
Retail	(17)	(21)	46	(25)
Utilities	(6)	(4)	5	(1)
Personal & Household Goods	(1)	1	15	(16)
Technology	(67)	3	90	(93)
Automobiles & Parts	(0)	(1)	22	(22)
Insurance	(1)	1	(0)	(1)
Oil & Gas	(1)	(8)	6	2

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

- Private electricity is increasing, EVN has lost its monopoly, only holding 37%. In 2023, Vietnam's electricity system, with a total installed capacity of nearly 80,000 MW, is the largest in ASEAN. The percentage of ownership and direct management of electricity by state-owned energy enterprises, including Vietnam Electricity Group (EVN), Vietnam Oil and Gas Group (PVN), and Vietnam Coal and Mineral Group (TKV), now only holds about 47% of installed capacity. Of these, EVN holds 37% directly and indirectly (nearly 11% directly and over 26% indirectly through power generation companies); TKV accounts for 2%, mainly thermal power, and PVN accounts for 8%, mainly gas and small hydropower.
- Interbank interest rates soar, SBV injects net 19.4 billion in the 25/10 session. According to the latest data released by the SBV, the average VND interbank interest rate at the overnight (the main tenor accounting for 90% of trading value) in the 23/10 session has increased sharply to 2.22% from the level of 1.47% recorded in the previous session (20/10). This is the highest interest rate since mid-June 2023 and is much higher than the deposit interest rate at tenors under 1 month of banks (0.1-0.5%/year).
- HCMC: Remittances in the first 9 months of the year reached nearly 6.7 billion USD. As of the end of September 2023, remittances sent to Ho Chi Minh City reached 6.69 billion USD, equal to and exceeding the whole of 2022. This is an impressive result with a positive impact on the economy in many ways. According to Mr. Nguyen Duc Lenh, Deputy Director of the Ho Chi Minh City branch of the State Bank of Vietnam, as of the end of September 2023, remittances sent to Ho Chi Minh City reached nearly 6.69 billion USD, exceeding the whole of 2022. This is a significant increase of 40% over the same period of 2022 and is equal to 101.3% of the whole of 2022. In the third quarter of 2023, remittances sent to the city reached 2.35 billion USD, an increase of 6.2% over the second quarter of 2023. In the second quarter of 2023, this figure increased by 4.5% over the first quarter of 2023.

Business news

- **VIB:** We attended VIB's Analyst meeting held on October 25, 2023. At this meeting, VIB announced a number of key business results as well as the outlook for the rest of the year. VIB's pre-tax profit in 9M/2023 reaches VND 8,325 billion (+7% YOY). Credit growth reached 5.5% Ytd, VIB expects to use the remaining credit room (8.75%) in Q4/2023. Non-performing loan (NPL) ratio according to the SBV regulations stayed around 2.47%, with not many positive changes compared to the previous quarter (2.45% at the end of Q2/2023). By the end of 2023, VIB believes that NPL will decrease to 2.15% thanks to economic improvement and increased write-off of bad debt. VIB's yearly profit target will reach over 11,000 billion (> 3% YoY).
- **DBC:** Dabaco Group (DBC) reported revenue of VND8,496 billion (US$359 million) and net profit of VND19 billion (US$0.8 million) in the first 9 months of 2023, down 9% and 92%, respectively, from the same period last year. In the third quarter of 2023, Dabaco's revenue of VND2,709 billion (US$113 million) decreased 24% from the same period last year. Cost of sales decreased less than revenue, resulting in a 42% decline in gross profit to VND281 billion (US$12 million). Gross profit margin fell to 10% in the third quarter of 2023.
- **ACB:** Asia Commercial Bank (ACB) reported stable growth and effective risk management. The bank's financial results for the first 9 months of 2023 showed that ACB maintained stable growth with CASA on track to recover strongly, optimized cost management, and strengthened effective operational risk control, belonging to the group of banks with the lowest non-performing loan ratio in the market. In the first 9 months of 2023, ACB achieved more than VND15,000 billion (US$625 million) in pre-tax profit, equivalent to 75% of the annual profit plan.
- **HAX:** Haxaco (HAX) reported a 86% decline in net profit in the third quarter of 2023 from the same period last year. The decline in consumer demand led to a significant decrease in revenue and profit for the company in this quarter. However, Haxaco's financial results in this quarter showed some improvement.

Breaking News



Business news

- **FOX:** FPT Telecom Joint Stock Company (FPT Telecom – code FOX) has just announced its financial report for the third quarter of 2023 with net revenue reaching 4,008 billion VND, an increase of 7% over the same period. Cost prices increased more strongly, causing gross profit margin to narrow from 49% over the same period to 48%. The corresponding gross profit reached 1,928 billion VND, still up about 7% compared to the third quarter of last year.

- **SGN:** "Tan Son Nhat Airport Ground Service Tycoon" reported profit to increased 2.4 times to 72 billion, major shareholder Vietjet accounts for half of short-term receivables. Vietjet Air is currently a major partner of SGN, accounting for half of customer receivables with nearly 200 billion VND. In addition, Vietjet Air is also a major shareholder of SGN, owning more than 9% of shares. Saigon Ground Services Joint Stock Company (SGN) has just announced its financial statements for the third quarter of 2023 with net revenue of 395 billion VND, up 36% and gross profit of 129 billion VND, up 90% over the same period. Profit margin improved sharply to approximately 33%, the highest since 2020.

- **PAT:** Duc Giang Chemical's subsidiary is about to pay a huge cash dividend, each shareholder will receive 9,000 VND. Vietnam Apatite Phosphorus Joint Stock Company (code PAT) has just announced the Board of Directors resolution approving the 2023 advance dividend plan at a rate of 90% in cash (1 share receives 9,000 VND). Accordingly, the closing date for the list of registered shareholders is December 20, 2023, the expected payment time is January 18, 2024. With 25 million outstanding shares, it is estimated that the company will spend 225 billion on this advance dividend.

Technical view



Trend: Accumulation

- VNINDEX closed at 1,101 points (-4.24 points, -0.38%) with relatively low liquidity. The market decreased with 274 red stocks and 190 green stocks. Foreign investors continued to net sell more than 500 billion VND, while proprietary traders increased their net buying to 340 billion VND. Stocks leading the market include VIC VHM and MWG, while BID VNM CTG contributed to the market's decline. Industry groups with strong increases include telecommunications, automobiles and spare parts, and retail.
- Technical perspective: The market opened with a high increase compared to the previous 4 sessions but was under selling pressure throughout the session. It can be concluded that the possibility of a sideway market in the 1100 area is high. Currently, VNINDEX is still trading below MA 200, the price momentum has improved but is still very weak as investors are very cautious about buying. Current resistance is 1115, corresponding to MA 200, support is 1080.
- Strategy: Short-term investors should stand aside and observe, disbursement should only use a small proportion for exploration. Be disciplined because the market can change unexpectedly.

Scenario:

- Positive (60%): The market will accumulate further in the 1110 area this week and may regain MA 200.
- Less positive (40%): The market will return to the 1060-1080 area for further accumulation.

Recommended stocks

26/10/2023

Unit: VND thousand

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
ACB	Buy	21.7	23.1	21.4	6%	-1%	38.2	Strong accumulation

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
PTB	Hold	57.7	62.8	56.8	9%	-2%	57.2	5	-0.87%	19/10/2023	
SZC	Hold	37.1	40.9	36	10%	-3%	38	5	2.43%	19/10/2023	
NKG	Hold	18.2	20.9	17.2	15%	-5%	18.6	3	2.20%	23/10/2023	
PVS	Hold	37.7	40.3	36.4	7%	-3%	37.8	2	0.27%	24/10/2023	

Economic calendar

October 2023

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2 ISM Manufacturing PMI SEP	3 JOLTs Job Openings AUG	4 ISM Services PMI SEP	5	6 Non Farm Payrolls SEP Unemployment Rate SEP	7
8	9	10	11 PPI MoM	12 Inflation Rate MoM SEP FOMC Minutes	13 Unemployment Rate (US)	14
15	16 Ho Chi Minh City Stock Exchange (HoSE) announce the results of the review of the VNDiamond index	17 US Retail Sales	18 China Industrial Production YoY SEP China Retail Sales YoY SEP	19 Fed Chair Powell Speech Expiration of futures contract VN30F1M	20 Japan inflation rate YoY	21
22	23	24	25 New home sales	26 US GDP Growth Rate QoQ	27 Core PCE Price Index Sep MoM Personal Income MoM SEP	28
29	30	31	1 US ISM Purchasing Managers Index (PMI)	2 FED's interest rate decision	3 US unemployment rate Non-agricultural payroll	4

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Q&A

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