# MORNING CALL
# 27/10/2023

Shinhan Securities

## "The market suddenly dropped deeply and liquidity suddenly spiked"

- World stocks: Mixed developments ahead of Q3 US GDP data
- Vietnam stocks: The market suddenly dropped deeply and liquidity suddenly spiked
- Business news: #VIC, #BVB, #FMC, #HPG, #FCN, #VHM
- Technical perspective and updated recommendations:
- Event calendar
- Q&A


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

## Major stocks market

- In regular trading on Thursday, the Dow fell 0.76%, the S&P 500 dropped 1.18% and the Nasdaq Composite tumbled 1.76%. Those losses came as disappointing earnings reports and stronger-than-expected US GDP data outweighed a pullback in Treasury yields. Investors now look ahead to more corporate earnings and the latest PCE reading. The US economy expanded an annualized 4.9% in the third quarter of 2023, the most since the last quarter of 2021, above market forecasts of 4.3% and a 2.1% expansion in Q2, the advance estimate showed.
- European markets finished broadly lower today with shares in Germany leading the region. The DAX is down 1.08% while London's FTSE 100 is off 0.81% and France's CAC 40 is lower by 0.38%.The ECB held its key interest rates unchanged, as largely expected, to end an unprecedented streak of 10 consecutive rate hikes
- The Nikkei 225 Index rose 0.4% to above 30,700 while the broader Topix Index gained 0.5% to 2,235 on Friday, recouping some losses from the previous session and defying another sharp selloff on Wall Street, with nearly all sectors participating in the rebound
- WTI crude oil futures fell to almost $83 on Thursday, on a stronger dollar and signs of weak demand. The latest data showed that seasonal demand in the US remained weaker than expected. Figures from the EIA showed that product supplied for both motor gasoline and distillate fuels significantly fell from the previous period on the week ending October 20th, while refinery crude runs and utilization rates also dropped.

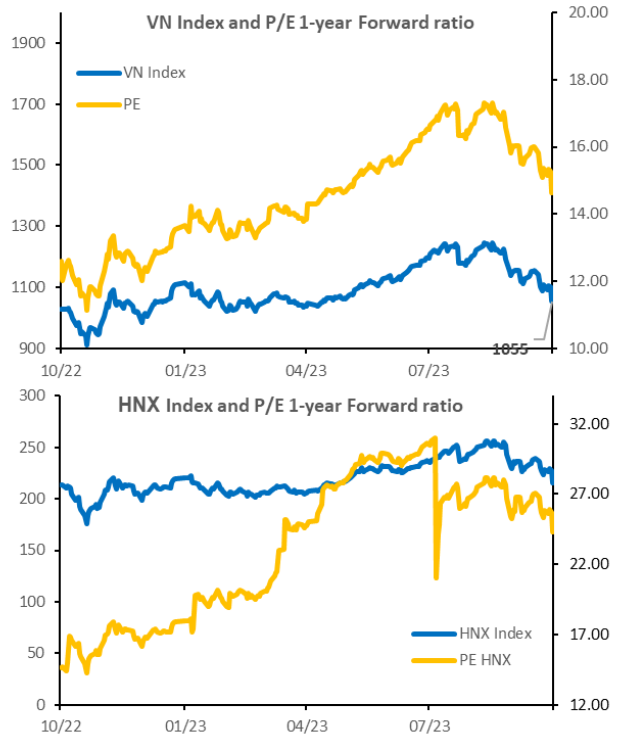
## Market

| | Close | %1D | %1M | %1Y |
|---|---|---|---|---|
| VN-Index | 1,055 | -4.19% | -8.53% | 2.67% |
| S&P 500 Index | 4,137 | -1.18% | -3.21% | 8.67% |
| Dow Jones Index | 32,784 | -0.76% | -2.28% | 2.34% |
| GP 100 | 7,355 | -0.81% | -3.14% | 3.97% |
| Nikkei 225 | 30,875 | 0.89% | -4.62% | 12.91% |
| SHCOMP Index | 2,978 | -0.36% | -4.17% | -0.18% |
| STOXX 600 | 433 | -0.48% | -3.07% | 5.61% |
| KOSPI Index | 2,314 | 0.65% | -6.13% | 1.10% |
| Hang Seng | 17,099 | 0.32% | -2.91% | 10.83% |

## Currency & Commodity

| | Close | %1D | %1M | %1Y |
|---|---|---|---|---|
| Dollar Index | 106.64 | 0.04% | -0.02% | -3.57% |
| USD/VND | 24,604.00 | -0.03% | -0.84% | 0.94% |
| EUR/USD | 1.06 | -0.05% | 0.52% | 5.96% |
| USD/CNY | 7.32 | 0.01% | -0.06% | -1.19% |
| Brent | 88.49 | 0.64% | -8.35% | -8.74% |
| WTI | 83.64 | 0.52% | -10.72% | -6.11% |
| Natural gas | 3.28 | 1.90% | 18.49% | -36.85% |
| Coal | 135.70 | 1.65% | -15.37% | -64.89% |
| Gold | 1,985.40 | 0.03% | 5.88% | 19.36% |

# Vietnam Market Snapshot 26/10/2023




## Money flow and sector rotation (VND bn)

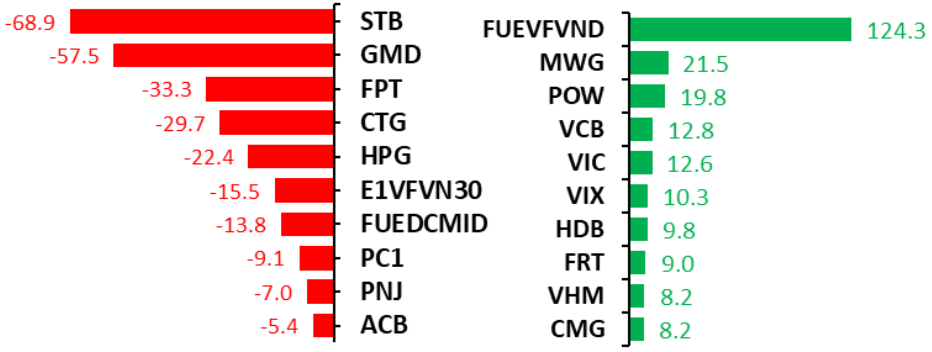
| Sector | %1D | 10/26/2023 | 10/25/2023 | 20-session Average |
|---|---|---|---|---|
| Insurance | 311.99 | 40 | 10 | 19 |
| Media | 242.51 | 25 | 7 | 6 |
| Health Care | 235.17 | 32 | 10 | 22 |
| Technology | 201.93 | 541 | 179 | 265 |
| Banks | 197.69 | 3,737 | 1,255 | 1,924 |
| Utilities | 187.51 | 252 | 88 | 164 |
| Oil & Gas | 183.65 | 409 | 144 | 232 |
| Financial Services | 172.77 | 4,430 | 1,624 | 2,535 |
| Retail | 159.12 | 896 | 346 | 594 |
| Industrial Goods & Services | 142.61 | 1,395 | 575 | 921 |
| Basic Resources | 140.71 | 1,334 | 554 | 878 |
| Construction & Materials | 101.72 | 1,441 | 714 | 1,024 |
| Personal & Household Goods | 98.93 | 147 | 74 | 116 |
| Real Estate | 84.86 | 4,446 | 2,405 | 2,542 |
| Chemicals | 82.46 | 1,262 | 691 | 895 |
| Automobiles & Parts | 82.35 | 198 | 109 | 127 |
| Food and Beverage | 72.38 | 1,279 | 742 | 842 |
| Travel & Leisure | 11.05 | 108 | 97 | 116 |

Source: Bloomberg, Shinhan Securities Vietnam

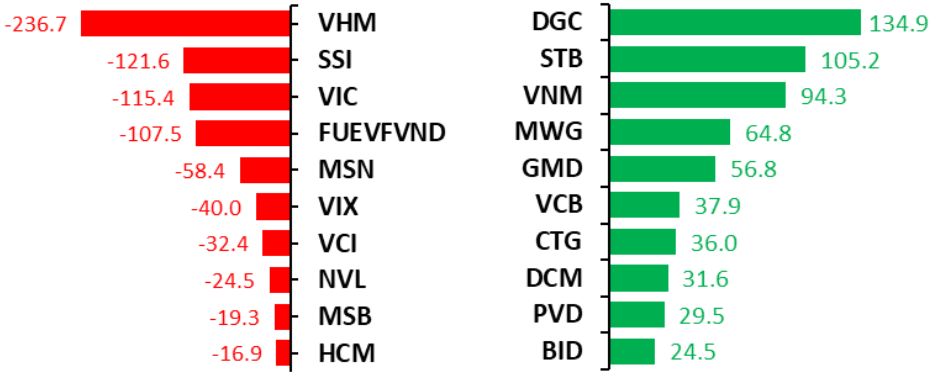
| | Close | PE | Change | %1D | Trading volume (mn stocks) | Trading value (VND bn) |
|---|---|---|---|---|---|---|
| VNI NDEX | 1,055.45 | 14.63 | -46.21 | -4.19 | 1,032 | 21,989 |
| HNX INDEX | 214.98 | 24.34 | -12.03 | -5.30 | 185 | 3,134 |

# Vietnam Market Snapshot 26/10/2023

## 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 | 7 | (321) | 392 | (71) |
| Basic Resources | (25) | (7) | 60 | (53) |
| Media | - | (0) | 0 | 0 |
| Industrial Goods & Services | (53) | 47 | 6 | (53) |
| Health care | - | (1) | (3) | 4 |
| Chemicals | 3 | 162 | (106) | (56) |
| Financial Services | 111 | (320) | 165 | 154 |
| Travel & Leisure | 8 | (2) | (8) | 10 |
| Banks | (62) | 140 | (77) | (63) |
| Construction & Materials | (13) | 43 | (50) | 7 |
| Food and Beverage | 15 | 50 | 7 | (57) |
| Retail | 31 | 85 | (145) | 60 |
| Utilities | 24 | (8) | (13) | 21 |
| Personal & Household Goods | (7) | 1 | (20) | 19 |
| Technology | (25) | 4 | (0) | (4) |
| Automobiles & Parts | 0 | (0) | 2 | (2) |
| Insurance | 1 | 3 | (3) | 0 |
| Oil & Gas | (0) | 29 | (14) | (16) |

Source: Fiinpro, Shinhan Securities Vietnam

# Breaking News

## Macro

- According to data from the State Bank, as of October 24, the overnight VND interbank interest rate was 2.84%/year, an increase of 0.62% compared to the previous session (October 23).
- VCCI and VMBA propose reducing VAT for all types of goods and services to 8% in the first 6 months of 2024. Businesses encounter many difficulties when classifying which goods are subject to value added tax (10% ), which goods have their tax reduced to 8%. Specifically, the Ministry of Finance proposed to reduce VAT by 2% for goods and service groups that are currently applying a tax rate of 10% (to 8%), except for some of the following groups of goods and services: telecommunications, information technology. information, financial activities, banking, securities, insurance, real estate business, metal production and production of prefabricated metal products, mining industry (excluding coal mining), manufacturing coke, refined petroleum, chemical manufacturing and chemical products, goods and services subject to special consumption tax.
- The North attracted the largest foreign investment in the manufacturing sector with 3.4 billion USD, equivalent to 63% of newly registered manufacturing FDI projects (about 238 new projects). Of which, Bac Giang accounts for 20% of the total newly registered projects with 1.06 billion USD, including: investment in Singapore's Fulian Precision Technology factory, worth 621 million USD and the project of LONGi Green Energy Technoly Co. Ltd, worth 140 million USD; Bac Ninh ranks third nationwide in attracting manufacturing FDI with 9% of total registered capital worth 486 million USD. According to information on the 2023 industrial real estate market focus of Savills Vietnam, the North in the first half of 2023 recorded 68 industrial park projects with a total area of up to 12,000 hectares. Average occupancy rate 83%; Land rental price reached 138 USD/m2/rental period, up from 102 USD/m2/rental period.

## Business news

- VIC: Vingroup is about to issue nearly 10 million ESOP shares priced at 10,000 VND/share. Vingroup Corporation - Joint Stock Company (code: VIC) has just issued a resolution approving the dossier for issuing shares under the employee selection program (ESOP). Accordingly, the expected number of shares to be issued is 9,876 million shares, with a selling price of 10,000 VND/unit. The issuance rate is equivalent to 0.26% of the total number of outstanding Vingroup shares. Expected implementation date is in the fourth quarter of this year, after approval by the State Securities Commission. These shares are restricted from transfer for 1 year.
- BVB: Ban Viet Bank (BVBank - stock code BVB) has just announced its financial report for the third quarter of 2023. Compared to the previous quarter, BVBank's business situation improved significantly. Increasing total assets and asset quality is one of BVBank's key goals in the pivotal year 2023. During a period when the financial market and banking industry face many challenges, BVBank maintains its strategy Structure assets in a safe direction. The bank focuses on lending to agriculture, rural areas and SME customers. At the end of the third quarter of 2023, BVBank recorded total assets of approximately VND 84,300 billion, an increase of more than VND 5,000 billion compared to the end of 2022. Compared to the plan of VND 86,600 billion set for 2023, the bank has Completed 97% of the year's plan.
- FMC: In the latest announcement, Sao Ta Food Joint Stock Company (Code FMC) announced the Resolution of the Board of Directors approving the adjustment of the 2023 business plan. The reason for the adjustment is not clearly stated. After adjustment, the total revenue target reached 4,870 billion, down 25% compared to the old plan (5,900 billion). Correspondingly, pre-tax profit decreased by 25% compared to the original target of 400 billion VND to 300 billion VND. Total pre-tax profit of the parent company is expected to reach 278 billion VND.

# Breaking News



## Business news

- HPG: Hoa Phat officially reached the milestone of 8 million tons of hot rolled steel (HRC) after more than 3 years of production. Hoa Phat is the only Vietnamese enterprise that can produce hot rolled steel coils (HRC). According to the latest information announcement from Hoa Phat Group (HPG), the enterprise officially reached the milestone of 8 million tons of hot rolled steel coils (HRC) after more than 3 years from May 2020 – the first HRC coil came out. life. Previously, Hoa Phat reached the milestone of 5 million tons of HRC in August 2022. This is positive information for Hoa Phat's business situation, especially when HRC prices in the world market are in a recovery trend. HRC price currently reaches 895 USD/ton, up more than 40% compared to the bottom in early September.
- FCN: FECON Joint Stock Company (code: FCN) has just announced the Board of Directors Resolution approving the 2022 dividend payment time in cash to the first quarter of 2024. Explaining the reason for extending the dividend payment deadline, FECON said that developments in the general construction market were unfavorable, causing production and business activities and the balance of income and expenditure of the enterprise to face many difficulties in 2023.
- VHM, VIC: Vingroup mobilized 300 million USD in bonds, interest rate 9.5 – 10%/year, can be exchanged into VHM shares at a price of over 50,000 VND. According to information from Bloomberg, Vingroup is offering USD 300 million worth of exchangeable bonds, due in 2028. Specifically, Vingroup will be provided with a basic amount of USD 250 million with option increased by 50 million USD on the same day. Interest rates can range from 9.5% to 10%/year, paid quarterly. In particular, the bonds can be exchanged into shares of Vinhomes Joint Stock Company (stock code: VHM). The swap price can be from 51,635 VND to 53,880 VND per share.

# Technical view




## Trend: Decrease

- VNINDEX closed at 1,055.4 points (-46 points, -4.19%) with a sudden increase in liquidity. The market decreased with 505 red stocks, 24 green stocks and 114 floor stocks. Foreign investors and proprietary traders simultaneously sold net. The group of sharply falling stocks contributing to VNINDEX's decline include VHM, VIC and GAS, and no stock clearly leads the market. All industry groups decreased sharply, in which financial services, oil and gas and chemicals decreased the most at -6.45%, -6.38% and -5.77% respectively.
- Technical perspective: The market opened with a gap and fell sharply from the morning session, throughout until the close. The demand for buying is quite weak. Thus, VNINDEX has officially returned to the cumulative support zone of the first 5 months of 2023, which is the 1025-1080 zone. With the current strong decline, it will take a long time for the market to return to an uptrend. In the coming sessions, VNINDEX can still decrease further even though it is currently touching the hard support zone. In a bad scenario, if VNINDEX breaks through the 1020 zone, the possibility of returning to the 950-1000 zone is relatively high. However, we believe that the probability of this scenario is not high.
- Strategy: Investors should stand aside and observe, and cut loss on stocks that have violated support.

### Scenario:

- Positive (50%): The market will accumulate more in the 1055 area this week
- Less positive (50%): The market will fall to test the 1020 zone

# Recommended stocks

**27/10/2023**

Unit: VND thousand

## Today's watchlist

| 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| PTB | Sell | 57.7 | 62.8 | 56.8 | 9% | -2% | 56 | 6 | -2.95% | 19/10/2023 | Reach cutloss |
| SZC | Sell | 37.1 | 40.9 | 36 | 10% | -3% | 36 | 6 | -2.96% | 19/10/2023 | Reach cutloss |
| NKG | Sell | 18.2 | 20.9 | 17.2 | 15% | -5% | 17.3 | 4 | -4.95% | 23/10/2023 | Reach cutloss |
| PVS | Sell | 37.7 | 40.3 | 36.4 | 7% | -3% | 35.6 | 3 | -5.57% | 24/10/2023 | Reach cutloss |

# Economic calendar

## October 2023

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

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# Q&A

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