MORNING CALL
22/01/2024

Shinhan Securities

“The banking group continues to lead the way”

- World stocks: US stocks surpass historic peaks
- Vietnam stocks: The banking group continues to lead the way
- Business news: #HNA, #VND, #IMP, #TPB, #CTS, #VCI
- Highlight: Summary of some contents in the Land Law (amended)
- Technical perspective and updated recommendations
- Event calendar
- Q&A

Tien Le ☎ (84-28) 037 639 1443
✉ tien.ld@shinhan.com

Nam Hoang ☎ (84-28) 6299 8004
✉ nam.h@shinhan.com

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Global Market Review 22/01 - 26/01/2024

Shinhan Securities

Major stocks market

- On Friday, the S&P 500 jumped 1.23% to notch a new record high, confirming the bull market that started in late 2022. The Dow and Nasdaq Composite also climbed 1.05% and 1.7%, respectively. For the week, the Dow rose 0.72%, the S&P 500 gained 1.17% and the Nasdaq Composite added 2.26%. Investors also brushed aside solid US economic data and hawkish signals from Federal Reserve officials which dampened expectations for a March interest rate cut. Markets now look ahead to more economic data and earnings reports this week for further guidance.
- European stocks failed to maintain early gains and closed marginally lower on Friday, remaining under pressure from hawkish remarks made by policymakers from key central banks. The Stoxx 50 index closed slightly below the flatline at 4,447 to book a 0.7% drop on the week, while the Stoxx 600 lost 0.3% to record a 1.6% retreat on the last five days. Earlier in the week, members in the ECB Governing Council noted that markets are overestimating the extent of rate cuts by the central bank for this year, while the Fed urged for caution ahead of its loosening cycle.
- The Nikkei 225 Index jumped 1.4% to above 36,400 while the broader Topix Index gained 1% to 2,535 on Monday, with Japanese shares hitting their highest levels in nearly 34 years and tracking a tech-led rally on Wall Street amid strong corporate earnings and a bullish outlook for artificial intelligence.
- Oil prices dipped slightly on Friday but remained on track for a weekly gain, as WTI crude futures hovered around USD73.7 per barrel. The market was supported by escalating tensions in the Middle East and an optimistic outlook for global oil demand.

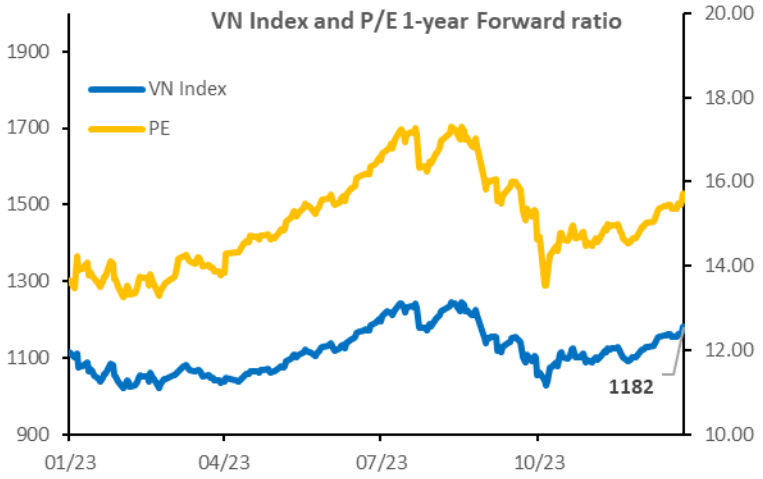
Market

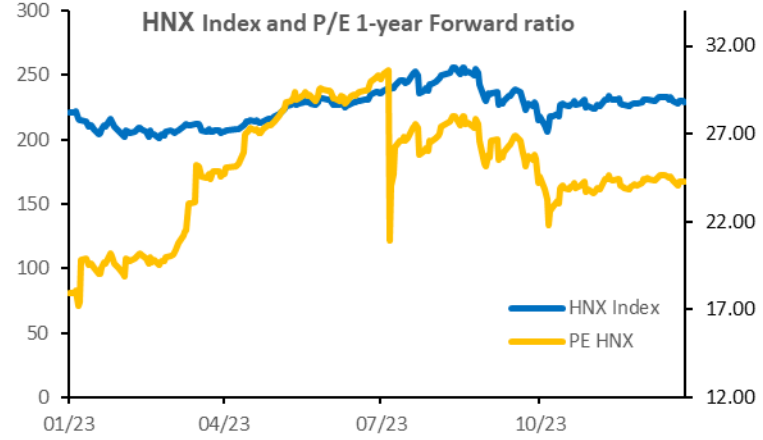
	Close	%1D	%1M	%1Y
VN-Index	1,182	1.06%	7.11%	6.63%
S&P 500 Index	4,840	1.23%	1.79%	21.83%
Dow Jones Index	37,864	1.05%	1.28%	13.45%
GP 100	7,462	0.04%	-3.06%	-3.97%
Nikkei 225	36,535	1.59%	10.15%	37.59%
SHCOMP Index	2,832	-0.47%	-2.83%	-13.25%
STOXX 600	469	-0.26%	-1.75%	3.79%
KOSPI Index	2,475	0.09%	-4.79%	3.33%
Hang Seng	15,309	-0.54%	-6.31%	-30.56%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	103.20	-0.09%	1.47%	1.16%
USD/VND	24,547.00	0.01%	-1.21%	-4.47%
EUR/USD	1.09	0.06%	-1.00%	0.29%
USD/CNY	7.19	0.04%	-1.04%	-5.81%
Brent	78.11	-0.57%	-1.21%	-10.86%
WTI	73.39	-0.03%	-0.23%	-9.74%
Natural gas	2.33	-7.46%	-10.69%	-26.56%
Coal	128.00	-0.70%	-11.88%	-64.79%
Gold	2,032.12	0.13%	-1.02%	5.23%

Vietnam Market Snapshot 19/01/2024





	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,181.50	15.72	12.44	1.06	576	13,827
HNX INDEX	229.48	24.26	-0.45	-0.19	61	1,086

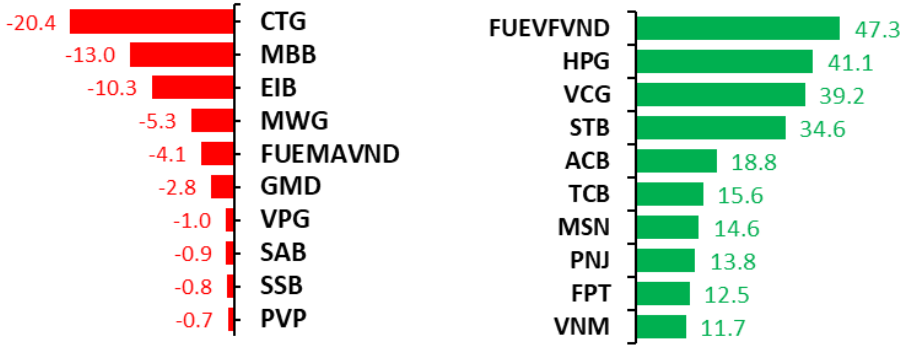
Money flow and sector rotation (VND bn)

Sector	%1D	1/19/2024	1/18/2024	20-session Average
Insurance	59.21	30	19	25
Food and Beverage	55.76	949	609	1,098
Retail	42.68	760	533	552
Industrial Goods & Services	38.92	680	490	898
Utilities	35.75	185	136	172
Financial Services	32.55	2,125	1,603	2,371
Banks	28.34	4,053	3,158	3,416
Technology	21.00	211	174	225
Chemicals	16.32	370	318	480
Automobiles & Parts	-0.2	121	121	162
Travel & Leisure	-5.6	76	81	111
Construction & Materials	-5.9	785	834	931
Basic Resources	-11.6	901	1,019	1,218
Health Care	-16.9	11	13	18
Real Estate	-18.9	2,306	2,842	2,678
Oil & Gas	-25.7	79	106	130
Personal & Household Goods	-35.3	137	211	163
Media	-36.6	6	9	13

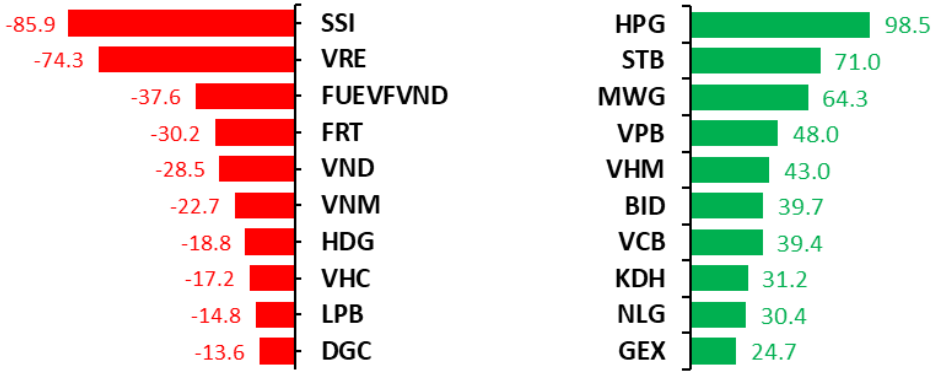
Source: Bloomberg, Shinhan Securities Vietnam

Vietnam Market Snapshot 19/01/2024

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	26	27	(46)	19
Basic Resources	42	107	(130)	23
Media	-	(0)	0	(0)
Industrial Goods & Services	(1)	11	(13)	2
Health care	(0)	1	0	(1)
Chemicals	5	(12)	18	(6)
Financial Services	63	(154)	45	110
Travel & Leisure	4	(8)	3	5
Banks	65	206	(490)	284
Construction & Materials	42	(5)	(46)	51
Food and Beverage	26	(38)	31	7
Retail	(6)	30	(38)	7
Utilities	2	15	(16)	0
Personal & Household Goods	14	(3)	(18)	20
Technology	13	2	20	(22)
Automobiles & Parts	1	(8)	5	3
Insurance	(0)	3	4	(7)
Oil & Gas	0	8	(7)	(1)
Total	**295**	**184**	**(677)**	**494**

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

- Raising the Vietnam-Hungary Comprehensive Partnership to new level. On the afternoon of January 18, local time in Budapest, Hungary, Prime Minister Pham Minh Chinh held talks with Hungarian Prime Minister Viktor Orban... Hungarian Prime Minister affirmed that Vietnam is always Hungary's most important partner in Southeast Asia and believe that the visit will contribute to deepening bilateral relations, making them practical and effective. Prime Minister Viktor Orbán also shared his special feelings and good impressions about his official visit to Vietnam in 2017. Based on the good cooperation between the two countries, the Prime Minister requested Gedeon Richter Company to step up support, exchanging experiences, scientific information, and management experience, helping Vietnam improve the capacity of the pharmaceutical industry and realize the goal of developing the pharmaceutical industry.

- Based on reference to international experience, the Law on Credit Institutions (amended) supplements regulations requiring commercial banks and foreign bank branches to develop expected remedial plans in case of receive early intervention. This is a new approach to early intervention for credit institutions... Accordingly, the Law on Credit Institutions 2024 supplements regulations for 4 major groups of issues: (1) governance and management of credit institutions; (2) operations of credit institutions; (3) handling problem credit institutions; (4) handling bad debts and collateral for bad debts.

- It is necessary to amend the Forestry Law to be compatible with the new Land Law. At the meeting, associations in the forestry industry presented comments from members of the associations and forestry industry associations that raised many issues that need to be resolved in the near future. One of the outstanding issues is building a seed system with new features, ready to face the risk of dangerous diseases that exist in some neighboring countries.

Business news

HNA: Hua Na Hydropower Joint Stock Company (code HNA) has announced its financial statements for the fourth quarter of 2023 with net revenue down 32% YoY to VND 228 billion. However, COGS was only reduced by about 5%, causing gross profit to narrow significantly, down 48% YoY to VND 106 billion, profit margin narrowed from 62% in the fourth quarter of 2022 to 46% in 2023. Financial revenue recorded was less than VND 1 billion, but Hua Na Hydropower's financial costs incurred nearly VND 5 billion, down 68% YoY, almost all of which were interest expenses. The company did not record sales expenses, while administrative expenses increased 19% to VND 13 billion. As a result, Hua Na Hydropower Plant's pre-tax profit in the Q4/2023 was nearly VND 89 billion, down 51% YoY. Corresponding PAT reached VND 84 billion.

VND: Big profit from selling bonds, VNDirect's fourth quarter profit suddenly increased more than 116 times to nearly a trillion at the end of the year, VNDirect sold off a large amount of unlisted bonds and bought more unlisted stocks. However, details are not specifically explained. VNDirect Securities Joint Stock Company has just released its separate financial report for the Q4/2023 with operating revenue slightly decreasing by 2% YoY, down to VND 1,932 billion. However, pre-tax profit suddenly increased more than 116 times in the Q4/2022, reaching VND 991.5 billion. The main reason comes from bond trading activities.

IMP: Imexpharm Pharmaceutical Joint Stock Company (IMP) has just published the IR newsletter, estimating business results in 2023 and planning strategies for 2024. Specifically, net revenue in 2023 IMP is estimated to reach VND 1,994 billion - an increase of 21% YoY and exceeded the set target by 14%. Of which, revenue is contributed 53% from the OTC channel and 42.7% from the ETC channel. IMP maintains the No. 1 position in the ETC group 2 bidding market with 16.4% market share (1.8 times higher than the 2nd domestic company). Currently, antibiotics are still IMP's core strength with a contribution of 74% to total revenue.

Breaking News



Business news

TPB: TPBank's bad debt decreased sharply by more than VND 1,000 billion in Q4/2023. TPBank's total operating income in the fourth quarter reached VND 4,443 billion, up 21.3% YoY. The growth driver mainly comes from core activities with net interest income increasing by 43.8% YoY and reaching VND 3,996 billion. Tien Phong Commercial Joint Stock Bank (TPBank – TPB) recently announced its financial report for the Q4/2023. The bank's profit before tax in the Q4/2023 is at VND 630 billion, down 67% YoY. The main reason is that risk provision costs skyrocketed from VND 115 billion in Q4/2022 up to VND 1,970 billion VND in Q4/2023, an increase of 17 times.

CTS: In VietinBankSC's self-trading portfolio, THACO is the most profitable investment while HNG is the most "clamped" stock by the end of 2023. Vietnam Bank for Industry and Trade Securities Joint Stock Company (VietinBankSC - code CTS) has just announced its financial report for the fourth quarter of 2023 with operating revenue reaching VND 311 billion, an increase of 62% YoY thanks to the improvement of main business areas.

VCI: Vietcap Securities in Q4/2023 profit increased 360% YoY, proprietary trading portfolio decreased by nearly VND 1,300 billion within 3 months, HPG stock no longer appeared in the its portfolio. Vietcap Securities has announced its financial statements for the fourth quarter of 2023, recording a slight increase in operating revenue of 1% to VND 806 billion. Specifically, profits from financial assets recorded through profit and loss (FVTPL) increased by 17% to VND 430 billion, similarly profits from loans and receivables increased by 15% to VND 187 billion. In contrast, Vietcap's brokerage revenue decreased by 30% to VND 147 billion, profit from held-to-maturity (HTM) investments decreased by 2/3 compared to the same period last year, to VND 11 billion.

Highlight: Summary of some contents in the Land Law (amended)





The Land Law was officially passed on the morning of January 18, 2024 with the expectation of more transparency for the market. Many new regulations have been passed, of which we assess a few major points that have an impact on listed real estate businesses such as:

(1) Provide 4 land valuation methods with specific applications for each case, avoiding confusion for agencies doing the valuation work and removing difficulties for businesses that still have problems in paying land-using fees. , speeding up progress for real estate projects.

(2) Institutionalize Resolution No. 18-NQ/TW, Land Law 2024, which stipulates that businesses can only receive 100% transfer and capital contribution of "residential land", and cannot have other land. For businesses with existing land, they can only implement a NOTM project if they have all or part of the residential land in the project, similar to the 2013 Land Law. Thus, the 2024 Law has ended the situation where many businesses collect agricultural land and other types of land (no residential land) through middlemen, then convert land use rights to enjoy super profits.

(3) Encourage organizations and individuals to use capital and technology to carry out sea reclamation activities. This is an important legal basis for the sea reclamation project to be implemented because the 2013 Land Law has no regulations on this activity.

Overall, we see that the 2024 Land Law is adjusted in a direction that makes the market more transparent and orderly. The authorities have a basis to carry out valuation work. We believe that businesses with strong finances and projects with clear legalities will benefit after the 2024 Land Law is implemented, when the market is more transparent and has purged incompetent businesses.

Technical view



Trend: Uptrend

- VNINDEX closed 1,181.5 (+12.44 points, +1.06%) with stable liquidity. The market has 306 green tickers and 186 red tickers. The group of stocks contributing the most to the market's increase is BID, CTG, VCB. On the contrary, the groups of stocks contributing to the market's decline were VIB and VHM. Most industry groups increased, led by the banking group
- Technical: The market officially exceeded 1,180 last week with the leadership of the banking group. The reference support and resistance thresholds for VNINDEX are the 1,160 and 1,220 areas. However, this increase is mainly due to the banking group, so the profit-taking pressure of this group when it appears may cause the market to decline sharply if like cash flow does not flow into other industry groups.
- Strategy: The appropriate strategy is still to prioritize holding and not chasing the banking group because the pressure of reversal can happen at any time.

Scenario:

- Positive (50%): The market will maintain its upward momentum to the 1220 area
- Less positive (50%): The market corrected to the 1160 area

Recommended stocks

22/01/2024 9:00 AM

Unit: VND thousand

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals

Trading portfolio

Ticker	Recommendation	Buying price	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
KBC	Hold	31.7	35.1	30.1	11%	-5%	31.6	19	-0.47%	26/12/2023	
VHC	Hold	62.0	69.9	59.1	13%	-5%	64.0	16	3.23%	29/12/2023	
SSI	Hold	33.0	36.0	31.7	9%	-4%	33.7	12	2.28%	04/01/2024	
PET	Hold	26.7	30.3	25.5	13%	-4%	26.7	6	-0.19%	12/01/2024	
VPB	Hold	19.4	21.4	18.7	10%	-4%	19.7	1	1.55%	19/01/2024	

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Economic calendar

January 2024

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
31	1	2	3 ISM Manufacturing PMI DEC (US)	4 FOMC Minutes	5 Non-farm payrolls, unemployment rate (US)	6
7	8	9	10	11 Inflation figures (US)	12 PPI MoM DEC (US) Inflation Rate YoY DEC (China)	13 Trade balance (China)
14	15	16 House Price Index YoY DEC (China)	17 Retail Sales, PPI (US) Unemployment rate, GDP growth Q4 (China)	18 Expiration of futures contract VN30F1M	19 Michigan Consumer Sentiment Prel JAN (US)	20
21	22	23 BoJ Interest Rate Decision	24	25 GDP Growth Rate QoQ Adv Q4 (US)	26 Core PCE Price Index MoM DEC (US)	27
28	29	30 JOLTs Job Openings DEC (US)	31	1	2	3
4	5	NOTES				

Shinhan Securities

Q&A

Shinhan Investment Network

SEOUL

Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

NEW YORK

Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

HONG KONG

Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

INDONESIA

PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599

SHANGHAI

Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

HCM

Shinhan Securities Vietnam Co., Ltd.
22nd Floor, Centec Tower, 72-74 Nguyen Thi Minh Khai Street,
District 3, HCM City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

HA NOI

Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District,
Hanoi, Vietnam.
Tel : (84-8) 6299-8000



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