MORNING CALL
23/01/2024

Shinhan Securities

“Attempting to increase, cash flow returned to the steel group”

- ❑ World stocks: Growth trend returns
- ❑ Vietnam stocks: Attempting to increase, cash flow returned to the steel group
- ❑ Business news: #VND, #DHG, #NDN, #RAL, #SCS, #HT1
- ❑ Technical perspective and updated recommendations
- ❑ Event calendar
- ❑ Q&A

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

Major stocks market

- In regular trading on Monday, the Dow and S&P 500 rose 0.36% and 0.22%, respectively, with both benchmarks reaching new all-time highs. The Nasdaq Composite also gained 0.32%. Investors now look ahead to key US economic data and more corporate earnings.
- European stocks saw gains on Monday, with the STOXX 50 and STOXX 600 up 0.8%. Investors are eagerly awaiting key policy meetings by the European Central Bank and Norges Bank this week, anticipating any indications of potential interest rate cuts later in the year.
- The Nikkei 225 Index rose 0.6% to above 36,700 while the broader Topix Index gained 0.4% to 2,555 on Tuesday, with Japanese shares hitting their highest levels in nearly 34 years. Investors also look ahead to the Bank of Japan's policy decision where it is expected to maintain ultra-loose monetary settings, while markets look for hints about a possible policy shift in the future.
- The Shanghai Composite dropped 2.68% to close at 2,756 while the Shenzhen Component tumbled 3.5% to 8,480 on Monday, with mainland stocks sinking to fresh multi-year lows as China's central bank kept key lending rates unchanged, disappointing market expectations for further policy easing.
- WTI crude futures rose more than 2% to over $74.5 per barrel on Monday, driven by supply disruptions and strong demand. Israel's offensive in Gaza and attacks on commercial vessels by Iran-aligned Houthis persist despite US retaliation. Additionally, Russian energy firm Novatek halted operations at its Baltic Sea export terminal due to a fire reportedly caused by a drone attack, now extinguished.

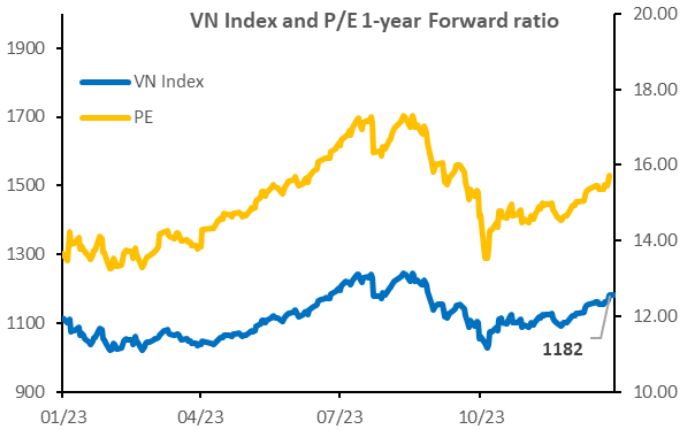
Market

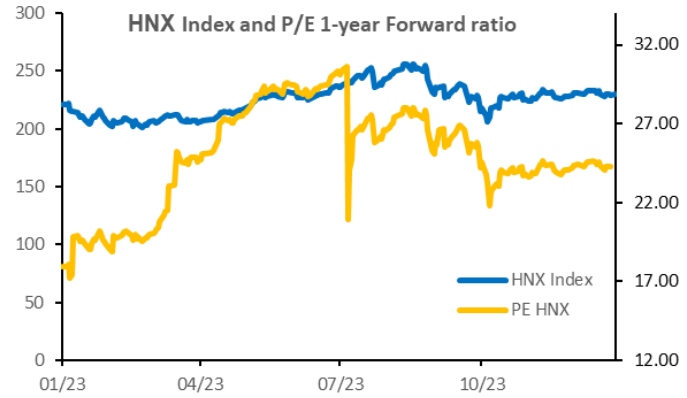
	Close	%1D	%1M	%1Y
VN-Index	1,183	0.12%	7.23%	6.75%
S&P 500 Index	4,850	0.22%	2.01%	22.10%
Dow Jones Index	38,002	0.36%	1.65%	13.86%
GP 100	7,488	0.35%	-2.73%	-3.81%
Nikkei 225	36,803	0.70%	10.96%	36.79%
SHCOMP Index	2,756	-2.68%	-5.44%	-15.57%
STOXX 600	473	0.77%	-0.99%	4.04%
KOSPI Index	2,478	0.57%	-4.66%	3.47%
Hang Seng	14,961	-2.27%	-8.44%	-32.13%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	103.33	0.00%	1.60%	1.17%
USD/VND	24,546.00	0.04%	-1.23%	-4.47%
EUR/USD	1.09	-0.01%	-1.14%	0.09%
USD/CNY	7.19	0.03%	-0.77%	-5.65%
Brent	80.06	1.91%	1.25%	-8.64%
WTI	74.67	-0.12%	1.51%	-8.52%
Natural gas	2.43	0.54%	-6.82%	-29.45%
Coal	127.45	-0.43%	-12.41%	-63.68%
Gold	2,022.47	0.04%	-1.49%	4.73%

Vietnam Market Snapshot 22/01/2024





Money flow and sector rotation (VND bn)

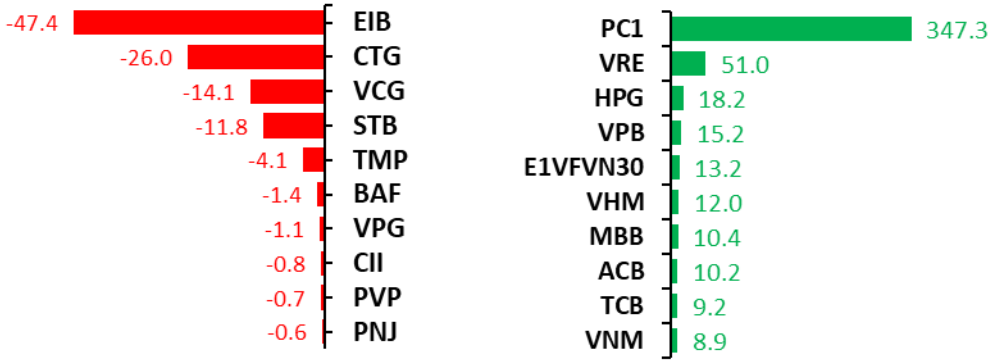
Sector	%1D	1/22/2024	1/19/2024	20-session Average
Basic Resources	223.69	2,915	901	1,346
Media	46.26	8	6	14
Real Estate	38.58	3,196	2,306	2,729
Health Care	24.12	13	11	18
Construction & Materials	21.41	1,001	824	975
Travel & Leisure	19.91	91	76	111
Chemicals	19.72	443	370	483
Automobiles & Parts	2.46	124	121	158
Food and Beverage	0.53	994	989	1,122
Oil & Gas	-1.4	77	79	129
Financial Services	-4.3	2,034	2,125	2,367
Personal & Household Goods	-4.9	130	137	168
Banks	-9.2	3,681	4,053	3,489
Utilities	-23.2	142	185	174
Industrial Goods & Services	-27.9	490	680	879
Technology	-29.0	150	211	225
Retail	-33.9	503	760	558
Insurance	-39.6	18	30	25

	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,182.86	15.74	1.36	0.12	693	15,992
HNX INDEX	229.77	24.31	0.29	0.13	65	1,180

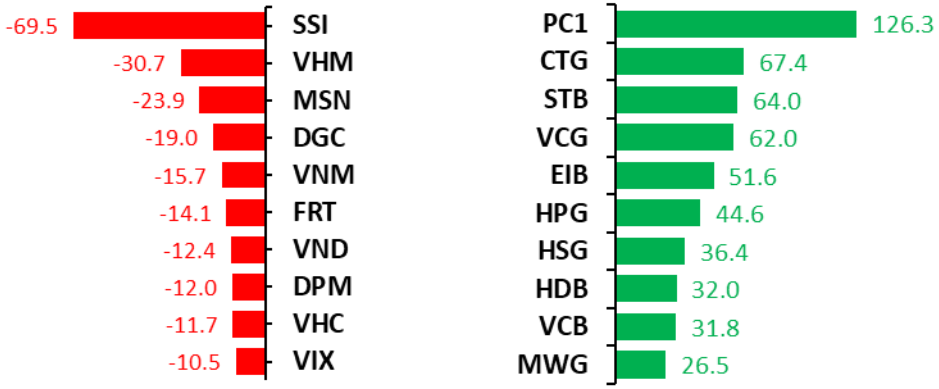
Source: Bloomberg, Shinhan Securities Vietnam

Vietnam Market Snapshot 22/01/2024

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	77	35	(215)	180
Basic Resources	19	87	(145)	58
Media	-	(0)	0	(0)
Industrial Goods & Services	(0)	1	1	(2)
Health care	(0)	1	(1)	0
Chemicals	3	(33)	33	(0)
Financial Services	31	(58)	40	18
Travel & Leisure	4	(4)	(1)	4
Banks	(18)	266	(345)	79
Construction & Materials	334	189	(493)	304
Food and Beverage	16	(37)	26	11
Retail	7	11	(32)	21
Utilities	(1)	2	10	(12)
Personal & Household Goods	(1)	(3)	4	(1)
Technology	1	1	9	(11)
Automobiles & Parts	2	(4)	10	(6)
Insurance	0	2	(3)	1
Oil & Gas	0	2	(1)	(1)
Total	**476**	**458**	**(1,101)**	**643**

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

- Credit risk forecast in 2024. The sudden acceleration of credit in the last month of 2023 may dilute bad debt, bringing the bad debt ratio of banks to a low level in the fourth quarter. However, this rate is likely to increase again in the first half of 2024 when credit growth slows down and macro factors do not show clear signs of improvement... Policies to extend, defer debt and maintain the same debt group for customers are approved by the Bank. State goods apply from March 2020 and continue until now. The regulations issued mainly aim to give banks a mechanism to delay recognition and provisioning, as well as create conditions to extend time for real estate investors to settle their debt obligations that are about to come due.

- Romania calls on businesses to seize opportunities to cooperate and invest in Vietnam. Romanian Minister of Economy, Enterprise and Tourism Radu Stefan Oprea commented that Vietnam has developed "miraculously" with rapid growth for many years, the population size has reached nearly 100 million people... During the visit program Official Romania, on the morning of January 21 (local time), Prime Minister Pham Minh Chinh and a high-ranking Vietnamese delegation visited and worked in Prahova province.

- Worried about soaring shipping costs, the Ministry of Transport sought to support import-export businesses. The Ministry of Transport requested the Maritime Administration to urgently work with shipping lines that have transport routes to America and Europe to call on shipping lines to maintain routes, add seats and containers to Vietnam, and create favorable conditions. Facilitate the transportation of import and export goods... First of all, the Ministry of Transport requests the Vietnam Maritime Administration to ensure a smooth seaport system nationwide, creating favorable conditions for transportation, import and export good, at the same time, research and immediately deploy solutions to improve the efficiency of maritime infrastructure exploitation.

Business news

VND: According to the separate financial report for the fourth quarter of 2023, VNDirect Securities Joint Stock Company suddenly incurred bad receivables of nearly VND 31.6 billion (as of December 31, 2023) for its customer, Anti-Virus Software Joint Stock Company BKAV (Bkav Pro). At the end of 2023, VNDirect is having to make a provision of more than VND 22 billion for this receivable. Bkav Pro is the company in charge of the software publishing segment of Bkav Group. This group was founded in 2003, operating in the fields of cybersecurity, software, e-government, smartphone manufacturers, smart electronic devices, smart cities and AI cameras. Bkav founder, Mr. Nguyen Tu Quang, is currently Chairman of the Board of Directors and Chief Executive Officer (CEO).

DHG: Hau Giang Pharmaceutical Joint Stock Company (code DHG) has announced its financial report for the fourth quarter of 2023 with net revenue reaching VND 1,535 billion VND, an increase of 15% compared to the same period in 2022. The stronger increase in cost price causes gross profit margin to shrink from 47% in the same period last year to 43%. The corresponding gross profit reached VND 653 billion, an increase of 5% YoY. After deducting expenses, Hau Giang Pharmaceutical's pre-tax profit is VND 292.6 billion, an increase of more than 11% YoY. Net profit reached more than VND 261 billion, an increase of 10.6% YoY. According to the company's explanation, profit growth is due to focusing on selling strategic products, establishing a tight distribution system and connect with customers.

NDN: At the end of 2023, Da Nang House's stock investment item increased by 39.6% compared to the beginning of the year, corresponding to an increase of VND 123.1 billion, to VND 433.6 billion and equal to 32.7% of total assets. According to the newly announced financial report of the fourth quarter of 2023 of Da Nang Housing Development Investment Joint Stock Company (MCCK: NDN), this quarter, NDN recorded revenue of VND 68 billion, much higher than the previous modest revenue of the same period last year (VND 954.8 million).



Business news

RAL: Rang Dong Thermos Light Bulb Joint Stock Company (code RAL) has announced its financial statements for the fourth quarter of 2023. During the reporting period, the company recorded net revenue of VND 3,375 billion, an increase of 20% YoY. The sharp increase in cost of capital caused gross profit to only increase by about 6% over the same period last year to 678 billion, gross profit margin narrowed to 20%.

SCS: An airline business "earns 10 dong for a profit of 7" but still does not complete the 2023 plan. Despite relatively careful planning, the company still only completed 92% of the year's profit target. Saigon Cargo Service Joint Stock Company (Saigon Cargo Service, stock code: SCS) has announced its financial statements for the fourth quarter of 2023 with net revenue of VND 199 billion, a slight increase of 2% YoY. However, the cost of goods sold unexpectedly increased by 77% YoY to VND 54 billion, causing the company's gross profit to decrease by 12% to VND 144 billion. Gross profit margin narrowed from 84% to 73%, still the highest profit margin on the floor with more than 7 dong of profit for every 10 dong of revenue.

HT1: Vicem Ha Tien (HT1) indicates a profit of only VND 17.1 billion in 2023, despite achieving revenue of more than VND 7,000 billion. This is a record low profit level in many years for this cement manufacturing enterprise. Vicem Ha Tien Cement Joint Stock Company (Vicem Ha Tien; stock code: HT1) has just announced its consolidated financial report for the fourth quarter of 2023, recording pre-tax profit of more than VND 55.4 billion, down 32% over the same period in 2022. According to the report, Vicem Ha Tien's net revenue reached VND 1,783 billion, down nearly 23% over the same period. Meanwhile, cost of goods sold was VND 1,603 billion, down 23.83% over the same period. As a result, Vicem Ha Tien's gross profit on sales in the fourth quarter of 2023 only reached 179 billion VND, down 14.39% YoY.

Technical view



Trend: Uptrend

- VNINDEX closed 1,182.2 (+1.36 points, +0.12%) with increased liquidity. The market has 246 green codes and 223 red codes. The group of stocks that contributed the most to the market's increase were HPG NVL and ACB. On the contrary, the group of stocks contributing to the market's decline were VCB GVR and GAS. Foreign countries suddenly net bought strongly in today's session. Industry groups increase and decrease with differentiation.
- Technical: The market formed a small withdrawal candle, showing that demand has not yet been overwhelmed. However, the banking group showed signs of slowing down when some stocks showed signs of profit taking, causing the VNINDEX index to only inch up slightly. The main trend of VNINDEX is still increasing, but it is necessary to observe more developments in cash flow to confirm the next industry group to catch the wave. Reference support and resistance levels are 1160 and 1220, respectively.
- Strategy: The appropriate strategy is still to prioritize holding and not chasing the banking group because the pressure to turn down can happen at any time.

Scenario:

- Positive (50%): The market will maintain its upward momentum to the 1,220 area
- Less positive (50%): The market corrected to the 1,160 area

Recommended stocks

23/01/2024 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%	30.8	20	-3.00%	26/12/2023	
VHC	Hold	62.0	69.9	59.1	13%	-5%	64.0	17	3.23%	29/12/2023	
SSI	Hold	33.0	36.0	31.7	9%	-4%	34.0	13	3.03%	04/01/2024	
PET	Hold	26.7	30.3	25.5	13%	-4%	26.5	7	-0.94%	12/01/2024	
VPB	Hold	19.4	21.4	18.7	10%	-4%	19.8	2	2.06%	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				

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Q&A

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