MORNING CALL

October 24th, 2022

"The journey to find the bottom is still uncertain, optimistic signals from global stocks"

- Global stocks close volatile week with higher recovery
- Domestic stocks dropped when the sideways movement with low liquidity pushed the cautious sentiment high. More businesses update business results.
- Yen recovers strongly against USD, doubts BOJ will continue to intervene
- Technical view and recommendations
- Economic calendar
- Q&A

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Global Market Review - Week 17-21/10/2022

Major stock markets have higher rally week

- US equities rose sharply on Friday with Dow gaining more than 700 points and both Nasdaq and S&P 500 up almost 2.5% as treasury yields fell and investors were assessing corporate earnings and the outlook for Federal Reserve rate hikes. Some Fed officials are signaling a desire to slow down the pace of rate hikes to gauge the impact of such tightening on growth, a WSJ report showed.
- European equity markets closed mostly lower on Friday, with the benchmark Stoxx 600 down more than 0.5% and the German DAX also below the flatline led by declines in real estate companies. The sentiment remained clouded by political turmoil in the UK following Liz Truss's resignation and growing concerns about a global economic slowdown. However, at the end of the week, the indexes still remained in green color.
- The consumer confidence indicator in the Euro Area edged up by 1.2 points to -27.6 in October of 2022 from September's record low of -28.8, beating market expectations of -30, according to preliminary estimates of the European Commission.
- The focus of this week will be the monetary policy meeting of major central banks such as the ECB, BOJ and BOE, ahead of the meeting of the Fed in early November, whereby the roadmap for raising interest rates will be revealed..
- WTI crude futures rebounded to near $85 per barrel on Friday, as a weaker dollar supported greenback-priced commodities. Oil prices were little changed last week, as hopes of higher Chinese demand and output cuts by OPEC+ offset lingering fears about a potential global recession.

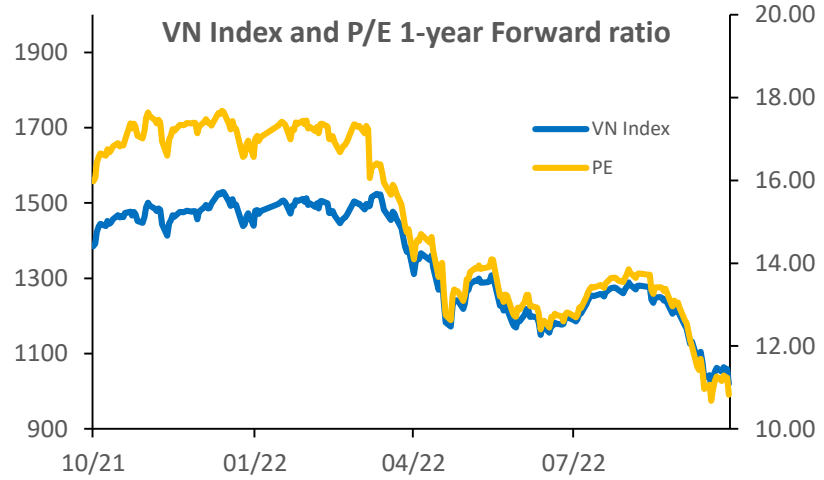
Market

	Close	%1D	%1M	%1Y
VN-Index	1,020	-3.65%	-15.25%	-26.59%
S&P 500 Index	3,753	2.37%	1.61%	-17.43%
Dow Jones Index	31,083	2.47%	5.04%	-12.88%
GP 100	6,970	0.37%	-0.70%	-3.26%
Nikkei 225	27,254	1.35%	0.37%	-5.38%
SHCOMP Index	3,039	0.13%	-1.60%	-15.18%
STOXX 600	396	-0.62%	1.51%	-16.02%
KOSPI Index	2,251	1.69%	-1.72%	-25.14%
Hang Seng	16,211	-0.42%	-9.60%	-37.95%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	112.03	0.02%	-1.02%	19.64%
USD/VND	24,669.00	-0.50%	-3.98%	-7.79%
EUR/USD	0.98	-0.13%	2.50%	-15.15%
USD/CNY	7.23	-0.22%	-2.50%	-11.58%
Brent	93.95	0.48%	9.05%	9.84%
WTI	85.51	0.54%	8.60%	2.09%
Natural gas	4.91	-1.05%	-28.13%	-7.06%
Coal	390.00	-0.50%	-12.26%	70.68%
Gold	1,658.53	0.05%	2.23%	-8.25%

Vietnam Market Snapshot 21/10/2022





	Đóng cửa	PE	Tăng giảm	%1D	đơn vị)	VND)
VNI NDEX	1,019.82	10.82	-38.63	-3.65	742	14,616
HNX INDEX	217.41	13.28	-8.47	-3.75	89	1,363

Money flow and sector rotation (VND bn)

Sector	%1D	10/21/2022	10/20/2022	20-session Average
Media	508.61	1	0	2
Oil & Gas	237.80	555	164	239
Retail	158.13	716	277	433
Health Care	108.55	20	10	15
Financial Services	101.25	1,339	665	1,044
Insurance	92.95	73	38	91
Utilities	82.39	271	149	242
Basic Resources	74.66	1,223	700	774
Automobiles & Parts	73.81	123	71	113
Construction & Materials	57.97	655	414	650
Personal & Household Goods	55.44	211	136	139
Banks	50.09	1,916	1,277	1,624
Real Estate	41.90	1,753	1,235	1,653
Chemicals	41.16	904	640	686
Food and Beverage	33.11	957	719	917
Industrial Goods & Services	31.45	573	436	463
Travel & Leisure	19.89	43	36	61
Technology	-8.2	142	154	120

Breaking News

Macro

Positive

- Reporting on the results of the implementation of the socio-economic development plan in 2022 at the opening session of the 4th session of the 15th National Assembly, on the morning of October 20, Prime Minister Pham Minh Chinh emphasized, despite many difficulties, Despite the unpredictable challenges, our country still achieved very positive results. Accordingly, economic growth in the first nine months of the year exceeded expectations, reaching 8.83%. It is estimated that for the whole year, GDP growth rate will reach about 8%, exceeding the set target (6-6.5%), creating an important momentum for the next years to realize the economic growth target of the 5-year, plan 2021 - 2025 has been proposed.
- The International Maritime Organization (IMO) highly appreciates Vietnam's maritime development potential, hopes that Vietnamese agencies have a cooperation mechanism with the World Maritime University, and send staff to attend the events. specialized maritime training course to strengthen human resources in both quality and quantity.

Less positive

- The State Bank of Vietnam (SBV) decided to adjust the USD/VND spot exchange rate band from ±3% to ±5% from October 17.
- The State Bank of Vietnam has increased operating interest rates since September 23. Accordingly, large banks began to sharply increase deposit interest rates.

Business news

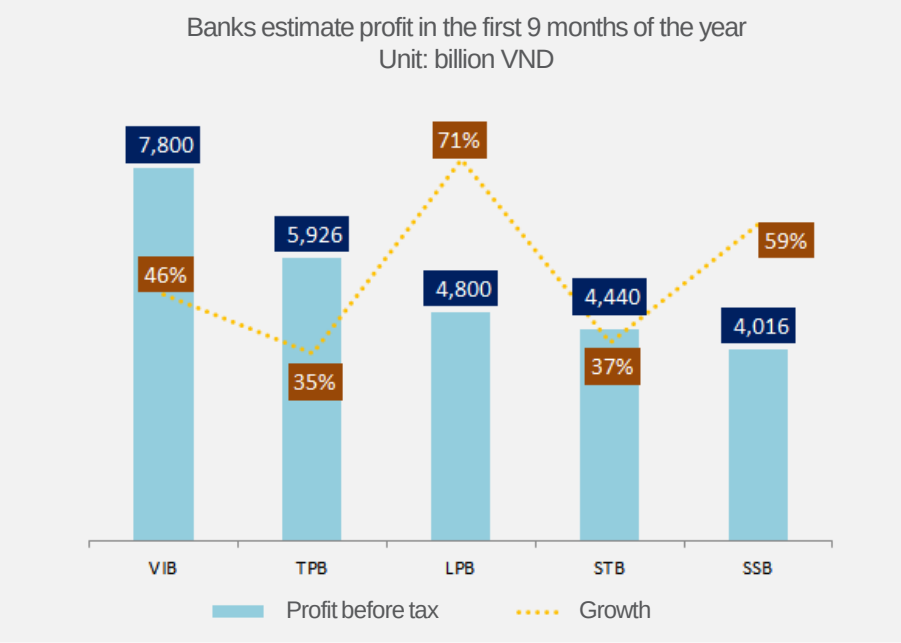
- KDC, Kinh Do Group JSC closed the third quarter of 2022 with not very positive results. KDC recorded net revenue of VND3,227 billion, up 26% y/y. COGS increased 29% faster, so profit margin narrowed from 19.2% to 17.2%. Notably, the company lost nearly 35 billion dong from joint ventures and associates. In the end, the company only earned more than 30 billion dong in profit after tax, down 76% over the same period. This is also the lowest quarterly profit in 4 years of KDC.
- NT2, In Q3, Nhon Trach 2 Petroleum Power recorded a strong increase of 74% in revenue, to nearly 2.2 trillion dong. Cost of goods sold also increased by 85% to more than 1.7 trillion dong, but the company still has a gross profit of more than 422 billion dong, up 39% compared to the same period in 2021. The increase in operating expenses caused the company to have a business period. went backwards, with an after-tax profit of nearly 199 billion dong, down 27%.

  Notably, the Company has to make provision for bad debts of more than VND 187 billion from the Electricity Trading Company (EPTC) – which are debts to be collected for electricity bills under the contract between NT2 and EPTC.

- BMP, Binh Minh Plastic JSC announced to pay cash dividend at the rate of 31%, ex-dividend date is October 26th.
- HTN, Hung Thinh Incons JSC announced to pay cash dividend at the rate of 12%, ex-dividend date is October 27th.
- PNJ, Phu Nhuan Jewelry JSC announced to pay cash dividend at the rate of 8%, ex-dividend date is October 28th.

Business results of banking group

Before



Source: Vietstock

Update

- ACB, Asia Commercial Joint Stock Bank reported a 9-month pre-tax profit of more than VND 13,503 billion, up 51% over the same period last year thanks to the reversal of provisions of nearly VND 180 billion. ACB's main activities brought in VND 17,079 billion in net interest income, up 21% over the same period last year. Notably, profit from other activities was 12 times higher (VND 849 billion). The ratio of bad debt to outstanding loans increased from 0.78% at the beginning of the year to 1.02%.

  In the third quarter alone, ACB deducted more than VND 90 billion for credit risk provision, so the bank earned nearly VND 4,475 billion in pre-tax profit, up 71% over the same period.

- MSB, Accumulating 9 months, the bank's total operating income is more than VND 8,000 billion, up 5% over the same period; in which net interest income reached more than VND 6,200 billion, up 38% and pre-tax profit reached VND 4,824 billion, up 17% compared to 9 months of 2021, fulfilling more than 70% of the plan. The bad debt ratio was at 1.08%, continuing to improve compared to 1.1% as of June 30, 2022.

  For the third quarter alone, the bank's pre-tax profit reached VND 1,489 billion, up 47.4% compared to the third quarter of 2021. The above results are based on the bank's strategy of diversifying revenue sources, in order to minimize market interest rate fluctuations and ensure stable growth.

- PGB, In the first 9 months, PG Bank brought in nearly VND 876 billion of net interest income, up 19% over the same period. Profit before tax was more than VND 387 billion, up 42%. Notably, other activities earned a profit of more than VND 109 billion, while the same period lost nearly VND 25 billion.

  In the third quarter alone, the Bank deducted more than VND 77 billion for credit risk provision, profit before tax was nearly VND 142 billion, up 46%.

- VBB, VietBank reported a 9-month pre-tax profit of nearly VND 536 billion, up 36% over the same period last year, although provision expenses for credit risks were 2.7 times higher. Notably, net profit from other activities increased by 71%, earning nearly VND 198 billion thanks to income from deposits for real estate transfer and debt recovery that have been dealt with risks. The ratio of bad debt to outstanding loans at the end of the third quarter increased to 4.33%.

Yen recovers strongly against USD





Overview

- Sources familiar with the matter said on October 22 that Japan once again intervened in the currency market during the October 21 session in New York to prevent the yen's slide against the dollar, after the first intervention in 24 years in September 2022 to support the local currency.
- Japan's top currency diplomat Masato Kanda kept quiet on whether Tokyo would implement a new intervention like last month. The strong volatility of the yen raised speculation that the Japanese Government had intervened in the market by buying Yen and selling USD.
- The main reason for the weakening of the yen against the dollar is the widening interest rate gap between Japan and the US due to the different monetary policies of the two countries. Bank of Japan (BoJ) Governor Haruhiko Kuroda has ruled out a rate hike in the next few years.

Dollar index cools down

- The dollar index (DXY) pulled back toward 112 on Friday, as investors scaled back bets on aggressive monetary tightening after a WSJ report saying that some Fed officials are concerned about overtightening with large rate hikes. The Federal Reserve is still expected to lift the fed funds rate by 75 bps in November, but the December increase could be smaller.

Technical view



Trend: Retest the threshold of 1000 points

- The sudden reversal of the index pushed the trading risk higher, the order matching also increased in the dropping session, showing active selling. Although the world stock market still had a prosperous week, domestic stocks were in the red again, which shows that there is something unknown in the market. The index once again dropped to the psychological support level around 1,000 points and is likely to retest this level in the next sessions. If the threshold of 1,000 points is lost, the decreasing inertia will continue and the index may fall to the area of 940 points. On the positive side, this might also be a "wash out" session, the index keeps the level of 1,000 and still has expectations for a retracement wave with the target of 1,100 points. Therefore, the current trend is not clear and investors need to be patient, follow discipline and prioritize capital preservation.

Scenarios:

- Positive (60%): The index kept the important support at 1000 points and recovered to 1,080 – 1,100 points to retest the dropping gap as well as MA10.
- Less positive (40%): The index broke through 1000 points, activating the strong downward momentum and the falling inertia will continue. At this time, the falling momentum can find the area of 930 points and lower to the threshold of 880 points.

Recommended stocks

Updated date 24/10/2022

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
PVS	Watch							Correction to strong support zone
PVD	Watch							Correction to strong support zone

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
TNG	Hold	16.4	18	15	10%	-9%	15.7	4	-4.27%	18/10/2022	
NTP	Hold	37.4	40	35	7%	-6%	35	4	-6.42%	18/10/2022	
HAX	Sell	22	25	21	14%	-5%	20.7	3	-5.91%	19/10/2022	
NT2	Hold	26.3	29	25	10%	-5%	25.5	3	-3.04%	19/10/2022	
TLG	Sell	56	61	53.5	9%	-4%	52.9	3	-5.54%	19/10/2022	

Economic calendar

October 2022

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
25	26	27	28	29	30	1
2	3 ISM Manufacturing PMI (US)	4 JOLTS Job Openings (US)	5 OPEC Meetings ADP Non-Farm Employment Change. ISM Services PMI (US)	6 BOJ Gov Kuroda Speaks	7 Unemployment Rate (US)	8
9	10 CPI, PPI (China)	11 GDP (UK) PPI (US)	12	13 FOMC Meeting CPI, core CPI (US)	14 Retail Sales (US), Prelim UoM Consumer Sentiment	15 Treasury Currency Report (US)
16 IMF Meetings	17 ETF VFM VN30, SSIAM VNFin Lead ETF & VFMVN Diamond ETF Review	18	19 CPI, core CPI (UK)	20 Deadline for submission of 3rd quarter financial statements Maturity of Derivatives Contracts Flash PMI (German, French, UK)	21 FDI announcement	22
23	24	25	26 BOC Press Conference, Monetary Policy Report and Rate Statement	27 ECB Press Conference, Monetary Policy Statement	28	29
30 ETF VNM VN30 changes the proportion of the portfolio	31					

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