MORNING CALL

October 25th, 2022

“Be patient in the context of unclear variables”

- Global stocks are divided, China market is mixed
- Domestic stocks lost 1,000 points.
- The basis level in the derivatives market is reaching a record level
- Hidden numbers from China's political tension
- Economic calendar
- Q&A

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Global Market Review - Week 24-28/10/2022

Major stock markets diverge

- US stock futures held steady on Tuesday after the major averages advanced for the second straight session, while investors cautiously awaited a slew of potentially market-moving earnings reports from big technology companies. European equity markets started the week on a strong note, with the German DAX and the benchmark Stoxx 600 adding more than 1.5% each led by gains in utilities and industrial companies.
- Chinese stocks were mixed, with Shang Hai losing 2% and Hang Seng dropping 6.4%.
- The Chinese economy advanced 3.9% yoy in Q3 of 2022, exceeding market consensus of 3.4%, boosted by various measures from Beijing to revive activity. September data showed a mixed recovery in China, with retail sales rising the least in 4 months, export growth at a 5-month low, and the jobless rate hitting its highest since June.
- Rishi Sunak confirmed as new UK Prime Minister. The yield on Britain's 10-year gilt dropped more than 20 bps to below 3.9% on Monday, the lowest in a month and the pound remained stable around $1.13 as investors welcomed the news that former finance minister Rishi Sunak will become the new prime minister.
- WTI crude oil trades around $84 per barrel on Monday, as fears of a potential drop in demand due to a recession continue to hang over the market.

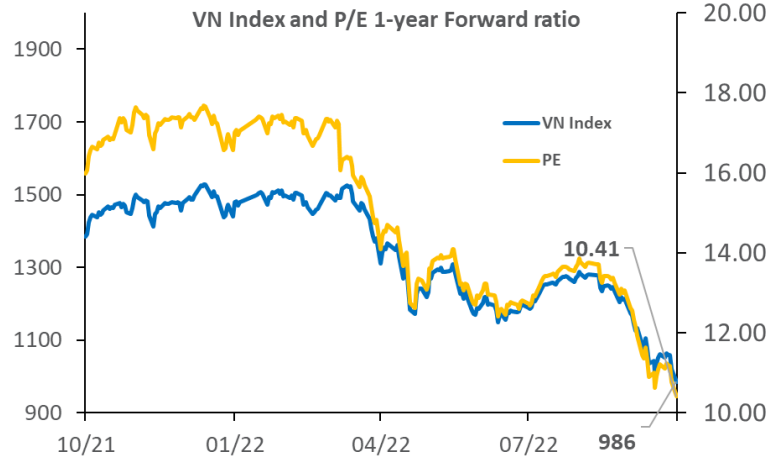
Market

	Close	%1D	%1M	%1Y
VN-Index	986	-3.30%	-18.04%	-28.82%
S&P 500 Index	3,797	1.19%	2.82%	-16.84%
Dow Jones Index	31,500	1.34%	6.45%	-11.87%
GP 100	7,014	0.64%	-0.07%	-2.89%
Nikkei 225	27,140	0.61%	-0.05%	-5.11%
SHCOMP Index	2,978	-2.02%	-3.59%	-17.52%
STOXX 600	402	1.40%	2.93%	-14.90%
KOSPI Index	2,251	0.65%	-1.71%	-25.48%
Hang Seng	15,181	-6.36%	-15.35%	-41.91%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	111.75	-0.21%	-1.27%	19.12%
USD/VND	24,844.00	-0.70%	-4.54%	-8.41%
EUR/USD	0.99	0.17%	2.93%	-14.79%
USD/CNY	7.26	-0.45%	-1.73%	-12.08%
Brent	93.56	0.32%	8.60%	8.80%
WTI	84.90	0.38%	7.82%	1.36%
Natural gas	5.19	-0.13%	-23.96%	-11.97%
Coal	390.00	0.00%	-10.39%	69.57%
Gold	1,653.39	0.22%	1.91%	-8.54%

Vietnam Market Snapshot 24/10/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	986.15	10.41	-33.67	-3.30	654	12,072
HNX INDEX	209.50	13.23	-7.91	-3.64	77	1,110

Money flow and sector rotation (VND bn)

Sector	%1D	10/24/2022	10/21/2022	20-session Average
Media	3.10	2	1	2
Insurance	0.41	73	73	89
Automobiles & Parts	-1.9	121	123	116
Banks	-3.4	1,852	1,916	1,680
Utilities	-5.4	257	271	253
Technology	-6.5	132	142	128
Travel & Leisure	-7.2	40	43	61
Food and Beverage	-12.6	837	957	943
Retail	-18.5	584	716	448
Health Care	-20.1	16	20	16
Chemicals	-21.3	711	904	725
Financial Services	-26.3	987	1,339	1,053
Construction & Materials	-28.6	467	655	663
Real Estate	-28.8	1,248	1,753	1,724
Industrial Goods & Services	-29.0	407	573	470
Basic Resources	-33.3	816	1,223	808
Personal & Household Goods	-36.3	135	211	150
Oil & Gas	-55.6	247	555	242

Breaking News

Macro

Positive

- On October 24, Novaland officially informed about the rumors of the past days related to the projects of this enterprise. Novaland's side confirmed that this is a false rumor, causing panic among internal, community, customers and investors.

Less positive

- The State Bank of Vietnam continues to increase the operating interest rate by 1%, effective from October 25. Whereby:
  - ✓ Refinance interest rate increased from 5.0%/year to 6.0%/year
  - ✓ Rediscount interest rate from 3.5%/year to 4.5%/year
  - ✓ The interest rate for overnight loans in interbank electronic payments and loans to cover capital shortfalls in clearing payments by the SBV for credit institutions increased from 6.0%/year to 7.0%/year.
- The State Bank of Vietnam (SBV) decided to adjust the USD/VND spot exchange rate band from ±3% to ±5% from October 17.



Business news

- NDN, Deputy General Director of Da Nang House, Mr. Bui Le Duy was arrested and detained. Regarding the issues from before 2008 (before equitization) at the Enterprise of Traffic and Construction.
- DCM, In Q3, DCM's net revenue reached VND3,307 billion, up 82.5% y/y. Less cost of goods sold, DCM gross profit is VND 1,007 billion, up 73% over the same period. Deducting expenses, DCM's pre-tax profit was VND 786 billion, double the same period last year, and its after-tax profit was VND 731 billion, up 95%. Although DCM's profit still increased over the same period, it decreased by more than half compared to the first quarter.
- DBC, Dabco announced Q3 consolidated financial statements, according to which revenue reached VND3,665 billion, up more than 31% over the same period. Deducting cost, the Company earned VND 485.6 billion in gross profit and profit after tax more than VND 206 billion, compared to VND 138 billion in the same period last year.

  In the first 9 months of the year, DBC recorded a revenue of VND 9,637 billion. In which, the sudden increase is the revenue from real estate sales (from 231 billion in the first 9 months of 2021 to 843.5 billion in the first 9 months of this year). Deducting expenses, DBC recorded a profit after tax of VND 229 billion, down 68% due to the influence of the first half of the year pig segment.

- 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.

Hidden numbers from political tension in China



Shanghai and Hang Seng fell sharply

- The Shanghai Composite fell 2.02% to 2,978 while the Shenzhen Component dropped 2.05% to 10,695 on Monday, closing at their lowest levels in about two weeks.
- Besides, shares in Hong Kong tumbled 1,030.43 points or 6.36% to finish at 15,180.69, its lowest close since April 2009.
- Investors reacted to mixed Chinese economic data, while assessing the impact of President Xi Jinping's tightening grip over the ruling party. Delayed economic numbers showed that China's GDP grew more than expected in the third quarter due largely to strong manufacturing activity, while the country's retail sales, exports and labor market weakened in September.
- Meanwhile, investors grew concerned after a reshuffling of Chinese leadership, with Xi loyalists set to occupy key economic posts which may accelerate policy agendas, but without any sign of inclination to ease Covid restrictions.
- According to CNBC, investors have expected the policy measures announced during the 20th National Congress of the Communist Party of China but in reality were disappointed. This Party Congress mainly focuses on changing senior personnel in the Politburo.
- According to Reuters, the stock markets of mainland China and Hong Kong reacted negatively to the news of new senior personnel at the 20th Party Congress. Xi Jinping holds the position of General Secretary of the Communist Party of China for the third consecutive term. Some reform-minded officials such as Premier Li Keqiang and Vice Premier Han Zheng are no longer on the Politburo Standing Committee.

PART
-02-

Basis level in derivatives market expands to record



942.0 ↓

-43.00 (-4.37%)

24/10/2022 14:59

Open	993.6
High	996.0
Low	930.2
Volume	462,274
OI	48,375
Basis	-31.88

- Basis - The difference between the closing price of the 1-month-term VN30 derivatives market and the closing price of the underlying market (VN30 Index) is at a fairly low level of nearly 32 points. The record low ever achieved was nearly 39 points in the early Covid phase of April 2020.
- This reflects short sentiment that expects the market to continue to go down sharply and the actual decline in the underlying market must be much larger, however, with the spread being as high as it is now, the possibility of VN30F1M short-term further decline is low.

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Technical view



Trend: Threshold 1,000 points fail

- The index dropped in the context that global stocks prospered and gained higher, showing that investors are still cautious about the domestic market. The threshold of 1,000 points fell today with the matching order above the 20-session average, pushing the trading risk higher. Technical indicators are back to the oversold level. Although the index makes a lower low, it has not been motivated enough to make the indicators make a corresponding lower low, therefore, it is likely to create a "positive divergence". However, the psychology of money flow is quite weak, so investors need to be patient and prioritize portfolio structure at the retracement wave. The nearest support for the trend is around 950 points, while the resistance is now at 1,040 points.

Scenarios:

- Positive (55%): The index was balanced around 980 points and created a recovery pace to test at 1,040 points, better than the 1,100 area.
- Less positive (45%): The index continued to drop, losing the threshold of 980 points. At this time, the falling momentum can find the area of 940 - 950 points and lower to the threshold of 880 points.

Recommended stocks

Updated date 25/10/2022

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%	15.3	5	-6.71%	18/10/2022	
NTP	Hold	37.4	40	35	7%	-6%	35.2	5	-5.88%	18/10/2022	
HAX	Sell	22	25	21	14%	-5%	19.3	4	-12.27%	19/10/2022	
NT2	Hold	26.3	29	25	10%	-5%	25.8	4	-1.90%	19/10/2022	
TLG	Sell	56	61	53.5	9%	-4%	52.9	4	-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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Q&A

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