MORNING CALL

October 31th, 2022

Shinhan Securities

"Accumulate to create more momentum"

- Global stocks to extend gains
- Domestic stocks fell as they approached the resistance at the 20-day MA around 1,040 points
- A look back at the rumors that dominated the market
- Steel industry profit dropped in Q3 #HPG #NKG #HSG
- Technical view and recommendations
- Economic calendar
- Q&A

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

Major stock markets extend their rally

- The Dow rose more than 800 points on Friday, along with the S&P 500 and Nasdaq gaining more than 2.5% each as investors continued to be optimistic that central banks would slow rate hikes. The PCE Price Index, The Fed's favorite inflation rate, shows annual core inflation slightly weaker than expected but still increasing inflationary pressures.
- European stocks also had a good week of recovery with Stoxx Euro 600 increasing strongly by 3.7%. Asian stocks diverged, as Nikkei rose slightly by 0.8%, Shanghai lost 4.1%, Hang Seng also fell 8.3% in the context of the 20th Congress of the Communist Party of China mainly focused on personnel changes at seniorlevels high in the Politburo.
- The US core PCE price index in September increased by 0.5% month-on-month, in line with market expectation and increased by 5.1% year-on-year, lower than expectations for a strong growth of 5.2%
- Personal spending in the US increased 0.6% month-over-month in September of 2022, the same as an upwardly revised 0.6% rise in August and beating market forecasts of a 0.4% rise. Consumer spending has proven resilient, despite soaring inflation rate and borrowing costs.
- WTI crude futures were trading around $88 per barrel on Friday as fears of weak oil demand, especially in China. Persistent coronavirus-induced restrictions in top crude importer China have suppressed oil consumption.

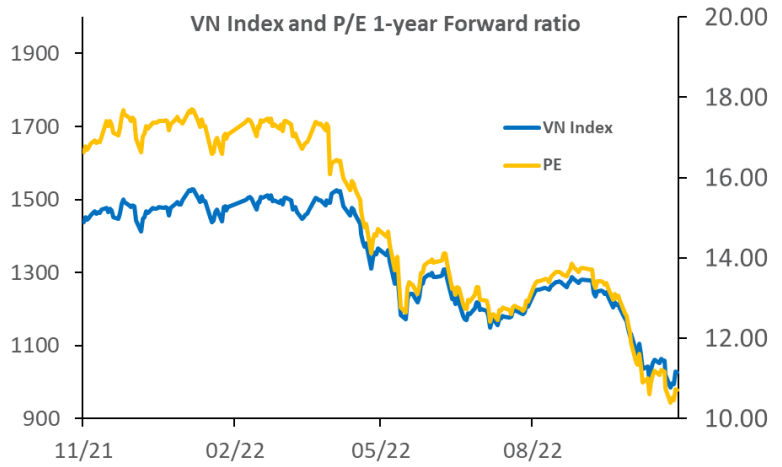
Market

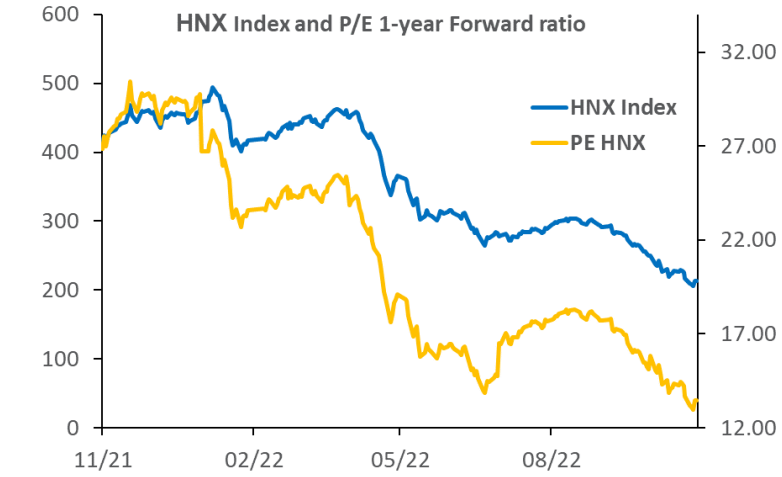
	Close	%1D	%1M	%1Y
VN-Index	1,027	-0.06%	-9.25%	-28.87%
S&P 500 Index	3,901	2.46%	8.80%	-15.29%
Dow Jones Index	32,862	2.59%	14.40%	-8.26%
GP 100	7,048	-0.37%	2.23%	-2.62%
Nikkei 225	27,509	1.49%	6.06%	-4.79%
SHCOMP Index	2,916	-2.25%	-3.59%	-17.80%
STOXX 600	411	0.14%	5.91%	-13.62%
KOSPI Index	2,277	0.38%	5.64%	-23.35%
Hang Seng	14,863	-3.66%	-13.70%	-41.43%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	110.75	0.00%	-1.22%	17.67%
USD/VND	24,828.00	0.03%	-4.38%	-8.35%
EUR/USD	1.00	-0.07%	1.59%	-14.20%
USD/CNY	7.25	-0.32%	-0.72%	-11.87%
Brent	96.33	0.58%	9.52%	14.16%
WTI	88.37	0.53%	11.17%	5.74%
Natural gas	6.05	6.40%	-10.61%	11.46%
Coal	374.00	0.44%	-14.22%	67.19%
Gold	1,643.01	-0.11%	-1.06%	-8.38%

Vietnam Market Snapshot 28/10/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,027.36	10.72	-0.65	-0.06	647	112,121
HNX INDEX	213.73	13.47	0.11	0.05	59	818

Money flow and sector rotation (VND bn)

Sector	%1D	10/28/2022	10/27/2022	20-session Average
Health Care	49.52	31	21	16
Basic Resources	39.73	992	710	827
Industrial Goods & Services	20.51	449	372	457
Travel & Leisure	12.31	29	26	53
Personal & Household Goods	8.78	108	100	134
Construction & Materials	4.66	464	443	536
Insurance	-2.3	71	72	73
Technology	-4.8	77	81	115
Banks	-6.0	1,968	2,092	1,795
Financial Services	-8.8	1,042	1,142	1,038
Food and Beverage	-11.3	656	740	841
Chemicals	-11.6	627	710	702
Retail	-20.5	380	478	435
Utilities	-20.6	149	188	222
Real Estate	-30.6	1,398	2,014	1,658
Automobiles & Parts	-34.0	58	88	95
Oil & Gas	-39.2	122	201	229
Media	-88.6	0	3	1

Breaking News

Macro

Positive

- In a survey by the Japan Trade Promotion Organization (JETRO) conducted with more than 1,700 Japanese enterprises, Vietnam ranked 2nd among "countries and territories where businesses want to expand their investments." fourth", just behind the US.
- At the exchange on October 27, the chief economist of the Office of the Asian Development Bank (ADB) Vietnam, Mr. Nguyen Minh Cuong, assessed that the growth recovery of Vietnam's economy in the first 9 months of the year was very impressive and ADB believes that the medium and long-term growth prospects of the Vietnamese economy are very bright.
- According to the Ministry of Finance, the disbursement rate of public investment capital in 10 months of 2022 is estimated at 46% of the plan, lower than the same period in 2021 (55.8%).

Less positive

- The State Bank of Vietnam continues to increase the operating interest rate by 1%, effective from October 25.
- 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

- HNG, Hoang Anh Gia Lai International Agriculture Joint Stock Company has announced its consolidated financial statements with revenue of VND 191 billion, down nearly 50% compared to the same period last year. Deducting cost cost, the Company's gross loss was VND 182 billion - a sharp increase compared to the loss of 14 billion in the third quarter of 2021. During the period, expenses continued to increase sharply, causing HNG to report a net loss of nearly VND 416 billion.

  In 9 months, HNG achieved revenue of VND 553 billion, suffered a net loss of nearly VND 1,086 billion (three times higher than the loss in the first 9 months of last year). The company also suffered a loss of VND 237 billion due to super typhoon Noru.
- HVN, Revenue recovered strongly but not enough to help the national airline escape losses. In the third quarter of 2022, Vietnam Airlines lost more than VND 2.6 trillion. Notably, the appreciation of the USD made Vietnam Airlines bear the burden of exchange rate loss of nearly VND 1,100 billion. Accumulated in the first 9 months of 2022, HVN reached more than VND 51,107 billion - an increase of 173% and a loss after tax of VND 7,784 billion, down VND 4,370 billion compared to the first 9 months of last year.
- CTD, Coteccons Construction JSC has announced its consolidated financial statements for the third quarter of 2022 with net revenue of VND 3,113 billion – an increase of 190% compared to the same period last year. Gross profit margin reached 1% – lower than the 1.5% rate of the third quarter of 2021 and a sharp drop compared to the previous 2 quarters. Along with the sharp increase in expenses, the company recorded a loss after tax of VND 3.5 billion. In 9 months, Coteccons achieved VND 8,307 billion in net revenue - an increase of 34% but profit after tax was only VND 1.9 billion. Notably, cash flow from operating activities was negative by nearly VND 2,000 billion due to the company's strong increase in inventory, receivables and investment in trading securities.
- KDH, on October 25, Dragon Capital group just sold 762,991 shares of KDH to reduce its ownership from 5.1% to 4,998% of charter capital. Thus, after the transaction, Dragon Capital group is no longer a major shareholder in Khang Dien House

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- ANV, Nam Viet JSC announced to pay cash dividend at the rate of 10%, ex-dividend date is October 31th.

A look back at the rumors that dominated the market

- On the afternoon of October 25, a spokesman of the Ministry of Public Security confirmed that some information spread on social networks that the investigation agency will continue to handle some large corporations and economic enterprises is "fake information, false".

  Lieutenant General To An Xo said that the authorities are actively verifying, investigating and strictly handling those who have acts of spreading false information related to large corporations and economic enterprises.

- On the afternoon of October 29, at the regular Government press conference, Lieutenant General To An Xo, Chief of Staff, Spokesperson of the Ministry of Public Security confirmed that Mr. Pham Nhat Vuong, Chairman of Vingroup, was not on the exit ban list.

- Responding to the sell-off, DIG's side, Ms. Nguyen Thi Thanh Huyen, Vice Chairman of the Board of Directors, registered to buy 20 million shares to increase ownership from 3.61% to 6.89% of charter capital, the transaction is expected to be implemented from 7 October 10 to November 4, 2022. It is known that Ms. Huyen is the daughter of Mr. Nguyen Thien Tuan, Chairman of the Board of Directors of DIC Corp.

- DXG Chairman Luong Tri Thin on October 24 also announced registration to buy 10 million more DXG shares, with the aim of increasing the capital ownership ratio from 18.86% (equivalent to nearly 114.9 millionshares) to 20.5% (equivalent to nearly 124.9 million shares).

Background

- 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.

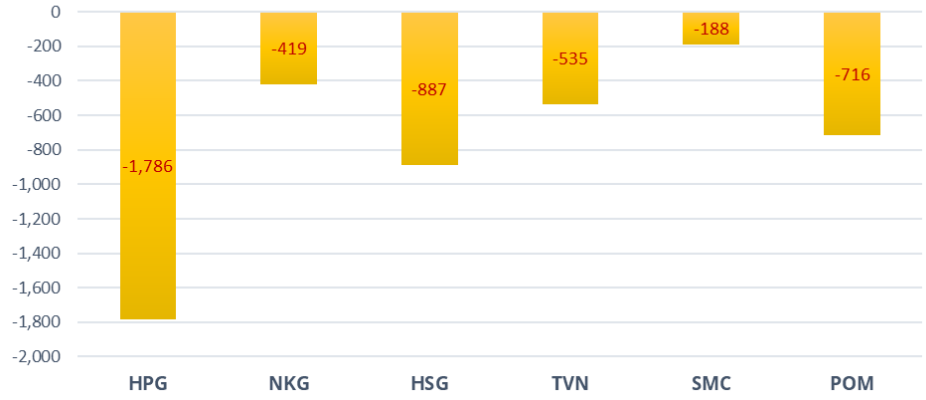
- Ho Chi Minh City Police denied the information "verifying the Izumi City and Aqua City projects, asserting that the information and images that have been spread recently are fake and inaccurate. The Board of Directors of the Ho Chi Minh City Public Security has directed The specialized units of the City Public Security Department urgently conduct verification and search for those who have spread false and untruthful information.

- On the side of Hoa Binh Construction, rumors related to the Aqua City project are also one of the factors that have triggered the recent strong selling wave of HBC stocks. The project investor is Novaland, and HBC was selected as the main contractor. This project is part of a strategic agreement between the two sides earlier this year, for key project clusters of Novaland in the period 2022-2025.

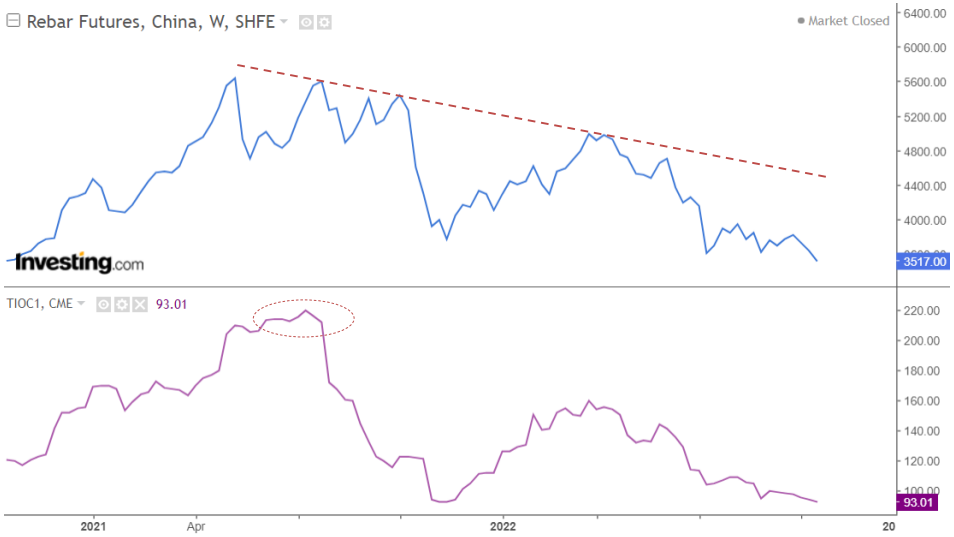
- ""VNDirect has no difficulty in liquidity of Trung Nam's bonds. In fact, the amount of bonds issued by VNDirect is very small compared to the capital size of the Company", shared Ms. Huong - Chairman of VND Securities. VNDirect is coordinating and working with authorities to track down and handle those who spread false rumors.

Steel industry profit dropped in Q3

Profit after tax in Quarter 3 (billions VND)



Source: ssc.gov.vn



Overview

- At the end of the third quarter financial reporting season, steel is one of the disappointing industry groups with a dismal profit picture and record losses.
- The leading steel company like Hoa Phat (HPG) reported a loss for the first time since 2008 with a net loss of nearly VND 1,800 billion. Following, other large enterprises also lost hundreds of billion dong such as Hoa Sen Group (VND -887 billion), Nam Kim Steel (VND -419 billion), SMC Steel (VND -188 billion), Pomina Steel (VND -716 billion). and Vnsteel (VND -535 billion).
- Bright spot: In the context of steel prices tending to decrease, large inventories will put pressure on business results of businesses. This is clearly evidenced by large losses in the third quarter when many steel enterprises pushed their inventories to a record high at the end of the second quarter. However, the total inventory of the whole industry decreased sharply in the third quarter.
- Basically, the profit of the steel industry is quite in sync with the movements of steel prices in the world. Most steel companies peaked their profits in the second and third quarters of last year, when steel prices continued to rise hotly and anchored around unprecedented peaks. During that period, the profit of the steel industry was up to tens of trillions of billion, of which the industry leader such as Hoa Phat surpassed the profit threshold of 10,000 billion for the first time in the third quarter of 2021.
- The price of steel bar has dropped 40% from the peak, thereby falling to the lowest level in nearly 29 months, blowing away the entire price increase in 2021. Similarly, iron ore prices have also continuously declined since the beginning of April and are still shows no signs of stopping. After about 10 months, the price of this commodity has nearly halved and is at the lowest level in a year. In contrast, the price of coke - the input material that accounts for a large proportion of steel production, is still increasing, significantly affecting the profit of the steel industry.

Technical view



Trend: Accumulate to build momentum

- Although global stocks mostly gained, the context of weak domestic cash flow and cautious investor sentiment made it difficult for the index to go up. However, Vnindex still ended the week above 1,000 points, showing that this psychological support is still playing its role quite well. Improved technical indicators will further support the recovery momentum. In general, the shaking will continue, but the less positive news for the market seems to have been reflected and discounted to the price. Therefore, the recovery scenario has a higher probability, with the nearest resistance for the retracement wave at 1,080 points. Investors can accumulate positions in the correction with a small proportion and limit excitement.

Scenarios:

- Positive (60%): The index balanced around 1,000 – 1,020 points and created a recovery pace to retest 1,080 points, better than 1,100 points.
- Less positive (40%): 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 **31/10/2022**

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
CTG	Watch	23	26	22	13%	-4%	24	Maintain above the 10-day MA, acting as the index's leader
VNM	Watch	77	84	74	9%	-4%	78	Breaking back to MA10, leading the index
REE	Watch							Maintain above 20-day MA, MACD, RSI improve
REE	Watch							Breaking above 10-day MA, MACD, RSI improve

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
TNG	Hold	16.2	18	15	11%	-7%	15.7	9	-3.09%	18/10/2022	
NTP	Hold	37.4	40	35	7%	-6%	35.7	9	-4.55%	18/10/2022	
NT2	Hold	26.3	29	25	10%	-5%	26.3	8	0.00%	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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