MORNING CALL

November 02th, 2022

“Profit-taking pressure increased but the index remained balanced”

- Global stocks traded struggling
- Domestic stocks corrected lower when approaching the 20-day MA
- PMI grows slowly in October. Positive retail profit in Q3
- Technical view and recommendations #BMI
- Economic calendar
- Q&A

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Global Market Review - Week 01-04/11/2022

Major stock markets struggled to trade

- Wall Street failed to hold its initial upside momentum on Tuesday, with the Dow erasing an almost 300-point gain to cross into negative territory, while the S&P 500 and the Nasdaq fell roughly 0.5% each. Investors reacted to a slew of economic releases, including better-than-expected ISM PMI and JOLTs Job Openings figures, which could prompt the Fed to intervene more aggressively in policy.
- The ISM Manufacturing PMI fell to 50.2 in October from 50.9 in September, pointing to the slowest growth in factory activity since the contraction in May of 2020, but slightly higher than market forecasts of 50.
- The number of vacancies in the United States unexpectedly rose by 437,000 to 10.72 million in September 2022, up from 10.2 million in August and easily beating market expectations of 10.0 million. The level of openings remained close to record highs seen at the end of 2021, which could add to inflationary pressure coming from raising wages to attract and keep staff.
- WTI crude rebounded to around $88.50 per barrel. Earlier, OPEC and its allies, including Russia, agreed to cut production by 2 million barrels per day in November, the most significant curb since the start of the pandemic, while speculation grows that the oil cartel will further intervene in markets to shore up price.

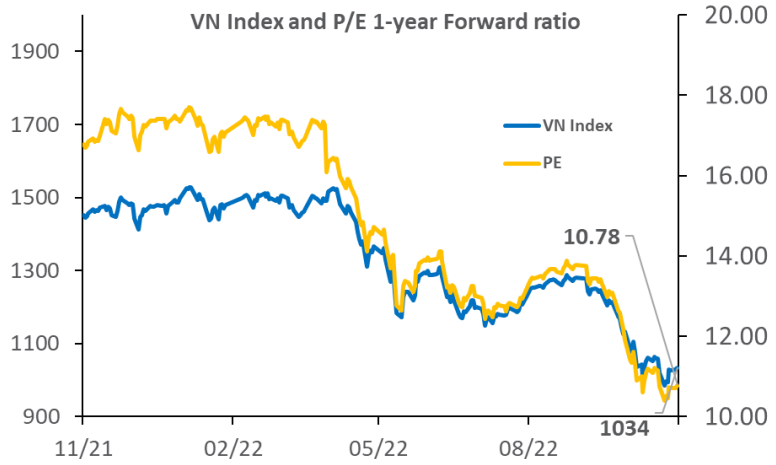
Market

	Close	%1D	%1M	%1Y
VN-Index	1,034	0.57%	-8.69%	-28.83%
S&P 500 Index	3,856	-0.41%	7.54%	-16.73%
Dow Jones Index	32,653	-0.24%	13.67%	-9.43%
GP 100	7,186	1.29%	4.24%	-1.22%
Nikkei 225	27,655	-0.09%	6.62%	-6.32%
SHCOMP Index	2,969	2.62%	-1.82%	-15.30%
STOXX 600	415	0.58%	6.90%	-13.54%
KOSPI Index	2,337	0.08%	8.43%	-22.44%
Hang Seng	15,455	5.23%	-10.26%	-38.42%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	111.44	-0.03%	-0.60%	18.44%
USD/VND	24,841.00	-0.01%	-3.87%	-8.41%
EUR/USD	0.99	0.07%	0.59%	-14.64%
USD/CNY	7.28	0.38%	-2.22%	-12.09%
Brent	94.85	0.21%	7.83%	11.96%
WTI	88.67	0.34%	11.55%	5.67%
Natural gas	5.82	1.77%	-14.06%	4.93%
Coal	359.00	0.76%	-17.22%	147.59%
Gold	1,648.85	0.05%	-3.00%	-7.77%

Vietnam Market Snapshot 31/10/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,033.75	10.78	5.81	0.57	613	10,738
HNX INDEX	212.36	12.84	1.93	0.92	55	784

Money flow and sector rotation (VND bn)

Sector	%1D	11/1/2022	10/31/2022	20-session Average
Media	742.14	2	0	0
Banks	44.80	2,611	1,803	0
Insurance	8.38	71	65	0
Basic Resources	5.52	1,587	1,504	0
Food and Beverage	4.24	698	670	0
Real Estate	-2.6	1,578	1,620	0
Industrial Goods & Services	-6.5	384	411	0
Travel & Leisure	-10.8	24	27	0
Financial Services	-13.3	1,055	1,218	0
Personal & Household Goods	-17.5	124	150	0
Construction & Materials	-18.5	393	483	0
Chemicals	-21.0	512	648	0
Utilities	-21.4	137	175	0
Technology	-38.8	58	95	0
Oil & Gas	-39.0	179	293	0
Automobiles & Parts	-39.3	51	84	0
Health Care	-40.0	9	14	0
Retail	-40.5	316	531	0

Breaking News

Macro

Positive

- Vietnam - China signed 13 cooperation documents between the two parties and two countries during the official visit of General Secretary Nguyen Phu Trong. Among these is a Memorandum of Understanding between the Ministry of Industry and Trade of Vietnam and the Ministry of Commerce of China on strengthening cooperation to ensure the supply chain between Vietnam and China.

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.



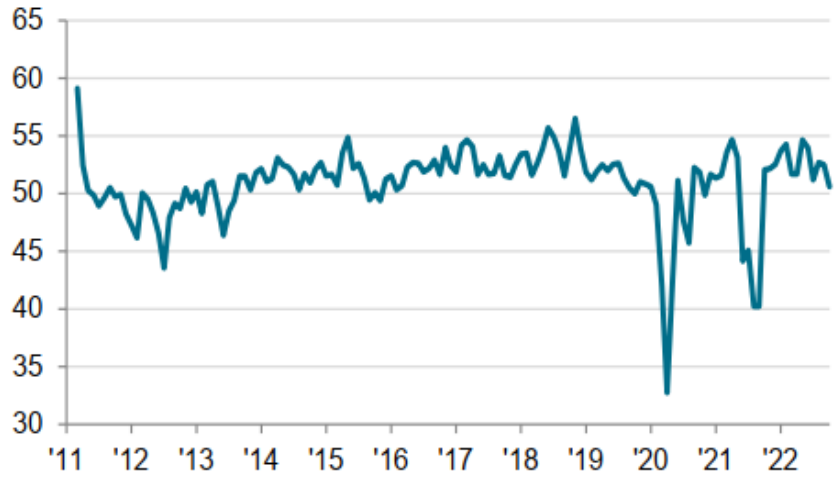
Business news

- BMI, Bao Minh Corporation has just announced its financial statements for the third quarter of 2022 with net revenue from insurance business reaching nearly VND 1,173 billion, up nearly 40% over the same period last year. Bao Minh's pre-tax profit reached VND 85 billion, up 37% over the same period. Accumulated in the first 9 months of the year, BMI recorded a net revenue of insurance business increasing by 21% to VND 3,242 billion. Total pre-tax profit reached VND 257 billion, up 11%.
- PAN, In the third quarter of 2022, PAN Group recorded a revenue of VND 3,585 billion, up 40% over the same period and profit after tax reached VND 142 billion, up 94% over the same period. The remarkable point in the third quarter business results is that the consolidated gross profit margin reached 18.5%, recovering quite strongly from 13.5% in 2021. In the first 9 months of the year, consolidated net revenue reached VND 9,756 billion, an increase of 52% and the parent company's profit after tax of shareholders reached VND 232 billion, an increase of 91% compared to the same period in 2021.
- HAH, At the end of the third quarter of 2022, HAH's net revenue reached nearly VND 779 billion, up 64% over the same period last year. Meanwhile, COGS only increased by 20%, so the company's gross profit reached nearly VND 377 billion, 2.7 times higher than the same period. Gross profit margin also widened from 29.4% to 48.4%. In the first 9 months of the year, HAH achieved a net profit of nearly VND 658 billion, 2.7 times higher than the same period last year, thanks to a sharp increase in net revenue higher than cost and profits from joint ventures and associates.
- SBT, Quarter 1, fiscal year 2022-2023, sugar products play a key role in the revenue structure, accounting for 90%. Accordingly, SBT's net revenue reached nearly VND 5,310 billion, up 23% over the same period. Gross profit margin improved from 11.5% to 12.5%, equivalent to a gross profit of nearly VND 666 billion, up 34%. Profit after tax was over VND 261 billion, up 34%. According to the explanation of the Company, the reason for the increase in profit was mainly due to the increase in revenue and selling price of sugar over the same period.

- PC1, Company announced to pay shares dividend at the rate of 15%, ex-dividend date is November 01th.

PMI grows slowly in October

S&P Global's Vietnam Manufacturing PMI



Source: S&P Global

Macro

- S&P Global's Vietnam Manufacturing Purchasing Managers' Index (PMI) fell from 52.5 in September to 50.6 in October. Although the index remains above 50, it indicates operating conditions for the month still improving, but this is the lowest level in the recent 13-month uptrend.
- The main reason for the overall slowdown in October growth was a weaker increase in new orders. Total new orders increased only slightly, with the smallest increase since the start of the current uptrend in October 2021. There are already signs that demand is waning, including exports that are also growing at a slower pace.
- Purchases of inputs rose to a seven-month low, while job creation slowed to the slowest since July. Inventories of both purchased and finished goods fell in October, reversing an upward trend recorded in the previous survey period.
- Input cost growth was faster but still relatively low and much slower than earlier in the year. Respondents attributed the increase in input prices due to higher costs of oil, gas, raw materials and transportation.

➢ Although new orders are expected to improve and the Covid-19 epidemic will no longer disrupt production, helping manufacturers remain optimistic that output will increase next year, confidence has falls to 13-month low on some concerns about signs of weakening demand.

Positive retail profit in Q3



- DGW, Q3/2022, Digiworld recorded net revenue of more than VND 6 trillion and net profit of VND 180 billion, up 59% and 68% respectively over the same period. This strong growth momentum mainly comes from laptops, mobile phones and office equipment. After 9 months, the mobile device distribution company recorded revenue of nearly VND 18 trillion and net profit of VND 528 billion, up 38% and 60% respectively over the same period. With this result, Digiworld has completed 68% of the revenue plan and 66% of the profit after tax plan..

- FRT, FPT Retail have announced the consolidated financial statements for the third quarter of 2022 with revenue of VND 7,736 billion - an increase of more than 54% over the same period. Deducting cost of goods, the Company earned VND 1,197 billion in gross profit, nearly double over the same period. The corresponding net profit was VND 84.5 billion, up 78%. Accumulated in 9 months, FRT achieved revenue of VND 21,786 billion, gross profit equivalent to VND 3,372.5 billion - 2 times higher than the same period last year. Deducting expenses, FRT's net profit is VND 296 billion, nearly triple the same period in 2021 as VND 106 billion.

  According to FRT, the increase in revenue comes from two key segments, ICT and pharmaceuticals. As of September 30, 2022, Long Chau owned 800 pharmacies across the country, opening 400 new pharmacies compared to the beginning of the year. The FPT Shop chain at the end of September 2022 had 745 stores, an increase of 98 stores compared to the beginning of the year. Complete new opening plan in both segments

- PNJ, Q3, Phu Nhuan Jewelry Joint Stock Company recorded a net revenue of VND 7,364 billion, nearly 8.4 times higher than the same period; gross profit reached VND 1,248 billion, 8 times higher than the same period last year and profit after tax was more than VND 252 billion, the same period lost nearly VND 160 billion. According to the Company's explanation, net revenue and profit after tax increased due to the recovery of the market after the pandemic along with marketing programs deployed flexibly, in accordance with the market context and customer tastes. .

  In the first 9 months of the year, PNJ's net revenue and profit after tax reached VND 25,574 billion (double the same period) and VND 1,340 billion (2.3 times higher than the same period).

Technical view



Trend: Continue to struggle

- The index still struggled to conquer MA20-day resistance and had to close and drop to near reference level. Order matching continued to remain above the 20 session average. The distance between MA10 and MA20 is narrowing, showing that the falling momentum is less steep and we expect the index will soon reach the balance zone. Technical indicators still show improvement when RSI rises above 40 level, along with MACD is turning up, implying consensus recovery inertia. In general, the shaking sessions to consolidate the trend and the recovery scenario are still at a higher probability. However, investors should limit excitement and can patiently accumulate positions in the correction pace. Money flow will continue to differentiate in the coming time.

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 risk increases and the falling momentum can find the area of 940 - 950 points and lower to the threshold of 880 points.

Recommended stocks

Updated date 2/11/2022

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
BMI	Buy	24	27	22.5	13%	-7%	24.3	MA10 crosses MA20, Successfully tested MA10-day support
FRT	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
CTG	Buy	23.5	26	22	11%	-6%	24.5	2	4.26%	31/10/2022	
VNM	Buy	77.5	85	74	10%	-5%	80.2	2	3.48%	31/10/2022	
TNG	Hold	16.2	18	15	11%	-7%	16.5	11	1.85%	18/10/2022	
NTP	Hold	37.4	40	35	7%	-6%	36.3	11	-2.94%	18/10/2022	
NT2	Hold	26.2	29	25	11%	-5%	26.1	10	-0.38%	19/10/2022	

Economic calendar

November 2022

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
30	31	1 ISM Manufacturing PMI JOLTS Job Openings	2 ADP Non-Farm Employment Change Monetary Policy Meeting (BoJ)	3 FOMC Statement Federal Funds Rate BOE Monetary Policy Report ISM Services PMI (US)	4 Non-Farm Employment Change, Unemployment Rate (US)	5
6	7 Trade Balance, Unemployment Rate (China)	8 Congressional Elections (US)	9 Crude Oil Inventories (US) CPI, PPI y/y (China)	10 CPI, Core CPI (US) Unemployment Claims	11 Portfolio Structure Announcement (MSCI) GDP (UK) Prelim UoM Consumer Sentiment (US)	12 Treasury Currency Report (US)
13	14 Announcement deadline reviewed Q3/2022 financial statements. Monetary Policy Report Hearings (UK)	15 Monetary Policy Meeting (Australia)	16 CPI (UK) Retail Sales (US)	17 Expiration of futures contract VN30F1M Housing Starts (US)	18 Existing Home Sales (US)	19
20	21 Flash Manufacturing and Services PMI (UK, French, German)	22 Ishare MSCI review	23 Flash Manufacturing and Services PMI (US)	24 FOMC Meeting Minutes	25 Tokyo Core CPI y/y	26
27	28	29 CB Consumer Confidence (US) Monthly macroeconomic data release	30 Prelim GDP q/q (US)	1	2	3

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Q&A

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