MORNING CALL

November 10th, 2022

"Recovering but still cautious, money flow diverged again"

- Global stocks fell again
- Domestic stocks gained slightly as ambiguity continued to dominate trading
- Pharmaceutical industry recorded positive results in Q3 #DHG, #IMP, #TRA, #DBD
- Technical view and recommendations
- Economic calendar
- Q&A

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Global Market Review - Week 07-11/11/2022

Major stock markets fell again

- Wall Street fell on Wednesday as investors remain uncertain over the outcome of the midterm elections with many races too close to call and Republicans favored to only win a narrow House majority. The Dow shed more than 600 points led by an 13% decline in Disney after the company missed estimates. Meanwhile, Nasdaq and S&P 500 were down more than 2%.
- European equity markets closed slightly down on Wednesday, with both the German DAX and the benchmark Stoxx 600 down.
- Crypto selloff continues, Bitcoin fell below $17,000, the lowest in two years, as investors remained concerned about FTX insolvency proceedings.
- China's annual inflation rate fell to 2.1% yoy in October 2022 from 2.8% in the prior month, falling more than market expectations of 2.4%. This was the lowest figure since May, due to a slowdown in cost of both food and non-food.
- The offshore yuan weakened to around 7.25 per dollar, facing resurgent Covid outbreaks that sapped optimism about an eventual economic reopening
- WTI crude futures dropped roughly 3% to trade around the $86 per barrel mark on Wednesday, extending losses for a third consecutive session on persistent fears about a global recession-driven demand downturn. Renewed COVID-19 outbreaks in top oil importer China stoked concerns of potential new lockdowns.

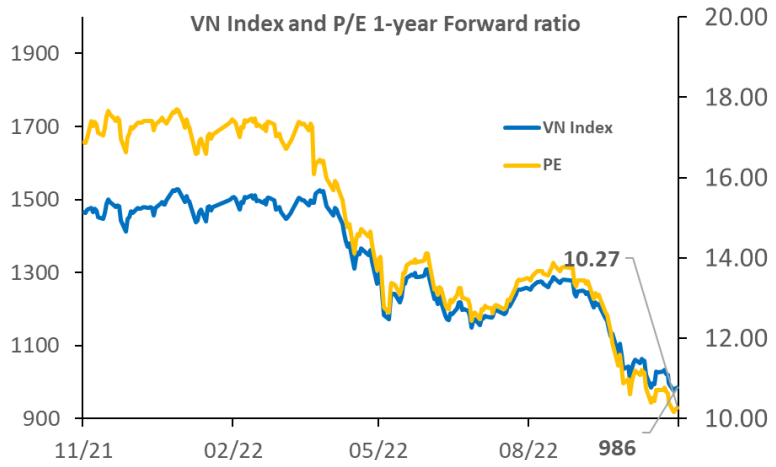
Market

	Close	%1D	%1M	%1Y
VN-Index	986	0.40%	-5.46%	-32.73%
S&P 500 Index	3,749	-2.08%	2.99%	-19.99%
Dow Jones Index	32,514	-1.95%	10.98%	-10.48%
GP 100	7,296	-0.14%	4.84%	-0.60%
Nikkei 225	27,448	-0.97%	1.23%	-5.70%
SHCOMP Index	3,048	-0.53%	2.49%	-12.72%
STOXX 600	420	-0.30%	7.75%	-13.11%
KOSPI Index	2,420	-0.16%	8.40%	-17.39%
Hang Seng	16,359	-1.20%	-4.98%	-34.56%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	110.55	0.83%	-1.99%	17.66%
USD/VND	24,860.00	-0.03%	-3.95%	-8.86%
EUR/USD	1.00	0.13%	3.32%	-12.68%
USD/CNY	7.24	-0.14%	-1.18%	-11.71%
Brent	92.65	-2.84%	-5.38%	9.28%
WTI	85.87	0.05%	-5.77%	5.57%
Natural gas	5.94	1.30%	-7.68%	21.74%
Coal	324.75	-4.20%	-15.82%	102.15%
Gold	1,706.25	-0.03%	2.26%	-7.75%

Vietnam Market Snapshot 09/11/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	985.59	10.27	3.94	0.40	583	10,393
HNX INDEX	201.39	12.83	1.62	0.81	46	763

Money flow and sector rotation (VND bn)

Sector	%1D	11/9/2022	11/8/2022	20-session Average
Media	268.54	7	2	1
Real Estate	32.42	1,840	1,389	1,464
Personal & Household Goods	21.38	93	77	126
Oil & Gas	16.90	114	98	193
Insurance	9.66	59	54	60
Banks	3.89	2,145	2,065	1,881
Chemicals	0.10	376	375	628
Utilities	-1.6	201	205	187
Food and Beverage	-3.6	643	667	722
Health Care	-8.5	16	17	15
Automobiles & Parts	-10.4	66	73	77
Travel & Leisure	-16.2	32	38	37
Basic Resources	-18.3	742	908	871
Technology	-21.7	64	82	96
Retail	-30.1	240	343	424
Financial Services	-31.4	573	835	1,007
Construction & Materials	-39.1	285	468	463
Industrial Goods & Services	-44.4	202	363	416

Breaking News

Macro

Positive

- Prime Minister Pham Minh Chinh and Cambodian Prime Minister witnessed the signing ceremony of 11 documents between the two countries during their recent official visit. Also within the framework of his business trip to Cambodia, the Prime Minister will attend the 40th and 41st ASEAN Summits and related conferences from November 10-13, 2022.

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

- Talking to the press, about the meeting to remove difficulties and obstacles for the real estate market on November 8 in Ho Chi Minh City chaired by Deputy Prime Minister Le Minh Khai and Deputy Minister of Construction Nguyen Van Sinh, Mr. Le Hoang Chau - Chairman of Ho Chi Minh City Real Estate Association said that the meeting was mainly for the Government's leaders to grasp the situation, there are currently no conclusions and specific solutions. The HoREA Chairman added that the content of the meeting will be summarized and reported to the Prime Minister after the Prime Minister returns from Cambodia, then there may be a few more meetings before a solution can be found.
- VHC, Vinh Hoan Joint Stock Company has just announced business results in October with export revenue of VND 1,014 billion, up 25% over the same period last year and 11% compared to September. Specifically, the pangasius segment increased slightly 1% to VND 601 billion and contributed 59% to total export revenue.

  In terms of export markets, the US and China - Vinh Hoan's two main markets, recorded a decrease of 13% and 43% in revenue, respectively, over the same period. Meanwhile, the market in Europe and other countries grew by 72% and 161% respectively. The domestic market also reported an increase in revenue, up 156%.
- KBC, a fund group under the management of Dragon Capital, has just announced that it has sold a total of more than 2 million shares of Kinh Bac Urban Development Company on November 4. After the transaction, the group's ownership ratio has decreased from 5.03% to 4.76% and is no longer a major shareholder of KBC from November 8.

- PLX, Petrolimex announced to pay cash dividends at the rate of 12%, ex-rights date is November 09th.
- SZL, Sonadezi Long Thanh announced to pay cash dividends at the rate of 10%, ex-rights date is November 10th.

Pharmaceutical industry recorded positive results in Q3

Company's name	Ticker symbol	Net revenue		Profit after tax	
		Q3/2022	+/- (%)	Q3/2022	+/- (%)
DHG Pharma	DHG	1,162	23%	262	30%
Traphaco	TRA	604	6%	77	9%
Imexpharm	IMP	417	63%	56	78%
Bidiphar	DBD	394	-29%	54	32%
Domesco	DMC	388	18%	39	44%
OPC Pharmaceutical	OPC	278	-7%	37	12%
Vinapharm	DVN	1,431	33%	34	-32%
Hataphar	DHT	492	51%	23	150%
Vimedimex	VMD	1,772	-19%	9	-45%
Mekophar	MKP	250	-17%	3	308%
Central Pharmaceutical	DP2	59	84%	-4	
Ladophar	LDP	45	34%	-8	

Company's name	Ticker symbol	Net revenue		Profit after tax	
		9M/2022	+/- (%)	9M/2022	+/- (%)
DHG Pharma	DHG	3,345	15%	752	24%
Traphaco	TRA	1,818	14%	251	28%
Bidiphar	DBD	1,089	-6%	165	22%
Imexpharm	IMP	1,086	25%	155	27%
OPC Pharmaceutical	OPC	873	13%	107	23%
Domesco	DMC	1,041	3%	105	-22%
Vinapharm	DVN	3,904	16%	73	-59%
Hataphar	DHT	1,303	12%	63	24%
Mekophar	MKP	870	6%	26	118%
Vimedimex	VMD	2,175	-44%	17	-40%
Central Pharmaceutical	DP2	124	-7%	-20	
Ladophar	LDP	138	16%	-27	

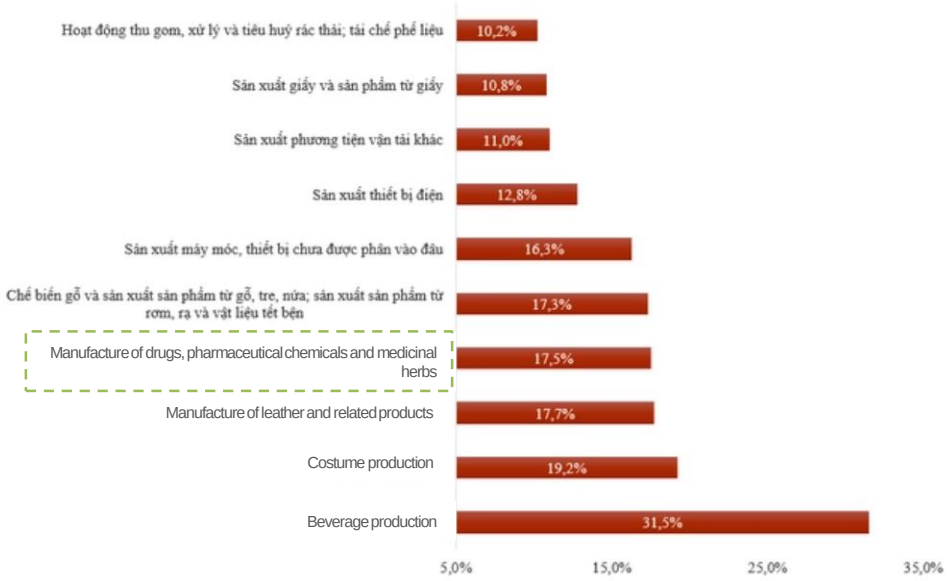
- DHG Pharma recorded Q3 net revenue of VND 1,162 billion, profit after tax of VND 262 billion, up 23% and 30% respectively compared to the low base level of the same quarter of the same period. This is also the record high profit after tax of this enterprise since the fourth quarter of 2004. According to the company's explanation, revenue and profit grew well thanks to the company's well-organized distribution system and good customer connection. In addition, good management of accounts receivable and inventory improves cash flow and increases operational efficiency.
- IMP, Imexpharm Pharmaceuticals continued its growth momentum with net sales increasing by 63%, profit after tax improving by 78%. According to the explanation, the company continues to expand its market, along with restructuring its sales portfolio, focusing on key products with high value and profit margins.
- TRA, Traphaco also recorded revenue growth with a decrease in COGS, helping the company's profit after tax increase by nearly 9% over the same period to nearly VND 77 billion.

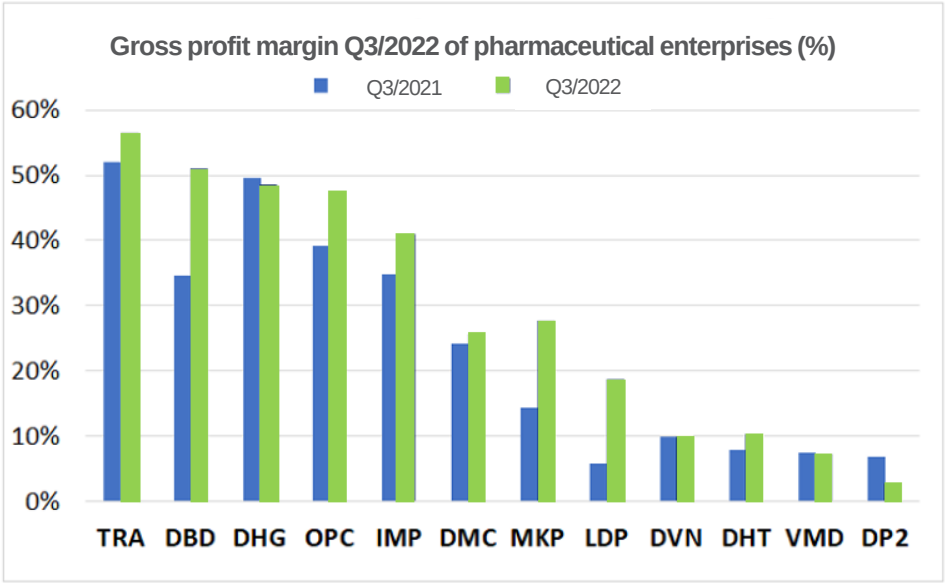
In the opposite direction

- DVN, Vietnam Pharmaceutical Corporation, although revenue increased over the same period, profit after tax decreased by 32%. The reason was the sharp increase in expenses, especially financial expenses due to higher provision for financial investment in the same period.
- Net sales of OPC Pharmaceutical, Mekophar Chemical - Pharmaceutical (MKP) and Binh Dinh Pharmaceutical - Medical Equipment (DBD) decreased but these three companies still reported increased profit after tax due to more profits from the company children, financial revenue increased and operating expenses were reduced.
- Particularly, Central Pharmaceutical 2 (DP2) and Lam Dong Pharmaceutical (LDP) continued to suffer losses compared to the third quarter of 2021. In which, Ladophar lost more than VND 8 billion after tax, the same period lost VND 5 billion. The company explained, besides the fiercely competitive pharmaceutical market, the input costs increased while the selling price was not increased accordingly because of the management of the Drug Administration, causing the company to lose money.

Pharmaceutical industry recorded positive results in Q3

Top 10 key industries with the highest increase in IIP index in the 10 months of 2022





- The pharmaceutical industry is often in the top 5 key industries with the highest increase in IIP.
- The bright spot in the picture of the pharmaceutical industry in the third quarter was that the gross profit margin of most of the listed companies improved over the same period. In which, Traphaco's gross profit margin is the highest in the group and is a record high for the business (56.5%). A few like Vimedimex and Central Pharmaceutical 2 recorded gross profit margin going down year-on-year, down to 7.2% and 2.8%, respectively.
- *Revenue continued to grow and gross profit margin of most pharmaceutical companies in the third quarter improved strongly compared to the same period last year, creating a basis for expecting positive results for the future, in the context of If the economy is weak, the pharmaceutical industry is still considered a good defensive stock group.*

Remaining difficulties:

- In the context of global inflation, costs will still increase and require businesses to operate well.
- Fierce competition among businesses in expanding market share as well as retail pharmacy chain.
- Imported drugs continue to be a concern for domestic enterprises. The data shows that the growth of imported drugs in 2021-2022 has been much higher than in previous years.

Technical view



Trend: Recover with caution

- The recovery of divergence among stocks made investors' sentiment still cautious, pushed selling pressure back so the index narrowed part of the intraday gain and had to close at reference level. Before the sudden sharp drop in real estate group recently, buying cash flow was also more deliberate, so it will be difficult for the index to achieve a strong gain in the short term but it takes time to balance, as well as for investor sentiment to return to normal. Technical indicators continue to maintain a positive divergence with the index's downtrend, and are still showing positive signals. Focusing strategy for holding portfolio, shaking trend is likely to continue.

Scenarios:

- Positive (50%): The index balanced around 980 – 1,000 points and created a recovery pace to retest 1,050 points, better than 1,100 points.
- Less positive (50%): 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 **10/11/2022**

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
VNM	Wait to sell	77.5	85	74	10%	-5%	82.4	RSI hits overbought zone, close to resistance 85
VHC	Watch							Maintain above MA10, MA20 days
PVS	Watch							Breaking above 20-day MA, volume improves
BID	Watch							Breaking above 20-day MA, volume improves

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
CTG	Hold	23.5	26	22	11%	-6%	24.5	8	4.26%	31/10/2022	Wait
VNM	Sell	77.5	85	74	10%	-5%	81	8	4.52%	31/10/2022	Wait
NTP	Hold	37.4	40	35	7%	-6%	35	17	-6.42%	18/10/2022	

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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