MORNING CALL

December 07th, 2022

Shinhan Securities

"There are signs of exhaustion, the index needs to step back to create more momentum"

- ❑ Global stocks continue to fall
- ❑ Domestic stocks plummeted after a series of steep climbs
- ❑ P-Note footprint, anonymous foreign money flow
- ❑ Technical view and recommendations #VNM
- ❑ Economic calendar
- ❑ Q&A

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Open Account

Global Market Review - Week 05 - 09/12/2022

Major stock markets continue to fall

- The Dow fell more than 300 points on Tuesday, while the S&P 500 and Nasdaq lost 1.4% and 2%, respectively, as investors reassessed their expectations for more rate hikes by the Federal Reserve. Fears of rate hikes are countering some of the optimism surrounding China's reopening of its economy. Asian and European stocks also traded in the red.
- The US trade gap widened to a four-month high of $78.2 billion in October of 2022, following an upwardly revised $74.1 billion deficit in September. Exports went down 0.7%, a second consecutive monthly fall, to $256.6 billion, the lowest value since May. Sales fell for natural gas, other petroleum products and pharmaceutical preparations but rose for crude oil, soybeans, travel, transport and business services. Meanwhile, imports were up 0.6% to $334.8 billion, the highest since June, led by purchases of fuel oil, finished metal shapes, nuclear fuel materials, passenger cars, pharmaceutical preparations, travel, telecommunication, computers and travel. On an inflation-adjusted basis, the October merchandise trade deficit increased to $112.6 billion, also the widest in four months.
- The Reserve Bank of Australia raised its policy rate by 25 basis points to 3.1%, bringing borrowing costs to levels not seen in a decade.
- WTI crude oil futures fell below $75 a barrel, closing at their lowest since January, as sentiment remained clouded by concerns about weak global demand.

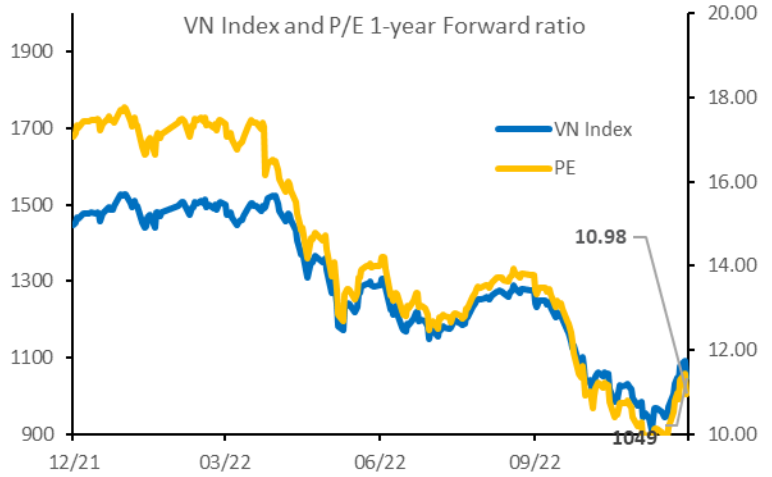
Market

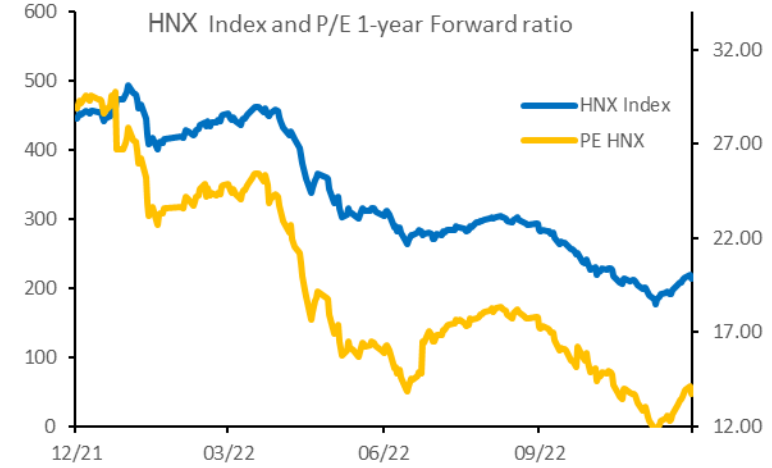
	Close	%1D	%1M	%1Y
VN-Index	1,049	-4.11%	7.54%	-27.52%
S&P 500 Index	3,941	-1.44%	4.53%	-14.17%
Dow Jones Index	33,596	-1.03%	3.68%	-4.63%
GP 100	7,521	-0.61%	3.03%	2.47%
Nikkei 225	27,719	-0.60%	0.69%	-2.59%
SHCOMP Index	3,213	0.02%	4.38%	-10.64%
STOXX 600	439	-0.58%	4.92%	-8.59%
KOSPI Index	2,385	-0.33%	0.57%	-20.27%
Hang Seng	19,441	-0.40%	17.14%	-18.94%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	105.58	0.27%	-4.78%	9.60%
USD/VND	24,033.00	-0.13%	3.46%	-4.03%
EUR/USD	1.05	-0.09%	4.37%	-7.18%
USD/CNY	7.00	-0.46%	3.38%	-8.84%
Brent	79.35	-4.03%	-19.50%	8.58%
WTI	74.64	0.53%	-18.68%	3.59%
Natural gas	5.47	-0.04%	-21.27%	47.44%
Coal	408.80	2.07%	16.97%	170.28%
Gold	1,770.17	-0.05%	5.64%	-0.78%

Vietnam Market Snapshot 06/12/2022





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,048.69	10.98	-44.98	-4.11	1,481	23,533
HNX INDEX	212.80	13.68	-7.16	-3.25	188	2,738

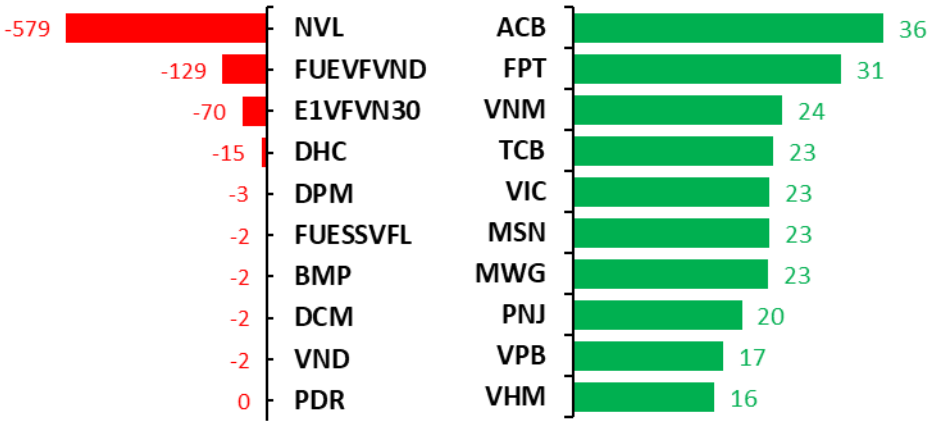
Money flow and sector rotation (VND bn)

Sector	%1D	12/6/2022	12/5/2022	20-session Average
Media	685.95	7	1	2
Chemicals	69.51	1,115	658	623
Food and Beverage	60.55	1,595	994	863
Construction & Materials	43.73	1,087	756	499
Oil & Gas	37.25	238	174	154
Basic Resources	36.98	1,992	1,454	1,141
Health Care	35.21	35	26	20
Financial Services	31.04	3,147	2,401	1,429
Technology	26.10	154	122	126
Automobiles & Parts	25.34	171	137	112
Retail	21.42	574	473	393
Industrial Goods & Services	19.72	872	729	478
Personal & Household Goods	16.40	172	148	124
Real Estate	12.46	5,137	4,568	2,905
Banks	5.60	4,782	4,528	2,750
Travel & Leisure	-2.0	101	104	58
Utilities	-4.5	264	277	207
Insurance	-28.7	76	107	68

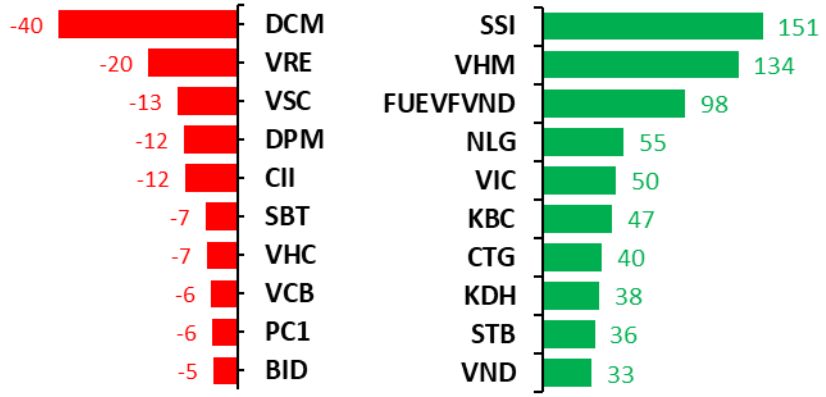
Source: Bloomberg, Shinhan Securities Vietnam

Vietnam Market Snapshot 06/12/2022

Top net buying & selling of proprietary trading (VND billion)



Top net buying & selling foreign investors (VND billion)



The trading value of proprietary trading and investors by sector (VND billion)

Sub-sector	Proprietary trading (VND bn)	Foreign (VND bn)	Local Individual (VND bn)	Local Institutions (VND bn)
Real Estate	(518)	337	539	(508)
Basic Resources	(13)	27	(102)	(19)
Media	-	0	1	-
Industrial Goods & Services	16	14	(39)	(2)
Health care	-	1	(33)	3
Chemicals	(4)	(37)	125	(15)
Financial Services	(198)	317	30	(330)
Travel & Leisure	9	18	146	7
Banks	154	67	(136)	50
Construction & Materials	1	(3)	(307)	1
Food and Beverage	51	19	(149)	9
Retail	26	0	(49)	64
Utilities	6	9	(2)	5
Personal & Household Goods	20	4	(33)	6
Technology	31	0	(89)	47
Automobiles & Parts	-	2	(3)	0
Insurance	4	1	(0)	7
Oil & Gas	4	6	0	4

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

Positive

- French enterprises want to invest in clean agricultural products in Vietnam, information from the Green Economy Forum & Exhibition (GEFE), in Ho Chi Minh City.
- During the visit to Korea, President Nguyen Xuan Phuc welcomed Samsung's plan to expand investment in Vietnam, raising capital to 20 billion USD.
- Da Nang disbursed public investment capital reached nearly 78%.

Less positive

Business news

- HPG, November 2022, Hoa Phat Group produced 384,000 tons of crude steel, down 43% compared to the same period in 2021. Sales volume of steel products reached 443,000 tons, down 30% compared to November last year. A rare bright spot came from construction steel when contributing 252,000 tons, up 20% compared to October although still down 7% over the same period.

  Explaining the reason why the group's total steel consumption dropped to the lowest level since the beginning of the year, Hoa Phat said that the domestic and foreign market demand for steel products in general has not been improved.
- BCG, Bamboo Capital wants to contribute an additional VND 500 billion to a renewable energy company (BCG Energy). BCG Energy is planning to IPO later this year or next year.
- FRT, FPT Long Chau officially reached 1,000 pharmacies nationwide by early December, exceeding the expected opening of 800 new pharmacies in 2022.
- DPR, Dong Phu Rubber canceled the plan to advance a dividend of 2,000 VND/share due to the lack of completion of the increase in charter capital.
- TVB, Tri Viet Securities announced to replace the Chairman of the Board of Directors.



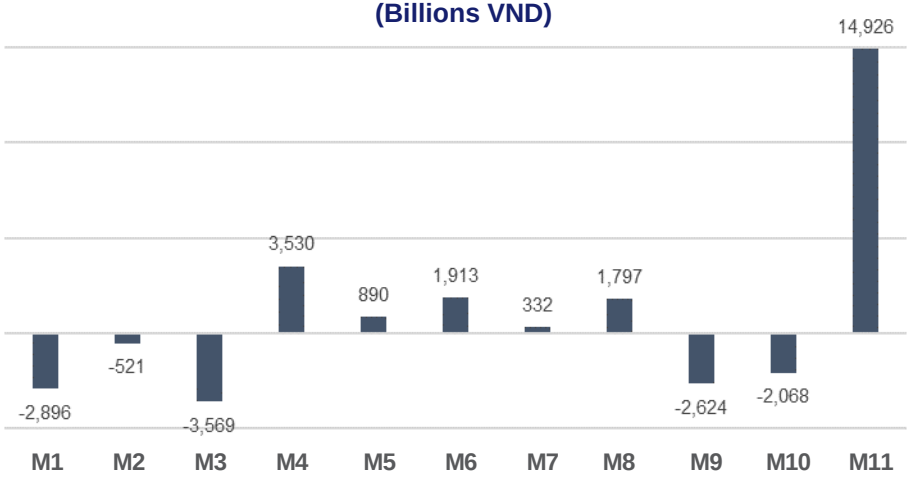
Footprints of P-notes

Participatory Notes (P-Notes)

Participatory Notes (P-Notes) are a type of derivative financial instrument, usually issued exclusively for foreign investors by institutional investors in emerging stock markets.

To initiate the issuance of P-Notes, institutional investors (usually large, reputable investment banking institutions) first accumulate a portfolio of stocks; and based on this portfolio, they will issue P-Notes for foreign investors to invest in the stock market in which the stock portfolio is trading.

Net trading value on HOSE of foreign investors 11 months (Billions VND)



Source: HSX

Characteristics:

- Foreign investors who are P-Notes holders are entitled to receive dividends and interest from the underlying securities portfolio.
- Participants do not need to register with regulatory authorities and are not bound by administrative procedures in the host countries.
- The issuance based on this underlying stock portfolio makes P-Notes similar to an investment fund certificate for foreign investors, such as an ETF. In addition, P-Notes also has the properties of a payment instrument similar to commercial paper or bills. P-Notes are freely transferable on the market through the endorsement method.

Context:

- For the whole November, foreign investors net bought nearly 16,000 billion dong on the Vietnamese stock market, the highest level since the beginning of the year. On HoSE alone, foreign capital poured in nearly VND 15,000 billion.
- Notably, recently ETF Fubon is one of the large ETFs investing in Vietnam, they also announced that they will raise about VND 4,000 billion to continue investing in the Vietnamese market. That is, even though they have disbursed all the above amount, the scale of foreign net buying in recent weeks shows the footprint of another group of foreign investors.
- All four major foreign investment banks, Deutsche Bank, HSBC, Citigroup and Merill Lynch (now a division of Bank of America) have issued P-Notes to their customers in the country. outside.
- Investment cash flows through P-Notes can change very quickly and are often thought to be speculative.

Footprints of P-notes



At the beginning of July 2009, trading activities of foreign investors on Vietnam stock market proved to be quite exciting with a value of over trillion. The question is raised here, in the context that the investment moves of long-term investment funds in Vietnam such as VinaCapital and DragonCapital are considered to be quite silent, foreign capital has contributed to boosting foreign investors' transactions in recent sessions from which entity?

Lessons from India

- P-Notes have appeared and caused many adverse effects in some emerging stock markets in developing countries, and at the present time, it seems that this form of investment has crept into Vietnam's stock market.
- The form of investment through P-Notes has appeared in the Indian stock market since 1992 and increased continuously for more than a decade after that, without any regulation by the market regulator of the country. In 2006, according to data published by Indian regulators, the proportion of capital mobilized from the issuance of P-Notes to the total disbursed investment capital of institutional investors on the Indian stock market increased to 52%. This also means that more than half of the US$45 billion of foreign investment disbursed on the Indian stock market is completely unidentifiable.
- Concerned about the potential negative effects, on 16/11/2007, the Securities Exchange Commission of India announced the implementation of measures to restrict P-Notes, wwith a focus on the unregistered character of the holder of this financial instrument. The above news caused deep concern among foreign investors, and as a result, the SENSEX index of the Indian stock market fell nearly 9% in a single session. The trading session that day had to be postponed for more than 1 hour and the Indian Minister of Finance himself had to say that the Government of India completely did not prevent foreign investment activities on the stock market and did not the intention to completely ban the form of investment through P-Notes.

Source: thesaigontimes.vn

Technical view



Trend: Short-term weakness signal

- The index cooled down after the previous series of steep climbs. Selling pressure dominated the session so the market closed in red. Most of the industry groups dropped and quite a few stocks fell to the floor. Order matching continued to surpass the 20 session average. With Vn-index ending the session, creating an Evening star candlestick pattern implies a reversal signal in the short term and the transaction needs to be more cautious. The nearest support for the trend is 1,020 points, expecting the index to find a balance around here to continue the recovery. In case the threshold of 1,020 points is lost, the appropriate strategy is to continue observing, at this time the index may find a lower level.

Scenarios:

- Positive (60%): The index maintained above 1,050 points and continued to rise to 1,100 points, more optimistic than towards 1,150 points, corresponding to the old bottom that was broken before.
- Less positive (40%): The index returned to retest around 1,020 points. If it loses the threshold of 1,020, the index might drop back to test the psychological level of 1,000 points and lower to the area of 900 points.

Recommended stocks

7/12/2022

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
POW	Watch							Correction to the support zone
VGI	Watch							Good reaction around 20-day MA
MBB	Watch							Good reaction around 50-day MA
HPG	Watch							Break MA50 days with consensus volume, waiting for a correction
SSI	Watch							Break MA50 days, wait for the correction

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
NT2	Hold	26	29	24.5	12%	-6%	26.5	3	1.92%	02/12/2022	
VNM	Sell	77.5	85	73	10%	-6%	85	11	9.68%	22/11/2022	Sold

Economic calendar

December 2022

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
27	28	29	30	1 Fed Chair Powell Speaks Core PCE Price Index m/m (USD) ISM Manufacturing PMI (USD)	2 Non-Farm Employment Change (US)	3
4 OPEC Meetings	5 ISM Services PMI (USD)	6 RBA Rate Statement	7 BOC Rate Statement	8 Unemployment claims (US)	9 Prelim UoM Consumer Sentiment (USD) PPI m/m (USD)	10
11	12 GDP m/m (UK)	13 CPI,Core CPI (US)	14 CPI, Core CPI (UK)	15 FOMC Statement Federal Funds Rate SNB Press Conference	16 Flash Services PMI (US)	17
18	19 Flash Manufacturing and Services PMI (UK, French, German)	20 Monetary Policy Statement (Japan)	21 CB Consumer Confidence (US)	22 Final GDP q/q	23 GDP m/m (Canada) Core PCE Price Index (US)	24
25	26	27	28	29 Monthly macroeconomic data release (Viet Nam)	30	31

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Q&A

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