# MORNING CALL

December 19th, 2022

Shinhan Securities

## "The world market cools down, can domestic stocks find their own way?"

- Global stocks had a strong week of decline
- Domestic stocks struggled with the dominant sideways trend
- The wave of raising interest from major central banks
- Technical view and recommendations
- Economic calendar
- Q&A


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# Global Market Review - Week 12 - 16/12/2022

## Major stock markets sell off

- Global stocks showed signs of reversal and dropped again after a good recovery period recently. The Federal Reserve has decided to slow down interest rate increases for December, but when the tightening cycle will stop is a question that investors are more interested in and still have no answer. Cautious sentiment returned when interest rates remained at a high level despite good news from the cooling of inflation data in the US. At the end of the week, Dow Jones, S&P 500 fell 1.7% and 2.1% respectively. European stocks were also in the red with Stoxx Euro losing 3.3%. Asian shares traded lower with the Hang Seng losing its streak and falling 2.3% while the Nikkei also fell 1.4%.
- The S&P Global US Manufacturing PMI fell to 46.2 in December of 2022 from 47.7 in November, well below forecasts of 47.7, preliminary estimates showed. The reading pointed to the biggest contraction in factory activity since May of 2020, driven by subdued demand and a faster fall in output.
- The dollar recovered slightly when DXY approached 105, along with the 10-year US Treasury bond yield also increased to 3.48%.
- Retail sales in the UK unexpectedly declined 0.4% month-over-month in November of 2022, after jumping an upwardly revised 0.9% in the previous month when there was a bounce back from the impact of the additional Bank Holiday in September for the State Funeral.
- Crude oil recovered after the previous week of sharp decline, to around $74/barrel, equivalent to an increase of 4.6% but still in the risk zone. Recession fears are still dominating the demand outlook.

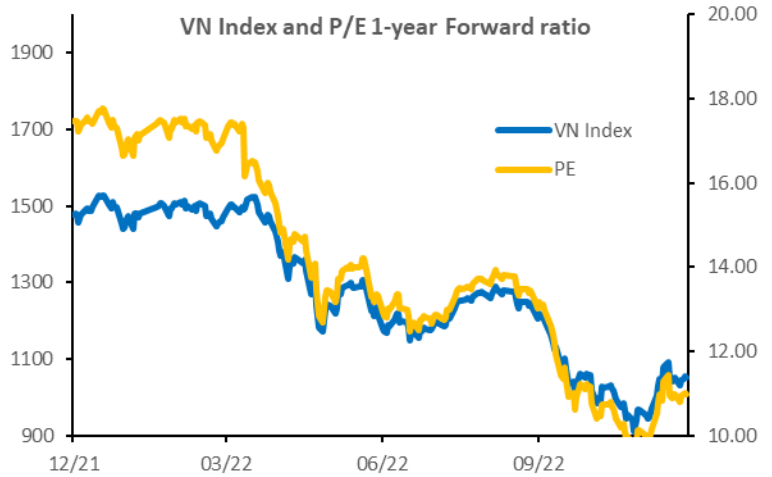
## Market

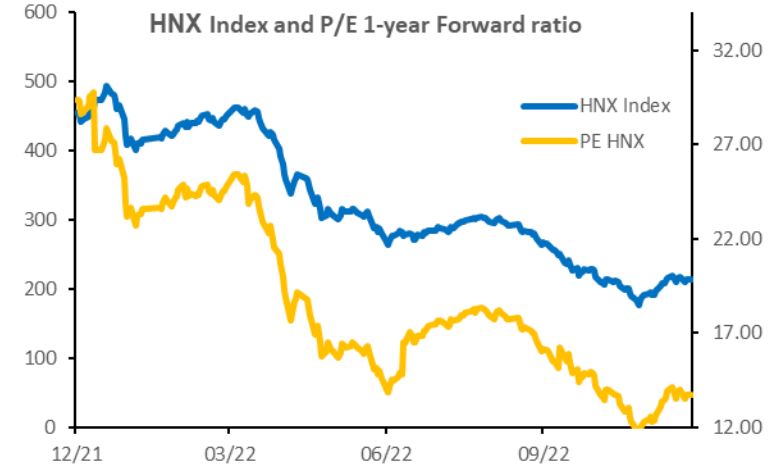
| | Close | %1D | %1M | %1Y |
|---|---|---|---|---|
| VN-Index | 1,052 | -0.27% | 8.58% | -28.88% |
| S&P 500 Index | 3,852 | -1.11% | -2.85% | -16.63% |
| Dow Jones Index | 32,920 | -0.85% | -2.45% | -6.91% |
| GP 100 | 7,332 | -1.27% | -0.72% | 0.86% |
| Nikkei 225 | 27,240 | -1.04% | -2.37% | -4.58% |
| SHCOMP Index | 3,168 | -0.02% | 2.28% | -12.79% |
| STOXX 600 | 425 | -1.20% | -1.98% | -10.37% |
| KOSPI Index | 2,350 | -0.44% | -3.88% | -22.14% |
| Hang Seng | 19,451 | 0.42% | 8.10% | -16.13% |

## Currency & Commodity

| | Close | %1D | %1M | %1Y |
|---|---|---|---|---|
| Dollar Index | 104.65 | -0.05% | -2.13% | 8.37% |
| USD/VND | 23,603.00 | -0.30% | 5.03% | -2.53% |
| EUR/USD | 1.06 | 0.11% | 3.48% | -6.04% |
| USD/CNY | 6.97 | 0.00% | 1.78% | -8.69% |
| Brent | 79.70 | 0.84% | -9.04% | 8.41% |
| WTI | 74.89 | 0.81% | -6.48% | 5.69% |
| Natural gas | 6.21 | -5.97% | -1.54% | 68.18% |
| Coal | 403.00 | 0.27% | 21.18% | 139.17% |
| Gold | 1,793.63 | 0.03% | 3.20% | 0.15% |

# Vietnam Market Snapshot 16/12/2022




| | Close | PE | Difference | %1D | Trading volume (mn stocks) | Trading value (VND bn) |
|---|---|---|---|---|---|---|
| VNI NDEX | 1,052.48 | 11.00 | -2.84 | -0.27 | 881 | 15,508 |
| HNX INDEX | 212.99 | 13.69 | 0.04 | 0.02 | 104 | 1,363 |

## Money flow and sector rotation (VND bn)

| Sector | %1D | 12/16/2022 | 12/15/2022 | 20-session Average |
|---|---|---|---|---|
| Media | 175.29 | 1 | 1 | 2 |
| Basic Resources | 139.19 | 1,904 | 796 | 1,193 |
| Travel & Leisure | 62.70 | 152 | 93 | 78 |
| Industrial Goods & Services | 62.20 | 641 | 395 | 543 |
| Construction & Materials | 59.41 | 758 | 476 | 613 |
| Oil & Gas | 49.28 | 141 | 95 | 152 |
| Food and Beverage | 45.63 | 1,145 | 786 | 967 |
| Chemicals | 43.02 | 505 | 353 | 596 |
| Insurance | 41.01 | 62 | 44 | 61 |
| Real Estate | 27.07 | 2,720 | 2,140 | 3,421 |
| Financial Services | 25.46 | 1,759 | 1,402 | 1,751 |
| Retail | 10.18 | 328 | 298 | 381 |
| Utilities | 4.00 | 167 | 161 | 195 |
| Health Care | 0.55 | 11 | 11 | 18 |
| Automobiles & Parts | -1.1 | 96 | 97 | 110 |
| Personal & Household Goods | -14.6 | 129 | 151 | 136 |
| Technology | -16.7 | 84 | 101 | 109 |
| Banks | -21.9 | 2,936 | 3,758 | 2,896 |

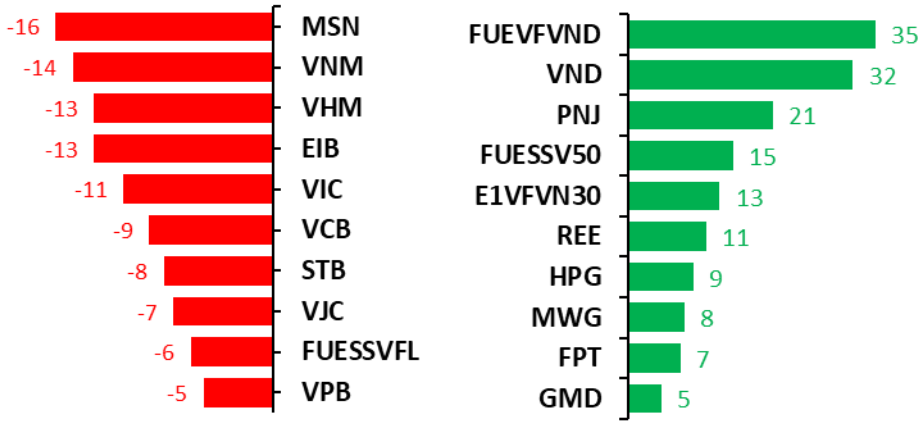
Source: Bloomberg, Shinhan Securities Vietnam



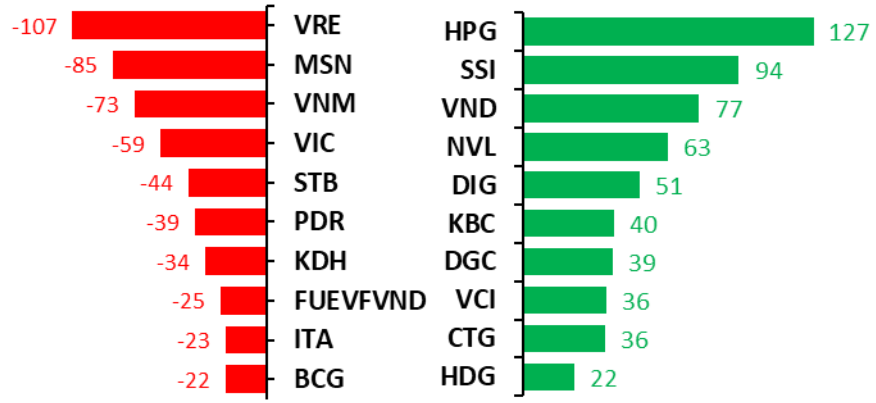
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# Vietnam Market Snapshot 16/12/2022

## 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 | (22) | (80) | (111) | (36) |
| Basic Resources | 10 | 137 | (26) | 14 |
| Media | - | - | 0 | - |
| Industrial Goods & Services | 16 | 16 | 14 | (399) |
| Health care | - | 2 | (59) | (0) |
| Chemicals | (0) | 55 | (26) | 2 |
| Financial Services | 82 | 182 | 19 | 34 |
| Travel & Leisure | (7) | 25 | 36 | (8) |
| Banks | (37) | (41) | 5 | 20 |
| Construction & Materials | (1) | (7) | (195) | 17 |
| Food and Beverage | (32) | (78) | (114) | (46) |
| Retail | 8 | (1) | 92 | 26 |
| Utilities | (5) | 9 | (101) | 9 |
| Personal & Household Goods | 21 | 0 | 477 | 18 |
| Technology | 7 | 0 | 10 | 30 |
| Automobiles & Parts | 1 | 16 | (0) | (0) |
| Insurance | 0 | 20 | (0) | 5 |
| Oil & Gas | (0) | 18 | (0) | 19 |

Source: Fiinpro, Shinhan Securities Vietnam

# Breaking News

## Macro

### Positive

- Vietnam's import and export of goods reached a new record of 700 billion USD.
- Banks agreed to bring the deposit interest rate below 9.5%/year.
- According to the HNX, in November, businesses bought back more than VND 14,300 billion of bonds before maturity.

### Less positive



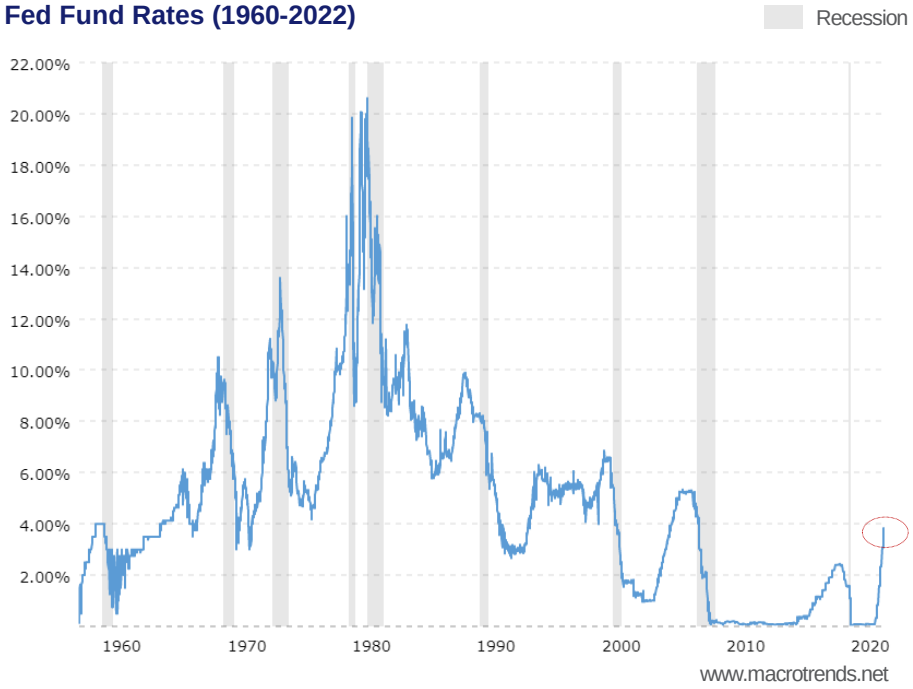

## Business news

- BCG, Mr. Nguyen Hunan completed buying 5 million shares of Bamboo Capital (BCG) after being sold off the mortgage.
- FLC plans to hold an extraordinary General Meeting of Shareholders to elect additional members of the Board of Directors, continuing to be subject to tax enforcement of VND 76 billion.
- STB, Sacombank reduces 1% lending interest rate for all customers, effective from December 16.
- LPB, LienVietPostBank issued VND 1,950 billion of bonds to the public to supplement the medium and long-term mobilized capital to meet the needs of customers to increase the scale of operating capital and borrow medium and long-term loans.

  Besides, LienVietPostBank also approved the early redemption of VND 1,100 billion of bonds with the code LPBH2124017.
- GEX, according to information disclosure, GELEX Group JSC has just completed the pre-maturity buyback of 821 bonds maturing in 2023.
- ITA, Tan Tao University registered to buy 10 million shares of ITA, the transaction is expected from December 20, 2022 to January 12, 2023.
- VTR, Vietravel Group registered to sell nearly 1.8 million VTR shares, the transaction is expected from December 16, 2022 to January 13, 2023.
- VCS, Vicostone still want to buy back 4.8 million treasury shares.
- TLG, Thien Long Group JSC has just announced that it will close the right to pay the second dividend of this year at the end of this December. Accordingly, for each share owned, shareholders will receive 1,500 VND in dividends.

# The wave of raising interest from major central banks

**Fed Fund Rates (1960-2022)**




On December 14, 2022, the Federal Reserve Bank of the United States (Fed) decided to raise the basic interest rate margin of this agency by 0.5% to about 4.25 - 4.5%, after four consecutive times of raising interest rates 75 basis points previous.
The FED started preparing to raise interest rates in March 2022 and continuously raised interest rates after that, culminating in four consecutive increases in June, July, September, and November. This move led to a wave of interest rate hikes of other major central banks..

➢ Although the rate of interest rate increase has started to slow down, the interest rate level is still high compared to previous periods and is close to the 2008 crisis period.

- The European Central Bank (ECB) raised interest rates by 50 basis points at its last monetary policy meeting in 2022, marking its fourth rate hike, after two consecutive 75 basis points hikes.
- The Bank of England (BoE) raised interest rates by 50 basis points to 3.5% in its December meeting, pushing borrowing costs to their highest levels since late 2008, as policymakers tried to rein in inflation amid fears of an impending economic downturn. Officials noted that the labor market remained tight, inflation and wage growth remained high, which justifies a strong policy response.
- The Swiss National Bank (SNB) raised its policy rate by 50 basis points, as widely expected, and stated that the possibility of further rate hikes should not be ruled out. The increase brought borrowing costs to their highest level since 2008 as inflation in Switzerland has been above the central bank's 2% target since February.
- The Bank of Canada (BoC) raised its overnight interest rate target by 50 basis points to 4.25% at its final meeting in 2022, matching market expectations and pushing borrowing costs to their highest levels since 2008.
- The Reserve Bank of Australia (RBA) raised its policy rate by 25 basis points to 3.1%, bringing borrowing costs to levels not seen in a decade.
- At the end of September, the Central Bank of Indonesia raised the policy rate from 3.75% to 4.25%. The Philippine central bank also announced an increase in interest rates by 50 basis points, to 4.25%.



# Technical view




## Trend: Accumulation

- The index closed the week almost unchanged around the reference level, showing the indecision and caution of investors. Order matching also decreased significantly compared to the previous week. The MACD has narrowed the spread with the signal line, along with the RSI is almost flat when falling to near the neutral threshold of 50, this reflects supply and demand struggle in finding direction. The index needs an explosive session to confirm the trend, on the other side, if the sideways movement continues and the index cannot break out, it will easily lead to correcting pressure. The nearest support for the trend is around 1,020 points, while the resistance is now at 1,080 points..

## Scenarios:

- Positive (60%): The index balanced and successfully tested the area of 1,000 - 1,020 points to create a recovery momentum to the threshold of 1,100 points, more optimistic than towards the 1,150 point area, corresponding to the old bottom that has been broken before.
- Less positive (40%): The index losing the level of 1,020 might drop to test the psychological threshold of 1,000 points and lower to the area of 980 points.

# Recommended stocks

19/12/2022

Unit: thousand VND

## Today's watchlist

| | Recommendation | Buying price (+/- 1%) | Target | Cut loss | Upside | Downside | Current price | Signals |
|---|---|---|---|---|---|---|---|---|
| VNM | Watch | | | | | | 78 | Waiting to retest the 50-day MA |
| MBB | Watch | | | | | | 18.8 | Waiting to retest the area around MA10-20 days, MA20 - 50 cross |
| HPG | Watch | | | | | | 20.4 | Break out signal, waiting to retest the area near MA10 days |
| SSI | Watch | | | | | | 20.5 | Good reaction around MA10, waiting for break signal |

## Trading portfolio

| Ticker | Recommendation | Buying price (+/- 1%) | Target | Cut loss | Upside | Downside | Current price | T+ | Profit/Loss | Date | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| VCG | Hold | 17.6 | 21 | 16 | 19% | -9% | 18.8 | 5 | 6.82% | 12/12/2022 | |
| VRE | Hold | 27.5 | 32 | 26 | 16% | -5% | 26.2 | 6 | -4.73% | 09/12/2022 | |
| POW | Hold | 11 | 12.5 | 10.4 | 14% | -5% | 11.45 | 6 | 4.09% | 09/12/2022 | |
| NT2 | Hold | 26 | 29 | 24.5 | 12% | -6% | 27.95 | 11 | 7.50% | 02/12/2022 | |

# Economic calendar

## December 2022

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

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# Q&A

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