MORNING CALL

January 16th, 2023

Shinhan Securities

"The resting phase of the market when the less positive information subsides"

- World stocks extended their rally, following the green color from the previous week
- Domestic stocks fluctuated almost unchanged around the reference, hesitancy prevailed
- Inter-Market Update, Crude Oil out of risk zone, Bitcoin has a Bullish week
- Technical view and recommendations
- Economic calendar
- Q&A

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Global Market Review - Week 09 - 13/01/2023

Major stock markets continued to be in green

Global stocks continued to rally as December US CPI data showed inflation remained on track to cool, reinforcing expectations that the Federal Reserve could slow its aggressive tightening campaign. Besides, in Fed Chairman Powell's latest speech to the Riksbank, he did not comment further on the prospects of monetary policy, but only emphasized the independence of policy from political influences, such as: climate change, in contrast to some hawkish messages from other Fed officials earlier this week. At the end of the week, Dow Jones and S&P 500 gained 2.0% and 2.7% respectively.

European stocks also traded positively with Stoxx Euro soaring 1.8%. Asian stocks remained in the green with optimism about China's impending reopening continuing to boost economic demand, with Hang Seng climbing 3.5%, along with Shang Hai also gaining 1.2%.

The University of Michigan consumer sentiment for the US rose to 64.6 in January, the highest since April, from 59.7 in December and beating market forecasts of 60.5, preliminary estimates showed. Both current and future expectations improved and inflation prospects for the year ahead fell.

The annual inflation rate in the US cooled for a sixth straight month to 6.5% in December, the lowest since October of 2021, and matching market expectations. Month over month, the CPI declined by 0.1%, as a decrease in gasoline prices more than offset a rise in the cost of shelter. Core inflation increased by 0.3%, also in line with market expectations.

Regarding the focus of this week, domestic attention will be on the expiration of derivative contracts. In the world market, US retail sales, along with PPI data, housing index will be of interest. Additionally, new inflation data will be released for the UK, Japan, Canada and South Africa. Finally, investors will look to China's Q4 GDP growth, industrial output and retail sales.

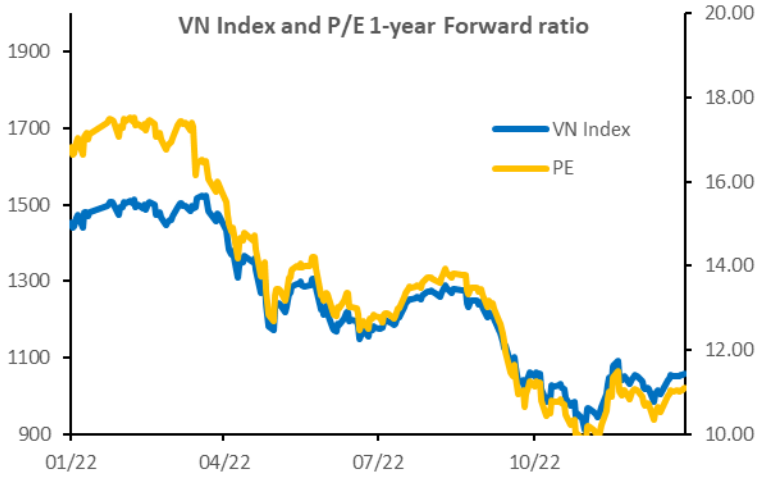
Market

	Close	%1D	%1M	%1Y
VN-Index	1,060	0.36%	0.73%	-29.13%
S&P 500 Index	3,999	0.40%	3.81%	-14.24%
Dow Jones Index	34,303	0.33%	4.20%	-4.48%
GP 100	7,844	0.64%	6.98%	3.99%
Nikkei 225	25,783	-1.29%	-6.34%	-8.33%
SHCOMP Index	3,195	1.01%	0.87%	-9.26%
STOXX 600	453	0.52%	6.55%	-5.95%
KOSPI Index	2,399	0.56%	1.67%	-17.88%
Hang Seng	21,739	1.04%	11.76%	-10.85%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	102.19	-0.02%	-2.40%	7.38%
USD/VND	23,441.00	0.01%	0.78%	-3.16%
EUR/USD	1.08	0.08%	2.39%	-4.99%
USD/CNY	6.70	0.43%	3.74%	-5.09%
Brent	85.24	-0.05%	7.84%	-0.95%
WTI	79.86	0.00%	7.50%	-4.72%
Natural gas	3.59	4.94%	-45.64%	-15.81%
Coal	370.25	-1.92%	-8.47%	75.06%
Gold	1,918.81	-0.07%	7.01%	5.47%

Vietnam Market Snapshot 13/01/2023





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,060.17	11.11	3.78	0.36	670	12,394
HNX INDEX	211.26	13.38	-0.68	-0.32	64	879

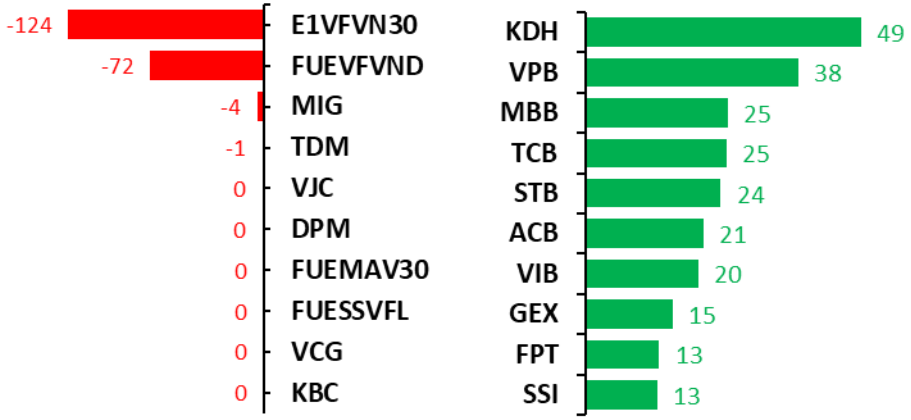
Money flow and sector rotation (VND bn)

Sector	%1D	1/13/2023	1/12/2023	20-session Average
Industrial Goods & Services	109.23	493	235	446
Financial Services	101.22	1,195	594	1,121
Health Care	41.84	12	9	15
Banks	35.83	2,172	1,599	2,145
Retail	32.85	148	111	204
Insurance	22.04	38	31	37
Personal & Household Goods	21.45	69	57	82
Technology	16.89	61	52	74
Chemicals	13.05	254	225	308
Utilities	7.74	172	160	173
Real Estate	5.90	1,105	1,043	1,571
Travel & Leisure	5.74	59	56	77
Automobiles & Parts	4.59	59	56	65
Basic Resources	0.43	724	721	926
Construction & Materials	-6.7	529	567	543
Food and Beverage	-9.2	602	663	745
Media	-21.7	0	0	1
Oil & Gas	-61.0	86	221	123

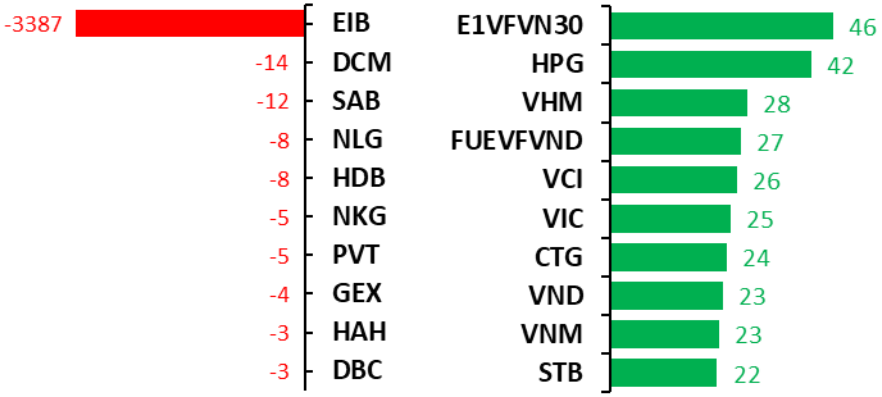
Source: Bloomberg, Sinhan Securities Vietnam

Vietnam Market Snapshot 13/01/2023

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	61	57	(45)	(34)
Basic Resources	6	43	(29)	4
Media	-	0	(0)	(0)
Industrial Goods & Services	19	(13)	(80)	(15)
Health care	(0)	3	(60)	(0)
Chemicals	(0)	(9)	25	14
Financial Services	(177)	129	(3)	(51)
Travel & Leisure	(0)	8	(55)	(4)
Banks	193	(3,332)	(32)	372
Construction & Materials	(0)	3	(125)	9
Food and Beverage	13	20	(26)	71
Retail	6	3	(45)	2
Utilities	6	26	(102)	(5)
Personal & Household Goods	1	2	(121)	(2)
Technology	13	2	3,363	5
Automobiles & Parts	(0)	1	(0)	0
Insurance	(3)	11	0	(3)
Oil & Gas	0	7	(0)	15

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

Positive

- This year, the Ministry of Transport (MOT) was assigned more than 94,000 billion VND of public investment capital by the Prime Minister to invest in a series of important traffic projects, doubling the capital of last year.
- In 2022, the United States is Vietnam's largest export market with an estimated turnover of 109.3 billion USD.

Less positive

- More than 1 million people are unemployed, nearly 900,000 people are underemployed in the fourth quarter of 2022.
- Wood industry enterprises in Binh Dinh now have to lay off workers on a rotation to reduce the pressure of underemployment due to not receiving new orders.
- In 2022, the growth of Vietnam's plastics industry will reach 1.9%, which is the lowest year after more than a decade of continuous growth of over 15%
- More than VND 16,000 billion of bonds of real estate and construction businesses need to be paid in January 2023, according to VBMA.



Business news

- C4G, Cienco 4 and their joint ventures have just won the XL01 package worth more than 3,900 billion VND at the component project of the Vung Bung - Van Ninh section, belonging to the North - South highway passing through Quang Binh province.
- DPM, In 2022, revenue is estimated at nearly VND 20,000 billion pre-tax profit is estimated to increase by nearly 70% to VND 6,400 billion, the highest level in the company's history.

  However, the growth was mainly thanks to the large profit in the first 9 months of the year, the profit before tax in the fourth quarter of 2022 was estimated at 1,031 billion VND, down by nearly half compared to the same period last year.
- BFC, In 2022, Binh Dien Fertilizer is estimated to reach VND 8,693.2 billion in total revenue, up 10.2% over the same period last year and consolidated pre-tax profit at VND 236.3 billion, down 36.4%. In Q4 alone, consolidated pre-tax profit reached VND 24.8 billion, down 82.4%.

  In the first quarter of 2023, the Company sets a revenue target of 1,354.5 billion VND and profit before tax is expected at 20.4 billion VND, down 80.9% compared to the same period last year.
- MSN, Masan plans to offer two lots of bonds to the public to raise VND1,500 billion.
- REE, REE Land (Subsidiary of REE) won the auction for a project of nearly 2 hectares in Thai Binh.
- HHV, Deo Ca Traffic Infrastructure Investment JSC estimated at 314 billion dong in 2022, revenue and profit are estimated to grow by 10% and 8% respectively compared to 2021.
- TVN, Vnsteel estimated consolidated revenue to reach VND 40 trillion, however, consolidated pre-tax profit is not expected to be effective.
- HND, Hai Phong Thermal Power JSC were fined and taxed nearly VND 1.8 billion.
- TTF, Mr. Vo Quoc Loi, a member of the Board of Directors, increased his ownership in Truong Thanh Wood to 1.1% of charter capital.

Inter-market update



- Although maintaining the upward momentum, Wall Street still seems to face quite difficult resistance ahead, the point to note is the uptrends with gradually decreasing liquidity, showing that the buying money flow is not really definitive. Europe's Stoxx Euro is somewhat stronger but looking at the big trend is still moving near resistance. Like Hang Seng, the rally seems to have little room as challenges will be more near the resistance ahead.

➢ In general, the upswing still prevails but depending on each market, the level of recovery will be different and depends on the individual stories, the catalyst from the market itself.

Crude oil exits the risk zone, USD continues to weaken



- **WTI crude futures** traded near $80 per barrel on Friday and were on track to gain about 6% this week, underpinned by an improving demand outlook in China and hopes for less aggressive interest rate hikes from the US Federal Reserve.
- China ramped up crude purchases this week after Beijing issued new import quota, and consumption is expected to surge to a record this year following the country's exit from its zero-Covid policy, as observed by Bloomberg. Meanwhile, US inflation eased further in December, reinforcing expectations that the Fed will slow the pace of interest rate hikes and supporting a rally in risk assets.
- Concerns about the impact of sanctions on Russian supply also lent optimism to bulls, as European Union curbs aimed at Russian fuel product sales are due to take effect in February. Elsewhere, OPEC+ decided in December to stick with their policy of restricting global supplies by 2 million barrels per day, a move due to run through the end of 2023.

- **The dollar** remained subdued against a basket of major currencies on Friday (13/01), testing the 102 neighborhood for the first time since last June, as prospects of a less aggressive tightening from the Federal Reserve spooked investors away from the greenback. In the spotlight was data showing that the annual inflation rate in the US slowed for a sixth straight month to 6.5% in December, in line with market forecasts. That was also the lowest reading since October 2021, offering hopes that inflation peaked in June at 9.1%.

Bitcoin climbs, iron ore and steel bar prices continue to prosper





- **Bitcoin** was trading around $20,700 on Sunday, January 15, up 4.49% since the previous trading session. Looking back, over the past four weeks, Bitcoin has gained 22.95%.
- According to professional virtual currency traders, Bitcoin price fluctuations are similar to the Wall Street stock market (USA). In recent trading sessions, the inflation index in the US showed signs of continuing to cool down, which had a positive impact on the psychology of investors.
- However, many argue that the Bitcoin price increase is only a temporary growth, not a sign of a new flourishing season. The overall market is still in the negative assessment zone and despite the price increase, the trading volume did not have a sudden change.

- **Prices for iron ore** cargoes with a 63.5% iron ore content for delivery into Tianjin extended their rally to above $126 per tonne in January, along with **Steel rebar** futures rallied past CNY 4,080 per tonne, underpinned by continued optimism about demand prospects in China and weakening supply concerns.
- Investors anticipated that China's easing of coronavirus restrictions will boost metals demand. Optimism around China's stepped-up policy support for the ailing domestic property sector, have supported a rally since early November. Meanwhile, China will boost financing for good quality property developers and roll out of CNY 100 billion ($14.86 billion) support plan for rental housing loans, the official Xinhua news agency said on Friday.
- Major Brazilian producer Vale stated that export levels from the country dropped significantly due to heavy rains in the country. To add, cyclones and first-quarter maintenance programs threatened steady exports from top producer Australia.

Technical view



Trend: Sideway

- The index was little changed for the week and indecision prevailed in trading. It seems that the absence of a leading group in the current period makes it more difficult for the market to break through to a higher level. The technical indicators still show balanced signals as MACD continues to remain above the signal line and above the positive zone, along with the RSI stabilizing above 50. Money flow is fast moving between sectors with the return of Oil&gas group, besides Public Investment continued to show positive trade. The appropriate strategy is to hold and increase the weight when the index breaks out of resistance around 1,080 points as well as reduce the weight if the index loses the support level of 1,030 points.

Scenarios:

- Positive (60%): The index balanced and successfully tested the area of 1,040 points, corresponding to the 20-day MA to create a recovery momentum to 1,080 points, more optimistically towards the 1,150 point area.
- Less positive (40%): The index losing the level of 1,000 might drop to test the threshold of 980 points and lower to the area of 950 points.

The group of stocks has the current good trend

Group	Sector	Stocks	Opinion	Trend
Public Investment	Building infrastructure	VCG, LCG, C4G, HHV	The latest economic data showed manufacturing activity contracted amid weak demand. Export activities are also expected to be more difficult in 2023. Therefore, to promote economic growth, accelerating disbursement of public investment is an option that can be considered.	Forming short-term bullish inertia with the price sustaining above the 10, 20, and 50-day MA trend lines. However, the stock will still face many challenges when approaching resistance on weekly chart.
	Materials (stone, cement)	KSB, DHA, CTI BCC, HT1		
Utility	Power	NT2, POW VSH, GEG	In the context of a potential recession and slowing economic growth, the defensive industry group will be the right choice.	
	Electrical construction	PC1		
State-owned bank		VCB, BID, CTG	Playing a leading role in the index	Increased momentum is maintained but close to strong resistance, there is not much room left.
Blue chip	Technology	FPT	Playing a leading role in the index, stable growth	Stable in the short term
	Consumer goods	MSN, VNM		
Own story	Industrial park	KBC	Expecting a sudden profit from setting an ambitious business plan of 4,000 billion profit after tax, in addition to the reduction of charter capital.	Increased momentum is maintained
	Aviation	HVN	The story of China reopening, however, businesses still have large accumulated losses, so it will still be difficult for the business situation to improve immediately.	Increased momentum is maintained

Recommended stocks

` 16/1/2023

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
HPG	Watch							MA10 crosses MA20 daily, liquidity improves
POW	Watch							Break out signal on January 5, watch for corrections pace
PVS	Watch							Good reaction around MA10
KBC	Watch							Break out signal, watch for reaction around 10-day MA
NT2	Watch							Watch for reaction around the MA10-20 day area
SKG	Watch							Good accumulation trend
PC1	Watch							Waiting to retest the old peak around 22

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
VCG	Hold	18	21	16	17%	-11%	19.7	5	9.44%	09/01/2023	
FPT	Hold	80	86	77	8%	-4%	80	5	0.00%	09/01/2023	
VNM	Hold	79.5	86	76	8%	-4%	80.6	5	1.38%	09/01/2023	
MBB	Hold	18	20	17	11%	-6%	18.25	5	1.39%	09/01/2023	

Economic calendar

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January 2023

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3 S&P Global Manufacturing PMI (VN)	4	5 FOMC Minutes	6 Non-farm payrolls, unemployment rate (US)	7
8	9 Unemployment Rate (EU)	10	11	12 Inflation figures (US)	13	14 Trade balance (China)
15	16	17 Unemployment rate, GDP growth (China)	18 Retail Sales, PPI (US)	19 Expiration of futures contract VN30F1M	20 Tet Holiday	21 Tet Holiday
22 Tet Holiday	23 Tet Holiday	24 Tet Holiday	25 Tet Holiday	26 Tet Holiday	27	28
29	30	31	1	2	3	4

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Q&A

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