MORNING CALL

January 19th, 2023

Shinhan Securities

"The index is close to approaching the resistance area, profit-taking pressure exists"

- Global stocks struggled, the pressure dropped again
- Domestic stocks remained in green, approaching the resistance level of 1,100 points.
- Business results update season #SCS #NTP #PVS #IMP #VIB #GIL #VOC #NCT
- Technical view and recommendations #VCG #MBB
- Economic calendar
- Q&A

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Open Account

Global Market Review - Week 16 - 20/01/2023

Major stock markets trading struggled

- Wall Street failed to hold its upward momentum on Wednesday, with all three major indexes crossing into negative territory as investors digested a slew of US economic data and earnings while reassessing the outlook for monetary policy. The Dow Jones shed more than 600 points, while the S&P 500 and the Nasdaq 100 fell 1.6% and 1.2%, respectively. In an interview with the Associated Press, Fed's Mester said that the Fed will have to raise the interest rate above 5% to get inflation at the goal level of 2%. European stocks closed slightly higher on Wednesday, with the benchmark Stoxx 600 holding at a 9-month high as investors welcomed positive earnings updates and signs of easing inflationary pressure.
- Annual inflation rate in the UK fell to 10.5% in December of 2022 from 10.7% in November, matching market forecasts.
- US producer prices (PPI) dropped 0.5% in December, the largest decline since April 2020 and compared with market expectations of a 0.1% fall, adding to signs that inflationary pressure in the world's largest economy is cooling. Goods prices dropped 1.6%, led by a 7.9% slump in energy cost, while services prices were slightly up. On a yearly basis, the PPI rose 6.2%, the least since March 2021. Retail sales in the US declined 1.1% month-over-month in December 2022, following 1% drop in November and worse than forecasts of a 0.8% fall. Sales at gasoline stations recorded the biggest decrease (-4.6%), followed by furniture stores (-2.5%), motor vehicle dealers (-1.2%), electronics and appliances stores (-1.1%).
- The Bank of Japan (BoJ) maintained its key short-term interest rate at -0.1% and that for 10-year bond yields around 0% during its January meeting by a unanimous vote. The central bank also kept its 0.5% cap for bond buying, defying market speculation and signaling that policymakers aren't seeking a looser grip on bond yields after the unexpected tweak of the yield curve control range in December.
- Japan's trade deficit surged to JPY 1,448.5 billion in December 2022 from JPY 603.1 billion in the same month a year earlier, pointing to the 17th straight month of a gap which was the longest stretch since 2015.
- Crude oil traded at around $78 per barrel as investors reassessed the outlook for economic growth.

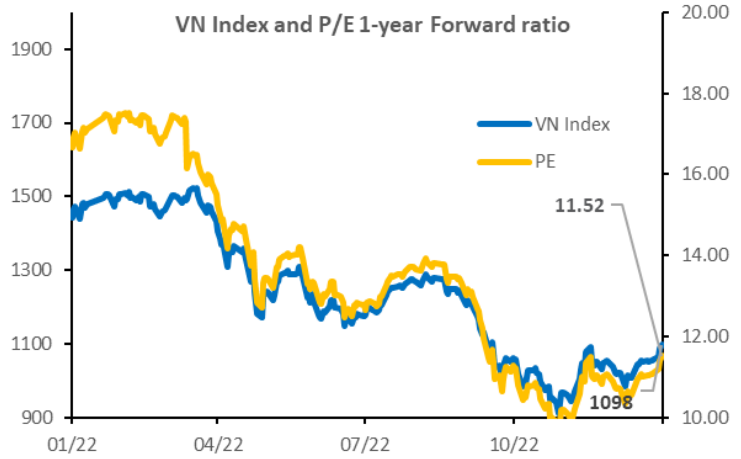
Market

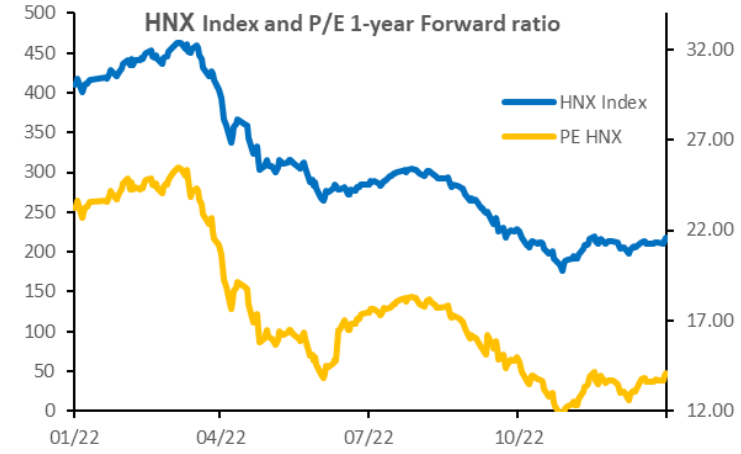
	Close	%1D	%1M	%1Y
VN-Index	1,098	0.92%	5.77%	-23.88%
S&P 500 Index	3,929	-1.56%	1.99%	-14.16%
Dow Jones Index	33,297	-1.81%	1.14%	-5.86%
GP 100	7,831	-0.26%	6.38%	3.18%
Nikkei 225	26,545	-0.92%	-2.54%	-3.36%
SHCOMP Index	3,224	0.00%	3.77%	-9.38%
STOXX 600	458	0.23%	7.43%	-4.86%
KOSPI Index	2,363	-0.24%	0.44%	-16.88%
Hang Seng	21,678	0.47%	12.01%	-10.15%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	102.36	-0.03%	-2.23%	6.93%
USD/VND	23,440.00	-0.02%	1.08%	-2.92%
EUR/USD	1.08	-0.03%	1.73%	-4.87%
USD/CNY	6.76	0.21%	3.28%	-5.99%
Brent	84.98	-1.09%	7.52%	-2.89%
WTI	78.84	-0.81%	4.85%	-9.34%
Natural gas	3.32	0.21%	-43.29%	-17.69%
Coal	368.00	-0.34%	-8.68%	66.52%
Gold	1,906.71	0.14%	6.66%	3.60%

Vietnam Market Snapshot 18/01/2023





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,098.28	11.52	9.99	0.92	604.19	10,237.5
HNX INDEX	217.73	14.11	2.58	1.20	76.63	1,204.6

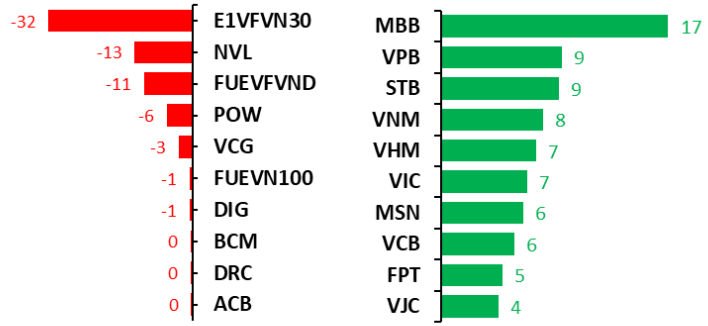
Money flow and sector rotation (VND bn)

Sector	%1D	1/18/2023	1/17/2023	20-session Average
Personal & Household Goods	77.10	121	68	79
Retail	50.11	320	213	179
Food and Beverage	49.86	921	615	680
Media	31.02	0	0	1
Real Estate	22.21	1,371	1,121	1,339
Insurance	15.36	43	37	32
Industrial Goods & Services	8.40	484	446	409
Financial Services	8.07	1,469	1,359	978
Technology	2.03	92	90	73
Construction & Materials	1.40	725	715	524
Automobiles & Parts	-0.9	82	82	61
Chemicals	-8.6	311	340	269
Travel & Leisure	-10.1	88	98	70
Oil & Gas	-27.0	89	122	116
Banks	-31.7	2,054	3,007	2,030
Utilities	-31.8	148	217	168
Basic Resources	-34.5	1,014	1,548	823
Health Care	-39.4	15	25	15

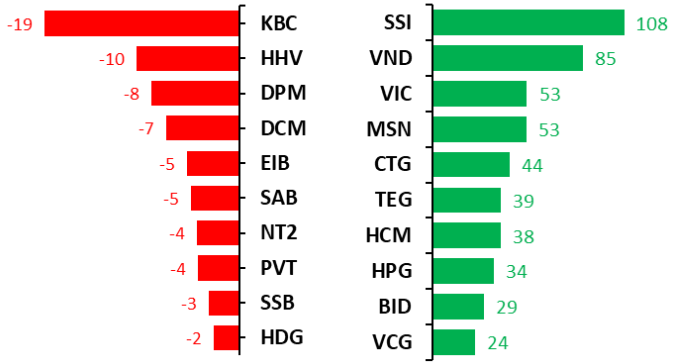
Source: Bloomberg, Sinhan Securities Vietnam

Vietnam Market Snapshot 18/01/2023

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	7	129	(114)	26
Basic Resources	4	47	(69)	21
Media	-	-	(0)	(0)
Industrial Goods & Services	3	3	(63)	(17)
Health care	0	(1)	(33)	(1)
Chemicals	5	(7)	(7)	5
Financial Services	(40)	255	(29)	(14)
Travel & Leisure	4	19	(55)	9
Banks	54	117	(39)	138
Construction & Materials	(3)	23	(133)	(119)
Food and Beverage	15	81	(51)	50
Retail	2	8	(111)	6
Utilities	(4)	1	(4)	3
Personal & Household Goods	2	5	(42)	(10)
Technology	5	1	(112)	44
Automobiles & Parts	(0)	3	(1)	(1)
Insurance	3	8	0	3
Oil & Gas	1	5	(0)	9

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

Positive

- stattimes.com (India) on January 14 published an article assessing that Vietnam has more and more opportunities to become a developed industrial center in Asia, especially in technology and garment.
- In 2023, the wood industry is expected to achieve a growth rate of 7-9%, equivalent to an export turnover of 18 billion USD.

Less positive

- Finished steel production in December 2022 reached 2,135 million tons, up 16.95% compared to November 2022, but down 21.3% over the same period in 2021, according to VSA. Steel consumption of all kinds reached 2,159 million tons, up 11.17% over the previous month but down 13.6% over the same period.
- 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

- **SCS,** In 2022, SCSC Cargo Service Corporation recorded revenue of VND 851 billion, a slight increase of 1.4% over the same period and EAT at VND 646 billion, up 15%.

  In the fourth quarter of 2022 alone, net revenue reached VND 196 billion, down 26% over the same period. Gross profit was at VND 165 billion, down 15%. The company's gross profit margin is quite high, up to 84%. Profit after tax reached VND 157 billion, almost flat compared to the same period last year.

- **LIX,** Q4/2022, LIX Detergent recorded net revenue of VND 724 billion, up VND 18 billion over the same period. Gross profit of VND 153 billion. Profit after tax decreased by 26% compared to the same period in 2021 to VND 46 billion.

  At the end of the year, LIX reported pre-tax profit of VND 263 billion, up nearly 20% compared to the same period last year. Profit after tax reached VND 213 billion. Achieved 97% of revenue plan and exceeded 17% of profit target.

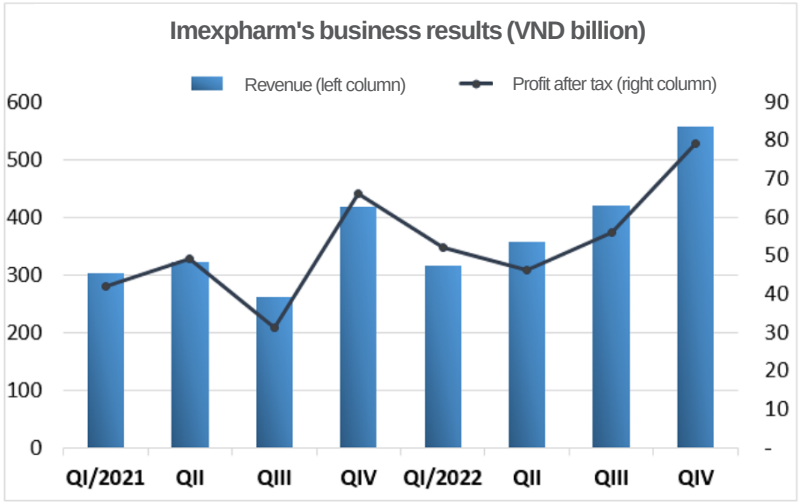
- **NTP,** Q4 Tien Phong Plastic's profit after tax is VND 69 billion, down more than 42% over the same period. Most notably, selling expenses increased sharply from VND 99 billion to VND191 billion – more than double the same period last year. In addition, joint ventures and associates also had a losing quarter, bringing in a loss of VND 11.7 billion.

  Thanks to favorable first quarters of the business year, accumulated in 2022, Tien Phong Plastic's revenue reached a record of VND 5,685 billion, up 17.9% compared to 2021. Profit after tax reached VND 480 billion, up 2.5%.

- DLG, Duc Long Gia Lai would like to delay the repayment of bonds by more than VND 181 billion. DLG continuously suffered losses in the first 9 months of 2022, the company net loss was more than 397 billion dong, raising the accumulated loss by the end of September 2022 to more than VND 1,200 billion.

Update Business Results





Source: Compiled from IMP's financial statements

- **PVS,** Regarding business results in 2022, PTSC is estimated to achieve consolidated revenue of VND 16,900 billion, equaling 169% of the plan and increasing 14.9% compared to 2021. Consolidated pre-tax profit is estimated at VND 1,080 billion, equaling 177% plan and increase 23% compared to the implementation in 2021. The proportion of revenue from providing services abroad in 2022 will reach over 44%, a sharp increase compared to previous years.

  In the fourth quarter of 2022 alone, PTSC estimated revenue of VND 5,818 billion, up 27% over the same period. Pre-tax profit is estimated at more than VND 408 billion, 3.5 times higher than the same period last year and the highest level in 15 quarters since Q1/2019.

- **IMP,** Q4/2022, Imexpharm Pharmaceutical JSC recorded a revenue increase of 41% over the same period to VND 557 billion. The company reported a profit after tax of nearly VND 79 billion, up 19% over the same period and the highest quarterly result in history. Gross profit margin improved from 34.8% in Q4/2021 to 43.4% this quarter.

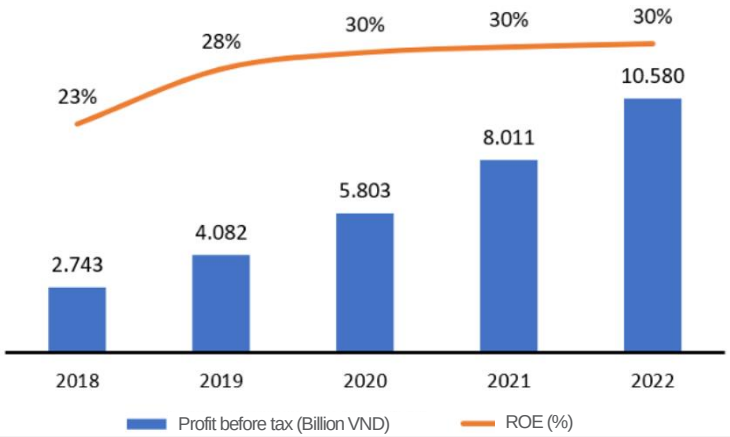
  Imexpharm said that people's demand recovered after the epidemic, plus market expansion activities helped the company report profit growth after tax.

  Accumulated for the whole year, Imexpharm's net revenue reached VND 1,643 billion, profit before tax was VND 302 billion, up 30% and 26% respectively compared to 2021 and set a record result.

- **PMC**, Pharmedic Pharmaceutical announced the business results of the fourth quarter of 2022 with revenue of VND 127 billion - down more than 8% over the same period, gross profit reached more than VND 46 billion. Net profit reached VND 23 billion.

  Accumulated in 2022, Pharmedic reported a revenue of VND 473 billion - an increase of 58 billion YoY, profit after tax at 83.4 billion - an increase of nearly 29% YoY and a record in the 14-year history of the company's listing.

Update Business Results



The Return On Equity (ROE) of VIB is among the top in the industry. (Source: VIB)



- **VIB,** Vietnam International Commercial Joint Stock Bank announced business results in 2022 with pre-tax profit of more than VND 10,580 billion, up 32% compared to the previous year. Impressive profit growth results from core businesses, especially retail banking.

  VIB's Return On Equity (ROE) is among the top in the industry with over 30% in 3 consecutive years. Capital adequacy ratio (CAR) according to Basel II reached 12.7%, significantly higher than 8% of the State Bank. With a strong risk management foundation, VIB controlled bad debt at a low level of 1.79%. Net profit margin (NIM) reached 4.5% thanks to retail-focused strategy and quality medium and long-term mobilized capital.

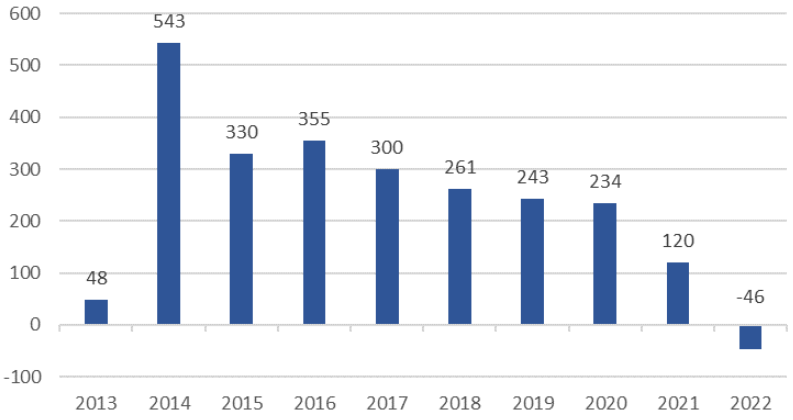
  Recently, VIB has announced the Resolution of the General Meeting of Shareholders approving the plan to advance the cash dividend in 2022 at 10% of the charter capital. Based on the profit results in 2022, VIB can pay dividends up to more than 35%, including both cash dividends and stock dividends.

- **GIL,** In Q4/ 2022, Gilimex recorded revenue of VND 262 billion, down 81% and profit after tax of nearly VND 10 billion, down 92% over the same period. This is also the lowest profit quarter since the fourth quarter of 2017.

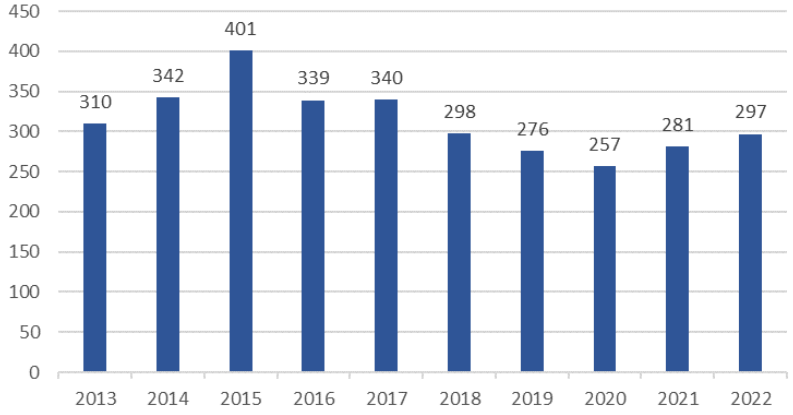
  In the whole year of 2022, Gilimex recorded VND 3,167 billion in revenue, down 24%, profit after tax was about VND 361 billion, up 9% compared to 2021.

  At the end of December 2022, Gilimex said, the company is proceeding to sue Amazon. Accordingly, Gilimex informed that Amazon has asked them to accelerate the production of FPA specialized structures used in Amazon's robotics division. Gilimex had to make significant investments in its factories. Currently, they have to hold huge inventories and raw materials. However, Amazon terminated its agreement with Gilimex in May.

Update Business Results



Vocarimex Profit before tax (billion VND)



Noi Bai Cargo Terminal Service Profit before tax (billion VND)

Source: Compiled from financial statements

- **VOC,** Q4/2022, Vietnam Vegetable Oils Industry Corporation recorded a revenue increase of 41% to approximately VND 600 billion. The sharp increase in cost of goods caused VOC's gross loss of more than VND 148 billion, while the same period's profit was nearly VND 15 billion. Deducting expenses, VOC suffered a loss of VND 128 billion after tax, a sharp increase compared to the loss of VND 212 million in the fourth quarter of 2021.

  In the whole year of 2022, VOC recorded a revenue of VND 1,613 billion, a significant increase but still recorded a loss after tax of nearly VND 46 billion. In 2021, despite the difficult situation due to Covid-19, this business still has a profit of VND 115.5 billion.

  Vocarimex is a member of Kido Corporation (KDC). At the General Meeting earlier this year, VOC approved the divestment from Calofic Co., Ltd. The two sides agreed on the transfer value of more than 2.1 trillion VND. If the divestment is successful, the company is expected to pay dividends at the rate of 100% in cash to shareholders.

- **NCT**, In Q4/2022, Noi Bai Cargo Terminal Service JSC achieved net revenue of VND 190 billion, down 12% over the same period. However, due to the sharp decrease in cost of goods, the company's gross profit was VND 94 billion, up 4.7% compared to the fourth quarter of 2021. Gross profit margin is at 49.3%.

  Selling expenses and administrative expenses both decreased sharply, so the result of EL's profit before tax reached VND 84 billion, up 22% over the same period. Profit after tax reached VND 67 billion, up 22%.

  Accumulated for the whole year, NCT achieved VND 736 billion of net revenue, down slightly by 1% and after-tax profit of VND 237 billion, up 6% over the same period. Thus, the company has completed 94% of the revenue plan and 100% of the profit plan.

Technical view



Trend: Prosperity but near to resistance

- The market continued to be optimistic when the index opened and created a gap at the beginning of the session. The green color remained throughout the session although the profit-taking pressure started to return. The liquidity reached a high level above 20 session average, showing that the trade is active again. However, the RSI is getting closer to the overbought area, meaning that chasing buyers need to be restrained. The nearest resistance for the trend is around 1,100 points. The right strategy favors partial profit taking.

Scenarios:

- Positive (70%): 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 (30%): 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

19/1/2023

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
HPG	Watch							Breakout signal, consensus volume
SKG	Watch							Break out of accumulation zone, consensus volume
VRE	Watch							Return to increasing inertia after accumulation
PVS	Watch							Good reaction around MA10
NT2	Watch							Watch for reaction around the MA10-20 day area
PC1	Watch							Waiting to retest the old peak around 22
POW	Watch							Break out signal on 05/01, watch the accumulation pace.

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
VCG	Sell	18	21	16	17%	-11%	20.9	8	16.11%	09/01/2023	Hit Target
FPT	Hold	80	86	77	8%	-4%	83.4	8	4.25%	09/01/2023	
VNM	Hold	79.5	86	76	8%	-4%	81.3	8	2.26%	09/01/2023	
MBB	Sell	18	20	17	11%	-6%	19.55	8	8.61%	09/01/2023	Near to target

Economic calendar

Shinhan Securities

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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