MORNING CALL

January 30th, 2023

Shinhan Securities

“Green dominates, index goes up in shaking”

- Global stocks maintained their recovery momentum during the week of the Lunar New Year holiday
- Domestic stocks extended their rally even though profit-taking pressure started to return
- Indian stocks plummeted due to scandal from Adani
- Business results update season #KDH #NLG #PDR #DXG #HVN #VGC #HHV #PPC
- Technical view and recommendations
- Economic calendar
- Q&A

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Open Account

Global Market Review - Week 23 - 27/01/2023

Major stock markets rebounded positively

- Global stocks extended the recovery chain with the green color prevailed. On Wall Street, Advance U.S. GDP in Q4/2022 grew 2.9% q/q, better than forecast along with the core PCE index, the Fed's preferred inflation gauge, falling to its lowest level in more than a year was 4.4% in December 2022. This further reinforces the expectation that the FED will slow down and stop its monetary tightening cycle soon. In Europe, S&P Global's composite PMI for the Eurozone rose above the neutral threshold of 50 and reached 50.2 in January 2023, indicating improved manufacturing and services activity. As for the Asia region, optimism about China's economy about to reopen continues to promote the excitement. At the end of the week, Dow Jones and S&P 500 gained 1.8% and 2.5% respectively. European stocks also traded positively with Stoxx Euro up 0.7%. Asian stocks were led by China as the Hang Seng surged 2.9%, Shang hai also gained 2.2%, and the Nikkei climbed 3.1%.
- This week will be a busy week with central bank meetings in the US, UK and Euro Area, with US nonfarm payrolls taking center stage. In addition, investors will follow inflation and GDP growth rates of Germany, France and Italy. Finally, new PMI data will be released for the US, China, Canada, India, Australia and South Korea.
- Core PCE prices in the US, which exclude food and energy, went up by 0.3% month-over-month in December of 2022, compared to a 0.2% increase in the prior month and in line with market estimates. The annual rate, the Federal Reserve's preferred gauge of inflation, fell to 4.4% from 4.7% in November, marking the slowest increase in 14 months.
- Pending home sales in the US unexpectedly rose 2.5% month-over-month in December of 2022, the first rise since May, and beating market forecasts of a 0.9% drop.
- The dollar continued to weaken when the dollar index (DXY) fell below 102. On the other hand, the world gold price recorded a strong weekly gain, sometimes reaching $1,945/ounce, the highest in 9 months.
- WTI crude has reversed earlier gains and is down more than 2% for the week, to below $80 a barrel. The still-strong Russian supply outlook offset hopes of a recovery in demand in top oil importer China.

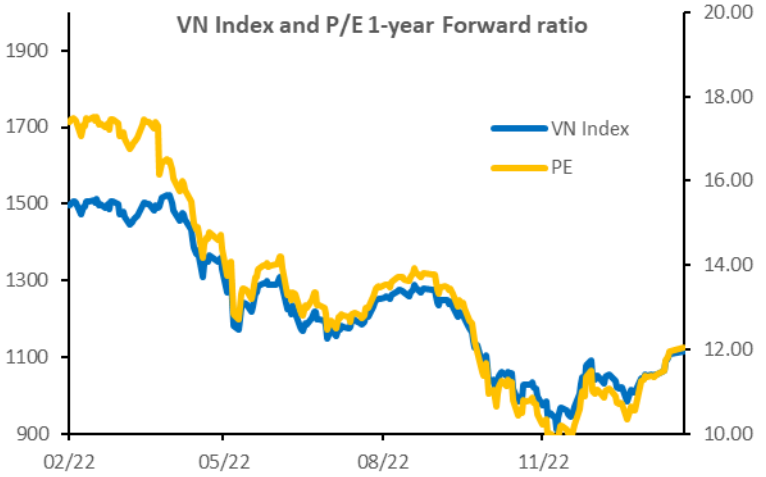
Market

	Close	%1D	%1M	%1Y
VN-Index	1,117	0.81%	9.18%	-24.47%
S&P 500 Index	4,071	0.25%	6.04%	-8.15%
Dow Jones Index	33,978	0.08%	2.51%	-2.15%
GP 100	7,765	0.05%	4.21%	4.01%
Nikkei 225	27,457	0.27%	3.53%	2.77%
SHCOMP Index	3,265	0.76%	7.19%	-7.32%
STOXX 600	455	0.26%	6.05%	-2.23%
KOSPI Index	2,478	-0.24%	6.48%	-6.96%
Hang Seng	22,689	0.54%	15.59%	-3.66%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	101.91	-0.01%	-1.55%	4.78%
USD/VND	23,448.00	0.00%	0.67%	-3.40%
EUR/USD	1.09	0.04%	1.56%	-3.23%
USD/CNY	6.78	-0.13%	2.61%	-6.54%
Brent	87.35	0.80%	1.68%	-2.98%
WTI	81.47	0.89%	0.16%	-7.41%
Natural gas	2.92	-5.41%	-39.78%	-41.91%
Coal	355.60	2.70%	-33.52%	16.98%
Gold	1,923.70	0.07%	5.77%	7.35%

Vietnam Market Snapshot 27/01/2023





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,117.10	12.05	9.02	0.81	604	11,102
HNX INDEX	220.76	15.08	0.89	0.41	70	974

Money flow and sector rotation (VND bn)

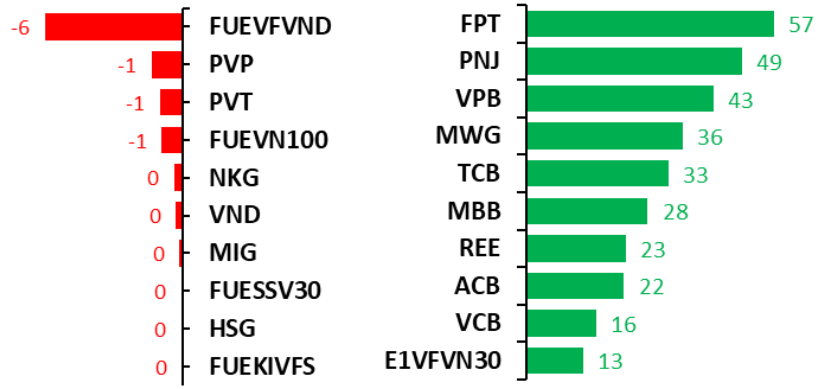
Sector	%1D	1/27/2023	1/19/2023	20-session Average
Personal & Household Goods	70.95	192	112	80
Utilities	37.44	236	172	176
Construction & Materials	20.82	767	635	554
Oil & Gas	19.21	99	83	115
Travel & Leisure	12.90	110	97	73
Retail	9.48	329	301	187
Real Estate	8.01	1,511	1,399	1,299
Industrial Goods & Services	3.79	495	477	409
Chemicals	0.71	369	366	280
Financial Services	0.06	1,526	1,525	988
Insurance	-5.8	68	72	35
Banks	-6.1	2,430	2,588	2,032
Technology	-6.9	119	127	80
Food and Beverage	-11.2	832	937	684
Automobiles & Parts	-17.4	74	89	63
Basic Resources	-24.8	1,105	1,469	861
Media	-25.9	1	1	1
Health Care	-53.3	12	27	16

Source: Bloomberg, Sinhan Securities Vietnam

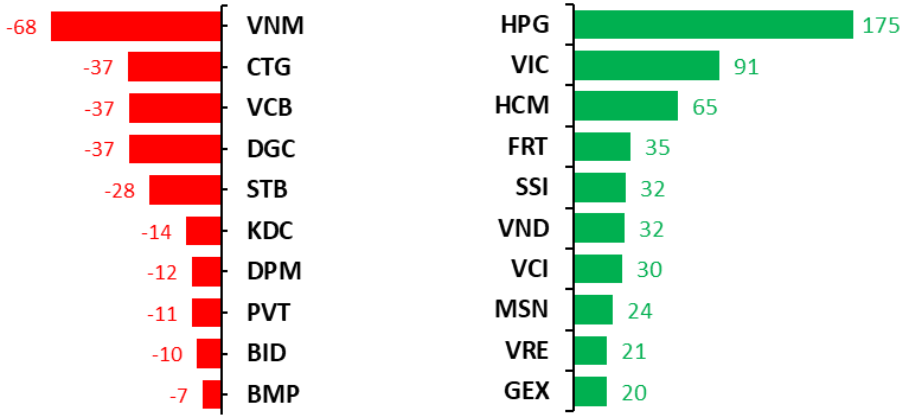
Vietnam Market Snapshot 27/01/2023

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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	28	200	(182)	13
Basic Resources	9	172	(126)	(32)
Media	-	0	(0)	0
Industrial Goods & Services	31	7	(50)	17
Health care	-	1	(50)	(0)
Chemicals	0	(41)	19	(8)
Financial Services	12	183	(81)	0
Travel & Leisure	5	9	47	4
Banks	206	(99)	(72)	282
Construction & Materials	2	24	(142)	13
Food and Beverage	19	(37)	(31)	18
Retail	36	53	(58)	42
Utilities	5	28	(114)	(10)
Personal & Household Goods	49	1	(37)	16
Technology	57	5	(49)	59
Automobiles & Parts	(0)	7	(3)	(0)
Insurance	0	5	(0)	0
Oil & Gas	0	6	(0)	0

Source: Fiinpro, Shinhan Securities Vietnam

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Indian stocks fall sharply due to scandal from Adani



Image: indiatoday



- **The BSE Sensex** sank as much as 1,230 points before closing 874 points down at a three-month low of 59,330 on Friday, booking its worst session in over one month and extending the slide from Wednesday as the fallout for Adani Group shares triggered a broad-based sell-off for Indian equities. The NSE Nifty 50 also lost 1.5% and was the worst performer in Asia.
- Shares of Adani Enterprises fell more than 19% on January 27, sliding to 3,276 rupees - the price at which "anchor" investors are allocated shares in the upcoming new share issuance. Shares of some companies such as Adani Green Energy Ltd. and Adani Total Gas reduced the range by 20%, making the sell-off even more intense. Hindenburg Research released the report just as Adani Enterprises was looking to raise more capital domestically and internationally.
- Short-selling-focused firm Hindenburg Research published on Wednesday a report detailing accounting fraud and soaring debt levels for companies in the Adani Group conglomerate, driving its shares to plummet and erasing over $50 billion in value. CreditSights also said in August that Mr. Adani's group was "excessively leveraged" with an "unhealthy balance sheet". Hindenburg's report, however, draws more attention to the group's corporate governance.
- Banks led the losses within the Sensex, pressured by their exposure to Adani Group’s corporate bonds with the State Bank of India sliding over 5%, while ICICI Bank and IndusInd Bank sank 4.5% and 3.3%, respectively, even though brokerages said lender exposure was within manageable limits. Looking forward, investors await the publication of the Union Budget next week.

Breaking News

Macro

Positive

- The Ministry of Transport drastically disbursed public investment capital after Tet. The most prominent event of the transport industry in 2023 is the simultaneous commencement of all 12 North-South expressway component projects, phase II 2021 - 2025, right at the beginning of the year.
- Margin loans at securities companies decreased to VND 104 trillion in the fourth quarter of 2022.
- In 2023, the Ministry of Finance said it would continue to extend and delay taxes to support businesses.
- Textile and garment exports set a target of $48 billion in 2023.

Less positive

- Domestic gold prices increased sharply in line with world prices.
- 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

Real estate businesses experienced a difficult Q4

- **KDH**, Q4/2022 recorded a drop of 66% in pre-tax profit, only VND 180 billion, but the whole year result was not too great when it only decreased by 9% to VND 1,408 billion. Housing acquisition deal Doan Nguyen from CapitaLand completed in March 2022 is one of Khang Dien's most remarkable activities this year, as this project was sold by Khang Dien in 2013 during a difficult period for real estate market. This deal helped Khang Dien to record nearly VND 270 billion in profit from the cheap purchase.
- **NLG,** Nam Long Investment JSC is the company that has less profit reduction in Q4 compared to other real estate companies that have announced business results. The company recorded VND 590 billion of pre-tax profit in Q4, down 23%. However, because there is no longer a sudden profit from a cheap purchase of the Dong Nai Waterfront project and financial revenue as in the previous year, Nam Long reported a full year profit of only VND 866 billion, down 41%.
- **PDR,** Phat Dat Real Estate experienced a very difficult 4th quarter. Revenue was only VND 15 billion, a record low compared to the quarterly figure of more than trillion VND. Interest expenses doubled. At the end of the quarter, the company lost nearly VND 300 billion while the same period gained nearly VND 950 billion. This is the first time Phat Dat has reported a loss since 2011.

  The fourth quarter of 2022 is also the time when PDR shares were sold off on the stock exchange, experiencing a series of 28 consecutive declining sessions, of which 15 sessions were floor prices. Not only affected by the market in general, the trouble at PDR also came from the move to use pledged shares to issue bonds. After the continuous sale of mortgage, PDR must replenish assets continuously.
- **DXG,** Q4/2022, Dat Xanh's net revenue reached VND 984 billion, down 57% compared to the same period last year. Financial revenue in the fourth quarter of DXG was just over VND 34 billion, equaling 13% of the figure of VND 260 billion in the same period last year, while financial expenses increased by 25% to VND 168 billion. As a result, the company recorded a pre-tax loss of more than VND 424 billion in the fourth quarter and a loss after tax of VND 460 billion, in contrast to a profit of VND 245 billion in the fourth quarter of 2021.

  In the whole year of 2022, Dat Xanh recorded a net revenue of VND 5,581 billion, down 45% and profit after tax of VND 469 billion, down 71% compared to 2021 results.

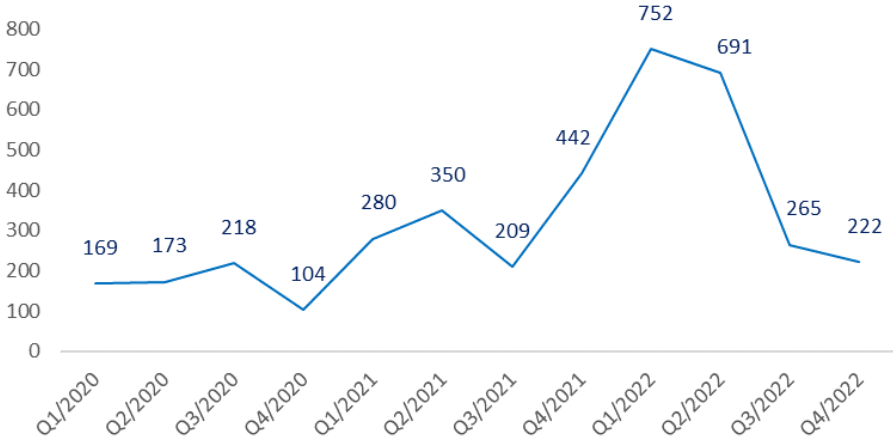
Update Business Results



Image: HVN

Profit after tax Viglacera

Unit: Billion VND



Source: Compiled from financial statements

- **HVN,** HVN's revenue in the fourth quarter of 2022 is about VND 19,500 billion, an increase of more than VND 10,000 billion compared to the same period in 2021. However, due to business below cost, HVN has a gross loss of nearly VND 830 billion. Finally, the loss in the fourth quarter of 2022 is nearly VND 2,586 billion.

  For the whole year of 2022, HVN's total revenue reached nearly VND 71,000 billion, an increase of 2.5 times compared to 2021 and equivalent to over 70% of the pre-pandemic level in 2019. However, due to the sharp increase in costs in the context of natural gas prices. Flight data, exchange rate increased sharply, Vietnam Airlines still has a loss of VND 10,369 billion in 2022.

  By the end of December 31, 2022, Vietnam Airlines' accumulated losses increased to nearly VND 34,200 billion. The company's equity was negative nearly VND 10,200 billion.

  HVN said that, starting from the fourth quarter of 2022, the international market will gradually recover, and the Corporation's production and business activities will also have more positive results in 2023. In addition, Vietnam Airlines has also completed the Corporation restructuring project for the period of 2021 - 2025, reported to shareholders and competent authorities for approval.

- **VGC,** According to the consolidated financial statements of the fourth quarter of 2022, Viglacera recorded net revenue of VND 3,281 billion, down 11% over the same period. Gross profit margin decreased from 24% in the same period to 22% this quarter. The company's profit after tax reached VND 222 billion, down 50% over the same period.

  In the whole year of 2022, Viglacera recorded VND 14,594 billion in net revenue, up 30%, profit after tax of VND 1,931 billion, up 51% compared to the previous year. EPS for the whole year reached 3,894 VND.

  In the revenue structure, ceramic tiles still accounted for the largest proportion of the company, accounting for 24% (VND 3,572 billion), up 39% compared to the previous year. The second largest source of revenue comes from real estate rental services and industrial infrastructure with more than VND 3,338 billion, up 31% compared to 2021, contributing 23% to revenue.

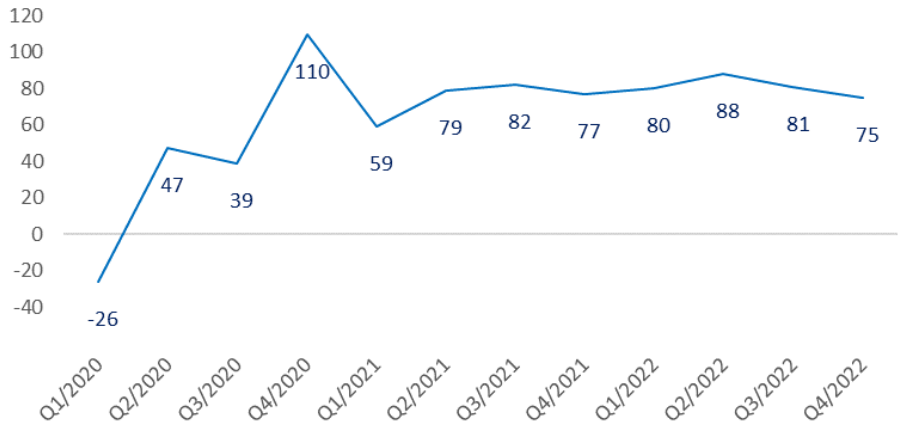
Update Business Results



Image: PPC

Profit after tax Deo Ca Traffic Infrastructure Investment

Unit: Billion VND



Source: Compiled from financial statements

- **PPC**, Quarter IV/2022, Pha Lai Thermal Power JSC recorded a net revenue of VND 1,576 billion, 3 times higher than the same period last year thanks to a 142% increase in electricity output to 829 million kWh, and a high average selling price of electricity. than the fourth quarter of 2021. Gross profit reached VND 82 billion, while the same period gross loss was VND 143 billion. Deducting other expenses, PPC's profit after tax was VND 69 billion, in the same period, it lost VND 7 billion and was the lowest quarter of the year.

  Accumulated in 2022, PPC's net revenue reached VND 5,115 billion, profit before tax reached VND 403 billion, up 32% and 128% respectively compared to 2021. With this result, PPC fulfilled 94% of the plan revenue target and exceed 45% of profit target in 2022.

  In terms of capital, most liabilities come from short-term payables to sellers, the company does not use financial leverage at the end of 2022.

- **HHV**, Deo Ca Traffic Infrastructure Investment JSC has just released its financial statements for the fourth quarter of 2022 with net revenue of VND 616 billion, an increase of VND 2 billion over the same period. Gross profit margin equivalent to the fourth quarter of 2021 is 42%. Profit after tax reached VND 75 billion, down 3% over the same period.

  In the whole year of 2022, the company recorded VND 2,095 billion in revenue, up 13%, profit after tax was about VND 315 billion, up 8% compared to 2021. Thus, HHV only completed 83% of the revenue target and 80% profit plan.

  In the revenue structure, revenue from BOT toll stations accounted for 71% with VND 1,491 billion, up 18% compared to 2021. Construction and installation activities brought in VND 530 billion (25%), down 4% compared to the previous year. last year. The rest is revenue from tunnel maintenance and transit services.

Technical view



Trend: Prosperity but near to resistance

- The market opened with a gap at the beginning of the session after the Lunar New Year holiday, showing the excitement of investors. However, profit-taking pressure quickly returned so the index narrowed part of the intraday gain. The increasing chain has lasted since the market broke out of the accumulation area around 1,050 points. Order matching improved and was above the 20 session average, in agreement with the uptrend. However, the RSI is also entering the overbought zone, meaning that chasing long positions should be moderated. The nearest resistance for the trend is at 1,150 points while the support is now raised at 1,090 points. The right strategy is to hold and wait for 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.

Recommended stocks

30/1/2023

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
PNJ	Theo dõi							Breakout signal, consensus volume
HPG	Watch							Bounce from 10-day MA, watch more
SKG	Watch							Break out of accumulation zone, consensus volume
VRE	Watch							Return to increasing inertia after accumulation
PVS	Watch							Waiting to retest MA10-day, around 24
NT2	Watch							Watch for reaction around the MA10-20 day area
PC1	Watch							Waiting to retest MA10-day, around 24
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
FPT	Hold	80	86	77	8%	-4%	84	10	5.00%	09/01/2023	
VNM	Hold	79.5	86	76	8%	-4%	80	10	0.63%	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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