MORNING CALL

January 31th, 2023

Shinhan Securities

“Index cooled down, investor sentiment was cautious before Central Bank meetings”

- Global stocks cautiously wait for the results of the meeting of major central banks
- Domestic stocks dropped again after a series of days going up
- Business results update season #SHS #GMC #VRE #SBT #PVS #PVI #PNJ #NKG #HSG
- Technical view and recommendations #VRE
- Economic calendar
- Q&A

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Open Account

Global Market Review - Week 30/01 - 03/02/2023

Major stock markets retreated

- Wall Street Finishes in the Red. The Dow Jones closed 260 points lower on Monday, while the S&P 500 and the Nasdaq dipped almost 1.3% and 2%, respectively, as investors await the Fed's decision and a busy week of earnings. European equity markets edged down on Monday, with the benchmark Stoxx 600 and the German DAX down 0.1% each. Tech stocks led losses.
- The Shanghai Composite rose 0.14% to close at 3,269 while the Shenzhen Component gained 0.98% to 12,098 on Monday, hitting their highest levels in at least five months as mainland markets returned from the week-long Lunar New Year holidays, extending the January rally driven by China's rapid reopening from Covid curbs and expectations of a slower pace of central bank policy tightening worldwide.
- The Fed is expected to hike rates by 25pbs, slowing its tightening pace for the second straight session at the end of its two-day policy meeting on Wednesday, amid signs that inflation in the US has begun to ease. Elsewhere, the ECB and the BoE are set to hike interest rates by 50 bps on Thursday.
- The economic sentiment indicator in the Euro Area rose by 2.8 points from a month earlier to 99.9 in January 2023, the highest level since June and well above market expectations of 97.0.
- Retail sales in Australia declined by 3.9 percent month-over-month to AUD 34.47 billion in December 2022, reversing from an upwardly revised 1.7 percent growth in the previous month and worse than market forecasts of a 0.3 percent fall, flash data showed.
- WTI crude futures dropped more than 1% to around $78 per barrel on Monday as signs of robust Russian exports and persistent fears of a global economic slowdown spooked investors. Russian oil producers have been able to secure export deals despite Western sanctions and price caps on the back of robust demand from Asia. Still, the reopening of the Chinese economy has given markets reasons to be bullish, with Chinese authorities pledging over the weekend that they would promote consumption recovery as a significant economic driver and boost imports. Meanwhile, in the Middle East, Israel carried out a drone strike against a target in Iran over the weekend, fueling fears of supply disruptions.

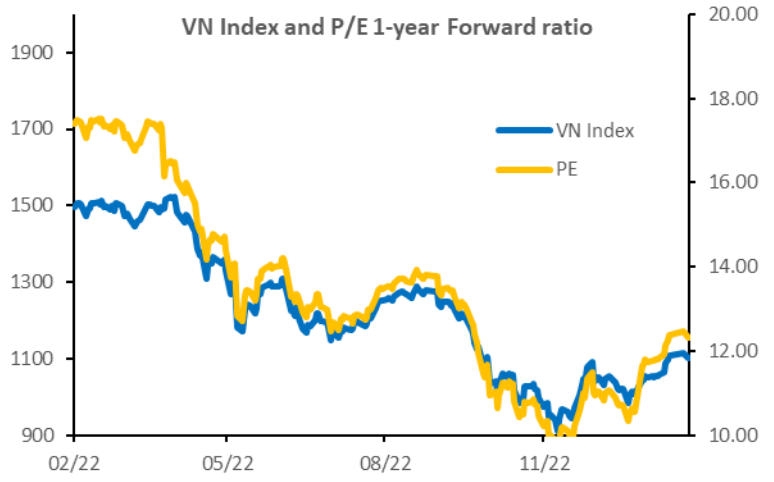
Market

	Close	%1D	%1M	%1Y
VN-Index	1,103	-1.30%	9.48%	-25.45%
S&P 500 Index	4,018	-1.30%	4.64%	-9.34%
Dow Jones Index	33,717	-0.77%	1.72%	-2.90%
GP 100	7,785	0.25%	4.47%	4.29%
Nikkei 225	27,478	0.16%	5.30%	1.76%
SHCOMP Index	3,269	0.14%	5.83%	-2.74%
STOXX 600	454	-0.17%	6.95%	-3.09%
KOSPI Index	2,455	0.18%	9.77%	-7.83%
Hang Seng	22,070	-2.73%	11.57%	-7.28%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	102.28	0.34%	-1.20%	5.15%
USD/VND	23,454.00	-0.03%	0.76%	-3.37%
EUR/USD	1.09	0.03%	1.75%	-3.39%
USD/CNY	6.75	0.48%	2.17%	-5.79%
Brent	84.90	-2.03%	-1.18%	-5.70%
WTI	77.97	0.09%	-2.85%	-11.55%
Natural gas	2.68	0.26%	-40.02%	-44.93%
Coal	265.35	-0.34%	-34.34%	16.56%
Gold	1,922.73	-0.02%	5.41%	6.99%

Vietnam Market Snapshot 30/01/2023





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,102.57	12.31	-14.53	-1.30	798	13,627
HNX INDEX	220.78	15.42	0.02	0.01	107	1,566

Money flow and sector rotation (VND bn)

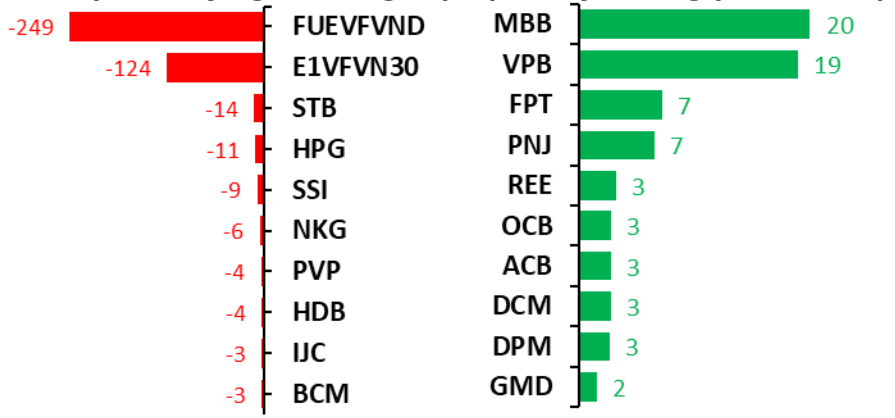
Sector	%1D	1/30/2023	1/27/2023	20-session Average
Media	77.90	1	1	1
Health Care	61.36	20	12	16
Automobiles & Parts	57.60	116	74	66
Construction & Materials	41.57	1,086	767	592
Basic Resources	40.10	1,549	1,105	896
Chemicals	35.02	498	369	295
Industrial Goods & Services	34.33	664	495	423
Real Estate	24.08	1,875	1,511	1,339
Retail	19.69	394	329	197
Banks	14.84	2,791	2,430	2,087
Utilities	9.20	258	236	177
Food and Beverage	8.86	906	832	705
Financial Services	4.12	1,589	1,526	1,027
Oil & Gas	1.63	101	99	115
Travel & Leisure	-14.0	94	110	75
Insurance	-18.6	55	68	37
Technology	-20.0	95	119	80
Personal & Household Goods	-20.5	153	192	83

Source: Bloomberg, Sinhan Securities Vietnam

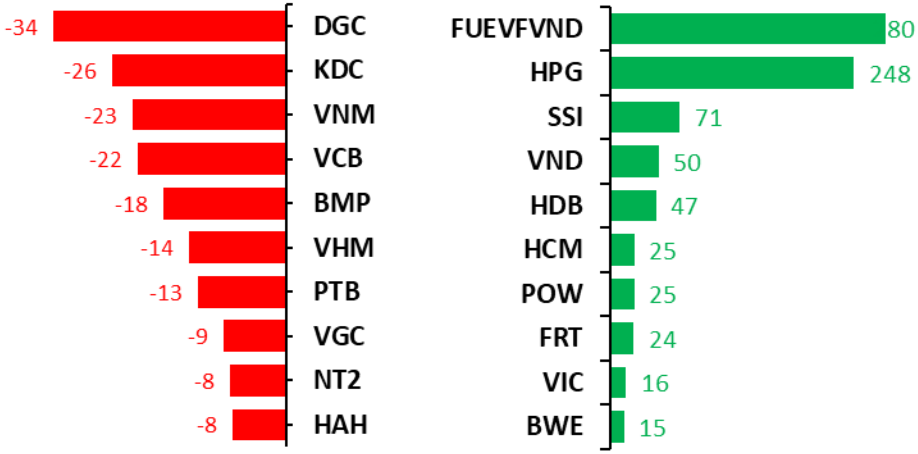
Vietnam Market Snapshot 30/01/2023

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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	(12)	12	(237)	(27)
Basic Resources	(17)	247	(13)	(56)
Media	-	-	(0)	0
Industrial Goods & Services	1	1	(10)	(22)
Health care	(0)	0	5	(1)
Chemicals	5	(29)	26	(4)
Financial Services	(388)	432	(27)	(310)
Travel & Leisure	(2)	(3)	32	(3)
Banks	34	63	(5)	33
Construction & Materials	(1)	(21)	(63)	13
Food and Beverage	(5)	(36)	51	(26)
Retail	(1)	31	15	(14)
Utilities	(1)	41	(15)	(21)
Personal & Household Goods	7	(4)	(31)	1
Technology	7	1	(48)	20
Automobiles & Parts	(0)	1	(2)	(0)
Insurance	(1)	8	(0)	(1)
Oil & Gas	(1)	3	(0)	(4)

Source: Fiinpro, Shinhan Securities Vietnam

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Breaking News

Macro

Positive

- Vietnam had a trade surplus of 3.6 billion USD in January.
- 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.

Less positive

- CPI in January increased by 4.89% year-on-year in 2022, while core inflation increased by 5.21%.
- The index of industrial production (IIP) in January 2023 decreased by 14.6% m/m and decreased by 8% y/y.
- As of January 20, total foreign direct investment (FDI) registered in Vietnam reached 1.69 billion USD, down 19.8% over the same period last year.
- Domestic gold prices increased sharply in line with world prices.



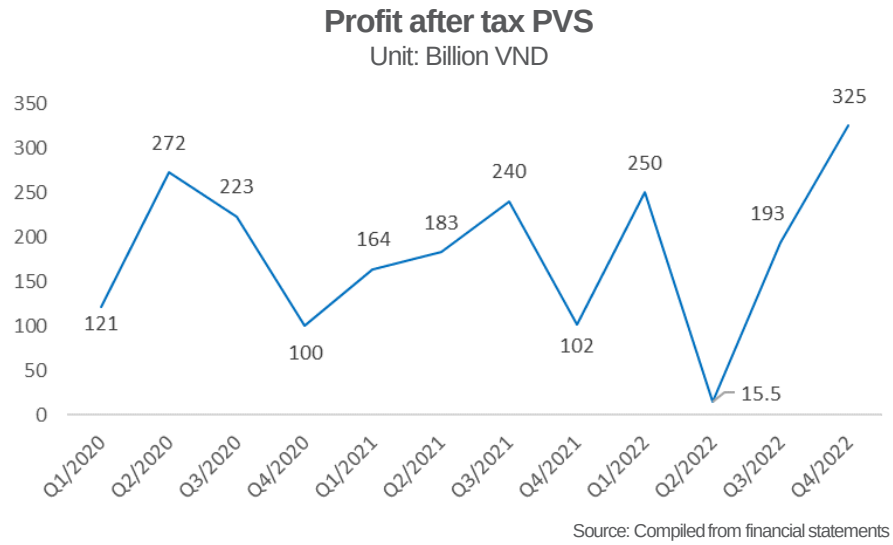
Business news

- DPM, In 2023, Phu My Fertilizer sets a plan with total consolidated revenue of VND 17,372 billion, consolidated pre-tax profit of VND 2,670 billion. Thus, compared to the sudden results in 2022, the business plan for 2023 of Phu My Fertilizer decreased by 13% in revenue and 58% in profit before tax.

  The low target is given in the context that urea prices in 2023 are forecast around $400/ton - $500/ton, down from a peak of more than $1,000/ton in 2022.
- FCN, FECON Pho Yen JSC, belonging to FECON JSC announced to officially become the investor of the Nam Thai Urban Area Project (area of 24.68 hectares) in Pho Yen City - Thai Nguyen province, with a total investment of 2,250 billion VND.
- **SHS,** According to the financial statements of the fourth quarter of 2022, most of the Company's revenue decreased sharply compared to the same period last year due to the less favorable stock market. The loss from financial assets recorded through profit/loss (FVTPL) was more than VND 287 billion, only VND 8.3 billion in the same period. This is the expense with the largest proportion and is the main factor causing the Company's operating expenses to increase sharply. Since then, the profit after tax in the fourth quarter of 2022 was just over VND 142 billion, down 75% over the same period.

  For the whole year of 2022, the Company's operating revenue is at more than VND 1.5 trillion, down 47% compared to the previous year. Operating expenses are more than VND 1 trillion, up 31% compared to 2021. The company's net profit is just over VND 162 billion, down 88% compared to the previous year.
- **GMC,** In 2022, Garmex Saigon JSC has a net loss of nearly VND 66 billion. This is also the first year this business recorded a loss in business results in 19 years (since 2004). According to the explanation, the revenue in 2022 decreased by nearly VND 773 billion, equivalent to a decrease of 73% compared to 2021 because from mid-August 2022, the Company had to suspend production in some factories to overcome quality. Therefore, most of the manufactured goods have to be stored, the inventory has not been consumed. At the same time, the Company received orders for processing in small quantities, with low productivity, and competitive prices were not enough to cover costs, so the business results in 2022 suffered a loss.

Update Business Results



Source: Compiled from financial statements



Image: PVI

- **PVS,** In Q4/2022,PetroVietnam Technical Services Corporation recorded net revenue of VND 5,331 billion, up 16% over the same period last year. Gross profit margin improved from 5.3% in the same period to 6.1%. Besides revenue from financial activities, mainly interest from deposits and loans, PVS also recorded more than VND 134 billion in profit from joint ventures and associates. Finally, PVS achieved after-tax profit of more than VND 325 billion, up 86% over the same period and the highest since the second quarter of 2019. According to the explanation, the results of ship services, oil and gas services, mechanical services and new construction together with profits from member companies are higher than the same period, helping PVS's profit after tax in the last quarter of 2022 grow.

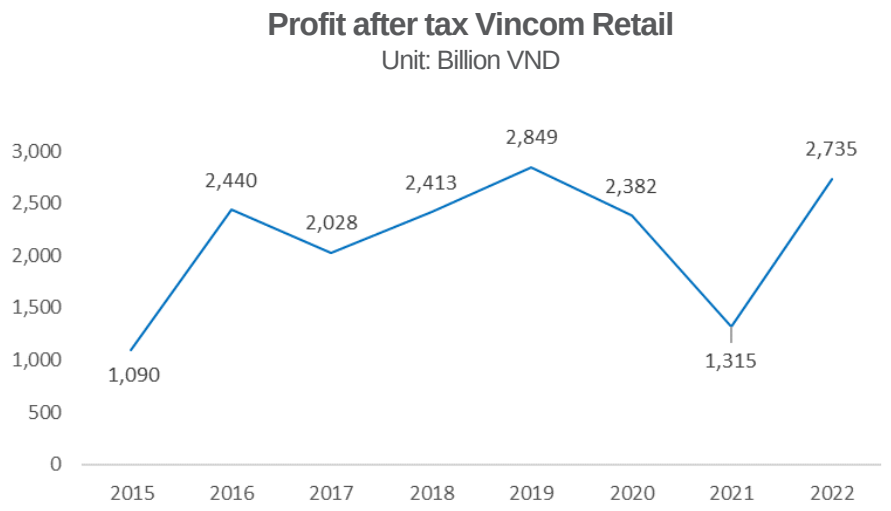
  Accumulated in 2022, PVS's net revenue will reach VND 16,412 billion, profit after tax is VND 834 billion, up 15% and 11% respectively compared to 2021. With this result, PVS has exceeded 64% of revenue target and exceeded 71% profit target in 2022.

- **PVI,** PVI Holdings has just announced its financial report for the fourth quarter of 2022 with total revenue of VND 3,448 billion, of which net revenue was VND 1,853 billion, up 47.6% over the same period. Insurance business was still the main contributor to growth as it earned VND 1,059 billion in net profit (up 1%). The company's profit after tax increased sharply by 194% over the same period, from 59 billion to VND 174 billion.

  In the whole year of 2022, PVI's total revenue reached VND 13,383 billion. Net revenue reached VND 6,500 billion, up 30.9% over the same period. Profit after tax for the whole year reached VND 877 billion, up 1% over the same period.

  As of December 31, 2022, cash and cash equivalents increased sharply by 40% to VND 1,424 billion. Financial investment trend shifts from short-term to long-term. In which, short-term financial investments decreased by 11% to VND 8,040 billion. Long-term investments surged 67% to VND2,761 billion.

Update Business Results



Source: Compiled from financial statements



Image: TTC Sugar

- **VRE,** In the fourth quarter of 2022, Vincom Retail achieved a total consolidated net revenue of VND 2,084 billion, up 53% over the same period last year. In which, the trade center business recorded a revenue of 1,906 billion VND, an increase of 114% compared to the same period in 2021. With this result, Vincom Retail recorded 791 billion VND in consolidated profit after tax, an increase of more than 549% over the same period last year.

  For the whole year of 2022, Vincom Retail recorded VND 7,309 billion in total revenue, up 24% over the same period. Profit after tax reached VND 2,735 billion, up 108% over the same period and reaching 114% of the whole year plan. Profit margin after tax is at 37% of revenue.

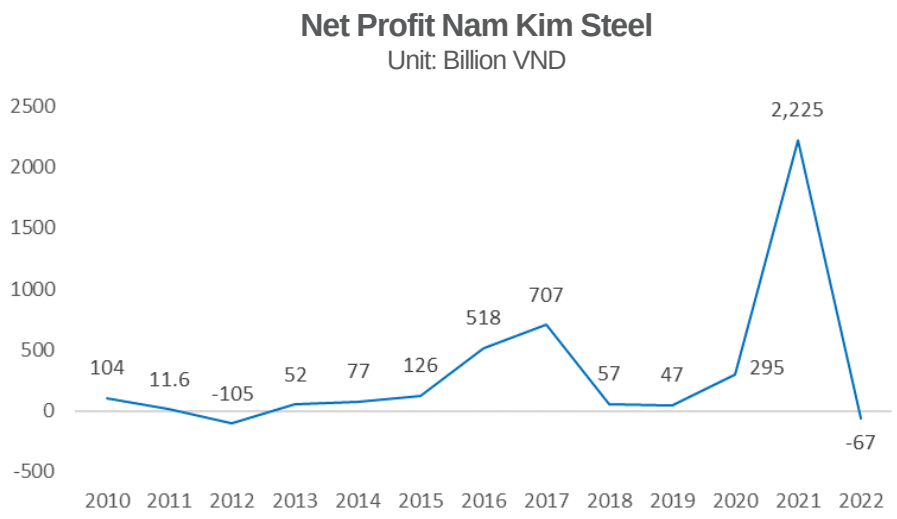
  Up to now, Vincom Retail has 83 shopping centers, present in 44 provinces and cities nationwide.

  Last year, targeting young customers, Vincom Retail developed new communication channels, typically Tiktok Di Mo (Go "Mall"). Launched in April 2022, Di Mo channel is currently TOP 1 in terms of number of followers compared to rival and international shopping malls. On December 31, 2022, VRE launched the MyVincom application – with the function of Smart Assistant at the shopping mall.

- **SBT,** In Q2/2022 (year from October 1 to December 31, 2022), TTC Sugar recorded net revenue of nearly VND 6,972 billion, up 40% compared to the same period last year, of which revenue from sugar sales accounted for nearly VND 6,972 billion. 95%, followed by sales of electricity, molasses, and fertilizer. During the period, gross profit margin decreased from 13.4% in the same period to 8.4% this quarter. Financial expenses, mainly interest expenses, cost the business more than VND 414 billion, 2.5 times higher than the same quarter of the same period. Deducting expenses, SBT reported a profit of VND 122 billion, half of the same period last year, the lowest in the past two years. The business explained that, due to the impact of rising interest rates, it pushed up interest expenses and pushed back SBT's profit results.

  Forecasting the 2022-2023 crop year, the Vietnam Sugar Association (VSSA) believes that this will be a prosperous year for the Vietnamese sugar industry after the Decision No.1514 apply anti-circumvention measures to a number of cane sugar products imported from Cambodia, Indonesia, Laos, Malaysia and Myanmar within 5 years.

Update Business Results



Hoa Sen Group's business results in the last quarter of the year

Unit: Billion VND

	Quarter IV of fiscal year 2021-2022 (01/07-30/09/2022)	Quarter I of fiscal year 2022-2023 (01/10-31/12/2022)
Net Revenue	7,939	7,917
Gross profit	-231	160
Profit after tax	-887	-680

Source: Compiled from financial statements

- **NKG,** Q4/2022, net revenue reached VND 4,299.8 billion – down nearly half compared to the same period last year. Business below cost made Nam Kim Steel a gross loss of 149 billion VND – while in the same period, gross profit reached 1,057.8 billion VND. After deducting expenses, NKG's net loss was VND 356 billion, while the parent company's net profit in the same period was VND 452 billion.

  In the whole year of 2022, net revenue reached VND 23,071 billion - down 18% over the same period mainly due to a decrease in export revenue, negative net profit of VND 66.7 billion while in 2021 NKG net profit of VND 2,225 billion. This is also the first year that NKG has reported a loss again since 2012.

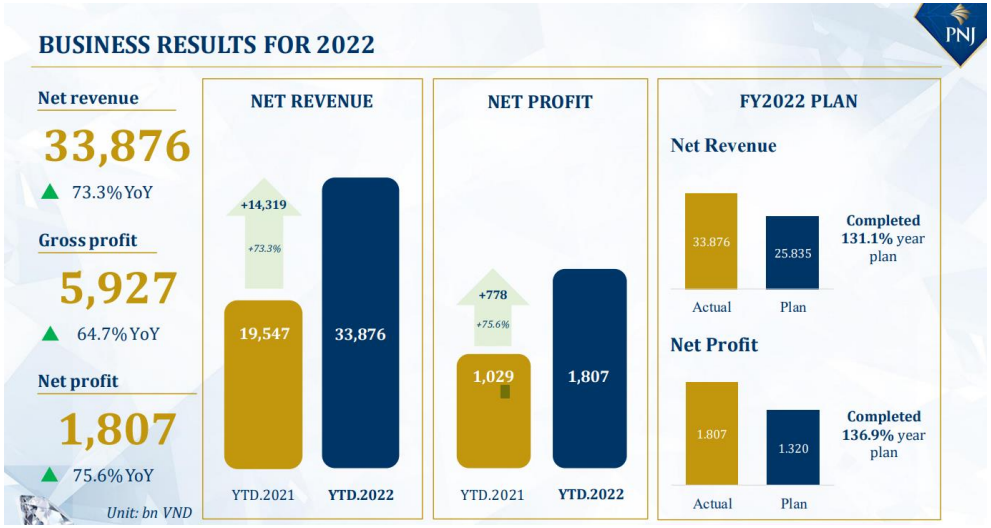
  In terms of cash flow in 2022, the main business cash flow is negative VND 827 billion compared to the beginning of the period negative VND 308 billion. Positive financial cash flow of VND 1,048 billion, mainly increased in debt. Thus, during the period, the Company increased its debt to cover the main operating cash flow deficit. In addition, by the end of the fourth quarter, total short-term and long-term loans increased by 34% compared to the beginning of the year, respectively increased by 1,295 billion VND to 5,114 billion VND and accounted for 37.8% of total capital.

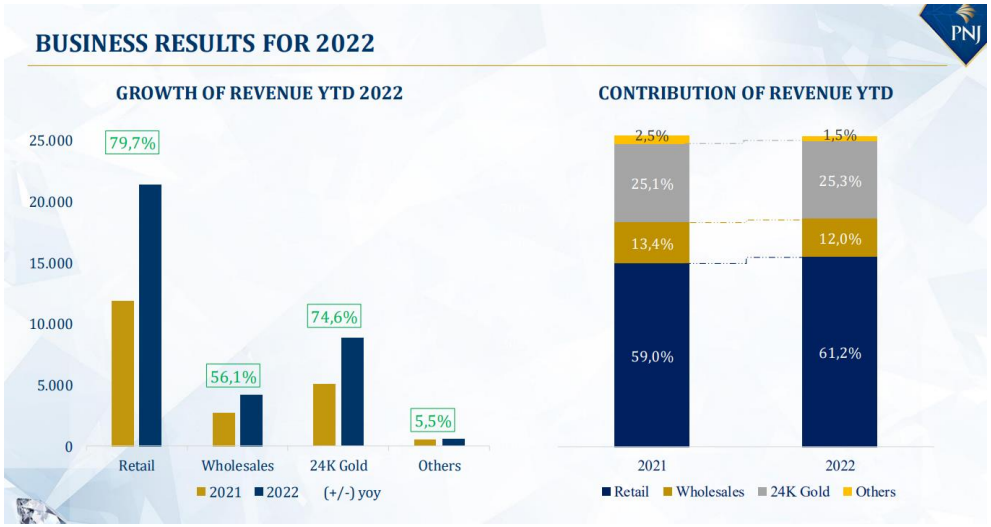
- **HSG**, In the first quarter of the fiscal year 2022-2023, Hoa Sen's gross profit from sales and service provision was recorded at VND 160 billion compared to VND -231 billion in the fourth quarter of the fiscal year 2021-2022, showing improved operations. Profit after tax still lost VND 680 billion but decreased compared to the loss of VND 887 billion in the previous quarter.

  Besides, HSG's inventory dropped sharply by more than VND 1,400 billion in the first quarter, bank loans decreased by nearly VND 1,500 billion, leading to a decrease in interest expenses by more than VND 25 billion in the context of continuously rising interest rates, put a lot of pressure on many businesses.

  Hoa Sen said that it has paid off all loans in USD, ensuring that no exchange rate differences from loans are recorded even if the exchange rate fluctuates in the future. At the same time, Hoa Sen has also paid off all long-term loans, significantly reducing interest expenses that may arise.

Update Business Results





Source: IR Report of PNJ in January

- **PNJ,** Q4/2022 The company recorded net revenue of VND 8,302 billion (+18.0% YoY) and profit after tax of VND 466 billion (2.9% YoY).

  Accumulated in 2022, net revenue and NPAT will reach VND 33,876 billion (+73.3%YoY) and VND 1,807 billion (+75.6%YoY) respectively.

- Revenue growth by channel:

  YTD Retail sales increased by 79.7% YoY driven by (i) the efficiency of customer development and care activities, (ii) the diversity of sales and marketing programs, and (iii) the suitable product strategy targeting the right customer groups in different market conditions.

  YTD Wholesale sales increased by 56.1% YoY driven by to (i) the broad development of both wholesale customers and (ii) offering suitable product portfolios responding to the market trend.

  YTD 24K Gold sales increased by 74.6% YoY due to the change in investment trend and demand of customers in the context of geopolitical uncertainty.

- Blended gross profit margin in 2022 was 17.5% compared to that of 18.4% in 2021, mainly due to changes in the retail product mix and the effects of macroeconomic factors on input costs.

- Total operating expenses in 2022 increased by 60.0% YoY. The total operating expense/gross profit ratio decreased from 60.8% in 2021 to 58.2% in 2022, thanks to multiple operation optimization efforts

- By the end of December 2022, the PNJ system has 364 stores in 55/63 provinces. In which, opened 33 new stores and upgraded 31 PNJ Gold stores, opened 3 new Style by PNJ stores and 2 PNJ Watch stores.

Technical view



Trend: Cooled down

- The index retreated after a series of non-stop going up. Profit taking pressure prevailed in the session pushing the market to close in red creating a marubozu candlestick pattern. Matching today was above 20 session average and higher than previous sessions, showing active selling. In general, the correcting signal is not too surprising as the RSI has entered the overbought zone and was updated in the previous reports. It is likely that the index might drop back to retest the psychological level of 1,100 points and the fluctuation will be inclined to shake.

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

31/1/2023

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
VRE	Buy	29	32	27.5	10%	-5%	29.8	Breaking out of the correcting trend, staying above the 10-day MA
CTG	Watch							Retest the 10-day MA
SKG	Watch							Break out of accumulation zone, consensus volume
HPG	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 MA10-day, 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
FPT	Hold	80	86	77	8%	-4%	83.7	11	4.63%	09/01/2023	
VNM	Hold	79.5	86	76	8%	-4%	79.4	11	-0.13%	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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