MORNING CALL

February 3rd, 2023

"Falling momentum slows down, market retests short-term support"

- Global stocks gain after the decision of the Fed
- Domestic stocks suddenly dropped sharply with sudden order matching
- Message from the Fed meeting in February 2023
- Update Business Results #DGW #VJC #ACV #VTP #QNS #IDC #VGT
- Technical view and recommendations
- Economic calendar
- Q&A

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

Major stock markets recovered

- Wall Street remained green. The Nasdaq 100 and the S&P 500 closed 3.2% and 1.5% higher, respectively, on Thursday and enjoyed a Post-Fed rally boosted by gains from the tech industry's biggest players. Meanwhile, the Dow lost 0.1% as investors reassessed the outlook for monetary policy.
- European equity markets enjoyed some respite on Thursday, with the benchmark Stoxx 600 rising 1.4% to nearly 460, the highest since April last year, buoyed by gains across technology and auto stocks. Domestically, the German DAX added 2.2% to a 1-year high of 15,509. Among single stocks, Deutsche Bank retreated more than 6% as investors honed in on an uncertain outlook and weakness in the investment bank.
- The European Central Bank raised the interest rate on the main refinancing operations by 50 bps to 3.0% during its February meeting, pushing up borrowing costs to the highest level since late 2008 and pledging to deliver another 50 bps rate hike at its next monetary policy meeting in March. The central bank has also reaffirmed it would stay the course in raising rates significantly at a steady pace and in keeping them at levels that are sufficiently restrictive to ensure a timely return of inflation to its 2% medium-term target.
- The Bank of England voted by a majority of 7-2 to raise interest rates by 50 basis points to 4.0 percent during its February meeting, pushing the cost of borrowing to the highest level since late-2008. It was the 10th consecutive rate hike amid policymakers' efforts to combat high inflation.
- US-based employers announced 102.943K job cuts in January, the most since September of 2020, and a more than two-fold jump from December, according to a report from Challenger, Gray & Christmas Inc. The tech sector announced 41% of all cuts, the second highest on record, followed by retailers and real estate.
- The number of Americans filing new claims for unemployment benefits fell by 3,000 from the previous week to 183,000 on the week ending January 28th, the lowest since April and well below market expectations of 200,000. In addition, Unit labor costs in the US nonfarm business sector increased 1 percent in the fourth quarter of 2022, also below market forecasts of a 1.5 percent rise.
- WTI crude futures erased losses to hover 1% higher and approach the $77 per barrel mark on Thursday, offsetting the dollar's rebound amid renewed supply concerns.

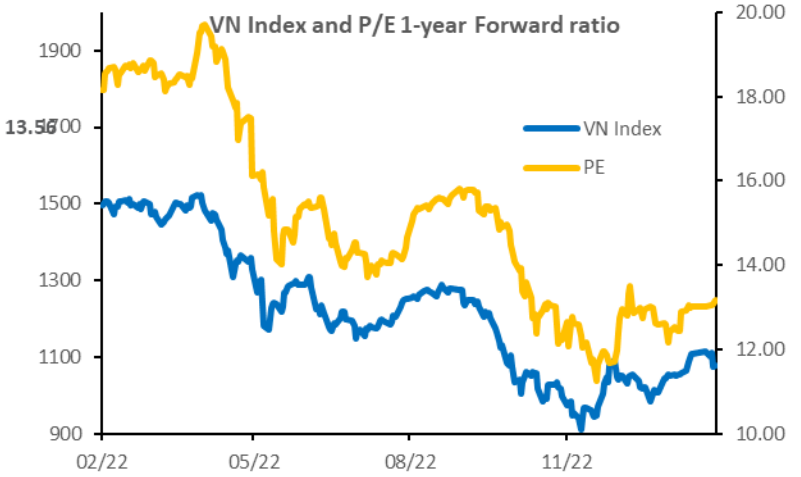
Market

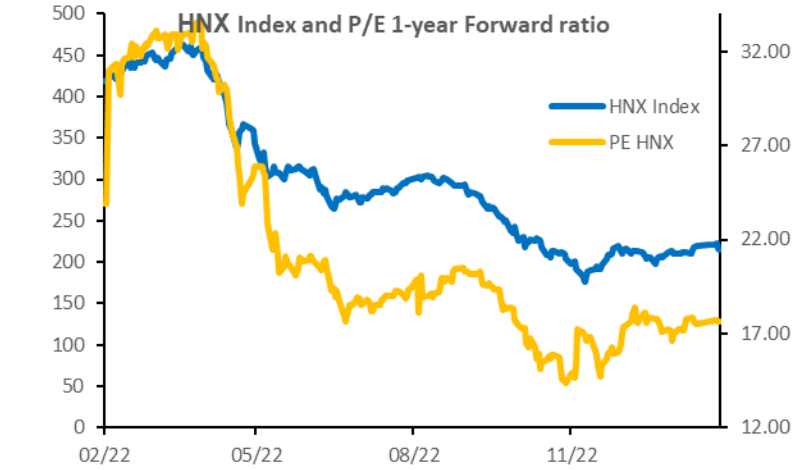
	Close	%1D	%1M	%1Y
VN-Index	1,078	0.15%	3.23%	-27.14%
S&P 500 Index	4,180	1.47%	8.86%	-8.93%
Dow Jones Index	34,054	-0.11%	2.74%	-4.42%
GP 100	7,820	0.76%	3.52%	3.87%
Nikkei 225	27,472	0.25%	5.28%	0.85%
SHCOMP Index	3,286	0.02%	5.43%	-2.25%
STOXX 600	459	1.35%	5.76%	-2.01%
KOSPI Index	2,465	-0.15%	11.11%	-8.96%
Hang Seng	21,958	-0.52%	9.00%	-7.75%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	101.75	0.53%	-1.71%	6.06%
USD/VND	23,450.00	0.00%	0.78%	-3.36%
EUR/USD	1.09	-0.10%	3.33%	-4.73%
USD/CNY	6.73	0.16%	2.49%	-5.50%
Brent	82.17	-0.81%	-4.35%	-8.16%
WTI	75.98	0.13%	-1.23%	-15.83%
Natural gas	2.45	-0.08%	-38.47%	-49.80%
Coal	244.65	-0.95%	-39.47%	11.15%
Gold	1,916.45	0.20%	4.18%	6.18%

Vietnam Market Snapshot 02/02/2023





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,077.59	13.94	1.62	0.15	634	11,052
HNX INDEX	215.31	17.89	-0.70	-0.32	83	1,218

Money flow and sector rotation (VND bn)

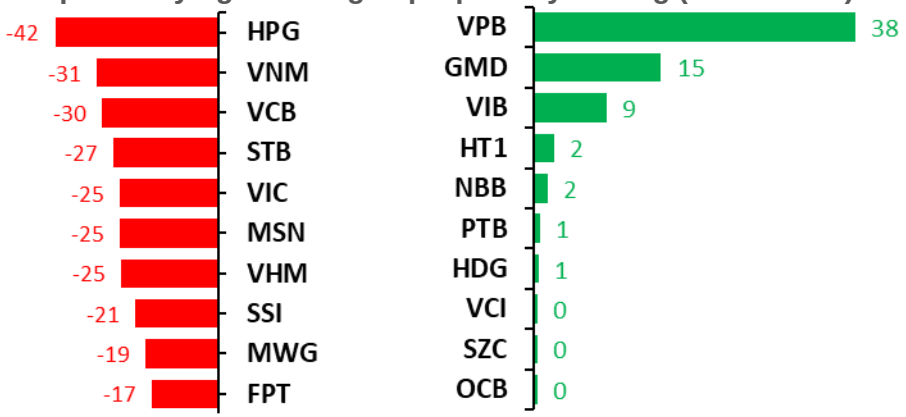
Sector	%1D	2/2/2023	2/1/2023	20-session Average
Technology	5.14	118	112	88
Personal & Household Goods	-1.3	149	151	97
Travel & Leisure	-13.4	82	95	78
Banks	-24.0	2,456	3,230	2,249
Construction & Materials	-24.7	824	1,095	669
Food and Beverage	-31.2	845	1,227	765
Industrial Goods & Services	-32.8	467	694	443
Health Care	-35.0	11	17	15
Oil & Gas	-38.9	113	185	116
Media	-41.9	1	1	1
Retail	-43.5	359	635	236
Utilities	-47.0	191	361	196
Financial Services	-49.2	1,133	2,229	1,119
Real Estate	-49.3	1,520	2,996	1,437
Chemicals	-49.6	421	836	350
Basic Resources	-52.2	1,059	2,215	1,010
Automobiles & Parts	-56.1	71	161	74
Insurance	-60.6	41	104	42

Source: Bloomberg, Sinhan Securities Vietnam

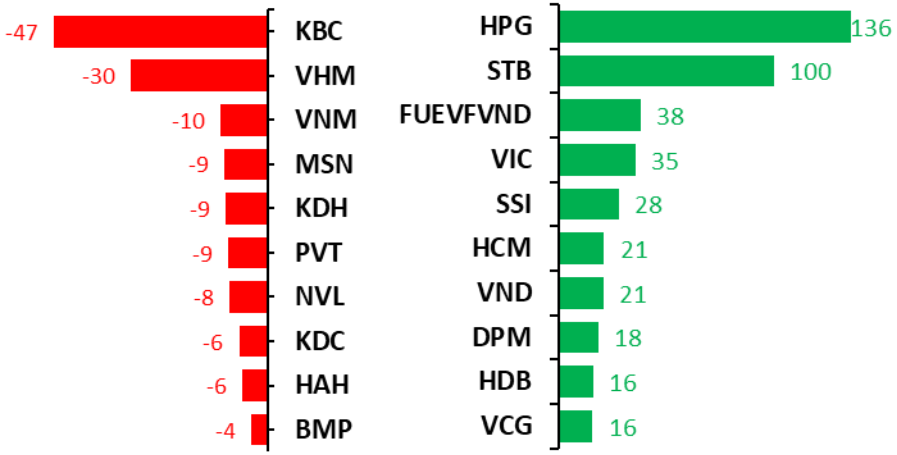
Vietnam Market Snapshot 02/02/2023

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Top net buying & selling of proprietary trading (VND billion)



Top net buying & selling foreign investors (VND billion)



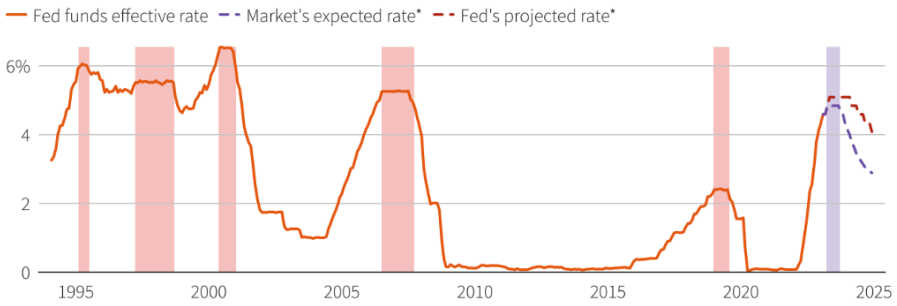
The trading value of proprietary trading and investors by sector (VND billion)

Sub-sector	Proprietary trading (VND bn)	Foreign (VND bn)	Local Individual (VND bn)	Local Institutions (VND bn)
Real Estate	(73)	(43)	(101)	(120)
Basic Resources	(41)	149	36	(78)
Media	-	-	(0)	0
Industrial Goods & Services	9	(10)	(13)	43
Health care	(0)	0	4	(0)
Chemicals	(1)	23	85	(16)
Financial Services	(29)	114	5	(7)
Travel & Leisure	(14)	10	79	(10)
Banks	(70)	150	102	(441)
Construction & Materials	1	23	79	(10)
Food and Beverage	(61)	(9)	487	(46)
Retail	(19)	(2)	109	(90)
Utilities	(10)	13	(64)	(14)
Personal & Household Goods	(1)	4	(40)	(7)
Technology	(17)	0	(9)	(26)
Automobiles & Parts	-	(1)	0	2
Insurance	(3)	4	(0)	(2)
Oil & Gas	(1)	6	(0)	(9)

Source: Fiinpro, Shinhan Securities Vietnam

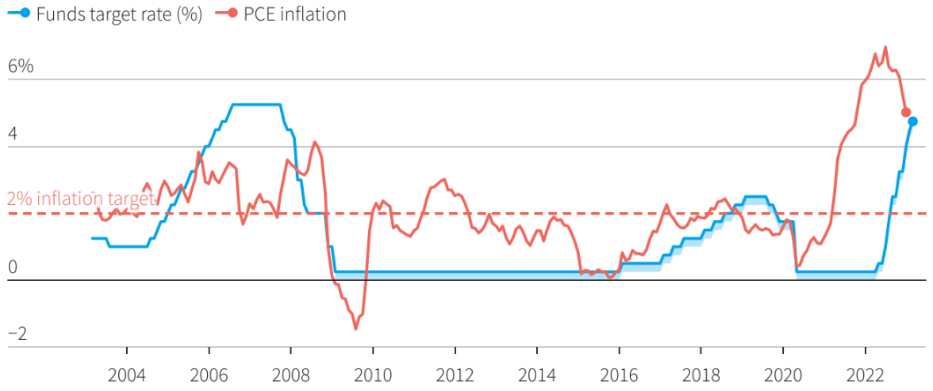
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Message from the Fed meeting in February 2023



Notes: Pink shows time spent at the cycle's policy-rate peak before a cut. Purple shows market's expected time at peak in 2023. *Markets' expected policy rate based on CME SOFR futures following the Fed's Feb. 1, 2023 interest-rate increase. *Fed's projected rate path reflects median expectation of 19 policymakers as of Dec. 2022.
Source: Federal Reserve Board

Evolution of Fed interest rates and inflation in the US over the years



Source: Refinitiv Datastream | Reuters, Feb. 1, 2023 | By Vincent Flasseur

The Fed announced that it had reached a turning point on anti-inflation

- At the end of the two-day monetary policy meeting, the Fed decided to raise the federal funds rate by 0.25 percentage points, to 4.5-4.75%, the highest since 2007. This is The Fed's eighth rate hike in a tightening cycle that began in March last year. The jump in this lift marks the next deceleration since the Fed raised interest rates by 0.5 percentage points last December after four consecutive increases of 0.75 percentage points.
- Still, investors cheered for a soft signal in Fed Chairman Jerome Powell's remarks at the press conference after the Fed's meeting. During the press conference, Mr. Powell repeatedly said that the process of reducing inflation appeared to have begun. US stock markets rallied as Mr. Powell spoke and investors increased bets on the possibility that the Fed will soon cut interest rates in 2023.
- Powell was more optimistic about the outlook for inflation, saying: "We can now say for the first time that the disinflationary process has started." The Fed's statement on Wednesday (February 1) marked an acknowledgment The first clear picture of inflation slowing came after a year in which prices rose much faster than anticipated.

There is no sign of the final interest rate and Fed still wants to raise interest rates

- According to Mr. Powell, important sectors of the economy, including many large segments of the service sector, still show no signs of slowing down of inflation. Along with that, a large number of jobs need to be recruited and wages continue to increase sharply, showing that the labor market is still in an "extremely tight" state.
- Mr. Powell asserted that it was not time to consider a rate cut, and tried to balance the increasingly thin line between a stream of data showing that inflation continues weak and it is necessary to keep the public understanding that interest rates will continue to rise.

Breaking News

Macro

Positive

- According to a report from the Ministry of Finance, as of January 31, more than VND 600,000 billion of public investment capital in 2023 has been allocated, which will disburse more than VND 63,000 billion for the North-South expressway.
- Electricity of Vietnam (EVN) has just proposed to the Ministry of Industry and Trade to increase the price of electricity transmission by nearly 4%.
- Vietnam's population in 2022 reached about 99.5 million people, ranking third in Southeast Asia, according to UNFPA.
- The State Treasury said that in Q1/2023, it will issue VND108,000 billion of government bonds.

Less positive

- In January 2023, nearly 35,000 businesses suspended their business.
- Electricity consumption during the Lunar New Year 2023 decreased by more than 30%, according to the National Load Dispatch Centre.
- The IMF lowered its forecast for ASEAN economic growth in 2023 from 4.5% in October last year to 4.3%.



Business news

- **DGW,** Q4/2022, revenue from ICT segment decreased by 65% over the same period, revenue from mobile phone segment decreased by 50% due to reduced demand. In return, household appliances and consumer goods increased by 150% and 50% respectively, but these two segments contributed little to Digiworld's revenue. As a result, profit after tax decreased by 52% to VND 156 billion.

  In the whole year of 2022, net revenue reached VND 22,059 billion, profit after tax was VND 684 billion, both increased by about 5% over the same period last year. With the results achieved, the company has achieved 84% of the revenue target and 86% of the full year profit target.

- **VJC,** Q4/2022, Vietjet recorded a net revenue of VND 11,807 billion, up 323% over the same period. Cost of goods sold increased sharply, causing the company to have a gross loss of VND 3,843 billion. Notably, the airline suddenly recorded VND 1,625 billion "other income". However, the company still lost VND 2,358 billion after tax.

  In the whole year of 2022, Vietjet recorded a net revenue of VND 39,342 billion, three times higher than the previous year. Gross loss increased by 6% to VND2,167 billion. After-tax loss is 2,171 billion VND. This was also the first loss year in the company's history.

- **ACV,** Q4/2022, net revenue reached VND 4,109 billion, net profit was VND 1,284 billion, 4.3 times higher than the low base of the same period last year.

  Accumulated in 2022, the business recorded a revenue of 13,834 billion VND, net profit reached 7,122 billion VND, 9 times higher than the previous year when the aviation market recovered and service pricing policies returned to normal. Notably, thanks to the profit on exchange rate difference (VND 2,352 billion), financial income reached VND 4,120 billion, up 27% compared to 2021.

  Enterprises continue to maintain cash holdings when there are nearly VND 33,000 billion in cash and short-term deposits at the end of 2022.

Update Business Results



- VNZ, VNG recorded a record loss of VND 1,315 billion in 2022, in the fourth quarter alone, a loss of VND 547 billion, double the same period.
- NAB, Nam A Bank's pre-tax profit reached VND 2,268 billion in 2022, up 26%. The ratio of bad debt to outstanding loans decreased from 1.57% at the beginning of the year to 1.35%.
- KLB, Kien long Bank earned VND 682 billion in pre-tax profit in 2022, down 32%. The ratio of bad debt to loan balance equivalent at the beginning of the year was at 1.89%.
- BAF, The pig industry is in trouble, the company's net profit in 2022 decreased by 9%.
- PGV recorded a net profit of 2022 of VND 2.36 trillion, down 26%.
- SVC, Savico recorded a record profit of VND 329 billion in 2022, exceeding 170% of the plan.
- DLG, Duc Long Gia Lai continued to lose another VND 885 billion in 2022. With the losses in the last 4 years, by the end of December 31, 2022, DLG's accumulated loss increased to VND 1,747 billion.
- HHV, Mr. Pham Dinh Thang bought 9.5 million shares of HHV, increasing the ownership rate to 5.62%, officially becoming a major shareholder.

- **VTP,** Q4/2022, the company recorded net revenue of VND 5,252 billion, down 12% compared to the same period last year. Gross profit margin reached 2.1%, equivalent to the same period last year. Net profit is more than 1 billion dong, down 98% over the same period. According to the explanation, the enterprise said that during the period it had increased costs to ensure service quality and labor costs.

  In the year 2022, Viettel Post has a net revenue of nearly VND 21,638 billion, a slight increase compared to the previous year. Net profit reached VND 258 billion, down 13% over the same period.

- **QNS,** Q4/2022, Quang Ngai sugar's net revenue increased by 25% over the same period last year, reaching nearly VND 1,948 billion. However, gross profit margin decreased from 32% to 30%, due to a 28% increase in COGS, to VND 1,360 billion. Net profit reached VND 427 billion, up 11% over the same period.

  For the whole year of 2022, QNS recorded net revenue of nearly VND 8,260 billion, up 13% and net profit of VND 1,285 billion, up 2% compared to 2021. For each business segment, soy milk products accounted for 52% of total revenue, bringing in VND 4,305 billion (up 5% over the same period). Revenue from sugar products was VND 1,973 billion (up 25%).

- **IDC,** Idico Corporation recorded a net revenue of over VND 8,242 billion in 2022, up 92% over the previous year. In which, revenue from the industrial zone service segment increased dramatically, from VND 690 billion in 2021 to nearly VND 4,228 billion in 2022, becoming the segment with the highest revenue in the revenue structure. In which, IDC has recognized revenue from contracts at Phu My 2 and Phu My 2 expansion projects. As a result, the company made a net profit of more than VND 2,310 billion in 2022, 5.1 times higher than the previous year's results.

- **VGT,** Q4/2022, Vinatex recorded a net revenue of nearly VND 4,157 billion, down 15% compared to the same period last year. The loss after tax is more than VND 5 billion. This is VGT's first quarterly loss since its listing. Vinatex said that due to the influence of the Zero COVID policy of the Chinese market, along with a decrease in demand in some markets at the end of the year, it affected consumption and yarn inventory prices.

  In the whole year of 2022, VGT brought in nearly VND 18.4 trillion in net revenue (up 15%), profit before tax and net profit of the Company decreased by 17% and 19%, respectively, to VND 1,211 billion and VND 649 billion, respectively.

Technical view



Trend: Trade cautiously

- Struggling trades dominated today's session after yesterday's unexpected drop. Buying force reacted as soon as the index approached the support of the trendline, which also corresponds to the 20-day MA around 1,060 points, helping the index narrow the intraday drop and close in green. However, the order matching was not really high, showing the cautious sentiment of investors. The MACD has crossed down the signal line along with the RSI dropping to near 50, meaning that the uptrend has weakened and the correcting signal is still there. Therefore, investors need to observe new developments before making hasty decisions.

Scenarios:

- Positive (60%): The index successfully tested the support around the 20-day MA, corresponding to 1,060 points and created a recovery pace to 1,150 points.
- Less positive (40%): The index losing the 1,060 threshold might drop to test the psychological level of 1,000 points and lower to the 980 point area.

Recommended stocks

2/2/2023

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
CTG	Watch							Retest the 20-day MA
SKG	Watch							Retest the 20-day MA
HPG	Watch							Return to increasing inertia after accumulation, retest the old peak 21
PVS	Watch							Good reaction around MA10
NT2	Watch							Watch for reaction around the MA20-50 day area
PC1	Watch							Waiting to retest the old price base around 24
POW	Watch							Retest the old peak 12

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
VRE	Hold	29	32	27.5	10%	-5%	28.85	2	-0.52%	01/02/2023	
FPT	Hold	80	86	77	8%	-4%	81.9	14	2.38%	09/01/2023	
VNM	Hold	79.5	86	76	8%	-4%	76.7	14	-3.52%	09/01/2023	

February 2023

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
29	30	31	1 FOMC Statement (US) Federal Funds Rate (US) ISM Manufacturing PMI (US) OPEC-JMMC Meetings	2 BOE Monetary Policy Report (UK) Monetary Policy Statement (Euro)	3 Non-Farm Employment Change, Unemployment Rate, ISM Services PMI (US)	4
5	6 RBA Rate Statement (Australia)	7	8	9	10 GDP m/m (UK) Prelim UoM Consumer Sentiment (US)	11
12	13	14 CPI, Core CPI (US)	15 CPI m/m (UK) Retail Sales m/m (US)	16 Derivatives contract maturity PPI, Core PPI (US)	17	18
19	20 Flash Manufacturing and Services PMI (UK)	21 Flash Services and Manufacturing PMI (US) CPI y/y (Canada)	22 FOMC Meeting Minutes (US)	23 Prelim GDP q/q (US)	24 Core PCE Price Index m/m (US)	25
26	27	28 Vietnam macro data GDP m/m (Canada) CB Consumer Confidence (US) CPI, GDP (Australia)	1	2	3	4

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Q&A

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