MORNING CALL

February 06rd, 2023

Shinhan Securities

“Struggling trades dominate, will the market find a direction?”

- Global stocks remained in green but trading started to struggle
- Domestic stocks balance at short-term support
- The wave continues to raise interest rates from Central Banks
- Technical view and recommendations #VNM
- Economic calendar
- Q&A

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Open Account

Global Market Review - Week 06/02 - 10/02/2023

Major stock markets remained in green but trading was more volatile

- Global stocks remained in the green but trading started to struggle more. The Fed raised interest rates by 25 basis points at its February 2023 meeting, bringing borrowing costs to 4.5-4.75%, the highest since 2007. After the move of the Fed, many major central banks also simultaneously raised interest rates. Typically, the European Central Bank raised interest rates on key refinancing operations by 50 basis points to 3.0%, the Bank of England also raised interest rates by 50 basis points to 4.0%. Still, investors were cheered by a softly signal in the speech of Fed Chairman Jerome Powell after the meeting, Mr. Powell repeatedly said that the process of reducing inflation seems to have begun. At the end of the week, the Dow Jones fell slightly by 0.2%, the S&P 500 was still in the green of 1.6%, but the uptrend has narrowed.
- European stocks still rallied with Stoxx Euro up 1.2%. Asian stocks retreated, Hang Seng and Shanghai cooled down after a series of steep climbs as investors reassessed the prospect of China opening, Japan's Nikkei almost traded around reference.
- The US economy added 517K jobs in January, the most since July and much above market expectations of 185K. Job growth was widespread, led by gains in leisure and hospitality, professional and business services, and health care. Meanwhile, the jobless rate fell to 3.4%, the lowest since May 1969 and below forecasts of 3.6%.
- The ISM Services PMI for the US unexpectedly jumped to 55.2 in January of 2023, rebounding sharply from over a 2-1/2 year low of 49.2 in December, and beating market forecasts of 50.4. Capacity and logistics performance continued to improve and the majority of companies indicated that business is trending in a positive direction.
- Crude oil prices were under a lot of pressure, losing more than 7% for the week and retreating to around $73/barrel. Strong US jobs data stoked fears of higher interest rates, and data on US crude inventories rose more than expected. In the opposite direction, the Dollar Index rebounded above 102 on Friday after the latest jobs surprised on the upside complicating the Federal Reserve's quest to slow down the pace of tightening.

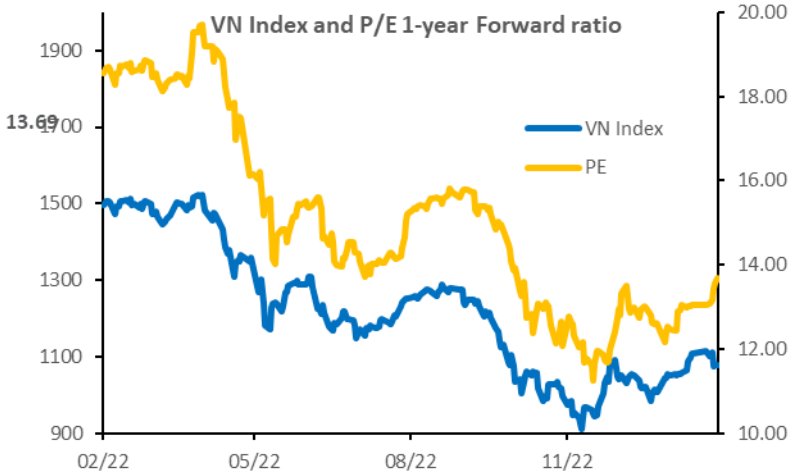
Market

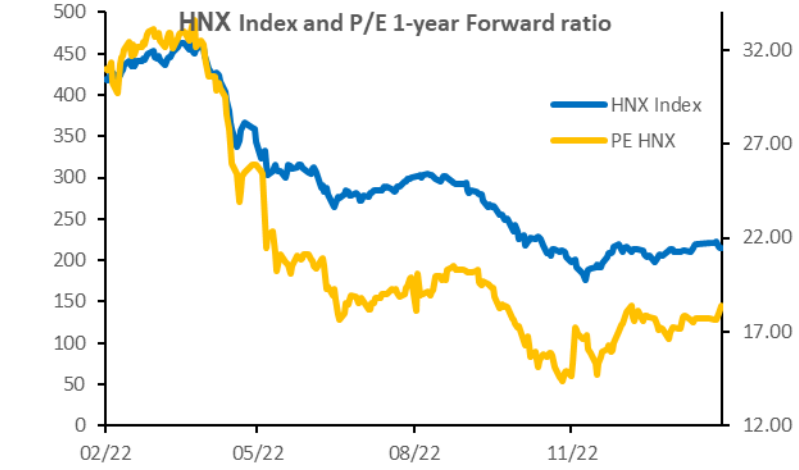
	Close	%1D	%1M	%1Y
VN-Index	1,077	-0.04%	2.45%	-27.17%
S&P 500 Index	4,136	-1.04%	6.20%	-8.09%
Dow Jones Index	33,926	-0.38%	0.88%	-3.32%
GP 100	7,902	1.04%	2.63%	5.13%
Nikkei 225	27,723	0.78%	6.73%	1.03%
SHCOMP Index	3,263	-0.68%	3.35%	-2.92%
STOXX 600	461	0.34%	3.68%	-0.30%
KOSPI Index	2,457	-0.96%	7.28%	-10.68%
Hang Seng	21,660	-1.36%	3.19%	-11.85%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	103.16	0.24%	-0.69%	8.04%
USD/VND	23,450.00	0.00%	0.40%	-3.36%
EUR/USD	1.08	-0.10%	1.32%	-5.75%
USD/CNY	6.80	-0.98%	1.72%	-6.43%
Brent	80.06	0.15%	1.90%	-14.16%
WTI	73.49	0.14%	-0.38%	-20.39%
Natural gas	2.45	1.58%	-34.02%	-46.46%
Coal	236.00	-3.54%	-39.96%	6.79%
Gold	1,866.91	0.10%	0.07%	2.55%

Vietnam Market Snapshot 06/02/2023





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,077.15	13.94	-0.44	-0.04	563	10,791
HNX INDEX	215.28	15.93	-0.02	-0.01	45	842

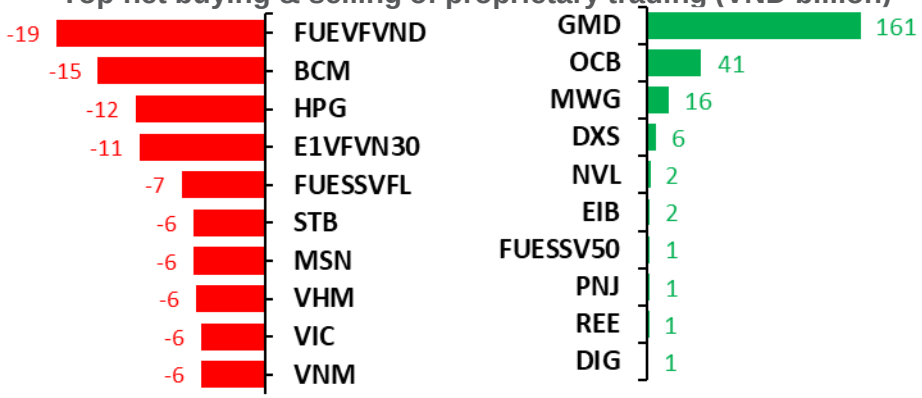
Money flow and sector rotation (VND bn)

Sector	%1D	2/3/2023	2/2/2023	20-session Average
Health Care	107.61	23	11	16
Personal & Household Goods	71.94	256	149	107
Technology	28.99	152	118	93
Retail	25.04	449	359	252
Industrial Goods & Services	21.57	567	467	457
Banks	13.44	2,786	2,456	2,316
Automobiles & Parts	6.47	75	71	75
Insurance	-7.4	38	41	43
Travel & Leisure	-11.1	73	82	79
Real Estate	-11.2	1,350	1,520	1,439
Media	-13.8	1	1	1
Construction & Materials	-21.3	648	824	683
Chemicals	-23.7	321	421	359
Basic Resources	-23.8	807	1,059	1,023
Utilities	-27.6	139	191	198
Food and Beverage	-28.0	608	845	768
Financial Services	-29.8	795	1,133	1,128
Oil & Gas	-30.3	79	113	116

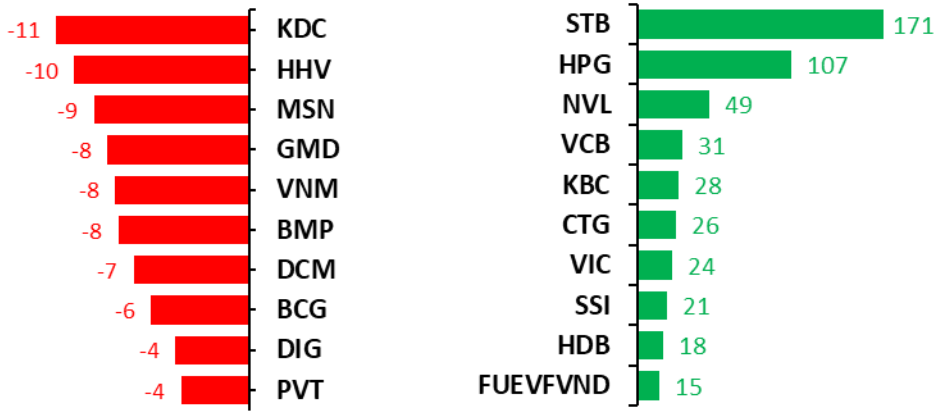
Source: Bloomberg, Sinhan Securities Vietnam

Vietnam Market Snapshot 06/02/2023

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)

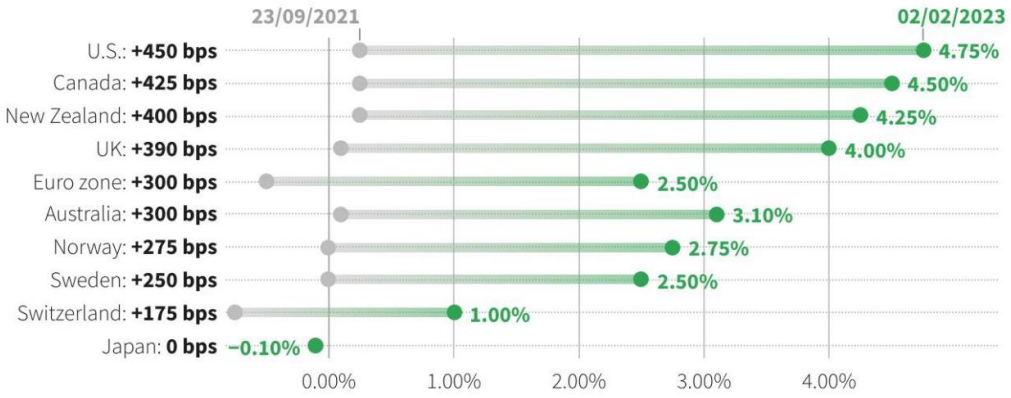
Sub-sector	Proprietary trading (VND bn)	Foreign (VND bn)	Local Individual (VND bn)	Local Institutions (VND bn)
Real Estate	(20)	125	(787)	(128)
Basic Resources	(12)	111	3	(151)
Media	-	-	(0)	0
Industrial Goods & Services	163	(11)	(417)	(13)
Health care	(0)	0	(51)	(11)
Chemicals	(6)	9	141	9
Financial Services	(38)	33	(108)	(272)
Travel & Leisure	(4)	5	276	(39)
Banks	12	253	198	(48)
Construction & Materials	0	(12)	256	(356)
Food and Beverage	(13)	(18)	325	(306)
Retail	16	2	270	(92)
Utilities	(1)	9	(56)	(9)
Personal & Household Goods	1	3	22	(147)
Technology	(2)	0	(127)	(66)
Automobiles & Parts	-	6	(5)	(1)
Insurance	0	(1)	(0)	0
Oil & Gas	(1)	15	(0)	(0)

Source: Fiinpro, Shinhan Securities Vietnam

The wave continues to raise interest rates from Central Banks

The race to raise rates

Change in policy rates by central banks overseeing the 10 most traded currencies since the start of the interest rate tightening cycle in September 2021.



Source: Refinitiv Datastream | Reuters, Feb. 2, 2023 | By Vincent Flasseur

Some dovish policies:

- Norges Bank (Norway) kicked off the global tightening trend by raising interest rates for the first time in September 2021, and is also the pioneer country when keeping the policy rate unchanged at 2.75 % on 19/01.
- The Bank of Japan (BOJ) is the largest central bank in the world with the most dovish attitude. In December 2022, investors speculated that the BOJ might come to an end of extremely accommodative monetary policy with an upward adjustment to the yield curve control tolerance. However, in January 2023, the BOJ made no further changes to its policy. But as inflation picks up, the International Monetary Fund has recommended that the BOJ let government bond yields move more freely and consider raising short-term rates.

New interest rate hike

- At the end of the two-day monetary policy meeting on February 1, 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 first time. The Fed's eighth rate hike in the monetary policy tightening cycle that began in March last year.
- The European Central Bank (ECB) raised its benchmark interest rate by 50 basis points to 2.5% on Thursday (February 2, 2023), the fifth consecutive increase and the highest since November, 2008.
- The Bank of England (BoE) raised interest rates by 50 basis points to 4% in its February meeting, pushing borrowing costs to their highest levels since late 2008. It was the 10th consecutive rate hike. in the context of policymakers' efforts to combat high inflation.
- The Hong Kong Monetary Authority (HKMA) raised its benchmark interest rate by 25 basis points on February 2, hours after the US Federal Reserve offered a similar rate.
- The Bank of Canada (BoC) on January 18 raised its key interest rate by 25 basis points to 4.5%, the highest level in 15 years.

Before

- The Reserve Bank of New Zealand (RBNZ) raised its base rate by 75 percentage points to 4.25% in November, the highest level since early 2009.
- The Reserve Bank of Australia continued its path with a third consecutive 25 basis point increase in December, bringing its benchmark interest rate to 3.1%, the highest level in a decade. Markets expect Australia to raise interest rates by at least two more 25 basis points in the tightening cycle .
- The Swiss National Bank (SNB) raised its policy rate by 50 basis points to 1% in December, its third rate hike in 2022..
- Sweden's central bank raised its key interest rate by 75 basis points to 2.5% in November and its next meeting will be on February 8, 2023.

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.
- 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.

Business news

- HoSE's fourth-quarter profit dropped a record VND 27,000 billion to the lowest level in many years.
- FCN, 2022 business results dropped sharply, FECON encroached on real estate. Q4 net profit skyrocketed thanks to divestment of Vinh Hao 6 solar power project, the whole year only reached 15% of the plan.
- NVL, According to the latest announcement, Novaland has adjusted the number of BOD members from 7 to 5 members and re-elected members of the Board of Directors (BOD). Accordingly, Mr. Bui Thanh Nhon was officially elected as the Chairman of the Board of Directors and the legal representative.
- PLX, Petrolimex reported record 2022 revenue but only half the profit of the previous year.
- MSB's pre-tax profit is VND 5,787 billion in 2022, up 14% year-on-year, thanks to a sharp reduction in risk provisions.
- FPT Software is about to build an artificial intelligence center with a scale of VND VND 2,000 billion in Binh Dinh.
- DGC, After a sublime year, Duc Giang Chemicals plans to reduce profit in the first quarter of 2023 by 54% over the same period.
- Favorable hydrology, hydropower enterprises reported large profits in 2022.
- CTS, VietinBank Securities pre-tax profit of nearly VND 80 billion in 2022.
- HUT, Tasco just completed 9.5% of revenue plan and 55% of profit after tax plan.
- HPX, Chairman Hai Phat Invest and his wife continued to be sold off mortgage millions of HPX shares.



Technical view



Trend: Trade cautiously

- The sudden reversal of the index with sudden liquidity showed that the selling force was active and the trade needed to be more cautious. The MACD has crossed the signal line along with the RSI dropping to around 50, meaning that the correcting trend is still there. The nearest support for the trend is around 1,060 points, corresponding to the short-term price channel line and similar to the 20-day MA. The index is reacting well and balancing around here. If there is no clear breakout signal yet, investors should limit their excitement and be patient in the current context.

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

6/2/2023

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%	29.2	3	0.69%	01/02/2023	
FPT	Hold	80	86	77	8%	-4%	80.1	15	0.12%	09/01/2023	
VNM	Hold	79.5	86	76	8%	-4%	76	15	-4.40%	09/01/2023	

Economic calendar

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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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