MORNING CALL

March 03rd, 2023

Shinhan Securities

" Going up cautiously, the money flow started to diverge "

- ❑ Global stocks regain the green color
- ❑ Domestic stocks trading struggled
- ❑ Government bond yields in major economies are on the rise again
- ❑ Update Business Results #FMC #PET
- ❑ Technical view and recommendations
- ❑ Q&A

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Open Account

Global Market Review - Week 27/02 - 03/03/2023

Major stock markets regain the green color

The Dow Jones finished 341 points higher on Thursday, while the S&P 500 and Nasdaq 100 added 0.7% each, as Federal Reserve Bank of Atlanta President Bostic's comments boosted sentiments. On the policy side, Fed Bostic said he is in favor of a quarter-point rate hike and the central bank could pause rate hikes sometime this summer. Some other Fed officials have said they are in favor of hiking by half a point and warned that rates must go higher to bring down inflation to its target. Still, bond yields continue to rise and the 10-year benchmark rose above 4% for the first time since November. In corporate news, shares of Salesforce jumped 11.5% after upbeat quarterly results and guidance.

European equity markets reversed losses to close higher on Thursday, after CPI numbers in the Euro Area came in above market expectations, but not as high as investors had feared based on national readings in recent days.

The consumer price inflation in the Euro Area inched lower to 8.5 percent in February 2023, the lowest since last May, but above market expectations of 8.2 percent, a preliminary estimate showed. The latest data added to signs that inflationary pressure remained high in Europe and bolstered expectations that the European Central Bank will remain hawkish for longer.

The number of Americans filing for unemployment benefits fell by 2K from the previous week to 190K in the week ending February 25th, compared to expectations of 195K. The latest value remained close to the nine-month low of 183K hit at the end of January, giving further evidence that the US labor market remains tight.

WTI crude futures steadied near $78 per barrel on Thursday as investors weighed hopes for a rebound in Chinese demand against concerns about further policy tightening from the Federal Reserve. Oil prices gained nearly 1% on Wednesday after data pointed to robust manufacturing and services activities in China, and top executives from Chevron Corp and Saudi Aramco signaled optimism for the country's demand.

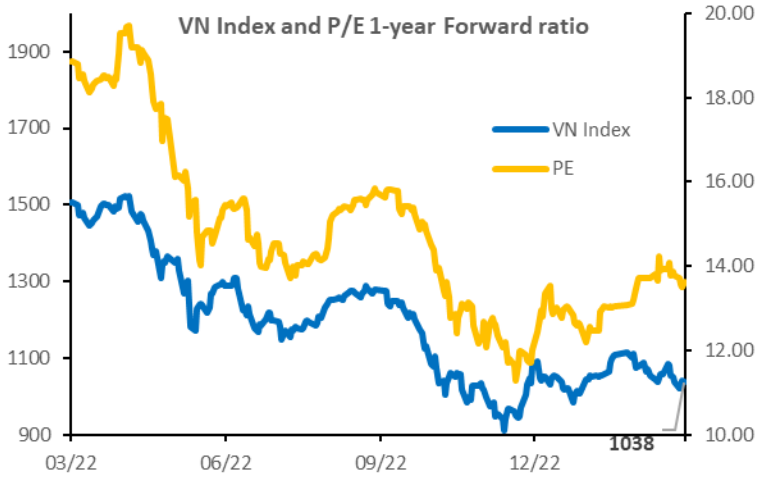
Market

	Close	%1D	%1M	%1Y
VN-Index	1,038	-0.28%	-3.67%	-31.06%
S&P 500 Index	3,981	0.76%	-4.75%	-9.24%
Dow Jones Index	33,004	1.05%	-3.08%	-2.62%
GP 100	7,944	0.37%	0.53%	9.74%
Nikkei 225	27,685	0.68%	0.64%	4.17%
SHCOMP Index	3,311	-0.05%	1.45%	-4.90%
STOXX 600	460	0.51%	-0.16%	5.18%
KOSPI Index	2,435	0.29%	-1.83%	-11.36%
Hang Seng	20,429	-0.92%	-5.68%	-9.07%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	105.03	0.52%	3.22%	7.85%
USD/VND	23,752.00	0.02%	-1.27%	-3.88%
EUR/USD	1.06	0.06%	-1.78%	-4.18%
USD/CNY	6.92	-0.68%	-2.68%	-8.61%
Brent	84.75	0.52%	3.14%	-24.95%
WTI	77.95	-0.27%	6.21%	-27.60%
Natural gas	2.78	0.65%	15.48%	-41.06%
Coal	193.00	-0.26%	-21.11%	-56.14%
Gold	1,838.72	0.16%	-1.41%	-5.02%

Vietnam Market Snapshot 02/03/2023





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,037.61	13.49	-2.94	-0.28	303	5,068
HNX INDEX	206.14	18.70	-0.68	-0.33	39	550

Money flow and sector rotation (VND bn)

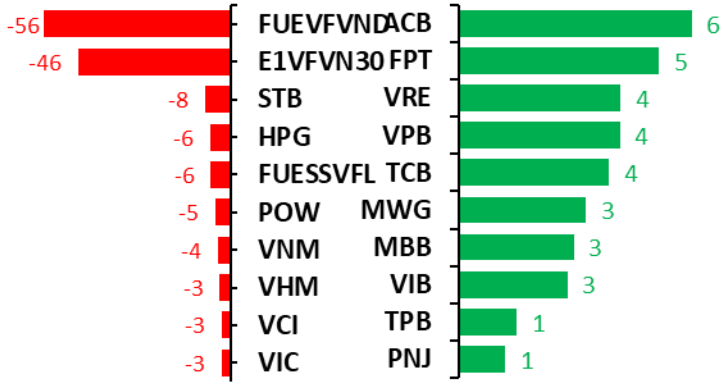
Sector	%1D	3/2/2023	3/1/2023	20-session Average
Utilities	265.58	401	110	164
Travel & Leisure	31.32	38	29	46
Insurance	17.10	23	19	35
Chemicals	-13.7	179	207	324
Media	-14.5	1	1	1
Food and Beverage	-18.2	408	499	571
Health Care	-19.0	17	21	17
Automobiles & Parts	-19.9	47	59	79
Oil & Gas	-20.0	114	143	128
Industrial Goods & Services	-22.4	261	336	361
Construction & Materials	-24.2	418	551	635
Basic Resources	-29.5	593	841	984
Banks	-31.5	1,143	1,669	1,794
Retail	-31.7	98	143	226
Personal & Household Goods	-34.9	55	84	96
Financial Services	-42.9	440	770	885
Real Estate	-47.2	789	1,494	1,393
Technology	-64.3	43	120	78

Source: Bloomberg, Sinhan Securities Vietnam

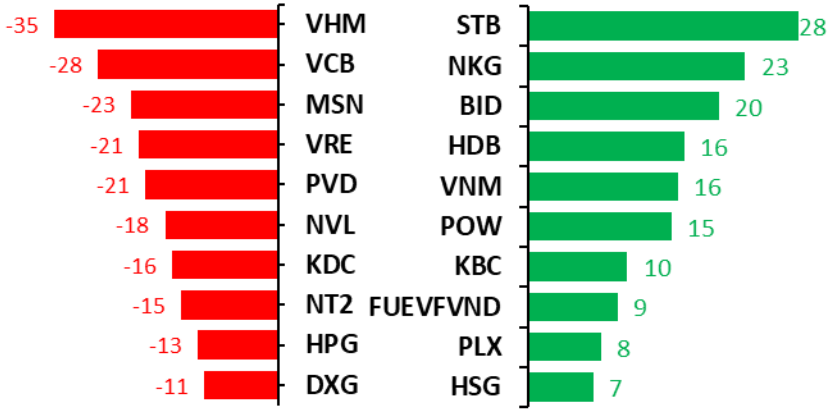
Vietnam Market Snapshot 02/03/2023

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



Top net buying & selling foreign investors (VND billion)



The net 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	(3)	(100)	113	(13)
Basic Resources	(6)	18	(17)	(2)
Media	-	-	0	(0)
Industrial Goods & Services	(1)	(6)	7	(1)
Health care	0	(1)	(1)	3
Chemicals	(0)	(5)	22	(17)
Financial Services	(113)	(10)	17	(7)
Travel & Leisure	(2)	(2)	4	(3)
Banks	8	21	59	(81)
Construction & Materials	(0)	(1)	3	(2)
Food and Beverage	(7)	(28)	20	9
Retail	2	(1)	14	(13)
Utilities	(5)	2	(3)	1
Personal & Household Goods	1	3	(15)	11
Technology	5	(4)	1	3
Automobiles & Parts	-	(0)	0	0
Insurance	(0)	5	(5)	(0)
Oil & Gas	(0)	(13)	12	1

Source: Fiinpro, Shinhan Securities Vietnam

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Breaking News

Macro

Positive

- Mr. Vo Van Thuong was elected by the National Assembly to hold the position of President.
- The State Bank basically agreed on the extension and postponement of debts for real estate businesses with difficulties, but it depends on the segment.
- In the first two months of 2023, the total foreign investment capital into the city reached 332.3 million USD, up 43.1%.
- On March 2 (Vietnam time), VinFast handed over the first 45 VF 8 City Edition cars to customers, officially starting the North American market.

Less positive

- Temporarily suspending the proposal of a credit package of VND 110,000 billion to apply a VND 120,000 billion package announced by the State Bank.
- Interbank interest rates are increasing again in terms, along with the exchange rate is likely to increase when the USD recovers strongly.
- Many businesses announced late payment of interest and principal of bonds, showing short-term money flow problems.



Business news

- FMC: According to the updated business results report, Sao Ta's February revenue was somewhat better than the same period last year (up 19%), reaching 13.4 million USD, but decreased by 12% compared to the previous month. The main reason is due to the Lunar New Year holiday in February 2022.

  In February, Sao Ta's finished shrimp production decreased by 22% over the same period last year, reaching 1,015 tons. In contrast, consumption of finished shrimp increased by 15%, reaching 1,081 tons.

  On March 7, FMC will finalize the list of shareholders attending the 2023 Annual General Meeting of Shareholders. The meeting is scheduled to take place on April 7 in Soc Trang.
- PET: In January 2023, Petrosetco estimates revenue to reach VND 1,210 billion, down 26% y/y and pre-tax profit is expected to be VND 2 billion, down 93.9% y/y. In which, gross profit margin decreased from 4.1% to 3.9%.

  In terms of revenue structure, distribution revenue decreased by 28.1% over the same period, to 1,051 billion VND, accounting for 87.3% of total revenue, catering service revenue increased by 4.5% over the same period, to 69 billion VND and accounted for 5.7% of total revenue.

  The company added that the decrease in distribution activities was mainly due to Laptap down 88.6%, other IT equipment down 50% and PP & LPG down 50.6%. In contrast, mobile electricity revenue still increased by 44.8%. The reason for the decrease in revenue, Petrosetco said, mainly comes from the decrease in distribution revenue due to the prolonged Lunar New Year holiday.
- VHC spent more than VND 15 billion to expand aquaculture land in An Giang.
- APC: An Phu irradiation was fined and collected by the Tax Department of Binh Duong province.
- ITA: HoSE maintains a warning for ITA stock due to the fact that the cause has not been rectified and the violation continues.
- DBD: Bidiphar is about to pay a cash dividend of 20%, ex-dividend date is March 22.
- VDS: Rong Viet Securities wants to offer VND 410 billion of individual bonds.

Government bond yields in major economies are on the rise again



Commodity Forex Index Stock Bond

	Actual	Chg	%Chg
United States	4.0774	▲ 0.081	0.08%
United Kingdo	3.8800	▲ 0.038	0.04%
Japan	0.5060	▲ 0.002	0.00%
Australia	3.9280	▲ 0.132	0.13%
Germany	2.7470	▲ 0.033	0.03%
Brazil	13.5750	▲ 0.095	0.17%
Russia	11.0100	▲ 0.010	0.01%
India	7.4300	▼ 0.004	0.00%
Canada	3.4880	▲ 0.072	0.07%
Italy	4.6220	▲ 0.045	0.04%
France	3.2360	▲ 0.034	0.03%

Yields on the US 10-year Treasury note, seen as a proxy for global borrowing costs, are above 4% and are approaching a more than 14-year high of 4.3% reached in October, as a flurry of hot economic data bolstered expectations that the Fed will hike interest rates higher and keep them in cap for the long term, signaling the bond market as a whole.

European Bond Yields Rise as Inflation Stays High

- Germany's 10-year government bond yield rose for a fifth straight session to touch 2.77% on Thursday, a new high since July 2011, as investors weigh signs inflationary pressures in the Euro Area remain elevated and brace for further rate hikes from the ECB. Meanwhile, Italy's 10-year bond yield hit a fresh 2-month high at 4.64%, the French benchmark rose above 3.2%, also the highest since 2011 and the Spanish yield topped a nine-year high of 3.8%.
- The yield on the US 10-year Treasury note, seen as a proxy for global borrowing costs, topped 4%, approaching an over 14-year high of 4.3% reached in October, as a batch of hot economic data strengthened expectations that the Federal Reserve will raise interest rates to a higher level and keep them restrictive for longer.
- The yield on Canada's 10-year government bond rose to a 16-week high of 3.469%.

Government bond yields in Asia rise

- HK 10-Year Government Bond Yield increased to a 15-week high of 3.984% after the US benchmark yield broke the psychological 4% level Wednesday, its highest in three months, with traders ramping up their bets on rates rising further and staying there longer than anticipated.
- India's 10-year government bond yield rose above 7.46% at the end of February, its highest level since early November.
- Yields on 10-year Australian government bonds rose above 3.9%, close to an eight-year high of 4.3% hit on October 21, as the world's major central banks offer a longer monetary tightening roadmap and warn the idea of a pause is premature.

Technical view



Trend: Technical recovery

- The struggled trade dominated again pushed the market back to close in red. Order matching dropped compared to yesterday's rally, showing the cautious sentiment of investors in the buying direction. Technically, the RSI has improved a bit but is still below 50, while the MACD is still sloping, meaning that the money flow hasn't been really drastic. The spreading momentum also started to be more limited and the divergence was inevitable. The current trend is not clear and the market may appear technical retracements with risks, so investors should limit excitement to avoid bull traps. The nearest resistance is at 1,060 points and the corresponding support is at the psychological level of 1,000 points.

Scenarios:

- Positive (40%): The index balanced above 1,040 points and created a recovery pace to 1,080 points, more optimistic than 1,100 points.
- Less positive (60%): The index losing the support level of 1,040 points might drop to retest the psychological level of 1,000 points and lower to the area of 950 points.

Recommended stocks

` 03/03/2023

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
PVS	Watch							Maintaining the trend above the 10-day MA
PVD	Watch							Maintaining the trend above the 10-day MA
PVC	Watch							Maintaining the trend above the 10-day MA
PC1	Watch							Maintaining the trend above the 10-day MA
NT2	Watch							Maintaining the trend above the 10-day MA
POW	Watch							Maintaining the trend above the 10-day MA

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Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note

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Q&A

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