MORNING CALL

March 06th, 2023

Shinhan Securities

"Finding the balance zone, waiting for the market's reaction to the new Decree on corporate bond issuance"

- Global stocks regain the green color
- Domestic stocks struggled with declining liquidity
- Update new Decree on corporate bond issuance #BĐS
- Technical view and recommendations
- Economic calendar
- Q&A

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Open Account

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

Major stock markets regain the green color

Global stocks regained their excitement, green color spread. Fed officials continue to give mixed views on the upcoming interest rate path. Even so, market sentiment was boosted when Atlanta Fed President Raphael Bostic said he thought the central bank could keep the rate hikes by 25 basis points instead of raising 50 basis points as other officials support. In addition, China's February manufacturing PMI recovered impressively to 52.6 points from January's 50.1 and surpassed the forecast of 50.5 points. This is the month with the highest PMI since April 2012. The non-manufacturing PMI also increased to 56.3 points from 54.4 points in January. China's economic recovery plays an important role as the country is a major trading partner of many countries in the region and the world. At the end of the week, Dow Jones, S&P 500 gained 1.8% and 1.9% respectively. European stocks also traded in the green with Stoxx Euro up 1.6%. Asian stocks regained their momentum when Hang Sen and Shanghai jumped 2.8% and 1.9%. Nikkei also joined the air with a gain of 1.7%.

The US ISM Services PMI came in at 55.1 in February, little changed from 55.2 in January and above expectations of 54.5, suggesting that the world's largest economy continues to expand at a solid pace though rising borrowing costs and high inflation.

WTI crude ended the week near $80 a barrel, recovering more than 4% from its previous decline. New EIA data showed that US inventories remained high but were offset by optimism about China's outlook. Meanwhile, US Treasury yields fell below 4% along with the Dollar Index moving away from 105 after a strong rally during the week giving the market some respite.

In the spotlight this week, in the US, jobs report, foreign trade figures and speeches by several Fed officials will take center stage. Elsewhere, inflation and trade data will be released for China as well as GDP updates from the UK, Eurozone, South Korea and Japan. Ultimately, central banks in Canada, Australia, Japan and Malaysia will decide monetary policy.

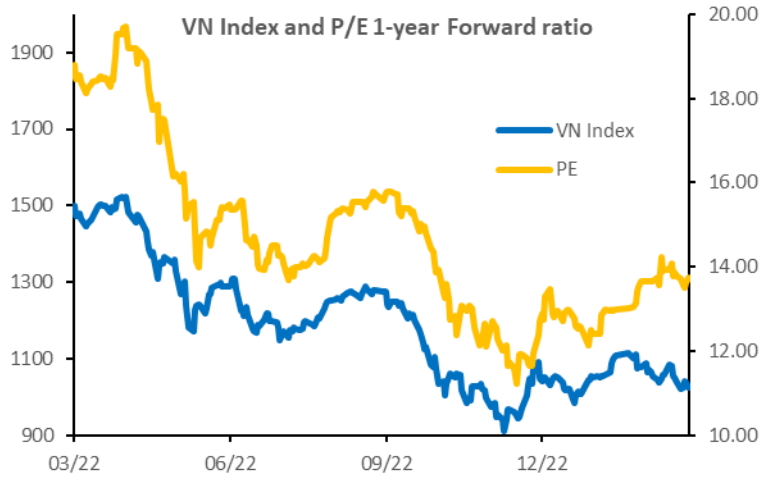
Market

	Close	%1D	%1M	%1Y
VN-Index	1,025	-1.24%	-5.92%	-31.92%
S&P 500 Index	4,046	1.61%	-1.59%	-6.54%
Dow Jones Index	33,391	1.17%	-1.48%	-0.67%
GP 100	7,947	0.04%	1.41%	13.74%
Nikkei 225	28,251	1.16%	2.01%	8.72%
SHCOMP Index	3,328	0.54%	2.77%	-3.46%
STOXX 600	464	0.92%	1.55%	10.07%
KOSPI Index	2,444	0.48%	0.23%	-9.94%
Hang Seng	20,568	0.68%	-3.08%	-6.11%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	104.56	0.04%	0.91%	6.00%
USD/VND	23,728.00	0.10%	-1.17%	-3.72%
EUR/USD	1.06	0.00%	-0.85%	-2.02%
USD/CNY	6.90	0.18%	-1.54%	-8.46%
Brent	85.54	-0.34%	5.62%	-27.58%
WTI	79.41	-0.34%	7.15%	-31.35%
Natural gas	2.73	-9.21%	11.19%	-45.53%
Coal	188.90	-2.12%	-19.96%	-48.95%
Gold	1,853.28	-0.17%	-0.76%	-7.25%

Vietnam Market Snapshot 03/03/2023





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,024.77	13.32	-12.84	-1.24	369	5,960
HNX INDEX	204.89	18.59	-1.26	-0.61	62	904

Money flow and sector rotation (VND bn)

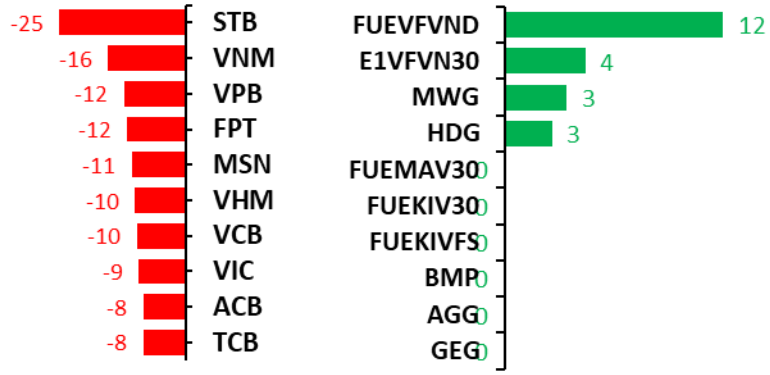
Sector	%1D	3/3/2023	3/2/2023	20-session Average
Basic Resources	78.71	1,060	593	996
Retail	58.17	155	98	212
Technology	54.63	66	43	74
Media	43.38	1	1	1
Construction & Materials	37.47	574	418	631
Real Estate	36.37	1,077	789	1,379
Financial Services	32.91	584	440	875
Automobiles & Parts	15.36	54	47	78
Health Care	14.04	19	17	17
Chemicals	7.05	191	179	318
Personal & Household Goods	4.60	57	55	86
Travel & Leisure	3.50	40	38	44
Industrial Goods & Services	1.80	265	261	345
Banks	1.57	1,161	1,143	1,713
Food and Beverage	-7.3	378	408	559
Oil & Gas	-11.7	101	114	129
Insurance	-30.9	16	23	34
Utilities	-61.2	155	401	164

Source: Bloomberg, Sinhan Securities Vietnam

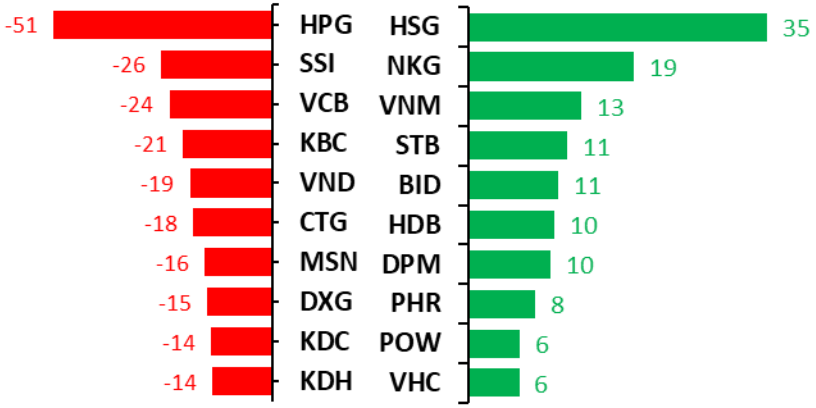
Vietnam Market Snapshot 03/03/2023

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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	(31)	(62)	121	(59)
Basic Resources	(9)	2	10	(12)
Media	-	0	0	(0)
Industrial Goods & Services	(4)	(9)	25	(17)
Health care	-	(1)	0	1
Chemicals	(0)	23	(5)	(17)
Financial Services	11	(53)	55	(2)
Travel & Leisure	(5)	(0)	6	(6)
Banks	(101)	(19)	169	(150)
Construction & Materials	(3)	5	2	(6)
Food and Beverage	(29)	(22)	37	(15)
Retail	3	11	(5)	(6)
Utilities	(4)	(7)	17	(9)
Personal & Household Goods	(3)	2	(3)	1
Technology	(12)	(3)	11	(8)
Automobiles & Parts	(0)	1	(3)	3
Insurance	(0)	(2)	2	0
Oil & Gas	(1)	7	(20)	13

Source: Fiinpro, Shinhan Securities Vietnam

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Breaking News

Macro

Positive

- Total import-export value of Vietnam in February 2023 was estimated at 49.46 billion USD, up 6% over the previous month and up 2% over the same period last year. In which export value is estimated at 25.88 billion USD and import value is estimated at 23.58 billion USD.

  In terms of accumulation in the first 2 months of 2023, the total import-export value of the whole country is estimated at 96.06 billion USD, down 13%. In which, export value is estimated at 49.44 billion USD, down 10% and import value is estimated at 46.62 billion USD, down 16%.

- The Ministry of Transport has disbursed more than 10,700 billion VND in the first 2 months of the year.

Less positive

- Seafood exports in February increased slightly, but many key markets still fell deeply.
- Governor Nguyen Thi Hong: 22 banks have reduced lending rates, however credit growth was very slow in the first two months of the year.
- Interbank interest rates are increasing again in terms, along with the exchange rate is likely to increase when the USD recovers strongly.



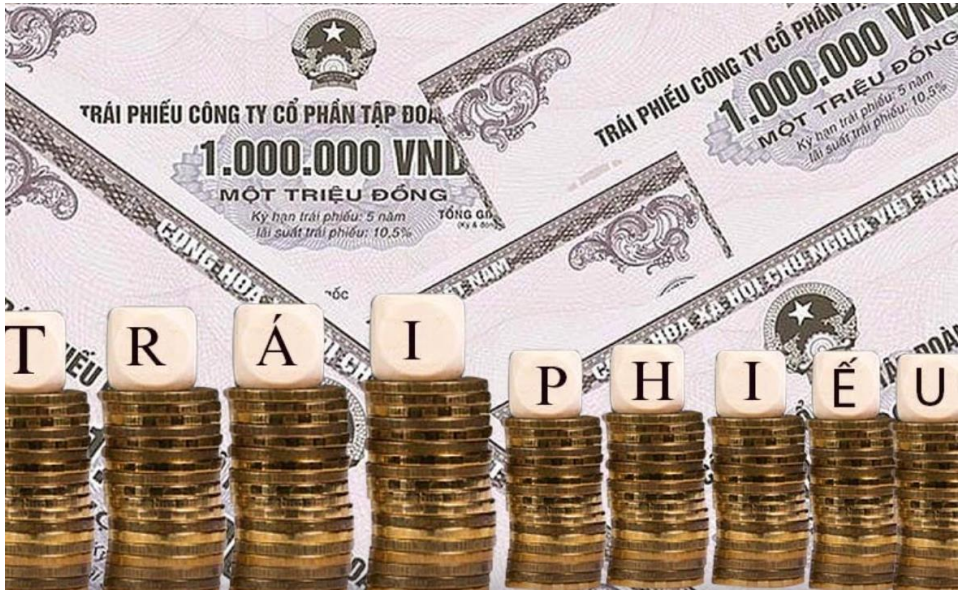
Business news

- Three more real estate companies announced late payment of interest and principal of bonds (Southern Dat Xanh, An Khai Hung and Apec Land Hue).
- TNG: February revenue reached VND 375 billion, up 13% over the same period.

  Accumulated sales revenue to February 2023 reached VND 771 billion, equivalent to 92% of accumulated sales revenue of the same period in 2022.

  Also in February 2023, customer representative Decathlon (French sportswear retailer) had a visit and worked with TNG Song Cong factory. Currently, TNG textile is one of Decathlon's major production centers, with orders continuously growing.
- HND: After Q4/2022 recorded a pre-tax loss of more than VND 7 billion due to high input coal prices and the overhaul of unit 4, Hai Phong Thermal Power continued to report a loss of VND 20 billion in the first two months of 2023.
- HVN: Vietnam Airlines and Air France resumed the joint venture agreement from March 26. According to information announced by Vietnam Airlines on March 2, the airline will resume cooperation with Air France (France's national airline) on routes between the two countries.
- YEG: Yeah1 wants to offer 45 million individual shares to 15 individuals at the price of 10,000 VND/share.
- HND: Hai Phong Thermal Power continues to report losses in the first two months of the year.
- PET: Petrosetco's January 2023 profit is estimated at VND 2 billion, down 93.9%.
- HAX increased charter capital to more than VND 719 billion from the issuance of 15 million shares to convert 1.8 million bonds.
- DHG: DHG Pharma proposes to increase the dividend payout ratio in 2022 to 35%.
- DHC: Just finished buying 500,000 shares, Mr. Nguyen Thanh Nghia, a member of the Board of Directors, continued to register to buy another 1 million shares.
- Gelex Electric (GEE) increases ownership in Cadivi (CAV) and Thibidi (THI).

Update new Decree on corporate bond issuance



Source: Baochinhphu.vn

➢ ***Evaluation:*** *Decree 08 creates legal conditions for enterprises to have more options to negotiate with investors (bondholders) on the settlement of due debts. However, all options are only at the negotiation level and the decision still lies with the Investor.*

Information about Decree 08 can be the first steps in removing the bottlenecks of the real estate and corporate bond markets. However, more or less this information will help the stock market to be excited in the short term when it is expected that the above bottleneck will be resolved soon, thereby opening capital flows in the market.

- The Government has just issued Decree No. 08/2023/ND-CP dated March 5, 2023 amending, supplementing and suspending the effect of a number of articles in the Decrees regulating the offering and trading of corporate bonds. individual businesses in the domestic market and offering corporate bonds to the international market.

Bond principal and interest can be paid with other assets

✓ Enterprises may negotiate with bondholders to pay bond principals and interests due with other assets according to the following principles:

✓ Comply with the provisions of civil law and relevant laws. For conditional business lines and investment lines, they must also comply with the provisions of law on such conditional investment and business lines.

✓ Must be approved by the bondholder.

✓ Issuing enterprises must disclose unusual information and take full responsibility for the legal status of assets used to pay bond principal and interest in accordance with law.

Bonds can be extended for no more than 2 years

✓ For bondholders who do not agree to change the bond's terms and conditions, the issuing enterprise is responsible for negotiating to ensure the interests of investors. If a bondholder does not accept the negotiation plan, the enterprise must fulfill all obligations towards the bondholder according to the bond issuance plan announced to investors (including the in case the change in terms and conditions of bonds has been approved by bondholders representing 65% or more of the total number of bonds).

Suspending regulations on determining the status of professional securities investors as individuals and corporate credit ratings until the end of December 31, 2023.

Technical view



Trend: Finding the balance zone

- The index is still finding the balance and needs more time to accumulate. The positive point is that order matching dropped significantly compared to last week, showing that the selling supply was almost weaker. The psychological 1,000 point area will act as an important support for the trend. Currently, the index is still hovering below the resistance level of MA20 week, and at the same time, the daily chart frame has appeared a down cross of MA20 and MA50, showing confirmation of downtrend, so the trading risk will be higher. The market needs a bull session to break 1,060 points to negate and reverse the down phase, in case it has not been surpassed, the position is still in favor of observation. The money flow is quite divergent in the context of the lack of a leading team, perhaps a new catalyst is needed.

Scenarios:

- Positive (40%): The index rebounded to 1,040 points and balanced above to continue creating a recovery pace to 1,080 points, more optimistic than 1,100 points.
- Less positive (60%): The index failed to test and lost the support level of 1,040 points, it 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
STB	Watch							Maintaining the trend above the 10-day MA

Trading portfolio

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

March 2023

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
26	27	28	1 Vietnam PMI CPI y/y (Australia) Manufacturing PMI (Eurozone, Germany, France, Italy, England) ISM Manufacturing PMI	2 ECB Monetary Policy Meeting Accounts CPI and Core CPI Flash Estimate y/y (Europe)	3 FTSE portfolio review Q1 RBNZ Gov Orr Speaks Services PMI ((Eurozone, Germany, France, Italy, England) ISM Services PMI (US)	4
5	6 CPI m/m (Switzerland) Factory Orders (US)	7 Fed Chair Powell Testifies RBA Rate Statement	8 BOC Rate Statement RBA Gov Lowe Speaks ADP Non-Farm Employment Change JOLTS Job Openings	9 CPI, PPI y/y (China) Unemployment Claims (US)	10 VanEck announced the list BOJ Policy Rate, BOJ Press Conference Non-Farm Employment Change, Unemployment Rate (US)	11
12	13	14 CPI and core CPI (US)	15 PPI and Core PPI m/m Retail Sales and Core Retail Sales m/m Monetary Policy Meeting Minutes (BOJ)	16 Futures contract expiration VN30F1M FTSE and VanEck restructure portfolio ECB Press Conference, Monetary Policy Statement Employment Change, Unemployment Rate (Australia)	17 Final CPI and Core CPI y/y (Europe) Prelim UoM Consumer Sentiment. Prelim UoM Inflation Expectations	18
19	20	21 CPI and core CPI (Canada)	22 CPI and core CPI (UK)	23 FOMC Statement, Federal Funds Rate SNB Monetary Policy Assessment, SNB Policy Rate MPC Official Bank Rate Votes, Official Bank Rate	24 Flash Services and Flash Manufacturing PMI (US)	25
26	27	28 CB Consumer Confidence	29 Vietnam macroeconomic data	30	31 Core PCE Price Index m/m	1

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Q&A

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