MORNING CALL

March 08th, 2023

Shinhan Securities

“Gaining points but diverging, profit taking pressure still exists”

- Global stocks fell after the Fed chair's testify
- Domestic stocks are green but divergent
- News of Vietinbank's annual meeting with investors #CTG
- Update business situation #NT2 #TLG
- Technical view and recommendations #BSR
- Economic calendar
- Q&A

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Open Account

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

Major stock markets dropped again

The Dow Jones closed 574 points or 1.7% lower on Tuesday, while the S&P 500 and Nasdaq 100 shed 1.5% and 1.2%, respectively, after Powell's hawkish remarks fueled fears of a larger rate hike. Meanwhile, the yield on the US 2-year Treasury note topped 5%, a level not seen since 2007. The market movement came in tandem with an uptick in Treasury yields and a stronger dollar, enough to spook investors away from tech and other high-growth stocks. European stocks fell on Tuesday, with the benchmark Stoxx 600 down 0.8% and the Germany DAX 0.6%.

Fed is prepared to raise rates faster. Fed Chair told the US Congress the Fed is prepared to increase the pace of rate hikes, if the totality of the data were to indicate that faster tightening is warranted. Powell also noted that the latest economic data have come in stronger than expected, which suggests that the ultimate level of interest rates is likely to be higher than previously anticipated. The Fed continues to anticipate that ongoing increases in the target range for the federal funds rate will be appropriate in order to attain a stance of monetary policy that is sufficiently restrictive to return inflation to 2% and that restoring price stability will likely require a restrictive stance of monetary policy for some time. The Fed raised the target range for the fed funds rate by 25bps to 4.5%-4.75% in its February 2023 meeting, dialing back the size of the increase for a second straight meeting but still pushing borrowing costs to the highest since 2007.

The dollar index (DXY) hit 105 on Tuesday, its highest level since January 6th after Fed Chair Powell said interest rates are 'likely to be higher' than previously anticipated.

WTI crude futures plunged more than 2% to around $78 per barrel on Tuesday, as hawkish remarks from Federal Reserve Chair Jerome Powell triggered a selloff across riskier assets amid lingering concerns that tightening financial conditions will drag the US into a recession.

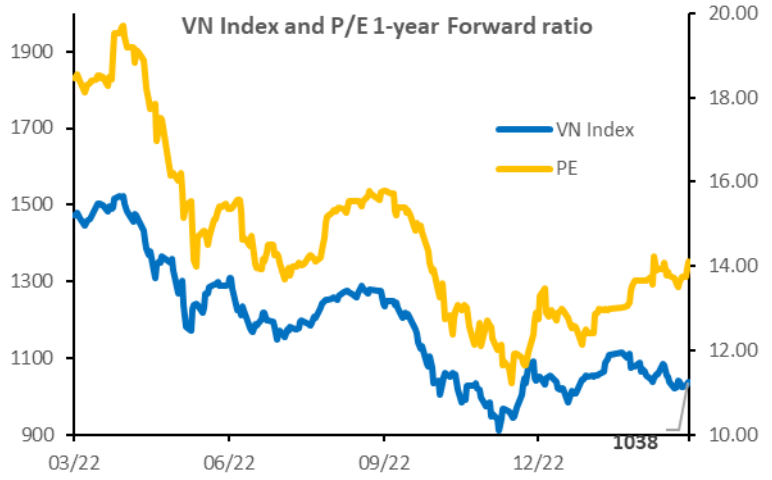
Market

	Close	%1D	%1M	%1Y
VN-Index	1,038	1.04%	-3.21%	-29.58%
S&P 500 Index	3,986	-1.53%	-4.27%	-5.11%
Dow Jones Index	32,856	-1.72%	-3.81%	0.12%
GP 100	7,919	-0.13%	0.44%	13.72%
Nikkei 225	28,345	0.13%	2.68%	14.34%
SHCOMP Index	3,285	-1.11%	1.64%	-0.26%
STOXX 600	461	-0.77%	0.25%	10.99%
KOSPI Index	2,433	-1.22%	-2.02%	-7.21%
Hang Seng	20,534	-0.33%	-3.52%	-1.11%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	105.62	1.21%	2.12%	6.37%
USD/VND	23,681.00	0.08%	-0.37%	-3.51%
EUR/USD	1.05	-0.04%	-1.56%	-3.25%
USD/CNY	6.97	-0.49%	-2.61%	-9.26%
Brent	83.29	-3.35%	-0.48%	-32.40%
WTI	77.22	-0.46%	-1.59%	-37.57%
Natural gas	2.64	-1.67%	10.27%	-41.64%
Coal	179.25	-1.38%	-29.88%	-57.59%
Gold	1,812.83	-0.03%	-3.34%	-11.60%

Vietnam Market Snapshot 07/03/2023





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,037.84	13.49	10.66	1.04	408	6,983
HNX INDEX	207.50	18.85	0.94	0.46	45	665

Money flow and sector rotation (VND bn)

Sector	%1D	3/7/2023	3/6/2023	20-session Average
Basic Resources	139.31	1,478	618	985
Utilities	38.55	165	119	160
Financial Services	36.55	854	625	853
Food and Beverage	25.86	527	419	541
Retail	15.64	153	132	190
Health Care	14.59	18	16	17
Construction & Materials	4.53	432	413	617
Banks	-1.7	1,610	1,638	1,669
Oil & Gas	-2.1	84	86	127
Insurance	-3.1	18	19	31
Technology	-4.9	68	72	73
Chemicals	-6.1	210	223	300
Real Estate	-18.0	1,071	1,306	1,362
Personal & Household Goods	-24.6	49	65	83
Industrial Goods & Services	-34.7	172	263	326
Travel & Leisure	-35.0	31	48	43
Automobiles & Parts	-41.9	42	73	74
Media	-61.7	1	3	1

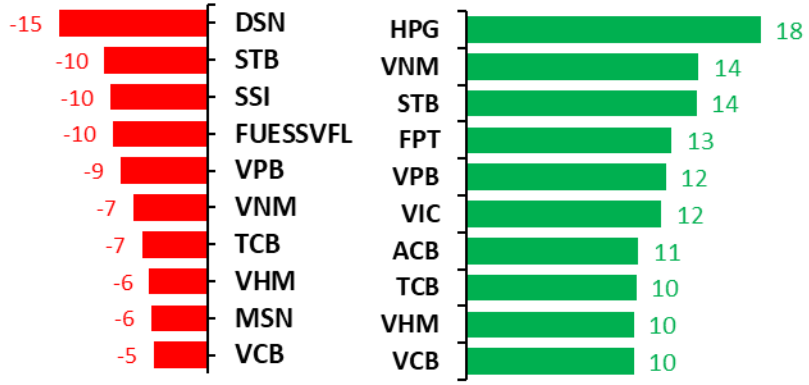
Source: Bloomberg, Shinhan Securities Vietnam

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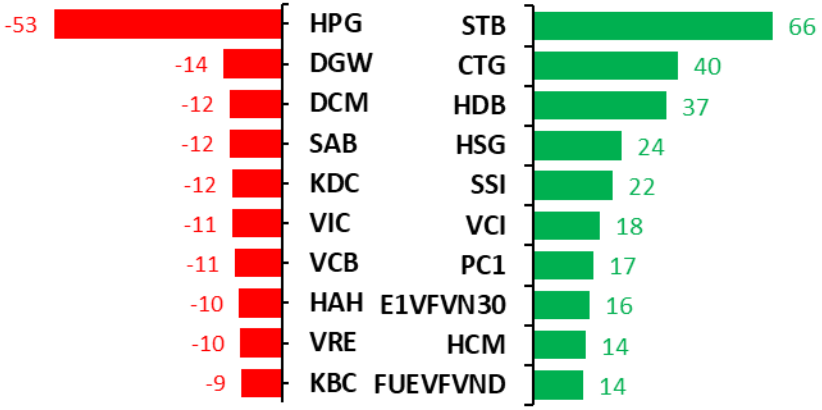
Vietnam Market Snapshot 07/03/2023

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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	19	(24)	(3)	27
Basic Resources	14	(18)	(28)	46
Media	(0)	(0)	0	(0)
Industrial Goods & Services	(1)	(10)	(3)	13
Health care	(0)	(3)	3	(0)
Chemicals	(0)	(22)	29	(8)
Financial Services	(23)	83	(93)	10
Travel & Leisure	(11)	1	(16)	16
Banks	44	140	(319)	179
Construction & Materials	(0)	30	(30)	1
Food and Beverage	10	(22)	(31)	52
Retail	12	(9)	12	(3)
Utilities	8	7	(7)	(1)
Personal & Household Goods	2	1	(0)	(0)
Technology	13	(0)	(24)	25
Automobiles & Parts	(0)	(0)	(1)	1
Insurance	1	5	(5)	(0)
Oil & Gas	0	(1)	(10)	11

Source: Fiinpro, Shinhan Securities Vietnam

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Breaking News

Macro

Positive

- Many banks have reduced deposit interest rates, in which the Big 4 state-owned banks also joined.
- The average export price of rice in the first two months of 2023 was estimated at 528.5 USD/ton, up 9.8% over the same period in 2022.
- Vietnam encourages Japanese enterprises to invest in new fields.
- Ha Nam will have an industrial park of nearly 1,000 billion VND.

Less positive

- In the first 2 months of 2023, the export value of wood and wood products was estimated at 1.6 billion USD, down 34.8% over the same period.
- 83% of businesses in Ho Chi Minh City have difficulties, it is forecasted that the market's purchasing power will still be low in the second quarter, according to a survey by HUBA.
- Nearly 1,900 real estate businesses suspended business, leaving the market in the first two months of the year, according to GSO.



Business news

- Fubon FTSE Vietnam ETF - a fund from Taiwan (China) has just announced that it has been approved by the Financial Supervisory and Management Commission for the 5th time with a capital of 5 billion TWD (more than 3,800 trillion VND).

  The announcement said this additional capital raising still needs to be approved by the Central Bank before it can be implemented.
- MWG: Mobile World has temporarily suspended cooperation with F88 after it was reported that F88 Ho Chi Minh City branch was inspected by the police.
- HDG: Ha Do plans to hold the 2023 Annual General Meeting of Shareholders in April. On March 23, the list of participating shareholders will be finalised.

  Accumulated in 2022, Ha Do recorded revenue of VND 3,641.7 billion, down 3.6% compared to the previous year and profit after tax recorded VND 1,377.75 billion, up slightly by 2.5%.
- VRG: In 2023, the company sets a revenue target of VND 713 billion, pre-tax profit of VND 210 billion, down 13% and 33% respectively compared to 2022.

  At the 2023 Annual General Meeting of Shareholders, VRG approved the plan to pay the 2022 cash dividend at the rate of 40%.
- SKG: Mr. Puan Kiong Sii, Mr. Puan Kwong Siing's brother, Member of the Board of Directors cum General Director, registered to sell all 1,157,002 shares.

  During this period, Ms. Kong Mee Ling, Mr. Puan Kiong Sii's wife, registered to buy exactly 1,157,002 SKG shares. Thereby, this individual will increase the ownership rate at SKG from 0.47% to 2.3%.
- DIG: Mr. Nguyen Hung Cuong, son of Chairman of DIC Corp, registered to buy 5 million shares of DIG.
- KLF is suspended from trading. On March 7, the Hanoi Stock Exchange (HNX) issued a decision to transfer KLF shares of CFS Investment And Import Export Trading JSC to the subject of trading suspension.

Breaking News



Talking more about the outlook for 2023, the Company said that the retail industry will face challenges of inflation, rising interest rates affecting consumer spending decisions. However, essential goods (such as stationery) will be less affected but there are still short-term risks such as reducing investment and stockpiling at points of sale.

- **TLG:** In January 2023, Thien Long Group recorded a revenue of VND 219 billion, down 9% over the same period and a profit of VND 7 billion, down 77% over the same period in 2022. In which, revenue from exports increased by 19% to VND 105 billion, contributing 48% of total revenue.

  The reason given by the Company is that this year's Lunar New Year holiday took place early and near the previous holiday, which made Thien Long's demand for goods storage low in January.

  Previously, in Q4/2022, Thien Long Group recorded an after-tax loss of VND 2.78 billion compared to a profit of VND 97 billion in the same period. In which, gross profit margin decreased from 44.4% to 40%. The company said that the negative results in Q4/2022 were due to the difficulties in the international market, the domestic currency rates of countries fluctuated strongly against the US dollar, so the import was somewhat slowed down. In addition, the Company also said that the increase in expenses in Q4/2022 was due to the company's investment in increasing brand image, increasing domestic competitiveness, and strengthening sales support programs at domestic points of sale. as well as the international market.

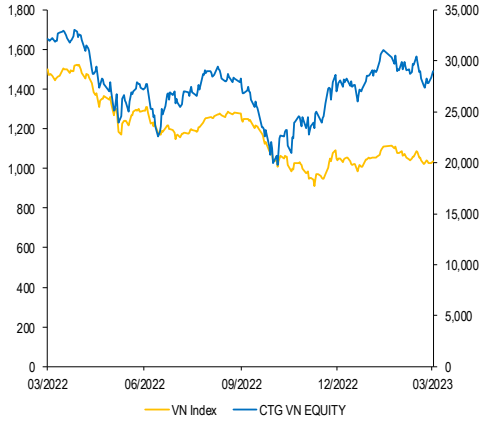
  Accumulated in 2022, Thien Long Group recorded a revenue of VND 3,520.86 billion, up 32% over the same period and profit after tax recorded VND 400.94 billion, up 44.9% over the same period last year.

- **NT2:** According to the document published on March 6, the company has just corrected a few financial indicators announced in the financial statements of the fourth quarter. Specifically, while the revenue and cost price targets have not changed significantly, the business administration expense segment recorded a sudden change, from VND 82.3 billion to minus VND 115.8 billion, equivalent to a difference of up to VND 198 billion. As a result, the company's profit after tax increased sharply compared to the announced number, from VND 5.7 billion to VND 159.8 billion.

  The biggest change lies in the provision for bad debts (from VND 239.6 billion to VND 41.2 billion). The Company did not specify this provision for reduction in the notes.

Vietinbank (HOSE: CTG)

TARGET PRICE (VND)			
N/A			
CURRENT PRICE (VND)		UP/DOWNSIDE	
29,000		N/A	
VNINDEX			1,038
Market P/E (x)			9.6
Market Cap. (bn VND)			139,367
Outstanding Shares (mn)			4,806
Free Floating Shares (mn)			1,708
Free Floating (%)			35.5
52-Wk High (VND)			33,450
52-Wk Low (VND)			19,500
3M Avg. Trading Vol. (mn)			5.19
3M Avg. T/O (bn VND)			96
Beta (12M)			1.1
	3M	6M	12M
Absolute	6.0	6.0	-9.8
Rel. to VNINDEX	6.3	22.5	21.0



Source: Bloomberg

Analyst meeting summary

- We attended the Analyst meeting conducted by CTG on Friday March 3rd, 2023, . At this meeting, CTG summarized the business performance in 2022 and shared its business goals for 2023.
- CTG's loan balance in the year increased by 12.7%. The proportion of retail and SME loans grew strongly, in line with CTG's business strategy, rising from 58.6% to 63.1% of total outstanding loans. CTG's pre-tax profit reached VND 21.1 trillion (up at 20% yoy). Although interest rates fluctuated at the end of Q4/2022, CTG's NIM remained stable at 2.94%
- NPL ratio stayed at a safe level, about 1.24% according to the data at the end of 2022, in line with the plan approved by the General Meeting of Shareholders during the year. The bad debt coverage ratio in 2022 reached 188.4 percent (up 8% yoy). LDR ratio is maintained at 81.9%, lower than 85% as required by SBV
- Regarding the business plan in 2023, the management of CTG expects the credit growth at around 10-12%.Total deposit is expected to increase in proportion to credit growth in order to maintain an appropriate LDR ratio. The bad debt ratio in 2023 is participated to stay below 1.8%. Total assets grew by about 5-10%.
- CTG's future development orientation will focus on SME and retail segments to further improve business efficiency. The pressure on interest rate hike is not as great as in 2022, CTG aims to keep NIM stable around 3%.
- We asked the management about corporate bond market and their outlook for the year 2023. CTG expects the loosening of some bond regulations will have a positive impact but this market is more likely to still face a lot of pressure in the near future. CTG does not hold large position of corporate bonds in its credit portfolio. In addition, outstanding loans to real estate developers only account for about 5% of total credit outstanding (the bad debt ratio of this segment is only about 1%) , therefore it is expected to not have much impact on the bank's business
- During the meeting, CTG shared its dividend payment plan for 2023. In detail, CTG will maintain dividend payment policy.

FY	2018	2019	2020	2021	2022
Net interest income (bn VND)	22,212	33,199	35,581	41,789	47,930
Net non-interest income (bn VND)	6,234	7,320	9,736	11,368	16,650
TOI (bn VND)	28,446	40,519	45,317	53,157	64,580
OP before provision (bn VND)	14,362	24,785	29,232	35,971	45,277
NPAT (bn VND)	5,277	9,477	13,757	14,215	16,972
EPS (VND)	1,098	1,972	2,863	2,958	3,532
ROE (%)	8.1	10.6	14.7	15.8	16.7
P/E (x)	13.6	10.2	10.8	11.6	7.4
P/B (x)	1.1	1.0	1.5	1.8	1.3

Source: Bloomberg, Shinhan Securities, Data as of 07/03/23

Technical view



Trend: Finding the balance zone

- The market remained in green today although selling pressure was still dominant. The index partially narrowed its gaining momentum when approaching resistance area near MA20-day, equivalent to 1,050 points. This shows that investors are still cautious. Technically, the RSI has improved but is still below 50 along with the MACD, although it is narrowing the gap with the signal line but has not shown any signs of surpassing it, meaning that the money flow is still weak in the current context and the momentum falling still prevail. The divergence in sectors began to appear when the market lacked a leading group. The index needs a breakout session to surpass the resistant level of 1,060 points to confirm the reversal. In case the fluctuation is not clear, investors should limit excitement.

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

08/03/2023

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
BSR	Buy	16.3	18	15.3	10%	-6%	16.4	Stable above 10-day MA, low volume, MACD narrows with signal line and tends to cut up along with improving RSI
NKG	Watch							Break through resistance, consensus volume
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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