MORNING CALL

March 13th, 2023

Shinhan Securities

"Global stocks reversed, whether the domestic market can find its own direction"

- Global stocks reversed and returned to downward momentum
- Domestic stocks kept in green but are approaching the resistance zone
- Silicon Valley Bank closed - the second largest collapse in the history of the US banking industry
- Update the AGM of Hoa Sen Group JSC #HSG
- Market scenario next time #Vnindex
- Economic calendar
- Q&A

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Open Account

Global Market Review - Week 06 - 10/03/2023

Major stock markets reversed and returned to downward momentum

Global stocks reversed, selling pressure appeared on a large scale. Markets wobbled after the Fed chair's testify when he 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%. Besides, investors were also worried after the news of the collapse of Silicon Valley Bank (SVB). The wave of sell-off spread in banking stocks. The Dow Jones fell 4.4%, marking its worst week since September 2022, while the S&P 500 and Nasdaq fell 4.6 and 5.1%, respectively. European stocks retreated with Stoxx Euro losing 2.3%. Asian stocks also traded in the red led by Hang Sen dropping 6.1%, Shanghai also falling 3.0%. Nikkei retreated close to the reference level.

The unemployment rate in the US edged up to 3.6 percent in February 2023, up from a 50-year low of 3.4 percent seen in January and above market expectations of 3.4 percent. Besides, the US economy created 311K jobs in February, above market expectations of 205K and the 183K monthly average between 2010 and 2019. Biggest job gains occurred in leisure and hospitality, retail trade, government, and health care while employment declined in information and in transportation and warehousing.

WTI crude oil lost 3.8% for the week, to below $77 a barrel, amid lingering worries that more aggressive tightening from the Federal Reserve would dent economic growth and curb demand. OPEC Secretary-General Haitham Al-Ghais echoed such concerns, saying decreasing oil consumption in the US and Europe could threaten the market. Besides, the 10-year US Treasury yield fell below 3.7% on Friday, at the same time as the Dollar Index also weakened below 105. Asset-haven channels fluctuated mixed in the face of the economic situation is not clear.

On this week's focus, in the US, inflation report and retail sales data taking a central stage. Close attention will be also given to the ECB interest rate decision and China data, including industrial production and retail sales. Elsewhere, the unemployment rate will be released in the UK, Australia and South Korea.

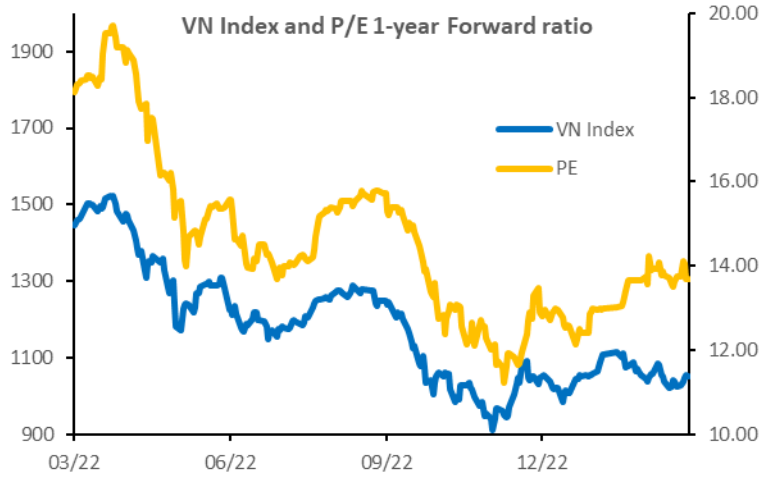
Market

	Close	%1D	%1M	%1Y
VN-Index	1,053	-0.28%	0.89%	-28.20%
S&P 500 Index	3,862	-1.45%	-6.66%	-8.15%
Dow Jones Index	31,910	-1.07%	-6.82%	-3.14%
GP 100	7,748	-1.67%	-2.51%	8.28%
Nikkei 225	27,777	-1.30%	1.28%	10.39%
SHCOMP Index	3,230	-1.40%	-1.65%	-2.41%
STOXX 600	454	-1.35%	-1.79%	5.24%
KOSPI Index	2,381	-0.55%	-2.91%	-10.52%
Hang Seng	19,320	-3.04%	-8.72%	-6.00%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	104.10	-0.46%	0.73%	5.02%
USD/VND	23,693.00	0.04%	-0.51%	-3.59%
EUR/USD	1.07	0.44%	-0.31%	-2.29%
USD/CNY	6.92	0.69%	-1.48%	-8.60%
Brent	83.24	0.56%	-3.89%	-26.12%
WTI	77.15	0.61%	-3.73%	-29.43%
Natural gas	2.44	0.41%	1.46%	-48.36%
Coal	185.25	2.92%	-18.07%	-50.38%
Gold	1,877.61	0.50%	1.30%	-3.76%

Vietnam Market Snapshot 10/03/2023





	Close	PE	Difference	%1D	volume (mn stocks)	value (VND bn)
VNI NDEX	1,053.00	13.71	-2.95	-0.28	432	7,720
HNX INDEX	207.86	18.91	-1.17	-0.56	66	977

Money flow and sector rotation (VND bn)

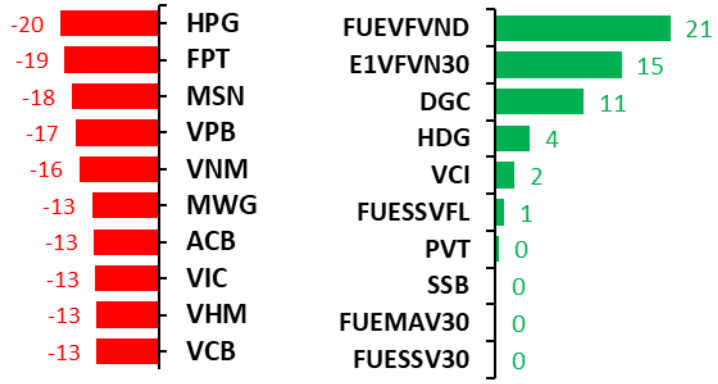
Sector	%1D	3/10/2023	3/9/2023	20-session Average
Travel & Leisure	71.70	129	75	49
Oil & Gas	28.32	143	112	131
Automobiles & Parts	14.72	67	58	76
Chemicals	8.08	396	366	298
Technology	6.73	66	62	70
Construction & Materials	-4.4	593	620	649
Basic Resources	-4.9	1,250	1,315	1,040
Real Estate	-7.0	1,040	1,118	1,355
Media	-7.2	1	1	2
Food and Beverage	-10.6	626	700	544
Financial Services	-12.7	945	1,083	897
Personal & Household Goods	-17.3	73	88	79
Health Care	-24.7	13	17	17
Industrial Goods & Services	-29.6	305	433	335
Retail	-30.5	152	219	187
Banks	-40.0	1,729	2,883	1,698
Utilities	-47.5	179	342	174
Insurance	-55.0	11	24	30

Source: Bloomberg, Shinhan Securities Vietnam

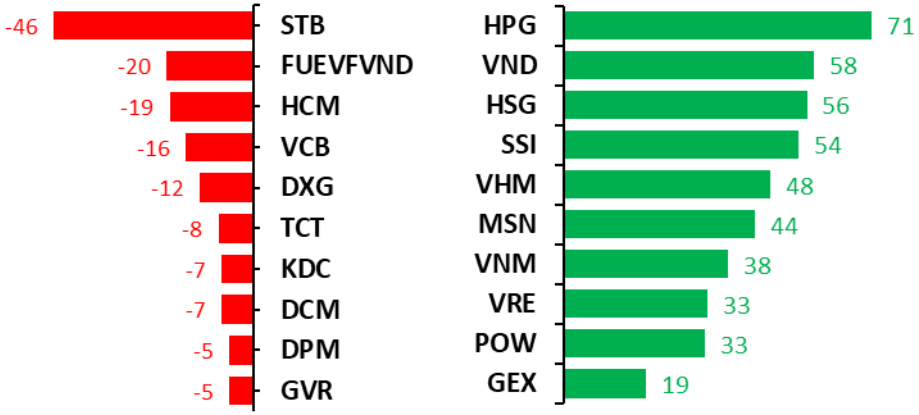
Vietnam Market Snapshot 10/03/2023

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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)	87	(37)	(51)
Basic Resources	(21)	128	(104)	(24)
Media	-	0	(0)	(0)
Industrial Goods & Services	(2)	18	(4)	(15)
Health care	-	0	0	(0)
Chemicals	10	(9)	8	1
Financial Services	30	86	(99)	12
Travel & Leisure	(11)	(13)	23	(10)
Banks	(103)	(23)	24	(0)
Construction & Materials	0	12	(8)	(4)
Food and Beverage	(37)	80	(46)	(34)
Retail	(13)	7	25	(32)
Utilities	(5)	51	(46)	(4)
Personal & Household Goods	(3)	(5)	5	(1)
Technology	(19)	2	19	(21)
Automobiles & Parts	-	2	(2)	0
Insurance	(1)	(1)	0	1
Oil & Gas	(1)	(4)	5	(1)

Source: Fiinpro, Shinhan Securities Vietnam

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Silicon Valley Bank collapsed



Image: Boston globe

Silicon Valley Bank (SVB) based in Santa Clara, is the 16th largest bank in the US with assets of about 209 billion USD, as of the end of 2022, focusing on lending to startups, especially in technology field. CNBC commented, the closure of this bank makes it the largest bank failure since the 2008 financial crisis and the second largest in US banking history (after Lehman brother).

On March 10, 2023, Silicon Valley Bank sought all alternative sources of funding, even accepting to "sell itself" after unsuccessful fundraising efforts. However, at the end of the day, the California banking regulator closed the bank and appointed the Federal Deposit Insurance Corporation (FDIC) as the receiver to handle the bank's assets.

According to Reuters, the collapse of this bank came from the following sequence of events:

The US Federal Reserve (Fed) raises interest rates

The US Federal Reserve has continuously raised interest rates since the beginning of last year in an effort to combat inflation. As currencies become more "expensive" because of high interest rates, investors are less willing to participate in venture capital deals. However, this weighs heavily on raising capital of technology startups - Silicon Valley's main customer file because of the relatively large investment risk.

Customers keep withdrawing money

As higher interest rates make it more difficult to raise capital, some Silicon Valley Bank customers have begun withdrawing funds to meet their liquidity needs. This culminated in the bank having to find ways over the past week to accommodate customer withdrawals.

Bond portfolio at a loss

In order to pay for the bond, on March 8, Silicon Valley Bank sold a $21 billion bond portfolio consisting mostly of US Treasuries. The portfolio offers an average yield of 1.79%, well below the current 10-year Treasury yield of around 3.9%. This forced SVB to record a loss of $1.8 billion, which the bank needed to cover through a capital increase.

Sell shares to cover losses

Shortly thereafter, on March 9, 2023, Silicon Valley Bank announced the sale of a series of securities and $2.25 billion in new shares to strengthen its balance sheet. This led to the bank's shares plummeting 60% in the same day trading session and caused panic among venture capital firms. These companies advise businesses to quickly withdraw money from the bank.

Attempts to sell stocks failed

Reuters reports that some Silicon Valley customers have withdrawn from the bank on the advice of venture capital firms. This scared investors like General Atlantic (an investment company that intended to buy back $500 million of SVB's common stock) and the bank's fundraising efforts collapsed late Thursday. 9/3).

Breaking News

Macro

Positive

- Korean Group (SEP) wants to invest more than 4,700 billion VND in Binh Duong to build a Carbon Neutral Industrial Complex.
- Sunny Group agreed to invest an additional 2.5 billion USD in Thai Nguyen.
- In the first two months of 2023, the UK is among the very few markets with positive growth in seafood import turnover from Vietnam.

Less positive

- Vietnam and many Asian countries recorded a decline in import and export turnover in the first months of 2023.
- VBMA: The company bought back more than VND 15.3 trillion of bonds in the first 2 months, up 43% over the same period last year.

Business news

- VCI: Viet Capital Securities wants to change its name to Vietcap Securities. Due to fears of diluting brand power and confusion with organizations with similar names.
- BWE: In 2023, Biwase targets revenue of VND 3,970 billion, profit after tax of at least VND 720 billion, down 14% and 3% respectively compared to last year's audit results. The company is also planning to increase charter capital to invest in increasing capacity at factories.

  With the M&A, Biwase is completing legal documents to pay and transfer owners of companies acquired by DNP Water in Long An, Quang Binh. If there is a good opportunity, Biwase will also invest in the field of water supply and waste in potential places.
- MSN: Masan borrowed an additional 650 million USD (15,000 billion VND), interest rate of 8%/year.

  Together with the oversubscribed syndicated loan of $600 million by 2022, Masan is able to raise an approximate $1.25 billion credit package in the past six months alone.
- DIG: Tianjin Development Investment Joint Stock Company, the largest shareholder of DIC Corp, has just announced that it has sold more than 3.6 million DIG shares, reducing its ownership to 9.5%.
- HAX: Ms. Vu Thi Hanh, wife of Haxaco Chairman, registered to buy 6 million HAX shares. If the ownership is successfully raised, Ms. Hanh will hold more than 12.4 million HAX shares, equivalent to 17.25%.
- PVB: In 2023, Vietnam Oil and Gas Pipe Coating sets a target of 190 billion dong and 2 billion dong in revenue and net profit, respectively.
- KHG: In 2023, Khai Hoan Land sets a target of VND 1,660 billion in revenue and VND 480 billion in profit after tax.
- ICN: IDICO Oil and Gas is about to pay a 70% stock dividend.

Update AGM of Hoa Sen Group Joint Stock Company (HSG)

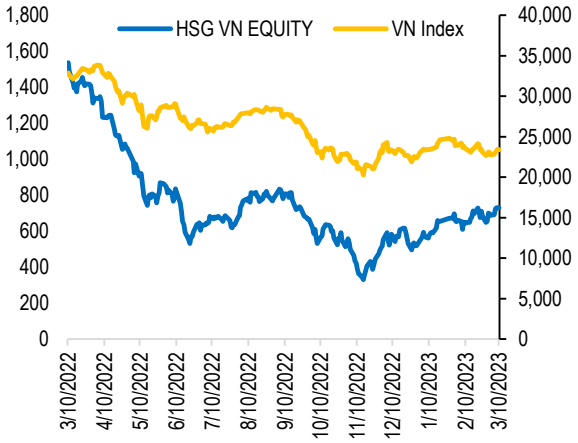
TARGET PRICE (VND)

#N/A

CURRENT PRICE (VND)	UP/DOWNSIDE
16,400	#N/A

VNINDEX	1,053
Market P/E (x)	9.9
Market Cap. (bn VND)	9,718
Outstanding Shares (mn)	598
Free Floating Shares (mn)	446
Free Floating (%)	74.6
52-Wk High (VND)	35,083
52-Wk Low (VND)	6,850
3M Avg. Trading Vol. (mn)	15.88
3M Avg. T/O (bn VND)	238
Beta (12M)	1.7

	3M	6M	12M
Absolute	25.5	-9.3	-52.4
Rel. to VNINDEX	25.5	6.5	-23.5



[HSG AGM 2022 – 2023 / March 10, 2023]

[HSG Annual General Meeting 2022 - 2023]

Update HSG's business results:

- Output for the year 2021 - 2022 reached 1,819,009 tons. Revenue reached VND 49,711 billion (+ 2.02% YoY), and profit after tax reached VND 251 billion (-94% YoY).

- The company's financial ratios improved markedly with the liquidity ratio increasing from 1.3 to 1.64. The D/E ratio decreased from 63.11 to 38.47. Long-term debt also decreased significantly from VND 1,399 billion to VND 117 billion.

HSG has 2 business scenarios as follows:

- Case 1: The revenue is VND 34,000 billion and the profit after tax is VND 100 billion, output will reach 1.4 million tons.

- Case 2: The revenue is VND 36,000 billion and the profit after tax is VND 300 billion, output will reach 1.5 million tons.

The profit margin will improve and the company will have profit in the next quarter

- With the recent increase in steel price, Hoa Sen said that the company has liquidated all old inventories at high prices, and also estimated the current cost of HRC steel inventory at about USD 500 – 600/ton while the import price at Formosa is currently over USD 700. That shows the possibility of significant profit margin improvement in the short term.

- Besides, the company also confirmed that it will be profitable in the next quarter and the stock will not be cut off the margin.

Long-term plan for Hoa Sen Plastic and Hoa Sen Home

- It is worth noting that Hoa Sen's future orientation will be to separate Hoa Sen Plastic and Hoa Sen Home into 2 subsidiaries and plan to conduct an IPO in about the next 2 years depending on the market situation. dress.

-The current Hoa Sen Home system is the main orientation of Hoa Sen in the future. Currently, the system has 112 stores across the country. On average across all stores of the whole system, Hoa Sen Home has now reached the breakeven point.

FY	2019	2020	2021	2022	2023F
Revenue (bn VND)	28,035	27,531	48,727	49,711	41,804
OP (bn VND)	979	1,946	5,103	584	975
OP margin (%)	3.5	7.1	10.5	1.2	2
NP (bn VND)	361	1,153	4,314	251	680
NP margin (%)	1.3	4.2	8.9	0.5	2
EPS (VND)	591	1,888	7,054	405	1,123
ROE (%)	6.6	18.4	47.6	2.2	6.1
P/E (x)	8.2	6.3	5.5	36.5	14.5
P/B (x)	0.5	1.1	2.1	0.8	0.8

Source: Bloomberg, Shinhan Securities, Data as of 10/03/23

Technical view



Trend: Finding the balance zone

- The market is looking for a balance around the 20-week MA, corresponding to the area of 1,050 points. The MACD has crossed back to the signal line along with the RSI rising back above 50, supporting the recovery inertia. Better order matching shows that the money flow accepts participation at the current price range. However, the front resistance at 1,080 points is also quite close and the shaking might appear when the index approaches this resistance zone. The main trend is still moving in the retracement wave. The index needs a rally to break resistance to determine the reversal point. If it can't break out yet, it means that the drop is still dominating the trend.Therefore, investors should focus on stocks that keep a strong trend, limit excitement and spread the portfolio.

Scenarios:

- Positive (50%): The index rebounded to 1,050 points and balanced above to continue creating a recovery pace to 1,080 points, more optimistic than 1,100 points.
- Less positive (50%): The index failed to test and lost the support level of 1,050 points, it might drop to retest the psychological level of 1,000 points and lower to the area of 950 points..

Recommended stocks

10/3/2023

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
HPG	Watch							Good reaction around the 20-day MA
NKG	Watch							Good reaction around the 10-day MA
PVD	Watch							Good reaction around the 10-day MA
PVC	Watch							Good reaction around the 10-day MA
PC1	Watch							Good reaction around the 10-day MA
NT2	Watch							Good reaction around the 10-day MA
POW	Watch							Good reaction around the 10-day MA
STB	Watch							Good reaction around the 10-day MA

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
VCG	Buy	20.6	23	19.5	12%	-5%	20.6	1	0.00%	09/03/2023	
KSB	Buy	25.2	29	23.5	15%	-7%	25.2	1	0.00%	09/03/2023	
BSR	Buy	16.4	18	15.3	10%	-7%	16.5	3	0.61%	07/03/2023	

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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