MORNING CALL

March 16th, 2023

Shinhan Securities

"The market is excited again but there is still resistance ahead"

- Global stocks sold off, red spread
- Domestic stocks rallied after SBV lowered its operating interest rate
- Credit Suisse – The next worry after the collapse of Silicon Valley Bank (SVB)
- Update business results #CTR
- Technical view and recommendations #SSI
- Economic calendar
- Q&A

[Analysts]

Khang Tran
☎ (84-28) 6287-8037
✉ khang.lt@shinhan.com

Nhut Nguyen
☎ (84-28) 6287-7751
✉ nhut.nq@shinhan.com

Open Account

Global Market Review - Week 13 - 17/03/2023

Major stock markets sold off

The Dow Jones closed 280 points lower on Wednesday, while the S&P 500 lost almost 0.7% and Nasdaq 100 ended marginally in the green, after turmoil at Credit Suisse injected more jitters into markets, renewing concerns over the banking sector's health.

European equity markets sank on Wednesday, with the STOXX 600 down 3% hitting its lowest level since January 3rd and the Stoxx bank index tumbled around 7%, the most in over a year as investors renewed their concerns about the banking system. The sell-off was triggered by Credit Suisse after its shares plunged 24.2% to a new record low as top shareholder Saudi National Bank ruled out any further injections, a day after the bank revealed it had found "material weaknesses" in its financial reporting processes for 2022 and 2021. Also, the German DAX dropped more than 3% to an over two-month low, led by Deutsche Bank (-9.4%) and Commerzbank (-8.9%). Elsewhere, Societe Generale declined 12.2% and BNP Paribas retreated 10.1%.

Producer prices for final demand (PPI) in the US went down 0.1% month-over-month in February 2023, against market expectations of a 0.3% increase.

China's industrial production rose by 2.4% yoy in combined figures for January and February 2023, less than market forecasts of 2.6%. Manufacturing output quickened following the lifting of the zero-COVID policy, while activity slowed for both mining and utilities. Meanwhile, fixed asset investment rose by 5.5%, above expectations of 4.4% and retail sales went up 3.5%, matching forecasts. Besides, the unemployment rate increased to 5.6%, higher than the market forecast of 5.3%.

WTI crude oil futures fell more than 7% to below $68 a barrel on Wednesday, hitting $66 at one point, a level not seen since December 2021, as investors mulled over the risks buried in the banking system. The failure of Silicon Valley Bank and New York-based Signature Bank spilled over to the European banks. Several European banking stocks halted trade after Credit Suisse's top shareholder ruled out further liquidity injections.

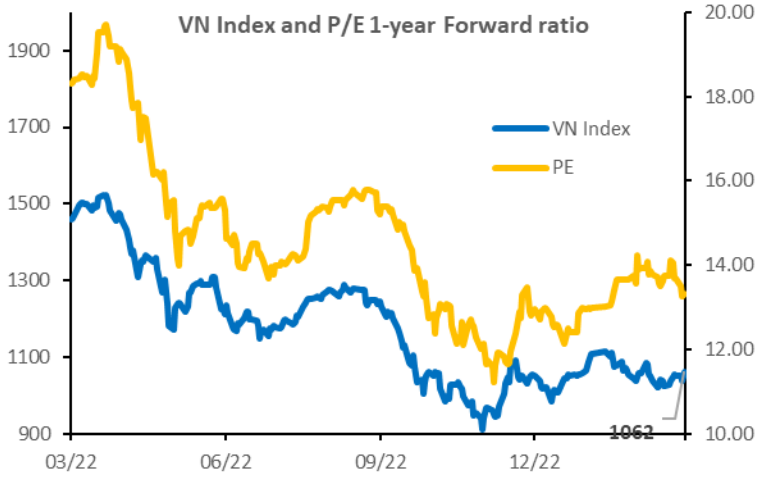
Market

	Close	%1D	%1M	%1Y
VN-Index	1,062	2.12%	0.37%	-27.21%
S&P 500 Index	3,892	-0.70%	-4.85%	-10.69%
Dow Jones Index	31,875	-0.87%	-5.41%	-6.42%
GP 100	7,344	-3.83%	-8.34%	0.72%
Nikkei 225	26,721	-1.87%	-3.52%	3.72%
SHCOMP Index	3,263	0.55%	0.44%	2.92%
STOXX 600	436	-2.92%	-6.19%	-2.68%
KOSPI Index	2,365	-0.61%	-4.46%	-11.06%
Hang Seng	19,540	1.52%	-6.90%	-2.73%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	104.59	-0.05%	0.71%	6.06%
USD/VND	23,582.00	0.03%	0.14%	-2.92%
EUR/USD	1.06	0.08%	-0.83%	-4.08%
USD/CNY	6.91	-0.47%	-0.74%	-7.76%
Brent	74.77	1.47%	-12.18%	-23.72%
WTI	68.56	1.41%	-12.65%	-27.86%
Natural gas	2.50	2.50%	4.65%	-47.35%
Coal	175.00	-2.78%	-20.42%	-49.42%
Gold	1,923.74	0.27%	4.76%	-0.18%

Vietnam Market Snapshot 15/03/2023





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,062.19	13.83	22.06	2.12	532	9,004
HNX INDEX	207.01	18.87	4.46	2.20	82	1,100

Money flow and sector rotation (VND bn)

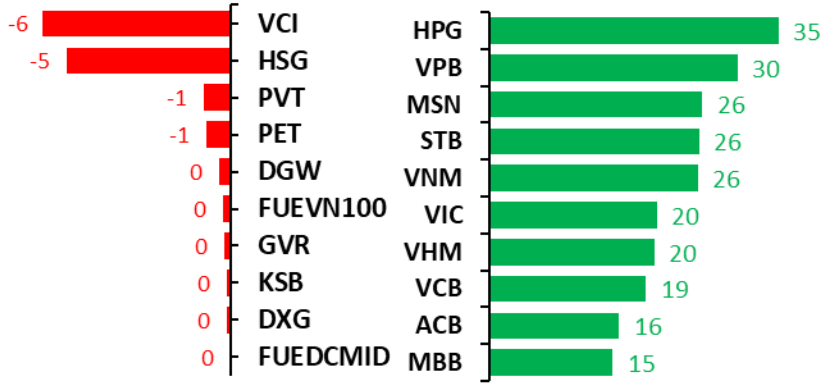
Sector	%1D	3/15/2023	3/14/2023	20-session Average
Insurance	104.58	31	15	29
Health Care	76.44	28	16	18
Financial Services	67.79	1,685	1,004	975
Technology	44.34	67	46	71
Utilities	17.85	277	235	195
Travel & Leisure	15.91	61	53	54
Real Estate	4.21	1,295	1,243	1,321
Retail	-4.0	190	197	189
Banks	-4.7	2,290	2,402	1,807
Automobiles & Parts	-9.4	57	63	75
Media	-11.0	1	1	2
Chemicals	-11.6	293	332	294
Personal & Household Goods	-14.6	64	75	79
Industrial Goods & Services	-16.1	311	370	332
Construction & Materials	-16.9	553	665	647
Food and Beverage	-20.5	588	740	554
Basic Resources	-25.0	1,118	1,490	1,099
Oil & Gas	-44.3	96	172	131

Source: Bloomberg, Shinhan Securities Vietnam

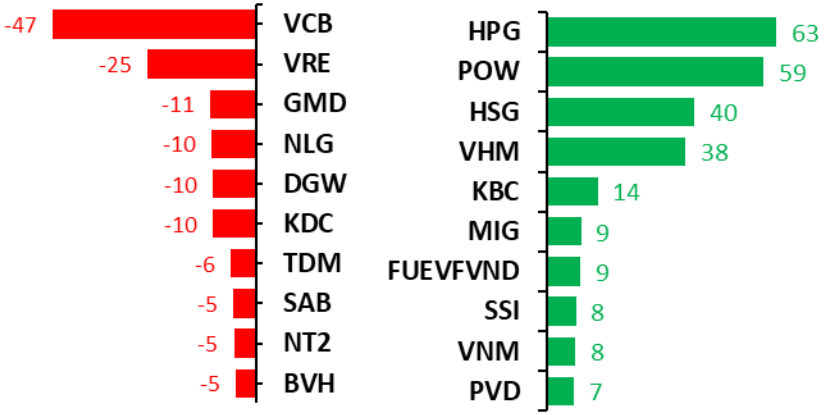
Vietnam Market Snapshot 15/03/2023

Shinhan Securities

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	66	37	(136)	99
Basic Resources	30	102	(149)	47
Media	-	0	(0)	(0)
Industrial Goods & Services	0	(0)	(1)	1
Health care	0	5	(18)	13
Chemicals	2	8	15	(22)
Financial Services	20	36	(35)	(1)
Travel & Leisure	11	7	(22)	15
Banks	153	(38)	(265)	303
Construction & Materials	2	14	(12)	(2)
Food and Beverage	56	(6)	(81)	86
Retail	16	(11)	(8)	19
Utilities	6	51	(69)	18
Personal & Household Goods	4	(1)	2	(2)
Technology	13	3	(22)	19
Automobiles & Parts	-	1	1	(1)
Insurance	1	5	(7)	2
Oil & Gas	3	6	(7)	1

Source: Fiinpro, Shinhan Securities Vietnam

Shinhan Securities

Breaking News

Macro

Positive

- Group of 4 state-owned banks (VietinBank, Vietcombank, BIDV, Agribank) have the lowest 12-month deposit interest rates in the market, applied below 7.2%/year.
- The Prime Minister established 5 working groups to inspect, urge and remove difficulties and accelerate disbursement of public investment capital.
- Accumulated in the first 2 months of the year, the State Treasury has mobilized VND 69,427 billion through Government bonds, reaching 64.28% of the first quarter plan and 17.36% of the 2023 plan (VND 400,000 billion).
- The World Bank (WB) forecasts that Vietnam's economy will grow by 6.3% this year.

Less positive

- The Government disciplined and warned former Minister Mai Tien Dung.
- Moody's downgraded the credit outlook of the US banking system, predicting the Fed still raise interest rates.



Business news

- VIB targets pre-tax profit in 2023 to reach VND 12,200 billion, up 15%. The bad debt ratio is controlled below 3%.

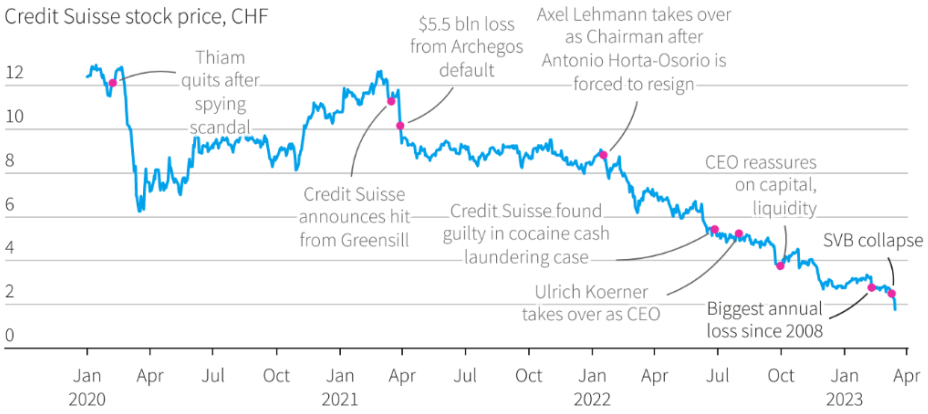
  VIB plans to issue 421.5 million bonus shares to existing shareholders, equivalent to 20%, charter capital increase up to VND 4,215 billion. At the same time, the Bank plans to issue a maximum of 7.6 million bonus shares to employees at the rate of 0.36%, helping to increase charter capital by a maximum of VND 76 billion.

  Besides, VIB plans to pay a cash dividend for 2022 at the rate of 15%. In 2023, VIB expects to pay a dividend of 30% or more.
- LIX: LIX laundry detergent sets a business target in 2023 with a revenue of VND 2,957 billion, up 5% over the same period but profit before tax decreased 14% to VND 225 billion.

  Previously, the company's Board of Directors also issued a resolution on the business plan for the first quarter of 2023 with revenue of VND 650 billion and pre-tax profit of VND 50 billion, respectively 1.5% and 9.3% lower than the same period.
- BCM: Becamex transfers part of a 2.2 hectare project in Binh Duong to SetiaBecamex, expected to earn VND 222 billion
- BWE will buy a 24.5% stake in Long An Water Supply and Sewerage JSC (LAW) divested by DNP Water Sector Investment.
- HHV has an unsecured loan from the parent company with a limit of VND 300 billion.
- DGC: Duc Giang Chemical registered to buy more than 3 million Tibaco shares (TSB).
- DPM: PCE, a subsidiary of Phu My Fertilizer, aims to bring in VND 4,658 billion in revenue in 2023, an increase of more than 33% compared to 2022, but pre-tax profit decreased by 21% to more than VND 30 billion.
- SBT: Legendary Venture Fund 1 - Singaporean investment fund, major shareholder in SBT has successfully purchased 800,000 shares, raising the ownership rate to 7.02%.

Credit Suisse – The next worry after the collapse of Silicon Valley Bank

Credit Suisse goes off piste



Note: March 15, 2023 price as at 1054 GMT
Source: Refinitiv Datastream | Reuters, March 15, 2023 | By Vincent Flasseur



- The National Bank of Saudi Arabia, Credit Suisse's largest investor, said it could no longer provide the Swiss bank with any further financial support, triggering the latest drop.

  The National Bank of Saudi Arabia bought a 9.9% stake in Credit Suisse last year as part of a capital raise by the Swiss bank to finance a major strategic overhaul aimed at improving bank performance. Currently, they cannot buy more than 10%.

- Meanwhile, Credit Suisse's five-year credit default swaps (CDSs) spiked to a record above 550 basis points on March 15 and that further increased risk sentiment among investors. . This increased fee means that investors believe that the bank's default risk is increasing.

- Cash outflows of Credit Suisse customers in the fourth quarter of 2022 increased to nearly 110.5 billion Swiss francs (nearly $120 billion). Swiss banks still face many challenges. Being downgraded by credit institutions also increases debt repayment costs.

  Credit Suisse is Switzerland's second-largest bank, having been in operation since 1856. The bank has struggled over the past few years, facing a series of scandals, senior staff changes and other financial problems. legal issue. A loss of 7.3 billion Swiss francs (nearly $7.9 billion) last year wiped out the previous decade's profits.

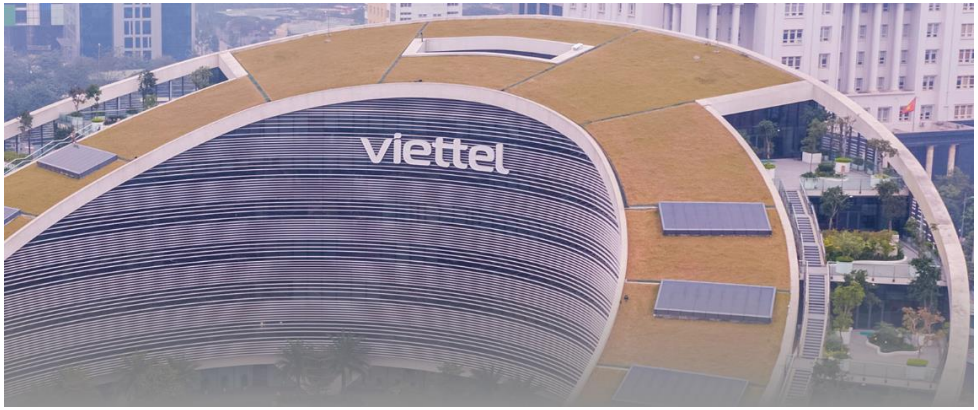
Reference from Bloomberg

European stocks sold off

- European stocks sank in the red session on March 15, major markets such as Germany, France, and Italy lost more than 3%. US stock futures also fell sharply.

- Credit Suisse's share price has been falling continuously since 2022 and hit a new bottom on March 15, 2023, falling below 2 Swiss francs ($2.18 per share) for the first time. Credit Suisse's decline dragged down the banking sector in Europe, and major US banks also fell into the same situation. Citigroup and Wells Fargo fell 3%, while Goldman Sachs and Bank of America fell 2%.

Breaking News



Source: IR CTR Newsletter

- **CTR:** Viettel Construction has just announced business results for the first two months of 2023 with VND 1,562 billion in revenue, and pre-tax profit of VND 89 billion, up 18% and 20% respectively over the same period. With this result, CTR together completed 15% of the annual revenue and profit plan.
- In February 2023 alone, the company's revenue reached VND 804 billion, profit before tax was VND 46 billion, up 6% and 7% respectively compared to the previous month.
- In terms of business sectors, in the first 2 months of the year, the operation and exploitation segment contributed the most to revenue (57%) with VND 881 billion, up 9% over the same period. The company has ensured the operation and exploitation of cable networks for Viettel Group and partners such as CMC, MobiFone. At the same time, signed a contract to upgrade and maintain 289 items with investor Mytel (notably a key 55km underground cable line).

  In second place was the construction and installation segment, bringing in nearly VND 449 billion, accounting for 29% of revenue, up 48% over the same period. Accumulating 2 months, CTR signed 300 billion B2B civil construction contracts and signed 151 B2C civil construction contracts.

  The remaining segments including integrated solutions brought in nearly VND 127 billion, up 5%, technical services contributed VND 46 billion, up 31%, rental infrastructure contributed VND 42 billion, down 32% over the same period last year.
- By region, 71% of Viettel Construction's revenue (equivalent to 1,109 billion VND) comes from transactions with other units in Viettel Group. While transactions with units outside the group brought in VND 453 billion, accounting for 29% of revenue.

  Besides, most of the company's revenue comes from the domestic market with VND 1,375 billion, accounting for 88% of revenue. Foreign markets only contributed 12% of revenue, reaching nearly 187 billion VND.

Technical view



Trend: Technical recovery

- Today's rally completely negated yesterday's drop and helped the market regain momentum. Market breadth was skewed in favor of buyers with green predominating. Order matching continued to remain above the 20 session average. Technically, the MACD is still above the signal line and upward along with the RSI crossing back above 50, implying the consensus of money flow. This will reinforce the upward inertia. The market is reacting positively to the news that the State Bank of Vietnam (SBV) reduced the operating interest rate. However, the index will approach short-term resistance around 1,080 points, so the shaking will happen. Investors need to avoid excitement and be patient in the correction.

Scenarios:

- Positive (60%): 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 (40%): 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

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
SSI	Buy	20	22	19	10%	-5%	20.3	Exit the correcting trend, consensus volume
CTG	Watch							Waiting to test the MA20 - 50 day
VIB	Watch							Waiting to test the MA20 - 50 day
GVR	Watch							Waiting to test MA20-50 day, volume improves
NKG	Watch							Waiting to test the 20-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
PVS	Watch							Waiting to test the 50-day MA
HVN	Watch							Waiting to test the MA10 - 20 day

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
KSB	Hold	25.2	29	23.5	15%	-7%	25.8	5	2.38%	09/03/2023	
BSR	Hold	16.4	18	15.3	10%	-7%	16.2	7	-1.22%	07/03/2023	
VCG	Hold	20.6	23	19.5	12%	-5%	20	5	-2.91%	09/03/2023	Hit stop loss on March 14

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

Shinhan Securities

Q&A

Shinhan Investment Network

SEOUL
Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

NEW YORK
Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

HONG KONG
Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

INDONESIA
PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599

SHANGHAI
Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

HO CHI MINH
Shinhan Securities Vietnam Co., Ltd.
22nd Floor, Centec Tower, 72-74 Nguyen Thi Minh Khai Street,
District 3, Ho Chi Minh City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

HA NOI
Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District,
Hanoi, Vietnam.
Tel : (84-8) 6299-8000

Shinhan Securities



Compliance Notice

- Analyst Certification: We/I hereby certify the information and material presented in this report are accurate expressions of their views, and that we/I have not received internally or externally wrongful pressure to express such views.
- All opinions and estimates regarding the company and its securities are accurate representations of the covering analyst's judgments as of this date and may differ from actual results.
- This report is intended to provide information to assist investment decisions only and should not be used or considered an offer or the solicitation of an offer to sell or to buy any securities. Stock selection and final investment decisions should be made at the client's own discretion.
- This report is distributed to our clients only, and any unauthorized use, duplication, or redistribution of this report is strictly prohibited.

Disclaimers

- This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of Shinhan Securities Vietnam Ltd.., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of Shinhan Securities Vietnam Ltd.
- This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. Shinhan Securities Vietnam Ltd. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Shinhan Securities Vietnam Ltd.., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or Shinhan Securities Vietnam Ltd. The final investment decision is based on the client’s judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.
- Copyright ⓒ 2020 Shinhan Securities Vietnam Ltd. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of Shinhan Securities Vietnam Ltd.