MORNING CALL

March 20th, 2023

Shinhan Securities

"Try to hold on to the support level, cautious sentiment towards the health of the banking industry"

- Global stocks fell again, worries about the health of the banking industry covered
- Domestic stocks continued to struggle, trying to hold on to the support level
- UBS - Switzerland's largest bank considers acquiring Credit Suisse
- Follow the SVB event stream - Parent company filed for bankruptcy, looking for an acquisition partner
- Technical view and recommendations
- Economic calendar

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Open Account

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

Major stock markets dropped again

Global stocks are in the red. Concerns about the health of the banking industry are weighing on investor sentiment after the collapse of Silicon Valley Bank last weekend, along with new unknowns for Credit Suisse and First Republic Bank. Although the authorities had many reassuring statements and offered supportive solutions, however, the market situation could not be improved and the selling momentum continued to dominate. During the week, the ECB kept its decision to raise interest rates by 50 basis points in its anti-inflation campaign, making all eyes focus on next week's FED meeting. Investors are expecting a reversal of tight monetary policy when there are signs that the economy is hurt by high interest rates. However, in the face of hot inflation, this is still open and causing pain for Fed officials as well as economic executives. At the end of the week, the Dow Jones index erased all the recovery momentum of the week and moved back close to reference. European stocks tumbled with Stoxx Euro losing 3.9%. Major markets in Germany, France, and Italy witnessed a strong sell-off. Asian stocks were no exception as Hang Sen and Shanghai narrowed their gains while Nikkei lost 2.9%

On March 17, the People's Bank of China (PBOC) announced that it would reduce the reserve requirement ratio (RRR) of Chinese banks by 0.25%. The new regulation takes effect from March 27 to ensure ample liquidity and support the economic recovery that has just begun in the country.

WTI crude oil had a bad week as it lost an important support level around $70/barrel to move back to trading around $68/barrel. The sharp decline of nearly 10% on the week due to the global banking turmoil raised concerns about a broader weakening of the world economy despite positive signals from OPEC+. Besides, 10-year US government bond yields along with the dollar also weakened. Money inflows are heading for the haven asset, crypto, as Bitcoin upstream rallies over 30% on the week.

This week will be quite an important week when many major central banks will meet, accordingly, monetary policy decisions from the Fed, BoE, SNB and Norges Bank will be announced. Also, the focus will be on inflation figures for Japan, UK and Canada. Finally, PMI data for the US, Japan, UK, Euro Area, Germany and France will provide some insight into the health of the manufacturing and services sectors in March.

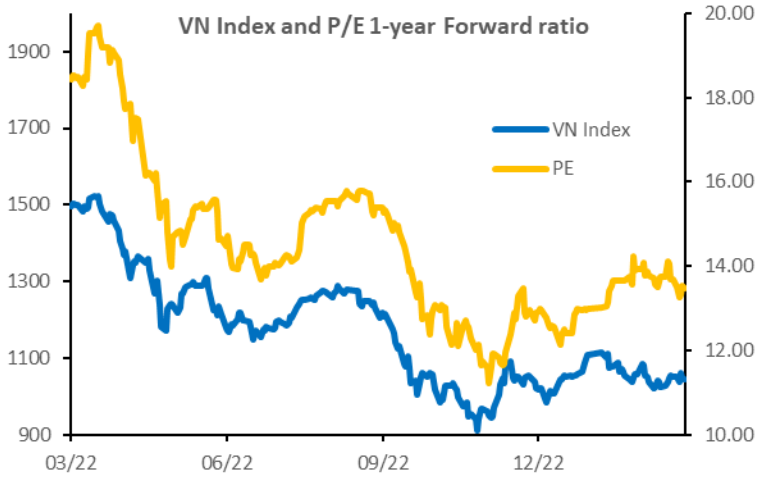
Market

	Close	%1D	%1M	%1Y
VN-Index	1,045	-0.22%	-3.82%	-28.86%
S&P 500 Index	3,917	-1.10%	-3.98%	-12.24%
Dow Jones Index	31,862	-1.19%	-5.81%	-8.32%
GP 100	7,335	-1.01%	-8.47%	-0.94%
Nikkei 225	27,301	-0.12%	-0.84%	1.77%
SHCOMP Index	3,251	0.73%	-1.21%	-0.02%
STOXX 600	436	-1.21%	-6.10%	-4.02%
KOSPI Index	2,401	0.23%	-2.20%	-11.30%
Hang Seng	19,519	1.64%	-6.55%	-8.84%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	103.75	0.04%	-0.10%	5.62%
USD/VND	23,587.00	-0.03%	0.59%	-3.04%
EUR/USD	1.07	0.09%	-0.06%	-3.05%
USD/CNY	6.89	0.16%	-0.26%	-7.84%
Brent	73.15	0.25%	-12.99%	-32.22%
WTI	66.93	0.28%	-12.33%	-36.07%
Natural gas	2.36	1.11%	3.91%	-51.39%
Coal	173.00	-0.57%	-17.36%	-48.70%
Gold	1,973.49	-0.79%	7.17%	1.94%

Vietnam Market Snapshot 17/03/2023





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,045.14	13.57	-2.26	-0.22	478	9,026
HNX INDEX	204.47	18.56	0.28	0.14	50	674

Money flow and sector rotation (VND bn)

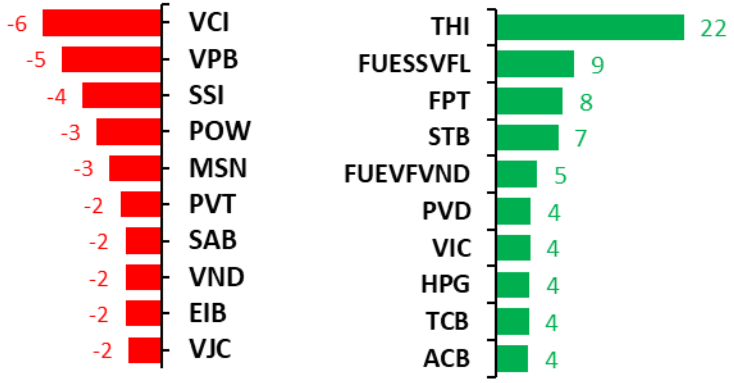
Sector	%1D	3/17/2023	3/16/2023	20-session Average
Insurance	303.43	47	12	27
Travel & Leisure	102.13	111	55	59
Chemicals	95.49	398	204	299
Oil & Gas	62.33	246	152	137
Health Care	62.10	16	10	18
Food and Beverage	42.09	782	551	579
Real Estate	32.28	1,706	1,290	1,354
Banks	28.08	2,253	1,759	1,849
Personal & Household Goods	10.03	71	64	76
Utilities	4.29	209	200	198
Automobiles & Parts	2.37	62	61	75
Basic Resources	0.70	1,118	1,111	1,106
Industrial Goods & Services	-8.4	258	282	330
Financial Services	-13.5	1,235	1,428	1,039
Construction & Materials	-17.6	351	426	620
Retail	-27.7	117	162	189
Media	-34.7	1	1	2
Technology	-41.8	43	73	72

Source: Bloomberg, Shinhan Securities Vietnam

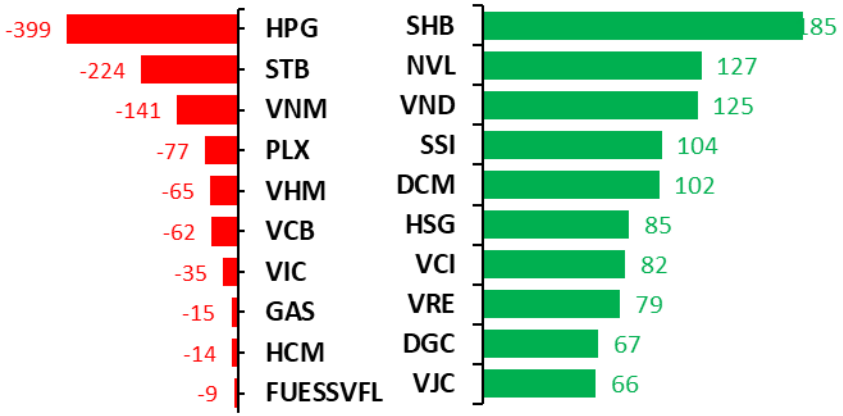
Vietnam Market Snapshot 17/03/2023

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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	8	309	(192)	(117)
Basic Resources	4	(316)	319	(3)
Media	-	0	(0)	(0)
Industrial Goods & Services	20	39	(54)	15
Health care	-	1	(1)	(0)
Chemicals	0	202	(201)	(1)
Financial Services	5	324	(274)	(50)
Travel & Leisure	(2)	62	(63)	1
Banks	16	(8)	(4)	12
Construction & Materials	-	34	(25)	(9)
Food and Beverage	(4)	(18)	20	(3)
Retail	3	(4)	8	(4)
Utilities	(4)	43	(20)	(23)
Personal & Household Goods	(1)	1	6	(8)
Technology	8	1	(0)	(0)
Automobiles & Parts	-	(6)	3	4
Insurance	(1)	30	(20)	(9)
Oil & Gas	4	(69)	61	8

Source: Fiinpro, Shinhan Securities Vietnam

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Breaking News

Macro

Positive

- Interbank interest rates fell deeply after the State Bank lowered the operating interest rate.
- EVN asked Trung Nam to complete the dossier for electricity purchase and sale negotiations.

Less positive

- Finished steel production in the first 2 months of the year decreased by 16.3%, along with that, steel consumption of all kinds also decreased by 23.2% over the same period in 2022.
- On average in the first two months of this year, the export price of fertilizer has decreased by 30% compared to the same period in 2022, leading to negative growth in turnover.



Business news

- MWG: In 2023, Mobile World sets a target of 135,000 billion VND in revenue, up 1% and 4,200 billion VND in profit, up 2%.
- FPT plans a profit before tax of more than VND 9,000 billion in 2023, up 19%, paying a total dividend of 35%.
- FMC: In 2023, the Company aims to bring in VND 5,900 billion in total revenue and VND 400 billion in consolidated pre-tax profit in 2023, an increase of 22% compared to 2022. Minimum dividend of 20% cash.
- TCM: Thanh Cong Textile and Garment sets a profit target in 2023 to decrease 2% over the same period to VND 274 billion.
- NVL: Novaland has a new General Manager, Mr. Dennis Ng Teck Yow (former director of Gamuda Land Vietnam).
- DIG dissolved Star Apart'Hotel Landmark branch in Vung Tau in the middle of wanting to buy back 1,000 billion VND of bonds before maturity.
- BVB: Viet Capital Bank announced to offer shares to the public at the ratio 4:1, price 10,000 VND/share.
- BCM: Becamex IDC transferred more than 22,000 m2 of land at the project in Binh Duong.
- ITA: Tan Tao spoke out against the decision to open bankruptcy proceedings.
- TDH continued to be coerced by tax authorities for nearly 91 billion VND.
- NBB signed a VND 750 billion cooperation contract with CEE.
- RAL is expected to spend more than 17 billion VND to receive the land transfer in Da Nang.
- BSR: Dung Quat Oil Refinery can operate safely with 114% of design capacity.

UBS - Switzerland's largest bank considers acquiring Credit Suisse

UBS offers to buy Credit Suisse for up to $1bn

Swiss authorities expected to change country's law to bypass UBS shareholder vote



Image: Financial Times

At the end of the most recent trading session (March 17), Credit Suisse's stock price stopped at 1.86 CHF/share. (CHF is the currency symbol for the Swiss franc, 1 CHF is about 1.1 USD). The US$1 billion bid offered by UBS is significantly lower than the current $8 billion capitalization of Credit Suisse.

UBS is currently the largest bank in Switzerland with total assets of about $1.1 trillion, while Credit Suisse is the second largest with total assets of $575 billion.

According to Bloomberg sources, Deutsche Bank - Germany's largest bank - is looking into Credit Suisse's situation and may buy a part of the assets of the Swiss bank that is engulfed in this crisis. If UBS only buys back a portion of Credit Suisse, Deutsche Bank will likely buy some of the remaining assets. Deutsche Bank has only discussed internally and has not made any specific proposals to Credit Suisse.

- Financial Times sources said that UBS - Switzerland's largest bank - is considering buying part or all of the second ranked bank, Credit Suisse. If the deal goes ahead, it will be the biggest merger of the European banking industry since the 2008 financial crisis. Accordingly, the Financial Times reported that UBS has offered to buy the crisis-stricken Credit Suisse with price of 1 billion USD.
- UBS also requires a provision that allows a trade to be declared void if the UBS default premium (CDS) rises by 100 basis points or more.

  Reuters news agency also reported that UBS asked the Swiss government to support about $ 6 billion if it bought Credit Suisse. UBS said the government bail would cover the cost of closing Credit Suisse branches and potential litigation fees. One of the sources warned that talks to resolve the crisis of confidence in Credit Suisse are thwarting and could cut 10,000 jobs if the two banks merge.
- The Swiss government is preparing urgent measures to speed up the merger and is expected to introduce a bill that would allow for the skipping of the usual six-week shareholder consultation period, with the aim of UBS and Credit Suisse can close the deal immediately.

  Earlier on March 16, SNB had to agree to give Credit Suisse an emergency loan of CHF 50 billion (equivalent to $ 54 billion) to temporarily overcome the immediate crisis. However, this action was not enough to reassure investors, Credit Suisse shares continued to sell off and fell to a record low after the largest shareholder (National Bank of Saudi Arabia) announced that it would no additional capital contribution.

➢ On March 19, UBS agreed to buy Credit Suisse for 3 billion francs ($3.2 billion). The situation is changing rapidly and there is no guarantee that the final terms will be the same as the current draft.

Pressure to withdraw money from customers

- At the end of last week, depositors withdrew more than 10 billion francs ($10.8 billion) from Credit Suisse in a single day because of concerns about the Swiss bank's financial health. In the last three months of 2022, customers withdrew a total of 111 billion francs from Credit Suisse, according to the Financial Times.

Follow the SVB event stream



Photograph: Dado Ruvić/Reuters

- Earlier last week, Reuters news agency reported that the Federal Deposit Insurance Corporation (FDIC) had asked banks interested in acquiring SVB and Signature Bank to submit bids by March 17.
- Several sources familiar with the matter said that First Citizens BancShares Inc is evaluating an offer to buy Silicon Valley Bank.

SVB Financial filed for bankruptcy

- On March 17, SVB Financial Group (SVB's parent company) applied to the court for protection under Chapter 11 of the US Bankruptcy Law, Reuters reported. The court will monitor SVB Financial's debt restructuring process and find buyers for its assets.
- With total assets at the end of 2022 about $212 billion, SVB Financial is the third-largest bankruptcy in US history, behind Lehman Brothers and Washington Mutual Bank during the 2008 financial crisis.
- Exactly one week ago, on March 10, Silicon Valley Bank - the most important subsidiary of SVB Financial - was closed by the California regulator and the Federal Deposit Insurance Corporation (FDIC) continued to operate management activities to ensure the interests of depositors.
- Two other local US banks that were also closed this March are Silvergate and Signature Bank. First Republic bank was on the verge of collapse when it was withdrawn by customers, but on March 16, 11 other big banks suddenly pledged to rescue by depositing a total of 30 billion USD in cash in the least amount of time 120 days.

Many banks have potential risks

- According to Sputnik News, a recent study by a group of economists in the US has warned that at least 186 US banks are likely to face risks similar to what happened. with Silicon Valley Bank (SVB) recently.
- All of these lenders are challenged by the same problems as SVB, the researchers say. At the same time, citing calculations showing that the asset value of banks has been on a downward trend recently.

Technical view



Trend: Find the balance zone

- The index is still anchoring the support around 1,040 points, corresponding to 20-week MA. The signs of trying to recover during the week seem to have failed as selling continued to dominate amid uncertainty from the global market. The buying force is also more cautious and the market is lacking a leading industry group. Most of the industry groups struggled, the bright spot was in Securities while Oil & Gas played a negative role in pulling the index down. Technical indicators are in the neutral zone and the trend is not clear. The trade will probably continue to move sideways with the resistance at 1,080 points while the corresponding support is at the psychological level of 1,000 points.

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

20/3/2023

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
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
SSI	Buy	20.15	22	19	9%	-6%	20.3	2	1.00%	16/03/2023	
KSB	Hold	25.2	29	23.5	15%	-7%	25	7	-0.79%	09/03/2023	
BSR	Hold	16.4	18	15.3	10%	-7%	15.8	9	-3.66%	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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