MORNING CALL

March 30th, 2023

“Global markets prospered on expectations of peak interest rates. Update DGC's AGM””

- World stocks improve on expectations of peak interest rates and Alibaba's restructuring plan
- Domestic stocks moved sideways with struggling movements
- Update the AGM of Duc Giang Chemical JSC #DGC
- Technical view and recommendations
- Economic calendar
- Q&A

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Open Account

Global Market Review - Week 27 - 31/03/2023

Global stocks prospered thanks to the expectation that interest rates will soon peak and Alibaba's restructuring

The main stock index of the US market rose sharply in Wednesday's session, driven by expectations that interest rates will soon peak and the systemic risks of the banking sector will gradually ease. Specifically, the Dow Jones Industrial Average rose 323.35 points, or 1%, to close at 32,717.60, and the S&P 500 gained 1.4% to 4,027.81.

European stock markets rallied on Wednesday, with the Stoxx 600 index up 1.2% led by tech stocks after Chinese tech giant Alibaba announced restructuring plans to "unlock value for shareholders". The Bank Stoxx Index added 2% after UBS nominated Sergio Ermotti as the Group's new CEO following the Credit Suisse acquisition.

Asia-Pacific markets traded mixed as Hang Seng rose 1.11% to 20,192, the main driver coming from Alibaba following the restructuring news. In Australia, the S&P/ASX 200 gained 1%, while the Japanese market opened early with a slight downtrend.

The Dollar Index rebounded to 103 after two sessions in the red as investors reassessed the outlook for monetary policy. Earlier, the US Federal Reserve announced a 25 basis point increase in interest rates in the context of the banking sector constantly wobbling.

Iron ore prices on the Tianjin bourse rose above USD 124 a ton, recovering slightly from a two-month low of USD 122. The rally was driven by expectations of improved demand as China enters its spring construction cycle.

WTI oil futures traded around USD 74 a barrel, rising for a third straight session on signs of recovering demand and a drop in global supply. The latest EIA report showed that US crude inventories unexpectedly fell by 7.489 million barrels last week, despite expectations for a 0.092 million-barrel increase.

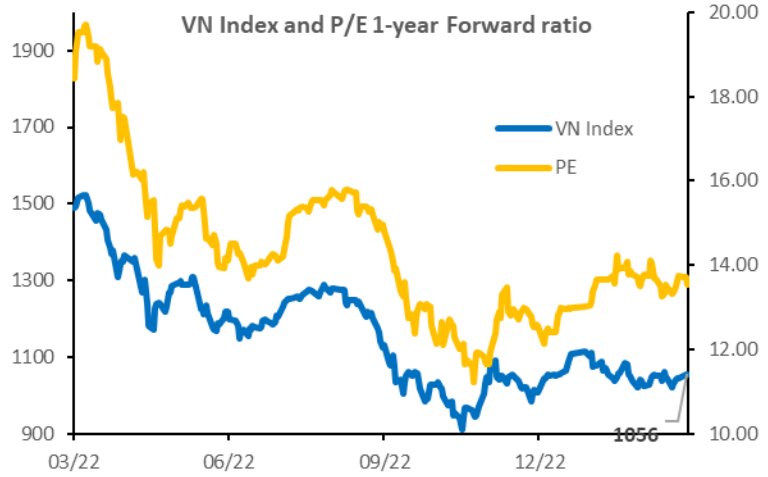
Market

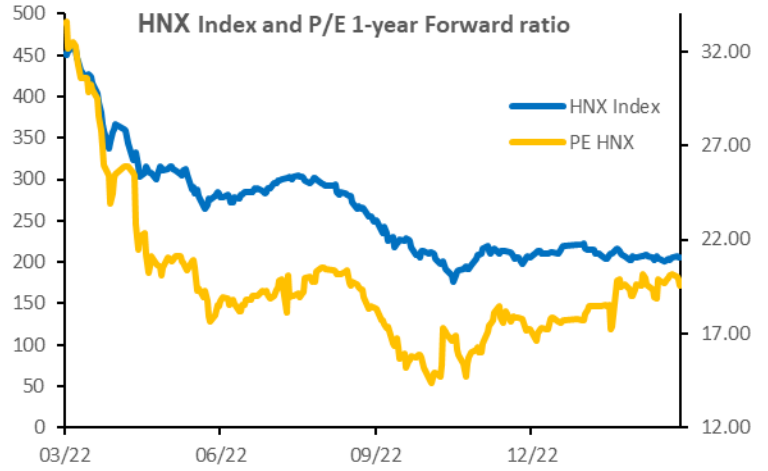
	Close	%1D	%1M	%1Y
VN-Index	1,056	0.19%	3.09%	-29.13%
S&P 500 Index	4,028	1.42%	1.45%	-13.04%
Dow Jones Index	32,718	1.00%	0.19%	-7.13%
GP 100	7,564	1.07%	-3.96%	-0.19%
Nikkei 225	27,804	-0.29%	1.31%	-0.80%
SHCOMP Index	3,240	-0.16%	-1.21%	-0.81%
STOXX 600	450	1.30%	-2.36%	-2.17%
KOSPI Index	2,441	-0.13%	1.15%	-11.14%
Hang Seng	20,192	2.06%	2.05%	-9.17%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	102.67	0.03%	-2.10%	4.99%
USD/VND	23,495.00	0.06%	1.26%	-2.65%
EUR/USD	1.08	-0.06%	2.48%	-2.88%
USD/CNY	6.89	-0.19%	0.67%	-7.62%
Brent	78.24	-0.05%	-6.74%	-31.04%
WTI	72.95	-0.03%	-5.32%	-32.34%
Natural gas	2.17	-0.55%	-20.93%	-61.25%
Coal	176.60	0.06%	-8.43%	-30.31%
Gold	1,961.50	-0.16%	7.37%	1.48%

Vietnam Market Snapshot 29/03/2023





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,056.33	13.73	2.04	0.19	405	7,278
HNX INDEX	205.59	20.01	-0.16	-0.08	58	681

Money flow and sector rotation (VND bn)

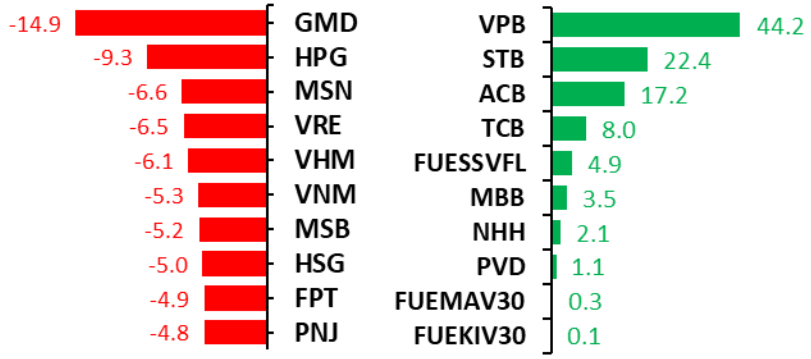
Sector	%1D	3/29/2023	3/28/2023	20-session Average
Media	243.49	2	1	1
Personal & Household Goods	41.42	110	78	65
Basic Resources	40.24	974	695	970
Insurance	6.32	21	20	21
Retail	-5.3	269	284	182
Health Care	-8.9	14	15	16
Financial Services	-15.1	1,138	1,340	1,090
Travel & Leisure	-15.6	42	50	57
Industrial Goods & Services	-21.6	242	309	264
Oil & Gas	-22.5	57	73	119
Banks	-24.0	2,165	2,847	2,026
Automobiles & Parts	-33.6	56	84	58
Food and Beverage	-34.1	447	679	567
Construction & Materials	-37.0	583	925	561
Utilities	-41.3	77	131	186
Chemicals	-42.6	142	248	245
Real Estate	-50.0	897	1,793	1,235
Technology	-57.4	41	97	60

Source: Bloomberg, Shinhan Securities Vietnam

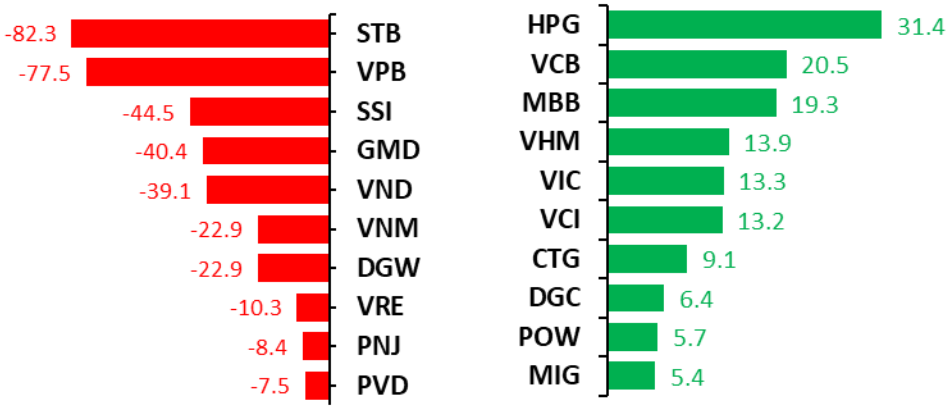
Vietnam Market Snapshot 28/03/2023

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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	(21)	29	6	(35)
Basic Resources	(14)	31	(15)	(17)
Media	-	1	(1)	(0)
Industrial Goods & Services	(17)	(43)	22	21
Health care	-	0	(1)	1
Chemicals	2	16	(5)	(11)
Financial Services	(3)	(82)	84	(1)
Travel & Leisure	(3)	2	5	(7)
Banks	76	(106)	50	56
Construction & Materials	(0)	4	(1)	(3)
Food and Beverage	(13)	(29)	48	(18)
Retail	(4)	(24)	52	(28)
Utilities	(2)	3	6	(10)
Personal & Household Goods	(5)	(10)	12	(2)
Technology	(5)	0	(1)	1
Automobiles & Parts	-	(2)	1	0
Insurance	(0)	8	(7)	(1)
Oil & Gas	1	(7)	4	3

Source: Fiinpro, Shinhan Securities Vietnam

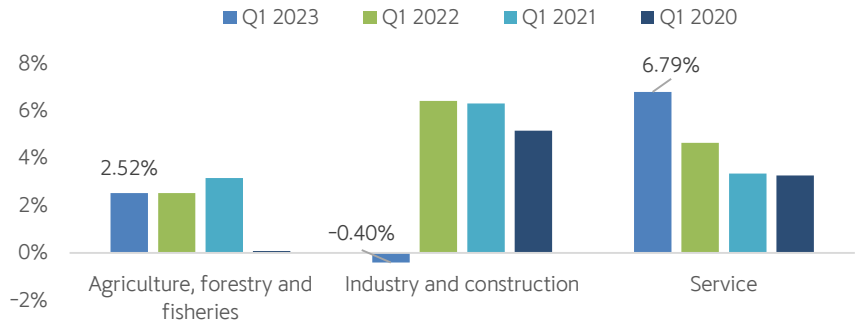
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Breaking News

Macro

- VBMA proposes to abolish regulations on audit reports on capital use from private placement of bonds
- According to GSO, the gross domestic product (GDP) in the first quarter of 2023 is estimated to increase by 3.32%YoY, only higher than the first quarter of 2020 in the period 2011-2023 due to negative growth in the industry and construction sectors.
- According to GSO, the consumer price index (CPI) in the first quarter increased by 4.18% YoY, core inflation increased by 5.01% YoY.
- Credit growth only reached 1.61% on March 20, money supply only increased by 0.57%
- Public investment in 1Q2023 was estimated at over VND 91.5 trillion, equaling 13.4% of the year plan and increasing by 18.1% YoY (the same period in 2022 reached 77.5 trillion VND, equaling 12.9% of the plan annual plan).

GDP by sector, YoY growth



Source: GSO, Shinhan Securities Vietnam

Business news

- DGW: Digiworld lowers its business plan for 2023, the net profit target is down 42% over the same period.
- VCG: The major shareholder of Vinaconex continuously withdraws capital. Pacific Holdings Investment JSC registered to sell 19.6 million shares, expected to decrease from 292 million VCG shares (equivalent to 60.23% shares outstanding) to 273 million shares (equivalent to 56.19% shares outstanding).
- PET: In 2M2023, Petrosetco's profit dropped by 50%, Petrosetco recorded revenue of 2,774 billion VND (-3.6%YoY) and net profit recorded 37 billion VND (-50%YoY).
- NKG: NKG: Nam Kim Steel (NKG) almost doubled its loss after the audit. Nam Kim Phu My factory will postpone the deployment time to 2024.
- MSR: MSR sets a profit target of VND 300 billion in 2023, wants to raise capital through a private placement of shares.
- DPM: Phu My Fertilizer sets a profit target of VND 13,000 billion from 2021 to 2025
- ASM: Proposing not to pay dividends in 2022, wants to cancel the plan to issue more than 168 million shares
- TCB: Reduce deposit interest rates, the highest listed interest rate is 8%/year
- VSH: In 2023 Vinh Son-Song Hinh Hydropower plans to reduce profit by 32% to VND 857 billion.
- TPB: TPB cooperates with VNPost to launch banking and financial services at the post office
- GEE: In 2023, Gelex Electric sets a profit target of nearly VND 1,000 billion
- VPB: VPBank sets a profit target of VND 24,000 billion in 2023, credit growth up to 33%

Duc Giang Chemicals Group JSC (Hose: DGC)

TARGET PRICE (VND)	
68,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
51,900	31.0%
VNINDEX	1,056
Market P/E (x)	10.1
Market Cap. (bn VND)	19,710
Outstanding Shares (mn)	380
Free Floating Shares (mn)	225
Free Floating (%)	59.2
52-Wk High (VND)	139,000
52-Wk Low (VND)	48,100
3M Avg. Trading Vol. (mn)	2.54
3M Avg. T/O (bn VND)	91
Beta (12M)	1.2

	3M	6M	12M
Absolute	-11.9	-33.1	-51.5
Rel. to VNINDEX	-16.8	-26.4	-22.3



Source: Bloomberg

Annual General Meeting Summary

1. Business results in 2022:

- In 2022, DGC recorded revenue of VND 14,444 bn (+51% y.o.y) and NPAT of VND 6,306 bn (+140% y.o.y). Therein, yellow phosphorus sales increased by 112%, fertilizer sales increased by 22%, WPA revenue increased by 62%... thanks to increased selling prices and cost savings from buy cheap phosphate rock.
- Besides, DGC paid cash dividend for 2022 of 30% par value. DGC approved in the AGM 2023 on the additional 10% dividend in 2022.

2. Outlook in 2023

- Plan for 2023: DGC's revenue is expected to drop 25% over 2022 to VND 10,875 bn, while its profit after tax would plunge by half over the year-ago figure to VND 3,000 bn.
- Q1/2023: Revenue and NPAT reached VND 10,875 bn and VND 700 bn, corresponding (-29% q.o.q and -55% q.o.q).
- Duc Giang-Nghi Son chemical complex project will go into operation later than planned: The phase 1 is expected to start no later than June 2023 and put into operation in about a year. The firm also plans to pour VND50 billion into its NPK fertilizer factory in the Central Highlands province of Dak Nong and VND500 billion into the Duc Giang - Nghi Son chemical complex project.
- DGC completely acquired 51% of total share Tia Sang Battery Joint Stock Company (TSB). DGC's ambition is to push TSB's revenue to VND 1,000 bn and produce lithium batteries - a very important element for electric vehicles.
- DGC plans 30% dividend payment in 2023

3. Risks:

(1) change in export policy on phosphorous and
(2) higher input electricity price

FY	2019	2020	2021	2022	2023F
Revenue (bn VND)	5,091	6,236	9,550	14,444	11,210
OP (bn VND)	592	987	2,542	5,998	3,332
OP margin (%)	11.6	15.8	26.6	41.5	29.7
NP (bn VND)	567	907	2,388	5,565	3,359
NP margin (%)	11.1	14.5	25.0	38.5	30.0
EPS (VND)	1,478	2,298	6,047	13,774	8,887
ROE (%)	16.8	23.6	45.0	63.3	24.4
P/E (x)	5.8	8.9	12.2	4.3	5.8
P/B (x)	0.9	1.9	4.5	2.1	1.3

Source: Bloomberg, Shinhan Securities, Data as of 30/03/23

Technical view



Trend: Tug-of-war

- The VNIndex has tended to move sideways in the past two trading sessions. Liquidity started to decline compared to the beginning of the week and was below the 20-session average. The tug-of-war was still the dominant movement in the market with the retreat candle and the strong demand appeared at the end of the session. Technical indicators still show that the uptrend is still there, but the momentum is not too strong. VNIndex needs a strong gaining session to overcome the resistance at 1,060 with the consensus volume to confirm the exit from the down channel.

• 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

30/3/2023

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
VNM	Watch							Test 10-day MA
HPG	Watch							Maintain the base around MA10
POW	Watch							Maintain the base around MA10
NKG	Watch							Good reaction around the 20-day MA, Volume improve
TCB	Watch							Breaking resistance, strengthening new base
MBB	Watch							Breaking resistance, strengthening new base
VRE	Watch							Good reaction around the 20-day MA

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
SSI	Hold	20.15	22	19	9%	-6%	21.05	10	4.73%	16/03/2023	

Economic calendar

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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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