MORNING CALL

April 04th, 2023

“The market continues to go up, oil prices break out. Manufacturing PMI tends to decrease again”

- Global stocks remain in green, manufacturing PMI tends to decrease again
- Domestic stocks expand gain, liquidity improves
- Vietnam's manufacturing PMI falls back below 50
- Technical view and recommendation update #HHV, #VGC, #NLG, #GVR, #TCB, #HPG
- Economic calendar
- Q&A

[Analysts]

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Open Account

Global Market Review - Week 03 - 07/04/2023

Major stock markets kept in green, the manufacturing PMI tended to decrease again

The Dow Jones closed more than 320 points higher and the S&P 500 added nearly 0.4% on Monday, the first trading day of the second quarter, while the Nasdaq dipped 0.3%, as investors digest a surprise cut in oil output from OPEC+ and the impact it could have on inflation and the Fed's monetary policy. Money markets now see a 65% probability of a 25bps rate hike in the fed funds rate next month, compared to 55% earlier. Energy stocks including Exxon Mobil (5.9%), Chevron (4.1%), and Marathon Oil (9.9%) were up. European equity markets closed slightly lower on Monday, with the benchmark Stoxx 600 falling to 457, dragged by Germany's DAX while London's FTSE 100, France's CAC and Italy's FTSE MIB closed higher. Among sectors, oil and gas stocks rallied by 4%.

Manufacturing PMI tends to decrease again: The ISM Manufacturing PMI fell to 46.3 in March, the lowest since May 2020, and below market expectations of 47.5, suggesting that rising interest rates and growing recession fears are starting to impact the sector.

The S&P Global Eurozone Manufacturing PMI came in at 47.3 in March 2023, little-changed from a preliminary estimate of 47.1 and down from 48.5 in the previous month. The S&P Global/BME Germany Manufacturing PMI was revised slightly higher to 44.7 in March of 2023 from a preliminary of 44.4, but continued to point to a ninth straight month of falling factory activity and the sharpest contraction since May of 2020. The S&P Global Italy Manufacturing PMI eased to 51.1 in March of 2023 from 52 in the previous month, slightly ahead of market estimates of 51 to seal the third consecutive month of expansion in Italian factory activity. The S&P Global France Manufacturing PMI was revised slightly lower to 47.3 in March 2023, down from a preliminary estimate of 47.7 and below February's 47.4.

The consumer price index in South Korea rose 4.2% in March 2023 from a year ago, decelerating from February's 4.8% and hitting the lowest in a year. March's inflation rate was also lower than market expectations of 4.3%, supporting the central bank's decision to pause its interest rate hikes at the February meeting.

WTI crude futures jumped to above $80 per barrel on Monday, an intraday level not seen since late January, as investors digested a surprise production cut of more than 1 million barrels a day by OPEC+.

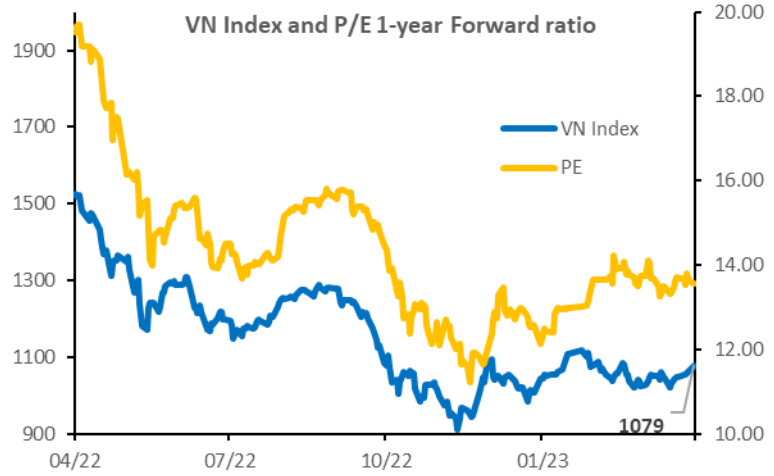
Market

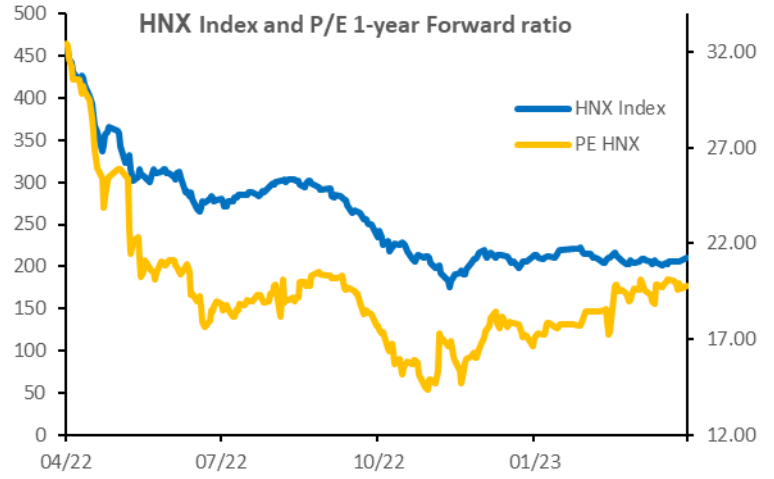
	Close	%1D	%1M	%1Y
VN-Index	1,079	1.38%	5.32%	-29.21%
S&P 500 Index	4,125	0.37%	1.95%	-10.00%
Dow Jones Index	33,601	0.98%	0.63%	-3.78%
GP 100	7,673	0.54%	-3.45%	1.51%
Nikkei 225	28,220	0.11%	1.05%	1.74%
SHCOMP Index	3,296	0.72%	-0.96%	0.42%
STOXX 600	458	-0.03%	-1.41%	-0.97%
KOSPI Index	2,485	0.51%	2.18%	-9.89%
Hang Seng	20,409	0.04%	-0.77%	-9.30%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	102.03	-0.07%	-2.39%	3.06%
USD/VND	23,483.00	-0.05%	1.04%	-2.72%
EUR/USD	1.09	0.06%	2.10%	-0.61%
USD/CNY	6.88	-0.06%	0.39%	-7.49%
Brent	84.97	0.05%	-1.00%	-20.98%
WTI	80.54	0.15%	1.08%	-22.02%
Natural gas	2.11	0.76%	-29.78%	-63.01%
Coal	200.00	3.63%	5.88%	-22.71%
Gold	1,983.77	-0.04%	7.41%	2.64%

Vietnam Market Snapshot 03/04/2023





	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,079.28	14.15	14.64	1.38	758	12,893
HNX INDEX	210.48	20.77	2.98	1.44	103	1,454

Money flow and sector rotation (VND bn)

Sector	%1D	4/3/2023	3/31/2023
Automobiles & Parts	73.36	109	63
Industrial Goods & Services	72.37	497	288
Personal & Household Goods	62.93	127	78
Technology	54.27	116	75
Real Estate	50.24	2,731	1,818
Banks	46.99	3,583	2,437
Food and Beverage	39.70	658	471
Travel & Leisure	36.74	64	47
Chemicals	34.72	386	287
Insurance	30.07	25	19
Oil & Gas	29.16	200	155
Utilities	28.43	199	155
Construction & Materials	20.46	912	757
Retail	11.71	240	215
Health Care	7.80	14	13
Financial Services	-6.6	2,047	2,192
Basic Resources	-28.7	984	1,380
Media	-31.3	1	1

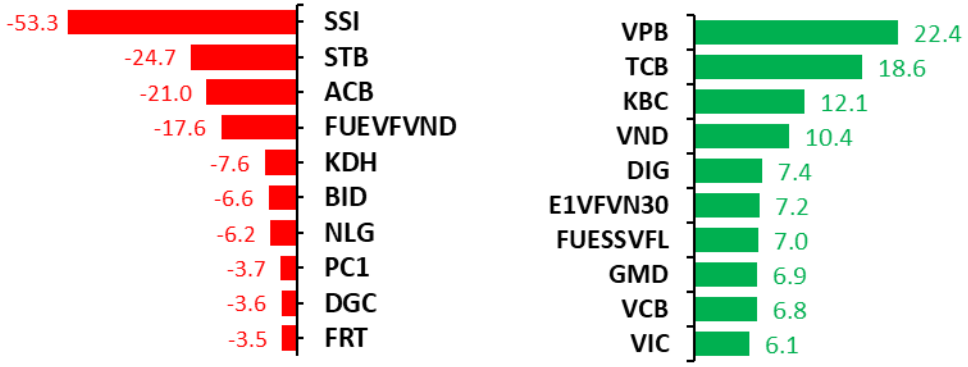
Source: Bloomberg, Shinhan Securities Vietnam

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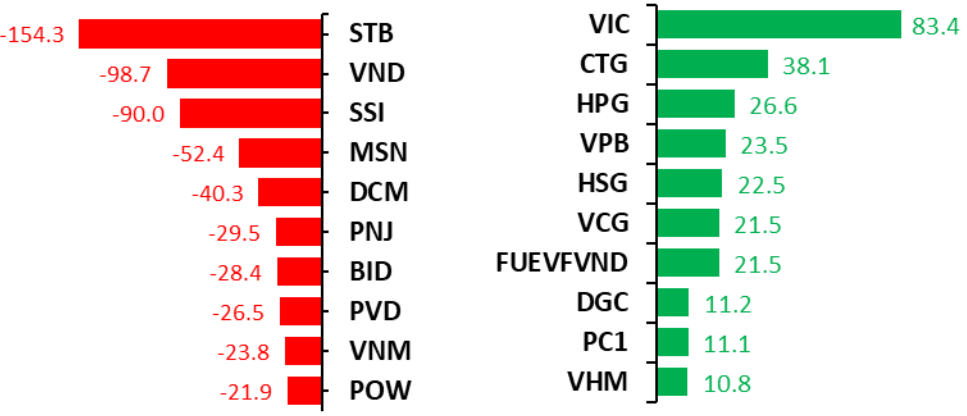
Vietnam Market Snapshot 03/04/2023

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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	14	69	(189)	120
Basic Resources	(1)	45	(62)	17
Media	-	0	(0)	(0)
Industrial Goods & Services	10	6	(51)	45
Health care	-	2	(1)	(0)
Chemicals	(4)	(27)	48	(21)
Financial Services	(48)	(161)	95	66
Travel & Leisure	0	0	6	(6)
Banks	1	(119)	(10)	129
Construction & Materials	(4)	43	57	(101)
Food and Beverage	7	(76)	84	(8)
Retail	2	(11)	16	(5)
Utilities	(1)	(25)	41	(16)
Personal & Household Goods	(1)	(27)	33	(6)
Technology	2	0	(11)	11
Automobiles & Parts	(0)	(0)	(2)	2
Insurance	0	4	(2)	(2)
Oil & Gas	0	(37)	38	(1)

Source: Fiinpro, Shinhan Securities Vietnam

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Breaking news

Macro

Positive

- The State Bank of Vietnam reduced a series of operating interest rates from April 3.

Operating interest rate	Old level	New level
Refinance interest rate	6%	5.5%
Interest rate ceiling on demand deposits and terms of less than 1 month	1%	0.5%
Interest rate ceiling for term deposits from 1 to 6 months	6%	5.5%
Loan interest rate ceiling with priority areas	5%	4.7%

Less Positive

- Vietnam's manufacturing PMI in March fell to 47.7 points from 51.2 points in February.
- Index of industrial production (IIP) in the first quarter of 2023 decreased by 2.2% over the same period last year.
- Export turnover in 3 months y/y decreased by 11.9%, a deeper decrease than the decrease of 2 months.
- HCMC's GRDP increased by only 0.7%, much lower than forecast.



Business news

- DXG: Dat Xanh reported an additional profit of VND 65 billion after the audit, the profit in 2022 only decreased by 66% over the same period.

  Explaining this difference, DXG said that the difference in opinion when estimating taxable profit leads to the adjustment of estimated corporate income tax expense for 2022. Accordingly, the income tax item Enterprises make a downward adjustment to make the difference in profit after tax before and after the audit in 2022.

- NKG: Nam Kim Steel plans a profit before tax of VND 400 billion in 2023, compared with a loss of nearly VND 107 billion in 2022, and proposed not to pay dividends in 2022. It is known that in 2022, Nam Kim Steel has retains the market share of Top 3 largest galvanized steel companies in Vietnam.

  Previously, Nam Kim's profit in 2022 decreased by VND 57.98 billion after the audit, from a loss of VND 66.71 billion to a loss of VND 124.68 billion, mainly due to the increase in cost of goods sold.

- SMC: In 2023, SMC Steel sets a profit after tax plan of VND 150 billion after a loss of VND 652 billion in 2022, proposing not to pay dividends in 2022.

  The 2023 dividend is expected to be 5% in cash or shares.

- HSG: Dragon Capital became a major shareholder of Hoa Sen, raising its ownership from 4.86% to 5.049%.

  Recently, Hoa Sen proposed two business scenarios in 2023. In which, the first scenario, the company planned revenue of VND 34,000 billion, down 32% over the same period and expected profit of VND 100 billion, 60% decrease compared to the same period last year. The second scenario is more positive with estimated revenue of VND 36,000 billion, down 28% y/y and expected profit of VND 300 billion, up 20% y/y.

- BSR: Binh Son Refinery and Petrochemical proposed to pay cash dividend in 2022 at the rate of 7% and use VND 15,485 billion of own capital to upgrade Dung Quat Oil Refinery.

Breaking news



Business news

- CTR: In 2023 Viettel Construction targets total revenue of 10,338 billion VND, an increase of 10% compared to the revenue realized in 2022. Profit before tax plan is 613.2 billion VND and target profit after tax also increases by 9.96% to 487 billion VND.

  Previously, in 2022, Viettel Construction recorded a prosperous year. Net revenue reached VND 9,370 billion, up 25.8% and profit after tax reached VND 443 billion, up 18.1% compared to 2021. This is also the record revenue and profit the company has ever achieved.

- MCH: In 2023, Masan Consumer sets a target of net revenue of VND 28,500 billion to VND 31,500 billion, profit after tax is estimated at between VND 5,600 billion and VND 6,500 billion.

  MCH will present shareholders with a plan to merge into Masan Consumer Holdings to realize the consolidation of strategy and operations, as well as simplify the company's organizational structure.

- ITA: ITA's 2022 net loss increased by more than VND 81 billion after the audit, exceeding VND 260 billion. Notably, the auditor also retroactively adjusted the profit after tax in 2021 from profit to loss, "evaporating" hundreds of billions of VND.

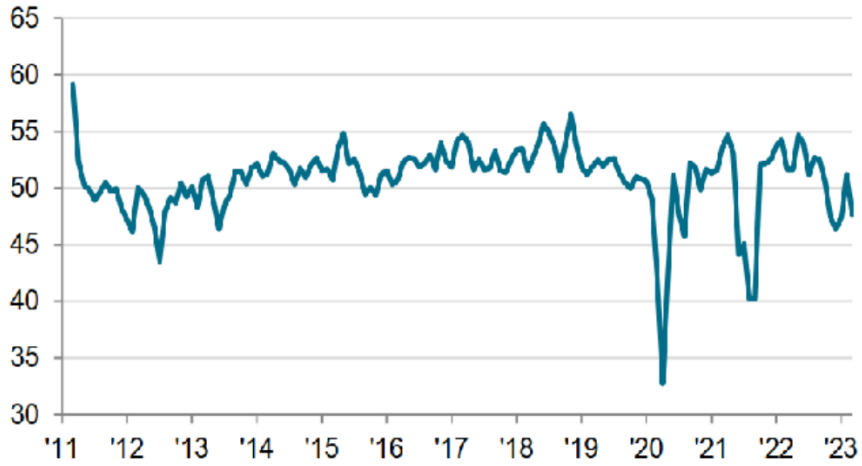
  In another development, Ms. Dang Thi Hoang Yen - Chairman of the Board of Directors of ITA has just signed a decision to relieve the position of General Director with her brother, Mr. Dang Quang Hanh from April 1, 2023, without specifying the reason for the dismissal.

- HQC sets a target for revenue and profit in 2023 to grow significantly, 5.1 times and 7.4 times higher than the results in 2022, respectively, and is expected to reach VND 1,700 billion in revenue and VND 140 billion in after-tax profit. At the same time, continue to conduct a private offering of 100 million shares at the price of 10,000 VND/share.

- HAG: HAG's net profit decreased by more than VND 51 billion after the audit. From 2017 up to now, the auditors still have doubts about the Company's ability to continue as a going concern due to accumulated losses of more than VND 3,341 billion and violations of some commitments in loan and bond contracts.

Vietnam's manufacturing PMI fell back below 50

Vietnam's manufacturing PMI



PMI employment index



Source: S&P Global

Vietnam's manufacturing PMI reached 47.7 in March, down from 51.2 in February and below 50 for the fourth time in the past five months.

In it, there are 3 outstanding highlights are:

✓ **Output, new orders and employment all fell**

After showing signs of recovery last month, Vietnam's manufacturing sector took a step back in March. Output, new orders and employment fell again as reports showed reduced customer demand.

The decline in purchasing activity led to a decrease in input inventories, and inventories fell for the third consecutive month.

Against the background of reduced production requirements, manufacturers have reduced purchasing activity and employment, and the reduction in employment has also been affected by employee leave status.

✓ **Supplier delivery time shortened**

The reduced demand for input goods is the main factor contributing to the shortening of the supplier's delivery time. Furthermore, the recent increase in seller performance is the most significant in more than eight years.

✓ **Cost growth has slowed**

There are signs that inflationary pressures have eased at the beginning of the first quarter. Although rising supplier fees have kept input costs up, the inflation rate was the slowest since October last year. That ended the period of rising cost inflation.

With input prices rising more slowly and companies still wanting to compete on price to boost demand, output prices increased only slightly in March.

Technical View



Trend: Slowly go up

- The market continued the excitement and opened a gap to gain at the beginning of the session. Market breadth skewed to the buyers with green predominating and maintained until the end of the session, helping the index close at the highest level. Vn-Index extended the gain for the 9th session in a row. Liquidity also improved indicating the consensus of cash flow. The technical indicators are showing positive signals as MACD is still above the signal line along with the RSI moving up, meaning that the bullish inertia is consolidated. The immediate resistance for the trend is at 1,100 points while the raised support is at 1,060 points.

Scenarios:

- Positive (60%): The index successfully surpassing 1,100 points will continue to keep its momentum towards 1,150 points, corresponding to the old bottom that was broken before.
- Less positive (40%): The index failed to test the threshold of 1,100 points and needs more time to accumulate with the corresponding support at 1,060 points and 1,040 points lower, respectively.

Recommended stocks

j 4/4/2023

Unit: thousand VND

Today's watchlist

	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals
HDG	Watch							Price crosses MA10 and MA20 with improved liquidity
POW	Watch							Maintain a good base around MA10
MBB	Watch							Successfully breaking resistance at 18.5 with high volume
FPT	Watch							MA10 tends to cross above MA20, giving a buy signal with large volume
NT2	Watch							MA10 crossing to MA20, the trend turns to rise up
HHV	Waiting to buy	14.5	16.5	13	14%	-10%	14	Trend breaks resistance zone 14, volume explodes
VGC	Waiting to buy	34.5	38	32.5	10%	-6%	34.25	Breaking short-term downward price channel, liquidity improved significantly
NLG	Waiting to buy	28.5	32	27.5	12%	-4%	28.65	MA10 crosses MA20 with improved liquidity
GVR	Waiting to buy	15.5	17	14.5	10%	-6%	15.95	Breaking resistance at 15.5 with high volume
TCB	Waiting to buy	30	32.5	28.5	8%	-5%	29.3	Trend breaks resistance, heading to new price zone
HPG	Waiting to buy	21.5	23.5	20	9%	-7%	21	Responds well to support, maintains base above MA10

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
SSI	Sold	20.15	22	19	9%	-6%	22	13	9.45%	16/03/2023	**Target reached**

Economic calendar

April 2023

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
26	27	28	29	30	31	1 PMI (EU, VN)
2	3 Caxin Manufacturing PMI (China)	4 PPI (EU)	5 Balance of Trade (US)	6 Initial Jobless Claims (US)	7 Non-farm payroll, unemployment rate (US)	8
9	10 Wholesale inventories in US	11 Retail sales (EU), Inflation rate (China)	12 Inflation (US)	13 Balance of Trade (China), PPI (US)	14 FDI (China)	15
16	17	18 China macroeconomic data release	19 Inflation, PPI (GB)	20	21 Retail sales (GB)	22
23	24	25 House Price Index (US)	26	27 GDP growth rate (US)	28 GDP growth rate (EU)	29 Vietnam macroeconomic data
30 PMI (US)	1					

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Q&A

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