



Shinhan
Securities

MORNING CALL

October 04th, 2022

“Panic engulfs the market, has pessimistic sentiment bottomed yet ?”

- ❑ Global stocks rebound
- ❑ Domestic stocks lost 1,100 points, many stocks fell to the floor
- ❑ Credit Suisse rumors?
- ❑ Technical view and recommendations
- ❑ Economic calendar
- ❑ Q&A

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Major stock markets rebound

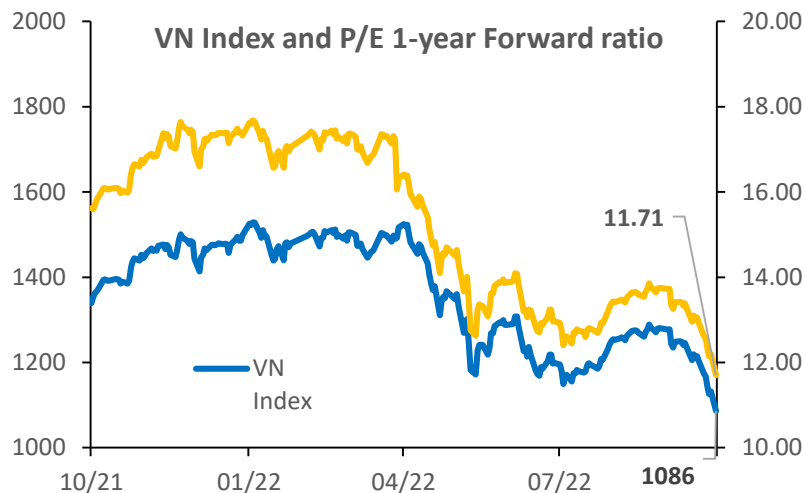
- US stock futures inched higher on Tuesday after the major averages rebounded on the first trading day of the month, as weaker-than-expected manufacturing data allayed fears about the Federal Reserve's aggressive rate hike path.
- European equity markets extended gains in afternoon trading to close more than 0.5% higher on Monday, after falling almost 1.5% earlier in the session.
- The Manufacturing PMI unexpectedly fell to 50.9 in September, pointing to the slowest growth in factory activity since the contraction in May 2020 and compared to 52.8 in August and market forecasts of 52.2.
- The British pound edged higher to approach \$1.12, back to levels not seen in almost two weeks, after the finance minister Kwarteng said the government would not cut the top 45% rate of income tax for the biggest earners, reversing earlier pledge.
- Oil prices jumped over 2% on Monday, boosted by reports that OPEC+ was considering cutting output between 500,000 to 1 million barrels a day when it meets on October, 5th.

Market

	Close	%1D	%1M	%1Y
VN-Index	1,086	-4.03%	-15.16%	-18.89%
S&P 500 Index	3,678	2.59%	-6.26%	-15.58%
Dow Jones Index	29,491	2.66%	-5.84%	-13.27%
Hang Seng	17,080	-0.83%	-12.20%	-28.94%
Nikkei 225	26,736	1.98%	-3.31%	-6.01%
SHCOMP Index	3,024	-0.55%	-5.09%	-15.24%
STI Index	3,107	-0.74%	-3.08%	0.56%
KOSPI Index	2,197	1.95%	-8.80%	-27.22%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	111.65	-0.08%	1.93%	19.06%
USD/VND	23,880.00	-0.08%	-1.60%	-4.74%
EUR/USD	0.98	-0.05%	-1.09%	-15.49%
USD/CNY	7.12	0.13%	-3.17%	-9.43%
Brent	89.03	0.19%	-4.29%	9.56%
WTI	83.56	-0.08%	-3.81%	7.65%
Natural gas	6.52	0.80%	-25.77%	13.11%
Coal	401.50	-1.52%	-7.70%	76.10%
Gold	1,698.50	-0.08%	-0.70%	-4.02%



	Đóng cửa	PE	Tăng giảm	%1D	KLGD (triệu đơn vị)	GTGD (tỷ VND)
VNI INDEX	1,086.44	11.71	-45.67	-4.03	554	11,525
HNX INDEX	238.17	14.38	-12.09	-4.83	62	1,141

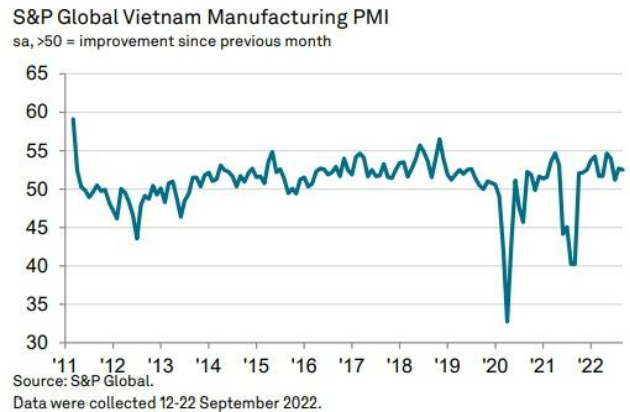
Money flow and sector rotation (VND bn)

Sector	%1D	10/3/2022	9/30/2022	20-session Average	
Basic Resources		14.90	1,007	876	1,003
Banks		4.91	1,778	1,694	1,467
Automobiles & Parts	-5.6		148	157	127
Health Care	-12.9		24	28	22
Retail	-14.5		496	580	590
Food and Beverage	-18.1		1,079	1,318	1,245
Insurance	-20.9		113	144	133
Utilities	-24.6		284	376	430
Real Estate	-32.4		1,751	2,590	2,074
Financial Services	-33.1		1,043	1,560	1,342
Industrial Goods & Services	-33.8		476	719	588
Personal & Household Goods	-34.1		176	267	184
Chemicals	-35.1		633	975	917
Construction & Materials	-36.6		648	1,022	1,055
Technology	-41.7		124	213	135
Oil & Gas	-44.5		163	294	279
Travel & Leisure	-53.2		56	119	96
Media	-82.9		1	6	6

Macro

Positive

- The Purchasing Managers' Index (PMI) in September in Vietnam reached 52.5 points, continuing to show an expanding trend although lower than 52.7 points in August, according to IHS Markit.



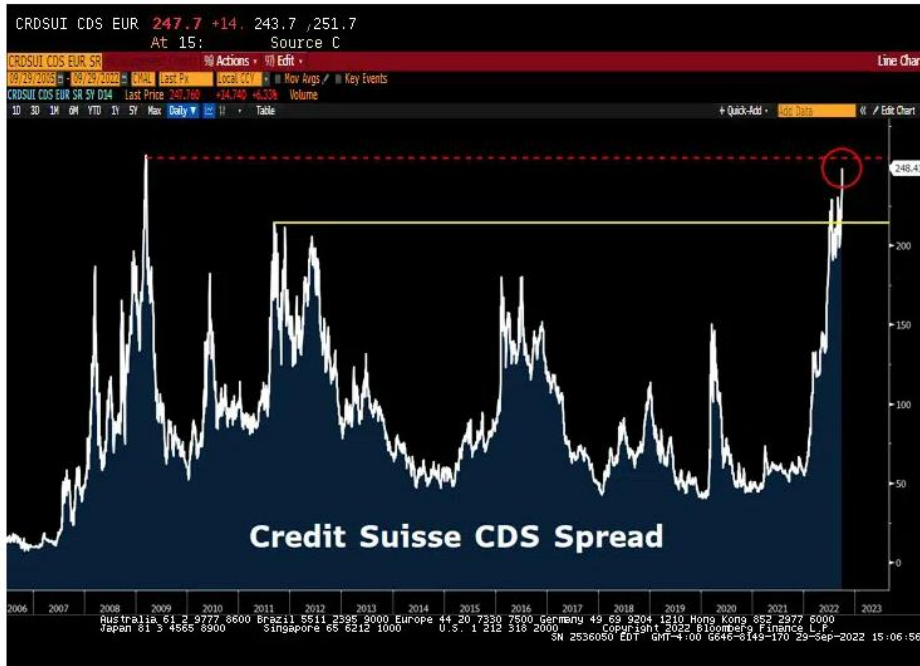
Less positive:

- The State Bank of Vietnam has increased operating interest rates since September 23rd. Accordingly, large banks began to sharply hike deposit rates.
- USD/VND exchange rate to the highest level ever.



Business news

- POW, PV Power will contribute an additional VND 107 billion to increase the capital for PV Power REC to VND 270 billion, setting a target of developing 1,000 MW of renewable energy by 2035.
 - FPT, FPT Semiconductor, a subsidiary of FPT Software under FPT Corporation have officially launched the first line of microchips applied in Internet of Things (IoT) products for the medical field. In the next two years, FPT Semiconductor plans to supply 25 million chip units to the global market. At the same time, the enterprise plans to bring to the market 7 more chip lines in 2023, serving a range of different fields.
 - FMC, 9 months' revenue reached 182 million USD, up 18% over the same period, fulfilling 79% of the year plan. The company's assessment is not equal to August and the same period last year, due to the impact of global inflation
-
- SNZ, Sonadezi announced to pay cash dividends at the rate of 10%, ex-rights date is October 4.
 - GMD, Gemadep announced to pay cash dividend at the rate of 12%, ex-dividend date is October 7th.
 - NT2, Nhon Trach 2 Petroleum Power Company announced to pay cash dividend at the rate of 6.5%, ex-rights date is October 7.
 - BCM, Becamex IDC Corp announced to pay cash dividends at the rate of 7%, ex-rights date is October 7.



Credit Suisse's CDS is at a 14-year high
Source: beincrypto.com

- On Friday, CEO Ulrich Koerner reassured employees that the bank has a strong capital base and liquidity position to deal with these risks. In addition, he added that Credit Suisse will announce a new strategic plan on October 27, according to Bloomberg.

Background



- Credit Suisse's Credit Default Swap (CDS) trading is currently at a high. Accordingly, the cost of insuring the company's bonds against default increased by about 15% last week. The move pushed Credit Suisse's CDS to a high not seen since 2009 when the stock hit a record low. This has raised doubts about whether Credit Suisse will go bankrupt.
- In fact, the Credit Suisse bankruptcy rumor doesn't seem to have come entirely from the CDS index peaking, Credit Suisse's P/B is currently at 0.22, an alarming level. The share price of Credit Suisse (CS) has also shown a sharp decline. Earlier, on August 5, Mexican media reported that the country's financial company Credito Real had started bankruptcy proceedings with a debt of up to \$ 2.6 billion, of which Credit Suisse debt accounted for a large part.
- Not only Credit Suisse, Deutsche Bank (DB) is also trading at extremely low values not seen since the 2008 financial crisis

Credit Suisse Rumors?



- In Vietnam, Credit Suisse is associated with capital arrangement for a series of large enterprises. For example, in July 2022, VinFast officially announced the signing of an International Capital Arrangement Agreement with Credit Suisse and Citigroup in providing guarantee advice for global capital raising transactions. Each signed contract has a minimum value of about 2 billion USD, focusing on the construction of a factory in North Carolina and VinFast's business investment activities in the US market..
- Novaland also has many successful fundraising rounds in the global market with Credit Suisse's capital arrangement. Some other businesses include TCB, MSN...

Impact

- The Credit Suisse bankruptcy scenario is similar to the one that Lehman Brothers had in the past and the damage would be even greater..
- Graham Stephan shared on Twitter that the \$600 billion figure is what Lehman Brothers held in assets when they crashed, but there is \$2.8 trillion (about 4.6 times more than Lehman Brothers) that Credit Suisse and Deutsche Bank are controlling in the AUM.

If the scenario of Deutsche Bank and Credit Suisse bankruptcy occurs:

- Banks could not pay off their debts – insolvent and had to sell their assets.
- If the price of these assets falls below a certain level, other banks will also have to start selling to avoid margin orders on their positions.
- This big debt relief event will create a domino effect due to mass selling and this economic crisis will spread from one market/region to another.
- *The risk of weak indicators of the Bank is there, but to conclude that the bank is bankrupt is not yet, and it is necessary to follow more upcoming developments, when CEO Ulrich Koerner will announce a new strategic plan.*



Trend: Pessimistic sentiment dominates

- The pessimistic sentiment continued to dominate investors, so selling pressure increased and pushed the index into red. The panic spread, causing many sectors and stocks to drop to the floor, even the blue chips in the VN30 basket also hit the floor today, Vnindex had to lose 1,100 points to close at 1,086 points. Although the selling force was strong, the liquidity was not really high. The bright spot is that the RSI has fallen below the threshold of 20, rarely when the RSI hits the oversold level so low, most recently during the Covid period in early 2020. Therefore, the oversold zone has been confirmed, hopefully when the psychology is stable, the cash flow will participate better to help the market find a balance point.

Scenarios:

- Positive (40%): The index reacted well when retesting near 1,100 points and gaining momentum to 1,150 - 1,160 points. However, do not rush to open a position if the reversal signal is not clear, the recovery period to lower the proportion of stocks.
- Less positive (60%): The index broke through 1,100 points and the medium-term retracement wave was breached. At this time, the falling momentum can find the area of 1,025-1000 points.

Recommended portfolio

Updated date **04/10/2022**

Unit: thousand VND

Today's watchlist											
	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals			
VGI	Watch						30.5	Make a bottom before the market, bounce above MA20			
VHC	Watch						84.9	Hold MA50 week			
BCM	Watch						90.6	Hold MA10 week, retesting old peak successfully			
Trading portfolio											
Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note

October 2022

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
25	26	27	28	29	30	1
2	3	4	5	6	7	8
	ISM Manufacturing PMI (US)	JOLTS Job Openings (US)	OPEC Meetings ADP Non-Farm Employment Change. ISM Services PMI (US)	BOJ Gov Kuroda Speaks	Unemployment Rate (US)	
9	10	11	12	13	14	15
	CPI, PPI (China)	GDP (UK) PPI (US)		FOMC Meeting CPI, core CPI (US)	Retail Sales (US), Prelim UoM Consumer Sentiment	Treasury Currency Report (US)
16	17	18	19	20	21	22
IMF Meetings	ETF VFM VN30, SSIAM VNFin Lead ETF & VFMVN Diamond ETF Review		CPI, core CPI (UK)	Deadline for submission of 3rd quarter financial statements Maturity of Derivatives Contracts Flash PMI (German, French, UK)	FDI announcement	
23	24	25	26	27	28	29
			BOC Press Conference, Monetary Policy Report and Rate Statement	ECB Press Conference, Monetary Policy Statement		
30	31					
ETF VNM VN30 changes the proportion of the portfolio						



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Q&A



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