



Shinhan
Securities

MORNING CALL

February 23th, 2023

“Beware of Bullish Trap, index retreats to test important support”

- ❑ Global stocks fell, the fear of high interest rates returned
- ❑ Domestic stocks continued to plummet with high order matching
- ❑ Fed continued to raise interest rates, updated information on FOMC meeting minute
- ❑ Technical view and recommendations
- ❑ Economic calendar
- ❑ Q&A

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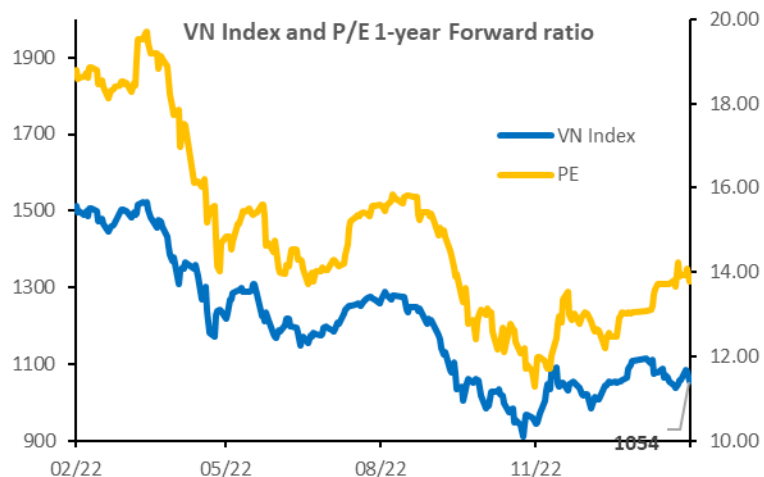


Major stock markets fell, the Fed continued to raise interest rates

- The Dow Jones finished 84 points lower on Wednesday, and the S&P 500 dipped 0.1% while Nasdaq 100 lost 0.1%, as investors digested the last Federal Reserve meeting minutes. European equity markets closed in the red Wednesday, with the benchmark Stoxx 600 down 0.4% as downbeat earnings reports dragged down mining stocks and banks while media stocks rose. Anglo-Australian mining firm Rio Tinto reported lower profits and said it would more than halve its dividend, pushing miners down by over 2%.
- Asian bourses came under heavy selling pressure on Wednesday, mirroring overnight losses in Wall Street, with investors fretting about the global economy's health as central banks move aggressively to tamp down inflation.
- Fed continued to raise interest rates.** Almost all FOMC participants agreed that it was appropriate to raise the target range for the federal funds rate by 25bps at the first monetary policy meeting of 2023, although a few officials favored raising it by 50bps, minutes from the last meeting showed. Also, all participants continued to anticipate that ongoing increases would be appropriate until data provided confidence that inflation was on a sustained downward path to 2%, which was likely to take some time. Participants noted that recent inflation data showed a welcome reduction in the monthly pace of price increases but stressed that substantially more evidence of progress across a broader range of prices would be required to be confident that inflation was on a sustained downward path. The Fed raised the target range for the fed funds rate by 25bps to 4.5%-4.75% in its February 2023 meeting, dialing back the size of the increase for a second straight meeting but still pushing borrowing costs to the highest since 2007.
- WTI crude futures plunged more than 3% to below \$74 per barrel on Wednesday, a level not seen in over two weeks, as fears of a demand-sapping global recession continued to hang over the market. Stronger-than-expected US employment and consumer prices data fanned concerns of more Federal Reserve interest rate hikes that could weigh on demand at a time when inventories continue to rise.





Market	Close	%1D	%1M	%1Y
VN-Index	1,054	-2.58%	-4.86%	-30.29%
S&P 500 Index	3,991	-0.16%	0.46%	-7.29%
Dow Jones Index	33,045	-0.26%	-0.99%	-1.64%
GP 100	7,931	-0.59%	1.87%	5.77%
Nikkei 225	27,104	-1.34%	0.74%	2.48%
SHCOMP Index	3,291	-0.47%	0.81%	-5.67%
STOXX 600	462	-0.33%	1.70%	1.84%
KOSPI Index	2,427	0.40%	1.34%	-10.74%
Hang Seng	20,424	-0.51%	-7.35%	-13.68%

Currency & Commodity	Close	%1D	%1M	%1Y
Dollar Index	104.59	0.39%	2.52%	8.91%
USD/VND	23,741.00	-0.08%	-1.23%	-3.92%
EUR/USD	1.06	0.03%	-2.43%	-6.18%
USD/CNY	6.89	-0.19%	-1.57%	-8.22%
Brent	80.60	-2.95%	-8.02%	-16.77%
WTI	74.05	0.14%	-9.27%	-19.60%
Natural gas	2.14	-1.52%	-37.89%	-53.69%
Coal	209.65	0.55%	-40.26%	-11.26%
Gold	1,824.03	-0.07%	-5.54%	-4.45%



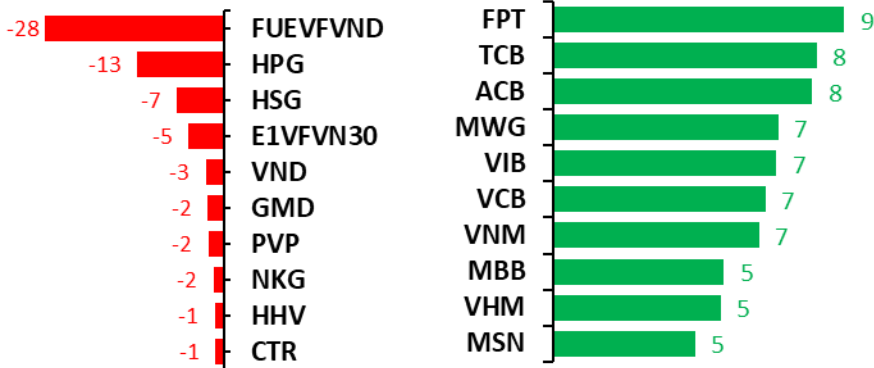
	Close	PE	Difference	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI INDEX	1,054.28	13.68	-27.95	-2.58	741	11,603
HNX INDEX	209.96	18.61	-4.12	-1.93	113	1,796

Money flow and sector rotation (VND bn)

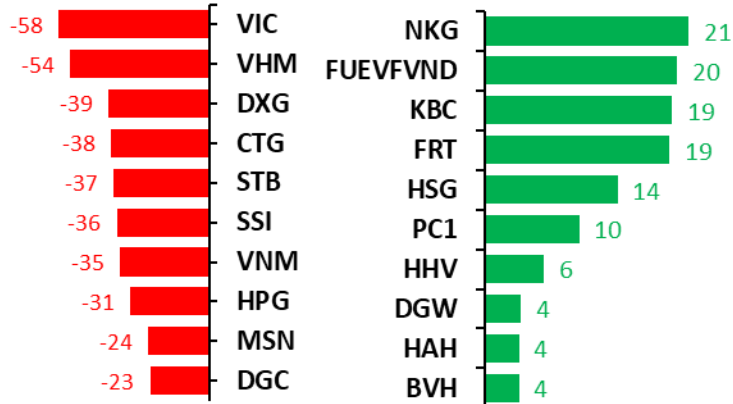
Sector	%1D	2/22/2023	2/21/2023	20-session Average	
Media		62.42	5	3	1
Basic Resources		50.76	1,788	1,186	1,144
Financial Services		37.24	1,676	1,221	1,118
Retail		27.29	364	286	292
Industrial Goods & Services		26.16	635	504	440
Travel & Leisure		17.98	59	50	57
Real Estate		14.98	2,148	1,868	1,558
Oil & Gas		10.83	234	211	127
Utilities		9.03	218	200	184
Food and Beverage		8.95	691	635	710
Chemicals		0.09	422	422	403
Banks		-4.8	1,938	2,036	2,213
Technology		-6.3	78	83	91
Health Care		-6.9	15	16	15
Personal & Household Goods		-9.6	105	116	121
Construction & Materials		-13.5	1,060	1,226	729
Insurance		-18.3	39	48	46
Automobiles & Parts		-27.9	122	170	87

Source: Bloomberg, Shinhan Securities Vietnam

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)

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Source: Fiinpro, Shinhan Securities Vietnam

Macro

Positive

- Prime Minister: Must disburse at least 95% of more than 711 trillion VND of public investment capital in 2023.
- According to the General Department of Customs, in the first half of February 2023, Vietnam exported 76,934 tons of rubber, equivalent to 108.55 million USD, up 95% in volume and 55% in value over the same period in 2022.

Less positive

- Russia suspended the nuclear arms control treaty (New START) with the US.
- Asian central banks may need to continue raising interest rates if core inflation has not shown signs of cooling down to target, according to the International Monetary Fund (IMF).
- In January 2023, Vietnam's seafood export turnover reached 456 million USD, down 48% over the same period in 2022.
- According to VBMA's statistics, in 2023, there will be about VND 285,000 billion of bonds to maturity. It is expected that in February 2023, the value of mature corporate bonds will be more than 5,200 billion VND, all of which are corporate bonds issued by private placement.



Business news

- VCB, Collateral at Vietcombank exceeded 2 million billion VND, real estate accounted for nearly 74%. In 2022, the amount of real estate mortgaged at Vietcombank increased by nearly 397,000 billion VND, to more than 1.56 million billion VND.
- BID, By the end of Q4/2022, BIDV's total outstanding loans to customers reached more than VND 1.5 million billion. In which, bad debt reached more than VND 17,600 billion, an increase of nearly VND 4,300 billion over the same period. In particular, potentially losing debt increased from 7,283 billion VND to 11,760 billion VND, equivalent to 61.4% over the same period.
- VBB, In the fourth quarter, most of VietBank's operations declined. Profit after tax in the quarter fell sharply by 52.45% over the same period to VND 100,395 billion.

In the whole year of 2022, VietBank's pre-tax profit was only VND 649 billion, a slight increase of 2.1% over the same period. Notably, this bank's bad debt as of December 31, 2022 has increased by 26% compared to the beginning of the year to VND 2,324 billion, corresponding to the ratio of bad debt to credit balance still maintained at a high level of 3.65 %. In particular, debt that is likely to lose capital (group 5) has nearly doubled compared to the end of 2021 to VND 1,814 billion.

- NVL, Novaland announced late payment of interest and principal of 2 bond lots worth more than 1,000 billion VND.
- HPG, the Board of Directors plan to submit to the General Meeting of Shareholders for approval the production and business plan in 2023 with an expected revenue of VND 150,000 billion, an increase of 6% compared to the implementation in 2022 and a plan of profit after tax of VND 8,000 billion, 5% reduction compared to the implementation in 2022 is more than 8,400 billion.

In addition, the Board of Directors proposed that the remainder of the accumulated undistributed after-tax profit as of December 31, 2022, after setting aside funds, would be left to use for production and business activities of the Company. That means no dividend in 2022.



Business news

- VSC, Viconship have just announced the documents of the 2023 Annual General Meeting of Shareholders
 - ✓ Regarding the business plan, considering that the market still has many risks, VSC sets a revenue target of VND 2,250 billion in 2023, an increase of 12% compared to the implementation in 2022. VSC's 2023 output targets are all increased compared to implemented in 2022. However, pre-tax profit is expected to decrease by 45% to VND 260 billion.
 - ✓ Regarding the profit distribution plan, VSC plans to propose to shareholders the dividend rate in 2023 at 10%. For 2022, dividends will be paid in both cash and shares totaling 20%.
 - ✓ Regarding the capital increase plan, VSC plans to submit to approve the plan to issue more shares to existing shareholders at a ratio of 1:1 in 2023 to double its charter capital, from VND 1,200 billion to more than VND 2,400 billion.
- BWE, Biwase have just announced January business results with VND 227 billion in revenue, down 42%, profit after tax of VND 59 billion dong, down 25% compared to the same period last year.

The company said that in January last year, the company had VND 40 billion in revenue from wastewater treatment and VND 103 billion in other revenue while in January this year it had not recorded VND 37.4 billion from the waste treatment field because of waiting complete the procedure.

- MSN, Masan successfully mobilized VND 700 billion from bond channel. As of February 20, 2023, Masan's bond outstanding was VND 20,200 billion.

On March 17, 2023, MSN plans to offer two more bond lots, MSNH2328001 (VND 2,000 billion) and MSNH2328002 (VND 2,000 billion), both with a term of 60 months.

- BAF wants to use shares of 2 subsidiaries to raise VND 900 billion of bonds.
- DIG, DIC Corp approved the dissolution of DIG Aquarium JSC.
- PGC, Gas Petrolimex set profit targets to increase slightly by 5% to VND 168 billion for 2023.



Trend: Increased risk

- The market opened and created a gap down at the beginning of the session with selling pressure dominating. Although there was still demand at low prices during the session, sellers almost completely dominated pushed the index to close in red with the lowest price of the session. This shows that the selling force was quite active. The MACD showed signs of turning down along with the RSI also dropping below 50, meaning that the money flow is weakening. With today's sharp drop, the index has negated the bullish candlestick pattern on February 20, which means that the uptrend has been violated and the trading risk becomes higher. Currently, the area around 1,050 points acts as a short-term support, so the market will have a signal of balance or pullback from here. However, as assessed, it is very likely that a bull trap appears. Therefore, the appropriate strategy is to lower the weight and stay out of the observation.

Scenarios:

- Positive (40%): The index balanced above 1,040 points and created a recovery pace to 1,080 points, more optimistic than 1,100 points.
- Less positive (60%): The index losing the support level of 1,040 points might drop to retest the psychological level of 1,000 points and lower to the area of 950 points.

23/2/2023

Unit: thousand VND

Today's watchlist										
	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals		
BSR	Watch							Waiting to test the 20-day MA		
VCG	Watch							Waiting to test the 20-day MA		
BCC	Watch							Retest the old peak		
HPG	Watch							Waiting to test the 20-day MA		
PC1	Watch							Retest the old peak		

Trading portfolio											
Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note
LTG	Hold	27.5	30	25.5	9%	-7%	28.3	3	-2.18%	20/02/2023	
C4G	Hold	11.5	14	10.5	22%	-9%	11.9	3	0.00%	20/02/2023	

February 2023

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
29	30	31	1 FOMC Statement (US) Federal Funds Rate (US) ISM Manufacturing PMI (US) OPEC-JMMC Meetings	2 BOE Monetary Policy Report (UK) Monetary Policy Statement (Euro)	3 Non-Farm Employment Change, Unemployment Rate, ISM Services PMI (US)	4
5	6 RBA Rate Statement (Australia)	7	8	9	10 GDP m/m (UK) Prelim UoM Consumer Sentiment (US)	11
12	13	14 CPI, Core CPI (US)	15 CPI m/m (UK) Retail Sales m/m (US)	16 Derivatives contract maturity PPI, Core PPI (US)	17	18
19	20 Flash Manufacturing and Services PMI (UK)	21 Flash Services and Manufacturing PMI (US) CPI y/y (Canada)	22 FOMC Meeting Minutes (US)	23 Prelim GDP q/q (US)	24 Core PCE Price Index m/m (US)	25
26	27	28 Vietnam macro data GDP m/m (Canada) CB Consumer Confidence (US) CPI, GDP (Australia)	1	2	3	4



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