MORNING CALL
30/10/2023

“The potential for further declines is still there”

- World stocks: Mixed developments
- Vietnam stocks: The potential for further declines is still there
- Business news: #FLC, #VIC, #PVD, #HPG, #STB, #KLB
- Key highlights: Convertible bonds – Cause of VIC group's sharp decline
- Technical perspective and updated recommendations
- Event calendar
- Q&A

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Global Market Review 30/10 – 03/11/2023

Major stocks market

- Last week, the S&P 500 lost 2.53% and fell into correction territory being down 10.63% from its 2023 high. The Nasdaq Composite also tumbled 2.62% last week and was down 12.48% from its year-to-date high, while the Dow dropped 2.14%.Those losses came as stronger-than-expected US economic data, elevated Treasury yields and mixed corporate earnings reports weighed on equities. Meanwhile, the Fed is widely expected to hold interest rates steady on Wednesday, but could reiterate its higher-for-longer outlook on monetary policy. Personal spending in the United States rose by 0.7% from a month earlier in September 2023, following a 0.4% increase in August and beating the market consensus of a 0.5% advance.
- European equity markets extended their losses on Friday afternoon, with Frankfurt's DAX 40 falling to a fresh 10-month low of 14,675 points. Additionally, the pan-European STOXX 600 dropped 0.9% to 429 points, which is also the lowest level since early January, as investors assessed a slew of corporate earnings reports
- The Nikkei 225 Index fell 1.3% to around 30,600 while the broader Topix Index lost 0.9% to 2,234 on Monday, reversing gains from the previous session as investors braced for the Bank of Japan's monetary policy decision this week. Japan's core inflation rate remained above the central bank's target for the eighteenth straight month in September, keeping the BOJ under pressure to normalize monetary policy.
- WTI crude futures rose above $84.5 per barrel on Friday but were still set to lose about 4% this week amid easing concerns of a wider conflict in the Middle East and signs of weakening demand in the US

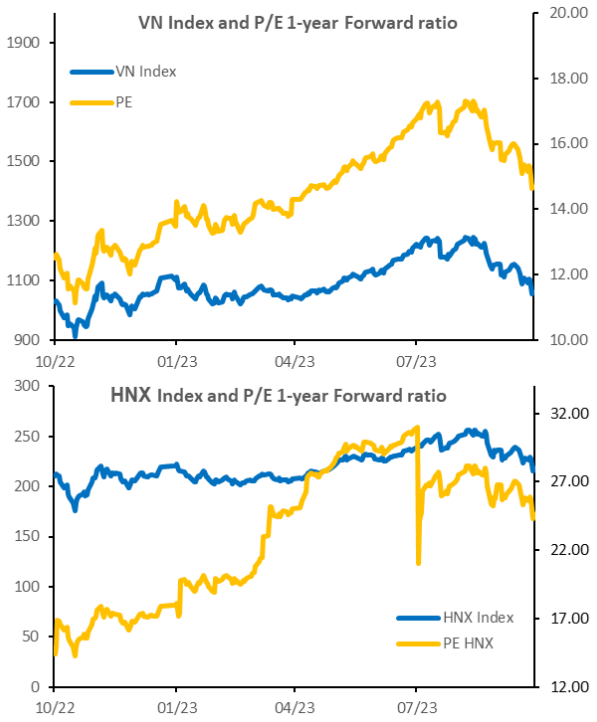
Market

	Close	%1D	%1M	%1Y
VN-Index	1,061	0.49%	-8.10%	3.24%
S&P 500 Index	4,117	-0.48%	-3.98%	5.54%
Dow Jones Index	32,418	-1.12%	-3.25%	-1.35%
GP 100	7,291	-0.86%	-4.16%	3.46%
Nikkei 225	30,641	-1.13%	-3.82%	13.05%
SHCOMP Index	3,018	0.99%	-2.98%	3.49%
STOXX 600	430	-0.84%	-4.58%	4.58%
KOSPI Index	2,305	0.11%	-6.48%	1.62%
Hang Seng	17,399	2.08%	-2.31%	17.06%

Currency & Commodity

	Close	%1D	%1M	%1Y
Dollar Index	106.61	0.05%	0.41%	-3.74%
USD/VND	24,569.00	0.01%	-0.87%	1.09%
EUR/USD	1.06	-0.03%	0.81%	6.88%
USD/CNY	7.32	-0.01%	-0.08%	-1.21%
Brent	89.76	-0.80%	-5.82%	-6.28%
WTI	84.85	-0.81%	-6.54%	-3.47%
Natural gas	3.37	-3.36%	14.92%	-40.78%
Coal	134.25	-0.44%	-16.28%	-65.18%
Gold	2,003.82	-0.13%	9.62%	22.67%

Vietnam Market Snapshot 27/10/2023



Money flow and sector rotation (VND bn)

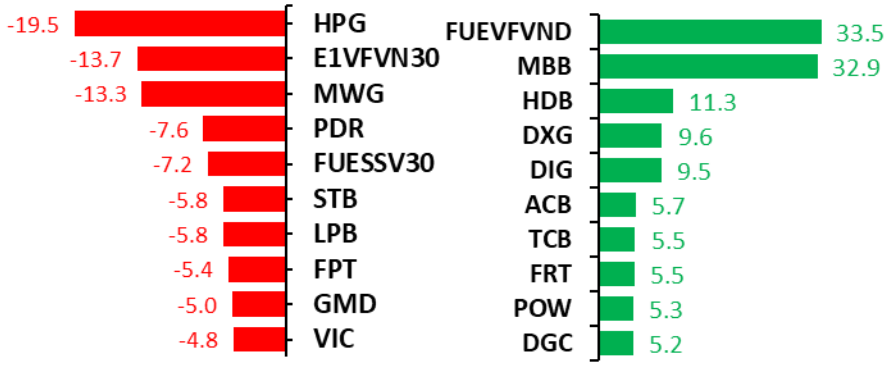
Sector	%1D	10/27/2023	10/26/2023	20-session Average
Travel & Leisure	-14.0	93	108	110
Real Estate	-15.5	3,755	4,446	2,581
Automobiles & Parts	-27.2	144	198	128
Food and Beverage	-28.2	918	1,279	853
Personal & Household Goods	-40.0	88	147	115
Insurance	-43.7	23	40	20
Oil & Gas	-47.1	216	409	238
Construction & Materials	-49.1	733	1,441	1,020
Basic Resources	-49.9	668	1,334	873
Health Care	-50.1	16	32	22
Financial Services	-52.5	2,104	4,430	2,533
Utilities	-52.6	119	252	160
Banks	-52.6	1,771	3,737	1,932
Industrial Goods & Services	-56.8	602	1,395	909
Retail	-60.4	355	896	582
Chemicals	-62.9	468	1,262	891
Technology	-65.9	185	541	267
Media	-72.2	7	25	7

Source: Bloomberg, Shinhan Securities Vietnam

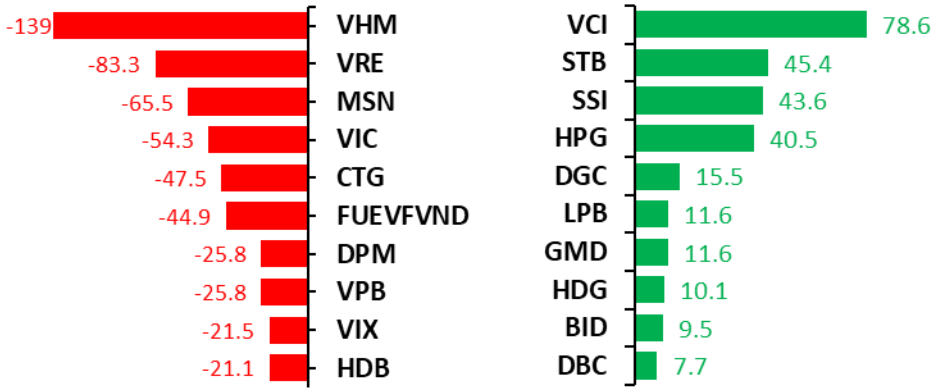
	Close	PE	Change	%1D	Trading volume (mn stocks)	Trading value (VND bn)
VNI NDEX	1,060.62	14.70	5.17	0.49	575	12,270
HNX INDEX	218.04	24.68	3.06	1.42	85	1,362

Vietnam Market Snapshot 27/10/2023

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	25	(302)	333	(31)
Basic Resources	(16)	28	(20)	(9)
Media	-	(0)	(0)	0
Industrial Goods & Services	(3)	14	2	(16)
Health care	-	(2)	(0)	2
Chemicals	10	(6)	42	(36)
Financial Services	11	51	(78)	27
Travel & Leisure	1	(3)	6	(3)
Banks	46	(69)	46	23
Construction & Materials	4	14	67	(81)
Food and Beverage	(4)	(69)	86	(18)
Retail	(4)	(2)	(21)	23
Utilities	6	(14)	7	8
Personal & Household Goods	(1)	1	8	(9)
Technology	(5)	(0)	24	(24)
Automobiles & Parts	-	1	(3)	2
Insurance	(1)	9	(7)	(2)
Oil & Gas	(0)	(0)	27	(27)

Source: Fiinpro, Shinhan Securities Vietnam

Breaking News

Macro

- Exports pick up, trade surplus tops $24 billion. After a sudden decline in September, exports rebounded in October. Notably, the growth rate of domestic businesses continued to be higher than that of foreign-invested enterprises. According to data released by the General Statistics Office on October 29, the total value of exports and imports of goods in October 2023 was estimated at $61.62 billion, up 4.1% from the previous month and up 5.6% from the same period last year. In the first 10 months of 2023, the total value of exports and imports of goods reached $557.95 billion, down 9.6% from the same period last year, with exports down 7.1% and imports down 12.3%.

- Industry continues to grow, with many key sectors reporting high production indexes. Industrial production in October 2023 continued its positive trend, growing 5.5% from the previous month and 4.1% from the same period last year. With this result, industrial production after 10 months has "emerged" from negative growth. In particular, compared to the same period last year, the processing and manufacturing industry grew 4.9%; the mining industry fell 5.7%; the electricity generation and distribution industry grew 5.6%; and water supply, waste management and wastewater treatment grew 5.2%.

- Gold prices rise sharply on Friday, breaking above $2,000 an ounce. Gold prices rose sharply in Friday's trading session, breaking above $2,000 an ounce after being held back below this key level for several days. This was due to demand for safe haven assets amid geopolitical risks in the Middle East and as investors awaited the Federal Reserve's monetary policy meeting next week. Gold prices in Vietnam rebounded to the 71 million dong per tael mark on Friday morning, even though they rose more slowly than international gold prices..

Business news

- FLC: Vietnamese police announce results of investigation into securities fraud case. The Vietnamese police have announced the results of their investigation into a securities fraud case involving FLC Group, a major conglomerate in Vietnam. The investigation found that FLC Group's chairman, Trịnh Văn Quyết, and his sister, Trịnh Thị Minh Huế, along with other accomplices, manipulated the stock market for five stocks: AMD, HAI, GAB, FLC, and ART. The group made an illegal profit of 723.3 billion Vietnamese dong (US$30.7 million) from these transactions.

- VIC: Vingroup's market capitalization falls below Vietcombank's. Vingroup Group, once one of the most valuable companies on the Vietnamese stock market, has seen its market capitalization fall below that of Vietcombank, the country's largest bank. As of October 29, 2023, the total market capitalization of Vingroup Group's companies, including VEFAC, is only around 400 trillion Vietnamese dong (US$17.1 billion), accounting for about 6% of the total market value. Vingroup Group's market capitalization began to stagnate and decline significantly from the beginning of 2022. As of October 29, 2023, Vingroup's market capitalization is only 171 trillion Vietnamese dong (US$7.7 billion), the lowest level in six years. Vinhomes' market capitalization has even fallen to its lowest level since its IPO, at 159 trillion Vietnamese dong (US$7.4 billion). These numbers are less than half of their peak levels.

- PVD: PV Drilling reports over VND430 billion in profit in the first 9 months of the year, exceeding 200% of profit target. PV Drilling (PVD) reported a profit of over VND430 billion (US$19.2 million) in the first 9 months of 2023, exceeding its profit target by 200%. In the third quarter alone, PV Drilling reported a net profit of VND133 billion (US$5.9 million), an improvement from the loss of VND52 billion (US$2.3 million) in the same quarter of last year.

Breaking News

Business news

- HPG: Hoa Phat reported a profit of 2,000 billion VND in the third quarter of 2023. Accumulated in the first 9 months of 2023, Hoa Phat recorded 85,430 billion VND in revenue, and after-tax profit reached 3,830 billion VND, down 27% and 63% respectively compared to the same period last year. Accordingly, in the third quarter of 2023, Hoa Phat Group achieved revenue of 28,766 billion VND, down 16% over the same period last year. Profit after tax recorded 2,000 billion VND, while the same period last year lost 1,786 billion VND. Compared to the previous quarter 2/2023, HPG's profit after tax has grown by 38%.
- KLB: KienlongBank maintained the bad debt ratio below 2% in the first 9 months of the year, third quarter business results were stable. Kien Long Commercial Joint Stock Bank (KienlongBank, UPCoM: KLB) has just announced its Consolidated Financial Report for the third quarter of 2023 with quite positive results. Specifically, in the third quarter of 2023, KienlongBank's pre-tax profit reached 237.2 billion VND. Accumulated for 9 months, pre-tax profit reached 639 billion VND, recorded positively compared to the same period in 2022 due to increased scale. Total consolidated assets and total capital mobilization reached VND 85,553 billion and VND 75,439 billion, respectively.
- STB: Sacombank has recovered a total of 90,800 billion VND of bad debt, pre-tax profit in the first 9 months of the year reached 6,840 billion VND. Compared to the same period last year, Sacombank's profit increased by 54% and completed 72% of the yearly plan. Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank - stock code STB) has just announced that it has entered the top 50 most profitable enterprises in Vietnam organized by Vietnam Report in collaboration with Vietnamnet electronic newspaper. By the end of September 2023, Sacombank's pre-tax profit reached 6,840 billion VND, an increase of more than 54% over the same period last year, completing 72% of the plan; Total consolidated assets reached more than 651,000 billion VND, up 10% compared to the beginning of the year; The scale of mobilization and lending both grew positively.

Key highlights: Convertible bonds – Cause of VIC group's sharp decline

Vingroup thông tin về thương vụ phát hành trái phiếu và cổ phiếu Vinhomes giảm sàn

13:39 | 26/10/2023 Thích 0 Chia sẻ

Cổ phiếu VHM là mã tác động tiêu cực nhất lên thị trường chứng khoán phiên sáng nay khi giảm sàn về 41.800 đồng/cp ngay đầu phiên.

TABLE OF ESTIMATES FOR CONVERTIBLE BOND VALUE

	2023	2024	2025	2026	2027	2028	
PV	-32.91	<----------				53	**FV**
Market Price	41	---------->				66.03	**FV**
Gain	8.09					13.03	
Rate	10%/year						

INFORMATION ABOUT VINGROUP'S BONDS ISSUANCE DEAL

- Vingroup said that on the evening of October 25, Vingroup Group offered to sell a maximum of 300 million USD in convertible bonds, due in 2028.
- Bond interest rates range from 9.5% – 10%/year and interest is paid quarterly. This is a bond with the option to receive Vinhomes shares, with option exercise prices ranging from 51,635 VND – 53,880 VND/share.
- This is the first exchangeable bond in the international market of a Vietnamese enterprise in 2023.

Technical view

Trend: Decrease

- VNINDEX closed at 1,060.6 points (+5 points, +0.49%) with liquidity equal to the 20-session average. The market increased with 309 green codes and 165 red codes. Foreign investors continued to be net sellers for the 5th consecutive session with relatively large liquidity, with light self-trading and net buying. The group of sharply falling stocks contributing to the decline of VNINDEX includes VHM, MSN, and BID GAS, which are the two leading stocks in the market. Most industry groups had a slight recovery.
- Technical view: VNINDEX formed a very long withdrawal candle in last Friday's trading session. During the session, the index's lowest level was 1037 and ended the session at 1060. It is forecast that this week the market will have a slight recovery to the 1070 area and then will continue sideways. Specifically, we expect the market to sideways in the range of 1030-1080 like the beginning of 2023. That means the market can absolutely fall further to the 1030 area. In general, the main trend is currently down since September. The possibility of the market returning to an immediate uptrend is quite low when investor psychology is still very cautious.
- Strategy: Investors should stand aside and observe, and cut loss on stocks that have violated support.

Scenario:

- Positive (70%): The market will move sideways in the range of 1030-1080
- Less positive (30%): The market will breach the 1030 zone and return to the 1000 zone.

Recommended stocks

30/10/2023

Unit: VND thousand

Today's watchlist

Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	Signals

Trading portfolio

Ticker	Recommendation	Buying price (+/- 1%)	Target	Cut loss	Upside	Downside	Current price	T+	Profit/Loss	Date	Note

Economic calendar

October 2023

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2 ISM Manufacturing PMI SEP	3 JOLTs Job Openings AUG	4 ISM Services PMI SEP	5	6 Non Farm Payrolls SEP Unemployment Rate SEP	7
8	9	10	11 PPI MoM	12 Inflation Rate MoM SEP FOMC Minutes	13 Unemployment Rate (US)	14
15	16 Ho Chi Minh City Stock Exchange (HoSE) announce the results of the review of the VNDiamond index	17 US Retail Sales	18 China Industrial Production YoY SEP China Retail Sales YoY SEP	19 Fed Chair Powell Speech Expiration of futures contract VN30F1M	20 Japan inflation rate YoY	21
22	23	24	25 New home sales	26 US GDP Growth Rate QoQ	27 Core PCE Price Index Sep MoM Personal Income MoM SEP	28
29	30	31	1 US ISM Purchasing Managers Index (PMI)	2 FED's interest rate decision	3 US unemployment rate Non-agricultural payroll	4

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Q&A

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