



VIETNAM DAILY NEWS



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Market Analysis

1. Markets diverge, large caps on HoSE slump

Shares moved in an opposite direction on the two national stock exchanges yesterday with the VN-Index falling slightly without the support of large-cap stocks.

On the Ho Chi Minh Stock Exchange, the VN-Index edged down 0.04 per cent to close at 1,492.10 points while it increased by more than 1.4 per cent on Tuesday.

The slump of some major stocks was attributable to the market downturn.

None of the top 10 biggest shares by market value on the southern bourse gained while seven lost value, which were the ones dragging the VN-Index most.

The losers included Vingroup (VIC), PV Gas (GAS), lender BIDV (BID), Masan Group (MSN), Vinamilk (VNM), Vietinbank (CTG) and Techcombank (TCB) with decreases of between 0.4 per cent and 2.5 per cent.

Overall, the market breadth was positive with the number of gainers outnumbering losing ones by 250:184. The other 78 closed flat.

Regarding sectors, 21 out of 25 groups of stocks moved on the positive side with the most prominent gainers coming from the insurance sector with an average gain of 3.1 per cent and real estate-construction sector with an average gain of 2.1 per cent, according to data on vietstock.vn.

Development Investment Construction (DIG) and Bao Viet Holdings (BVH) were the top two shares positively affecting the VN-Index most. While DIG

hit the ceiling price of a 7-per-cent growth, BVH rose 4.7 per cent.

Liquidity improved slightly but remained nearly the lowest in the past seven sessions with 702.5 million shares worth more than VND20 trillion (US\$870 million) being traded.

According to analysts at Viet Dragon Securities Co (VDSC), though the strong selling pressure has stopped and the market has returned to the state of exploration with low liquidity, the level of recovery was still low and money flow was still cautious in general.

“It is expected that the VN-Index will continue to probe supply and demand in the next session and the resistance area of 1,500 points may continue to put pressure on the market,” Phuong Nguyen, VDSC’s analyst, wrote in a note.

She advised investors to slow down to observe the market and consider the risk of each group as the market state is no longer as stable as before.

In contrast, the HNX-Index on the Ha Noi Stock Exchange extended gains to a second day, gaining 1.25 per cent to end the session at 429.12 points.

Liquidity exploded here with 83.3 million shares worth VND2.4 trillion changing hands, a jump of 59 per cent in volume and 71 per cent in value compared to the previous session.

After a strong buying session on Tuesday, foreign traders were net sellers on both exchanges, offloading shares worth a total net sell value of nearly VND23 billion.

Macro & Policies

2. Seafood stocks expected to grow in 2022 on bullish outlook

With a relatively attractive valuation and a bullish industry outlook, seafood stocks are expected to grow positively in 2022.

The prospect of the seafood industry in 2022 is expected to continue to be optimistic, with export turnover forecast to reach US\$9 billion, An Binh Securities Joint Stock Company said.

According to analysts, the recovery and reopening of the global economy, especially in the US and Europe, thanks to the promotion of vaccinations, will boost demand for Vietnamese seafood exports.

The seafood sector also benefits from multilateral and bilateral trade agreements. As the EU-Viet Nam Free Trade Agreement (EVFTA) comes into effect, some shrimp products exported to the EU with a tariff rate of 12-20 per cent will be reduced to 0 per cent, such as frozen black tiger shrimp.

This will reflect in the positive upcoming business results of seafood exporters in the fourth quarter of 2021 and the whole of 2022.

In addition, as stock valuation is not high, the seafood industry is still attractive to investors.

On the stock market, except for Vinh Hoan Corporation (VHC), seafood stocks witnessed a strong correction in January after surging last year, with Minh Phu Seafood Corporation (MPC) down 15 per cent, Navico (ANV) dropping 25 per cent, Camimex Group (CMX) down 33 per cent and Sao Mai Group Corporation (ASM) down 27 per cent. However, these stocks started to recover and gained quite sharply from the beginning of February.¥

Especially, on February 14, while the market benchmark VN-Index dropped nearly 30 points, seafood was one of the rare stock groups posting positive performance.

Of which, VHC and ANV hit the ceiling price of 6.9 per cent, while many other stocks rose such as I.D.I International Development & Investment Corporation (IDI) up 6.5 per cent, Cuu Long Fish JSC (ACL) up 5 per cent, and CMX up 4.4 per cent.

Bullish results

Despite difficulties, especially during many months of social distancing due to the pandemic, the seafood industry has experienced a successful year in 2021.

Most businesses in the industry recorded positive business results in the past year, with revenue and profit margins increasing thanks to the recovery of export seafood prices.

In the last quarter of 2021, the leading exporter of the industry, Vinh Hoan, posted consolidated net revenue of VND2.69 trillion, up 33.8 per cent over the same period in 2020, resulting in a gain of 175 per cent in profit after tax to VND461.2 billion. This was the company's highest quarterly profit since mid-2018.

For 2021, Vinh Hoan saw net revenue of VND9.05 trillion with profit after tax reaching VND1.1 trillion, up 28.6 per cent and 54.3 per cent on-year, respectively.

Sao Ta Foods JSC(FMC) also reported good results in the last quarter of 2021. The company's revenue exceeded the milestone of over VND1.44 trillion, while its profit after tax reached over VND110 billion; up 19.4 per cent year-on-year and 73.4 per cent, respectively.

For the whole of 2021, Sao Ta Foods posted record revenue of nearly VND5.2 trillion, while its profit after tax also hit an all-time high at VND285.6 billion.

Similarly, Camimex Group reported revenue in the fourth quarter of 2021 double the same period of 2020 and profit increased 23.6 per cent over 2020 to VND23.78 billion.

For 2021, the company's net revenue jumped 53.7 per cent to VND2.19 trillion, with profit after tax up 38 per cent to VND82.9 billion.

Meanwhile, Minh Phu Seafood, which has yet to announce the fourth quarter's consolidated financial statements, would like to extend the deadline for submitting business results until February 25.

In the first nine months of the year, Minh Phu recorded net revenue of VND8.9 trillion, up 11 per cent year-on-year, with profit after tax of VND565.6 billion, up 19.1 per cent. In 2021, Minh Phu targeted a revenue of VND15.7 trillion, with profit after tax of VND1.09 trillion.

According to a report from SSI Securities Corporation, the industry's average price to earnings ratio (P/E) increased to 11-13x in 2021, from 7-9x.

3. Agricultural exports expected to surge this year

A lot of agricultural exports have taken place after the Tet (Lunar New Year) holidays to difficult markets like Japan, South Korea and Australia, giving exporters hope for a successful year.

Nguyen Van Thu, director of GC Food Company in Dong Nai Province, said his firm shipped a container of aloe vera and coconut jelly on the first day after the holidays, which ended on February 6.

He targets total exports of VND350 billion (US\$15.2 million) this year, up 67 per cent from 2021.

"To achieve the plan, our company will build one more agricultural produce freezing factory at a cost of VND100 billion to improve preservation of goods for export to markets such as Japan, South Korea and the Middle East."

Nguyen Dinh Tung, general director of Vina T&T, said consignments of mango and durian was shipped to Australia soon after the holidays.

"We also exported 20 containers of ST25 fragrant rice to the US."

Pham Thai Binh, general director of Trung An Hi-tech Agriculture Joint Stock Company in Can Tho City, said one consignment of goods each was sent to Malaysia, Germany and Qatar on February 6.

Many executives at export businesses and analysts expect 2022 to be a successful year for Vietnam's agricultural exports.

Prime Minister Pham Minh Chinh has instructed the Ministry of Agriculture and Rural Development to make plans to achieve exports of more than \$50 billion this year.

4. Asia-Africa blocs account for 63 per cent of Vietnam's trade turnover in 2021

The Asian and African markets played an important role in the growth of Viet Nam's trade thanks to positive import-export figures in 2021, according to the Ministry of Industry and Trade (MoIT).

Last year, bilateral trade between Viet Nam and the Asia-Africa regions topped US\$444 billion, up 23 per cent year-on-year, or 67.3 per cent of the Southeast Asian country's total trade value, according to the General Department of Customs.

Viet Nam's exports to the two blocs hit \$165.9 billion, a year-on-year increase of 15 per cent or equivalent to 50.2 per cent of the country's total export turnover.

Among Vietnamese export items recording a strong turnover in 2021 included phones and components with \$32.29 billion; computers, electronics and components (\$27.32 billion); machinery, equipment, tools and spare parts (\$13 billion) and textiles and garments (\$10.6 billion).

Viet Nam's exports to major Asian partners such as China, South Korea, Japan and ASEAN all saw high growth rates last year, contributing to the positive growth of the country's exports to the bloc.

In 2021, Viet Nam exported \$56 billion worth of goods to China, up 14.51 per cent; \$21.7 billion to South Korea, up 13.61 per cent; \$19.8 billion, up 3 per cent and \$28.6 billion to ASEAN countries, up 24 per cent.

According to the MoIT, Viet Nam's total import turnover from the Asian and African markets also experienced a significant increase of 28 per cent to \$278.35 billion last year, accounting for 84.3 per cent of its total import value.

Staples posting strong import turnovers were computers, electronic products and components with \$64.7 billion; machinery, equipment, tools and spare parts (\$40.7 billion); phones and components (\$20.7 billion); fabrics (\$13.7 billion); iron and steel (\$10.7 billion) and plastic material (\$10.39 billion).

The ministry said imports from the Asia-Africa region helped maintain the country's supply chain, input materials for production and meet the needs of the people.

It is forecast that in 2022, Viet Nam's trade with markets around the world will continue to face many difficulties. The COVID-19 pandemic remained an obstacle to the recovery of the global economy as new variants continue to appear, thus increasing the spread and challenging global vaccination efforts.

Demand for goods in the manufacturing and consumer sectors might recover to pre-pandemic levels, but a growth spike was unlikely, it said, adding that many countries would continue to apply strict measures to control people and goods at border gates and seaports.

Expanding into new export outlets

To overcome these obstacles, the MoIT said that it would closely follow the State directions on ensuring production activities, maintaining the supply chain, constantly expanding export markets, ensuring supply from the import market while focusing on implementing solutions to help businesses effectively tap into the Asian and African markets in the coming time.

Specifically, it would continue to improve the legal framework for bilateral trade and sub-regional cooperation of Viet Nam with partners in the region to diversify markets and import and export products

towards the country's sustainable commercial development.

At the same time, high-level co-operation with foreign partners would be included to remove difficulties, maintain smooth commercial activities, and help businesses recover after the pandemic.

The ministry also emphasised the importance of effectively implementing signed free trade agreements such as the ASEAN-China Free Trade Area, Viet Nam-Korea Free Trade Agreement, Viet Nam-Japan Economic Partnership Agreement, the Regional Comprehensive Economic Partnership and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

A survey by the MoIT and Viet Nam Chamber of Commerce and Industry revealed that businesses had not yet grasped many opportunities from markets that Viet Nam had signed FTAs with due to lack of information.

The MoIT said it would pay more attention to providing enterprises with updated information and guidance on market access to raise their awareness about key market developments, expanding information on new and niche markets.

The ministry will promote trade activities, and support businesses to attend fairs and exhibitions both online and in-person. Facilitating digital transformation and application of information technology in State management of trade and trade promotion will be part of its efforts.

Meanwhile, it will concentrate on improving the capacity of enterprises to respond to trade remedies of other countries, and actively researching and proposing trade remedies to protect the interests of domestic industries.

It will also direct the Vietnamese trade offices and trade promotion offices in foreign markets to promptly inform businesses about the market situation to remove difficulties for enterprise import and export activities.

5. Gov't agrees with proposal to reopen int'l tourism from March 15

The Government has agreed with the Ministry of Culture, Sports and Tourism's proposal to fully reopen international tourism activities in the new normal, starting from March 15 after two years of COVID-19-triggered border closures.

In the latest announcement issued on Wednesday regarding the Tuesday meeting on the reopening, Deputy Prime Minister Vũ Đức Đam urged the tourism ministry to promptly finalise and make public a plan for resumption of tourism and provide detailed instructions for localities to implement the plan.

He tasked the ministry to issue protocols for welcoming back foreign tourists.

Đam also asked the ministry to work with the Ministry of Health, the Ministry of Foreign Affairs, and other ministries, agencies to design a new visa policy applicable to foreign tourists and report to the Government for consideration and approval.

Under the current regulations, Việt Nam unilaterally waived visa requirements for citizens of 13 countries, namely Japan, the Republic of Korea, Norway, Finland, Denmark, Sweden, Russia, Belarus, the UK, France, Germany, Spain, and Italy

In addition, Việt Nam and 88 other countries and territories reached agreements on visa exemption.

The Government however decided to halt entry to foreign tourists from March 22, 2020, due to the outbreak of the COVID-19 pandemic in Việt Nam.

The country began to welcome back foreign tourists from November 2021 under a pilot programme after successfully deploying the COVID-19 vaccination strategy, with more than 186 million doses having been administered to date in a population of about 98 million.

With the new tourism resumption plan, incoming tourists may only be required to have proof of vaccination or recovery from COVID-19 and negative test result certificate issued within 24 hours (rapid test) and 72 hours (RT-PCR) before departure.

Foreigners entering Việt Nam are expected to pay US\$30 per person on average to enjoy the insurance benefits worth \$10,000 for COVID-19 treatment in Việt Nam. In case a foreign tourist tests positive for the virus, the accommodation establishment will be responsible for working with health facilities and local authorities on quarantine and treatment for him/her.

6. Poor farming practices erode Viet Nam's competitiveness

Although Vietnamese shrimps are gaining ground in the international market, it's just a matter of time before the country loses its competitive advantages due to poor farming practices, industry insiders say.

Le Van Quang, general director of Minh Phu Seafood Corporation is concerned that the shrimp industry has been growing to the detriment of the environment over the past 20 years.

The spontaneous proliferation of shrimp farms has led to the severe contamination of farming water in the Mekong Delta, pushing up farming overheads and making shrimps less competitive.

Notably, Viet Nam's farming costs are 10-15 per cent higher than those of its rivals including India, Ecuador and Indonesia.

Additionally, local firms are less strict about quality management and origin tracking, and the co-operation between supply chain actors is weak, further eroding the country's competitiveness.

"Ecuador has 250,000ha of farms but its shrimp output is comparable to that of Viet Nam which has up to 740,000ha. In 2021, the former produced 940,000 tonnes whereas the latter produced 970,000 tonnes. It is concerning that Ecuadorian shrimps are just half or one-third of the prices of Vietnamese shrimps," Quang stressed.

The general director is also worried about India, which has outpriced Viet Nam in the international shrimp market. In 2021, India produced around 700,000 tonnes of shrimps and its shrimps were 20-30 per cent cheaper.

“If Viet Nam does not look at ways to improve its competitiveness, its shrimps will be priced out of the international market in the next five to ten years,” warned the general director.

Quang believes breeding techniques hold the key to a better shrimp industry.

He put down Ecuador’s price advantages to its twenty-five-year selective breeding plan, which has made its shrimps more resistant to diseases and raised the survival rate to 90 per cent.

Meanwhile, Viet Nam is still dependent on imported breeding shrimps or those caught naturally.

He urged Vietnamese firms and farmers to breed high-quality shrimps that meet OIE standards, thereby improving output and producing better shrimps with disease-resistant traits.

The general director also said that the growth of shrimp farms without proper water supply and drainage systems normally goes hand in hand with the spread of water-borne shrimp diseases.

He stressed the need for a sustainable value chain and better-organised farms in Mekong Delta to make the industry more competitive and eco-friendlier.

“We should focus on integrated mangrove shrimp aquaculture, which would help rehabilitate mangrove forests and produce high-quality shrimps,” said the general director.

Quang also suggested the development of super-intensive shrimp farms in areas endowed with a good water supply and drainage systems to boost productivity.

Nguyen Hoai Nam, deputy secretary-general of Vietnam Association of Seafood Exporters and Producers, revealed that Ecuador’s shrimps

decreased its market shares in China last year, from 53 to 45 per cent.

Meanwhile, the country’s total market footprint rose to 46 per cent in both Europe and the US during the period.

“We have been keeping a close watch on India and Ecuador. Their recent market shifts have posed new competitive challenges to our shrimp,” Nam said.

The deputy secretary stressed that prices are the deciding factor in competitiveness. As the quality of breeding shrimps determines shrimp prices, it holds the key to a more competitive and sustainable shrimp industry.

“We’ve been trying to improve breeding shrimps for years. Since we are competing with Ecuador and India, prices will dictate how our shrimp exports look like in the next three to five years, or even 10 years,” Nam added.

According to experts, it is necessary to incorporate green growth, climate change adaptation, circular economy and digital transformation to the shrimp value chain to improve the industry’s competitiveness and not to lag in the global path to sustainable development.

As supply chain disruptions have led to severe labour shortages, experts also called on local authorities to grant more lands and favourable loans to shrimp firms so they could build more dormitories for workers.

In the medium- and long-term, five-year low-interest loans should be granted to firms to encourage more investments in materials areas and processing factories.

Additionally, policy changes should also be considered to help firms cut costs, thereby reducing their prices in the international market.

7. Experts suggest banks not be involved in economic recovery packages to avoid bad debts

Though enterprises and individuals need the Government’s large economic recovery packages to rebound from the pandemic, the Government

should consider limiting the participation of commercial banks in the packages to help them avoid bad debt risks, experts suggest.

According to Le Xuan Nghia, former vice chairman of the National Financial Supervisory Commission, the Government should not force banks to be involved in the Government's economic recovery packages such as interest rate cuts or debt repayment postponement.

Bank loans should follow existing legal regulations to avoid risks for lenders, he said, adding it was also necessary to be cautious about preferential interest rate programmes as it could distort market interest rates.

According to Nghia, after crises, commercial banks are often the areas that suffer the most as they have to deal with a large number of bad debts. Therefore, many countries around the world often don't let banks be involved in the crisis. Instead of using capital from banks, governments directly use money from the State budget to aid businesses.

Regarding the Government's socio-economic recovery and development programmes, Hoang Van Cuong, member of the National Assembly's Finance and Budget Committee said it is necessary to combine fiscal and monetary policies to partly increase public debts and use the capital source to lower interest rates to enable firms to have access to preferential loans without needing to force banks to cut rates.

Previously, deputy governor of the State Bank of Vietnam (SBV) Dao Minh Tu was also concerned if

there is no timely and effective support from fiscal policy, an excessive expansion of credit size and preferential interest rate programmes can cause difficulties not only for the SBV's monetary policy management but also the country's strategy on improving the financial strength of banks.

Current policies on restructuring and delaying the debt payment time are a temporary and necessary solution in the short term, but extending the restructuring time will be risky for the banking system in the medium term, Tu explained, adding the implementation of many credit packages with different preferential interest rates will also distort the interest rate and credit markets.

According to Tu, the banking industry this year will also suffer a stronger impact on rising risks of debt recovery. If including debts, which had repayment terms restructured or interest rates reduced according to the SBV's Circular 01/2020/TT-NHNN, the bad debt ratio of the banking system was about 7.31 per cent by the end of last year.

To avoid a rise of bad debts, Nghia suggested the Government should require banks to set aside more provisions for risky loans.

Some banks have already increased provisions for their risky loans. For example, ACB last year spent more than VND3.33 trillion in provisioning for credit risks, 3.5 times higher than in 2020.

Corporate News

8. SAB: Sabeco closes the right to advance dividend 2021, rate 15%

↓ -0.94%

On March 3, 2022, Saigon Beer - Alcohol - Beverage Corporation (Sabeco, HOSE : SAB) will close the list of shareholders receiving an advance of the 2021 cash dividend. Ex-rights date is 2nd March 2022.

Specifically, SAB will advance the 2021 cash dividend to shareholders at the rate of 15%, equivalent to 1 share receiving 1,500 VND. Expected dividend advance payment date is March 23, 2022.

With more than 641 million shares in circulation, it is estimated that the beer company will spend about VND 962 billion to advance this dividend.

At the end of January, SAB also advanced the 2021 cash dividend to shareholders at the rate of 20%, equivalent to a payment of VND 1,283 billion.

Closing the session on February 16, 2022, SAB 's stock price closed at 168,400 VND/share, up 9% compared to the beginning of 2022.

At the end of 2021, SAB 's net revenue decreased by 6% compared to the performance in 2020, to VND 26,374 billion and net profit decreased by 22% to more than VND 3,677 billion. In contrast, financial activities brought in nearly VND 1,120 billion in revenue, up 15% compared to the previous year.

In 2021, SAB sets a business plan with a revenue target of VND 33,491 billion and profit after tax of VND 5,289 billion. With the results achieved, the Company has achieved nearly 79% of revenue target and 74% of profit target for the whole year.

9. PVT: PVT expects 2022 pre-tax profit to decrease by 43%

↑ 5.87%

PetroVietnam Transportation Corporation (HOSE : PVT) expects pre-tax profit in 2022 to reach VND 600 billion, down 43% compared to 2021.

PVT has just launched a business plan in 2022 with revenue of VND 6,500 billion and pre-tax profit of VND 600 billion, down 12% and 43% respectively compared to the implementation in 2021.

The company added that in January 2022, despite the epidemic period and the extended Lunar New Year holiday, PVT still operated stably, ships continued to transport crude oil to Dung Quat oil refinery, The remaining ships are currently operating on international routes. Accordingly, consolidated revenue in January 2022 is estimated at VND 600 billion, achieving 9% of the year plan

and pre-tax profit is estimated at VND 50 billion, reaching 8% of the year plan.

Regarding the fleet rejuvenation plan, PVTrans is investing in 01 oil/chemical vessel with a tonnage of about 20,000 DWT.

Looking back at business results in 2021, PVT recorded net revenue and net profit almost flat compared to the previous year, with more than VND 7,368 billion and VND 666 billion.

In 2021, the enterprise aims to bring in VND 6,000 billion in revenue and VND 404 billion in profit after tax in 2021, down 22% and 51% respectively compared to 2020. Compared to the plan, PVT has surpassed 23% revenue target and double the target of profit after tax in 2021.

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