



VIETNAM DAILY NEWS



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Market Analysis

1. Large-cap recovery boosts VN-Index close to 1,500 points

The market settled higher on Tuesday, backed by large-cap stocks, with the VN-Index getting closer to the key level of 1,500 points.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index rose 8.65 points, or 0.58 per cent, to 1,498.78 points. It lost 8.76 points in the previous session due to a strong sell-off.

The market's breadth was positive with 247 stocks increasing, while 204 stocks declined. Liquidity was also higher than the previous trade, of which more than 842.4 million shares were traded, worth VND26.3 trillion (US\$1.15 billion).

The market benchmark's recovery was boosted by strong gains of pillar stocks, as the market's risk appetite improved. The VN30 basket recorded a rise of 2.94 points, or 0.19 per cent, to 1,520.12 points.

Seventeen stocks in the VN30 basket jumped, while 11 stocks slid and two stocks ended flat.

Accordingly Vingroup (VIC) led the bullish trend with a gain of 2.86 per cent. It was followed by Vietnam Rubber Group (GVR), Development Investment Construction JSC (DIG) and Viecombank (VCB).

The index was also supported by rises of other big stocks like SeaBank (SSB), Vinhomes (VHM) and BIDV (BID).

However steel stocks pared gains in the afternoon trade after hitting ceiling prices the previous

session, with Hoa Phat Group (HPG) down 0.64 per cent, while Nam Kim Group (NKG) and Hoa Sen Group (HSG) both jumped more than 1 per cent.

However selling force was lingering due to impact from global geopolitical tensions.

Analysts from Saigon-Hanoi Securities SJC (SHS) said that the market continues to focus on the results of Russia-Ukraine talks.

In a positive scenario, if talks go smoothly, the benchmark is likely to break out of the current price range to regain the psychological threshold of 1,500 points.

On the other hand, in the negative scenario, if talks fail and tensions escalate, the VN-Index may need to retreat to lower support zones to find bottom-fishing demand, the securities added.

The HNX-Index on the Ha Noi Stock Exchange (HNX) also ended higher yesterday, up 3.14 points or 0.71 per cent to 443.56 points.

Investors poured nearly VND3.6 trillion into the market during the session, equivalent to a trading volume of nearly 121.2 million shares.

Meanwhile, foreign investors returned to the market after net buying a total of VND120.84 billion. Of which, they net bought a value of VND148.53 billion on HoSE, but net sold a value of VND27.69 billion on HNX.

Macro & Policies

2. Manufacturing recovery continues in February: report

The Vietnamese manufacturing sector continued to recover in February, with growth accelerating and confidence remaining unaffected.

The purchasing managers' index (PMI) was 54.3 in February, up from 53.7 in January for a fourth consecutive month of growth, according to a report released Tuesday by British research company IHS Markit.

A reading above 50 indicates expansion in manufacturing from the previous month, while a value of below 50 represents a contraction.

Business conditions have now improved in each of the past five months after the disruption caused by the Delta variant of Covid-19 in 2021.

The growth momentum continues to be supported by stronger customer demand, according to the report.

Andrew Harker, economics director at IHS Markit, said: "The Vietnamese manufacturing sector continued to demonstrate resilience in the face of the Covid-19 pandemic in February, with growth of both demand and production gathering further momentum."

New orders increased and the rate of expansion quickened to a 10-month high, and improving international demand in February led to another marked rise in exports.

However, supply issues continued to constrain output growth. "Firms are still having difficulty enticing workers back to factories in large enough numbers to keep on top of workloads, while raw materials remain scarce," Harker said.

Manufacturers signaled a further sharp rise in input prices, reflecting higher raw material costs as suppliers upped their charges. Rising oil prices also cast a shadow.

The passing on of increasing cost burdens resulted in another rise in selling prices, the 18th in as many months.

The rate of inflation also ticked up from January.

Purchases of inputs rose in February as firms attempted to secure them to support production growth. As a result, stocks of purchases increased at the fastest pace in 10 months and to one of the largest extents on record.

3. Export-import turnover up 13 per cent in first two months

Viet Nam's export-import turnover hit an estimated over US\$108.5 billion in the first two months of this year, up 13 per cent compared to the same period last year, the General Statistics Office (GSO) reported on Monday.

The export revenue posted an increase of 10.2 per cent to \$53.79 billion.

In January and February, nine export commodities recorded a turnover of at least \$1 billion, accounting for 71.6 per cent of the total export value.

The US remained the biggest importer of Vietnamese commodities in the last two months, with an estimated \$18.3 billion.

Meanwhile, the country's import turnover was up 15.9 per cent during this period, with 13 types of goods valued at over \$1 billion. Viet Nam mainly imported goods from China, the Republic of Korea (RoK) and ASEAN countries.

As a result, the country experienced a trade deficit of \$937 million in the period.

In February alone, the country's foreign trade was valued at \$48.2 billion, down 20 per cent from the previous month but up 17.6 per cent year on year.

Export earnings were estimated at \$22.95 billion, down 25.6 per cent month on month and up 13.2 per cent year on year.

Imports were valued at \$25.28 billion, down 14.2 per cent from January, resulting in a trade deficit of \$2.34 billion.

4. Fuel, food push consumer prices up in February

The consumer price index (CPI) was up 1.42 percent year-on-year in February as Tet in early last month pushed up the prices of food, dining and transportation.

Gasoline prices surged 5.8 percent from January and transport prices increased by 2.35 percent as travel demand skyrocketed during Tet (the Lunar New Year), according to the General Statistics Office.

Food and dining, beverages and cigarettes and culture-entertainment-tourism prices rose 1.54 percent, 0.73 percent and 0.51 percent, respectively

Housing and construction material prices also increased due to an increase in prices of inputs such as kerosene, gas and electricity.

CPI in the first two months have risen by 1.68 percent year-on-year, said the GSO.

Inflation in full-year 2021 was 1.84 percent, the lowest rate since 2016, the office said.

5. Gasoline prices soar to yet another peak

Vietnam gasoline prices set a new record Tuesday after authorities adjusted them upward for the sixth time in less than three months.

The price of popular gasoline RON 95 and biofuel E5 RON 92 both rose 2.1 percent to VND26,830 and VND26,070, respectively. (\$1 = VND22,820)

The prices of other fuels, including kerosene, diesel and mazut also climbed 2.4 to 2.9 percent.

The latest prices topped the previous peak reached in July 2014. Tuesday's was the sixth hike since December 10, 2021 with no downward adjustments in between.

Compared to last December, RON 95 gasoline prices are already up 15 percent, or VND4,030, while that of biofuel has risen by 15.3 percent, or VND3,990.

The Ministry of Industry and Trade and the Ministry of Finance, which are responsible for regulating gas prices, have attributed the increase in domestic prices to a 2.7 to 3.75 percent increase in global prices for refined petroleum products.

Global crude oil prices also reached their highest since 2014, as the Russian-Ukraine crisis threatened to disrupt global supply even as demand recovered from Covid-19 lows.

Vietnamese authorities make gasoline price adjustments on the 1st, 11th or 21st day of the month; therefore, changes follow global movements after a certain delay.

The country imported 6.96 million tonnes of oil and gasoline last year, down 15.5 percent from 2020, according to Vietnam Customs.

6. Five major transport projects to be completed by 2026: PM

Five major transport projects of the country are expected to be carried out from now until 2026.

Prime Minister Phạm Minh Chính on Tuesday met with other Government leaders and authorities to discuss the feasibility of the construction of two ring roads in Hà Nội and HCM City, and three expressways in the southern region.

Pre-feasibility study reports were presented for the Ring Road 4 in the capital city, Ring Road 3 in HCM City, as well as for the Châu Đốc–Cần Thơ–Sóc Trăng Expressway, Khánh Hòa–Buôn Ma Thuột Expressway, and Biên Hòa – Vũng Tàu Expressway.

The leaders discussed planning issues, legal procedures, resource mobility, land clearance, and other technical features of the projects.

Speaking at the meeting, PM Chính said the infrastructure would connect major economic hubs and key routes in regions, cities and provinces, and building more expressways would be one of the major missions of the Party's 2021-26 tenure, which was identified at the 18th National Party Congress.

"We have built 700 kilometres, and today the Government and leaders of ministries, sectors and localities meet to plan the construction of another 500 kilometres," he said.

"If the plans are approved by the Politburo and National Assembly, we will have built 1,200 kilometres of expressway this tenure."

It required major focus and determination from the central to local governments to reach this goal, the PM added.

He assigned Deputy Prime Ministers Lê Minh Khái and Lê Văn Thành to be in charge of the projects, directing ministries, sectors and localities to allocate capital and keep track of the progress.

They must ensure that the five projects would be completed during this tenure, he said.

PM Chính agreed that the capital would be mobilised on a 50-50 basis, half from the central Government and half from local budgets. It would be taken from the public investment programme within the medium-term, socio-economic recovery programmes, and other sources.

Leaders of sectors involved in the projects must review previous projects, avoid constant changes of policies, and have capital recovery plans. Authorities of provinces where the three expressways pass would be the public investors of those constructions.

The PM stressed that the expressways must follow the straightest, shortest routes possible, even running through rivers, mountains, and fields. They should not go through residential areas to avoid large land clearance costs, and create new space for development.

He asked the ministers and sectors involved to speed up technical studies of the projects, minimise procedures, and present the implementation plans to the Politburo and National Assembly on schedule.

7. Russia-Ukraine conflict unlikely to hurt Vietnamese firms directly

The West cutting Russia off the Society for Worldwide Interbank Financial Telecommunication or SWIFT and imposing heavy sanctions are unlikely to produce a significant impact on Việt Nam and Vietnamese businesses, said industry experts and banking regulators.

"As Russia and Ukraine account for less than 2 per cent of the global economy, the ongoing conflict likely won't hurt the world's economic recovery in a significant manner. However, cutting Russia off from SWIFT will hurt its ability to export oil, and in effect drive global oil prices up slowing down the recovery process," said Từ Tiết Phát, director-general of Asia Commercial Bank (ACB).

Export-import turnover between Việt Nam and Russia was US\$35 billion (\$4 billion with Ukraine) during 2021, according to a report by the Ministry of Industry and Trade.

As Russia isn't among their key markets, Vietnamese firms are not too severely affected. In addition, firms can still find ways to do transactions via a third-party bank, though this is slower and more costly, according to experts.

Việt Nam's main exports to Russia include seafood, vegetables, fruits, nuts, coffee, tea, pepper, rice, handicrafts, rubber, wood furniture, footwear and electronics. The Southeast Asian country imports from Russia large amounts of wheat, fertiliser, oil and chemicals, pharmaceutical supplies, steel and heavy machinery.

Rising global oil prices, however, would hurt Việt Nam's effort to ramp up its economic activities, said Prof. Quốc Phương.

"Prior to the conflict, the tension between Russia and Ukraine had driven oil price to over \$100 per barrel. With no end in sight, there is no telling how high oil prices will go," he said.

Phương advised the Government to preemptively cut back on fees and taxes to keep gas prices in the domestic market down while making preparations for different scenarios.

"We won't be seeing major direct impacts on Việt Nam's economy in the short run but we should be very concerned over rising oil prices and the long-

term effects of sanctions imposed on Russia," said Phương.

Trương Đình Hòe, general-secretary of the Vietnam Association of Seafood Exporters and Producers (VASEP), however, claimed the conflict would hurt Vietnamese seafood exporters as European retailers would find it difficult to conduct business in Russia and Ukraine.

Hòe said Vietnamese firms must act now to diversify their markets and make financial preparations as transportation costs would likely soar even higher. The timing was also bad as Vietnamese seafood exports to Russia had been on the rise, growing by 21 per cent year-on-year in 2021, and started to gain popularity among consumers.

Prof. Vũ Thanh Liêm, former deputy director of the General Statistics Office of Vietnam, said the conflict was not without opportunities for Vietnamese firms to work with.

Liêm said Russia had been making an economic pivot in recent years, away from the European markets and towards Asian markets, of which Việt Nam is a major one.

Heavy sanctions on Russia would also disrupt supply in Western markets and open doors for Vietnamese suppliers, especially in food and energy.

Việt Nam, as well as other Asian economies, might be able to take this opportunity to ramp up trade with not just Russia but other affected economies, he said.

Corporate News

8. KDH: KDH poured another VND 350 billion to invest in a subsidiary

↑ 2.27%

Khang Dien Housing Investment and Trading Joint Stock Company (HOSE : KDH) will increase its capital contribution by nearly VND 350 billion to its subsidiary Gia Phuoc, also engaged in real estate business.

On February 28, the Board of Directors of KDH approved the additional capital contribution to increase the charter capital of Gia Phuoc Real Estate Business Investment Co., Ltd. This unit was established in 2007, specializing in real estate business, land use rights belonging to owners, users or renters.

Gia Phuoc currently has a charter capital of VND 250 billion, of which KDH accounts for 99.9%. As expected, KDH will contribute nearly VND 350 billion to increase the scale of working capital for Gia Phuoc. Total capital after additional contribution reached more than VND 599 billion.

Previously, in December 2021, KDH allowed Gia Phuoc to receive the transfer of charter capital from shareholders of Phuoc Nguyen Real Estate Investment Joint Stock Company. Phuoc Nguyen owns 100% of the charter capital of Doan Nguyen Housing Investment and Trading Company Limited, the investor of the 60,732 m2 residential project in Binh Trung Dong ward, Thu Duc City. Accordingly, Gia Phuoc will receive the transfer of 60% of charter capital in Phuoc Nguyen, the maximum transfer value is VND 620 billion and the expected time is at the latest on March 31, 2022.

Regarding KDH 's business results in 2021 , the company brought in net revenue of VND 3,738 billion, down 18% compared to 2020. However, net profit increased slightly by 4% to VND 1,204 billion thanks to reduced operating costs. Compared to the set plan, KDH achieved 78% of revenue and fulfilled the profit target.

9. HSG: HSG sets a target of minimum profit of 1,500 billion dong for the year 2021-2022

↑ 1.69%

The leadership of Hoa Sen Group JSC (HOSE : HSG) believes that the steel industry market in 2022 will still have many potential uncertainties and uncertainties. The company sets a consolidated business plan for the fiscal year 2021-2022 with sales volume reaching 2 million tons, revenue reaching VND 46,399 billion and profit after tax from VND 1,500 to 2,500 billion depending on the price of raw materials.

Fiscal year 2020-2021, despite going through unstable periods of the socio-economic situation in general and the steel industry market in particular, HSG has recorded positive business results. , the Group's sales and revenue targets both grew at a high rate compared to previous investors.

Consumption volume in the fiscal year 2020-2021 reached 2,253,733 tons, exceeding 125% of the plan, up 39% compared to the previous period. Net revenue reached VND 48,727 billion, completing 148% of the plan; Net profit after tax had an impressive and outstanding growth, reaching VND 4,313 billion, 288% higher than the plan and a growth of 274%.

The maximization of the logistics advantages of the factory system, the competitive advantage of the nationwide branch-distributing store system and the promotion of export volume in all markets have contributed to greatly on HSG 's business results

HSG 's management believes that the steel industry market in 2022 will still have many potential uncertainties and uncertainties. In addition, the complicated evolution of the epidemic may affect the stable operation of businesses. However, from an internal perspective, the Group has made strong improvements in its financial position and production and business situation.

In 2022, domestic consumption may grow slightly due to recovery in demand. The steel price level is expected to continue to stay at a high level, at least in the first half of 2022 because many real estate projects will be quickly deployed after a long delay in 2021 due to the epidemic. However, steel export output is expected to slow down due to the recovery of the global supply chain, countries will increase protectionist policies for imported steel, steel prices will be adjusted stably from the second half of the year. By the end of 2022, when the supply disruption is resolved, an oversupply may occur when steel mills increase production output to solve the problem of product shortage.

Therefore, HRC price is forecast to decrease by 11.5%; steel companies may not benefit significantly from cheap inventory in 2022 as with 2021, export channel profit margin is likely to decline from high in 2022. Besides, raw material prices Inputs have been fluctuating very unpredictably, seriously affecting production and business plans not only for HSG but also for most businesses in the same industry.

Based on the above forecasts, the Board of Directors sets a consolidated business plan for the

fiscal year 2021-2022 on the basis of ensuring stable and sustainable production and business activities. Specifically, the target of sales volume is 2 million tons, revenue is VND 46,399 billion and profit after tax is VND 1,500 to 2,500 billion depending on the price of input materials.

Orientation to bring 2 member companies listed on the stock exchange

HSG plans to hold its annual General Meeting of Shareholders on March 21, 2021. The Board of Directors will present to shareholders a plan to pay dividends for fiscal year 2020-2021 by shares at the maximum rate of 20%.

Another content, shareholders will vote on the policy of transforming 01 one-member limited liability company under HSG into Hoa Sen Plastic Joint Stock Company to take over all production and business activities of the plastic segment and establish a new company. is Hoa Sen Furniture and Building Materials Distribution Joint Stock Company (hereinafter referred to as Hoa Sen Home) to take over all business activities of distribution, retail and Hoa Sen Home segments.

It is expected that when the above two companies meet the legal requirements, the Board of Directors will continue to submit to the General Meeting of Shareholders in the next periods to approve the IPO and list these two companies on the stock market to become a joint stock company, public listing at the appropriate time.

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