



VIETNAM DAILY NEWS



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Market Analysis

1. Market faces strong correction, VN-Index loses over 13 points

Shares plummeted on Wednesday due to losses in many large-cap stocks, especially in banking sectors.

The market benchmark VN-Index closed the session at 1,485.52 points, down 13.26 points or 0.88 per cent. It gained 8.65 points in the previous trade.

The market's breadth was negative with nearly 320 stocks declining, while liquidity surged.

On the southern bourse, more than 941.5 million shares were traded, worth over VND30.3 trillion (US\$1.1 billion).

Strong selling force in many large-cap stocks, especially bank stocks, triggered the downtrend. The 30 biggest stocks tracker VN30-Index dropped 21.51 points, or 1.42 per cent, to 1,498.61 points.

Of the VN30 basket, only seven stocks increased, while 20 stocks slid and three stocks ended flat.

Data compiled by vietstock showed that in the top ten stocks dominating the market's trend, there was only one stock in the realty sector, which was Vinhomes (VHM), while the rest were bank stocks.

Of which, BIDV (BID) posted the worst performance yesterday, down 3.74 per cent. It was followed by Vietinbank (CTG), MBBank (MBB), VPBank (VPB), Techcombank (TCB), Sacombank (STB), Asia Commercial Joint Stock Bank (ACB), HDBank (HDB) and Eximbank (EIB). These stocks lost at least 2.19 per cent.

However, the loss was limited by gains in some pillar stocks, including PV Gas (GAS), Vietjet Aviation JSC (VJC), Novaland (NVL) and Becamex (BCM), up in a range of 1.27 - 2.08 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index also finished lower yesterday, down 1.31 points or 0.3 per cent to 442.25 points.

During the session, investors poured nearly VND3.5 trillion into HNX, equivalent to a trading volume of over 109.7 million shares.

Foreign investors also fled the market after withdrawing a value of VND1.16 trillion from both main exchanges.

Of which, they net sold a value of nearly VND1.17 trillion on HoSE, while net bought only VND4.9 billion worth of shares on the northern bourse.

Macro & Policies

2. Retail giants expand pharmaceutical market reach

Retail giants have begun to ramp up investments in the pharmaceutical market, fueling the race for market dominance.

Mobile World Investment Corp (MWG) held a 49 per cent stake in Phuc An Khang pharmacy chain in 2017. In late 2021, the company acquired nearly 1.3 million additional shares to raise its ownership to 100 per cent.

Chairman of MWG Nguyen Duc Tai underlined the acquisition as a strategy to boost pharmaceutical sales and prepare for new growth opportunities after the pandemic.

“The pharmaceutical market is beginning to shift from curative to preventive medicine. It’s time to make profits,” added the chairman.

MWG’s pharmacy chain currently has 201 stores nationwide with average monthly revenue of VND500 million (US\$22,000) per store.

FPT Retail is another name that has been accelerating the expansion of its pharmacies.

The company bought out Long Chau pharmacy chain to establish FPT Long Chau Pharmaceutical JSC in 2018.

In 2021, FPT Retail began to step up store rollout to lift its number of drugstores to nearly 500, raking in around VND4 trillion (US\$175 million) in revenue.

Chairman of FPT Retail Nguyen Bach Diep described the expansion as the long-term growth engine for the company, and said more pharmacies would be opened in the near future.

Lately, Long Chau has announced that it is the first pharmacy chain to distribute the anti-COVID-19 medication Molnupiravir in Viet Nam.

Despite their large number of drugstores, MWG and FPT Retail still pale in comparison with Pharmacity, which is leading the market.

Pharmacity started off with several dozen stores in 2011. It has begun to take off since Mekong Capital poured money into it in May 2019.

After three years, the pharmacy chain has increased multifold to 837 stores, and is aiming to expand to 5,000 stores by 2025 with 35,000 employees on the payroll.

Pharmacity estimates that the Vietnamese pharmaceutical industry has a size of around \$7.4 billion and pharmaceutical spending has increased by 14 per cent annually over the past decade.

Digitalworld, a distributor specialising in technology products, also announced that it would focus more on pharmaceuticals in 2022 and aims to be one of the three largest pharmaceutical distributors in the country.

According to SSI Research, Vietnamese healthcare demand in 2022 is expected to recover and grow by 13 per cent annually. Likewise, domestic health expenditure will return to normal and soon surpass the pre-pandemic levels.

Meanwhile, IQVIA Institute has classified Viet Nam as a country with an emerging pharmaceutical industry. It said that an expanding middle class, mounting income per capita and a rising healthcare demand are the driving forces behind the growth of domestic pharmaceutical industry.

3. Airlines resume hiring as they embark on recovery

Bamboo Airways, Vietjet and Vietravel Airlines have started hiring again after an extended recruitment freeze due to Covid-19.

Bamboo Airways has posted hiring announcements for many positions, including pilots, flight engineers and cabin crew and plans to expand its fleet and destinations.

The airline is offering captains a monthly salary of US\$13,300 for flying wide-body Boeing 787s and \$10,450 for narrow-body Airbus and Embraer jets, which are higher than pre-pandemic levels.

Nguyen Ngoc Trong, its deputy general director, said the carrier is seeking permission to expand its 30-strong fleet by five to 10 aircraft each year.

It operated at maximum capacity during the nine-day Tet, or Lunar New Year, holidays in early this month, and plans to launch new services to the US and Europe in the second quarter of this year, he added.

Budget airlines Vietjet has also posted notices seeking captains and co-pilots for Airbus A320Fs and A330s.

Vietravel Airlines is hiring pilots for its Airbus A320/A321 fleet as well as cabin crew.

Representatives of Vietravel Airlines said the recruitment is to "ready for the expansion of the

fleet" and "launch new routes to northeast and southeast Asian nations in the third quarter."

But human resources could be scarce this year as airlines resume hiring after their Covid-19 woes, they added.

Vietnam has resumed commercial flights to 20 of 28 countries and territories that it operated direct flights to before the pandemic.

The country also ended all restrictions on international flights on Feb. 15.

From March 15, Vietnam will reopen inbound and outbound tourism under new normal conditions, with foreign tourists allowed to visit the country without booking tour packages.

In the best case scenario, Vietnam's aviation industry would transport 42-43 million passengers in 2022, or around 50 percent of pre-pandemic numbers, Bui Minh Dang, deputy head of the air transportation department at the Civil Aviation Authority of Vietnam, said.

4. Foreign arrivals surge 71 pct as int'l flights resume

The number of foreign arrivals to Vietnam in the first two months this year increased by 71.7 percent year-on-year to 49,200 as the country resumed regular international flights.

Of the arrivals, 32,723 came from Asia and 10,130 from Europe, according to the General Statistics Office.

Most visitors chose to fly to Vietnam, accounting for over nearly 90 percent of arrivals during the January-February period.

On Jan. 1, the Vietnamese government allowed the resumption of regular flights after nearly two years of suspension due to the pandemic.

The country also ended all restrictions on international flights on Feb. 15.

So far, Vietnam has resumed commercial flights to 20 of 28 countries and territories that it operated direct flights to before the pandemic, including the U.S.

Tourism revenues in the first two months are estimated at VND2 trillion (\$87.5 million), down 10.9 percent year-on-year.

From March 15, Vietnam will fully reopen inbound tourism and lift most of travel restrictions with foreign tourists permitted to visit the country without booking tour packages.

5. Rising logistics costs hits exporters

Rising logistic costs are hindering exports, putting firms at risk.

Le Thi My Hanh, general director of Banana Brother Farm JSC., noted that costs had increased by VND3-

4 million (US\$131-175) per truck to transport bananas from growing regions to border gates or seaports.

Shipping lines have raised freight rates, adding a cost of at least VND30 million (\$1,314) to every container shipped to China.

As her firm has been in a dire situation since last year due to the pandemic, mounting transport bills are adding to its woes.

"Due to high costs, we planned to export 40 banana containers to China in February but have been able to export just 12 so far," said the general director.

Ngo Thi Hong Thu, general director of Ameii Vietnam JSC, admitted that logistic costs were climbing beyond her firm's capacity.

Accordingly, the firm has to decline several long-distance orders from its foreign partners because of high transport costs.

She also believes that not only firms but farmers will suffer from the blow.

"Firms are struggling to cover rising logistic costs. Given the situation, farmers' produce will be bargained down," she explained.

Ngo Tuong Vy, deputy director of Chanh Thu Fruit Export and Import Ltd., said that her firm had never gone through such a tough time as now.

Her firm, which has not recovered from the pandemic shocks, is experiencing new issues from rising fuel prices and rising logistic costs.

She revealed that the firm had no choice but to price up its products to cover the mounting costs.

"Costs are going up, so fruit prices will be adjusted up at least 5-10 per cent accordingly. However, higher prices normally erode competitive advantages, increasing business risks," she said.

Nguyen Hoai Nam, deputy general secretary of Vietnam Association of Seafood Exporters and Producers, acknowledged that logistic costs were \$5,000-10,000 higher than in 2020 for every container to Europe or the US.

However, higher freight rates do not necessarily mean better service.

The secretary said that some shipping lines frequently delayed shipments for 10-30 days for no reason, compounding the situation.

"Firms not only have to pay higher freight rates but also to compensate trade partners for late delivery," he explained.

According to Van Nhat Tung, marketing manager of CMA-CGM Vietnam JSC, freight rates have soared to around \$16,000 per container to Europe lately, from just \$5,000 per container in early 2021.

He said the rates were expected to continue to rise in March.

"The freight rates in March depend on the number of slots booked by clients. It seems that the rates are likely to go up," said the manager.

He also underlined mounting fuel prices and high demand for slots as the main reasons behind rising freight rates at the beginning of 2022.

As high logistic costs pose significant risks to exporters, experts are calling for immediate actions to defuse the situation, including curbing fuel prices.

"The State slashed fuel tax and offered loans of trillions dong to the airline industry to lift it out of hardship. Now, it's time to do likewise to agricultural exports. For instance, the State could grant fuel subsidies to transport firms, processing firms and export firms to help them cut costs," a logistics expert said.

6. US-listed fund pools \$8.6 mln for Vietnam stocks

An U.S.-listed exchange-traded fund has pooled \$8.63 million over the last three months to invest in

Vietnam stocks, seeking to profit from an economy with "promising economic trajectory."

Global X MSCI Vietnam ETF (VNAM), listed December 9, on the New York Stock Exchange Arca last year, focuses on blue chip stocks in real estate, financials and consumer staples.

The fund has increased its assets from around \$1 million when first established to \$8.63 million now, with the top holding as of last month being HPG of steelmaker Hoa Phat Group, at 10.92 percent of its net assets.

Other tickers it has bet on are VHM of real estate giant Vinhomes, at 8.41 percent of net assets, VIC of biggest private conglomerate Vingroup, 7.31 percent, and MSN of conglomerate Masan Group, 6.43 percent.

The fund, managed by a unit of South Korean financial group Mirae Asset, sees long-term growth potential in Vietnam and pegs GDP growth figure for the country at 6 percent annually from 2022 to 2025.

"Vietnam's promising economic trajectory leads commentators to often compare it to China or the Four Asian Tigers (South Korea, Singapore, Taiwan and Hong Kong), implying that the country could continue to emerge as a regional, if not global, powerhouse," said fund manager Dillon Jaghory in a note on its website.

The increasing investments by VNAM stirs hope that more foreign investors would return to Vietnam's stock markets this year after net selling a record VND62.36 trillion (\$2.75 billion) worth of local shares last year.

The fact that there is still room for foreign ownership in blue chip stocks and exchange-traded funds put in a good performance last year could persuade foreigners to come back to Vietnam's stock markets, James Estaugh, head of securities services at HSBC Vietnam, said in a note last month.

Foreigners have started to net buy again in the first weeks this year, and more could be considering rejoining Vietnam markets as the country is poised to attain Emerging Market status over the next several years, he added.

Another factor that is set to drive Vietnam's market up is the continued rise in the number of new local retail investors, which reached a record high of 1.53 million last year, bringing the ratio of the population investing in stocks to 4.4 percent.

"Many foreign funds are betting on Vietnam as it is becoming more accessible and people's incomes are rising," said Tran Thien Phuoc, CEO of stock investment app Anfin.

7. Securities firms raise capital amid high margin debt

Many securities firms have begun to issue additional shares to meet their investors' rising demand for margin loans.

According to KIS Viet Nam Securities Corp., margin loans have been increasing steadily since 2020 with an average quarterly growth of 15 per cent in 2020 and 19 per cent in 2021.

Total margin loans have hit an all-time high of VND170 trillion (US\$7.4 billion) by late 2021, up 98.7 per cent compared with 2020.

Margin ratio of eight out of ten most margin-lending firms has reached 150 per cent by the same period.

Accordingly, these firms have begun to issue more shares to raise capital, thereby improving their margin-lending capacity.

Notably, VNDirect Securities JSC increased its margin loans by 265 per cent after its equity rose by 157 per cent in 2021.

SSI Securities Corp. followed suit with equity growing by 44 per cent and margin loans by 152 per cent in the same year.

Rising equity to step up margin lending could also be observed in other firms but at lower rates of 80 per cent or below.

KIS reported that brokerage and margin lending allowed securities firms to drive their revenues to a record high in 2021.

Total revenues of 25 firms studied by KIS stayed at VND60.5 trillion (\$2.7 billion), 9 per cent higher than in 2020.

Notably, VPS Securities JSC posted the largest revenues of VND9.5 trillion (\$416.1 million) last year. SSI came next with VND4.7 trillion (\$205.9 million).

VNDirect secured third with VND5.8 trillion (\$254 million), and was followed by Techcom Securities JSC (\$227.8 million).

KIS put the fast-paced growth of brokerage and margin lending to the attractiveness of the Vietnamese securities market, which has been drawing in a mounting number of new investors.

It is also estimated that average daily liquidity would remain at VND22-23 trillion (\$0.96-1 billion) during Q1/2022, up 20 per cent against the same period last year.

Corporate News

8. BCM: Becamex IDC inks investment deal for Binh Duong

↑ 2.08%

Becamex IDC and the Foreign Investment Department, from the Ministry of Planning and Investment inked a strategic cooperation deal on Tuesday, to strengthen international cooperation in Binh Duong Province.

The cooperation is an ideal opportunity for Binh Duong and Becamex IDC to connect more firmly in international integration, organise conferences and seminars to join localities, domestic enterprises with foreign partners, and participate in international conferences at home and abroad.

The two sides will explore other areas where they can cooperate to maximise each other's potential, affirming to build a specific action plan jointly for ideas that strengthen cooperation and benefit both sides.

Despite facing many difficulties due to COVID-19, Binh Duong has still achieved positive results. Currently, it is ranked second in the country for attracting foreign investment capital, after HCM City with 4,016 projects, and total registered capital of more than US\$37 billion from 65 countries and territories.

On February 25, the World Smart Community Forum (ICF) honoured Binh Duong as one of 21 regions with a Smart City development strategy in 2022 for the fourth time.

As a key enterprise of Binh Duong, Becamex IDC has made many significant contributions to the local development. It was also assigned by the Provincial People's Committee to develop industrial infrastructure, with Becamex IDC focused on investing, building and developing infrastructure, creating regional connectivity and attracting investment to the province.

Within the framework of President Nguyen Xuan Phuc's official State visit to Singapore from February 24-26, Becamex IDC, Sembcorp and VSIP announced cooperation to promote innovation, Industry 4.0, sustainable development and new growth platforms.

Do Nhat Hoang, director of the department, expects the cooperation to bring opportunities to connect multilateral diplomacy between localities and agencies, diplomatic missions, foreign business associations, and promote foreign investment capital in the province and wider country.

Hoang said Becamex IDC will continue to maximise its potential in the partnership relationship and contribute to the dynamic development of Binh Duong, contributing to making Binh Duong one of the leading localities in the country in terms of attracting foreign investment.

9. PHR: PHR received the decision on land acquisition for VSIP 3 project

↓ -1.62%

Phuoc Hoa Rubber Joint Stock Company (HOSE : PHR) said it had received the decision to acquire land for the Vietnam - Singapore Industrial Park III project (VSIP 3).

On March 1, 2022, PHR received the decision of the People's Committee of Bac Tan Uyen district, Binh Duong province on land acquisition to implement

the Vietnam - Singapore Industrial Park III project and decided to approve the compensation plan , support and resettlement projects. This decision serves as a basis for the company to record revenue from compensation and support for damage when acquiring land for project implementation.

It is known that the construction and infrastructure business project of Vietnam - Singapore Industrial Park III has a scale of 1,000 hectares, invested and built in Hoi Nghia commune, Tan Uyen town and Tan Lap commune, Bac Tan district. Uyen, Binh Duong province. The project implementation period is 50 years with a total investment capital of VND 6,407 billion. VSIP III Industrial Park was approved by the Prime Minister in November 2016.

According to Viet Capital Securities (VCI), the amount PHR received from compensation for converting land to Vietnam - Singapore Industrial Park III could reach VND 898 billion.

Regarding business activities, by the end of 2021, PHR 's net revenue decreased by 10% compared to

the previous year, to VND 1,464 billion. Net profit decreased by 70% compared to 2020, mainly because other profits in 2021 decreased by more than VND 926 billion (equivalent to 97% decrease) compared to 2020. The reason is that in 2020, the Company has developed Other income is revenue from compensation and damage support when implementing the project of Nam Tan Uyen Industrial Park expansion phase 2 from Nam Tan Uyen Industrial Park Joint Stock Company with the amount of more than VND 860 billion.

On the market, at the end of the morning session of March 2, 2022, PHR 's stock price stopped at VND 80,400/share, up 12% compared to the beginning of 2022.

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