



VIETNAM DAILY NEWS



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Table of content

Table of content

1. Shares recover on the back of bank, real estate stocks
2. Pharmaceutical stocks remain attractive in 2022 on strong medicine demand
3. Gold prices plunge from historic peak
4. Trade ministry wants 50 pct cut in environment tax on gasoline
5. Seafood exports soar 51 pct
6. HCM City promised laser focus on collecting taxes
7. VN rail freight to Europe postponed by Russia-Ukraine conflict
8. CII: CII is no longer parent company of NBB
9. DRH: DRH Holdings plans to issue over 60 million shares

Market Analysis

1. Shares recover on the back of bank, real estate stocks

Shares recovered on Thursday thanks to investors venturing back into bank and real estate shares along with soothed sentiment on hopes that Russia and Ukraine may start their third negotiation more seriously.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) gained 0.36 per cent to close at 1,479.08 points. The index stayed flat on Wednesday.

The market's breadth remained positive with 295 gainers and 164 losers.

Liquidity decreased sharply compared to Wednesday's session with nearly 650 million shares traded on the southern bourse, worth nearly VND20.2 trillion (US\$1.5 billion).

The benchmark gained ground as some pillar stocks made strong increases. The VN30-index rose 0.07 per cent, to 1,490.24 points.

Seventeen of HoSE's 30 biggest stocks in market capitalisation in the VN30 basket increased, while 12 stocks declined and one stayed flat.

The VN-Index's gain continued to be consolidated thanks to the push from large-caps. Of which, Bank for Investment and Development of Viet Nam (BID), was up by 3.1 per cent, Vingroup (VIC) up by 2.9 per cent, Vincom Retail (VRE) rising by 2.7 per cent and Vinamilk (VNM) up by 2 per cent.

The banking group performed positively and supported the market with notable gainers including Vietinbank (CTG), Tien Phong Bank

(TPB), Vietcombank (VCB), Military Bank (MBB), Sacombank (STB), Techcombank (TCB), Eximbank (EIB) and Bank for Investment and Development of Viet Nam (BID).

Real estate shares also attracted strong cash flow and supported the overall market such as C.E.O Group JSC (CEO), Development Investment Construction Corporation (DIG), Long Giang Investment & Urban Development JSC (LGL), Vingroup (VIC), Vinhomes (VHM), Novaland (NVL), Dat Xanh Group (DXG), Nam Long Group (NLG), Khang Dien House (KDH) and Phat Dat Real Estate (PDR).

Energy stocks suffered selling pressure with losers such as Viet Nam National Petroleum Group (PLX), PVPower (POW), PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling and Well Services Corporation (PVD), Drilling Mud Joint Stock Corporation (PVC) and PetroVietnam Gas JSC (GAS).

Fifteen out of 25 sector indices on the stock market made gains, including banking, real estate, securities, wholesale, retail, food and beverage, construction, seafood processing, insurance and logistics.

The HNX-Index on the Ha Noi Stock Exchange (HNX) finished higher, with a rise of 0.68 per cent, to 447.64 points.

More than VND3 trillion worth of shares were traded on the northern market, equivalent to a trading volume of nearly 119 million shares.

Macro & Policies

2. Pharmaceutical stocks remain attractive in 2022 on strong medicine demand

As the COVID-19 pandemic continues to spread nationwide and is gradually being considered an endemic disease that could be treated at home, demand for drugs has increased sharply.

Pharmaceutical enterprises are expected to benefit from the situation.

SSI Research expects healthcare demand will recover and grow 13 per cent year-on-year in 2022.

“We estimate that domestic health spending will return to normal levels in 2022 as social distancing measures are eased,” SSI wrote in a report for the healthcare industry.

The impact from the pandemic will be less severe and even bring some positive benefits for the pharmaceutical enterprises, it added.

With 70 per cent of the Vietnamese population already fully vaccinated with two doses, and new coronavirus variants that may be less dangerous with lower hospitalisation rates, the healthcare demand in 2022 is forecast to soon surpass pre-pandemic levels with hospital visits recovering to normal levels. And the pharmaceutical group will have significant additional revenue from fever reducers and vitamins that are used to treat mild COVID symptoms.

Moreover, many Vietnamese pharmaceutical companies have received formulas for the production of COVID-19 medicines which are transferred by Pfizer and MSD, and may soon be commercialised in 2022.

On February 17, Mekophar Chemical Pharmaceutical JSC (MKP) was licensed by the Ministry of Health to circulate COVID-19 treatment medicine Movinavir with a content of 200mg.

The company's main markets are in HCM City, accounting for 63 per cent, and Ha Noi (25 per cent), while the rest are other provinces and cities.

Mekophar is one of three companies licensed to circulate medicine to treat the disease. The other

two companies are Stellapharm Joint Venture Company Limited and Boston Vietnam Pharmaceutical JSC.

According to SSI's report, profits for healthcare companies are likely to grow strongly in 2022, with prices for medical services and medicines expected to rise slightly.

“We estimate healthcare companies' profits to grow 15 per cent year-on-year, driven by 12 per cent revenue growth and an expected 4-6 per cent increase in prices for both medicine and medical services,” said SSI.

“The price increase is inevitable as pharmaceutical companies have had to cope with higher prices of raw materials, while hospitals have faced many expensive operating costs in the past two years during the outbreak of COVID-19.”

Traphaco JSC (TRA) is not a manufacturer or distributor of medicine to treat COVID-19 but attracts investors with the advantage of producing product lines to support coronavirus treatment such as saline solution, T-B antibacterial mouthwash and medicine to enhance immunity to protect lungs and nasal drops.

Phu Hung Securities Corporation believes that Traphaco will continue to maintain its number one position in the traditional medicine industry, focusing on investing in developing traditional medicines as growth momentum in the new period.

The advantage of Traphaco is the extensive distribution system throughout the country and high brand awareness that will help TRA maintain the advantage of traditional medicines on the over the counter (OTC) channel.

Currently, the company has more than 27,000 customers with 28 branches nationwide.

Therefore, pharmaceutical companies are expected to record high growth for the whole of 2022, while the hospital group will achieve high growth in the second half of the year, SSI said.

"For pharmaceutical companies, we believe that business results may be positive in the first half of 2022, as people stockpile medicine for the new Omicron variant of COVID-19, while the group of hospitals must wait for a recovery in the second half of this year, when Viet Nam can cope with the new variant and ease travel restrictions," the securities firm added.

On the stock market, with the positive profit growth prospect, SSI expects stocks of pharmaceutical

companies continue to be attractive during the pandemic period.

Le Xuan, a senior trader, said that pharmaceutical stocks are defensive stocks, as they are not affected by macro factors, but by people's demand for health examination and treatment.

"In 2022, the industry's potential is quite good thanks to rising demand for health check and treatment," said Xuan.

3. Gold prices plunge from historic peak

Vietnam gold prices plunged Thursday after a gaining streak since the end of last month as global rates dropped.

State-owned Saigon Jewelry Company (SJC) sold its gold at VND68.1 million (\$2,981.28) per tael, down 4.49 percent from Wednesday. A tael equals 37.5 grams or 1.2 ounces.

DOJI sold its gold at VND68 million, down 3.68 percent.

This means within the last two days gold prices have dropped by 8 percent from its historic peak of VND74.4 million.

Globally spot gold fell 0.8 percent to \$1,975.69 per ounce Thursday as U.S. Treasury yields rose while

investors opted for riskier assets amid a retreat in oil prices after the United Arab Emirates said it would help increase oil production, making safe-haven bullion less appealing.

Vietnam was Southeast Asia's largest gold bullion and coin market last year and among the top 10 globally.

The demand in the country exceeded 31.1 metric tons compared to 28.7 tons in Thailand and 19.8 tons in Indonesia, according to the World Gold Council.

Gold continued to be the top asset class for 72 percent of Vietnamese investors, the WGC said citing a study of 2,000 investors last year.

4. Trade ministry wants 50 pct cut in environment tax on gasoline

The Ministry of Industry and Trade has called for a 50 percent cut in environment tax on gasoline, double the rate proposed earlier by the Ministry of Finance.

This will bring down the tax from the current VND4,000 (\$0.18) to VND2,000. The finance ministry had suggested bringing it down to VND3,000.

Such a "strong" cut would provide more room to stabilize gasoline prices amid the surging global rates, the trade ministry said.

The finance ministry's proposal has been dismissed by many as too little to make a difference.

The popular RON95 variety of gasoline is now at a historic high of VND26,830 per liter after having increased by more than 15 percent this year amid a global shortage caused by the Russia-Ukraine crisis.

Prices could rise by VND5,000-8,000 on Friday, or 18-30 percent, which would have a major impact on inflation, the Ministry of Industry and Trade said.

The gasoline stabilization fund, set up to contain any rise in prices if needed, is now at a low level of VND620 billion.

Gasoline distributors have been complaining they are selling at a loss due to the large gap between local and global prices.

The government sets prices on the 1st, 11th and 21st of every month.

5. Seafood exports soar 51 pct

Vietnam's seafood exports rose 51 percent year-on-year in January-February to US\$1.5 billion, according to the Vietnam Association of Seafood Exporters and Producers (VASEP).

The five biggest markets for Vietnamese seafood were 11 countries of the CPTPP, the U.S., EU, China and South Korea.

Catfish and tuna exports led with 93 and 83 percent growth, posting turnovers of \$384 million and \$156 million, respectively.

In February alone, exports surged by 62 percent year-on-year after rising by 44 percent in January.

Shrimp, squid and octopus exports increased 45 percent.

VASEP expects exports to continue growing amid rising global seafood demands. However, seafood exporters are to be hurt by the Russia-Ukraine conflict. Vietnam was Russia's third biggest importer of catfish last year, behind Argentina and China.

6. HCM City promised laser focus on collecting taxes

HCM City's tax revenues rose in the first two months of the year as the economy showed signs of recovery.

Land-use fee collections, made one time at the beginning of the year, increased by more than 300 per cent to VND 8.884 trillion.

But policies to boost economic recovery that are being implemented will affect revenues in the coming time, according to its Department of Finance.

But Le Duy Minh, director of the Tax Department, said collections could fall significantly due to the implementation of some major fiscal policies meant to boost economic recovery.

Pham Thi Hong Ha, its director, said revenues are expected to top VND88.044 trillion (US\$3.85 billion) in the first two months, up 14.85 per cent year-on-year.

For instance, the value added tax was reduced by 2 percentage points to 8 per cent in February and could mean a revenue hit of VND8-10 trillion for the year, he said.

Personal income tax collection were worth VND11.016 trillion (\$483.02 million), a 16.61 per cent rise thanks to the recovering real estate market and good growth in production and business activities.

The Ministry of Finance has made a draft resolution for the National Assembly Standing Committee's consideration on reducing the environmental protection tax on petroleum products by VND1,000 per litre, he said.

Vehicle registration fees went up by 50.3 per cent to VND 1.42 trillion following a surge in demand for cars after Decree No 103 slashed them by 50 per cent in December.

The city is also considering a further cut in personal income tax, he said.

“These are expected to pull down the city's revenues in 2022. But these are necessary solutions to stabilise the markets and promote economic recovery, thereby making budget revenues more sustainable in future.”

The Government now wants the city to collect revenues of VND386.57 trillion for the national

exchequer this year, 5.9 per cent higher than earlier estimates.

For this, the city plans to focus on plugging tax losses by preventing transfer pricing frauds and other kinds of tax evasion, especially in e-commerce and real estate, the city finance department said.

7. VN rail freight to Europe postponed by Russia-Ukraine conflict

International railway freight between Viet Nam and Europe beginning this month has been postponed as a result of the Russia-Ukraine conflict, according to an official from the Viet Nam Railways Corporation (VNR).

Transport along the route through China, Kazakhstan, Russia, Belarus and Poland to Germany and other Western European countries is likely to be affected if the railways from Poland to Belarus stop operation due to the conflict, Vuong Kha Son, head of the VNR's transport department told Vietnam News Agency.

The transport of goods to Europe transiting Russia also faces the same problem, Son said, however the freight transport from Viet Nam to Russia should not be affected.

According to the VNR, the Director-General of the International Union of Railways (UIC) has sent letters to members informing them that UIC suspended Russia and Belarus's membership. This means that Russian and Belarusian railways cannot participate in the union's activities or benefit from its services.

Viet Nam initially planned to organise a train to transport containers from the central city of Da Nang to Europe in early March, but the plan has now been shelved.

At present, railway freight transport between Viet Nam and China remains normal, with a high container transport volume.

Last year, VNR launched a direct railway route from Viet Nam to Belgium, and trains transporting containers to China's cities, Vu Anh Minh, VNR chairman said.

According to the VNR, nearly 1.16 million tonnes of goods were transported abroad by trains in 2021, surging 34 per cent compared to the same period last year. Of which, the Dong Dang Railway Station of the northern border province of Lang Son witnessed increases of 82 per cent in the volume of goods in the fourth quarter of last year.

Minh said the railway sector would shift to freight transport to compensate for the decline in passenger transport, focusing on promoting international transportation between Viet Nam and China and third countries such as Russia and those in Europe and Central Asia.

Infrastructure development

However, Phan Quoc Anh, VNR deputy general director, said that the railway industry's existing infrastructure and warehouse capacity is very poor and did not meet the requirements of international railway transport.

Now, only Dong Dang, Lao Cai, Yen Vien and Hai Phong stations have customs offices to carry out customs clearance for import and export goods, so when cargo volume increases, there is congestion of goods at these stations.

Therefore, the VNR has proposed the Ministry of Transport upgrade infrastructure, including warehouses, to meet the requirements of the international railway network.

To improve freight capacity on domestic rail and also on international rail, Viet Nam needs to expand and upgrade Song Than, Dieu Tri, Kim Lien, Vinh, Dong Dang, Dong Anh and Kep stations to become international intermodal rail terminals.

Of which, the Kep station in Bac Giang Province would relieve cargo congestion at the border gates and two existing international intermodal stations, Yen Vien and Dong Dang.

In the long term, Ngoc Hoi and Sen Ho stations in Bac Giang should also be upgraded, according to the corporation. Under the development plan, Ngoc Hoi station would replace Giap Bat station, which is the freight train station south of Ha Noi.

Meanwhile, expansion of the Sen Ho station and development of a railway system connecting with industrial parks in the province would transport goods by rail for these industrial zones.

It is necessary to build the new Nghi Long station in Nghe An Province belonging to the North-South railway system due to the development of industrial zones in Nghe An Province and the demand on the transit of goods through Laos and Thailand and transport of cargo by railways to ports in the central region.

The Ministry of Transport's representative said the ministry would coordinate with other ministries and sectors to create a capital mechanism and investment policy to remove infrastructure bottlenecks of the railway industry.

Initially, the ministry will request the railway project management board to speed up the approved railway station expansion projects.

Corporate News

8. CII: CII is no longer parent company of NBB

↑ 1.82%

After the share sale on March 7 and 8, CII is no longer the parent company of NBB, the local media reported.

Earlier, CII approved a plan to divest its stake in NBB to convert the latter from a subsidiary to an affiliate.

Since late October last year, CII has divested its holding in NBB six times, reducing its ownership from 87.9% to 49%.

In the fourth quarter of 2021, NBB gained nearly VND7.2 billion in revenue and some VND3 billion in after-tax profit, down 99.6% and 97.7% year-on-year, respectively.

Closing the session today, March 9, NBB lost 2.62%, extending its falling streak for the third straight session.

The VN-Index of the Hochiminh Stock Exchange inched up 0.03 points from the session earlier at 1,473.74, with 209 winners and 245 losers. Trade volume totaled over 930 million shares worth VND30.5 trillion, down 9.7% and 10.8% against the previous session, respectively.

Due to high demand, many oil and gas stocks traded in positive territory, with PXS closing at its daily ceiling price and PVD jumping by 6%.

The HNX-Index of the Hanoi Stock Exchange maintained its downward spiral, dropping by 1.29 points, or 0.29%, against the session earlier, at 444.6.

9. DRH: DRH Holdings plans to issue over 60 million shares

↓ -2.94%

DRH Holdings JSC (DRH) just announced the final registration date to make a list of shareholders for issuing additional stocks to the market.

March 15 is the last registration date, said the company.

DRH Holdings will issue more than 60.3 million shares with a ratio of 1:1 to double its charter capital to over VND1.2 trillion (US\$53.1 million).

The time to transfer the purchase right is from March 21 to April 12, and the time for registering to order and pay is from March 21 to April 14.

With an asking price of VND12,000 a share, DRH Holdings is expected to earn VND723.6 billion from the issuance.

The company will contribute VND500 billion to East Saigon Real Estate Development JSC while

spending VND200 billion to increase its ownership rate at Binh Duong Minerals and Construction JSC(KSB) and the rest for supplementing working capital.

In the last quarter of 2021, DRH Holdings recorded net revenue of VND39 billion, up 53 per cent year-on-year. But its profit after tax fell 32 per cent to VND7.7 billion.

For the whole of 2021, the company's net revenue reached VND48 billion, down 38 per cent compared to 2020.

However, its financial expenses increased 2.2 times compared to the previous year. As a result, DRH posted a drop of 66 per cent in profit before tax in 2021 to VND15.6 billion, while profit after tax was VND14 billion, down 72 per cent.

In 2021, DRH set a target of VND870 billion in revenue and VND90 billion profit before. DRH only

fulfilled 5 per cent of its revenue target and 17 per cent of profit before the tax target.

Research Team: Tsugami Shoji *Researcher* jsi@japan-sec.vn

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Japan Securities Co., Ltd – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818 Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn