



VIETNAM DAILY NEWS



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Market Analysis

1. Shares fall deeply on rising selling force

The stock market finished lower on Monday as stocks across all sectors faced strong a sell-off from early in the session.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index ended the trading day at 1,446.25 points, down 20.29 points or 1.38 per cent. However, it pared some losses from the morning session. The index declined by 20.56 points in the morning trade.

The market's breadth was negative with 349 stocks decreasing, while liquidity was lower compared to the previous session. Of which nearly VND27.2 trillion (US\$1.2 billion) worth of shares, equal to over 858.56 million shares, was traded on HoSE.

The HNX-Index on the Ha Noi Stock Exchange (HNX) also posted a fall of 5.63 points, or 1.27 per cent, to 436.57 points.

During the session, nearly 142.6 million shares were traded on the northern bourse, worth over VND4.2 trillion.

Strong selling pressure caused a steep slide in the market, with up to 22 stocks in HoSE's large-cap group plummeting, while only six stocks edged higher.

Accordingly, the 30 biggest stocks tracker VN30-Index plunged 16.4 points, or 1.09 per cent, to 1,461.1 points.

Data compiled by vietstock.vn showed that PV Gas (GAS) was the stock weighing the market the most, down 6.11 per cent. Many other oil and gas stocks also witnessed sharp falls since the market opened, such as PVDrilling (PVD) down 3.91 per cent, PVChem (PVC) down 10 per cent - the biggest daily loss on HoSE, PVOil (OIL) down 7.84 per cent, Petrolimex (PLX) down 3.62 per cent, and Binh Son Refining and Petrochemical Company Limited (BSR) down 6.86 per cent.

The market sentiment was also weighed by losses in manufacturing and realty stocks. These stocks included Masan Group (MSN), Vinhomes (VHM), Viet Nam Rubber Group (GVR), Becamex (BCM), Hoa Phat Group (HPG) and Vingroup (VIC), down in a range of 0.67 - 4.49 per cent.

Some big bank stocks also faced sell-off pressure like BIDV (BID) down 1.31 per cent, VPBank (VPB), down 1.1 per cent and Vietinbank (CTG), down 1.09 per cent.

Cushioning the market's downtrend was the rallies of airlines stocks, of which Vietjet Aviation JSC (VJC) led the uptrend with a gain of nearly 4.7 per cent. It was followed by Vietnam Airlines (HVN), up 1.36 per cent.

Meanwhile, foreign investors also fled the market after selling a net value of VND707.96 billion on the two main exchanges. Of which, they net sold a value of VND725.17 billion on HoSE, while net bought VND17.21 billion on HNX.

Macro & Policies

2. FAST500 firms optimistic about 2022

Some 83.3 per cent of the 500 fastest-growing companies in Viet Nam (FAST500) are optimistic about the outlook and growth opportunities of the domestic market this year.

They are confident that as the economy is on course to recover to pre-pandemic levels, a bright future lays ahead, according to a recent survey conducted by Vietnam Report.

Out of the companies quizzed, 89.2 per cent of them say they are planning to expand business while 86.5 per cent said they have contingents of highly-qualified, experienced and disciplined personnel.

About 67.6 per cent of the surveyed companies are confident about their competitive edge as they boast good relations with partners and customers, and high-quality and competitive-priced products.

Around 62.2 per cent show changes in their awareness of the strong wave of digital transformation in all areas, and that they must have clear visions and business strategies to catch up with the market trends.

FAST500 firms give priority to six strategies to deal with growth challenges. About 91.9 per cent of them plan to ramp up personnel training, 83.8 per cent will focus more on sales promotion, 67.6 per cent want to accelerate digital transformation, 56.8 per cent are committed to ensuring employment, wages and benefits of their workers, 48.6 per cent aim to strengthen their risk management system, and 37.8

per cent plan to step up co-operation and investment in the near future.

The survey also reveals that FAST500 expects that Government will continue stabilising the macroeconomy this year, keeping inflation under control, expanding trade promotion, launching more support packages, and accelerating public administrative reforms, to facilitate their business activities.

They also hope that government will build a better business environment and help unleash more potential resources to provide momentum for sustainable growth.

FAST500 was announced last week based on independent research and assessment of Vietnam Report JSC. It complies with international standards and was drawn up in consultation with domestic and foreign experts.

The FAST 500 rankings are also based on international standards, including the models of the Inc 500, Fortune 500, and Deloitte 500.

The performance of the companies was calculated by the CAGR on revenue and also based on criteria such as total assets, the number of workers, after-tax profits, and prestige in the media.

This year, Hung Thinh Land JSC, MB AGEAS Life Insurance Company Limited and Tin Viet Finance JSC topped the list.

3. Pilot resolution on bad debt settlement proposed to be extended until 2025

The State Bank of Viet Nam (SBV) has proposed to continually handle bad debts of credit institutions based on the provisions of pilot Resolution 42/2017/QH14 until 2025 instead of this year.

The National Assembly (NA) approved Resolution 42 on piloting the bad debt settlement of credit institutions in 2017, however, the policy will expire on August 15 this year.

Under a resolution draft made public this week for comments, the SBV has proposed extending the application of the pilot resolution until August 15, 2025. During the extension, the Government will be responsible for studying and proposing to develop a new law on bad debt settlement of credit institutions.

To meet the current legal regulations related to procedures and deadlines, the Government will

propose the NA allow the application of the shortened procedures to pass the extended resolution at the NA's meeting in May 2022, according to the draft.

According to the SBV, after five years of implementing the resolution, the bad debt settlement of credit institutions has achieved positive results. Accordingly, from August 15, 2017 to November 30, 2021, VND373.3 trillion of bad debt was recovered according to Resolution 42. On average, some VND5.66 trillion of bad debts were handled monthly during the application of Resolution 42, against about VND2.14 trillion previously.

However, the outbreak of the COVID-19 pandemic has negatively affected the credit quality of the credit institution system. Bad debts have been increasing since 2020 and reached more than 2 per cent by the end of November 2021. Many warnings showed bad debt will continue to rise again due to the pandemic's impacts.

The SBV, therefore, has proposed to legislate the policies specified in Resolution 42 into a new law to

continually enable the banking industry to settle bad debts of credit institutions. The issuance of a new law on bad debt handling will help credit institutions maintain and accelerate the handling of bad debts to avoid potential risks for the economy.

Experts have so far also suggested streamlining Resolution 42 to better deal with bad debts.

According to banking expert Can Van Luc, one of the major problems when dealing with bad debts currently is the handling of collateral. The right to seize security assets of a credit institution is one of the key contents in Resolution 42, but it does not specify regulations when the borrowers do not cooperate. Therefore, as Resolution 42 will expire next year, Luc said it is necessary to have a law on bad debt settlement with a stronger legal framework.

Lawyer Truong Thanh Duc, director of ANVI Law Firm, said Resolution 42 has a good effect in dealing with bad debts, however, the policy still needs to be further streamlined to improve the handling of bad debts of the banking industry.

4. National Assembly to decide on tax cut for petrol products

A draft resolution on the environmental protection tax rates on petroleum, oil and lubricants, was submitted to National Assembly Standing Committee yesterday for final approval.

The Ministry of Finance proposed to cut tax rates for gasoline by VNĐ2,000 VND (US\$0.088) per litre, diesel, fuel oil, and lubricant by VNĐ1,000 per litre, grease by VNĐ1,000 per kg, and kerosene by VNĐ700 per litre.

The ministry recommended that the resolution should take effect from April 1 and last until December 31, 2022.

With the adjustments, the estimated amount of environmental tax would fall by over VNĐ29 trillion (\$1.26 billion), leading to a reduction in the State budget collection.

There have been seven consecutive price surges since the beginning of the year. Just last week, petrol

was nearing VNĐ30,000 per litre, a record-breaking price in Việt Nam.

According to the General Statistics Office of Việt Nam, the cost of petrol accounts for 3.52 per cent of the country's total production cost; 30 to 40 per cent in a number of industries. Such high petrol prices will create significant pressure on income and spending, as well as inflation and economic growth.

Experts said the price surges will be felt by almost all, including key industries such as agriculture, seafood, manufacturing and transport. It may also cancel out the government's support and stimuli to rejuvenate the economy.

On top of the ongoing conflict between Russia and Ukraine, Việt Nam also suffered from the Nghi Son Refinery and Petrochemical - one of the largest in the country - cutting back production by 40-45 per cent, said economist Cấn Văn Lực in a conference discussing petrol price surges yesterday in Hà Nội.

Speaking on the sharp price surge recorded last week, Nguyễn Tiến Thỏa, president of the Valuation Việt Nam Association said it was partly because of the way Việt Nam regulate petrol prices.

Thỏa said petrol prices are typically adjusted daily, even hourly, based on global indexes. However, Việt Nam still employs a model that adjusts price every 10 days (20 days in case of a long holiday period such as Tết).

Thỏa said this is not ideal because at times the country was forced to adjust to significantly higher prices, sending the whole economy into a shock. It also gives retailers reason to speculate and hoard products to wait for higher prices, further undercutting supply.

He said the current model has shown severe weakness and limitations and must be addressed to avoid an unnecessary mismatch between prices in the domestic and the global markets.

5. Travel agencies ready to welcome int'l visitors

As the country gets ready to welcome international tourists, travel agencies are hard at work preparing for their arrival.

Almost two years since borders closed, Việt Nam's tourism sector is ready to fully open, with no restrictions on flight frequency or destinations.

But tour companies face stiff competition from other destinations in the region who are well prepared and may have the advantage.

Gloria Bùi, Director of Asia Exotica Vietnam told Việt Nam News her company is rapidly recruiting staff and expanding offices, preparing new tourism products as well as re-establishing contact with partners.

"The most important thing is to train staff and send product information to customers," she said.

She also said that Asia Exotica Vietnam decided to reopen soon and invest in people from the beginning, although many local inbound travel companies are still very hesitant.

"I think it is completely reasonable to fully open the doors to tourism and lift restrictions related to the pandemic," she added.

"We prioritise investment to expand from products and services to marketing to adapt to the new situation. Also, we are willing to hire more staff than needed to make sure the company is ready for the upcoming orders. This also creates jobs and during

this time and we can focus on training the employees carefully,"

Vietravel has also prepared plans to welcome international tourists in 2022. It has completed product sets in accordance with the requirements of the pilot programme to welcome international tourists and the demand of customers from Southeast Asia, the Middle East, America and Europe. The company is strengthening marketing campaigns to partners and customers in these markets.

"In the new normal situation, we have to be more flexible and innovative," the company's representative said, adding how they are focusing on increasing safety by applying safety standards and procedures suitable for each destination, and strengthening search, survey and launch of new product sets.

Positive Signs

Gloria Bùi said that right after the announcement of the full opening, there were a lot of pre-booked tours for this summer and autumn.

Currently, the top destinations chosen by Asia Exotica Vietnam's customers are Hạ Long, Hội An, and Hà Nội, followed by Huế, HCM City and Phú Quốc.

"There are a lot of early orders, for April and May, when Việt Nam has just reopened. We are very excited about this and looking forward to welcoming tourists back soon," she said.

Oxalis Adventure, the only company in Việt Nam licenced to conduct an expedition tour to Sơn Đoòng cave, Quảng Bình Province said that Sơn Đoòng tours in 2022 have been fully booked.

From mid-January 2022, the tour company has continued to open the reservation system for Sơn Đoòng tours departing in 2023. Currently, the tour has been booked for nearly 15 per cent, of which the majority are foreigners.

Other tours of Oxalis such as Tú Làn, Hang Va, Hang Ёn, Hang Tiên have reached 80 per cent of the booking rate until May 2022.

In the first two months of 2022, international visitors to Việt Nam were estimated at 49,200 arrivals, up 71.7 per cent over the same period last year. Among them, visitors arriving by air accounted for 87.8 per cent of international arrivals to Việt Nam.

Currently, the entire tourism sector is preparing necessary conditions to fully open tourism activities from March 15.

This year, the tourism sector has set a target of serving 65 million visitors, including five million foreigners, and earning VNĐ440 trillion (nearly \$19.3 billion) in revenue.

6. Re-operating businesses surge over two months

The business community's confidence in the Government's drastic and timely solutions has caused the number of businesses re-operating to increase sharply in the first two months of 2022, according to the General Statistics Office.

The latest report of GSO has shown that 22,300 enterprises returned to operation in the first two months of this year, up 102.5 per cent over the same period in 2021.

The total number of newly-established and re-operating enterprises during the first two months reached 42,600, an increase of 46.2 per year.

Of which, Viet Nam had nearly 20,300 newly registered enterprises with a total registered capital of VNĐ277.6 trillion, up 11.9 per cent in several enterprises but down by 17.1 per cent in the registered capital on year.

The average registered capital of a newly established enterprise also decreased by 25.9 per cent compared to the same period in 2021.

The GSO also reported that if including VNĐ173.6 trillion of additional capital registered by 2,332 operating enterprises, the total amount of additional capital registered in the first two months was VNĐ451.2 trillion, down 37.4 per cent on the year.

Also, in the first two months, the number of enterprises temporarily suspending business was 32,700, an increase of 51.3 per cent over the same period last year, while 8,900 enterprises ceased operation to wait for completing procedures on dissolution, up 6.3 per cent.

However, according to the GSO, the indexes on enterprises in February 2022 were quiet compared to the previous month. One of the reasons for this situation was the long Lunar New Year holiday.

In February, Viet Nam had 7,284 newly established enterprises with a registered capital of VNĐ85.2 trillion. Those figures decreased by 44 per cent in the number of enterprises and 55.7 per cent in registered capital on month.

The average registered capital of a newly established enterprise in the month was VNĐ11.7 billion, down 20.9 per cent from the previous month and 47.7 per cent over the same period last year.

To support the enterprises, the GSO has proposed ministries and sectors continue implementing Government Resolution No 128/NQ-CP last October on the safe and flexible adaptation to and control of the pandemic.

At the same time, they need to ensure an adequate supply of raw materials and energy for production recovery and socio-economic development, remove

difficulties for important industrial projects, and help factories restore production to keep orders and supply chains.

To be proactive in production for the economy that more than 85 per cent of the manufacturing industry's output is for export, Minister of Industry and Trade Nguyen Hong Dien said an important task this year was the implementation of solutions to restructure the industry and trade sector based on science and technology, innovation and digital transformation.

At the same time, the ministry would have mechanisms and policies to support and mobilise all resources promoting the development of large State-owned and domestic private enterprises. That would help those enterprises transfer modern technology and directly keep Vietnamese small and medium enterprises participating in the global production and supply chain.

For state-owned enterprises, if the project on restructuring state-owned enterprises in the 2021-2025 period is implemented well, Viet Nam is likely

to improve the operational efficiency and competitiveness of state-owned enterprises based on modern technology, innovation of capacity, and management according to international standards.

The project will also help those enterprises play a leading role in developing local enterprises of other economic sectors.

Experts said to develop the digital economy, applying Industry 4.0 for production needs the leading role of large local enterprises. The supporting industries must be created with large enterprises leading for small businesses to participate in the supply chain.

However, at present, Viet Nam has few large private enterprises with multi-industry activities.

The Viet Nam Confederation of Trade and Industry shows that large enterprises hold less than 2 per cent of the existing enterprises, while medium enterprises also account for more than 2 per cent. About 96 per cent are small and micro-enterprises.

7. Contractors fret as Vietnam steel prices scale new peak

With domestic steel prices up nearly 8 percent in 10 days, contractors are caught in a dilemma: continue work and suffer losses or suspend work and suffer fines.

The Vietnam Steel Corporation (VNSTEEL) has upped its prices by 7.6 percent for both rolled and bar products.

Its rolled steel prices reached VND18.57 million (\$807) per ton, which is higher than the historic peak of VND18.3 million reached last year.

Prices have been rising on the back of global price rises.

Steelmaker Hoa Phat Group has increased its D10 bar prices to VND18.43 million per ton Mar. 11 from Mar. 1's VND17.42 million.

Friday's was the third hike within over a week without a downward adjustment in between.

The Vietnam Association of Construction Contractors (VACC) has warned that high construction steel prices will drag the industry down.

It estimates that steel makes up 18-20 percent of the costs of building high-rise apartments, and the proportion is even higher for bridges and roads.

Prices of other construction materials have also gone up. The association has asked the authorities to take price stabilization measures, but this has not happened yet.

"The construction industry makes up for 8-9 percent of Vietnam's GDP, thus any disruption can affect Vietnam's growth target," Nguyen Quoc Hiep, VACC chairman, told the Tuoi Tre newspaper.

Many contractors are in a dilemma of whether to keep construction going at losses because of high material prices, or stop working and be penalized for slow progress, he said.

Corporate News

8. VJC: Vietjet resumes domestic routes for summer travel demand

↑4.69%

Vietjet will reopen and increase the frequency of many routes across Viet Nam this month to meet customer travel, trade, and tourist needs this summer, the airline has announced.

Besides operating routes from HCM City, Ha Noi to Phu Quoc, Vietjet will continue to reopen and increase the frequency of routes from Nha Trang, Da Nang, Da Lat, Hue, Thanh Hoa and Vinh to Phu Quoc, as the most attractive destinations, with four to seven return flights per week.

Flight routes connecting Nha Trang with Thanh Hoa, Vinh, Da Nang, Can Tho will operate three to four return flights per week from March 27.

Routes connecting Da Nang to Da Lat, Buon Me Thuot, Can Tho will also return with regular frequencies from three, four and seven return flights per week from March 27. The Can Tho-Hai Phong and Can Tho-Da Lat routes are operated from March 27 and April 28 respectively with seven return flights per week.

In addition, international routes to Japan, South Korea, Thailand, Singapore, Taiwan, Malaysia, India and Indonesia are also being re-operated by the budget carrier after getting permission to serve passengers, contributing to the restoration of international aviation.

9. FPT: FPT Group gains permission to build education complex in Ha Nam

↓ -1.50%

The People's Committee of Ha Nam province on March 13 handed over an investment registration certificate to FPT Education of the technology service company FPT Group to invest in Nam Cao University Area in Phu Ly city.

Chairman of the provincial People's Committee Truong Quoc Huy said that an area of 400ha was earmarked at the 1,000-ha Nam Cao University Area to attract investment from universities.

He pledged that local authorities will create the best conditions for the prompt implementation of the project, asking relevant agencies to work with the FPT Group to soon complete administrative procedures.

Construction of the 10-ha FPT UniSchool Ha Nam education complex is set to begin this year and finish one year later.

Upon its completion, the complex is projected to create about 1,000 jobs in Ha Nam and surrounding localities, and welcome up to 10,000 students per year.

It is hoped to train high quality students and human resources for the province's socio-economic development strategy.

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