



VIETNAM DAILY NEWS



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Market Analysis

1. Shares struggle to stay positive, textile and retail stocks spur market

Shares struggled to stay positive on Friday with large-caps experiencing strong volatility but cash flow pouring into textile and retail stocks still spurred the market's uptrend.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index edged up 0.02 per cent, to 1,498.50 points.

The market's breadth was positive with 231 gainers and 211 losers.

During the session, nearly 769 million shares were traded on the southern bourse, worth over VND24.5 trillion (US\$1.07 billion).

The VN30-Index, which tracks the 30 biggest stocks on HoSE, rose 0.06 per cent, to 1,498.36 points.

Of the VN30 basket, 18 stocks slid, while only eight inched higher and four ended flat.

In the VN-30 basket, the best performers included Bank for Investment and Development of Vietnam (BID), rising 0.8 per cent, Khang Dien House (KDH), climbing 0.4 per cent, Novaland (NVL), up 1 per cent, Vinhomes (VHM), increasing 0.3 per cent and VPBank (VPB), rising 1.1 per cent.

On the other side, losers were Bao Viet Holdings (BVH), FPT Corporation (FPT), PetroVietnam Gas

JSC (GAS), Vietinbank (CTG), HDBank (HDB), PVPower (POW), Sabeco (SAB), Masan Group (MSN), Vietjet (VJC) and Vinamilk (VNM).

Cash flow tended to run into industrial retail stocks such as Mobile World Group (MWG), rising 3.7 per cent, Digiworld (DGW), up 4.1 per cent, Petrovietnam General Services JSC Corporation (PET), up 5.9 per cent, Petroleum General Distribution Services JSC (PSD), rising 5.7 per cent.

The textile and garment industry experienced a positive trading day with notable industry-representative stocks increasing strongly. In which, Century Synthetic Fiber Corporation (STK) rose 5.2 per cent. Song Hong Garment Joint Stock Company (MSH), up 4.1 per cent, Thanh Cong Textile Garment Investment Trading Joint Stock Company (TCM), up 3.8 per cent, Viet Thang Corporation (TVT), up 2 per cent, TNG Investment and Trading JSC (TNG) advancing more than 5 per cent and Viet Nam National Textile & Garment Group (VGT) inched up 2.7 per cent.

On the Ha Noi Stock Exchange (HNX), meanwhile, the HNX-Index lost 0.23 per cent to end at 461.75 points.

During the trading session, investors poured more than VND3.6 trillion into the bourse, equivalent to a trading volume of more than 127 million shares.

Macro & Policies

2. Air transportation of int'l passengers, cargo rebounds strongly in first quarter

Vietnamese airlines have seen a surge of 441 per cent in international passengers but a decline in domestic passengers in the first quarter of 2022, according to the Civil Aviation Authority of Vietnam (CAAV).

CAAV said Vietnamese airlines have transported an estimated 141,600 international passengers and 38,000 tonnes of international cargo in the first quarter, respectively soaring 441 per cent and 113.9 per cent year on year.

The number of international passengers passing through airports nationwide in the first quarter reached 321,000, up 176 per cent over the same period last year.

Airports also handled 292,000 tonnes of international cargo during the period, up 21.1 per cent.

Meanwhile, the carriers served about 6.5 million domestic passengers and 48,400 tonnes of domestic cargo, down 12.5 per cent and 8.8 per cent from a year earlier.

About 13 million domestic passengers and 98,000 tonnes of domestic cargo passed through Vietnamese airports during the three months, dropping 13.3 per cent and 5 per cent, respectively.

CAAV said as of March, there are 23 foreign and Vietnamese airlines operating 67 routes between Việt Nam and 20 countries and territories.

Compared to 2019 - before the COVID-19 pandemic broke out, regular air routes with eight foreign destinations have yet to be resumed, namely Brunei, India, Indonesia, Myanmar, Macau, Finland, Italy, and Switzerland.

From March 15, when Việt Nam fully reopened to international tourists, to March 21, the route linking with Singapore was the busiest with 45 round-trip flights, two flights more than the previous seven days and equivalent to 36 per cent of the frequency in the same period of 2019. However, the largest number of passengers, 10,300, was recorded on the route between Việt Nam and Japan, accounting for 18.1 per cent of the total.

The CAAV said the Government's Resolution No. 32/NQ-CP, issued on March 15, on visa exemption for citizens of 13 countries has contributed to the growth of international passenger and cargo transportation.

However, the CAAV also pointed out that the aviation sector is facing pressure from rising fuel prices. Some carriers have proposed relevant agencies reduce import and environmental taxes on aviation fuel as well as some types of fees.

3. Tourism sector speeds up for summer vacation following full reopening

More than ten days after the official reopening of Việt Nam's tourism sector, localities and businesses are putting all hands on deck to prepare for the summer travel season and revive the industry.

As tourism activities resume, 'Hà Nội Tourism 2022' was launched over the weekend at the Octagonal House at Lý Thái Tổ Garden. With the theme 'Get on Hà Nội 2022', the event took place from March 25 to 27 with a series of activities to welcome tourists back to the capital.

One of the event highlights was a hot air balloons festival at the Long Biên longan garden, the area along the Red River and the foot of Vĩnh Tuy Bridge in Long Biên District.

A total of 22 colourful hot air balloons, including 18 level-one balloons of 10-metre high and four level-seven of 22-metre high, flew above the Hà Nội skyline.

Meanwhile in Ba Vì District on the outskirts of Hà Nội, a local tourism campaign will be launched on

April 16. With the theme 'Ba Vì Tourism - Green and safe experience', the event will focus on eco-tourism, leisure travel, and spiritual culture for this upcoming summer.

According to Đặng Hương Giang, director of Hà Nội Department of Tourism, the capital city has attracted more than 2.8 million local tourists in the first quarter of 2022, equivalent to a 45 per cent increase compared to the same period last year.

This is the basis on which events and products stimulating demand will be created to revive the tourism industry, while also ensuring safe adaptation and flexible, effective control of COVID-19, she added.

HCM City has also been putting in the effort and scaling up inter-provincial and inter-regional partnerships with more than 40 cities and provinces, which are in the Mekong Delta, the Northwestern, Central, Southeast regions and the Central Highlands.

Bùi Thị Ngọc Hiếu, deputy director of HCM City tourism department said: "With these partnerships, HCM city plans to promote and make exchanges between the local tourism ecosystems to renew programmes and create unique products, while also focusing on human resources training.

"Expanding partnerships to other regions across the country will help bring tourists to these provinces, while also welcoming tourists in provinces to HCM City. Therefore, the tourism sector and ecosystems will flourish even more."

The northern province of Quảng Ninh has also been focusing on tourism partnerships, reopening programmes, stimulating policies, support for businesses, and training human resources for the tourism sector.

The province's goal is to welcome 10 million visitors in 2022, of which 1.5 million are international tourists. The revenue from tourism is expected to be VNĐ21 trillion (US\$918 million).

The central city of Đà Nẵng has also followed the guidelines of the Ministry of Culture, Sports and

Tourism to give its tourism industry a boost while also ensuring safety measures against COVID-19.

On March 27, the city welcomed the first international flights from Singapore and Bangkok.

Nguyễn Xuân Bình, deputy director of Đà Nẵng tourism department said: "This summer, Đà Nẵng will focus on local tourists, and especially the partnerships with provinces in the central region to create new tourism products, which combine marine tourism with cultural and eco-tourism."

With their campaign of developing Thanh Hóa Province into a safe, friendly, attractive destination, the local authorities have set up the goal of welcoming more than 10 million tourists in 2022, of which 440,000 are from overseas. The total revenue is expected to be nearly VNĐ18 trillion (US\$787 million).

As part of the inter-provincial partnership with HCM City, the southern Bạc Liêu Province recently held an agreement signing ceremony between the city and 13 localities of the Mekong Delta, alongside its tourism campaign launch.

On the national scale, Việt Nam Tourism Association has teamed up with the National Administration of Tourism to host Việt Nam International Travel Mart (VITM) 2022, with numerous promotions and activities to offer.

Taking place from March 31 to April 3, the event will welcome travel businesses and tourism management agencies from 52 cities and provinces across Việt Nam, as well as from six other countries and territories.

For travel agencies, this period of time is also an opportunity for them to revise their products and human resources in preparation for international tourists.

Lê Nguyên Long, director of Asia Plus Tours said: "The reopening of tourism and health, visa requirements receives generally positive responses from our customers and partners."

“It is expected that the first groups of tourists will arrive in June, and the number of customers will stabilise by the end of the year.”

In the near future, these agencies will focus on the summer vacation with local tourists, especially for the holiday breaks in April and May. International travel season will begin from September onwards.

Phùng Quang Thắng, director of HanoiTourist said: “This sort of rotation will ease the load for the tourism industry when human resources remain insufficient.

“Therefore in this period, in addition to reviewing the infrastructure, businesses also hope that the State and local government will provide support in terms of staff training for the sector.”

Nguyễn Thị Lê Hương, deputy director of Vietravel also added that now is the time for government agencies to coordinate with all stakeholders in the industry. The objective is to launch a

communication campaign with a coherent message both in the country and abroad.

Chairman Nguyễn Trùng Khánh of Việt Nam National Administration of Tourism said: “Domestic travel now no longer has any restrictions. Despite the outbreak, there is still a large number of local tourists, which proves that safe travel activities have been going in the right direction, and that we are ready for tourism reopening.

“Việt Nam has set the goal to welcome 60 million local and five million international tourists in 2022, which is completely feasible.”

In the immediate future, the administration will continue its campaign “Live fully in Việt Nam”, which is being deployed across the country’s tourism website and media channels.

Alongside human resources development, the National Administration of Tourism is also looking into improving technology applications for tourists, businesses and localities.

4. Airlines seek favourable policies to reduce fuel bills

Several airlines have appealed to the Ministry of Finance (MoF) and the Ministry of Transport (MoT), calling for favourable policies amid mounting fuel prices.

Vietnam Airlines revealed that Jet-A1 fuels hitting over US\$130 per barrel in early March were pushing up fuel costs.

Its costs will increase by around VND5.7 trillion (\$249 million) in 2022 if jet fuels stay at the same level.

Alternatively, the airline would have to pay VND9.1 trillion more for fuel if prices go up to \$160 per barrel. In the worst scenario, the prices may hit over \$200 per barrel.

Accordingly, Vietnam Airlines has requested the MoT to raise airfare ceilings and allow fuel surcharges on domestic flights to cover its higher costs.

The flag carrier has also asked the MoF to exempt environment tax on jet fuels in 2022 to ease its tax burden. If the tax break is approved, it will save the airline around VND600 billion.

Meanwhile, Vietravel Airlines has called for the removal of tariffs on imported jet fuel and lower environment tax until year-end, to VND1,000 (\$0.044) per litre.

Vietravel Airlines has also asked for the credit package for aviation enterprises being disbursed at a faster pace.

The air carrier wants the Government to grant it credit support in loans with preferential interest rates for 3-5 years.

It also suggested an exemption of corporate income tax for 2021 and a reduction of value-added tax (VAT) to 5 per cent to stimulate demand.

Finally, it wants to collect fuel surcharges on domestic air routes because Jet-A1 prices have surpassed \$100 per barrel.

Bui Doan Ne, deputy chairman and general secretary of the Vietnam Aviation Business Association, revealed that other regional countries have allowed their airlines to collect fuel surcharges.

Notably, air carriers in Malaysia, Thailand, South Korea and Japan have begun to charge each passenger \$5-10 more for fuel.

Meanwhile, in Viet Nam, air carriers have to bear three types of fuel tax, including import tariff, environment tax and VAT.

Vietnamese airlines would have more elbow room for fare setting to cover higher costs and maintain competitive advantages with the surcharge policy.

“No one wants to raise airfares. But if fuel prices continue to increase steadily and reach an intolerable level, airlines will have no choice but to do so,” Ne said.

He also urged commercial banks to support air firms amid mounting costs by offering loans at low-interest rates and allowing deferred payments.

Ngo Tri Long, former director of Price Market Research Institute under MoF, believed that the authorities should cut environment tax to boost the recovery of domestic airlines.

Regarding the proposals to raise airfare ceilings and impose fuel surcharges, he said the authorities should approve one of the two, but not both.

Otherwise, the approval would fuel inflation and hurt air passengers, slowing down tourism recovery.

“The authorities should choose either higher airfare caps or the imposition of fuel surcharges, but not both. If they choose both, inflation will climb up, and air passengers will be badly affected”, explained the former director.

Dinh Viet Thang, director of Civil Aviation Authority of Vietnam (CAAV), shared this view. He said airfare caps should not be adjusted because the move would negatively impact inflation.

Instead, fuel surcharges were more suitable to help air firms reduce their financial woes.

“Imposition of fuel surcharges requires the green light from the MoF. The CAAV is considering the appeal,” he said.

5. VNM ETF and FTSE Vietnam ETF saw a withdrawal of over \$24m in March

In March, foreign investors continued to be net sellers on the Vietnamese stock market.

Statistics until March 24 showed that foreign investors net sold more than US\$4.3 trillion (US\$188 million) on the Hồ Chí Minh Stock Exchange (HoSE), bringing the net selling value since the beginning of the year to nearly VNĐ7.7 trillion.

The selling force of foreign investors recently has been attributed to a pair of foreign exchange-traded funds (ETFs) that have just finished restructuring their portfolios - Vaneck Vectors Vietnam ETF (VNM ETF) and FTSE Vietnam ETF.

In March alone, the two leading foreign ETFs in the market reported a total net withdrawal of more than \$24 million.

Of which, VNM ETF saw an outflow of 1 million fund certificates, worth \$18.71 million. Currently, the fund has a portfolio size of \$515 million and it spends about 85 per cent on Vietnamese stocks.

In the VNM ETF portfolio structure, Vingroup (VIC) is currently the stock with the largest proportion with 8.23 per cent, followed by Hoà Phát (HPG) accounting for 7.36 per cent, Vinhomes (VHM, 7.2 per cent), Masan (MSN, 5.35 per cent), and Novaland (NVL, 5.33 per cent).

Meanwhile, the FTSE Vietnam ETF witnessed a net withdrawal of \$5.7 million since the beginning of March, thereby bringing the net sold value from the beginning of the year until now to \$7.4 million.

FTSE Vietnam ETF currently devotes 100 per cent of its portfolio to Vietnamese stocks, with HPG occupying the largest proportion of 11.91 per cent, followed by VHM (11.73 per cent), VIC (11.11 per cent), MSN (9.02 per cent), and VNM (6.39 per cent).

6. Corporate bond yields expected to rise this year

In 2021, corporate bond yields were at their lowest level in history at just 7.86 per cent a year. The interest rate may have created a bottom and will support corporate bond yields inching up in 2022.

In a recent report, SSI Research said that last year, enterprises issued a total of VND722.7 trillion (US\$31.6 billion) worth of bonds, up 56 per cent year-on-year. The net number of corporate bonds issued in 2021, excluding the amount of matured and called away bonds, was estimated at VND438 trillion, up 63 per cent.

The total amount of corporate bonds in circulation at the end of 2021 was estimated at about VND1,390 trillion, equivalent to an average growth rate of 46 per cent per year in the period from 2017 to 2021. The size of the corporate bond market increased sharply, from 4.93 per cent of GDP in 2017 to 16.6 per cent of GDP in 2021.

SSI said that this growth was in line with the capital market development orientation, reducing the dependence of enterprises on bank credit.

The average maturity of corporate bonds issued in 2021 decreased to 3.86 years from the average of 4.32 years in 2020. It was mainly because banking and real estate bonds have shorter maturity dates, down by 0.5 years and 0.3 years, respectively, to 4.2 years and 3.6 years.

The energy and minerals group also had shorter maturities, down by 0.86 years to an average of 6.4 years and remained the group with the longest maturity date.

According to the State Bank of Viet Nam, the banks' lending interest rates declined by 82 basis points in 2021.

Thereby, the average nominal yields of corporate bonds will also decrease by 111 basis points (bps) to the same level of 7.86 per cent a year, the biggest decrease recorded in the fourth quarter of 2021.

Specifically, the average yields of bank bonds and non-bank corporate bonds issued in the fourth quarter of 2021 were 4.07 per cent per year and 9.43 per cent a year, respectively, down 61 bps and 73 bps compared to the third quarter of 2021, while deposit interest rates remained flat at a low level.

As corporate bond yields are at the lowest level in history, businesses increasing capital mobilisation from bond issuance is also understandable. Meanwhile, the difference of non-bank bond yields compared to deposit rates remained at 4 - 5 per cent a year, causing higher demand for corporate bonds. The rise in both supply and demand has helped the corporate bond market grow strongly.

In 2022, SSI Research assesses that the corporate bond market will still see positive developments as supply and demand remain at high levels. The deposit interest rate in 2022 may increase slightly by 20-25 bps, so the rate difference between corporate bonds and the deposit channel remains at an attractive level, while investment demand for corporate bonds is still high.

On the other hand, the number of corporate bonds maturing in 2022 is estimated at VND266 trillion, up 39 per cent compared to 2020 and accounting for about 19 per cent of the outstanding corporate bonds.

The demand for issuance to ensure capital turnover of enterprises is quite high. In addition, production and business activities are expected to be more active than in 2021 as the economy is reopening after the pandemic. Therefore, the supply of corporate bonds is expected to be very abundant.

7. Workers' overtime cap to be increased from April 1

The National Assembly has decided to increase workers' monthly overtime cap from 40 hours to 60 hours.

The cap for annual overtime has also been increased from 200 hours to 300 hours, according to Decree 17 signed and issued by National Assembly chair Vương Đình Huệ on Saturday.

The decree will take effect from April 1.

It follows a proposal made by the Ministry of Labour, Invalids and Social Affairs on March 10 to increase the monthly overtime cap, as businesses were reported to be struggling to keep production going since their employees got infected with COVID-19 and had to take time off work.

Employers must have their workers' consent to implement overtime, the decree states. They should provide benefits to ensure workers have more incentives to work than regulated in the labour laws.

Those not eligible to work more overtime are workers under 18 years old, workers with disabilities, those whose nature of the job is dangerous and toxic, pregnant women at six or seven months or more (depending on their locations), and mothers raising children under one year old.

The Government and labour ministry will oversee the implementation of the decree. The General Confederation of Labour is tasked with guiding all-level labour federations to monitor the implementation to ensure workers' rights.

Reports by Tuổi trẻ (Youth) newspaper show several workers are happy with the increases.

Phạm Thị Hậu, a textile worker in HCM City's District 12, said: "My job has been disrupted by the pandemic for the entire year, now I want to work to earn money. Prices keep increasing, my rent included, I wouldn't be able to keep up without

working overtime. My colleagues and I heard these changes are just temporary, so we all agree."

Y Ngoan, a textile worker in HCM City's Bình Chánh District, said she earned an extra VNĐ3-4 million (US\$131-175) a month for overtime work. "As the pandemic is easing off, everyone wants to work overtime to earn more. All prices are increasing so we have to work more to make ends meet."

However, despite workers' approval, business and labour associations said overtime increases should just be a temporary solution.

Nguyễn Văn Bé, chairman of the HCM City Export Processing Zone and Industrial Park Authority Business Association (HBA), said labour shortages are the real difficulty enterprises are facing. This was due to workers getting infected with COVID-19 and challenges in recruiting new ones.

"There are no official statistics, but some enterprises that had more than 1,000 workers before the pandemic now only have about 500. So temporary solutions to keep the production going are essential," he said.

But in the long run, businesses need to recruit more workers and invest in their facilities to make up for the lost productivity, he added.

Nguyễn Thành Đô, head of HCM City Labour Confederation's policy and law department, said that since prolonged overtime will affect workers' health, there should be policies that require employers to provide meals and food supplements at reasonable prices to help them recover.

"Increasing overtime of current employees means businesses don't have to recruit new workers, which also means they could pay less for workers' social insurance and allowances. So we need to calculate what overtime rate would be the most beneficial to workers. Working overtime at the expense of their health but getting paid the same will be bad for them," he said.

Corporate News

8. VNM: Vietnam's largest dairy producer eyes 5-percent revenue growth in 2022

↓ -0.53%

Vinamilk, Vietnam's largest dairy manufacturer, has set a target of the revenue growth of at least 5 percent to over 64 trillion VND (2.8 billion USD) in 2022, a rise from the 2.2 percent of last year.

From 2023, the rate is expected to rise to 7.7 percent a year, and the revenue will hit 86.2 trillion VND in 2026.

Last year, the dairy producer earned a total of 61 trillion VND, marking the first time it exceeded the 60 trillion VND mark, but only equal to 98 percent of the set target.

Notably, the growth rate in the fourth quarter reached nearly 10 percent – the highest recorded in a quarter in the past five years.

The domestic market continues contributing mostly to the company's performance, with 84 percent of revenue and 83.8 percent of profits. However, its revenue growth rate last year was quite low, at only 0.7 percent. Meanwhile, the foreign market maintained a higher rate, with 10.5 percent. The company's products are available in 57 countries and territories around the world.

9. KDC: KIDO targets 33% sales growth

↓ -0.19%

Food producer KIDO Group targets a 33 per cent jump in revenues this year to VND14 trillion (US\$617 million).

Announcing this at the annual general meeting held in HCM City, the company also approved a pre-tax profit target of VND900 billion (\$37 million), a 31 per cent increase.

It expects 2022 to be a challenging year due to the conflict between Russia and Ukraine and the zero-COVID policy in some countries, which could push up the cost of raw materials.

It affirmed to develop dried and chilled products portfolios; have new products such as sauces and spices and expand the new Chuk Chuk food and beverage brand both in Viet Nam and abroad.

At the meeting, the company also announced plans to scale up investment in subsidiaries including Tuong An Vegetable Oil Joint Stock Company and

Viet Nam Vegetable Oils Industry Joint Stock Company (Vocarimex) to 100 per cent.

Last year the company achieved excellent results despite the challenges posed by COVID-19. It reported a 26 per cent rise in revenues to VND10.5 trillion (\$460 trillion), and 65 per cent jump in profits to VND688 billion (\$30.3 million), representing around 90 per cent of the targets set for the year

It attributed the achievements to its thorough efforts through measures like changing distribution system to meet the demand during social distancing and introducing health-enhancing products.

KIDO has been in business for over 27 years.

It has been expanding its business lines, including a return last year to the snacks market years after selling out and exiting.

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