



VIETNAM DAILY NEWS



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Table of content

Table of content

1. Indices rise on strong recoveries of large-cap stocks
2. Vietnamese economy expands 5.03 per cent in Q1
3. FLC chairman arrested for stock market manipulation
4. Foreign visitors in Q1 surge nearly 90 percent
5. Fitch Ratings forecasts 6.1 pct GDP growth for Vietnam
6. Hanoi prepares funding for new metro section
7. Navigating supply chain, shipping issues remain tricky for exporters
8. DXG: Board resolution on the investment in Binh Phuoc Province
9. BWE: Board resolution on the investment in other companies

Market Analysis

1. Indices rise on strong recoveries of large-cap stocks

Shares ended higher on Tuesday after facing strong correction in the previous session, with both benchmark indices almost recovering fully from the losses.

The VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) finished the session at 1,497.76 points, up 14.58 points, or 0.98 per cent. It posted a loss of 15.32 points in the previous trade.

The market's breadth was positive as 346 stocks increased and only 108 stocks slid. However, liquidity reduced compared to Monday's trade, of which over 737.9 million shares were traded on HoSE, worth nearly VNĐ23.5 trillion (US\$1.02 billion).

The index's recovery was boosted by strong gains in many large-cap stocks in the afternoon session. The VN30-Index, tracking 30 biggest stocks on the southern market, edged up 16.41 points, or 1.11 per cent, to 1,500.57 points.

Twenty-four stocks in the VN30 basket reported good performance with one hitting the biggest intraday gain, while only four stocks declined. Two stocks stayed unchanged.

Vinhomes (VHM) was the biggest gainer yesterday, up 2.14 per cent.

The bullish sentiment was also contributed to by FPT Corporation (FPT), Vinamilk (VNM), BIDV (BID), and Development Investment Construction

JSC (DIG). These stocks rose at least 1.9 per cent, with FPT and DIG posting the maximum daily gain of 7 per cent.

Adding support to the index, seaport and logistics stocks also saw strong rallies with Đồng Nai Port JSC (PDN), Việt Nam Ocean Shipping JSC (VOS) and Transimex (TMS) hitting ceiling prices, while Đoạn Xá Port JSC (DXP) and Gemadept (GMD) surged by 4.37 per cent and 4.8 per cent, respectively.

On the Hà Nội Stock Exchange (HNX), the HNX-Index also rebounded strongly on pillar stocks, after losing nearly 1.5 per cent in the previous session. Accordingly the index ended yesterday at 461.24 points, up 6.35 points, or 1.4 per cent.

During the session, nearly VNĐ4 trillion worth of shares, equivalent to a trading volume of more than 149.17 million shares, was traded on HNX.

The market's move was in line with Saigon - Hanoi Securities JSC (SHS)'s bullish scenario. "In a positive scenario, the market benchmark VN-Index could immediately recover and head to the psychological resistance level of 1,500 points," SHS said in a daily report to investors released on Monday.

Meanwhile, foreign investors returned to the market after net buying on two main exchanges. Of which they net bought a value of VNĐ22.21 billion on HoSE, and a value of VNĐ329.72 million on HNX.

Macro & Policies

2. Vietnamese economy expands 5.03 per cent in Q1

The Vietnamese economy expanded at 5.03 per cent in the first quarter of this year, the General Statistics Office said on Tuesday.

This is higher than the growth rate of Q1 last year at 4.72 per cent and the rate of Q1/2020 at 3.66 per cent, but still lower than the rate recorded in 2019 at 6.85 per cent.

Việt Nam's economy in the first three months of 2022 had seen many positive changes compared to the previous year, Nguyễn Thị Hương, General Director of GSO, said at a press conference to announce socio-economic statistics in the first quarter, adding that the service industry was seeing strong recovery and the industrial sector was developing quite well, especially manufacturing.

The agro-forestry-fishery sector grew at 2.45 per cent, the industrial and construction sector 6.38 per cent and the services sector at 4.58 per cent, contributing 5.76 per cent, 51.08 per cent and 43.16 per cent to overall economic growth, respectively.

The GSO pointed out that in agriculture-forestry-fishery sector, rice yield in the Mekong River Delta increased by 0.7 tonnes per hectare compared to the previous year's same period. The livestock industry was gradually recovering and wood processing and exports were seeing many positive signals.

Aquaculture had developed stably, and pangasius and shrimp were sold at high prices due to strong demand.

The service sector in the first quarter prospered as many services were resumed. Contributions of some market service industries with a large proportion to the total added value were financial, banking and insurance activities; transport and warehousing; wholesale and retail sectors, lodging and catering services with 9.75 per cent, 7.06 per cent, 2.98 per cent and 1.79 per cent, respectively.

According to the GSO, in terms of economic structure, in Q1, the agriculture-forestry-fishery sector accounted for nearly 11 per cent of the country's economy; the industry-construction and

service sectors made up almost 38 per cent and 41.7 per cent, respectively.

Regarding GDP use, final consumption expenditure increased by 4.28 per cent over the same period last year; accumulated assets rose by 3.22 per cent; exports of goods and services up 5.08 per cent; imports of goods and services up 4.20 per cent.

CPI up 1.92 in Q1

The Consumer Price Index (CPI) in the first quarter of 2022 posted a year-on-year rise of 1.92 per cent.

The office said CPI in March increased by 0.7 per cent month-on-month, the highest monthly increase since 2012. Among the 11 groups of key commodities and services, 10 experienced price hikes from the previous month.

According to GSO General Director Nguyễn Thị Hương, hikes of petrol and gas prices in tandem with global fuel prices, and prices of construction materials, contributed to the increase in the overall CPI in the last quarter.

The price of rice in January-March increased by 1.1 per cent year-on-year, contributing 0.03 percentage points to the CPI.

Meanwhile, food and catering, and education services respectively posted declines of 1.2 per cent and 4.24 per cent against the same period last year.

Notably, house rent strongly fell by 15.14 per cent year-on-year due to a cut in rental prices to support people facing difficulties caused by the COVID-19 pandemic.

Core inflation in the quarter was up 0.81 per cent compared to a year ago, the GSO said.

Hương said so far, the prices of domestic consumer goods had been basically brought under control but inflation pressure in the remaining months of the year was still quite high.

The price of goods and raw materials in the world was continuing to increase sharply in the context of the conflict between Russia and Ukraine, causing disruptions to the global supply chain, especially the prices of petrol, which put great pressure on production costs, she said.

“Việt Nam's economy is likely to recover more strongly in the next quarters, increasing demand for goods and services will push up commodity prices.

It is inevitable that prices of domestic consumer goods will be affected by world prices as the supply of fertiliser and grain used for animal feed declines sharply,” Hương said.

“Therefore, the management and administration of prices in the future should be more cautious, proactive and flexible in order to keep the CPI growth rate at 4 per cent set by National Assembly,” she said.

3. FLC chairman arrested for stock market manipulation

Trinh Van Quyet, chairman of real estate developer FLC, was arrested Tuesday pending investigations into suspicion of stock market manipulation.

Quyet and other individuals and companies will be investigated for stock market manipulation and concealing information on Jan. 10, 2022, actions said to have caused serious damage to investors and affected operations of Vietnam's stock exchange, according to the Ministry of Public Security.

He sold 74.8 million FLC shares Jan. 10, but the State Securities Commission (SSC) only received notice of the sale by the evening of that day though regulations require a notification three working days in advance.

On Jan. 17, Quyet was fined VND1.5 billion (\$65,800) and banned from trading in the securities market for five months for failing to disclose plans to sell shares in his company.

It was the second time that Quyet was fined by the SSC for the same offense. In November 2017, he was fined VND65 million for selling 57 million FLC shares without proper notice.

Quyet, 47, has a large stock portfolio and was once one of the wealthiest people on the Vietnamese stock exchange.

He began his career as a lawyer in 2001, when he and his associates established the SMiC Law Office, which later became the SMiC Law Firm. He also established a number of businesses and the FLC brand was formed in early 2010 after merging all of them.

Bamboo Airways, founded by FLC, entered the aviation market in 2019.

FLC's charter capital stood at VND10.5 trillion (over \$459 million) in early 2021, after more than 10 years of operation.

As of January 2022, the FLC chairman owned over 215 million FLC shares, equivalent to approximately 30 percent, as well as tens of millions of stocks in related companies like ROS.

The stocks of FLC and related companies hit the floor Monday and Tuesday after the company was fined for flouting disclosure regulations on Friday.

4. Foreign visitors in Q1 surge nearly 90 percent

The number of foreign arrivals to Vietnam in the first quarter of this year jumped 89.1 percent year-on-year to 91,000 as international flights and inbound tourism resumed.

Arrivals from Asian countries surged 37.5 percent year-on-year to 58,495, accounting for over half of total foreign arrivals in the first three months of this

year, according to a report released by the General Statistics Office (GSO) on Tuesday.

Entrants from Europe surged by 360 percent year-on-year to 16,635 and arrivals from Australia increased by 850 percent year-on-year to 3,111.

The number of foreign passengers arriving in Vietnam by air also increased by 165 percent year-on-year as the Vietnamese government allowed the resumption of regular flights from Jan. 1.

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.

From March 15, Vietnam reopened its border to foreign tourists and resumed its pre-pandemic visa exemption policy for citizens from 24 countries, including Japan, South Korea and European economies.

Foreigners entering Vietnam only need to furnish a negative Covid-19 test certificate.

In 2019, before the onset of Covid-19, Vietnam had received a record 18 million foreign tourists.

The target this year is to welcome five to six million foreign tourists.

5. Fitch Ratings forecasts 6.1 pct GDP growth for Vietnam

Vietnam's GDP growth is set to double to 6.1 percent this year, thanks to recovery in domestic demand and strong exports and foreign direct investment inflows, Fitch Ratings said.

The global rating agency affirmed Vietnam's long-term foreign currency issuer default rating at 'BB' with a positive outlook Monday.

"The affirmation reflects continued strong medium-term growth prospects despite the Covid-19 pandemic and the global economic spillovers from the war in Ukraine, and strong external finance metrics relative to peers".

Economic activity resumed in the fourth quarter of last year as the government switched to a more flexible approach to the pandemic with almost the entire adult population being fully vaccinated.

"We expect the export sector to continue to perform well into the medium term, benefiting from Vietnam's cost competitiveness, trade diversion from China and implementation of key trade agreements," Fitch said.

Export-related FDI inflows had not weakened despite the supply disruptions in the third quarter of 2021.

Overall FDI remained strong at \$19.7 billion, almost unchanged from 2020.

Fitch has also factored in a gradual resumption of tourism inflows from this year though pandemic-related disruptions remain a significant risk to forecasts.

It expected a gradual appreciation of the dong in line with its expectations of current account surpluses, though the State Bank of Vietnam was likely to intervene in case of excessive currency volatility or if there was significant upward pressure.

But risks to the growth outlook remained, including further pandemic-related shocks and high commodity prices.

Vietnam's economic prospects remained susceptible to shifts in external demand due to its economy's high degree of openness.

Last year GDP growth was down to 2.6 percent after falling for a second year in a row.

6. Hanoi prepares funding for new metro section

Prime Minister Pham Minh Chinh has approved technical assistance funding for a new metro section in Hanoi.

The technical assistance project will cost \$15 million, including \$12.6 million of non-refundable aid from the Asian Development Bank (ADB) and European Union, with the rest drawn from Vietnamese counterpart capital, Hanoi Metropolitan Railway Management Board (MRB) stated Monday.

The project will allow Hanoi to complete the pre-feasibility report for a new metro section that will run 8.7 kilometers underground to connect downtown Hanoi Railway Station with the southern Hoang Mai District.

Work on the section, estimated to cost VND40 trillion (\$1.75 billion), is set to start next year.

The Hanoi Railway Station-Hoang Mai section is one of three parts of Hanoi's 26-kilometer Metro Line 3.

The other parts are the long-delayed Nhon-Hanoi Railway Station route, which is under construction, and Troi-Nhon section, where work is yet to begin.

Hanoi plans to have nine metro lines by 2030. So far, only one is up and running.

The Cat Linh-Ha Dong line, running from Cat Linh Station in downtown Dong Da District to Yen Nghia Station in south-west Ha Dong District, was opened to traffic last November after 10 years of construction and several delays.

The Nhon-Hanoi Railway Station section is now 74 percent complete and expected to start operation within this year.

It runs 12.5 kilometers from Nhon in Tay Tuu Ward, the western district of Nam Tu Liem, via Kim Ma Street to Hanoi Railway Station.

7. Navigating supply chain, shipping issues remain tricky for exporters

Sea freight rates continue to escalate as they track petroleum prices, pushing up export costs and thus reducing the competitiveness of Vietnamese goods, according to businesses.

A report by the Association of Seafood Exporters and Producers (VASEP) said foreign shipping lines had increased freight by two or three times and even six to seven times on some routes.

Besides, businesses also had difficulty with booking containers, the association said.

Prices have soared to US\$1,600-2,500 per container for shipping to ports in Thailand and the Philippines, \$12,000-14,000 to the west coast of the US and \$19,000-22,000 to east coast ports such as Baltimore, Miami, New Orleans, and Houston.

Following the surge in oil prices, road transport operators have also increased tariffs.

Shipping companies also blame the lack of containers and the impacts of the Russia-Ukraine war for the rising freight rates.

Many businesses have also expressed concern about HCM City collecting fees on seaport infrastructure from April 1, which will further increase costs and erode the country's export competitiveness.

According to TMX, the leading business transformation consultancy in the Asia-Pacific, the shortage of containers, especially in the southern region, has significantly impacted Việt Nam's exports.

Lê Thị Kim Thúy, TMX's client engagement director, said the country's inability to produce containers worsened the problem. In the past there had been a number of domestic enterprises looking to invest in building their own containers, but this proved to be ineffective as most of them lacked resources for structural accessories, she said.

So Vietnamese enterprises needed to make resourceful use of the containers available and prevent unequal distribution with some areas having a surplus and others facing a shortage, she said.

Technology-based solutions and early forecasting of supply and demand are also important factors that should be considered, she added.

Thúy said the surge in demand and lack of air freight capacity had put incredible strain on shipping lines, with more than 90 per cent of the global fleet being utilised to service the current demand.

“Many containers are being shipped at huge premiums, significantly impacting Vietnamese businesses.”

Businesses that could afford to ship were reluctantly passing on the costs to customers or simply absorbing the losses to stay afloat, while those that could not sustain the losses were not shipping as much or in some cases not at all, losing valuable market share, she said.

“The undersupply in the ocean freight market is only expected to continue,” she added.

While shippers have been beneficiaries, generating high revenues and using this opportunity to diversify their service offerings, it is putting a strain on their commercial relationships.

FMCG businesses in Việt Nam must seek better contracts and partnerships with their logistics service providers to secure space and prioritisation in a hotly contested market, Thúy said.

Besides, businesses needed to invest in integrated technology solutions that would enable more effective planning, management of their supply chain and optimisation of costs, service and compliance across their international and domestic value chains, she said.

Last-mile logistics

According to TMX, the increased demand in the domestic market has naturally placed great strain on last-mile logistics networks.

The shift to higher frequency, smaller orders and the overwhelming increase in customer demand during the Tết holidays led to manual systems struggling to keep up with the surging consumer demand.

Companies are now looking to innovate by utilising automation, and those that are not doing so are being left behind.

Many businesses invested in digitising their processes during the pandemic to optimise operations, reduce costs, improve compliance, and better service customers.

Many made advancements in their transport management systems, warehouse management systems and general process automation solutions to enable improved end-to-end visibility in their supply chains.

These technologies enable businesses to make informed data-backed decisions based on real-time analytics and offer customers timely updates on the delivery of their products.

Thúy said while the global supply chain and shipping issues worsened in 2021, in 2022 and beyond these issues would not be anything new for FMCG businesses in Việt Nam.

Even with COVID evolving constantly, businesses had experienced all these shipping, infrastructure, last-mile, and industrial-action issues before and had learnt a lot along the way, she said.

These conditions had created an environment where automation would be increasingly necessary.

Corporate News

8. DXG: Board resolution on the investment in Binh Phuoc Province

↑ 2.30%

On March 23, 2022, the Board of Directors of Dat Xanh Group Joint Stock Company approved the investment policy on projects in Binh Phuoc Province.

- Estimated area: about 200 hectares
- Location: Binh Phuoc Province

- Investment form: to receive the transfer of land-use rights or transfer of shares.
- Estimated investment: VND6,840.5 billion.

The Board assigned the representative at Ha An Real Estate Trading Investment JSC to fulfill necessary procedures to get an approval for the project investment at Dat Xanh Capital JSC.

9. BWE: Board resolution on the investment in other companies

↑ 2.90%

On March 22, the Board of Directors of Binh Duong Water Environment Joint Stock Company approved the investment in water supply companies as follows:

- Target companies: Can Tho Water Supply - Sewerage JSC; CANTHO 2 Water Supply Joint Stock Company;

- Stock type: common stock, freely transferable
- Estimated buying volume: from more than 20% to less than 50% of the voting shares of the target companies.

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