



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN-Index slightly recovers on large-cap stocks

The stock market ended mixed on Thursday, with the VN-Index recovering from the previous loss on large-cap stocks. However as investors remained cautious, both benchmark indices fluctuated in a tight range.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index rose by 1.64 points, or 0.11 per cent, to 1,492.15 points. The index lost 7.25 points, or 0.48 per cent, on Wednesday.

The market, however, was negative with 179 stocks increasing, while 261 declined. Liquidity was also lower than the previous session, of which more than VNĐ21.8 trillion (US\$954.8 million) was poured into the southern market, equivalent to a trading volume of over 684.5 million shares.

The index's recovery was thanks to gains in pillar stocks, especially in the manufacturing sector. Accordingly, the VN30-Index inched up 8.3 points, or 0.55 per cent, to 1,508.53 points.

Nineteen of the 30 biggest stocks in capitalisation on HoSE posted gains yesterday, while only nine slid and two ended flat.

Data compiled by vietstock.vn showed that Vinamilk (VNM) was the biggest gainer yesterday, leading the bullish trend with an increase of 6.17 per cent.

Stocks in realty and banking sectors also contributed to the uptrend. These stocks included Vincom Retail (VRE), Vietinbank (CTG), VPBank (VPB), Becamex (BCM) and Techcombank (TCB), up in a range of 0.81-2.92 per cent.

The benchmark also received support from Viglacera Corporation (VGC) as the company's shares hit the maximum daily gain of 7 per cent.

However, gains were capped by lingering selling pressure in some other big stocks with PV Gas (GAS) losing the most, down 1.63 per cent. It was followed by Masan Group (MSN), Hòa Phát Group (HPG), Development Investment Group JSC (DIG) and Sacombank (STB).

Meanwhile, FLC Group (FLC) hit the floor price for the fourth consecutive session.

On the other hand, the HNX-Index on the Hà Nội Stock Exchange (HNX) decreased by 1.57 points, or 0.35 per cent, to 449.62 points.

During the session, nearly 121 million stocks were traded on HNX, worth over VNĐ3.3 trillion.

Foreign investors flocked into the market after net buying a total value of VNĐ333.49 billion on both main exchanges. Of which, they net bought a value of VNĐ337.94 billion on HoSE, while net sold a value of VNĐ4.45 billion on the northern bourse.

## Macro & Policies

### 2. Power plants cut production due to coal shortage

Some thermal power plants are operating at 60-70 percent capacity due to coal shortage, which has led to a decline in electricity supply as high-demand season nears.

The decline in power production is seen at Nghi Son 1, Vung Ang 1 and Vinh Tan 2 thermal power plants in the central region and Duyen Hai 1 in the Mekong delta, the national utility Vietnam Electricity (EVN) said in a report Wednesday.

Hai Phong thermal plant in the north has shut down three out of four turbines, it added.

This has led to a shortage of 3,000 megawatts of electricity.

The decline came as coal delivery to EVN plants was 23 percent short of its need for the first quarter.

As the country's two biggest coal miners Vinacomin and Dong Bac struggled to have enough supply, there could be electricity shortage starting April, EVN stated.

Vietnam, especially the northern region, usually has high power demand between May and July due to high heat.

The state-run Vinacomin reported earlier this month that the shortage of miners in the first two months due to Covid-19 and surging import prices have caused its supply to fall.

As of March 14, the company had provided only 74 percent of what it promised to thermal power plants for the first quarter.

The company has also sought official approval to raise selling prices as import rates increase. It has not hiked prices for the last two years.

The Ministry of Industry and Trade has ordered Vinacomin to ensure that there would be no coal shortage under any circumstances.

Coal-fired plants accounted for 43.6 percent of total power generation in February, according to EVN.

Vietnam promised to target net zero emissions by 2050 at the 2021 U.N. Climate Change Conference (COP26) in Scotland last November.

### 3. Mixed fortunes for rubber industry

While some rubber firms are aiming high this year, others have had to lower profit targets due to various risks.

According to the Vietnam Rubber Association, rubber materials shortages have recently pushed up latex prices, bringing higher profits to rubber firms.

In the first two months, rubber exports rose by 7.4 per cent compared to the same period last year, leaving many firms optimistic about the future.

Phước Hòa Rubber JSC announced an after-tax profit target of VNĐ744 billion (US\$32.5 million) for 2022, up 56 per cent year-on-year.

Southern Rubber Industry JSC followed suit with a target of VNĐ136 billion, breaking from its regular double-digit profits since 2017.

Đà Nẵng Rubber JSC spent over VNĐ900 billion on production expansion and set its Q2 profit target 11 per cent higher than the previous quarter.

However, some firms are more cautious about making optimistic forecasts, reducing their targets on the grounds of several risks.

Đắk Lắk Rubber JSC expects its pre-tax profits in 2022 to be 9.5 per cent lower than last year due to exchange rate uncertainties.

Its subsidiary in Laos, Daklaoruco (DRI), incurred a loss of VNĐ40 billion in Q4/2021 as the Laotian kip fell to the lowest in 15 years against the dollar.

Since the world currency market is expected to remain volatile, DRI believes it will not improve its performance year, causing its parent company to adjust its profit target.

Similarly, Tây Ninh Rubber JSC anticipates that its subsidiary in Cambodia will run at a loss of VNĐ62 billion in 2022.

Accordingly, the company forecasts less profitability in the financial year, at around VNĐ65 billion, down 41 per cent against 2021.

Meanwhile, Đồng Phú Rubber JSC added VNĐ200 billion to its profits in Q4/2021, thanks to the disposal of its rubber trees planted before 1999.

However, as the company did not plant new rubber trees between 1999 and 2002, the number of old trees for sale are expected to fall in the short-term, effectively dragging down its profits.

Additionally, its revenues of VNĐ377 billion derived from land compensation in Bắc Đồng Phú Industrial Park will not be recognised this year but in the financial year 2023.

As a result, the company estimated profits at VNĐ361 billion in 2022, lower than the figure in 2021 of VNĐ449 billion.

Likewise, Tây Ninh Rubber JSC forecast that it will earn VNĐ75 billion in profits this year, 33 per cent less than last year.

The Association of Natural Rubber Producing Countries said it sees a bright prospect for rubber industries worldwide in 2022.

The association forecast world rubber output would rise by 5.6 per cent against 2021.

However, shortages are likely to worsen and last until 2031 due to the widening gap between supply and demand.

#### 4. HCM City credit growth rebounds in Q1

HCM City's credit growth has rebounded, growing by 3.65 per cent as of the end of March, up 13.1 per cent year-on-year, according to the State Bank of Việt Nam's HCM City branch.

Nguyễn Đức Lệnh, deputy director of the branch, said credit growth had rebounded as the pandemic had been put under control and the economy returned to normal.

He added that credit growth was expected to give extra leverage to post-pandemic economic recovery.

The banking sector would continue to offer credit support programmes to help firms restore production based on the guidelines and regulations of the Government and the central bank.

The measures include debt restructuring, interest rate exemption and reduction.

Commercial banks in the city have provided 1,851,864 customers with credit support

programmes worth VNĐ3.2 quadrillion (US\$139.1 billion), according to Lệnh.

As of the end of February, the city's total outstanding loans were estimated at more than VNĐ2.9 quadrillion (\$126 billion), up 12 per cent year-on-year.

In addition, outstanding loans provided by the HCM City-based Việt Nam Bank for Social Policies reached VNĐ7.186 trillion as of February, up 2.9 per cent year-on-year.

Outstanding loans for addressing unemployment and sustainable poverty reduction accounted for the highest, about 57 per cent of the total outstanding loans provided by the Việt Nam Bank for Social Policies.

In addition, the foreign exchange rates remain stable in line with the central bank guidelines.

The central bank has increased its exchange rate between the đồng and the US dollar by 0.08 per cent as of the end of March, while the exchange rate at commercial banks was up by 0.35 per cent.

Non-performing debt is well controlled below the prescribed level, he said. Commercial banks continue to promote e-banking services.

Meanwhile, deposit mobilisation by credit institutions in HCM City grew by 1.29 per cent as of February 25.

Deposits in đồng were up by 1.3 per cent for the year, while deposits in foreign currencies were up 1.24 per cent.

Experts said credit growth had rebounded on surging capital demand and firms ramping up production.

They recommended that the Government and central bank continue offering more stimulus packages, accelerate public investment disbursement, and remove challenges to boost credit growth.

The central bank plans to raise the country's credit growth target to 14 per cent this year, compared to 12 per cent last year.

## 5. Occupancy rate on international flights increasing

The seat occupancy on international flights has gradually increased since March 15, when Việt Nam officially resumed all international tourism activities in line with the policy on safe, flexible adaptation to and effective control of the COVID-19 pandemic, according to data released by domestic airlines.

Airlines have recorded a booking rate of between 60 and 80 per cent on international flights to Việt Nam until September. Passengers mainly come from the Republic of Korea and Japan.

Due to the rising travel demand during the Hùng Kings Death Anniversary, National Reunification Day (April 30) and May Day (May 1) holidays, carriers have increased the supply of seats on international and domestic routes.

Vietnam Airlines Group, which comprises Vietnam Airlines, Pacific Airlines and Vietnam Air Services Company (VASCO), will provide nearly 750,000 seats, equivalent to nearly 4,000 flights on domestic and international routes during the holidays. Vietnam Airlines will increase the frequency of flights on all regular international routes, expand the network with new routes such as Hà Nội-Delhi and HCM City-Delhi and flights connecting Singapore with popular beach destinations like Đà Nẵng, Nha Trang and Phú Quốc from April 15.

The budget airline Vietjet Air is expanding the frequency of nearly 40 international routes to meet demand over the two holidays.

Apart from flights connecting Hà Nội and HCM City with Seoul (the Republic of Korea), Tokyo (Japan), Bangkok (Thailand) and Taipei (Taiwan, China) which were resumed in early 2022, the carrier plans to restore routes linking Hà Nội, HCM City, Đà Nẵng, Hải Phòng and Phú Quốc with Phuket (Thailand), Tainan and Kaohsiung (Taiwan, China), Kuala Lumpur (Malaysia), New Delhi (India), Bali (Indonesia), Busan (the RoK) and Osaka (Japan) between now and April.

A representative from the airline said to help passengers feel secure after staying at home for a long time due to the pandemic, the carrier is offering COVID-19 RT-PCR tests free of charge to passengers on international flights.

Vietjet Air has also introduced new products and services such as SkyBoss Business tickets, spa products, new dishes and special cultural and art programmes during flights, the representative said.

Visitors to Việt Nam can enjoy quarantine-free travel with just a negative COVID-19 test and do not need COVID-19 vaccine certificates.

## 6. Number of newly-established enterprises hits 36,000 in Q1

As many as 34,600 new enterprises were established in the first quarter of this year, up 18 per cent year-on-year, according to the General Statistics Office (GSO).

The firms registered to invest a total capital of VNĐ471.2 trillion (over US\$20.61 billion) and hired nearly 243,500 labourers, up 5.2 per cent and down 1 per cent respectively compared to the same time last year.

In March, the country saw 14,300 new enterprises formed with a total registered capital of VNĐ193.6 trillion, marking respective increases of 28 per cent and 71 per cent year-on-year. The firms also recruited 93,000 labourers, up 29 per cent.

During the three months, 25,600 returned to operation across the whole country, surging 74 per cent year-on-year. This brought the number of newly established and re-operating enterprises in the period total up to 60,200, a yearly hike of 37 per cent.

If including VNĐ706.7 trillion of additional capital registered by operating enterprises, the total amount of additional capital registered in Q1 reached nearly VNĐ1.2 quadrillion, an increase of 21 per cent over the same period last year.

Additionally, there were 35,700 businesses temporarily suspending operations in the first three months, a surge of 50 per cent compared to the previous year, while about 27,600 enterprises were waiting for dissolution procedures.

Up to 4,300 enterprises completed dissolution procedures, down 17 per cent year-on-year. Of them, 3,800 had registered capital under VNĐ10 billion.

A survey on business trends of enterprises in the processing and manufacturing sector in Q1/2022 showed that 28.4 per cent of businesses had better business performance than in Q4/2021. About 36 per cent of surveyed firms had difficulties in production and business, and 35.8 per cent had a stable operation.

Over 30 per cent of the firms saw an increase in their production in Q1. In comparison, 35 per cent experienced a reduction, and 34.7 per cent witnessed stability in their performance compared with their operations in the fourth quarter of 2021.

Meanwhile, 24.7 per cent of the firms saw an upturn in the number of orders for export, while 34.4 per cent suffered a downturn. Up to 41 per cent of businesses said they saw no changes in their orders from the fourth quarter of 2021, according to the survey conducted by GSO.

Up to 50 per cent of enterprises felt upbeat about their business in the second quarter, 18 per cent forecast difficulties, and 32.3 per cent believed they would have stable business and operation.

Notably, foreign-invested businesses were the most optimistic about production and business, with 84.7 per cent expecting better performance or stability in the second quarter of 2022. The rates among State and non-State owned enterprises were 83.6 per cent and 81.2 per cent, respectively.

50.3 per cent of the firms forecast an increase in their production in Q2, while 15.6 per cent predicted a reduction, and 34 per cent foresaw stability.

In terms of the number of orders for export in Q2, 40.3 per cent of the firms would see an upturn in the number of orders for export; 14.6 per cent were likely to suffer a downturn, and 45 per cent might see no changes in their orders.

The State recently issued Resolution No 02/NQ-CP on significant tasks and solutions to improve the business environment and heighten national competitiveness in 2022.

Meanwhile, a resolution on fiscal and monetary policy to support the socio-economic recovery and development programme with a scale of VNĐ350 trillion was passed at the first extraordinary session of the 15th National Assembly in January to meet the urgent requirements of the country, businesses and local people.



Deputy Minister of Planning and Investment Trần Quốc Phương said that the authorities had been making all-out efforts to support business recovery since the beginning of this year. Hopefully, these efforts will create the right conditions for businesses to operate effectively in 2022.

The ministry has issued Decision No 44/QĐ-BKHĐT to rapidly increase the number of newly-established enterprises, reduce the rate of enterprises dissolved or having operations halted while cutting off input and informal costs for businesses.

The top priority will be to research and review the investment and conditional business lines list and then remove barriers to investment and business activities due to overlapping and contradictory legal regulations.

In 2022, the Ministry of Finance will enhance administrative reform, especially procedures directly related to people, businesses and State agencies, while simplifying business conditions.

## 7. Bamboo Airways to be monitored for safety following chairman's arrest

The Civil Aviation Authority of Vietnam said it would closely monitor Bamboo Airways for the next three to six months to ensure safety following the arrest of its chairman.

Its aircraft maintenance and operations and training would be closely supervised, deputy head of the Civil Aviation Authority of Vietnam (CAAV), Ho Minh Tan, said at an emergency meeting with the airline's management Wednesday.

The meeting came a day after real estate giant FLC and Bamboo Airways chairman Trinh Van Quyet for alleged manipulation of his company's share prices by using 20 different trading accounts to create fake demand.

He had earned VND530 billion (US\$23.19 million) in this manner between Dec. 1 and Jan. 10, investigators said.

Deputy general director Nguyen Ngoc Trong said banks and financial institutions are committed to fulfilling all contracts they have signed with the carrier, which would in turn fulfill all its responsibilities and obligations.

Bamboo Airways began flying in 2019.

On Thursday, Dang Tat Thang was named the new chairman to replace Quyet until shareholders and the board of directors make a final decision. He also remains general director.

## Corporate News

### 8. VHC: Target profit of VND 1,500 billion dong in 2022, expected to pay 40% dividend

↑ 1.94%

Vinh Hoan Joint Stock Company ( HOSE : VHC ) is expected to hold the 2022 Annual General Meeting of Shareholders on April 20, 2022 in Ho Chi Minh City while 2 years ago it was held in Cao Lanh City, Dong Thap Province.

According to the 2022 Annual General Meeting of Shareholders, the "queen of pangasius" plans a net revenue of VND 13,000 billion, up 44% over the same period and profit after tax in 2022 is expected to reach VND 1,500 billion, up 36%. This is also the

highest plan since the company was listed on December 24, 2007 until now.

#### Plan to pay 40% dividend

The Board of Directors also plans to submit to shareholders for approval the plan to pay dividends in 2022 to shareholders at the rate of 40%. In which, 20% in cash and 20% in shares. In 2021, the Company paid a cash dividend at the rate of 20% (VND2,000/share).

### 9. FLC: FLC Group has new chairman after Quyet's arrest

↓ -6.78%

Property developer FLC Group announced on March 31 that Dang Tat Thang will be chairman of the group and Bamboo Airways until a new decision from shareholders' meeting and the board of directors.

Thang, who was earlier deputy chairman of FLC and deputy chairman and CEO of subsidiary Bamboo Airways, replaces Trinh Van Quyet, who was arrested for allegedly manipulating the stock market.

Thang, 41, holds a master's degree in construction and project management from the UK's Northumbria University.

FLC Group will also consider electing new board members at the next shareholders' meeting. The board has a chair, two vice chairs and two other members.

Before he was arrested, Quyet had authorised the appointment of Vu Dang Hai Yen, deputy CEO of FLC Group, as the acting chairwoman.

Quyet is being investigated on the act of "manipulating the stock market" and "concealing information in securities activities".

On January 10, he sold 74.8 million FLC shares without any reports and notifications in advance as stipulated in regulations, triggering public concern and pushing the stock market in chaos. He was fined 1.5 billion VND (65,600 USD), the heaviest penalty in line with regulations, and banned him from stock trading activities for five months.

It was the second time that Quyet was fined by the SSC for the same offence. In 2017, he was fined 65 million VND for selling 57 million FLC shares without proper notice.



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