



VIETNAM DAILY NEWS



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Market Analysis

1. Shares decline on late selling

Vietnamese shares dropped on Thursday as large-cap stocks were hit by strong selling pressure, especially during the ATC session.

On the Hồ Chí Minh Stock Exchange, the VN-Index lost 1.35 per cent to close at 1,502.35 points. It had edged up 0.19 per cent to close Wednesday at 1,522.90 points.

The market breadth was negative with 372 stocks falling and 89 rising.

Liquidity was at a low level with more than VNĐ27 trillion (US\$1.18 billion) poured into the southern market, equivalent to a trading volume of over 795 million shares.

The index's decrease was due to declines in pillar stocks. Accordingly, the VN30-Index lost 0.97 per cent, to 1,541.96 points.

Six of the 30 biggest stocks in capitalisation on HoSE posted gains, while 24 slid.

In the VN-30 basket, the worst performers were Vinhomes (VHM), Hoà Phát Group (HPG), Mobile World Group (MWG), Bảo Việt Holdings (BVH) and Refrigeration Electrical Engineering Corporation (REE), PetroVietnam Gas JSC (GAS), Masan Group (MSN), Novaland (NVL), Phát Đạt Real Estate (PDR), Phú Nhuận Jewelry (PNJ), Mobile World Group (MWG), Sabeco (SAB) and SSI Securities Inc (SSI).

Banking stocks fell and put great pressure on the overall market, with losers including Sài Gòn Thương Tín Commercial Joint Stock Bank (STB), Sài Gòn-Hà Nội Bank (SHB), Bank for Investment and Development of Vietnam (BID), Vietinbank (CTG), VPBank (VPB), Techcombank (TCB), Tiên Phong Bank (TPB) and Liên Việt Post Bank (LPB).

The shares of the 'Vin' family performed poorly as IT-real-estate-manufacturing-retail conglomerate Vingroup (VIC) and real estate giant Vinhomes (VHM) dropped.

Vingroup (VIC) dropped 1.2 per cent and Vinhomes (VHM) was down 1.7 per cent.

According to data from the Vietnam Securities Depository (VSD), domestic investors opened 270,217 new securities accounts in March, an all-time record and far surpassing the old peak reached in December 2021. Individual investors opened 270,011 new accounts in addition to 206 accounts from institutional investors.

On the Hà Nội Stock Exchange, the HNX-Index lost by 1.17 per cent to end at 441.61 points. The northern bourse's index had lost 2.03 per cent to end Wednesday at 446.83 points.

Liquidity on the northern exchange declined with 86 million shares worth VNĐ2.8 trillion being traded.

Macro & Policies

2. Việt Nam expected to borrow VNĐ2 quadrillion in 2020-2024

The Ministry of Finance has recently submitted a plan for public debt management to the Prime Minister, estimating total government debt between 2020 and 2024 at a maximum of VNĐ2 quadrillion (US\$87.6 billion).

The borrowed money will come from government bonds, official development assistance (ODA) loans, preferential loans and other sources.

It will cover the Central budget deficits of around VNĐ1.3 quadrillion, repay about VNĐ612 trillion of government debt, and allocate approximately VNĐ117 trillion of ODA loans to localities and public units.

The Government will need to take out a loan of nearly VNĐ674 trillion in the 2022 fiscal year to cover the Central Budget deficit of VNĐ450 trillion, repay VNĐ196 trillion of government debt, and allocate VNĐ27 trillion of ODA loans.

As State Budget deficits are expected to increase by VNĐ240 trillion in 2022 and 2023 to support socio-

economic recovery, Việt Nam's public debt is forecast to hit 46-47 per cent of GDP in 2024, and the ratio of government debt to be no more than 24 to 25 per cent of State revenue.

Recently, central banks worldwide have raised interest rates and implemented contractionary monetary policies. Notably, the US Federal Reserve has decided to hike its rates for the first time since 2018.

Economic expert Cấn Văn Lực was concerned that the moves would have a noticeable impact on the Vietnamese economy from Q4/2022 and create upward pressure on USD/VNĐ exchange rates, increasing the debt burden denominated in USD.

Accordingly, he urged the Government to keep a close watch on external debts every time the US Federal Reserve adjusted its rates up and called on the State Bank of Việt Nam to proactively and flexibly manage the foreign exchange market to keep inflation and exchange rates stable.

3. Credit institutions expect improved business performance in Q2

Nearly 60 per cent of credit institutions forecast their business performance results to improve in Q2 after estimating those in Q1 to be not as good as expected, the latest survey by the State Bank of Việt Nam (SBV) showed.

According to the SBV survey on business trends of credit institutions in the second quarter of 2022 released late last week, many credit institutions said that though their business performances in Q1 grew, they did not meet expectations due to the impact of the Tết (Lunar New Year) Holiday. They expect performance to be better in Q2.

Under the latest survey, credit institutions revised their expectations for profit growth in 2022 compared to the previous survey.

Accordingly, nearly 90 per cent of credit institutions forecast a positive growth in pre-tax profit in 2022 compared to 2021, down 5 percentage points from the previous survey.

A further 6 per cent of credit institutions forecast a decline in their profits this year, while 5 per cent expect their profits to be unchanged.

Credit institutions estimated the bad debt in the banking system inched down in Q1, and they expect the indicator to continually decline in the upcoming quarters.

After estimating a 2.6 per cent rise in capital mobilisation in Q1, credit institutions expect the banking industry to gain an average deposit growth of 3.6 per cent in Q2 and 11.4 per cent for the whole year. Compared to the previous survey period, this year's expected deposit growth decreased by 0.7 percentage points.

Credit institutions estimated the credit of the banking system rose by 5.3 per cent in Q1, much higher than the growth rate of 2.95 per cent in the same period in 2021.

They expect the indicator to increase by 4.8 per cent in Q2 and reach 14.1 per cent for the whole year, unchanged from the previous survey.

Credit institutions said the banking system's liquidity in Q1 remained strong but was not as abundant as in Q4 2021 due to the high capital demand for payments during the Lunar New Year.

Credit institutions expect liquidity to improve in Q2 2022 and the whole year, compared to 2021.

Credit institutions forecast both deposit and lending interest rates would remain unchanged or inch up by only 0.03-0.06 percentage points in April-June, and 0.13-0.18 percentage points for the whole year. The increase will mainly come from deposit interest rates.

Credit growth in Q1 2022 hits high level

Credit growth of credit institutions was quite positive at 5.04 per cent at the end of the first quarter of this year, much higher than the 2.16 per cent rise in the same period last year, SBV Deputy Governor Đào Minh Tú said at the Government's regular press conference in March.

According to Tú, the surge showed the economy has positive signs and the daily life, production and business of people and firms have also returned to normal thanks to the Government's effective measures against the pandemic.

"The increase is very high compared to previous years. At the end of the year, we will consider to adjust the credit growth to ensure it meets targets of

macro-monetary policies and inflation control," Tú said.

According to Tú, the credit growth target in 2022 that the SBV set at the beginning of this year was 14 per cent. However, the target can be adjusted up or down at the end of the year, depending on the actual situation.

Regarding bad debts, Tú reported after five years of implementing Resolution 42/2017/QH14, the bad debt settlement of credit institutions has achieved positive results. Accordingly, from August 15, 2017 to November 30, 2021, VNĐ380 trillion of bad debt was recovered according to Resolution 42. On average, some VNĐ5.66 trillion of bad debt was handled each month during the application of Resolution 42, against about VNĐ2.14 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 have warned bad debt will continue to rise again due to the pandemic's impacts.

Meanwhile, Resolution 42 on piloting the bad debt settlement of credit institutions will expire this year. 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 according to Tú.

4. HCM City industrial production robust in first quarter despite global challenges

HCM City's industrial production saw positive growth in the first quarter of the year despite the continuing difficulties caused by COVID-19 and recent challenges such as rising petrol prices and the Russia – Ukraine conflict.

The city's production and business have not been affected much this year by the volatile prices caused by the rising petrol and gold prices.

Its index of industrial production for March rose by 5.5 per cent.

In the first quarter three of the city's key industries in the index saw high growth: pharmaceutical chemistry (18.9 per cent); mechanical engineering (4 per cent); and food, foodstuffs and beverages (3.2 per cent).

Between the start of the year and March 13, nearly 8,500 new businesses were set up, a 34.5 per cent increase year-on-year.

The city has fully reopened and businesses are focusing on recovering from the pandemic and expanding.

Phạm Minh Thông, chairman of agro exporter Phúc Sinh Group, said though the city's economy and society have begun a "new normal", businesses still face many problems such as lack of demand and the Russia - Ukraine conflict, which hinder exports and investment.

Vưu Lệ Quyên, general director of Bình Tiên Imex Corp., PTE., LTD., said: "Businesses need to listen to new demands within their production chain and

from consumers to build the right business strategies."

Lê Huỳnh Minh Tú, deputy director of the city Department of Industry and Trade, said his department plans to organise networking and experience-sharing events for domestic and foreign businesses to facilitate production and investment activities.

It would also focus on facilitating foreign trade so that Việt Nam could partake more in global value chains, he added.

Last week the department held a conference with foreign businesses' representative offices in Việt Nam and government officials attending to discuss investment procedures and policies.

5. Việt Nam surpasses 10 million COVID infections, daily case count falls

The total number of COVID-19 infections in Việt Nam since the start of the pandemic has topped 10 million, but the amount of new daily cases continued to fall on Thursday.

45,886 new COVID-19 transmissions were recorded across the country.

The new cases bring the country's tally to 10,070,692 since the pandemic began. Out of the new daily transmissions, 33,715 were in the community.

Currently, 1,674 patients have severe infections, including one on life support.

The capital city of Hà Nội again registered the highest daily number of transmissions with 3,635.

Other localities with four-digit caseloads were Bắc Giang (2,267), Phú Thọ (2,174), Yên Bái (2,167), Nghệ An (1,965), Quảng Ninh (1,956), Lào Cai (1,826), Đắk Lắk (1,619), Bắc Kạn (1,523), Vĩnh Phúc (1,299), Quảng Bình (1,217), Cao Bằng (1,103), Tuyên Quang (1,102), Lạng Sơn (1,087) and Thái Bình (1,078).

The remaining transmissions were found in Thái Nguyên (958), Bắc Ninh (917), Hà Giang (897), Hải

Dương (867), Hồ Chí Minh City (864), Gia Lai (846), Hưng Yên (842), Quảng Trị (747), Sơn La (730), Lâm Đồng (714), Vĩnh Long (678), Bình Định (635), Bình Dương (599), Hà Tĩnh (575), Lai Châu (569), Hòa Bình (543), Hà Nam (539), Tây Ninh (537), Bình Phước (532), Bến Tre (530), Quảng Ngãi (499), Ninh Bình (474), Đà Nẵng (472), Cà Mau (457), Điện Biên (440), Nam Định (438), Đắk Nông (363), Bà Rịa - Vũng Tàu (278), Quảng Nam (241), Thừa Thiên Huế (235), Phú Yên (234), Hải Phòng (231), Thanh Hóa (218), Khánh Hòa (208), Bình Thuận (194), Trà Vinh (167), An Giang (129), Kiên Giang (118), Bạc Liêu (92), Long An (76), Kon Tum (41), Cần Thơ (40), Ninh Thuận (27), Đồng Nai (23), Sóc Trăng (17), Đồng Tháp (16), Hậu Giang (12) and Tiền Giang (7).

Bà Rịa - Vũng Tàu Province and Gia Lai provinces added 32,342 and 12,000 new cases, which were not logged previously to the national database system.

Meanwhile, 21 COVID-related deaths, the lowest figure since August 2021, were recorded, taking the total number of fatalities to 42,733, accounting for 0.4 per cent of total infections.

There were 117,503 recoveries, bringing the total number of people given the all-clear to 8,395,066.

Nearly 207.3 million doses of vaccines have been administered so far.

6. Banks deny involvement in Tân Hoàng Minh's bond issuance scandal

Vietinbank and Saigon Hanoi Commercial Joint Stock Bank (SHB) said that they do not provide securities and payment guarantee services, do not invest and distribute bonds issued by Tân Hoàng Minh Group.

On Wednesday, Vietinbank released an announcement related to nine bond issuances of companies under Tân Hoàng Minh Group that have recently been cancelled by the State Security Commission (SSC) of Việt Nam.

The bank affirmed that it does not provide underwriting securities and payment guarantee services, and does not distribute bonds of these issuances.

Vietinbank provides account and asset management services for the bond issuances of Soleil Hotel Service and Investment Joint Stock Company, Viet Star Real Estate Investment Company Limited and Winter Palace JSC, with a total value of VNĐ6.53 trillion (US\$285.6 million).

Service provision is carried out on the basis of the Law on Credit Institutions 2010 and Operation License No. 142/GP-NHNN dated July 3, 2009 issued to Vietinbank by the State Bank of Việt Nam (SBV), whereby Vietinbank is allowed to provide account and asset management services.

For account management services, Vietinbank provides account opening services to serve the receipt and payment of the issuer's obligations related to bonds under the Bond Account Management and Holding Contract and in accordance with the law.

For asset management services, Vietinbank is only responsible for managing collateral, checking and monitoring the status of collateral and dealing with investors with bonds with collateral under the collateral management contract and in accordance with the law.

Also on Wednesday, SHB said that it only provides account and collateral management services for

bond issuances of Soleil and Viet Star, each worth VNĐ800 billion. The provided services are in accordance with the law.

The bank asserted that SHB does not provide underwriting securities and payment guarantee services, and does not invest and distribute bonds from these two issuances.

It commits to taking all responsibilities in providing account and collateral management services for these issuances.

Meanwhile, SBV has just issued an official dispatch to credit institutions and foreign bank branches requesting to strictly implement some steps to guarantee safe operations, including controlling the credit extension offerings in some risky industries.

Accordingly, the state bank requests credit institutions to tighten control the credit growth in line with targets assigned by the SBV in 2022, and in accordance with monetary and credit policy stances, and banking activities of the Government and the state bank.

For industries with potential risks or affected by the COVID-19 pandemic, SBV requires credit institutions to strictly control the increase of outstanding credit and credit quality. This includes tightening the control of credit extension offerings for customers borrowing capital to participate in land auctions to ensure compliance with the provisions of the law, and promptly reporting to SBV when detecting signs of legal violations.

In the document, the state bank also demands credit institutions prepare to restructure the system of credit institutions in the 2021-2025 period.

7. Businesses lose out as transport, logistics costs continue to soar

Businesses are struggling to reduce import-export costs and stay competitive amid the surging transportation and logistics costs due to the COVID-19 pandemic and the ongoing Russia-Ukraine conflict.

Speaking at a seminar organised in HCM City on Wednesday by Hải Quan (Customs) newspaper, Vũ Thị Ánh Hồng, its editor-in-chief, said Việt Nam has trade partnerships with over 200 countries and territories and is a major partner of ASEAN member countries.

It has 17 free trade agreements, including multilateral ones like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, she said.

While they foster trade, the pandemic, Russia-Ukraine conflict and global oil price jump have caused transport and logistics costs to surge, affecting import-export firms, she said.

“The increased costs have reduced the competitiveness of Vietnamese goods.”

Businesses have said they are suffering losses due to the burgeoning costs.

Đào Duy Tám, deputy director of management supervision at the General Department of Customs, said the department would continue to simplify procedures to reduce paperwork and the time needed for customs clearance.

It would use technology to upgrade its IT system and adopt digital customs and smart customs such as

online procedures, electronic payment and automatic customs supervision management, he said.

Jonathan Hạnh Nguyễn, chairman of Imex Pan Pacific Group, said besides simplifying customs procedures, it is also important to develop e-data sharing systems between enterprises, customs offices and relevant agencies.

Trần Việt Huy, head of the Việt Nam Logistics Services Association’s customs and trade facilitation department, said his department would set up systems to enable electronic exchange of data between enterprises, customs and related agencies.

Experts said the lockdowns and travel restrictions have disrupted production lines and put additional financial burden on businesses.

The cost of shipping a container from East Asia to Europe, for instance, has gone up by almost 10 times since the pandemic began, they added.

The negative impacts on the supply chain would continue to linger and transport costs would not return to normal levels until next year or 2024, they warned.

The seminar sought recommendations from the business community and government agencies on how to foster trade and reduce time and costs for export-import companies to enhance their competitiveness.

It attracted more than 100 businesses involved in foreign trade.

Corporate News

8. GEX: GEX targets 27% profit growth in 2022

↓ -2.14%

In the context that Vietnam's economic situation is forecasted to continue to recover, along with the fact that power generation projects have been put into operation at full capacity, power equipment factories have come into operation. With the consolidation of Viglacera's business results for the whole year, GELEX Group Joint Stock Company (HOSE : GEX) targets net revenue and pre-tax profit will reach VND 36 trillion and VND 2,618 billion respectively, to grow by 26% and 27% in 2022.

In the field of industrial production, GEX will keep and expand the market share of electrical equipment in key markets for strategic products, along with optimizing production, continuing to invest in technology, automation, promote R&D, develop new products with high technology content, new materials with features suitable to market demand.

As for the infrastructure sector, GEX will adopt GELEX Infrastructure to implement the plan in all areas.

For energy project development, the Company will develop and disburse investment in a number of projects such as: Vinh Hai offshore wind power cluster (800MW); Gia Lai wind power (100 MW), Dak Lak wind power (200 MW), Binh Phuoc 1, 2 farm solar power (480 MW), Long So LNG, etc.

In 2022, GEX is expected to seek M&A opportunities in renewable energy and clean energy projects such as hydroelectricity, biomass power.

With the production and supply of clean water, GEX continues to invest in the remaining items of phase 2 in the work of increasing the capacity of Song Da clean water plant to 600,000 m³/day. The company aims to be able to complete, test and put into use the items of the project in the fourth quarter of 2024.

In the field of industrial park real estate (IZ), GEX will continue to invest and develop in the direction of real estate business in industrial zones, industrial parks combined with urban areas, services and ancillary infrastructure and services. through the member units in the system and make the most effective use of the land fund. In the coming time, the Company is expected to invest in nearly 1,900 hectares of new industrial zones, along with surveying to develop about 4,300 hectares of new IPs/Industrial Parks-Services-Urban complexes in localities where there is a new urban area. infrastructure advantage.

As for commercial real estate, GEX orients to develop social housing areas, low-cost commercial real estate for low-income people, urban areas, service-urban areas and communal houses. festival. Besides, the Company will still invest in high-end commercial real estate projects in the system.

In the business of building materials, GEX wants to improve the efficiency of production and business at enterprises using high technology in production, enterprises producing new material products: unburnt bricks, economical glass. energy-saving, high-grade granite, sanitary ware, etc. In contrast, the Company will divest capital in some inefficient construction material production units such as fired clay bricks and tiles.

In the near future, GEX will continue to M&A units in line with its core business segments. In addition, the Company may list/register for transactions and increase capital for two subsidiaries, GELEX Infrastructure and GELEX Electric when necessary, on the basis that GELEX still holds the controlling percentage and concurrently additional financial resources to realize strategic investment objectives.

9. FPT: FPT's General Meeting of Shareholders: Q1 revenue is expected to reach VND 9,500 billion

↑ 0.27%

On the afternoon of April 7, 2022, FPT 's 2022 Annual General Meeting of Shareholders was held to approve many contents of business plans, dividend payment and additionally elect 3 members of the Board of Directors.

Maintain high profit growth for 3 consecutive years

In 2021, FPT 's revenue and pre-tax profit will reach VND 35,657 billion and VND 6,335 billion, respectively, an increase of 20% compared to the previous year, establishing a chain of profit growth for 3 consecutive years.

FPT said that the biggest contribution to the Group's business activities in the past year came from the technology segment when the foreign market revenue reached nearly \$650 million , in addition to the telecommunications sector maintaining sustainable growth.

At this meeting, FPT plans to present shareholders a 20% cash dividend (VND 2,000/share) for 2021, of which 10% has been made in 2021, the remaining 10% will be paid later. when approved by the General Meeting of Shareholders and expected to be implemented before the end of the third quarter of 2022.

In addition, the Group also submitted a dividend of 20% in shares (shareholders owning 100 shares will receive 20 new shares) thanks to the fact that FPT shares have better liquidity for shareholders.

In 2022, FPT still maintains the dividend rate of 20% in cash. The specific division of the whole year will be decided by the 2023 Annual General Meeting of Shareholders.

Pre-tax profit target in 2022 to increase by 20%

In 2022-2024, FPT pursues a strategy of developing new technology products and providing large-scale digital transformation services. Thereby, FPT sets a business target in 2022 with VND 42,420 billion in revenue and VND 7,620 billion, respectively, up 19% and 20% compared to the results achieved in 2021.

In which, all three sectors of technology, telecommunications, education, investment and others are expected to grow by double digits in revenue and profit. Technology segment is expected to continue to make the largest contribution (nearly 59%) to total revenue with VND 24,900 billion, while education, investment and other sectors will grow the most with 33%.

With the technology sector, the Group will continue to expand office complexes in big cities such as Hanoi, Da Nang, Ho Chi Minh City as well as invest in technology infrastructure for business activities.

In the telecommunications sector, FPT plans to invest in an additional backbone to ensure the domestic backbone system, continue to upgrade the quality of domestic network infrastructure and data center system.

In the education sector, the Group invested in expanding campuses in Hanoi, Ho Chi Minh City , Can Tho, Da Nang, and Binh Dinh; put into operation two new high schools in Bac Ninh and Hai Phong; continue to complete investment procedures for inter-school projects in Quang Nam, Bac Giang, Ha Nam.

Total investment cost is expected to be 4,000 billion VND, of which FPT spends 2,000 billion VND for the telecommunications segment, the technology segment is poured 1,200 billion VND, the rest is for education and other sectors.

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