



# VIETNAM DAILY NEWS



April 12th, 2022

Table of content

## Table of content

1. Shares end the week on negative note
2. 5 pct of Vietnam's population stock investors
3. Vietnam automaker VinFast files for US IPO to fund expansion
4. Apparel industry sees stable growth amid pandemic
5. VN aims for higher sovereign ratings by 2030
6. No rise in power prices this year: EVN
7. As global demand recovers, seafood firms expect jump in profits
8. NT2: Postponement of the time to hold AGM 2022
9. YEG: Cancellation of record date for AGM 2022

## Market Analysis

### 1. Shares end the week on negative note

Vietnamese shares extended losses on Friday as large-cap stocks in a series of industries suffered selling pressure, especially banking, securities and steel.

On the Ho Chi Minh Stock Exchange, the VN-Index lost 1.35 per cent to close at 1,482.00 points. It had lost 1.35 per cent to close Thursday at 1,502.35 points.

The market breadth was negative with 370 stocks falling and 92 rising.

Liquidity was at a low level with more than VND23.6 trillion (US\$1 trillion) poured into the southern market, equivalent to a trading volume of over 764 million shares.

The index's decrease was due to declines in pillar stocks. Accordingly, the VN30-Index lost 1.14 per cent, to 1,524.31 points.

Five of the 30 biggest stocks in capitalisation on HoSE posted gains, while 24 slid, the other stayed flat.

In the VN-30 basket, the worst performers were The Viet Nam Rubber Group (GVR), PetroVietnam Gas JSC (GAS), Mobile World Group (MWG), FPT Corporation (FPT), Masan Group (MSN), Vinamilk (VNM) and PVPower (POW).

Banking stocks fell and put great pressure on the overall market, with losers including Sai Gon Thuong Tin Commercial Joint Stock Bank (STB), Sai Gon-Ha Noi Bank (SHB), Bank for Investment and Development of Vietnam (BID), Vietinbank (CTG),

VPBank (VPB), Techcombank (TCB), Tien Phong Bank (TPB) and Lien Viet Post Bank (LPB).

Towards the end of the session, the VN-Index's decline significantly broadened as securities stocks decreased strongly, such as VIX Securities Joint Stock Company (VIX), Viet Capital Incorporation (VCI), SSI Securities Incorporation (SSI), Agribank Securities Corporation (AGR) and APG Securities Joint Stock Company (APG) and Petrovietnam Securities Incorporated (PSI).

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

The steel stock group also suffered selling pressure, with losers including giant steelmaker Hoa Phat Group (HPG), Hoa Sen Group (HSG), Nam Kim Group (NKG), Pomina Steel Corporation (POM) and Tien Len Steel Group Joint Stock Company (TLH).

Vingroup (VIC) gained 2.8 per cent and Vinhomes (VHM) was up 0.1 per cent.

On the Ha Noi Stock Exchange, the HNX-Index lost 2.17 per cent to end at 432.02 points. The northern bourse's index had lost 1.17 per cent to end Thursday at 441.61 points.

Liquidity on the northern exchange declined with over 84 million shares worth VND2.7 trillion being traded.

## Macro & Policies

### 2. 5 pct of Vietnam's population stock investors

Five percent of Vietnam's population are now investing in stocks, as the surging market attracts investors.

The number of new retail stock accounts in March surged to a new monthly record of 270,011, a 238 percent increase year-on-year, according to Vietnam Securities Depository (VSD).

In the first three months, 675,000 accounts were opened, nearly half of the total figure recorded in all last year.

The number of retail stock investors in Vietnam is now at 4.93 million, or 5 percent of the population. With organizational accounts, the figure is at 4.98 million.

The Ministry of Finance in November last year announced a target to have 5 percent of the population investing in stock by 2025 and 8 percent by 2030.

It wants the stock market to account for at least 85 percent of the country's GDP by 2025, and 110 percent by 2030, and to become one of the four largest markets in ASEAN.

Vietnam's stock market started to boom in 2020 after plunging to around 600 points due to Covid-19.

It has surged to around 1,500 points now, with retail investors accounting for most trade.

Last year, Vietnam's stock market rose by 35.7 percent, making it the seventh biggest gainer globally.

The country's benchmark VN-Index could reach up 1,850 points this year, up 21 percent from the new historic peak in January, as a new trading system provided by the Korean Exchange is set to give investors more confidence and reduce their concerns about transaction overloads, said James Estaugh, head of securities services at HSBC Vietnam.

RongViet Securities forecasts that Vietnam would have 150,000 new stock accounts on average each month this year.

Michael Kokalari, head economist of VinaCapital, predicts that the number of stock investors could triple in the next 10 years.

The rise in Vietnam's stock market in recent years could be the beginning of a multi-decade surge, similar to what happened in Taiwan, VinaCapital forecast.

### 3. Vietnam automaker VinFast files for US IPO to fund expansion

Vietnamese automaker VinFast said on Thursday its Singapore-based holding company had filed for an initial public offering (IPO) with U.S. securities regulators, as it plans spending of \$4 billion on its first U.S. factory complex.

VinFast, which became the first fully fledged domestic car maker in 2019, is betting big on the U.S. market, where it hopes to compete with legacy automakers and startups with electric SUVs and a battery leasing model.

A source familiar with the matter said VinFast would probably look to raise about \$2 billion from the offering.

"VinFast is moving ahead with its plans but the timing of the IPO is very much open," said the source, who spoke on condition of anonymity. "There needs to be a window to get the IPO done and it could easily take a couple of months."

A unit of Vietnam's biggest conglomerate Vingroup JSC, Vinfast said it had not determined the IPO size and price range.

"There are options to look at. We are still considering a lot of options," Chief Executive Le Thi Thu Thuy told reporters on the sidelines of an event to showcase the company's new VF8 battery-powered SUV.

She said the IPO was planned for the second half of this year as one option to fund a plant planned in North Carolina and U.S. expansion.

Last week the company said it signed a preliminary deal to initially invest \$2 billion to build the North Carolina factory to make electric buses, sport utility vehicles and batteries for electric vehicles.

The company, established in 2017, plans to transition to all-electric vehicle production from late 2022.

A year ago sources said Vinfast was considering an IPO that could value the company at about \$60 billion.

That valuation looks stretched in current markets, the person familiar with the matter told Reuters on Thursday.

"Even the companies that have gone ahead with U.S. IPOs have had a sharp correction in valuations, so that's a given," he added.

Outside North America, VinFast is looking for a plant in Germany, it said in January.

VinFast said prices for its VF8 SUV started from \$41,000 in the United States, versus about \$63,000 for a Tesla SUV. It targets global electric vehicle sales of 42,000 this year.

#### 4. Apparel industry sees stable growth amid pandemic

Despite the devastating impact of the COVID-19 pandemic, Việt Nam's textile and garment industry has seen stable growth, recording an export turnover of US\$8.84 billion in the first quarter of 2022 with an increase of 22.5 per cent against the same period last year.

In many industries, especially labour-intensive ones like the textile and garment industry, labour shortages during the COVID-19 pandemic have directly impacted apparel manufacturers' production and business activities.

Trần Tường Anh, deputy general director of Hòa Thọ Textile and Garment JSC, said early March this year, 1,719 employees in her company were tested positive for COVID-19, accounting for 15 per cent of the company's total number of employees.

Having a large number of employees to take off from work, the company encountered many difficulties in arranging its production plans. In addition, after returning to work, their health remained poor, and they could not keep up with daily work, leading to low labour productivity. Therefore, the company must negotiate with customers to reschedule delivery times, rearrange production plans, and prioritise urgent orders first.

Employees who previously worked indirectly now have been directly involved in production. The company has also arranged different workplaces and canteen for those who tested positive for COVID-19 to work once health authorities approved it, said Tường Anh.

The Garment 10 Corporation has affiliates in many provinces and cities. During the pandemic, the company still maintained its production as many workers tested positive for COVID-19, said Bạch Thăng Long, the corporation's deputy director.

Meanwhile, 8-3 Textile Co. Ltd. struggled with labour shortages worsened by the crush of new COVID cases forcing many into isolation. However, the company's board of directors were flexible in changing shifts and rotating workers to ensure production and business activities.

Over the past two years, particularly in the fourth wave of the pandemic, apparel companies have always faced difficulties due to disruption of the global supply chain, leading to a temporary closure of many companies.

Hoàng Văn Linh, chairman of Aligro JSC, said fabrics were based on the seasons. Therefore, his company

prioritised garment orders and had enough raw materials.

To cope with uncertainty during the pandemic, the company determined to ensure social and welfare interests for employees to make them feel secure at work, said Linh.

A representative of Hòa Thọ Textile and Garment JSC said workers were required immediately to leave work for treatment if they were infected with COVID-19.

After recovering from illness and returning to work, employees were supported with finance and meals for two weeks.

To deal with labour shortages due to isolation, the company has also been flexible in changing shifts and rotating work to ensure stable production.

Việt Nam has changed its strategy from a Zero COVID policy to safe and flexible adaption and effective control of the COVID-19 pandemic while recovering and developing the economy.

Textile and garment manufacturers under the Vietnam National Textile and Garment Group have received orders until the end of the third quarter and the whole year, thanks to their flexible responses during a pandemic and the robust responses of relevant bodies.

The industry is expected to thrive and earn \$43 billion in exports this year.

Manufacturers should seize opportunities and work with partners to tap into the growth potential of the world's textile and garment market.

## 5. VN aims for higher sovereign ratings by 2030

Việt Nam aims to raise its sovereign ratings by 2030, according to the Sovereign Rating Improvement Project recently approved by deputy Minister Lê Minh Khái.

Specifically, Việt Nam wants to achieve a credit rating of Baa3 (for Moody's) or BBB- (for S&P and Fitch) and above by 2030.

The project aims to turn Việt Nam into a developing country with modern industry and high middle income and improve the country's position and prestige in the international arena.

Under the project, the average growth rate of GDP for the whole period will be about 7 per cent a year, with GDP per capita at the current price by 2030 reaching about US\$7,500 and total social investment averaging 33-35 per cent of GDP.

It also sets a target of better controlling State budget overspending approved by the National Assembly in the annual State budget estimates and the 5-year national financial plan, striving to ensure that overspending equals around 3 per cent of GDP and public debt does not exceed 60 per cent of GDP.

Its main solutions are to build a firm public financial system, expand a sustainable revenue base to improve debt indexes and promote fiscal consolidation, increase the transparency of fiscal policies, and improve the structure and quality of the banking system and State sector and the credit-related legal corridor.

The current credit rating of S&P for Việt Nam stood at BB with a positive outlook, while Moody's is a Ba3 with a positive outlook.

Fitch Ratings on March 28 affirmed Việt Nam a BB rating with a positive outlook.

Fitch Ratings said this reflected continued strong medium-term growth prospects, despite the pandemic and the global economic spillovers from the war in Ukraine and strong external finance metrics relative to peers.

The rating remains constrained by contingent liability risks associated with large State-owned enterprises and structural weaknesses in the banking sector.

Fitch forecasts GDP growth to accelerate to 6.1 per cent in 2022 and 6.3 per cent in 2023 from 2.6 per cent in 2021.

This will be led by a recovery in domestic demand, strong exports, and high FDI inflows, particularly in the manufacturing sector, as economic activity resumes with policy changed to a more flexible

approach to the pandemic, made possible by higher vaccination rates.

However, Fitch pointed out that risks remained, including the global economic implications of the war in Ukraine and sanctions on Russia, further pandemic-related shocks, and high commodity prices.

## 6. No rise in power prices this year: EVN

State-owned utility Vietnam Electricity (EVN) has committed to keep electricity prices unchanged until the end of 2022, but warned extending it would be "extremely challenging."

Stabilizing electricity prices would support Vietnam's economic recovery, EVN deputy director Nguyen Tai Anh said Friday at a power investment conference.

But keeping the prices unchanging for longer will be "extremely challenging," he added, pointing out the cost of electricity production has gone up because of surging input costs.

Prices of imported coal and liquefied natural gas (LNG), two main sources of electricity generation in Vietnam, have tripled since the Russia-Ukraine conflict began, he said.

The price of materials for constructing power grids has also surged, Anh said.

"We can manage this year without profit, but anything longer than that could prove impossible, as input costs keep rising".

He asked the government and related agencies to come up with solutions to ensure the interests of both businesses and consumers, and to keep electricity prices at a reasonable level.

Electricity prices in Vietnam have stayed unchanged for three years, despite skyrocketing input costs.

Should power prices not be increased, it would be difficult to secure electricity supply, or attract investment in the power industry, which needs an annual \$14 billion from now to 2030, said Bui Xuan Hoi, rector of Northern Electricity College.

## 7. As global demand recovers, seafood firms expect jump in profits

Major seafood producers expect a double- or triple-digit rise in profit this year on surging prices and recovering demand.

Vinh Hoan Corporation, the largest listed seafood company, targets a 36.5-percent rise in profits to VND1.5 trillion (\$65.6 million)

IDI International Development & Investment, the second largest, expects a sixfold increase in profits to VND900 billion.

The industry was hit hard over the last two years as Covid-19 dragged demand and supply down. Profits

of the two company, therefore, dropped by 40-65 percent from 2019.

But they expect strong rebounds this year, with profits went up by at least 20 percent compared to the pre-pandemic year of 2019.

Many others also expect the recovery in global demand since the end of last year to have a huge impact on their bottom line.

Mekong Fisheries JSC expects pangasius to remain its top export item this year.



Sao Ta Foods JSC expects demand to rally further when the pandemic is brought under control in its import markets. It expects shrimps to be favored for their high nutritional value and ease of cooking.

Supply is likely to meet the burgeoning demand thanks to the expansion in farming area and the use of new technologies that help control and mitigate risks involved in shrimp farming, it added.

Shrimp and pangasius are expected to remain the main export earners since their prices have been driven up by a shortage even as demand has recovered.

The industry also expects to take advantage of trade deals like those with the EU (EVFTA) and the UK (UKVFTA).

Pangasius prices would remain high in the first half of the year due to limited supply, Yuanta Securities said.

The fish farming cycle lasts six months, and major producers were hit hard by Covid-19 in the second and third quarters of 2021, and so supply would start to recover in the second half of this year, it added.

But An Binh Securities warned of downside risks like surging feed and logistics costs and the fierce

competition from other exporting countries like India, Ecuador and Indonesia.

On the stock market, the seafood sector has posted gains over the last month, with some hitting the ceiling even during sharply declining sessions like on March 28.

On Wednesday Vinh Hoan traded at around VND96,000, up 37 percent since January.

IDI International Development & Investment has seen a 160 percent surge since the end of January, and hit a new peak of VND29,300 on Monday.

Sao Ta Foods also climbed to a record VND70,600 on Wednesday after gaining 48 percent.

Vietnam's seafood exports grew by 40 percent year-on-year to US\$2.4 billion in Q1 despite direct impacts of the ongoing Russia-Ukraine crisis.

The growth was led by shark catfish, whose exports increased by 88 percent to \$646 million and accounted for 27 percent of overall exports, according to the Vietnam Association of Seafood Exporters and Producers (VASEP).

Shrimp remained the top export item, accounting for 37.5 percent of the total at over \$900 million, up 37 percent.

## Corporate News

### 8. NT2: Postponement of the time to hold AGM 2022

↓ -1.25%

The Board resolution dated April 06, 2022, the BOD of Petrovietnam Power Nhon Trach 2 Joint Stock Company approved to postpone the time to hold the 2022 Annual General Meeting of Shareholders

on April 28, 2022 as expected. Accordingly, the time to hold the 2022 Annual General Meeting of Shareholders before June 30, 2022. The details will be informed later.

### 9. YEG: Cancellation of record date for AGM 2022

↓ -7.00%

On April 05, 2022, the Hochiminh Stock Exchange issued Announcement No.697/TB-SGDHCM about the cancellation of record date (April 15, 2022) for

the holding of Annual General Meeting of Shareholders 2022 of Yeah1 Group Corporation.



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