



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index falls for third straight session on strong sell-off

The stock market opened the week on a negative note as investors' risk appetite was impacted by strong sell-off activities.

The VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) extended losses for the third straight session. Accordingly, it posted a sharp fall of 26.75 points, or 1.8 per cent, to 1,455.25 points.

Last week, the index lost 2.27 per cent, mostly due to losses in the last two sessions of the week, each fell more than 20 points.

The market's breadth was negative as 409 stocks declined, while only 67 stocks climbed.

Liquidity was also lower than the previous session. Of which nearly 680.1 million shares were traded on the southern bourse, worth over VNĐ21.28 trillion (US\$929.7 million).

The index's bearish trend was driven by strong selling pressure with up to 64 stocks hitting floor prices and many large-cap stocks posting great losses.

The 30 biggest stocks tracker VN30-Index decreased by 17.11 points, or 1.12 per cent, to 1,507.2 points. Twenty-six stocks of the VN30 basket slid, while only four stocks increased.

Data compiled by vietstock.vn showed that Vinhomes (VHM) led the downtrend with a

decrease of 2.8 per cent. Other big stocks influencing yesterday's loss were in banking and manufacturing sectors, such as BIDV (BID), Vietnam Rubber Group (GVR), Hoà Phát Group (HPG), Vietinbank (CTG), and MBBank (MBB), down in a range of 2.8-5.31 per cent.

The benchmark index was also under pressure as many small- and medium-cap stocks, especially in the realty sector, hit floor prices. They included Đất Xanh Group (DXG), Hoàng Quân Consulting-Trading-Service Real Estate Corporation (HQC), Hồ Chí Minh City Infrastructure Investment JSC (CII), Development Investment Construction JSC (DIG) and Ocean Group JSC (OGC).

On the Hà Nội Stock Exchange (HNX), the HNX-Index also finished lower yesterday on selling force, weakening for the fifth consecutive session. Accordingly, the index slid by 11.01 points, or 2.55 per cent, to 421.01 points.

During the session, nearly VNĐ2.6 trillion worth of shares, equal to a trading volume of 95.45 million shares, was traded on HNX.

Meanwhile, foreign investors were net sellers on both main exchanges after net selling a value of VNĐ275.11 billion. Of which, they net sold a value of VNĐ273.48 billion on HoSE, and a value of VNĐ1.63 billion on the northern market.

Macro & Policies

2. 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 meet 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 accelerate the handling of bad debts to avoid potential risks for the economy, according to Tú.

3. Big ETFs post negative growth in Q1

Individual investors and professional organisations faced many difficulties with the market's unfavourable movements in the first quarter.

The stock market has just closed the first quarter in which it saw strong fluctuations.

The new year started smoothly, with the VN-Index surpassing the 1,500 point level and reaching a historic peak of 1,534 points. But the impact of the Russia-Ukraine conflict and the US Federal Reserve's rate hike meant the market could not keep the upward momentum and fell to nearly 1,420 points.

At the end of the first quarter, the market benchmark stood at 1,492.15 points, a slight

decrease of 0.41 per cent compared to the end of 2021.

Meanwhile, the VN30-Index, which tracks the 30 biggest stocks on the Hồ Chí Minh Stock Exchange (HoSE), finished last quarter at 1,508.53 points, a decline of 1.77 per cent.

Individual investors and professional organisations faced many difficulties. Statistics of large funds in the market showed that most recorded negative growth during the period, and some even experienced worse performance than the general market.

Among the list, the duo of long-time foreign exchange-traded funds (ETFs) in Việt Nam - Vaneck

Vectors Vietnam ETF (VNM ETF) and FTSE Vietnam ETF - had a poor performance in the first quarter, negative 9.55 per cent and negative 8.93 per cent, respectively.

Premia MSCI Vietnam ETF followed it with a performance of negative 7.88 per cent, followed by JPMorgan Vietnam Opportunities Fund (negative 4.63 per cent), and the Taiwan (China) Fubon FTSE Vietnam ETF (negative 3.85 per cent).

The foreign funds reported relatively poor performance in the first quarter due to their large Vingroup (VIC) and Vinamilk (VNM) holdings.

Meanwhile, foreign funds with more initiative, such as Pyn Elite Fund, LionGlobal Vietnam Fund, and Vietnam Equity Fund, witnessed better performance with a decrease of only 1.69 per cent, 0.57 per cent and 0.5 per cent, respectively, because their portfolio does not hold VIC or VNM stock.

ETF funds generally did not show good performance in the first quarter. Most had negative growth as with VN30 index funds, VN100, and VN50 index funds.

The fund with the best performance in the market during the period was the DCVFM VNDiamond ETF, with its portfolio growing by 7.5 per cent.

Since its establishment in 2020, DCVFM VNDiamond ETF is regularly at the top of the top growth indices.

With a portfolio of blue-chip stocks that run out of foreign ownership ratios, such as FPT Corporation (FPT), Mobile World Investment Corporation (MWG), Phú Nhuận Jewelry JSC (PNJ) and MBBank (MBB), the fund outperformed other funds in the market. Currently, the portfolio size of DCVFM VNDiamond ETF is about VNĐ15 trillion (US\$656.6 million).

KIM Vietnam Growth Securities Master Investment Trust (KIM Vietnam Korea), with a scale of up to \$693 million, also outperformed the market with its net asset value (NAV)/shares growth of 2.81 per cent in the first quarter.

The holding of a large proportion of stocks like Techcombank (TCB), MBB, MWG and FPT positively impacted the fund's portfolio.

VEIL Dragon Capital, the largest foreign fund in Việt Nam, with a portfolio of \$2.6 billion, also outperformed the market with a growth of 0.49 per cent.

In general, the unfavourable movements of the market in the first quarter of 2022 have caused most investment funds to perform poorly.

The difference among funds mainly comes from holding VIC and VNM. Meanwhile, funds holding many blue chips such as MWG, FPT, VPBank (VPB), PNJ and MBB had a more positive performance.

4. Việt Nam's e-learning market projected to hit US\$3 billion by 2023

Việt Nam's e-learning market is expected to reach revenue of around US\$3 billion by 2023 with a compound annual growth rate of about 20.2 per cent from 2019-23, according to a report by Ken Research.

Việt Nam's educational technology (Edtech) market is said to hold high potential and is drawing attention from investors, especially in the context of the COVID-19 outbreak and its complicated developments.

Việt Nam was listed in the top 10 fastest growing Edtech markets globally, posting annual growth of 44.3 per cent, according to the Việt Nam Edtech Report 2021.

Last year, Việt Nam moved from a "pandemic response education" status to "pandemic adaption education" amid the complicated developments of COVID-19.

According to observers, in 2022, Edtech will be the pioneer technology when the demand for technology platforms in education rises.

Phạm Hồng Quất, director of the Department of Market Development and Science and Technology Enterprises under the Ministry of Science and Technology, said Việt Nam needed to promote "open innovation" to attract more resources in order to further promote the start-up innovation ecosystem and Edtech field.

He said he also hoped that universities would become more "open", focusing on implementing cooperation agreements with foreign universities

towards meeting the needs of businesses in the future.

5. HCM City calls for \$12.4 billion of investment into suburban districts

President Nguyễn Xuân Phúc has urged the suburban districts of Củ Chi and Hóc Môn in HCM City to review all public investment projects, especially their feasibility, and improve the business climate to attract investment.

Speaking at a conference to promote investment in Củ Chi and Hóc Môn on Tuesday, Phúc said the city should promote investment in the two suburban districts as part of the plan to develop the city further to the northwest, creating long-term livelihoods for residents and developing new sustainable urban areas.

He said Hóc Môn and Củ Chi would provide new growth for HCM City, adding that it was important to carefully select projects to call for investment that could optimise the potential and advantages of the two suburban districts.

To achieve this goal, Phúc ordered the two districts to improve state management in all fields, including the fight against corruption and wastefulness.

They must also work to improve the business climate to solicit investment in developing new urban areas, industrial parks, tourist areas and commercial zones.

Hóc Môn and Củ Chi are calling for investment in 55 projects worth a total of VNĐ285 trillion (US\$12.46 billion) in infrastructure, industry, high-tech agriculture, trade-service, education-culture-sport and transport.

Phúc has demanded the districts balance economic development benefits with environmental protection, urging them to address issues related to waste treatment and housing for workers.

"Urbanisation of the two suburban districts must meet environmental and ecological criteria," Phúc said.

He also asked the suburban districts to tackle any hurdles related to transport infrastructure and create the most favourable conditions for investors.

Củ Chi to achieve city status

Củ Chi has been urged by the city's People's Council to develop a plan to become a city, under the jurisdiction of HCM City.

Củ Chi, which borders Hóc Môn District and the provinces of Bình Dương, Tây Ninh and Long An, aims to become a logistics hub connecting industrial zones in Bình Dương, Tây Ninh and Long An.

Some investors had already shown interest in developing five-star nursing home facilities that offer high-end medical and health care services in Củ Chi.

Nguyễn Văn Nên, secretary of the HCM City Party Committee, said Củ Chi must speed up major projects like the Tây Bắc (northwest) urban area and the Saigon Zoo and Botanical Garden.

The expressway from An Sương to Mộc Bài and Ring Road No. 3 should be accelerated to link Củ Chi and Hóc Môn districts with the eastern part of HCM City and Đồng Nai Province, he said.

The possibility of having roads running along the Đồng Nai River to Củ Chi should be studied in order to shorten the travel time and develop ecotourism, he added.

HCM City authorities also announced a plan to speed up the urbanisation of Củ Chi, Hóc Môn, Bình Chánh, Nhà Bè and Cần Giò in order to make them urban districts by 2030.

All the districts have seen rapid urbanisation in recent years, with the creation of new urban areas, construction of expressways and improved lifestyles.

Criteria such as population, area, socio-economic indicators, education levels and urban infrastructure apply for becoming an urban district.

However, the plan has already triggered a “land fever” in the suburban areas.

Land prices in some areas in Củ Chi and Hóc Môn, for example, have surged recently (by between 30 and 100 per cent).

Hóc Môn is spread over more than 109 square kilometres and has a population of nearly 463,000. The corresponding figures are 435sq.km and 468,000 for Củ Chi, 252sq.km and 711,000 for Bình Chánh, 100sq.km and 208,000 for Nhà Bè, 435sq.km and 468,000 for Củ Chi, and 704sq.km and 73,000 for Cần Giờ.

6. ASEAN+3 economic outlook overshadowed by Russia-Ukraine conflict

The ASEAN+3 (Association of Southeast Asian Nations plus China, Japan and Korea)’s economic growth is expected to normalise this year as the COVID-19 pandemic recedes. However, rising geopolitical uncertainty over Russia-Ukraine is overshadowing the outlook.

In the latest report published on Tuesday, the ASEAN+3 Macroeconomic Research Office (AMRO) staff forecast growth in ASEAN+3 at 4.7 per cent this year, with growth for ASEAN at 5.1 per cent, meanwhile Việt Nam’s GDP growth is expected at 6.5 per cent this year.

However, the expectations were lower compared to the previous report, which was released in January, due to the Russia-Ukraine conflict. Previously, it foresaw the growth of Việt Nam’s GDP at 7.5 per cent and the bloc’s average at 4.9 per cent.

The growth outlook is underpinned by the region’s high vaccination rates, which should help mitigate the health risks of COVID-19.

“Now, as we move through 2022, it appears as though the region may finally have gained some ground in its long battle against the virus and we can now look forward to a fuller opening-up and a strong economic recovery,” said AMRO Chief Economist, Dr. Hoe Ee Khor.

Russia’s military operation in Ukraine is an emerging risk to the outlook. Its effects are already being felt in the region through higher energy prices.

On the international market, Brent crude prices fell below US\$100 per barrel on Monday due to plans of

big consumers to release oil from inventories and the zero-COVID policy of the Chinese Government.

However, it had soared by 38 per cent in the first quarter, marking its highest quarterly percentage gains since the second quarter of 2020, boosted mainly after Russia’s February 24 attacks on Ukraine.

While ASEAN+3 economies have limited direct exposure to Russia and Ukraine, they will not remain unscathed if the conflict drags on. The economic fallout—disrupted global supply chains, higher global inflation, and lower global growth—would undoubtedly hurt ASEAN+3 exports and growth.

Soaring inflation in the United States has prompted the US Federal Reserve to begin hiking interest rates and reducing its balance sheet, but uncertainty remains as to how aggressive its approach will be.

A sharper-than-expected rate hike by the Fed, and consequent tightening in global financial conditions would have implications for interest rates, capital outflows, and financial market volatility in the region.

Within ASEAN+3, financial risks are still elevated in many economies due to the pandemic. Macro-financial policies continue to be focused on alleviating the pandemic’s impact on households and firms and supporting an economic recovery.

If the recovery is delayed, more businesses and individuals could come under financial stress.

Given the less supportive global policy settings in 2022, the region’s policymakers will have to

undertake a crucial balancing act—avoiding a premature withdrawal of policy support to sustain the recovery, while at the same time facilitating the reallocation of capital and labour to new and expanding sectors and restoring policy space to prepare for future risks.

“ASEAN+3 policymakers will have to be nimble as they navigate this complex environment, strengthen economic recovery, and rebuild policy space,” Dr. Khor stressed.

“This will not be our last crisis. We must rebuild, and continuously innovate and learn as we prepare for the next crisis.”

7. New Chinese registration regulations challenge Vietnamese exporters

Vietnamese seafood and agricultural produce exporters have faced difficulties in meeting China's new registration regulations.

China's regulations on the registration and administration of overseas producers of imported food (Degree 248) entered into force on January 1 this year. The measure requires all overseas food manufacturers, processors, and storage facilities to be registered with the Chinese authorities to export products to China. The measure covers all food products except food additives.

At a recent conference to remove difficulties for exporting agricultural, forestry and fishery products to China, domestic exporters said they could not register online to meet the regulations, though the registration has been implemented for five months.

Representatives of NTSF Seafood Joint Stock Company said the company couldn't register even though it was granted an online registration account from competent authorities and followed the guidance.

Meanwhile, a representative of Hải Việt Joint Stock Company said although the company successfully registered in 2021 and was named on a list of 779 seafood processing enterprises that have been allowed to export goods to China, it couldn't export due to hindrances in customs declarations.

Another seafood exporter said they faced difficulties in declaring HS codes as the Chinese code is different from that of Việt Nam and is very complicated.

According to the National Agro-Forestry-Fisheries Quality Assurance Department (Nafiqad), Việt Nam's HS code has 10 numbers while China's has 13

numbers, of which three numbers are CIQ (China Inspection and Quarantine). Many Vietnamese exporters find it difficult to identify CIQ so they fill in the wrong digits, meaning their goods fail customs clearance.

In order to facilitate export declarations, Lê Bá Anh, deputy director of Nafiqad, suggested that if Vietnamese exporters already had partners in China, they should ask for assistance in identifying HS codes as Chinese enterprises themselves understand the new customs system.

In addition, Anh advised exporters to make written requests and send them to Nafiqad's office or other Vietnamese agencies when there are any difficulties, who will send them on to the Chinese side for consideration and settlement as quickly as possible.

However, Anh noted, that Vietnamese authorities had worked with Chinese partners many times to find solutions to overcome HS code difficulties for Vietnamese exporters. However, even the Chinese side admitted that technical errors were very common as the software was new. More than 100 other countries that export goods to China had faced similar issues.

According to Minister of Agriculture and Rural Development Lê Minh Hoan, regarding the registration of enterprises exporting to China under Decree 248, Chinese customs so far approved 1,853 codes for Vietnamese enterprises.

To improve registration, the ministry will continually strengthen information exchange with Chinese customs to remove technical problems when registering on the Chinese customs' one-stop portal, as well as avoiding delays in granting codes for plant-origin products of Vietnamese enterprises.

Corporate News

8. GEX: Before the "storm" of rumors, GEX confirmed that the business was still operating normally

↓ -0.59%

GELEX Group Joint Stock Company (Gelex, HOSE : GEX) has just sent a document to shareholders and investors regarding the fact that in the past time some individuals have taken advantage of the arrest of some big business leaders to post false information.

According to a document dated April 12th, GEX said that in the past week, some individuals took advantage of the arrest of some large business leaders to post unverified and unverified information that the agency The function will prosecute and handle other individuals and businesses (mainly in the fields of finance, banking, securities, and real estate). As a result, investor sentiment and stock prices of some companies, including GEX stock of the Company, were also affected.

Previously, on April 9, the Ministry of Public Security affirmed that it would handle those who spread false information affecting the investment and business environment and advised people not to listen to and help spread such information.

On its side, GEX vehemently opposes unverified and untrue reporting acts that cause insecurity and market safety. GEX announced that all activities of the Company are still taking place as usual.

The information about the financial situation, business and other activities of GEX is shown transparently and published on the official website of the Company. GEX recommends shareholders and investors to be cautious and wise against false rumors.

9. VCB: Vietcombank wants to increase its pre-tax profit by at least 12%, paying a dividend of 18.1% in shares

↓ -0.72%

According to the document of the General Meeting of Shareholders just released, Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank, HOSE: VCB) plans to increase its pre-tax profit in 2022 by at least 12% compared to the previous year, equivalent to at least VND 30,661 billion. It is expected to pay stock dividends at the rate of 18.1%.

Vietcombank has set a target that by the end of 2022, total assets will increase by 8% compared to the beginning of the year. Credit will increase by 15% and capital mobilization in market 1 will grow in line with credit. NPL ratio is controlled below 1.5%. Dividend payment rate will be according to the approval of the competent State agency.

Pre-tax profit in 2022 is expected to increase at least 12% compared to 2021, equivalent to a minimum of VND 30,661 billion.

Regarding the plan to increase charter capital, Vietcombank plans to issue nearly 856.6 million ordinary shares at the rate of 18.1% (shareholders owning 1,000 shares at the time of issuance can receive up to 181 shares) to pay dividends. If the issuance is successful, Vietcombank's charter capital is expected to increase to VND 55,891 billion from VND 47,325 billion. The capital source will be realized from the remaining profit in 2019 after tax, after setting aside funds, paying cash dividends, paying stock dividends according to the plan to increase capital in 2021 and the remaining profit in 2022. Implementation time is 2022 with the aim of ensuring sufficient capital supply for the

economy and at the same time ensuring capital adequacy.

The additional capital will be invested by Vietcombank in facilities, technology infrastructure, office building, network expansion, technology investment and fixed assets (about 500 billion VND); expanding credit activities, capital trading and other business activities.

The Board of Directors will also submit to the General Meeting of Shareholders the remuneration for the Board of Directors and the Supervisory Board in 2022, up to 0.27% of the consolidated profit after tax, in case the target of consolidated profit before tax in 2022 is completed according to the assigned plan.

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