



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index hits nine-month low on high selling power

Shares ended Monday in negative territory on both national exchanges as investors increased selling force amid fears of a steeper downtrend.

On the Hồ Chí Minh Stock Exchange, the VN-Index decreased 1.78 per cent to end the day at 1,432.60 points.

The downturn on the southern market started on April 5 after the VN-Index hit the historical peak at 1,524.7 points. The VN-Index has lost more than 6 per cent in the last nine sessions – the strongest drop since July 2021.

Finance and real estate are the two stock groups pulling the market down the most.

On Monday, nine of the top 20 shares weighing on the VN-Index most came from these two groups with the biggest losers including Vietcombank (VCB), Vietinbank (CTG), VPBank (VPB), BIDC (BID), Techcombank (TCB), Vinhomes (VHM), Vingroup (VIC) and No Va Land Investment Group (NVL) with losses of between 1.5-4.8 per cent each.

Generally in the last nine sessions, more than a third of the VN-Index's loss came from five stocks, namely BID, VCB, TCB, CTG and VHM.

The financial group's representative index VNFIN also closed Monday down 3.23 per cent while the VNREAL Index of the real estate group decreased by 1.88 per cent.

On the Hà Nội Stock Exchange, the HNX-Index declined 3.26 per cent to close at 403.12 points. The northern market's index also lost nearly 14 per cent since April 4.

Overall market breadth was pessimistic with 755 losers and 223 gainers on both exchanges.

Liquidity increased with nearly 931.7 million shares worth VNĐ28.7 trillion (US\$1.25 billion) traded on the two markets, up 28 per cent in volume and 20 per cent in value compared to Friday's levels.

Seafood stocks shine

On the other side, seafood processing stocks performed well with eight gainers and one loser.

According to UK maritime research company Drewry, the cost of shipping a 40-foot container to the US is showing signs of decline. By the end of March 2022, the freight rate was only \$8,152/40ft, down from \$9,409/40ft at the beginning of 2022. This will help seafood businesses reduce transportation costs and lift their profits.

At the end of the session, Mekong Fisheries (AAM), Cửu Long Fish (ACL) and Nam Viet Corp (ANV) hit the ceiling price of 7 per cent, while Camimex Group (CMX) and IDI International Investment & Development (IDI) increased by 6.45 per cent and 6 per cent, respectively.

According to many analysts, the market has remained in a sideways trend since February at the range of 1,440-1,500 points and if the support level at 1,440 was not broken, the short-term trend of the VN-Index would still fluctuate in this frame.

With the current situation, it will be difficult for the market to quickly return to higher price areas in the next trading week, but may need to retreat to low price areas to find bottom-fishing demand. If bottom-fishing demand is good enough, as shown by improved liquidity, the market may recover.

Macro & Policies

2. Enterprises want greater reforms to support recovery

Enterprises expect greater reforms to truly create a favourable business environment, according to the Việt Nam Chamber of Commerce and Industry (VCCI).

VCCI's recent report about business law flow 2021 revealed a paradox that while the Government was required to reduce compliance costs for enterprises, there were some policies being drafted that might push up costs and cause difficulties for firms.

"This makes the business environment improvement effort inconsistent and inefficient," the Head of the VCCI's Legal Department Đậu Anh Tuấn said.

The report pointed out that a majority of the business community expected the Government to remove and amend regulations about business lines that required prerequisites mentioned in the Investment Law 2020, together with the abolishment of other regulations which were causing difficulties for businesses.

Tuấn said that many drafted regulations were raising concerns that these policies would cause an additional cost burden on businesses, especially when many of them were in difficulty due to the prolonged impact of the COVID-19 pandemic.

Trần Hoàng Yến from the Việt Nam Association of Seafood Exporters and Processors (VASEP) said that seafood processing plants were facing problems related to meeting the National Technical Standard QCVN 11-MT:2015/BTNMT about wastewater.

She pointed out that too high standards affected not only domestic production but also exports of the seafood industry.

The Ministry of Natural Resources and Environment was drafting amendments to this standard but it seems that the draft was stricter, worrying seafood companies, Yến said, adding that the standard must be suitable with reality, the specifics of the industry

and compatible with the wastewater treatment technology capacity.

According to Hoàng Hải Anh, deputy president of the Việt Nam Association of Securities Business, new trends in the market should be put into careful consideration to avoid being left behind, such as the application of artificial intelligence in securities investment.

The latest updates of the General Statistics Office showed that nearly 35,000 new firms were founded in the first quarter of this year, representing a rise of nearly 18 per cent against the same period last year, which reflected the recovery of businesses.

Besides post-pandemic economic stimulus packages, business environment improvement was what the business community expected the most, VCCI pointed out.

Most ministries developed plans to reduce compliance costs for enterprises with the goal of cutting at least 20 per cent of the costs to comply with the existing laws.

However, some proposals would cause more difficulties while some new policies were erecting new barriers for businesses, according to VCCI.

VCCI's chairman Phạm Tấn Công said it was necessary to remove bottlenecks in the flow of business laws to ensure the circulation of economic activities. Careful research and evaluating the impact of policies were also of great importance to have timely policy responses and prevent negative impacts, Công said.

Nguyễn Minh Thảo from the Central Institute for Economic Management said that Việt Nam's institutions encouraging innovations were not attractive enough as they would face a number of problems when implementing new business ideas.

Reforms should never be stopped, she said, adding that reforms should make Việt Nam not only better but also keep up with new development trends.

3. VLA asks to develop regional container fleet

The Việt Nam Logistics Business Association (VLA) has proposed establishing a container fleet with a total investment of US\$1.5 billion to build new ships, purchase old ones, and rent and buy containers.

This aims to serve import and export goods to limit the interference from foreign shipping lines and reduce costs.

According to the VLA, the transportation of import and export goods by sea is facing many difficulties, especially due to congestion at ports and supply chain disruptions, which cause a shortage of ships and containers, which has made container freight rates skyrocket, heavily impacting competitiveness.

Vũ Ngọc Sơn, chairman of Hải An Transport and Stevedoring Company Limited, said almost all shipping capacity and freight for transporting goods by containers to intercontinental routes were in the hands of foreign ship owners so Việt Nam had to spend a huge amount of foreign currency every year.

Having a fleet of container ships would limit the pressure of foreign shipping lines on freight rates and surcharges. It would be a tool to ensure the country's economic security and take full advantage of FTA agreements in the long term.

Sơn said: "Việt Nam is located on the important maritime transport route of the East-West hemisphere, accounting for more than 80 per cent of the global freight volume while about 90 per cent of local import and export goods are transported by sea."

The speed of goods through the country's seaports increases by 10-15 per cent per year on average.

In 2021 under the difficulties of the pandemic, the volume of container cargo through seaports reached 24 million TEUs, up 7 per cent compared to 2020, the association said.

Nguyễn Tương, a senior consultant of VLA, said: "Currently Việt Nam's shipping fleet is only responsible for transporting about 7 per cent of the market share and mainly operates on domestic

routes and short routes in the intra-Asia region, the rest is in the hands of foreign shipping lines."

As of March 25, 2022, the world's container fleet has 6,346 ships with a total capacity of 25.5 million TEUs and a total tonnage of 305,902,000 DWT.

Meanwhile, the country's container fleet has 10 container shipping companies, owning 48 container ships with a total capacity of 39,519 TEUs, and a total tonnage of 548,236 DWT.

There are 13 ships more than 25 years old, three ships more than 20 years old and 15 ships with tonnage from 300 TEU to 600 TEU.

These ships can only run within the country, said the association, adding that the remaining 17 ships with a tonnage of 600 TEU or more, of which there are 14 ships with a tonnage of 1,000 to 1,800 TEU, could operate on routes in inner Asia.

The VLA believes that to develop a container fleet, it is necessary to invest in specialised container ships, container shells and a customer service network, and a fleet of ships at all major ports.

The plan should be divided into two development phases. Phase 1 will be implemented in about 3 to 5 years, focusing on investing in ships suitable to operate on intra-Asia routes such as Japan, South Korea, China, India and the Middle East.

Those areas are where the volume of import and export goods, mostly dry goods, account for more than 60 per cent of the total volume of dry goods for import-export.

The association said that in the first phase, Việt Nam should not only buy ships, containers and open routes in the region but also find partners who have large shipping lines to cooperate with them to exchange docking lots, change containers and use their operating and management software, management and service systems at ports.

VLA said such solutions had been employed by other successful shipping lines in the past few decades,

including Taiwan's Wan Hai (China) shipping lines and Israel's Zim lines.

In the second phase, which could last about five years, after successfully operating in inner Asia with partners, investment would be needed in larger container ships from Panamax and Post Panamax to participate in transportation on major

intercontinental routes of the world such as the Asia - America route, Asia - Europe route, East-West route and beyond.

Together with the proposed routes development direction, the VLA also suggested solutions and preferential policies to develop such a fleet.

4. Price ceiling hike for air tickets will not hit inflation

A modest hike in the price ceiling for air tickets would not have a significant impact on the consumer price index in 2022 and hurt customers, said the director of the Civil Aviation Authority of Vietnam (CAAV) Đinh Việt Thắng.

Earlier, the CAAV proposed raising the price ceiling for airfares, citing a surge in petrol prices as a reason. It noted geopolitical tensions, especially the Russia-Ukraine conflict, have pushed the jet fuel price of Jet A1 to a new height since the beginning of 2022.

Thắng said during a conference late last week that the jet fuel price of Jet A1 has risen to US\$130 per barrel, nearly double that of 2021, so the CAAV's proposal was made to partially remove difficulties for Vietnamese airlines that had been suffering huge losses.

The proposed price, which would see an average increase of 3.7 per cent, would equal the ceiling price applied in 2015, Thắng said, adding that the CAAV had also calculated the ceiling price to protect the interests of passengers while ensuring the State's policies to combat inflation and increase prices.

Talking about the possibility that airlines would increase ticket prices during the upcoming peak season April 30 to May 1 after a hike in the ceiling price, Thắng said during the peak season, the average ticket price could not reach the ceiling, and would be only equivalent to 60 per cent of this figure.

Meanwhile, airlines had many ranges of fares, no airline only sold tickets at a ceiling price. Therefore, in order to access affordable air tickets, passengers should purchase early instead of booking close to the departure date, resulting in higher ticket prices, he added.

Under its proposal, the ceiling prices of tickets would be increased to VNĐ2.25 million (\$97) from the current VNĐ2.2 million for flight distances between 500km and 850km, up 2.2 per cent, while that for flight distances between 850km and 1,000km would be raised to VNĐ2.89 million from the current VNĐ2.79 million, up 3.5 per cent.

For flights between 1,000km and 1,280km and above, passengers were expected to pay up to VNĐ3.4 million, up 6.2 per cent, and VNĐ4 million, up 6.6 per cent, respectively.

Air ticket prices for flights below 500km would stay the same.

Punctuality of Vietnamese airlines reaches 95.5% in Q1

The overall punctuality of the local aviation industry was 95.5 per cent in the first quarter of this year, the latest statistics from the CAAV showed.

In the period, Việt Nam's six airlines operated 58,302 flights, a reduction of nearly 25 per cent compared to last year's figure.

Bamboo Airways took the lead with 96.6 per cent of its flights on time; Vietnam Airlines and Pacific Airlines ranked second and third with on-time performance (OTP) of 96 per cent and 95.7 per cent, respectively; and the OTP rate of Vietjet was 94.4 per cent.

According to CAAV, Bamboo Airways is also the carrier with the lowest rate of flight delays among Việt Nam's three big airlines with 3.4 per cent, a year-on-year decrease of 1.2 per cent, while that of Vietnam Airlines and Vietjet was 4 per cent and 5.6 per cent, respectively.

The overall rate of flight delays in the sector was 4.5 per cent in the first three months of 2021, a decline of 7.3 per cent compared with the same period. Meanwhile, the cancellation rate of the domestic aviation industry in the period was 1.3 per cent, a year-on-year increase of 1.1 per cent. Vietnam Airlines led the industry with 2.7 per cent of the flights cancelled.

The main reasons leading to flight delays of airlines include late return flights, poor management as well as equipment and services at the airport.

In the first quarter of this year, domestic and international routes have been gradually restored to meet the increasing travel demand. Since regular international flights were resumed and the country was opened to international tourists in mid-March,

airlines have raised the frequency of their operation on many routes.

From the end of March, Vietnam Airlines plans to increase international flights every week and expand its exploitation to markets such as Singapore, mainland China, Japan, South Korea as well as domestic routes to meet market demand.

Vietjet is striving to increase the frequency of many international routes connecting Việt Nam with South Korea, Taipei (China), Japan, Singapore, and Thailand.

A representative of Bamboo Airways said that in order to meet the increasing travel needs of customers in the new normal, the airline is developing a network of flights to many countries in the world.

5. Central province cancels stalled FLC project

The central province of Thanh Hoa are canceling the license for a long-delayed industrial hub planned by FLC amid an alleged stock market fraud by its top management.

The VND2.3-trillion (\$100.3 million) FLC Hoang Long industrial hub remains at the land acquisition stage though construction began as long as in 2015.

FLC spent over VND20 billion to acquire 10 hectares of agriculture land from hundreds of farmers out of a total requirement of 286 ha.

Thanh Hoa authorities are in the process of transforming the project into a smart urban area spread over 600 ha.

The southern province of Binh Phuoc also recently cancelled approval for an urban area on 1,775 ha

planned by FLC that has been delayed for three years.

FLC leaders, including chairman Trinh Van Quyet and deputy chairwoman Nguyen Quynh Anh, were arrested recently for alleged stock market manipulation.

The Ministry of Public Security said Quyet got a securities brokerage and other companies to use 20 stock accounts to trade FLC shares back and forth to create fake demand.

This drove the share price up, and he sold 74.8 million shares for VND1.69 trillion (\$73.8 million), of which VND530 billion was gained illegally, it added.

The ticker is now at the lowest level in over a year.

6. Ocean Group leaders resign in droves

Three out of five board members of Ocean Group, including its chairman and vice chairman, are seeking to resign amid financial difficulties and conflicts with shareholders.

The company, which has interests in real estate, hospitality and food, said it has received the resignations of Chairman Mai Huu Dat, vice chairman Nguyen Thanh Trung and director Nguyen Mai Phuong.

Two members of the supervisory board, Nguyen Huong Nga and Nguyen Thanh Tung, who represent shareholders, have also filed their resignation.

The company had fired CEO Lo Hong Hiep on April 15 and replaced him with Pham Thi Hong Nhung, former head of the supervisory board at construction firms Fecon and engineering design consultancy Tedi.

Some board members have also sold off their shares in the company this month.

Trung sold 13.5 million shares (4.5 percent stake), Nga and her family sold over 14.5 million shares and Hiep sold three million shares.

The resignations come two weeks before the annual general meeting.

Last year Ocean Group twice failed to hold the AGM, the first time due to lack of quorum and the second time because the agenda was not approved.

In 2020, asset manager IDS Equity Holdings announced it had received authorization from a group of shareholders owning more than 51 percent in Ocean Group to hold a meeting with the management, but the latter refused.

Ocean Group, which owns popular brands include Star City apartment building, Sunrise resorts, and Trang Tien Ice Cream, started seeing governance issues since 2014 when chairman Ha Van Tham was jailed in one of Vietnam's biggest trials.

It had accumulated losses of VND2.52 trillion (\$109.97 million) as of the end of last year, or 84 percent of its charter capital.

It targets post-tax profits of nearly VND18 billion this year, down 82 percent from last year.

7. Bắc Ninh eyes 270-ha IT park

An IT park covering an area of about 274ha will be built in the northern province of Bắc Ninh, according to the provincial People's Committee.

The IT park is expected to have a workforce of about 20,000 labourers and experts.

The planning will set the scene for the establishment of an IT hub in the province and the development of infrastructure for IT application and R&D activities, and accelerate the growth of the IT industry.

A centre for R&D activities in the field is also expected to be set up to provide professional

training, facilitate technology transfer, and offer support for IT start-ups.

By the end of 2021, Bắc Ninh had 16 industrial parks, covering a total area of close to 6,400ha, 10 of which have been put into use, and the occupancy reached 91.2 per cent.

It has also established 31 industrial clusters, 21 of which were operational.

Many international tech giants, such as Samsung, Canon, Foxconn and Nokia, have set up base in the province's industrial parks and clusters.

Corporate News

8. TPB: TPBank eyes 36-percent hike in profits

↑ 1.47%

Private lender TPBank expects its pre-tax profits to top VND8.2 trillion (\$358 million) this year, up 36 percent from 2021.

It also targets a 20 percent increase in assets to VND350 trillion.

The bank plans a rights issue of 527 million shares this year to raise VND5.3 trillion and increase its charter capital to VND21 trillion.

VnDirect Securities has forecast 25 percent growth for TPBank this year, higher than the 20 percent expected for the sector.

BaoViet Securities has forecast its compounded annual growth rate to top 31.4 percent in 2020-22 and return on average equity (ROAE) in the period of 24.8 percent.

9. PVD: Notice of record date for stock dividend payment

↓ -5.12%

On April 13, 2022, Petrovietnam Drilling & Well Service Corporation announces the record date as follows:

- Record date: April 29, 2022
- 1. Reason & Purpose: to pay stock dividend for 2019 and 2020.
- 2. Content:
 - Expected issue volume: 178,876,205 shares
 - Exercise ratio: 20% (10:2) (Those who own 10 shares will receive 02 new shares.)
 - Plan to deal with fractional shares: The distributed shares will be rounded down to units, the fractional shares (if any) will be cancelled.

- For example: at the record date, shareholder A owns 106 shares. With 20% performing ratio, the shareholder A will receive: $106 \times 20\% = 21.2$ shares. According to rounding policy, the shareholder A will receive 21 new shares and the fractional shares of 0.2 share will be cancelled.

- Place of payment:

+ Shareholders whose shares have been deposited: at the securities firms where the shares have been deposited.

+ Shareholders whose shares have not been deposited: at Petrovietnam Drilling & Well Service Corporation.

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