



# VIETNAM DAILY NEWS



April 20th, 2022

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## Market Analysis

### 1. Shares nosedive on massive selling

Shares nosedived on Tuesday due to the fall of banking stocks caused by massive selling at the end of the trading session.

On the Hồ Chí Minh Stock Exchange (HoSE), the market benchmark dropped 1.83 per cent, to 1,406.45 points.

The market's breadth was negative with only 101 gainers, and 371 losers.

During the session, over 702.4 million shares were traded on the southern bourse, worth nearly VNĐ22.7 trillion (US\$988.5 million).

The benchmark's downtrend was due to losses of many large-cap stocks, especially in oil and gas and banking sectors.

The VN30-Index, which tracks the 30 biggest stocks on HoSE, fell 1.88 per cent, to 1,440.61 points.

Of the VN30 basket, 25 stocks slid, while only three inched higher and two ended flat.

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

Energy stocks also attracted cash flow with many gainers such as Viet Nam National Petroleum Group (PLX), PVPower (POW), PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling and Well Services

Corporation (PVD), Drilling Mud Joint Stock Corporation (PVC) and PetroVietnam Gas JSC (GAS).

Twenty-three out of 25 sector indices on the stock market lost ground, including IT, oil and gas, retail, seafood production, securities, insurance, wholesale and healthcare, rubber production, agriculture, and food and beverage.

On the other side, the only two gainers were logistics and construction materials.

“From a technical perspective, VN-Index is approaching MA200, with a support level of 1,420 points. This is a very good recovery level for the market. According to experts, it is difficult for VN-Index to “penetrate” this mark because there had been six consecutive losing sessions. In addition, looking back at the market's declines, the area of 1,420 all performed well as a support,” said Huỳnh Hữu Phước, head of the Individual Customer Department of Rồng Việt Securities (VDSC).

“For investors with a long-term view, experts still think that short-term corrections are a good opportunity to buy stocks. However, the most important advice for investors at the moment is still to prioritise risk management and limit the use of margin. In case of high margin, investors should actively lower to a safe level to avoid a “margin call” leading to damage to the portfolio,” said Phước.

On the Hà Nội Stock Exchange (HNX), meanwhile, the HNX-Index lost 2.59 per cent to end at 392.69 points.

During the trading session, investors poured nearly VNĐ2.1 trillion into the bourse, equivalent to a trading volume of more than 87.2 million shares.

## Macro & Policies

### 2. Việt Nam's economic growth driven by good recovery of sectors: WB

Việt Nam's economic growth in the first quarter of 2022 was consolidated thanks to the solid performance of export-oriented manufacturing and recovering service sector, according to the Việt Nam Macro Monitoring report recently released by World Bank.

The country's GDP grew by 5.0 per cent year-on-year in Q1-2022, comparable to the growth rate in Q4-2021, yet was still two percentage points below pre-pandemic rates.

Industry and construction and services sectors grew 6.4 per cent year-on-year and 4.6 per cent year-on-year, respectively, contributing 4.3 percentage points to quarterly GDP growth. Growth of industry and construction was driven by strong external demand for manufactured products, while services sector performance varied across sub-sector.

Finance, banking and insurance, and information and telecommunications have been exceptionally resilient over the past two years and maintained solid growth. On the other hand, accommodation and catering services were 1.8 per cent lower than a year ago, and well below their pre-pandemic level, the report pointed out.

The industrial production index grew by 8.5 per cent year-on-year in March, comparable to pre-pandemic rates, while retail sales growth accelerated from 4.1 per cent in February to 9.4 per cent, the second-highest growth rate since the onset of the COVID-19 pandemic. This rebound is partly due to the post-pandemic resumption of economic activities and was driven by a 10.7 per cent growth in the sales of goods.

The merchandise trade balance posted a surplus of US\$1.4 billion in March, while registered and

disbursed foreign direct investment (FDI) remained stable amid global uncertainties related to the Russia-Ukraine conflict.

The Consumer Price Index (CPI) increased by 2.4 per cent (year-on-year) in March, compared to 1.4 per cent in February. This is the highest inflation rate in seven months but remains well below the 4.0 per cent target.

According to the World Bank, rising consumer and producer prices warrant close monitoring of domestic price developments as rising inflation would affect the recovery of domestic consumption and economic growth. While CPI increases have been subdued in 2021 due partly to slack aggregate demand, accumulated increases in intermediate and producer price index in the last three quarters could impact production decisions and translate into higher consumer prices, especially food prices.

In the short run, targeted policy intervention to alleviate the impact of the price hikes on the general population, and especially on the most vulnerable is recommended. The temporary petroleum tax reduction recently introduced by the authorities is one such short term measure. In the medium term, other measures would include a more targeted, effective, and responsive social protection system that would help build resilience to shocks in the economy. If price increases persist, the economy should be allowed to adjust to the price changes.

The authorities should consider structural reforms to help the economy become more productive and increase aggregate supply. These would include tax breaks for productive and innovative investments, reducing barriers to doing business and logistics costs and investing in the education and technical training of the workforce, said the World Bank.

### 3. Building materials, property prices rose in Q1: construction ministry

Property prices rose by 1.5-3.6 percent in March, a survey by the Ministry of Construction found.

The survey, based on data from eight cities and provinces, also said construction materials prices were up 1-3.5 percent from the previous quarter.

Land prices appreciated the most in the real estate sector, increasing by 2.85 percent month-on-month in Hanoi and 3.6 percent in HCMC.

Prices of apartments and independent houses rose by 1.53 and 2.24 percent in Hanoi, and 2.48 and 2 percent in HCMC.

Reports by property consultancy also pointed to a rising trend attributed to increasing supply scarcity and construction costs and tardy legal procedures.

CBRE said in the first quarter new properties in Hanoi cost 13 percent more than last year.

Cushman & Wakefield estimated that the prices of apartments in HCMC increased by nearly 30 percent.

The ministry reported that the prices of cement were up 1-3 percent during the quarter or VND30,000-50,000 (US\$1.31-2.18) a ton higher than in the fourth quarter of last year.

In the period steel prices went up by 3.5 percent to VND18,600-20,600 per kilogram, it added.

Prices of other construction materials changed marginally, but are expected to rise sharply due to the surging gasoline prices and scarcity caused by the Russia-Ukraine conflict.

#### 4. Fertilizer imports dip, but cost 55 pct more on global disruption

Fertilizer imports fell 7.8 percent year-on-year in March to 320,000 tons, but they cost 55.8 percent more at US\$127.6 million, according to the Center for Informatics and Statistics.

The imports were mainly from China (32.7 percent), Russia (13.8 percent) and Belarus (10.8 percent), it added.

They declined after Russia's trade ministry recommended suspension of fertilizer exports last month due to obstacles created by foreign transportation companies.

Russia holds between 15 percent and 18 percent of the global potash, ammonia and urea markets, according to various sources.

Urea prices have surged on fear of supply constraints as Russia has threatened to halt gas delivery via the Nord Stream 1 while China has yet to restore production due to its coal shortage.

Insiders believed that China's coal shortage may worsen in the near future as its second largest exporter of coal, Russia, has been removed from the SWIFT payments system, causing disruptions in transactions.

Urea prices peaked in March at over \$470 per ton, but SSI Securities forecast they would start falling from June after China eases fertilizer export limits.

In Vietnam, urea prices increased by 5-8 percent last month.

#### 5. Domestic car market sees consumption growth in March

Members of the Việt Nam Automobile Manufacturers Association (VAMA) sold over 36,962 autos in March, up 60 per cent on the month, according to a recent VAMA report.

This was the first month of this year where auto sales of VAMA members had strong growth, after

decreasing by 34 per cent in January and 26 per cent in February.

In March, passenger car sales surged 62 per cent on month to nearly 28,491, while 7,794 commercial vehicles found customers, up 63 per cent, and 677 special-use cars were sold, up 41 per cent, according to the report.

Sales of domestically-assembled cars and completely built-up (CBU) cars increased by 50 per cent to 21,863 units and 82 per cent to 15,099 units per month, respectively.

Apart from VAMA members, non-member automakers Thành Công Motor and VinFast sold 7,069 units and 3,471 units last month.

In the first three months of 2022, VAMA members sold 90,506 units, up 27 per cent year on year, of which passenger cars were up by 39 per cent, commercial vehicles up by 7 per cent and special-use vehicles up by 32 per cent.

During the first three months, sales of domestically-assembled cars and imported CBU cars increased by 34 per cent and 17 per cent year on year, respectively.

The market performance showed that in the first three months of 2022, the consumers chose to buy domestically-assembled cars to enjoy an incentive of reducing 50 per cent in registration fees according to the Government's Decree 103/2021/NĐ stipulating the level of the registration fee for domestically manufactured and assembled automobiles. This registration fee reduction has been applied from December 1, 2021, to May 31, 2022.

With sales growth of 60 per cent on the month and 27 per cent on the year in the first quarter of this year, this was an impressive figure in car sales while the market is still being hit by the COVID-19

pandemic and facing a shortage of chips and other parts.

Experts said that along with control of the COVID-19 pandemic in Việt Nam and the reduction in the registration fees, the domestic auto market would continue its strong growth. The country's auto sales are expected to reach 500,000 units this year.

### Auto show to return

The Vietnam Motor Show, the largest in Việt Nam, will return this October following two years of postponement due to COVID-19.

The show will take place at the Saigon Exhibition and Convention Center in HCM City on October 26-30.

At least 11 carmakers, including Audi, Honda, Jeep, Mercedes-Benz, Lexus, Mitsubishi, MG, Subaru, Toyota, Volkswagen, and Volvo, have registered to participate, according to organisers.

In addition to members of VAMA and the Vietnam Car Importers Association, the event will see the participation of several manufacturers and importers of motorcycles and several businesses in the supporting industry.

Workshops and conferences will also be held on the sidelines of the event, including one to discuss the global trend of electric vehicles and the future development of the Vietnamese automobile industry.

## 6. Ukraine conflict forces farm export, import companies to find other markets

The conflict between Russia and Ukraine has forced many Vietnamese exporters and importers to look elsewhere.

According to experts, the war and sanctions against Russia by a few countries will have a profound impact on the global economy, especially on trade in agricultural, forestry and aquatic products.

Phúc Sinh Group, a leading agricultural exporter, said its partners failed to pay for coffee and pepper shipments that were on the way to Russia at the time the conflict began, and it had to find other buyers at

ports in transit countries like Singapore, the Netherlands, Germany, and Switzerland.

Phan Minh Thông, the company's general director, said annual exports to Russia and Ukraine were worth \$30 million, or 10 per cent of its total revenues.

The company was boosting exports to France, Germany and Switzerland to make up for the loss of the Russian market due to transport and payment difficulties.

The conflict has sent the prices of fertilisers soaring by 80-130 per cent since last year.

Russia and China are the world's leading fertiliser exporters, and so Russia's restrictions on petroleum and fertiliser exports in retaliation for economic sanctions have hit supply, and Việt Nam is heavily dependent on imported fertilisers.

Phùng Hà, deputy president and general secretary of the Việt Nam Fertiliser Association, said farmers should find cheaper alternatives and increase the use of organic fertilisers.

Domestic manufacturers should boost output of key products such as urea, DAP, superphosphate, fused phosphorus, ammonium nitrate, and NPK, he said.

There are only a few items such as ammonium sulphate and potash for which the country depends completely on imports.

Trương Đình Hòa, general secretary of the Việt Nam Association of Seafood Exporters and Producers

(VASEP), said though Việt Nam's trade with Russia and Ukraine was not large, just last year many seafood enterprises increased their exports to Russia.

Many were worried now that it would be difficult to collect payments since Russia had been excluded from the SWIFT international banking system.

The Ministry of Agriculture and Rural Development said businesses needed to work closely with the State Bank of Việt Nam to get their money and with associations such as the VASEP, the Việt Nam Coffee - Cocoa Association, the Việt Nam Cashew Association, and the Việt Nam Timber and Forest Products Association to handle the difficulties caused to trade by the conflict.

To stabilise agricultural raw material prices, it would work with importers and solicit investment in their production and processing and agricultural logistics, it added.

## 7. Experts propose measures to develop a sustainable bond market

As the Vietnamese bond market is considered new compared to other countries, with less experience and smaller in size, flaws are inevitable. Therefore it is necessary to make changes to improve and develop the market.

The bond market is an important capital mobilisation channel for enterprises, contributing to the development of the whole economy. But recent violations related to bond issuances have cast doubts among investors, creating uncertainty in the market.

In order to develop the bond market sustainably, "we have proposed to the Government to settle and handle the cases soon to strengthen the confidence of investors and issuers, including businesses," Cấn Văn Lực, member of the National Advisory Council for Financial and Monetary Policies, said at a seminar on "Sustainably developing the corporate bond market" launched by the Labourer Newspaper on Tuesday morning.

These violations needed to be solved as quickly as possible and the results should be made transparent, he said.

Speaking at the event, Phùng Xuân Minh, General Director of Saigon Ratings, stressed that the bond market was new compared to global markets.

"With 12 years of experience in surveying a number of international markets such as Japan, Korea and Malaysia, we realise that what we have been through are also their mistakes 20-30 years ago, where they were still primary markets," Minh said.

"The market itself is not guilty, we are the one who made the policy."

At the moment, the corporate bond market required three important factors, including state-oriented management, the transparency of information of credit rating agencies and the compliance of market participants such as issuers and rating agencies.

In particular, the Government needed to have a mechanism to create favourable conditions for

market participants to develop and improve the credit rating culture, Minh added.

Therefore, consultation on improving the quality and effectiveness of building a legislative framework would be key at the moment.

In addition, the investors' quality also had to be improved. Many experts had reached a consensus that investors, especially retail investors, lack financial knowledge and tend to follow the flow, which was very risky.

"In my opinion, to develop a sustainable corporate bond market, it is necessary to create powerful bond investors, which advanced countries have done," said Trần Huy Doãn, Deputy Head of Investment Department of ACB Securities Ltd., Co.

It was necessary to clearly specify the debt to capital ratio, experts said. Enterprises with larger loans than equity would inevitably fail like many have in the international markets.

Experts also proposed to develop a credit rating service market to help bondholders assess risks while making investment decisions. Currently, Việt Nam has only two enterprises in the field, which is too few compared to market demand.

"The private offerings by enterprises require the participation of credit rating agencies," Nguyễn Thanh Hà, Chairman of the Board of Directors of SBLAW Law Firm, said at the event.

"When amending Decree 153 on bond issuance, it is mandatory to have the conclusion of the credit rating and evaluation organisations.

"The Vietnamese market currently has very few enterprises providing credit rating and assessment services, so in the near future, the Decree should open the door for experienced foreign organisations to participate."

Moreover, post-inspection must be strengthened on the use of capital after a phenomenon that funds mobilised from bond issuances were not spent on the right purposes.

Concluding the seminar, Tô Đình Tuấn, Editor-in-Chief of the Labour Newspaper, said that it required the participation of all units, state management agencies and companies to build a sustainable bond market.

Enterprises also need to reflect on their activities in the past to adjust and improve themselves, while press agencies and media accompanies need to work with authorities and businesses to raise alarms and contribute to detecting violations.

## Corporate News

### 8. VJC: Record date for AGM 2022

↑ 3.47%

On April 14, 2022, the Hochiminh Stock Exchange issued Announcement No.757/TB-SGDHCM about the record date of VietJet Aviation Joint Stock Company as follows:

- Ex-right date: April 27, 2022
- Record date: April 28, 2022

1. Reason & purpose: to hold the 2022 Annual General Meeting of Shareholders.

0. Content:

- Exercise ratio: 01 share – 01 voting right
- Meeting time: expected on May 28, 2022
- Meeting venue: Notice later.

### 9. MSN: Result of stock issuance for capital increase

↓ -2.82%

MaSan Group Corporation reported the result of stock issuance for capital increase from the owner's equity as follows:

1. Information on stock:
2. Stock name: MaSan Group Corporation
3. Plan to deal with fractional shares: The distributed shares will be rounded down to units, the fractional shares (if any) will be cancelled.
0. Result:
  1. Number of distributed shares: 236,106,884 shares; Of which:
    1. Stock type: common share
    2. Par value: 10,000 dongs/share
    3. Number of shares issued: 1,180,534,692 shares
    4. Number of outstanding shares: 1,180,534,692 shares

5. Number of treasury shares: 0 share
6. Number of shares expected to be issued: 236,106,938 shares
7. Exercise ratio: 5:1 (20%)
  1. Ending date: April 13, 2022
  2. Time for transferring shares: expected in April 2022.
    - Number of distributed shares to shareholders: 236,106,884 shares for 7,910 shareholders;
    - Number of fractional shares: 0 share
    - 1. Total shares after the issuance (April 13, 2022): 1,416,641,576 shares; Of which:
      - Number of outstanding shares: 1,416,641,576 shares
- Number of treasury shares: 0 share.

**Research Team:****Tsugami Shoji**

Researcher

[jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)**Disclaimer:**

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***Japan Securities Co., Ltd – JSI***

*Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi*

*Tel: (024) 3791 1818*

*Fax: (024) 3791 5805*

*Email: [info@japan-sec.vn](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*