



VIETNAM DAILY NEWS



April 22nd, 2022

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Market Analysis

1. VN-Index extends losses as selling pressure persists

Vietnam's benchmark VN-Index closed its 6th session in the red, one of the largest losing streak ever, with a 1.05 percent fall to 1,370.21 points.

The index mostly stayed in the red throughout the day and closed 14.51 points lower as investors continued to sell off mid and small-cap speculative stocks.

It is now at the lowest since October 8 and has lost nearly 153 points, or 10 percent, in less than two weeks.

Trading on the Ho Chi Minh Stock Exchange (HoSE), on which the index is based, rose 16 percent to VND23.79 trillion (\$1.04 billion) Thursday, as foreign and domestic investors bought the dip.

Foreign investors were net buyers for the fifth sessions in a row to the tune of VND934.96 billion, focusing on VRE of Vingroup's mall operators arm Vincom Retail and VNM of dairy giant Vinamilk.

The VN30 basket, comprising the 30 largest capped stocks, saw 17 tickers in the red, with GVR of Vietnam Rubber Group hitting the lowest in three months with a 6.3 percent drop.

The tickers has lost 17 percent after closing in the red for four straight sessions.

VHM of real estate giant Vinhomes continued its downtrend, falling 4.2 percent to the lowest since Dec. 2020, while VIC of Vietnam's largest conglomerate Vingroup dropped 2.3 percent to a seven-week low.

VJC of budget airline Vietjet dropped 3.9 percent, and KDH of real estate developer Khang Dien closed 3.8 percent higher.

Eleven blue chips gained, led by BVH of insurance company Bao Viet Holdings with a 3.9 percent rise.

SSI of leading brokerage SSI Securities gained 2.4 percent, and POW of Petrovietnam Power rose 1.9 percent.

Other winners included three lenders, MBB of MB Bank, BID of BIDV, and TCB of Techcombank.

The HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, dropped 3.53 percent while the UPCoM-Index for the Unlisted Public Companies Market dipped 1.42 percent.

Macro & Policies

2. Loose monetary policy forecast to continue despite inflation pressure

Despite rising inflation pressure, the State Bank of Việt Nam (SBV) is likely to maintain a loose monetary policy at least for the next 3-6 months, analysts forecast.

Under a newly released report, analysts from VNDirect Securities Company provided some reasons for their forecast.

Firstly, they said, although inflationary pressure is expected to increase in the coming months, the average consumer price index in the first half of 2022 is forecast to rise by 2.5 per cent year-on-year, still much lower than the cap of 4 per cent targeted by the Government for 2022.

Second, domestic demand is still relatively weak and has not fully recovered to a normal level as before the pandemic.

Finally, the SBV is still prioritising the goal of maintaining low lending rates to support businesses and the economy to recover after the pandemic.

Therefore, despite not expecting the SBV to further cut its key policy interest rates, the analysts believed the SBV would not raise this interest rate within the next 3-6 months to support the recovery of the economy.

"We expect the SBV to support the market through open market activities, such as injecting liquidity in

Vietnamese đồng, buying foreign exchange or raising the credit growth limits for commercial banks," they said in the report.

The analysts forecast credit growth will increase by 14 per cent in 2022, with priority on production and service sectors such as industry, import and export, agriculture, forestry and fisheries. In addition, the SBV will strictly control credit flows into high-risk areas such as real estate, securities and BOT (Build-Operate-Transfer) projects.

Regarding lending interest rates, VNDirect reported the SBV is implementing an interest rate incentive package worth VNĐ3 trillion for COVID-19 hit enterprises.

In addition, the Government has planned to expand the scale of the package to VNĐ40 trillion, focusing on small- and medium-sized enterprises; enterprises participating in a number of key projects; and enterprises in tourism, aviation and transportation industries.

VNDirect expects the interest rate incentive package can help reduce the average lending interest rate by 20-40 basis points in 2022. However, it noted, the actual impact of the interest rate cut from the package on enterprises and the economy could be lower if commercial banks increase lending rates on other conventional loans to offset the increase in deposit interest rates.

3. Vietnamese brands gain foothold in international markets

Brands from Việt Nam have gained more recognition and value in recent years, according to the Director of the Trade Promotion Agency, Vũ Bá Phú.

Phú, also head of the Secretariat of the National Brand Programme, said there had been significant contributions from the business community and that the success in brand development was a key factor in strengthening the country's national brand.

Thanks to the enhanced competitiveness of domestic businesses and products, Việt Nam's

export revenue has increased sharply, which has also helped South East Asia's brands to gain more popularity among consumers globally.

He noted that the country's import-export revenue rose nearly 800 per cent from US\$84.7 billion in 2006 to \$668.5 billion in 2021, with exports increasing from \$39.8 billion to \$332.2 billion.

In 2016, manufacturing products made up 80.3 per cent of total export revenue. The proportion rose to

85 per cent in 2020 and is expected to reach 90 per cent in 2025.

Notably, Viettel has entered the Global 500 list for 2022, while Vinamilk ranks eighth in Brand Finance's top 10 most valuable milk brands in the world in 2021.

He said that in 2016-20, the country's national brand value increased 226 per cent from \$141 billion to \$319 billion, pushing it to 33rd among the 100 strongest brands globally.

To successfully establish their brands in new markets, on top of product quality, businesses should give more attention to intellectual property protection for their products abroad and research and development.

At the same time, it is necessary to foster strong ties between domestic suppliers with foreign distributors and attract more foreign investors to bring Vietnamese products to distribution systems in foreign countries.

Together with raising public awareness of trademark development, the ministry said it would support brand building and management businesses.

The ministry also called for greater engagement of enterprises in expanding the National Brand Programme.

Forum calls for OV entrepreneurs' help with promoting Vietnamese goods, brands

The Việt Nam National Brand Week 2022 kicked off in Hà Nội on Wednesday with a forum held to call for overseas Vietnamese (OV) entrepreneurs' support in promoting Vietnamese goods and brands.

Addressing the opening ceremony, Deputy Minister of Industry and Trade Đỗ Thắng Hải, who is also Vice Chairman of the Việt Nam National Brand Council, cited a Brand Finance report as saying that the country's nation brand value last year grew 21.6 per cent from 2020 to \$388 billion, sustaining the 33rd position in the global rankings.

This is a considerable stepping stone for Vietnamese businesses to improve their competitiveness in the world, he said, noting that with support from the Việt Nam national brand programme, many enterprises have become aware of the importance of brands so as to increase products and businesses' value.

The official pointed out the need to pay due attention to advertising Vietnamese goods and brands via trade centres owned by OVs so as to improve their competitiveness in international markets.

Echoing the view, Deputy Minister of Foreign Affairs Phạm Quang Hiệu, Chairman of the State Committee for OV Affairs, highlighted the contributions of the 5.3 million Vietnamese people living abroad, especially the entrepreneurs working in over 100 countries and territories, to the promotion of trade, products, and brands of Việt Nam.

He said with their knowledge, experience, and love for the homeland, OV entrepreneurs have surmounted numerous challenges to bring Vietnamese goods to their host countries. They have also helped domestic agencies and businesses learn about laws and consumers' tastes in other countries.

In the future, the Ministry of Foreign Affairs will push ahead with economic diplomacy and coordinate with the Ministry of Industry and Trade, localities, and agencies to boost the export of Vietnamese goods to the strongly recovering markets so as to capitalise on the growth trend in the global economy, according to Hiệu.

At the national brand forum, participants discussed issues that attracted many companies' attention, including the nation's brand in relation to product and enterprise brands, international experience in national brand building, how to raise the stature of Vietnamese brands amid the integration trend, and measures for helping firms overcome challenges.

4. Enterprises must be rated before issuing bonds: experts

The Vietnamese corporate bond market is a young and growing market, but lacks control. Credit rating is one of the key steps to reducing risk and helping the market move towards proper development, according to experts.

While bond issuances through public placement are more difficult as issuance plans must be approved by the State Securities Commission (SSC), private offerings are much easier as enterprises do not need to ask for permission, they just need to create plans and call for investment.

Because of this, many companies, mostly realty businesses, choose private placements to distribute bonds to retail investors.

In 2021, corporate bond issuances were equal to the total offering during the 2011-2018 period, of which 95 per cent were private offerings, while only 5 per cent were through public placements.

However, information about how enterprises spend the mobilised capital remains unclear. There is no inspection or supervision on how the money is spent after the fundraising, causing risks for investors.

The corporate bond market is a channel that shares the burden with the banking market. Therefore, for the Vietnamese market, it should not be controlled too tightly or too loosely. Instead, it needs a market mechanism for self-regulation, so that investors can assess risks, Lê Anh Tuấn, Investment Director of Dragon Capital, said at a seminar on “Sustainably developing the corporate bond market” launched by the Labourer Newspaper on Tuesday morning.

“I think that the first requirement of corporate bond issuances is credit assessment,” Tuấn said.

“It can even be mandated that all companies issuing bonds are required to evaluate their credit.”

Similarly, Đinh Trọng Thịnh, an economic expert, said that in many countries, the lack of financial statements and asset proofing is normal, but with a young market like Việt Nam, it is not appropriate.

Meanwhile, Cấn Văn Lực, a member of the National Financial and Monetary Advisory Council, said that we need to consider whether enterprises should be encouraged or forced to provide credit ratings before issuing bonds.

“For example, it can be mandatory at the beginning, and when the market develops well it can be loosened,” said Lực.

However, there are only 2-3 credit rating companies at the moment. Therefore, the economist suggested allowing more credit rating companies to be opened, shortening rating time.

Banks are big corporate bond consumers

At the seminar, Lê Đạt Chí of the University of Economics Hồ Chí Minh City said that about 60 per cent of corporate bond buyers are banks.

In fact, the State Bank of Việt Nam (SBV) has issued a document to guide the banking system in holding corporate bonds. Because if banks are investors holding most of the corporate bonds, it will be very risky.

By doing so, banks are likely to help businesses issuing bonds to refinance, switching from secured loans with supervision to loans from corporate bonds which means almost all the money is handed over to businesses, and banks can't control capital flow after issuance, like what they spend on or how they invest.

Therefore, Chí said that the trading of bonds in the secondary market and potential risks need to be clarified in the amended Decree 153 on corporate bond issuances.

Capital mobilised from the stock market, including shares and bonds, is equivalent to 26 per cent of the total capital supplied to the economy.

Of which, corporate bonds account for about 22.7 per cent of the total amount of capital supplied to the economy each year, while the capital mobilised through share issuances accounts for only 3.5 per

cent of the total amount of capital injected into the economy.

5. USAID, planning ministry sign agreement to expand cooperation to \$100 million

The United States Agency for International Development (USAID) and Việt Nam's Ministry of Planning and Investment (MPI) signed an amendment to their bilateral partnership agreement to expand USAID's support to include local capacity development.

The amended agreement will expand joint efforts to strengthen private sector competitiveness, innovation and start-up ecosystems, human capital, and local capacity building.

Under this amended agreement, USAID's contribution in these areas will increase from US\$42 million to up to \$100 million, and will continue for an additional three years, to September 30, 2028.

USAID Việt Nam Mission Director Ann Marie Yastishock said: "This agreement reflects the United States' continued commitment to support Việt Nam's efforts to become a more open, innovative, and inclusive economy. Through close collaboration

with the Government of Việt Nam, we can ensure that USAID's development assistance will meet our two countries' mutual vision for a prosperous and independent Việt Nam."

USAID technical assistance will enhance the capacity of Vietnamese small and growing businesses, including those led by vulnerable populations, by facilitating access to competitiveness-enhancing technology, business management skills, and capital.

The agreement will strengthen the high-quality human capital needed for a robust knowledge-based economy.

USAID technical assistance will also help improve the capacity of participating local governments (provincial level and below) to effectively implement policies, as well as increase interaction between local governments, the private sector, and other stakeholders on issues of local socio-economic development.

6. Security of finance-currency activities must be ensured: PM

The Prime Minister has directed relevant agencies and sectors to immediately act to ensure the security and safety of activities in the finance-currency market.

The Ministry of Finance and State Bank of Việt Nam are tasked with taking measures to stabilise the market.

The Ministries of Public Security and of Information and Communications, the State Bank of Việt Nam, the State Securities Commission (SSC), and other units are set to co-ordinate closely to effectively implement tasks and solutions set out in a series of related dispatches.

The Ministry of Finance and the SSC are assigned to work with relevant agencies in requiring businesses

to disclose information in accordance with the law, while the Ministry of Public Security has to keep updated on the situation for its conduction of suitable actions.

The promotion of communications activities in a correct and clear manner to boost investors' confidence as well as the tight control of unofficial information on social networks are also deemed important.

7. Four business execs arrested on charges of stock market manipulation

The Ministry of Public Security has arrested four more business executives on alleged charges of stock market manipulation.

A statement issued on Wednesday on the ministry's website said Đỗ Thành Nhân, chairman of Louis Holdings Group, Đỗ Đức Nam, CEO and board member of Trí Việt Securities Corp, Lê Thị Thuỳ Liên, financial services executive of Trí Việt Securities, and Trịnh Thị Thuý Linh, managing director of Louis Holdings Group, are in police custody.

They are accused of manipulating the stock market for illegal gains.

Lieutenant General Tô Ân Xô, spokesperson of the Ministry of Public Security, told the local media that Đỗ Đức Nam had colluded with Đỗ Thành Nhân and

others over a period of nine months, from January 4 to October 6, 2021, to use multiple stock trading accounts to buy and sell shares of Louis Capital, Louis Land and other firms to manipulate prices.

Đỗ Thành Nhân is also a board member of Louis Capital and Louis Land.

This illegal trading practice earned them hundreds of billions of Vietnamese đồng.

In mid-March, Louis Holdings was fined and suspended from stock trading for two months because of its undisclosed purchases of shares of its subsidiaries.

Corporate News

8. PNJ: PNJ management sees 'light at the end of the tunnel' after Covid

↑ 0.08%

The CEO of jewelry firm PNJ, Le Tri Thong, has said his company is now recovering after going through its toughest ever period in the last two years.

PNJ was badly affected during the Covid-19 pandemic as demand for jewelry slumped amid all-round financial hardship.

It had to close over 280 stores in the third quarter of last year when the pandemic peaked, causing losses of VND158 billion (\$6.88 million) as revenues shrank by 78 percent year-on-year to their lowest levels since its IPO in 2009.

But PNJ rebounded strongly once the pandemic was brought under control. It reported profits of VND452 billion (\$19.7 million), or 44 percent of its full-year target, in the final quarter of 2021.

Its revenues for the year rose by 11.6 percent to VND19.5 trillion and profits only dipped by 3.7 percent to VND1.03 trillion.

Its management described it as the "light at the end of the tunnel", and targets record results this year.

PNJ eyes a 32-percent increase in revenues to VND25.83 trillion this year, and a 28-percent rise in profits to VND1.32 trillion, both new records if achieved.

Analysts at brokerage companies are even more upbeat.

KB Securities Vietnam has forecast profits to rise to VND1.44 trillion in 2022, SSI Securities expects a

figure of VND1.42 trillion and BIDV Securities said a "short-term revenge shopping spree" would take profits to VND1.38 trillion.

Saying PNJ's business plan is "very plausible", PNJ chairwoman Cao Thi Ngoc Dung said demand for jewelry is "like a spring" that has been compressed due to the pandemic and is now poised to bounce back strongly.

In the first quarter of this year revenues rose by 41 percent year-on-year, she said.

She said demand for jewelry would rise in the next 10 years, explaining that customers previously preferred gold bullion, but now, with incomes increasing, they have shifted towards designer jewelry.

VnDirect Securities has forecast a compounded annual growth rate of 6.1 percent for the jewelry market in 2021-26, saying the branded retail segment could grow at two or three times that rate.

BaoViet Securities said other factors that are set to boost PNJ's growth include its introduction of monthly payment plans and expansion of customer base toward a younger demographic, adding it has been rapidly gaining market share and now has around 56.5 percent of the mid-priced and high-end segments.

Dung said "Our position once out of the 'Covid hole' will be much higher than when we fell into it."

9. FLC: FLC to be put into warning status

↓ -6.92%

On April 19, 2022, the Hochiminh Stock Exchange issued a decision to put the shares of FLC Group Joint Stock Company (stock code: FLC) into warning status as of April 26, 2022.

Reason: The listed firm delayed the submission of the 2021 audited financial statements or the interim reviewed financial statements by more than 15 days compared to the specified time.

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