



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index jumps before holiday

Vietnam's benchmark VN-Index continued its recovery with a 1.17 percent gain to 1,366.8 points Friday with improving trade.

The index started off in the red and gradually increased to close nearly 16 points higher after dipping by three points Thursday.

The increase went against concerns of analysts of brokerage SSI Securities Corporation who predicted that the recovery might be delayed by the four-day holiday starting Saturday when investors often sell in advance to reduce the risks of being affected by negative news when the market suspends operation. Vietnamese people will have four days off for the Reunification Day-Labor Day holiday (April 30 and May 1) as both fall on the weekend.

Trading on the Ho Chi Minh Stock Exchange (HoSE), on which the index is based, surged 41 percent to VND18.77 trillion (\$817.42 million).

The VN30 basket, comprising the 30 largest capped stocks, saw 21 tickers in the green, led by ACB of Asia Commercial Bank with a 5.5 percent rise.

It was followed by TCB of the largest private lender Techcombank, up 4 percent, and BVH of insurance company Bao Viet Holdings, up 3.5 percent.

Other gainers included VRE of retail real estate arm Vincom Retail, up 3.5 percent, and MWG of electronics retail chain Mobile World, up 2.9 percent.

Seven blue chips fell, with SAB of brewer Sabeco dropping 1.8 percent, and CTG of state-owned lender VietinBank losing 1.6 percent.

Foreign investors were net buyers to the tune of VND89 billion, mainly buying NLG of real estate developer Nam Long Investment Corp and VCB of state-owned lender Vietcombank.

The HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, rose 1.56 percent, while the UPCoM-Index for the Unlisted Public Companies Market gained 1.58 percent.

Macro & Policies

2. Country records import-export turnover at \$242 billion, \$2.53 billion trade surplus

Việt Nam's import-export turnover during the first four months of 2022 reached over US\$242 billion, of which exports totalled \$122.3 billion and imports \$119.8 billion, resulting in a trade surplus of \$2.53 billion, according to the latest report released yesterday from the General Statistics Office of Vietnam (GSO).

The four first months of the year have seen the Southeast Asian country's exports increase by 16.4 per cent and imports by 15.7 per cent. The \$2.53 billion trade surplus recorded for the period was a marked improvement over the same period last year at \$1.5 billion.

GSO's report said Việt Nam's turnover for the month of April stood at \$65.4 billion, a 2.9 per cent decrease compared to March but a 20 per cent increase compared to the same period last year. Exports were reported to expand by 25 per cent with the domestic sector's growth at 20.5 per cent and foreign at 26.6 per cent. Imports fell 1.5 per cent from March to nearly \$32.2 billion, of which the domestic sector imported \$11.02 billion and foreign \$21.17 billion.

The country recorded 22 commodities with export values exceeding \$1 billion, with six at over \$5

billion in the first four months of 2022. Together they accounted for nearly 87 per cent of the country's total export, of which industrial manufacturing was 89 per cent (0.5 per cent decrease from the same period last year), seafood 2.9 per cent (0.6 per cent increase), energy and minerals accounted for 1.3 per cent (0.4 per cent increase).

Meanwhile, imports turnover reached \$119.83 billion, a 15.7 per cent increase year-on-year with the domestic sector accounting for \$40.97 billion and foreign \$78.86 billion, a 16.4 per cent increase. The country's imports were made up mostly of input materials (93.9 per cent) including tools and machinery, raw materials and consumer goods.

The US remained Việt Nam's largest export market with an estimated turnover of \$35.7 billion, while China was the largest import market with \$37.1 billion in the first four months of 2022. The country recorded a trade surplus of \$10.4 billion, a 36.4 per cent increase year-on-year while recorded trade deficits of \$18 billion with China (2 per cent increase), \$15.2 billion with South Korea (58.3 per cent increase), \$5.8 billion with the ASEAN bloc (15.4 per cent increase) and 0.79 billion with Japan (57.7 per cent increase).

3. Việt Nam seeks ways to boost logistics industry

Việt Nam's geography gives it a logistical advantage in boosting production, export and logistics services. This year, the Government has set targets of tapping its full potential.

The comment was made by Deputy Minister of Trade and Industry Nguyễn Sinh Nhật Tân at a seminar on "Enhancing competitiveness for logistics businesses", held in Hà Nội on Thursday.

Delivering a speech at the seminar, Deputy Minister Tân said the Government has identified logistics as an important service industry in the economy. The industry is playing a role in supporting, connecting and boosting socio-economic development,

contributing to improving the competitiveness of the economy.

At the seminar, Trương Tấn Lộc, Marketing Director of Saigon Newport Corporation, said that in April this year the World Bank forecasted the country's GDP growth to be around 5.3 per cent in 2022 and then stabilise around 6.5 per cent next year.

Lộc said the country's signed free trade agreements (FTAs) needed to be more proactively implemented for strong growth in domestic industries, especially in electronics, machinery and equipment, furniture, plastic, textiles and seafood. This was an opportunity to develop port and logistics services to

serve the needs of connecting goods with major markets in the world.

Sharing the view of Lộc, Phạm Thị Lan Hương, general director of Vinafco JSC, said Việt Nam's logistics industry has a lot of potential but it is fragmented. She noted the number of small and medium-sized businesses accounted for a majority with 90 per cent of them having capital of less than VNĐ10 billion (US\$434,000)

Currently, the number of businesses providing 3PL (third-party logistics) and 4PL services (fourth-party logistics) remains modest. They account for only 16 per cent of the entire logistics industry. Hương said it needed to develop more 3PL and 4PL businesses to push the domestic logistics industry.

Another participant suggested that it was necessary to promote technology application in the domestic logistics industry to improve efficiency and optimise productivity, to save costs for logistics businesses. In addition, a close connection between logistics businesses was also a need to improve operational efficiency involving production, logistics and transport.

Shortcomings ahead

At the seminar, representatives of the authorities also pointed out the shortcomings in import and export activities in 2021, and logistics activities in Việt Nam.

The Import and Export Report 2021 points out significant problems such as the continued high level of trade deficit or surplus for some markets, which is likely to affect sustainable import and export activities.

The export growth of some commodities is mainly based on the increase in quantity and price due to the scarce supply in the market. Exported goods still face congestion at border gates and seaports, especially from the end of 2021.

In logistics services, although there has been a strong development recorded, the logistics industry still has many limitations. One of them is that logistics enterprises have not yet developed up to the potential of the industry.

According to data from the Việt Nam Logistics Business Association, currently, 90 per cent of logistics enterprises operating are Vietnamese enterprises. However, they only account for about 30 per cent of the market share. The rest belongs to foreign enterprises.

There are many enterprises, but mostly small ones, with limited scale in the capital, human resources and experience.

In the framework of the seminar, the Việt Nam Import and Export Report 2021 compiled by the Ministry of Trade and Industry was also announced, highlighting the positive points in international trade activities. Despite many difficulties due to the COVID-19 pandemic, the country's import and export still reached a record number with a total turnover of \$668.55 billion. While, exports reached more than \$336.3 billion, up 19 per cent compared to 2020; imports reached \$332.2 billion, up 26.5 per cent; trade surplus of more than US\$4 billion.

With this result, Việt Nam has entered the top 20 economies in terms of international trade. The export structure has changed positively, and the area of export products is diversified.

The group of processed products continues to be the driving force for the overall growth of exports. Việt Nam has also made efforts to diversify export and import markets to meet the needs of domestic production and consumption.

Deputy Minister of Industry and Trade Tân passed comments on the results achieved in import and export activities in 2021 and international trade activities of Việt Nam.

Total import and export turnover of goods from 2010 up to now has increased 4.25 times up from \$157.1 billion in 2010 to \$668.5 billion in 2021. He said that the positive result was thanks to the contribution of the logistics service.

“During the COVID-19 pandemic, despite many difficulties, Vietnamese logistics enterprises have adapted and maintained their supply chains. They have supported other enterprises in finding solutions to optimise logistics activities, saving costs and time.

They propose the State's strategic issues, contributing to maintaining and stabilising the supply chain and improving the competitiveness of Vietnamese goods and businesses. Businesses also

make efforts to modernise technology to improve service quality and diversify services to overcome difficulties," said the Deputy Minister.

4. Seafood companies post profit surge as global demand recovers

Many seafood firms have seen a year-on-year surge in profits in the first quarter this year thanks to surging prices and recovering demand.

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

Vinh Hoan Corporation, the largest listed seafood company, posted after-tax profits of over VND550 billion (\$23.9 million) in the first quarter, up 4.2 times year-on-year.

Growth was led by pangasius 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.

Cuu Long Fish Joint Stock Company also saw its profits surge over 5.7 times against the same period last year to VND63 billion, the highest quarterly profit since late 2018.

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

IDI International Development & Investment also recorded after-tax profits of over VND200 billion, the highest quarterly profit since 2010 when it began releasing financial reports.

A recent report by Rong Viet Securities Corporation said that pangasius exports would record a strong recovery this year due to increased global demand and supply shortage from Russia. The high selling price will last until the end of the second quarter due to increase in raw material prices.

Nam Viet Corporation reported a three-time year-on-year surge in profits to VND206 billion while Camimex Group saw its profits double to VND25.1 billion.

An Binh Securities warned of downside risks like surging feed and logistics costs and fierce competition from other exporting countries like India, Ecuador and Indonesia.

Sao Ta Foods Joint Stock Company, another seafood firm, reported its profit surging nearly 1.5 times year-on-year to VND42.2 billion.

On the stock market, the seafood sector has posted gains over the past months, with some hitting the ceiling regardless of the overall gloomy market trend.

The surge in profits among seafood companies in the first quarter was credited to surging prices and recovering global demand.

On Friday, Vinh Hoan closed at around VND104,000, up 55 percent since January.

5. Industrial land rent on the up thanks to Vietnam's post-Covid reopening

Industrial parks in southern Vietnam saw a 9 percent increase in average land rent prices in the first quarter compared to the same period last year.

price for southern Vietnam's industrial parks in the first quarter was \$120 per square meter, a 9 percent increase year-on-year.

An industrial real estate report by U.S.-based commercial real estate services company Jones Lang Lasalle (JLL) revealed that the average land rent

The higher prices were due to a wave of new foreign direct investments into Vietnam following the

country's post-Covid reopening, as well as rising business demand to expand production.

Another report by real estate services company Colliers Vietnam revealed that the average industrial land rent price in Ho Chi Minh City was \$190 per square meter in the first quarter, with an occupancy rate of 90 percent. The speed at which land rent prices for southern Vietnam's industrial powerhouses increase has been at around 8-9 percent a year recently, it added.

The fact that HCMC's industrial parks are running out of land plots to rent means that other surrounding regions, like Binh Duong, Long An and Dong Nai, are attracting more investors. Fields regarding industrial real estate like logistics and workshops would see high growth potential this year thanks to a quickly developing e-commerce industry in major urban areas, the report anticipated.

An industry highlight report by property agent Savills meanwhile said industrial parks saw the most potential among the real estate market during the Covid-19 pandemic, and had the most impressive growth regarding rent and occupancy rates in the first quarter.

John Campbell, associate director of industrial services for Savills Vietnam, said thanks to the reopening of international flight routes, manufacturers can now come to Vietnam to witness projects, sign contracts and establish facilities in Vietnam, among other tasks. It promotes the renting of industrial land and workshops, he added.

Vietnam is encouraging companies to move to the country and providing tax incentives for tech, R&D, renewable energy and smart agriculture firms, said Campbell, adding that the move has provided a great boost for the growth of industrial real estate.

6. Government rejects airlines' demand for further tax cuts

The Ministry of Finance has turned down airlines' requests for further tax breaks, saying they have received enough support from the government.

In response to several airlines' request to reduce value-added tax from 8 percent to 5 percent and fuel import tax from 7 percent to zero, the ministry said in a statement Friday that only the National Assembly can decide on VAT cuts.

The current 8 percent VAT is already a reduction from the normal 10 percent, and aviation companies are also eligible for the lower rate, it said.

It also pointed out that the aviation industry has already benefited from a lot of support in terms of taxes and fees since the pandemic began.

Environment tax on jet fuel has been reduced by half to VND1,500 per liter until the end of this year.

It is important to ensure a balance between the benefits companies and the government get, the ministry said.

Vietnamese carriers served 14.5 million passengers in the first four months of this year, up 26.3 percent year-on-year, according to the General Statistics Office.

Airlines resumed regular international services in March after a two-year hiatus due to Covid-19.

7. Aviation, tourism sectors get set for holiday gains

With demand for air travel recovering and surging for the upcoming holidays, the aviation and tourism sectors are hoping to make good after suffering severe pandemic impacts.

HCM City's Tân Sơn Nhất airport has become crowded ahead of the Reunification Day and Labour Day holidays. In contrast, during the social distancing period, the airport was empty and silent, only serving about 10 flights per day (mainly carrying goods).

The airports in Đà Nẵng and Cam Ranh were frozen during the social distancing periods, and a slow thaw has been happening since October 2021 as more people got vaccinated and travel demand began picking up.

To cash in on the upcoming boom, travel agencies have recruited more staff and invested in sprucing up facilities.

Tickets for flights at normal hours from Hà Nội and HCM City to popular tourist destinations like Đà Nẵng, Nha Trang, Đà Lạt, Phú Quốc and Côn Đảo Island are sold out.

It was reported that on April 27, many passengers had to sit on the floor at the Tân Sơn Nhất Airport while waiting to board their planes, all seats having been taken. Food stalls at the airport have been packed with people in recent days.

Last week, the Vietnam Airlines Group, comprising Vietnam Airlines, Pacific Airlines and VASCO, increased the number of flights to meet increased demand.

According to a representative of Bamboo Airways, travel demand increased quickly after the pandemic situation eased and travel restrictions were lifted.

The searches for domestic flights and accommodation facilities this month have increased 44 per cent year-on-year, according to data from Google's Destination Insights.

Đinh Việt Thắng, head of the Civil Aviation Authority of Vietnam, said the number of passengers travelling by air during the long holiday this week would increase by 25-30 per cent against normal days and reach about 90-95 per cent against the same period last year.

Tạ Thanh Bình, a security officer at the Tân Sơn Nhất Airport, said he took his family on a vacation to Phan Thiết before April 30 and was ready to handle the bustle of the upcoming holidays.

"It is a norm for people in the aviation industry to go to work when many people take vacations," Bình said.

Security staff do not get much rest these days, given the packed flight schedules. In fact they add to their

work by guiding passengers in and out the check-in counter.

"In addition to domestic tourists, the airport has started welcoming international guests from the West and India. This is really a rapid resurgence for the aviation industry," Bình said.

Overcrowded Đà Lạt, Vũng Tàu

The popular resort town of Đà Lạt in Lâm Đồng Province expects to receive more than 180,000 tourists during the four-day break, an increase of 135 per cent compared to the same period last year.

Hotels and homestays in Đà Lạt are almost fully booked.

Trần Thị Vũ Loan, vice chairwoman of the Đà Lạt City People's Committee, said that the city was prepared to welcome the high number of visitors. In fact, it had also prepared to accommodate tourists unable to book hotels or homestays in rooms provided by locals.

Meanwhile, the beach town of Vũng Tàu expects to receive 160,000 tourists during the holiday, double the crowd compared to the recent three-day holiday for the Hùng Kings' festival.

Room prices in some hotels in the downtown area have doubled against normal days to between VNĐ2 million and VNĐ3 million a day.

Faster revival

Nguyễn Đình Hùng, general director of Sags Company, said that aviation industry was reviving faster than forecast. He said the company had received many cooperation offers from international carriers like Air Incheon, Ethiopian Airlines, Fita Aviation and Garuda Indonesia to open new routes to the Tân Sơn Nhất Airport with a frequency of 5-7 flights per week.

He said all preparations had been made to serve guests during the April 30 and May 1 holidays.

This "bright spot" would be a motivation for airlines to prepare for the upcoming time when more barriers are removed, he said.

"We are recruiting more staff to meet increasing travel demand." Hùng added.

Passengers at airports reach record prior to holidays

The number of passengers at Nội Bài and Tân Sơn Nhất international airports reached a record on Friday, a day before the nation's four-day holiday.

Tô Tử Hà, director of Nội Bài International Airport said it was expected to handle 549 flights on April 29.

The number of travellers at the airport was projected to hit a record of 75,000, surpassing the figure on April 30, 2019 – before the outbreak of the COVID-19 pandemic, he said, adding that the number of visitors to the airport would be 70,000 today (April 30).

Passengers were encouraged to check themselves at self-service kiosks to avoid missing flights at peak hours.

Meanwhile, a representative at Tân Sơn Nhất International Airport said it was expected to receive over 100,000 visitors on Friday. He attributed the sharp increase in the number of passengers to a rise in flight frequency and customers' demand during the holiday.

From April 29 to May 4, there will be approximately 700 flights to and from Tân Sơn Nhất airport daily on average, according to the Southern Airport Authority.

The number of travellers at the airport is projected at about 105,000, including about 13,000 foreigners. From May 3 to May 4, about 60,000 domestic tourists from provinces are expected to return to Tân Sơn Nhất airport per day.

The airport authority has requested airlines and related agencies to deploy more personnel during the holiday to ensure smooth movement of people and vehicles.

About 100 volunteers have been mobilised at the airport to facilitate check-in procedure and security check during the period.

The airport has taken measures to prevent congestion, including advising passengers to efficiently arrange their time to catch flights and book cars during peak hours.

More security scanners have been installed at baggage check area. Staff are not allowed to take leave during this time and have to be on duty in full strength during peak times.

Corporate News

8. VJC: Vietjet's pre-tax profit up 113 per cent in Q1

↑ 0.7%

With the aviation and tourism industries bouncing back strongly, Vietjet Aviation Joint Stock Company (HoSE: VJC) kicked off 2022 with a positive performance, according to its financial statements for the first quarter.

The company reported a significant increase of 113 per cent year-on-year in pre-tax profit, owing to the rapid recovery of passenger transport and the ever-growing cargo business, which grew by 76 per cent and 94 per cent, respectively.

In Q1, Vietjet's consolidated revenue surpassed VNĐ4.52 trillion (US\$197 million) while after-tax profit was VNĐ244 billion (\$10.6 million), up 12 per cent and 98 per cent year-on-year, respectively.

Regarding air transport business, Vietjet's revenue stood at over VNĐ3.34 trillion in three-month period, helping nail the after-tax profit of the parent company at VNĐ40 billion.

In 2022's first three months, Vietjet resumed its entire domestic network and relaunched regular international services.

It has operated a total of 20,000 flights with more than three million passengers onboard across 60 domestic and international routes.

The airline's total numbers of operated flights and transported passengers in the period saw respective rise of 50 per cent and 55 per cent, marking a milestone of strong recovery post COVID-19 pandemic.

It also airlifted more than 12,500 tonnes of cargo volume in the first quarter.

Vietjet has put its first two wide-body aircraft of A330 into operation and is expected to add the third one into its modern fleet soon.

The airline also revealed its 2021 audited financial statements on a positive note.

The parent company reached a revenue of over VNĐ9 trillion with the audited post-tax profit increasing by 91 per cent over the compiled financial statement.

Meanwhile, Vietjet's consolidated revenue and after-tax profit in 2021 reached over VNĐ12.87 trillion and VNĐ80 billion respectively.

As of December 31, 2021, Vietjet's assets surpassed VNĐ51.65 trillion.

Its debt-to-equity ratio stayed at 0.9 while the liquidity ratio was at 1.6, considered good indicators in the aviation industry.

In 2021, Vietjet operated nearly 42,000 flights across its network with more than 5.4 million passengers.

The airline reported over 66,000 tonnes in cargo transport, achieving fast growth, with cargo revenue rocketing by over 200 per cent year-on-year.

9. HDB: HDBank records profit of VNĐ2.52 trillion, bad debt only 1.17 per cent

↑ 0.4%

HDBank has announced its pre-tax profit of over VNĐ2.52 trillion (US\$110 million) in the first quarter of this year, up 20.3 per cent year-on-year, completing 26 per cent of the yearly plan.

Following the bank's financial statements for Q1, its net revenue from services saw a yearly increase of over 94 per cent while bad debt ratio stood at 1.17 per cent.

As of March 31, its total consolidated credit outstanding balance reached over VNĐ340 trillion, up 9.8 per cent compared to December 31, 2021 with growth momentum coming from all major business segments, including retail, small and medium-sized enterprises and consumer finance.

In the three-month period, HDBank recorded a total operating income of above VNĐ5.12 trillion, up 23 per cent year-on-year. In which, net income from services rose over 94 per cent with the main contribution from bancassurance and payment services. Return on equity (ROE) and return on assets (ROA) were 25.4 per cent and 2.1 per cent, respectively.

During the period, HDBank gave priority to granting loans for the fields of agriculture and rural areas, export, supply and distribution chains,

environmentally friendly production, renewable energy, besides household businesses which needed capital for production and green credit programmes.

Meanwhile, the bank continued to implement credit programmes with preferential interest rates for micro businesses and individual customers, exempting and reducing many types of service fees to support customers to resume business and production activities.

In addition to positive business performance, HDBank also ensured its responsibilities to the community, contributing to supporting those affected by the COVID-19 pandemic. Recently, HDBank received the Certificate of Merit from the Prime Minister for its outstanding achievements in the prevention of the pandemic.

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