



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN-Index dips with plunging trade

Vietnam's benchmark VN-Index fell 1.33 percent to 1,348.68 points Wednesday with a double-digit decline in trade as investors remain pessimistic over recovery potential.

The index closed 18 points lower after rising nearly 16 points in the last session before the four-day holiday ending Tuesday, with 301 out of 479 tickers losing.

Trading on the Ho Chi Minh Stock Exchange (HoSE), on which the index is based, plunged 23 percent to VND14.45 trillion (\$629.29 million).

The VN30 basket, comprising the 30 largest capped stocks, saw 21 tickers in the red, with TPB of private TPBank plunging 4.8 percent to the lowest in over five months.

SSI of leading brokerage SSI Securities Corporation dipped to a near 11-month low with a 4.6 percent fall.

TCB of the largest private lender Techcombank lost 4.5 percent, STB of Ho Chi Minh City-based lender Sacombank fell 3.4 percent, and VRE of retail real estate arm Vincom Retail dropped 3.1 percent.

Eight blue chips gained, led by POW of electricity producer Petrovietnam Power Corporation with a 6.8 percent rise.

Other gainers included GAS of state-owned Petrovietnam Gas, up 1.9 percent, and BVH of insurance company Bao Viet Holdings, up 1.4 percent.

Foreign investors were net sellers to the tune of VND304 billion, mainly selling KDH of real estate firm Khang Dien House and DGC of Duc Giang Chemicals Group.

The HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, dropped 1.33 percent while the UPCoM-Index for the Unlisted Public Companies Market fell 0.28 percent.

## Macro & Policies

### 2. Gov't determined to speed up public investment disbursement

The Vietnamese Government has set up six working groups to speed up the disbursement of public investment to create impetus for post-pandemic economic growth.

This was a bold effort raised after the disappointing results of public investment disbursement in the first months of this year, especially of foreign-sourced capital.

The working groups would be in charge of identifying difficulties and problems in the implementation of public-invested projects, especially projects which use official development assistance (ODA) and concessional loans from foreign donors at ministries, central-level agencies and localities and recommending solutions to accelerate the disbursement of public investment and increase capital use efficiency.

The latest updates from the Ministry of Finance showed that the disbursement of public investment was estimated at 18.48 per cent in January - April, slightly lower than the rate of 18.65 per cent of the same period last year.

Notably, the disbursement of foreign-sourced capital was at only 3.25 per cent while domestic-sourced at 19.57 per cent.

Seven ministries and eight localities had a disbursement rate of more than 25 per cent, including the Việt Nam Bank for Social Policies (91.12 per cent), Vietnam Development Bank (59.64 per cent), the Central Committee of Vietnam Fatherland Front (48.86 per cent), the State Bank of Vietnam (35.76 per cent), Bình Thuận Province (33.9 per cent) and Phú Thọ Province (33.4 per cent).

Forty-three out of 51 ministries and central-level agencies and 28 out of 63 provinces and cities had disbursement rates below 17 per cent.

The ministry pointed out that the slow disbursement of public investment was due to the

lack of determination and drastic measures in implementing public-invested projects, some faced problems in land clearance and selecting contractors while the skyrocketing prices of construction materials also caused delays in implementation.

The ministry's statistics also revealed that twelve ministries and central-level agencies and 21 provinces and cities had not completed the capital allocation plan.

To speed up public investment disbursement, the Ministry of Finance asked for the cooperation of the Ministry of Planning and Investment to transfer the capital which had not been allocated as of the end of March to ministries, agencies and localities with ongoing projects which had demand for capital.

Deputy Minister of Planning and Investment Trần Quốc Phương said that the disbursement of public investment was often strengthened in the two last quarters of the year.

Simplifying administrative procedures would also help speed up public investment disbursement.

Specifically, the State Treasury shortened the capital settlement time from four days to one for the advance and payment of 80 per cent of the completed volume. Other payments would be made within three working days.

According to the ministry, the focus would be placed on enhancing the accountability of the heads in implementing public-invested projects. In addition, the problems related to land clearance and resources must also be tackled.

Speeding up the disbursement of public investment was expected to create spillover effects to accelerate the post-pandemic economic growth.

The disbursement rates reached 91 per cent in 2020 and 93 per cent in 2021.

### 3. Coal miners expect good year on higher demand, rising prices

Coal mining enterprises are bullish about their business operations on high coal demand, after positive results in the first quarter of 2022 with many exceeding targets.

Data compiled by Vinacomin - Minerals Holding Corporation (UPCoM: KSV) showed that in the last quarter, raw coal output was 10.58 million tonnes, reaching 27.1 per cent of the year plan and equaling 106 per cent of last year's production. Meanwhile, its coal consumption reached 11.07 million tonnes, equal to 25.7 per cent of the annual plan and up 12.4 per cent year-on-year.

During the economic recovery post-COVID-19 pandemic, domestic demand for coal is at a high level, especially coal for power generation. Coal-fired power is accounting for more than 30 per cent of the country's total power capacity and plays an important role in ensuring national energy security. It is also one of the main sources of power supply to meet the needs of economic development and maintain the stable operation of the system.

#### Rising coal prices

Moreover, domestic coal prices are expected to soon be adjusted, increasing profit margins for businesses. According to Việt Capital Securities Company (VCSC), the domestic coal price is currently at a modest level compared to the international coal price. At present, international prices were 2.5-3 times higher than domestic prices and may continue to increase.

Rystad Energy, an independent energy research agency, said that if sanctions on coal with Russia eventuate or there is a physical disruption to Russian rail/port transportation, then there will not be a cap on coal prices.

Adding to the supply concerns, Australia recently declared a national emergency in response to devastating floods along the East coast, affecting coal-producing regions of this country. Rystad Energy predicts coal prices may surpass US\$500 per tonne this year.

Meanwhile, experts of VCSC forecast that TKV may ask to raise coal prices in 2022, as domestic coal prices have remained stable over the past two years despite rising production costs.

With the domestic coal production capacity of 100 per cent, coal production is expected to reach 41 million tonnes this year, up 2 per cent on-year. Therefore TKV has to import coal from other markets. And as international coal prices have continuously inched higher, it is not economical for TKV to maintain the coal prices since 2021.

Sacombank Securities Joint Stock Company (SBS) said that listed coal mining companies can also benefit from negotiating new selling prices for TKV this year.

To produce coal for power generation and benefit from the cost, businesses are concentrating their resources, preventing production disruptions. They also have to mobilise the workforce and equipment to organise coal mining, increase coal production, process and mix coal, ensuring coal output for consumption demand.

#### Bullish business results

Thanks to that, a number of coal mining companies reported outstanding production and business results in the first quarter of 2022. For Núi Béo Coal JSC (HNX: NBC), under Vinacomin, coal consumption reached 545,000 tonnes, exceeding 30 per cent of the quarterly plan, while its revenue was VNĐ826 billion, exceeding 34 per cent of the quarter plan.

Hà Tu Coal JSC (HNX: THT), another company under Vinacomin, produced 370,000 tonnes of raw coal, reaching over 29 per cent of the year plan, while coal consumption was approximately 70,000 tonnes, reaching over 25 per cent of the year plan. The coal miner posted revenue of VNĐ1 trillion, equal to 26.3 per cent of the five-year plan, with profit of over VNĐ10 billion, reaching 33 per cent of the year plan.

Mông Dương Coal JSC (HNX: MDC), under Vinacomin, said that its coal production in the first quarter reached 325,000 tonnes, 21.3 per cent of the

year plan. It consumed 340,000 tonnes, reaching 22.3 per cent of the year plan.

On the stock market, coal stocks extended recent rallies with MDC up 4.84 per cent to VNĐ13,000 per share at 2.45pm (local time), while THT rose 5.07 per cent to VNĐ14,500 a share, NBC climbed by 6 per cent to VNĐ15,900 per share.

Lê Xuân, a senior trader, said that coal stocks witnessed extraordinary performance in the last four to five sessions as they traded contrary to the market's downside trend.

"It is thanks to higher domestic coal demand post-COVID-19, rising inflation, the conflict between

Russia and Ukraine, and news about China reducing coal import tariffs to zero starting from May," Xuân added.

"However, I think investors need to pay attention to liquidity when trading these stocks, since coal stocks' trading volume is quite low.

"Moreover, the industry has fewer rally waves than others, so investors need to be patient.

"The industry's business results are not so impressive with low price to book (P/B) ratio and price to earning (P/E) ration due to low earning per share (EPS) ratio."

#### **4. Insurance industry forecasts less favourable year in 2022**

After gaining high growth last year, the insurance industry is forecast to experience a less favourable time in 2022 as many insurers have so far planned lower profit targets or slowing growth compared to last year.

After gaining pre-tax profit of VNĐ306.3 billion in 2021, up 31.34 per cent against the previous year despite the severe impacts of the COVID-19 pandemic, Bảo Minh Insurance Joint Stock Corporation (BMI) has targeted a fairly modest profit growth rate of 10 per cent to VNĐ340 billion this year when the economy has recovered.

Similarly, though Military Insurance Joint Stock Corporation (MIC) submitted its shareholders a plan to increase pre-tax profit by at least 35 per cent, the rise is still lower than the 40 per cent rate targeted in its annual general shareholders' meeting (AGM) in 2021.

For BIDV Insurance Joint Stock Corporation (BIC), the company's AGM has approved the insurance premium revenue goal of VNĐ3.31 trillion this year, up by 16.4 per cent against 2021, but the pre-tax profit plan is only VNĐ435 billion, down 13.4 per cent against 2021.

Meanwhile, Petrolimex Insurance Joint Stock Corporation (PJICO) has targeted a minimum profit of VNĐ250 billion this year, a decline of about 43 per cent compared with last year.

PVI Insurance Joint Stock Corporation (PVI)'s pre-tax profit plan this year has also been set at only VNĐ911 billion, down 17.26 per cent against last year, while its consolidated revenue has been targeted at more than VNĐ11.65 trillion, up 4.9 per cent.

Similarly, Agriculture Bank Insurance Joint Stock Corporation (ABI) expects a minimum pre-tax profit of VNĐ310 billion this year, nearly 10 per cent less than that in 2021. The dividend payment of the company is planned at 14 per cent, while the insurance premium revenue is targeted to grow by at least 8 per cent.

Post Telecommunication Joint Stock Corporation (PTI) has also aimed at an after-tax profit of VNĐ208 billion in 2022, down by 20.4 per cent compared to 2021.

According to BIC Chairman Trần Xuân Hoàng, his company has targeted a slower growth rate in 2022 as the profit from the investment segment is forecast to grow at a low level as savings interest rates remain low.

Under the current legal regulations, non-life insurers have to use at least 70 per cent of their capital to deposit at banks or buy Government bonds to ensure the insurers' capital safety. Therefore, though the economic recovery can give non-life insurers opportunities to improve revenue, it will be still difficult for them to increase profits as



the majority of their investment portfolios are bank savings and Government bonds, whose interest rates are forecast to remain at low levels this year.

Meanwhile, the profit from the insurance business segment is predicted to decline this year, Hoàng said, explaining the insurance business segment last year enjoyed favourable conditions due to social distancing as the company's compensation costs related to transport accidents and the cost of health check-ups declined.

In fact, not only BIC, but all other insurers reported the insurance claims for motor vehicle insurance and personal insurance in 2021 were low.

At the recent AGM, PVI General Director Nguyễn Xuân Hòa said in 2022 when all activities gradually resume, the compensation costs are expected to rise, which has partly been shown in Q1 2022.

In addition, some of PVI's rivals this year have applied price solutions, causing the company to consider lowering insurance premiums to increase

its competitiveness. The new policy will cause the company earn less profit this year.

Besides, the uncertainty around the world will also pose risks to PVI's insurance and financial investment segments, Hòa said.

It is estimated that by the end of the first quarter of 2022, PVI's revenue reached more than VNĐ3 trillion and Hòa said the company would try its best to meet the yearly target.

According to experts, the main profit of insurance companies still comes from financial investment and insurance activities. Therefore, if there are no big changes in claim and cost management or financial investment, it will be difficult for insurers to generate high profits.

Despite setting lower profit targets for this year, boards of directors of some insurance companies such as PJICO and MIC have so far still committed with their shareholders at the companies' AGMs to ensure similar dividend payment rates as in 2021.

## 5. Bright prospects for F&B industry

The COVID-19 pandemic changed the landscape of the food and beverage (F&B) towards digital transformation, which provided bright prospects for the industry when economic activities returned to normal.

The F&B industry has been robust since the beginning of this year, posting two-digit growth in the first quarter.

Statistics from payment platform Payoo showed that the F&B revenue in January – March increased by 1.5 times over the last quarter of 2021, with the number of transactions jumping by 24 per cent.

Riding and delivery platform Gojek also recorded a sharp increase in F&B orders in Hà Nội and HCM City. F&B orders via its app GoFood doubled in the first three months of this year over the same period last year. Hà Nội saw a growth rate of 220 per cent in the number of F&B orders.

On average, each user on the GoFood platform placed one order every five days in the first quarter.

Milk tea was the most ordered drink in both major cities. Other popular dishes were Vietnamese, such as chicken rice, rolls and noodles.

The F&B industry is recovering rapidly, and users are changing their habits towards placing orders via online platforms and using cashless payment.

Lê Nguyễn Ngọc Dung, director of Gofood, said that more and more people were turning to e-commerce platforms, adding that this trend continued to be maintained in the new normal.

Payoo forecasts that the F&B industry will continue to grow in the second quarter as the pandemic is put under control in Việt Nam, coupled with the Government's demand stimulus policies, especially in tourism.

Statistics from the General Statistics Office showed that the number of domestic tourists was estimated to total 26.1 million in the first quarter, which has significantly benefited the F&B industry.

Mordor Intelligence Inc. forecast that Việt Nam's F&B industry would expand at 8.65 per cent annually in 2021-26.

Securities company VNDirect also predicted that the F&B industry will proliferate in 2022, from 10-12 per cent, with the major impetus coming from the

reopening of in-person services and the recovery of domestic consumption.

Market research firm BMI pointed out that the spending of Vietnamese households would be on an increasing trend in 2022-25.

## 6. Mixed profit targets for rubber businesses despite price hikes

Both global synthetic and natural rubber prices are on an upward trend, but not all businesses in the industry are enough confident to set higher profit targets for this year.

Compared to the beginning of April, the price of this item has increased by 9 per cent. Trading Economics also forecast that the increase in rubber prices will not stop until the end of the first quarter of 2023 and may reach 310.84 yen per kilo.

The price of crude oil on the world market has increased in recent times, pulling up the price of synthetic rubber – a petroleum product.

The rubber supply was also affected after the Organisation of Petroleum Exporting Countries (OPEC) said that the world would not be able to replace about seven million barrels of oil and other liquids lost per day from Russia.

On April 18, 2022, benchmark US crude oil for June delivery was \$113.2 per barrel and New York's main contract, light sweet crude for delivery in May, was \$107.93 per barrel.

The price of natural rubber is also supported by world demand in 2022, which is expected to increase by 1.2 per cent compared to 2021, to 14.2 million tonnes.

According to the General Department of Customs, in the first three months of 2022, rubber exports reached 406,800 tonnes, worth \$715.39 million, up 0.3 per cent in volume and 6.2 per cent in value over the same period of 2021.

The price trend is likely to increase in the next few months due to the seasonal shortage of supply, according to the forecast of the Việt Nam Rubber Association,

Besides favourable factors from the market, the natural rubber industry is also under certain pressures. The shortage of containers, high transportation costs and slow customs clearance will affect rubber demand.

After a year of failing to complete the annual plan, the Southern Rubber Industry Joint Stock Company (CSM) has set a business plan for 2022 with strong growth. CSM expects revenue to reach VNĐ4.95 trillion, a slight increase of 2 per cent over the same period last year, but profit before tax is expected to reach VNĐ101 billion, up 83 per cent compared to 2021.

To realise the target, CSM managers said that the company will maintain production to meet market demand, including both domestic and exports, at the same time, increase labour productivity for existing product groups, especially investing in small equipment to complete a number of stages in the production line of motorcycle tyres, motorcycle tubes, bias tyres, and auto tubes.

Phước Hòa Rubber Joint Stock Company (PHR) also sets a positive growth target this year with a revenue target of more than VNĐ2.25 trillion and profit after tax of VNĐ744 billion, up 16 per cent and 56 per cent respectively, compared to 2021.

Meanwhile, the DakLak Rubber Investment JSC (DRI) targets total revenue of VNĐ599.6 billion in 2022, a slight increase compared to 2021, but profit after tax is expected to decrease by 5.7 per cent to VNĐ79.2 billion.

DRI Chairman of the Board of Directors Nguyễn Việt Trọng said DRI is managing an area of over 8,800 hectares of rubber plantations in Laos with loans mainly in Lao kip. By the end of 2021, DRI's total debt was more than VNĐ256 billion, so the company would be at risk in exchange rates. In case the kip

depreciates, DRI's revenue will also be affected. In addition, logistics costs will become high due to the sharp increase in raw material prices, which is also a disadvantage for DRI.

Đà Nẵng Rubber Joint Stock Company (DRC) also forecasts revenue in 2022 to decrease slightly to VNĐ4.4 trillion and profit after tax to decrease by 12 per cent to VNĐ256 billion compared to the previous year.

DRC said it still faced a labour shortage at some production stages because of the COVID-19 pandemic; empty containers and high rental prices; and high transportation costs which cause the purchase price of raw materials to increase sharply. In particular, the conflict between Russia and Ukraine caused oil prices to rise, pushing up prices of raw materials and goods, and DRC's import and export activities into these two markets were also disrupted.

This year, DRC will focus on products that are the company's strengths in the domestic market to improve production and business efficiency such as off-the-road (OTR) tyres and construction tyres. DRC's goal is to cover all segments in the domestic market as well as increase sales opportunities in export markets.

### **Positive first quarter**

Plenty of rubber companies have recorded positive Q1 earning results compared to the previous year.

In the first quarter, thanks to a sharp increase in the selling price of finished products compared to 2021, DakLak Rubber Investment JSC (DRI) recorded net revenue of VNĐ134 billion, up 8 per cent, in which, revenue from finished rubber products reached VNĐ130.6 billion, the rest was from bananas and cashews.

The company's profit after tax was VNĐ20.8 billion, up 27 per cent year-on-year. With the results achieved, DRI has completed 22.3 per cent of the year's revenue target and 26 per cent of the profit target.

Phước Hòa Rubber Joint Stock Company (PHR) said that in the first quarter of this year, the parent company recorded net revenue of VNĐ302.6 billion, up 25 per cent compared to the same period in 2021, but profit after tax reached VNĐ240 billion, 11.3 times higher than the same period last year and completed 33 per cent of the yearly plan.

Đà Nẵng Rubber Joint Stock Company (DRC) earned net revenue of VNĐ1.28 trillion in Q1, profit before tax of VNĐ81.7 billion, up 40.6 per cent and more than 3 per cent, respectively. Entering the second quarter, the company set a business plan similar to the first quarter, with net revenue of 1.25 trillion, profit before tax reaching VNĐ80 billion.

## **7. Hà Nội welcomes 550,000 visitors during the four-day holiday**

Hà Nội served over 550,000 tourists during the four-day holiday of the Liberation of the South and National Reunification Day (April 30) and May Day (May 1), an almost 20-fold increase compared to 2020, according to the municipal Department of Tourism (DoT).

Nearly 2,000 of the visitors were foreigners, the department said. Total revenue from tourism activities was estimated at over VNĐ1.5 trillion (US\$65.4 million), a 17-fold rise against 2020's figure.

The DoT attributed the sharp increase in the number of tourists to the surging demand after tourism activities returned to normal.

To promote tourism and attract visitors, the city organised the Hanoi Tourism Gift Festival 2022, attracting more than 65,000 visitors. A variety of activities and events were also held at tourist attractions in the city on this occasion, with highlights being the launch of the bicycle tour "Footprints of Bát Tràng Ancient Village" and a pedestrian street at Sơn Tây Ancient Citadel, among others.

The occupancy rate of hotels and resorts is estimated at about 42.2 per cent. Hotels and tourist apartments with high occupancy rates include Somerset Tây Hồ (60 per cent), Tây Hồ's InterContinental Hanoi Westlake (60 per cent), Lotte Hanoi (80 per cent) and Inter Continental Hanoi Landmark 72 (60 per cent).



Shopping centres and dining services also recorded a 40 per cent increase in revenue compared with the same period last year.

The President Hồ Chí Minh Mausoleum welcomed nearly 45,000 visitors during the holidays, according to the mausoleum's management board.

The management board has coordinated with the DoT to present 30,000 packages of gifts to tourists.

## Corporate News

### 8. VIC: Vingroup sales, profits plunge

↓ -0.38%

Conglomerate Vingroup's revenues plunged by 22 percent year-on-year in the first quarter to VND18.23 trillion (\$793.59 million).

Pre-tax profits fell 31 percent to VND1.93 trillion.

The country's biggest private company said both real estate and manufacturing sales were down.

Its auto unit VinFast sold over 6,700 cars in the first quarter.

VinFast has received 60,000 pre-orders for its electric cars VF8 and VF9, which the company will make in its first factory in North Carolina, the U.S.

Housing arm Vinhomes launched 1,500 apartments at the Vinhomes Ocean Park in Hanoi in the first quarter and sold 80 percent of units by the end of March.

Commercial real estate arm Vincom Retail launched its fourth Mega Mall in Hanoi in the first quarter.

Tourism subsidiary Vinpearl saw occupancy rate increase by 23 percentage points thanks to recovering tourism demand.

### 9. VPB: VPBank takes US\$600 million syndicated loan

↓ -2.45%

Other lenders include Cathay United Bank, CTBC Bank and State Bank of India, VPBank announced on Thursday.

VPBank said the three-year loan will consolidate its financial capability to boost post-pandemic lending.

The successful mobilisation of a large loan in a short time, especially in the context of recent strong fluctuations in the world financial market, is an affirmation of VPBank's reputation, which is increasingly being valued by foreign partners in the international arena. At the end of 2021, VPBank's Baseline Credit Assessment (BCA) was also upgraded by the world's leading credit rating agency Moody's Investors Service from B1 to Ba3, equivalent to Moody's national rating for Viet Nam, with a positive outlook.

In less than half a year, VPBank has received three international syndicated loans jointly arranged by

Japan's SMBC. Earlier, at the end of 2021, VPBank successfully mobilised syndicated loans with a total value of \$300 million.

VPBank expects high credit growth in its business results in 2022 based on the increasingly clear economic recovery, and positive business results of the individual customer segment and small- and medium-sized enterprises (SMEs) in the first quarter of the year. In the first three months of the year, the bank's credit growth reached 10.3 percent, double the banking industry's average.

The \$600 million loan is part of the bank's capital mobilisation plan from the beginning of the year. Accordingly, VPBank will have more important resources to strengthen its capital base, grow sustainably and continue to provide support solutions to help customers recover strongly after the pandemic.

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