



VIETNAM DAILY NEWS



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Market Analysis

1. Shares finish higher on the gains of blue-chips

Shares ended higher on Thursday after facing strong correction in the previous session thanks to the gains of large-cap stocks.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index gained 0.89 per cent, to end at 1,360.68 points.

The southern index had lost 1.33 per cent, to end Wednesday at 1,348.68 points.

Liquidity was slightly higher than the previous session with about 531 million stocks traded on the southern bourse, equivalent to VNĐ15.4 trillion (US\$670.8 million).

Market breadth was negative with 272 losers and 160 gainers.

The uptrend was due to gains in many large-cap stocks, especially in banking and energy sectors.

Banking stocks led the market rally with gainers including Vietcombank (VCB), Bank for Investment and Development of Vietnam (BID), Techcombank (TCB), VietinBank (CTG), Military Bank (MBB), Vietnam International Commercial JS Bank (VIB) and Saigon Hanoi Commercial JS Bank (SHB).

Energy stocks attracted cash flow with gainers such as Việt 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).

The 30 biggest stock trackers VN30-Index increased 1.1 per cent, to end at 1,404.88 points.

In the basket, 22 stocks climbed, one stayed flat and seven slid.

Gainers in the VN-30 basket included Bảo Việt Holdings (BVH), FPT Corporation (FPT), Hoà Phát Group (HPG), Masan Group (MSN), Novaland (NVL), Phú Nhuận Jewelry (PNJ), Sabeco (SAB), Vinhomes (VHM) and Vincom Retail (VRE).

However, gains were capped by losses of some big stocks like Asia Commercial Bank (ACB), Khang Điền House (KDH), Mobile World Group (MWG), SSI Securities Inc (SSI), Việt Nam National Petroleum Group (PLX), Vinamilk (VNM) and VPBank (VPB).

On a sector basis, ten out of 25 sector indices on the stock market gained ground, including insurance, real estate, retail, oil and gas, banking and food and beverage.

On the other side, losers included securities, wholesale, construction, seafood processing, healthcare, rubber production, agriculture, IT and logistics.

On the Hà Nội Stock Exchange (HNX), the HNX-Index lost 0.62 per cent, to end at 358.75 points.

The northern market index had declined 1.33 per cent, to end Wednesday at 360.97 points.

More than 68.2 million shares were traded on the northern exchange, worth VNĐ1.56 trillion.

Macro & Policies

2. Manufacturing recovery continues in April

The manufacturing sector continued to expand in April as business conditions improved overall for a seventh successive month.

The purchasing managers' index (PMI) was 51.7 in April, unchanged from March but above the boom-or-bust line, the latest survey from S&P Global showed on Wednesday.

Growth was the softest in the current seven-month sequence of expansion, restrained by rising costs, according to respondents.

A reading above 50 indicates expansion in manufacturing from the previous month, while a value of below 50 represents a contraction.

"The rapid decline in Covid-19 cases in Vietnam helped lead to renewed growth of output and employment in April amid a return to more normal business conditions," Andrew Harker, economics director at S&P Global, said.

"This provides hope that the sector can now see a sustained period of recovery and expansion."

The survey also found that both output and employment returned to growth in April after having dropped in March, while businesses

benefited from a decline in Covid-19 cases as employees returned to work.

There were also widespread reports of recruitment as job creation reached the fastest rate in a year.

Growth of new export orders also slowed, with Covid-19 restrictions in mainland China partly being the cause.

Softer new order growth and higher staffing levels meant firms were able to keep on top of workloads and reduce backlogs for the first time in three months.

Input costs continued to increase sharply, with the rate of inflation being the second fastest in 11 years as freight and fuel prices rose. Manufacturers increased prices at the fastest pace in five months.

Suppliers' delivery times continued to lengthen as China' Covid restrictions and the war in Ukraine affecting the ability of firms to secure inputs. But this was mitigated by the pandemic situation improving in Vietnam.

Supply issues contributed to a fall in raw material inventories declining for the first time in four months.

3. Airports welcome over 1.1 mln passengers during 4-day holiday, falling short of 2021 figures

Total passengers passing through airports across Việt Nam exceeded 1.1 million during the four-day National Reunification Day and May Day holiday, reported the Civil Aviation Authority of Việt Nam (CAAV).

The passenger figure, while significantly higher compared to the previous months due to the recent lifting of most COVID-19 curbs as the country enters the new normal, represents an annual decrease of 3.3 per cent compared to 2021 figures in the same period.

Goods throughput meanwhile hit 15,900 tonnes, up 7.5 per cent year on year.

Tân Sơn Nhất International Airport in HCM City, Nội Bài International Airport in Hà Nội, and Đà Nẵng International Airport in the central coastal city of Đà Nẵng received 375,000, 240,000 and 94,800 passengers, up 3 per cent, and down 4 and 8 per cent respectively compared to the same period last year. The three international airports also handled 4,900, 9,600, and 316 tonnes of goods respectively.

Vietnamese airlines operated 3,600 flights, down 13.5 per cent over the same period last year. Of the flights, 3,300 took off on time (88 per cent), and 25 were cancelled.

The CAAV noted there was no serious congestion at airports during the holiday period, with extended

waiting times due to weather reasons minimised, and the on-time rate of flights quite high.

This year, the National Reunification Day and the May Day fell on Saturday and Sunday, so people had two days off on May 2 and 3.

4. Govt asked to raise export taxes to reduce domestic fertiliser prices

The Ministry of Finance (MoF) has proposed a five per cent increase in the export tax rate, in an effort to cool down domestic fertiliser prices.

The move is part of MoF's ongoing proposal to amend the export tariffs levied on fertiliser as prices in global and domestic markets have escalated recently, due to rising input prices.

The sharply-increased price of fertiliser is also attributed to the shortage of empty containers and apatite supplies, the main resource used in fertilisers production.

The proposal was compiled after the finance ministry received recommendations from agencies. The ministry reports that it has finished compiling a draft decree on export tariff, preferential import tariff, list of goods and absolute tax rates.

It is said that the total fertiliser production capacity of Việt Nam's fertiliser makers reached 29.25 million tonnes per year, including organic fertiliser. If the production of local fertiliser producers runs smoothly, they can meet domestic demand for nitrogenous and phosphate fertilisers, particularly in potash and NPK.

Currently, domestic fertiliser producers still have relied on the import of raw materials due to a lack of potassium salt mines.

The demand for fertiliser for agricultural production in the country is about 10.5 million tonnes per year. Of this, domestic factories can provide about 7.5 million tonnes per year.

Fertiliser producers have now produced most of the major fertilisers such as phosphates, urea and NPK fertilisers, while still importing SA and Potassium

fertilisers. Việt Nam has so far exported fertilisers to more than 20 countries around the world.

To lower the domestic fertiliser price and stabilise the supply, the Finance Ministry has submitted to the Government to lower export taxes on fertilisers by 5 per cent, without classifying the ratio of natural resources, or minerals. Accordingly, fertiliser with a value less than 51 per cent will be subject to 5 per cent instead of zero per cent currently. Export tax for other kinds of fertilisers remain unchanged.

According to the Ministry, the proposal to raise export tax will contribute to maintaining the source of fertilisers for domestic consumption amid the high increase in prices while ensuring the harmony of interests between the Government and businesses.

In addition, it will help minimise administrative procedures for fertiliser makers and customs. They do not need to classify the ratio of mineral resources in fertiliser. However, the move will partly affect fertiliser exporters.

The MoF has also proposed to reduce the preferential import tariff (MFN) on unleaded and motor gasoline from the current 20 per cent to 12 per cent. Accordingly, the cut of MFN will contribute to diversifying petroleum supplies from other countries including China, the US and the Middle East while avoiding too much reliance on some exporters as the global crude oil prices are fluctuating.

5. VN firms struggle as China lockdowns disrupt supply chains

Vietnamese businesses are finding it difficult to cope with supply chain breakages as a result of China enforcing strict COVID-19 lockdown policies to curb recent outbreaks.

This has significantly affected raw material supply and exports because China usually supplies a large quantity of materials used by many industries in Việt Nam for production.

Since China has placed many factories and seaports under lockdowns, the import of components needed for automobile production and assembly is being delayed by around a month, according to the Việt Nam Automobile Manufacturers' Association (VAMA).

Other industries like textiles and garments and electronics manufacturing are facing similar problems.

This is not just slowing production, some companies are also unable to finish their export orders.

Agriculture produce exports to China, one of the biggest buyers of Việt Nam's produce, has also been severely affected because the neighbouring country has tightened customs checks and procedures.

Export containers are getting stuck at entry points for weeks, and some are even turned back.

The exports of vegetables and fruits to China in the first quarter of the year has dropped by 25 per cent year-on-year.

Coping strategies

Long An Province's CASS Fruits and Vegetables Preservation Co., Ltd., has been providing nitrogen pumping service for cold containers to preserve fresh produce longer, helping businesses keep their products fresh until they can be successfully exported.

Quách Thị Lệ Chân, director of the company, said that while this technology had only been provided for cold storage until now, it is also being used during goods transportation. The company is also

charging less for its service to help businesses, she said.

The Thanh Bình Co-operative Group in Đồng Nai Province, which specialises in banana products, has seen exports to China drop in the first few months of the year, but its farmer members are spreading out their harvests to sell throughout the year, so their produce is not all stuck in one place.

Lý Minh Hùng, director of the group, said that they were also focusing on producing a wide variety of processed products such as dried bananas or banana fibre for making garments, which boosts their income.

A Mekong Delta seafood company's representative told the Người Lao Động (Labourers) newspaper that while they used to export plenty of shark catfish to China, they have cut back, and only sells them to a few close customers. Instead, the firm has diversified its export markets and is not affected much by China's recent COVID restrictions.

According to the HCM City Leather and Footwear Association, some firms unable to import raw material imports by sea have procured some via border trade, but in limited quantities for higher prices.

Nguyễn Chí Trung, chairman of the Gia Định Footwear Corporation, said that businesses need to identify domestic suppliers of raw materials to replace imported ones, and avoid taking orders that require high quality materials.

Textile and garment businesses have been focusing on sourcing materials domestically since last year's COVID outbreak, but they have not been able to satisfy much of their material demand and continue to rely on imports.

Trần Như Tùng, deputy chairman of the Việt Nam Textile and Garment Association said that businesses should look into sourcing materials from South Korea, Taiwan (China) or Vietnamese firms, and they will have to accept paying higher prices.

“Domestic supply chains are important, not just for protecting businesses against disruption in the international market, but also to get tax benefits when exporting to countries having trade agreements with Việt Nam.”

Car makers need to reorganise production and avoid relying too much on any particular market for their component imports, the VAMA has advised.

6. Total assets of many small banks dropped significantly by end Q1 2022

Despite gaining positive profits, total assets of many small banks by the end of the first quarter of this year decreased compared to last year due to a drop in deposits.

According to Petrolimex Group Commercial Joint Stock Bank (PGBank)’s Q1 financial statement, its total assets by the end of March 2022 fell by 7 per cent compared to the end of 2021 to only VNĐ37.79 trillion.

Of the PGBank’s assets, cash increased by 36 per cent compared to the beginning of the year to VNĐ252 billion while deposits at the State Bank of Vietnam (SBV) decreased by 48 per cent to VNĐ539 billion. The bank’s lending to customers also dropped by 8 per cent to VNĐ25.36 trillion while deposits of corporate and individual customers at the bank slightly fell by 3 per cent to VNĐ27.35 trillion.

A positive point at PGBank in Q1 2022 was its bad debts, which decreased by 8 per cent to VNĐ635 billion.

Similarly, the total assets of Saigon Commercial Joint Stock Bank for Industry and Trade (Saigonbank) by the end of March 2022 were VNĐ23.43 trillion, down 4.8 per cent over the beginning of the year. Specifically, cash was slightly up by 2.9 per cent to VNĐ211 billion and lending to customers increased by 0.9 per cent. Meanwhile, the bank’s deposits at the SBV declined by more than 11 per cent and deposits at other credit institutions also sharply fell

by more than 21 per cent to only VNĐ4.42 trillion. Deposits of corporate and individual customers at the bank also inched down by 0.5 per cent.

The same trend was also seen at Việt Á Commercial Joint Stock Bank (VietABank), whose total assets as of March 31, 2022 decreased by VNĐ10.03 trillion to VNĐ91 trillion compared to the end of 2021. The cause of this decrease mainly came from the reduction of deposits at the SBV (down by about VNĐ1.08 trillion); and of gold and cash deposited at other credit institutions and loans to other credit institutions (down by about VNĐ7.98 trillion).

By the end of Q1 2022, VietABank’s customer deposits reached VNĐ67.56 trillion, inching down 0.2 per cent; while the lending to customers was VNĐ56.82 trillion, up 4.3 per cent.

The total assets of Bắc Á Commercial Joint Stock Bank (BacABank) as of late Q1 2022 also fell slightly by 2 per cent compared to the beginning of the year, reaching VNĐ117.07 trillion, with its deposits at the SBV and other credit institutions declining significantly by 41 and 32 per cent to VNĐ600 billion and VNĐ5.92 trillion, respectively.

Meanwhile, BacABank’s lending to other credit institutions, and corporate and individual customers grew by 36 and 3 per cent to VNĐ2.59 trillion and VNĐ86.98 trillion, respectively. The bank’s customer deposits also slightly increased by 2 per cent to VNĐ95.03 trillion.

7. Vietnamese gold demand increases in Q1

Gold demand in Việt Nam increased significantly in the first quarter over inflation fears.

The World Gold Council’s report on demand trends showed that consumer demand for gold in Việt Nam was estimated to total 19.6 tonnes from January to

March, representing a year-on-year rise of about 6 per cent.

Demand for gold bars and coins totalled 14 tonnes, a year-on-year increase of 4 per cent, while demand for jewellery was 5.6 tonnes, up by 10 per cent.

According to Andrew Naylor, head of ASEAN and Public Policy of the World Gold Council, Việt Nam's gold demand increased on rising inflation and the weakening Vietnamese đồng, making gold more attractive.

The gold demand was also supported by several festivals in the first quarter, including the Lunar New Year holidays, Valentine's Day and God of Wealth Day, coupled with the recovery of business activities to pre-pandemic levels.

The global gold market saw a solid start to 2022, with first-quarter demand up 34 per cent year-on-year, thanks to strong ETF flows, reflecting gold's status as a safe haven during geopolitical and economic uncertainty.

According to the World Gold Council, geopolitical crises weighed heavily on the global economy and reinvigorated investor interest, pushing the gold price briefly to US\$2,070 per ounce in March, just shy of its all-time high.

The report revealed that gold ETFs had their strongest quarterly inflows of 269 tonnes since the third quarter of 2020, more than reversing the 173 tonnes annual net outflow from 2021 and driven in part by the rising gold price.

Gold bar and coin demand were 11 per cent above its five-year average at 282 tonnes. However, renewed lockdowns in China and high prices in Turkey contributed to a 20 per cent year-on-year decline.

The global gold jewellery demand fell 7 per cent year-on-year to 474 tonnes, driven primarily by softer demand in China and India. Despite a strong performance in China over the lunar New Year period, this was later dampened by COVID outbreaks in February and March, leading to strict lockdowns as China continues to follow its zero-COVID policy.

In India, a fall in the number of weddings and a lack of auspicious days in the first quarter directly impacted gold purchasing in the country. This, coupled with rising gold prices globally, prompted many Indian consumers to hold back on purchases.

The demand for gold in technology hit a four-year high of 82 tonnes, up 1 per cent. Net buying by central banks more than doubled from the previous quarter, adding over 84 tonnes to official gold reserves during the first quarter, with buying in the sector dominated by countries such as Egypt and Turkey.

Total gold supply increased by 4 per cent year-on-year, driven by strong mine production, which hit 856 tonnes. In addition, recycling rose 15 per cent from the previous year, reaching 310 tonnes in response to higher gold prices.

According to Louise Street, Senior Analyst EMEA at the World Gold Council, the first quarter of 2022 had been a turbulent one, marked by geopolitical crises, supply chain difficulties and surging inflation.

"These global events and market conditions have solidified gold's status as a safe haven, not just for investors but also for retail consumers thanks to its unique position as a dual-natured asset class," she said.

"Given the current market dynamics, investment demand is expected to remain strong as high inflation, and heightened geopolitical tensions will likely fuel demand for gold among investors.

"On the other hand, consumers face a global cost of living crisis, meaning many will reconsider how they spend their money. While consumer demand has been recovering from COVID-inflicted weakness, continued growth in jewellery demand could be stifled by rising costs and a general economic slowdown."

Corporate News

8. VIC: Vingroup issues \$525 million bonds on international market in May

↑ 0.38%

Vingroup has just announced its bond issuance on the international market in 2022, worth US\$525 million, with the offering price of \$1 million a bond. The issue date is expected to be in May.

This is part of a plan to issue up to \$1.5 billion worth of the company's bonds, which has been approved by Vingroup's Board of Directors recently. With the 5-year bonds, the bondholder will be given the right to choose shares of VinFast owned by Vingroup.

Besides paying fees and expenses for the bond issuance, the raised capital will be invested in VinFast to develop its car production complex.

The bonds were expected to be issued in the first quarter of 2022 before being delayed and divided into two times.

At the end of the first quarter, Vingroup posted revenue of VNĐ18.2 trillion, of which VinFast's production segment contributed VNĐ3.3 trillion.

Previously, VinFast Trading & Investment Pte. Ltd - a subsidiary of Vingroup based in Singapore - has submitted an application for an initial public offering (IPO) to the US Securities and Exchange Commission (SEC).

The IPO is expected to raise about \$2 billion. If successful, this will be one of the two largest IPOs of an Asian company on the US exchanges.

9. BVH: Bao Viet Group: In the first quarter of 2022, the total consolidated revenue reached VND 13,158 billion

↑ 1.59%

Total consolidated revenue in the first quarter of 2022 of Bao Viet Group reached VND 13,158 billion, up 10% over the same period in 2021. Consolidated profit after tax reached VND 501 billion. Total consolidated assets as of March 31, 2022 reached USD 8 billion, reaching VND 183,778 billion, up 8.4% compared to December 31, 2021.

The parent company's total revenue reached VND 382 billion. Profit before tax reached VND 283 billion, up 2.3% over the same period in 2021. Total assets of the Parent Company as of March 31, 2022 reached VND 19,103 billion; Equity reached VND 18,789 billion, a slight increase compared to December 31, 2021.

The positive business results have contributed to the strong growth of BVH stock in both price and liquidity. In April 2022, BVH's stock price recorded a growth of 21.5%, the average liquidity reached over 2 million shares per trading session. BVH shares closed the trading session on May 4, 2022 at

the price of 63,000 VND/share, up 1.45%, recording a market capitalization of nearly 47,000 billion VND.

Non-life insurance business achieved VND 2,975 billion in total revenue, up 4.6% over the same period last year.

By the end of the first quarter of 2022, Bao Viet Insurance Corporation's total revenue reached VND 2,975 billion, up 4.6% over the same period in 2021. Profit after tax reached VND 80.7 billion, a sharp increase compared to the same period in 2021. same period in 2021.

During the quarter, Bao Viet Insurance launched the health insurance program "Bao Viet Tam Binh" with many new integrated benefits. Bao Viet Tam Binh is a potential health insurance program that not only makes an effective financial investment but also protects participants against many risks, illness or death. The insurance program is designed

to suit individuals, families and businesses towards peace of mind in life, with comprehensive medical care solutions, attractive extended insurance benefits and low cost. Reasonable insurance with the desire to bring absolute peace of mind and comprehensive insurance benefits to all Vietnamese people.

Life insurance business reached 9,666 billion VND in total revenue, up 9.4% over the same period

Bao Viet Life Corporation recorded a positive growth rate of 9.4% with total revenue of VND 9,666 billion. Bao Viet Life continues to maintain its leading position in total life insurance premium revenue. Profit after tax reached 265 billion, up 5.2% over the same period. In early 2022, Bao Viet Life launched the product "An Vui Live Well" with comprehensive medical care with a protection level of up to VND 1 billion/year, including: inpatient, outpatient, dental, and dental benefits. maternity, ... covers cancer, organ transplants. Especially, when there is no claim, the participant gets a discount of up to 15% for the following year.

Investment and financial services sector strengthens its position in the market

The securities business continued to record positive business results with the total revenue in the first quarter of 2022 of Bao Viet Securities Company (BVSC) reaching 249.5 billion VND, up 15.7% compared to the previous quarter. same period in 2021. Profit after tax reached 48.7 billion dong.

The fund management field continued to record steady growth, Bao Viet Fund Management Company (BVF) demonstrated its role as one of the leading fund management companies in the industry when growing both in terms of assets under management and in terms of assets under management. management, business results and investments. Total assets under management of BVF reached VND 117,274 billion, equivalent to USD 5 billion, up 21.78% compared to December 31, 2021. Total revenue in the first quarter of 2022 of BVF reached VND 35.6 billion, Profit after tax reached VND 18 billion, up 20.3% and 34.6% respectively over the same period.

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