



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index hits nine-month low

The VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) plunged by 59.64 points, or 4.49 per cent, to 1,269.62 points, the lowest in the last nine months. The selling force became stronger after the noon break. In the morning trade, it lost over 47 points (3.55 per cent). Last week it dropped by 2.75 per cent.

The market's breadth remained negative with 445 stocks declining, of which up to 233 stocks posted the maximum daily loss of 7 per cent. Liquidity, however, was higher than the previous session with nearly VNĐ18.8 trillion (US\$818 million) worth of stocks, equivalent to a trading volume of more than 673.76 million shares, traded on the southern bourse.

The index's sharp fall was due to strong sell-off activities since the market opened. Stocks across all sectors plunged with the 30 biggest stocks tracker VN30-Index decreasing 59.17 points, or 4.31 per cent, to 1,315.04 points.

Of the VN30 basket, all 30 stocks slid yesterday with 13 stocks hitting floor prices.

Data compiled by vietstock.vn showed that in the top five stocks influencing the market bearish trend, four stocks dropped 7 per cent - the biggest intraday loss on HoSE, which were BIDV (BID),

VPBank (VPB), Techcombank (TCB) and Vietinbank (CTG). The other stock was PV Gas (GAS), down 4.46 per cent.

The index was also weighed by great losses of Hoà Phát Group (HPG), Vietcombank (VCB), Mobile World Investment Corporation (MWG), Vietnam Rubber Group (GVR), MBBank (MBB) and Phú Nhuận Jewelry JSC. These stocks saw a decline of at least 1.89 per cent.

The downtrend was in line with expectations from many securities firms that the VN-Index is likely to breach the support level of 1,300 points this week, as the market is short of cash flows and leading stocks.

On the Hà Nội Stock Exchange (HNX), the HNX-Index also finished lower yesterday on strong selling force. The index closed the trade at 323.39 points, down 20.07 points, or 5.84 per cent.

During the session, nearly 98.4 million shares were traded on HNX, worth over VNĐ2 trillion.

Meanwhile, foreign investors were net buyers on both main exchanges, with a net buy value of VNĐ589.32 billion. Of which, they net bought nearly VNĐ15.1 billion on the northern market and VNĐ574.24 billion on HoSE.

Macro & Policies

2. Ministry proposes auto tax payment extension worth VNĐ20 trillion

The Ministry of Finance has proposed the Government give an extension on the deadline for payment of a special consumption tax worth a total VNĐ20 trillion (US\$870.5 million) on domestically produced and assembled cars.

Accordingly, payable amounts for June, July, August and September would be extended to November 20.

The ministry said that the extension was aimed at urgent support for the domestic car industry to overcome difficulties after the pandemic.

The special consumption tax that domestic automobile manufacturers paid to the State budget averages around VNĐ2.45 – 2.8 trillion per month.

The ministry estimated that the budget collection would be reduced by around VNĐ2-3trillion per year in special consumption tax when electric vehicles were more popular and gradually replaced petrol-fuel cars.

The ministry said that the tax payment extension policy was necessary to help domestic manufacturers overcome difficulties, adding that not only Việt Nam but also other countries raised policies to support domestic industries in the pandemic and post-pandemic period.

The support was only short term, thus, the risk of facing anti-subsidy lawsuits would not be high because the investigation initiation only aimed at terminating existing policies, not at policies which already ended, the ministry said.

If approved, the domestic automobile manufacturers and assemblers would be given excise tax preferential policies for the third consecutive year.

The excise tax on cars and components was imposed on cylinder capacity, with the lowest at 35 per cent and the highest at 150 per cent.

The high tax rates left car prices in Việt Nam around 10-25 per cent higher than in other countries in the region.

Earlier, the Ministry of Industry and Trade proposed an exemption of special consumption tax on automobile components for domestically-produced cars, which would help lower costs, and selling prices and increase competitiveness in the market.

Amendments to the Law on Special Consumption Tax are being studied.

3. Status upgrade crucial to stock market growth

The upgrade of Việt Nam's stock market from frontier to emerging status is a driving force for the future.

A top priority set for Việt Nam's stock market is to get upgraded to emerging status before 2025, according to market credit rating agencies Morgan Stanley Capital International (MSCI) and the FTSE (Financial Times Stock Exchange).

There are still many criteria that the Vietnamese market must reach to meet the upgrade requirements, including strengthening the safeguarding of the interests of retail investors. The

recent actions of the market regulator to handle violations on the stock market, which are highly appreciated by international investors, may add more points in the coming reviews of international market ranking organisations.

At the end of last year, VNDirect Securities Company said that if Việt Nam completes the new securities trading system in early 2022, it could be included in the MSCI's watchlist for a market status upgrade from "frontier market" to emerging status during the annual market review in May 2023.

Việt Nam may then be notified of its upgrade to emerging market status during the MSCI annual market review in May 2024.

“Recently the market regulator has done a series of settlement over violations, hopefully, this will make the upgrade process easier,” said Phạm Lưu Hưng, chief economist of SSI Securities Co.

The investor community is expecting drastic changes, particularly increasing publicity and transparency to protect investors.

At the Việt Nam Business Meeting earlier this year, Dominic Scriven, Head of the Capital Markets Working Group of VBF, said the development of the capital market depended very much on the confidence of investors, which can only be built through improving the transparency and fairness of the market, applying adequate sanctions to the violations and enforcement of protection mechanisms, especially in the Vietnamese market which currently has large participation of individual investors, accounting for 93 per cent of transactions.

The recent drastic settlements over violations on the market were thanks to a great effort and determination from the Government, the Ministry of Finance and other authorities. Although it is inevitable that the market will decline in the short term, strict sanctions due to negative effects will have a positive impact on the development of the stock market in the medium and long term.

The goal of the regulator is to build and develop a safe, transparent and sustainable securities market, to ensure the interests of genuine businesses and investors, to increase the attractiveness of the stock market, draw more investment capital flows both at home and abroad, helping to support the process of upgrading from frontier to emerging status.

According to Minister of Finance Hồ Đức Phớc, the Ministry of Finance will direct agencies such as the

Finance and Banking Department, the Department of Accounting and Auditing, and the State Securities Commission to ensure both support and supervision, avoiding manipulation activities on the stock market. Acts of manipulation must be strictly punished, but businesses that comply with regulations must be fully supported.

At a recent conference on the capital market, Prime Minister Phạm Minh Chính also said as the Government has set a goal to develop a healthy capital market, the most important thing was to protect genuine investors.

The Prime Minister has requested the Ministry of Finance to urgently review and amend current inadequate regulations, especially regarding regulations on transparency of business information, rights and responsibilities of management entities, market participants such as State management agencies, enterprises, securities companies, investors, strengthen sanctions to strictly punish violations on the stock market to protect investors, thereby restoring trust, especially dealing with manipulation and price manipulation, ensuring healthy, transparent and sustainable development.

In the future, Việt Nam's stock market will develop, with better quality, affirming its role as the main medium and long-term capital mobilisation channel of the economy and enterprises, at the same time, it is an attractive, safe and effective investment channel for investors, PM said.

As of September last year, the Vietnamese stock market, along with Iceland, Mongolia and Russia, were on the FTSE's Upgrade Watchlist.

In the Market Outlook 2022 Report, VNDirect Securities Company has put forward an optimistic scenario that the FTSE may announce the inclusion of the Vietnamese stock market into the emerging market group during the annual market assessment in September of this year.

4. Rice export prices drop in Q1

Average rice export prices dipped by 10.6 percent in the first quarter, resulting in a 6-percent decline in revenues.

Vietnam exported 2.05 million tons of rice for US\$1 billion, up 4.4 percent in volume but prices fell to \$386.2 a ton due to abundant supply, according to the Ministry of Agriculture and Rural Development.

On the global market, rice prices also dropped marginally in May, with Thai 5 percent broken rice being \$5 per ton cheaper at \$410-412 and Indian exports falling by \$10 to \$361-365.

Domestic prices remained unchanged in May, however. In the southern An Giang Province, normal rice was sold at VND11,000 (\$0.48) a kilogram and jasmine rice at VND15,000.

Vietnam's top market in the first quarter was the Philippines, whose imports increased by 63.8 percent year-on-year to 672,142 tons.

5. Vietnamese PM to visit United States, United Nations from May 11-17

Vietnamese Prime Minister Phạm Minh Chính will attend the ASEAN-US summit and have a working visit to the US and the United Nations (UN) at the invitation of the US President Joe Biden, according to the foreign ministry.

The trip underlines Việt Nam's consistent stance in implementing the foreign policy of independence, self-reliance, peace, friendship, cooperation, multilateralisation, and diversification of foreign relations, and that Việt Nam strives to become a reliable partner and an active and responsible member in the international community, while at the same time, safeguard the interests of the nation and the people in line with the fundamental principles of the UN Charter and international law, and the spirit of equality, cooperation, and mutual benefit.

The Special ASEAN-US Summit is set to take place in the capital Washington D.C. from May 12-13 to mark the 45th anniversary of the ASEAN-US relations.

This is the second in-person summit between ASEAN the US leaders after the first in Sunnylands (US) in 2016, with a summit slated for 2020 having been cancelled and eventually move to virtual format in 2021 due to the global COVID-19 pandemic.

The visit is expected to create a strong impetus for the development, efficiency, depth, and long-term stability of the Việt Nam-US comprehensive partnership in fields of politics, diplomacy, economy, trade and investment, science and technology, education and training, and overcoming the consequences of war.

The two sides are expected to review the partnership progress of the past 45 years and set out development orientations for the future, as well as have in-depth discussions on cooperation issues of mutual interests such as trade and investment, maritime security, post-pandemic recovery, infrastructure, climate change, science and technology.

The trip demonstrates Việt Nam's strong commitment and active contribution to world peace and stability, contributing to strengthening the comprehensive and effective cooperation relationship between Việt Nam and the UN as the two celebrating 45 years of partnership (1977-2022) and Việt Nam is seeking for further support from the UN in the fields of sustainable socio-economic development, post-pandemic resilience, climate change response, implementation of the SDGs, and deployment of UN peacekeeping activities.

The Vietnamese Government leader will also lead a high-level delegation to visit the US and the United Nations from May 11-17, marking the first foreign trip he has made since the reopening of the country as the domestic COVID-19 situation gets under control and socio-economic recovery is underway.

The visit also showcases the Party and State's attention to the Vietnamese community in the US, and is expected to galvanise their contributions to the national development and sovereignty protection.

The visit holds important meaning in the implementation of the Party and State's foreign policy orientations, affirms Việt Nam's role and responsibility within the Southeast Asian regional bloc, and aims to boost the ties between ASEAN and the US.

6. Amid a faltering recovery, aviation authority calls on further support for airlines

As the international flight market needs more time to recover from the negative impacts of the COVID-19 pandemic, the Civil Aviation Administration of Việt Nam (CAAV) has called for more Government support for airlines operating in the country.

According to the CAAV, since frequency restrictions were lifted for domestic flights, Vietnamese airlines have re-operated nearly 60 domestic routes with about 700-800 flights daily.

After the country resumed international flights in the middle of February this year, flight routes from Việt Nam to more than 20 countries and territories were reopened including Japan, South Korea, China, Hong Kong (China), Taiwan (China), Singapore, Thailand, Cambodia, Malaysia, Philippines, Laos, Qatar, Turkey, United Arab Emirates (UAE), France, Germany, UK, Russia, Australia, and United States.

Its aviation markets are expected to continue reopening and the number of international flights departing from or arriving in Việt Nam would gradually increase.

The CAAV estimated that this year, airlines could serve 42-47 million passengers, an increase of 170-200 per cent compared to 2021 but a decrease of more than over 40 per cent compared to 2019.

In the domestic flight market alone, the number of passengers transported is estimated at 33-35 million, down six to ten per cent compared to 2019.

Although Việt Nam has been gradually controlling the COVID-19 pandemic, and socio-economic activities have returned to a new normal state, it takes more time for aviation businesses to recover losses and restore business operations.

Deputy Director of the CAAV Phạm Văn Hảo said that by the end of this year, the number of passengers using domestic flights would approach the number of 2019 - the time before the outbreak of COVID-19.

However, the international flight market alone needed more time to recover, Hảo said, adding that the international passenger transport volume this

year was estimated at 72-80 per cent lower than that of 2019.

“As the proportion of revenue and profit of airlines mainly comes from the international transportation market, airlines will continue to face difficulties this year,” Hảo said.

In addition, the price of Jet A1 has continued to rise and the economic and political instability in the world caused fuel prices to spike, putting heavy pressure on the costs shouldered by airlines, he said.

At the end of March 2022, although crude oil prices showed signs of slowing down, the price of Jet A1 continued to increase. According to IATA statistical data, the price of Jet A1 in Asia on April 1, 2022 increased to \$132.63 per barrel. On April 29, 2022, it continued to increase to \$145.67 per barrel. The average price of Jet A1 in 2022 is forecasted to be \$129.5 per barrel.

The CAAV official said that currently, the Government was still implementing solutions to help remove difficulties for businesses that are negatively affected by the COVID-19 pandemic, such as policies on tax and fee exemption and reduction, and policies on interest rate support for the 2022-23 period, in which the interest rate support is 2 per cent per year through commercial loans for businesses and co-operatives, and household businesses.

Together with support for businesses in general, specific support for aviation business is needed, according to the CAAV.

The CAAV proposed the Ministry of Transport continue to promulgate the policy exempting half of landing/take-off service prices for domestic flights from January 1, 2022 to the end of December 31, 2022 and allow specialised aviation services on the list of State-prescribed prices to be at a minimum of zero Vietnamese đồng from January 1, 2022 to the end of December 31, 2022.

According to the General Statistics Office, last month, the number of international visitors to Việt Nam reached 101,400, 2.4 times higher than that of the

previous month and 5.2 times higher than the same period of last year.

In the first four months of this year, international visitors to the country reached nearly 192,400, an

increase of 184.7 per cent over the same period last year.

Visitors arriving by plane accounted for 88.6 per cent of international visitors to the country.

7. New COVID infections lowest for 10 months with 2,175 cases on Monday

Việt Nam on Monday saw the lowest number of new COVID-19 cases since July 12 last year, with 2,175 patients recorded. All were domestic transmissions.

This is a decrease of 93 new infections compared with Sunday.

So far the country has had a total of 10,678,359 patients, ranking 12th out of 227 countries and territories worldwide.

The new cases were reported in 48 out of 63 provinces and cities across the country.

1,767 infections were detected in the community.

Although the number of new patients was down, Hà Nội still led the country with 601.

The other localities that reported new transmissions were Quảng Ninh (116), Phú Thọ (113), Tuyên Quang (107), Nghệ An (103), Yên Bái (101), Vĩnh Phúc (76), Hải Dương (75), Thái Bình (73), Bắc Kạn

(64), Lào Cai (54), Quảng Bình (50), Hưng Yên (49), Thái Nguyên (48), Bắc Giang (46), Lạng Sơn (38), Hà Giang (37), Quảng Ngãi (36), Điện Biên (34), Hồ Chí Minh City (30), Sơn La (29), Đà Nẵng (28), Gia Lai (24), Bà Rịa - Vũng Tàu (24), Nam Định (23), Hòa Bình (20), Quảng Trị (18), Hà Nam (18), Lai Châu (18), Thanh Hóa (16), Cao Bằng (14), Phú Yên (11), Quảng Nam (9), Bình Định (9), Đồng Tháp (8), Ninh Bình (8), Tây Ninh (8), Bình Phước (7), Bến Tre (6), Khánh Hòa (5), Thừa Thiên Huế (4), Kiên Giang (3), Bình Dương (3), Trà Vinh (3), Cà Mau (3), Vĩnh Long (2), Đồng Nai (2) and Cần Thơ (1).

1,574 patients were declared recovered from the disease today, with 9,322,165 people now given the all-clear so far.

Only one fatality related to COVID-19 was reported on Monday, in Bắc Ninh.

More than 215.7 million doses of COVID-19 vaccines have been administered nationwide so far, including 1.8 million to children aged 5 to 11 years old.

Corporate News

8. TCB: Techcombank adopts Salesforce to drive customer engagement

↓ -6.99%

Salesforce, the global leader in customer relationship management (CRM), on May 9 announced a multi-year agreement with Techcombank, one of Vietnam’s leading commercial banks, to help deliver cloud-based, connected, and personalised experiences to its customers.

The initial deployment of Salesforce across Techcombank’s network represents the first cloud-based CRM implementation in the Vietnamese banking industry. As an early adopter and pioneer of new technologies, standards, and solutions, Techcombank is recognised as one of the most innovative banks in Vietnam. Guided by its vision, the bank continues to lead the digital transformation of the financial industry to launch innovative offerings to Vietnamese consumers at speed and scale.

Before working with Salesforce, Techcombank was using an in-house CRM system. The bank recognised that there was untapped potential to integrate data and lead generation processes, and leverage real-time insights to help Techcombank’s relationship managers deliver seamless, differentiated experiences to customers.

By deploying Salesforce to deliver customer-centricity and end-to-end experiences, Techcombank aims to accelerate the innovation of new products and services and deliver a safe and secure level of services that is personalised and proactive.

Techcombank’s investment in Salesforce’s CRM will provide the bank with the capability to capture,

track, and store customer information in an efficient and centralised manner, support its sales team in managing customer relationships and empower Techcombank to enhance sales performance and productivity.

With the tools to enrich data, productivity, and engagement features, Techcombank’s staff can spend less time gathering customer information and more time doing what they do best: providing tailored and holistic solutions to customers.

“At Techcombank, our goal is to continually find new and innovative ways to understand and support our customers,” said Jens Lottner, CEO at Techcombank. “Our collaboration with Salesforce represents the first in the Vietnamese banking industry, giving us the agility and scale to truly deliver a unified customer experience and accelerate our product innovation roadmap. We want to be the bank that helps our people and our customers reach their full potential, and Salesforce’s platform supports us in driving stronger and more lasting relationships with our customers.”

Sujith Abraham, senior vice president and general manager at Salesforce ASEAN said, “In this new age of banking, the banks that will be successful are those that put the customer at the centre of their business and deliver experiences with impact. “We are proud to be working with Techcombank on its digital transformation. We love their approach to innovation and their pursuit of customer success, and we look forward to partnering with them on this journey.”

9. FCN: FECON first reported a loss in the first quarter of 2022

↓ -6.91%

In the context of a sharp increase in costs but a decline in revenue, FECON JSC (HOSE : FCN)

reported a loss for the first time in the first quarter of 2022 with a net loss of more than VND 7 billion.

Specifically, in the first 3 months of 2022, FCN only recorded net revenue of nearly VND 502 billion, down 14% compared to the same period last year. According to the Company, the main reason is that the implementation progress of some large projects is slower than expected, which affects the bidding and contract signing progress, making construction output low and revenue decline.

On the other hand, COGS decreased slower than revenue, leading to a 16% decrease in gross profit to VND 88 billion.

FCN 's disadvantage in the first quarter of the year came not only from revenue but also from high interest expenses. Specifically, interest expense increased by 61%, to more than VND 46 billion. The additional interest expense mainly comes from its member unit, Quoc Vinh Wind Power Company, Soc Trang, when this wind power project comes into commercial operation at the end of October 2021.

In return, selling and administrative expenses decreased by 6% and 3%, respectively, but the difference was not enough to offset the increase in financial expenses.

As a result, FCN reported a net loss of more than VND 7 billion in the first three months of 2022, while in the same period a profit of more than VND 18 billion.

As of March 31st, 2022, FCN 's total assets recorded VND 7,135 billion, down 5% compared to the beginning of the year. In which, deposits and short-term receivables decreased by 15% and 14% respectively, especially the value of capital contribution in other entities decreased by 40%. In contrast, inventories increased slightly by 7%, to more than VND 1,786 billion.

FCN 's liabilities at the end of Q1 were nearly VND 4,207 billion, down 8%. In which, debt accounted for VND 2,390 billion, down 3%.

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