



VIETNAM DAILY NEWS

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Market Analysis

1. Market recoups losses on bottom-fishing

The stock market finished higher on Tuesday, ending a two-day fall, as bottom-fishing activities lifted large-cap stocks.

The VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) surged 23.94 points, or 1.89 per cent, to 1,293.56 points, recouping some losses in the previous sessions. The benchmark declined by more than 90 points in the last two sessions.

The market's breadth was positive as 280 stocks increased, of which 23 stocks hit ceiling prices, while 168 stocks slid. However, liquidity was still lower than Monday's trade, with nearly 546.3 million shares traded on HoSE, worth over VNĐ14.3 trillion (US\$626.1 million).

The index's reversal was thanks to recoveries of many pillar stocks as investors took advantage of a big sell-off recently to seek bargains in good fundamental stocks.

The VN30-Index, which tracks the 30 biggest stocks on the southern market, gained 31.42 points, or 2.39 per cent, to 1,345.46 points. Twenty-eight of the 30 biggest stocks in the VN30 basket rebounded, while only two stocks closed lower.

Vietcombank (VCB) was the market's leader yesterday, up 2.7 per cent. Other big stocks supporting the rally trend were Vinhomes (VHM), BIDV (BID), VPBank (VPB), and PV Gas (GAS), up in a range of 2.79-4.72 per cent.

Realty stocks still attracted capital flows with many posting outstanding performance such as Becamex

(BCM) hitting the biggest daily gain of 7 per cent, Vingroup (VIC) up 1.64 per cent, Development Investment Construction JSC (DIG) rose 5.16 per cent, and Phát Đạt Real Estate Development JSC (PDR) up 4.38 per cent.

The trend was in line with Saigon-Hanoi Securities JSC (SHS)'s expectations. In a daily report to investors, the firm said that the downside risk may remain in Tuesday's morning trade, and the VN-Index is likely to recover if the bottom-fishing demand force at the support zone of 1,225 - 1,250 points is strong enough.

"For long-term investors, if the market corrects it is a chance to raise the proportion of good fundamental stocks with potential growth in their portfolios," SHS said.

Meanwhile, "short-term investors can refer to our stock watchlist."

On the Ha Noi Stock Exchange (HNX), the HNX-Index also bounced back from recent losses. It closed Tuesday at 330.02 points, up 6.63 points, or 2.05 per cent.

During the session, over VNĐ1.26 trillion worth of shares, equivalent to a trading volume of nearly 64.6 million shares, was traded on HNX.

Foreign investors still poured money into the southern bourse as they net bought a value of VNĐ714.7 billion, while net sold VNĐ4.1 billion on HNX.

Macro & Policies

2. Real estate companies issue no bonds in April

The tightening of capital flows into the real estate sector has caused real estate businesses to halt the issuance of bonds in April.

This is according to data announced by the Việt Nam Bond Market Association (VBMA) in April.

VBMA said that by the end of April 29, the market had 23 private placement tranches of bonds with a value of VNĐ16.47 trillion (US\$717.9 million) in the month.

The majority of businesses issuing bonds in April were commercial banks with a value of VNĐ14.94 trillion, accounting for 90.7 per cent of the total issued value. In this group, MBBank was the biggest issuing bank with VNĐ4.6 trillion of 3-year bonds and Sacombank was behind with VNĐ2.5 trillion of 3-year bonds.

The energy, transportation, manufacturing and financial groups also participated in private placement in the past month, but the volume only accounted for less than 10 per cent of the total issued value.

Notably, according to statistics from VBMA, in April, there were no bond issuances by real estate companies. This was contrast to March when real estate companies were still leading with 46.7 per cent of the total value of bonds issued in the month.

Since 2019, real estate businesses have been regularly in the group of businesses with the highest value of corporate bonds issued monthly, quarterly and annually. However, since the beginning of the year, after the tightening policy of capital inflows

into this sector, the value of real estate corporate bonds has dropped sharply.

At the end of 2021 and the beginning of 2022, the Securities Commission has given sanctions in the field of corporate bonds against three enterprises, VsetGroup and Apec Group and VIS Securities Company.

At the beginning of April this year, the management agency announced the cancellation of nine bond issuances, totalling VNĐ10 trillion, of a group of companies under Tân Hoàng Minh Group. Not long after, the Ministry of Public Security also issued a decision to prosecute and detain Đỗ Anh Dũng, Chairman of Tân Hoàng Minh Group, and six related individuals for fraud and appropriation of property.

In January, real estate was still the group with the largest issuance value with VNĐ14.47 trillion, accounting for more than 55.8 per cent of the total issued value in the month.

In February, the issuance value of this group dropped sharply as no issuance was recorded. The figure reached VNĐ1.69 trillion in March. And in April, the market did not record any bond issuance.

However, according to VBMA, in the first four months of this year, real estate enterprises were still the leading group in terms of bond issuance value with VNĐ28.85 trillion, accounting for 37.35 per cent of the total value of bonds issued in the months.

It was followed by the banking group with VNĐ24.39 trillion, accounting for 31.57 per cent of the total issued value.

3. Banks' profits surge in Q1

Most banks grew their profits in double digits in the first quarter but asset quality worsened.

VPBank surpassed state-owned Vietcombank to become the most profitable lender with a near tripling of its profits to VNĐ11.15 trillion (US\$485.6

million), which included revenues from its exclusive bancassurance contract with AIA.

SHB doubled its profits to VNĐ3.23 trillion, thanks to a 90-percent growth in net interest income.

Only VietinBank and OCB reported declines in profits.

VietinBank attributed the fall in profits to the VND4.4 trillion provisioning it made for loans, up 230 percent year-on-year. But its credit growth in the first three months was 9 percent, much higher than the industry average of 5 percent and sharply up from last year's 2.2 percent.

Revenues from services were also a major driver of profits. Most private lenders posted high net profits from services, but state-owned Vietcombank, BIDV and VietinBank saw a decline after offering free online transactions.

For a second year the State Bank of Vietnam requires banks to classify and make provisions for assets acquired from the following: debt trading, trading of government bonds on the stock market,

forward trading of valuable papers between banks, purchase of promissory notes, treasury bills, and certificates of deposit and bonds sold by other credit institutions.

Increasing debt provisions was a widespread trend following a sharp rise in nonperforming loans since the beginning of this year.

SSI Securities said asset quality has worsened at many banks, but is not concerned though debt provisioning puts pressure on banks.

Vietcombank Securities, a subsidiary of Vietnam's biggest lender, forecast high growth for private players with low cost of capital.

It said BIDV, MB, Techcombank, ACB, TPBank, and MSB could achieve profit growth of over 20 percent this year.

4. Main bourse trials smaller trading lot size

Vietnam's main bourse Ho Chi Minh Stock Exchange (HoSE) has asked brokerages to try out the resumption of smaller lot size as its system has stabilized following overload last year.

The trial period will be from May 9-20, and the feedback from brokerages will be submitted to the government as a request for official implementation.

A smaller lot size comprises from one to 99 stocks.

Vietnam's three bourses HoSE, the Hanoi Stock Exchange and Unlisted Public Company Market are all using a minimum trading lot size of 100, a policy

imposed since early last year when HoSE's system experienced overload due to a surge in trading orders.

But now that HoSE's system has stabilized, a smaller lot size means new investors can start learning to trade with small quantities to lower the risk of big losses.

Earlier this year, Deputy Minister of Finance Nguyen Duc Chi said that returning to trading with a smaller lot size is not in line with international norms, which is 100.

5. Policies needed to support steel industry development

Overreliance on input material imports, small production value and outdated technology were among the major weaknesses of Việt Nam's steel industry, said a recent report by the Ministry of Industry and Trade.

The report was part of the ministry's proposed "Strategy for the development of Việt Nam's steel industry by 2030, with a vision to 2050", which

called for additional governmental policies to support the steel industry.

According to the ministry, Việt Nam's production capacity for steel billets stood at 27 million tonnes in 2021, of which 7-8 million tonnes was hot-rolled coil. With the exceptions of only a handful of large steel mills such as the Hòa Phát-Dung Quất Iron and Steel Complex, the Hưng Nghiệp Formosa Iron and

Steel Complex and Nghi Sơn Steel, the rest of the country's steel industry was made up of small mills, equipped with outdated machinery and technology.

In addition, the industry lacked the capacity to meet domestic demand, especially for alloy steel which it has not been able to produce. The only long-term solution is to ramp up investment for the construction of large-scale steel complexes to reduce reliance on imports.

The ministry's conclusion was that the industry's competitive capacity is limited as its production was marred with energy inefficiency and environmental issues.

"For the most part, the industry is overly dependent on imports of raw materials including ore, scrap and coking coal, resulting in unstable prices," said the report.

By the ministry's estimate, Việt Nam needs to import around 18 million tonnes of ore, 6-6.5 tonnes of scrap and 6.5 million tonnes of coking coal this year. As prices for said materials remained high, the steel price is expected to climb, hurting both domestic consumption and exports.

The ministry said the development of Việt Nam's steel industry remained a key component in the country's industrialisation effort as a large number of industries including shipbuilding, manufacturing, defence hardware, mining and energy are highly dependent on quality steel.

By 2030, Việt Nam's total demand for steel was projected to reach over US\$310 billion, of which automobiles alone account for \$120 billion, industrial construction \$120 billion, railways \$35 billion and subways \$10 billion, among others.

Despite its key role in the country's socio-economic development effort, the industry has not received adequate support, especially from a policy standpoint, due to a lack of tailored and streamlined policies to support its growth, said minister of industry and trade Nguyễn Hồng Diên.

Diên called for stronger government support for the sustainable and stable development of the industry as well as the country's metallurgy sector with a focus on increasing production of hot-rolled coil, high-quality steel and the establishment of steel megacomplexes.

6. Large foreign firms interested in Việt Nam's offshore wind power industry

Some major businesses from Denmark and Norway have expressed an interest in developing offshore wind power during recent meetings with officials of the Ministry of Industry and Trade (MoIT).

At the 26th United Nations Conference on Climate Change (COP26) held in the UK last November, Việt Nam committed to achieve net zero emissions by 2050.

Talking to Danish Chargé d'Affaires, a.i. Troels Jakobsen and Executive Vice President and CEO of the Orsted group Martin Neubert last week, Minister Nguyễn Hồng Diên said offshore wind power development was highly significant since it could be combined with the realisation of socio-economic growth, energy security, and industrialisation targets towards low-carbon emissions and net zero emissions by 2050.

He expressed his hope that Orsted, which is the world's biggest offshore wind power developer, would share its experience in this field so as to help Việt Nam carry out effective energy transition projects that suit local development demand.

Neubert said his group viewed Việt Nam as a new and also important market. It opened an office in the country in December 2020 with the hope of making more concrete contributions to the formation of an offshore wind power industry in Việt Nam.

The firm was building a plan on launching the industry in Việt Nam through two projects it was implementing in co-ordination with T&T Group, he went on, noting that through its concrete activities and objectives, Orsted hopes to accompany the Vietnamese Government during the realisation of the COP26 commitments.

Equinor, a large energy business of Norway, also showed its attention to the local sector.

Addressing a working session with Deputy Minister Đặng Hoàng An, an Equinor official said it had opened a representative office in Hà Nội, which affirmed Norway's readiness and determination to contribute to Việt Nam's offshore wind power development, green transition, and implementation of the commitments in the Paris Agreement on climate change and at COP26.

Equinor recently co-operated with the MoIT to study the development of an offshore wind power supply chain. This study's results were handed over to the MoIT in October 2021.

In March 2021, it also signed a memorandum of understanding with the Việt Nam Oil and Gas Group (PetroVietnam) to assess the feasibility of cooperation in developing offshore wind power and renewable energy.

In the draft National Power Development Plan VIII, Việt Nam looks to develop 16,121 MW of onshore and inshore wind power, along with about 7,000 MW of offshore by 2030. Wind power is set to make up 15.8 per cent of the capacity of the electricity generation system, including 4.8 per cent from offshore wind power.

7. HCM City businesses hope government will help revival

HCM City businesses are seeking assistance from authorities to revive production and overcome problems such as lack of workers and high raw material costs.

Đào Quốc Cường, permanent director of sewing machine manufacturer Juki Co Ltd has asked for help in finding workers.

The number of workers who quit after Tết in 2021 and 2022 was double that in the period before COVID-19 began, he said.

The company is struggling to replace them even as it keeps getting numerous orders.

Hồ Uyên, public relations director of Intel Việt Nam and Malaysia, said the National Assembly Standing Committee had issued a resolution to increase workers' monthly overtime cap from 40 hours to 60 hours to help businesses struggling to sustain production post-COVID.

However, this would be valid only until the end of 2022, and foreign businesses were asking the city to apply it after 2022 too, she said.

Phạm Phú Trường, chairman of the HCM City Young Entrepreneurs Association, said in addition to issuing support policies and packages, the city should also make sure it reaches businesses quickly.

The city should also provide financial aid for businesses seeking to make the digital transformation to encourage them to do it, he said.

Lý Kim Chi, chairwoman of the HCM City Food and Foodstuff Association, said the city should help businesses expand their supplier and customer bases by organising events to bring them together in other provinces.

The city should also focus on investing in transport works to improve connectivity, she said.

"HCM City can carry out trade facilitation programmes with foreign countries. COVID-19 has increased food import demand in many countries."

Nguyễn Thị Kim Ngọc, deputy director of the city Department of Trade, said there were policies in place to restore supply chains, stimulate demand and facilitate trade.

At the start of the year HCM City launched a programme to facilitate socio-economic recovery and development for 2022-25, she said.

Nguyễn Văn Lâm, deputy director of the Department of Labour, War Invalids and Social Affairs, said the department's 127 job centres were focusing on introducing skilled workers to businesses.

Since the start of the year it had consulted and helped over 16,000 people find jobs, he said.

Nguyễn Đức Lệnh, deputy director of the State Bank of Việt Nam's HCM City branch, said for 2022 there was a VNĐ424 trillion (US\$18.39 billion) credit

support package for businesses, and VNĐ40 trillion was disbursed in the first four months.

Businesses in HCM City are grappling with COVID-related problems and also the recent challenges brought by the Russian-Ukraine conflict and China's tough COVID-19 policies.

Corporate News

8. HPG: Hòa Phát Group achieves VNĐ8.2 trillion (US\$356 million) after-tax profit in Q1

↑ 2.88%

Hòa Phát Group achieved VNĐ44.4 trillion in revenue, up 41 per cent over the same period last year while its after-tax profit posted 17 per cent year-on-year increase to VNĐ8.2 trillion in the first quarter of the year.

Its steel production and related products contributed 90 per cent to the group's overall results.

The group produced 2.16 million tonnes of crude steel in the three month period, increasing 8 per cent over the same period last year. Sales volume of finished construction steel, steel billet and hot rolled coil (HRC) reached 2.17 million tonnes, representing 12 per cent year-on-year increase. In which, finished construction steel was 1.34 million tonnes, up 57 per cent over the corresponding period last year. Its hot-rolled coil in the first three

months of the year reached 763,000 tonnes, up 15 per cent over the same period in 2021. HRC downstream products such as steel pipes and galvanized steel were 207,000 tonnes and 105,000 tonnes, respectively, an increase of 13 per cent and 43 per cent over the same period in 2021.

In the agricultural sector, Hòa Phát maintains an appropriate output level, saving costs in order to optimise costs when input material prices were on the rise. In the field of real estate, its industrial parks such as Phố Nối A and Yên Mỹ II continue to be expanded. The occupancy rate reaches 100 per cent of the areas which were invested in technical infrastructure. The group also actively researched and implemented a number of urban real estate projects with high liquidity in a number of provinces and cities.

9. PDR: Increasing charter capital

↑ 4.38%

The Board resolution dated May 04, 2022, the BOD of Phat Dat Real Estate Development Corp approved the following issues:

Article 1: Approved the result of stock issuance for dividend payment:

1. Stock name: Phat Dat Real Estate Development Corp
2. Stock type: common share
3. Par value: 10,000 dongs/share
4. Number of distributed shares: 178,874,303 shares
5. Number of distributed shareholders: 3,837 shareholders

1. Total shares after the issuance (April 28, 2022): 671,646,219 shares; Of which:

- Number of outstanding shares: 671,646,219 shares

- Number of treasury shares: 0 share

1. Charter capital after the issuance: VNĐ4,431,562,050,000.

Article 2: Approved the increase of the company's charter capital from VNĐ4,927,719,160,000 to VNĐ6,716,462,190,000.

Article 3: Approved the amendment of the Company's charter with new charter capital of VNĐ6,716,462,190,000, equivalent to 671,646,219 shares.

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