



VIETNAM DAILY NEWS



May 12th, 2022

Table of content

Table of content

1. Shares advance second day on low liquidity
2. FDI – bright spot of Việt Nam’s economy amid COVID-19
3. Retail investors’ stock accounts go past 5 mln milestone
4. Việt Nam eyes cooperation with US to develop healthy stock market
5. Gasoline prices surge 5 pct to historic peak
6. Real estate market needs diversified capital raising channels to ensure development
7. Lending rates set to be stable despite deposit rate surge
8. VHC: VHC announces better results, offers treasury shares
9. ASM: Sao Mai Group expects revenue growth of up to 45 pct

Market Analysis

1. Shares advance second day on low liquidity

Shares advanced for a second day but liquidity fell to a low level, showing investors' caution about the market outlook.

On the Hồ Chí Minh Stock Exchange, the VN-Index increased 0.62 per cent to close Wednesday at 1,301.53 points. The southern market's index rose nearly 2 per cent on the previous day.

Meanwhile, the HNX-Index on the Hà Nội Stock Exchange grew 0.92 per cent to end at 333.04 points. The northern market's index leapt more than 2 per cent on Tuesday.

Overall market breadth was positive with 18 of 25 stock groups gaining value, of which information communication technology (ICT), construction and ancillary production were the biggest gainers with average growth of 3.1 per cent, 2.9 per cent and 2.4 per cent, respectively.

FPT Corp (FPT), Investment and Industrial Development Corp (BCM), Vinhomes (VHM), Refrigeration Electrical Engineering Corp (REE), Development Investment Corp (DIG) and Vincom Retail (VRE) were also among the top shares lifting the VN-Index.

The banking sector – the market thermometer – also performed well with 13 of the total 20 listed banks posting gains. Eximbank (EIB) hit the ceiling of a 7-per-cent growth while bigger banks such as Vietinbank (CTG), BIDV (BID), Military Bank (MBB) and Asia Commercial Bank (ACB) increased between 1.7-6 per cent each.

Seafood and food-beverage stocks fell, however, with the three biggest shares by market capitalisation – Masan Group (MSN), Vinamilk (VNM) and Sabeco (SAB) – dropping 3.6 per cent, 1.6 per cent and 0.9 per cent, respectively.

Liquidity continued to decline as just 468 million shares worth VNĐ12.6 trillion changed hands in the two markets, down more than 30 per cent in both volume and value compared to Tuesday's levels.

“The market's downtrend was tamed before the vital support area of 1,230 points of the VN-Index and reversed. However, we think this improvement is not great because the volume just stopped at the average of 20 sessions, and there was a divergence with many stocks that could not recover,” said Phương Nguyễn, a stock analyst at Viet Dragon Securities Co.

Phương said the market may continue the recovery but will re-test the supply and demand pressure. Therefore, investors should slow down to observe the market and temporarily take advantage of this recovery to restructure their portfolio to minimise risk in stocks that are under great selling pressure.

Foreign traders remained net sellers on HCM City's bourse but their sales slowed down to a net value of VNĐ95 billion on Wednesday. They were net buyers on Hà Nội's exchange, responsible for a net buy value of nearly VNĐ4 billion.

Macro & Policies

2. FDI – bright spot of Việt Nam’s economy amid COVID-19

Foreign investment is the silver lining in Việt Nam's economic picture amid the adverse impacts of the COVID-19 pandemic on the national and global economy, said President of the Việt Nam Association of Foreign Invested Enterprises (VAFIE).

VAFIE released an annual report on foreign investment in Việt Nam last year at a meeting in Hà Nội on Tuesday.

The report was made with the co-operation of KPMG Vietnam that provides independent audit services and the support of the Foreign Investment Agency under the Ministry of Planning and Investment, Fiiin Group and some economists, according to VAFIE Deputy Chairman Nguyễn Anh Tuấn.

The 250-page report, in both Vietnamese and English, is expected to be useful for policy-making agencies, research and training institutions, FDI firms and international investors, he said.

Mại, however, pointed out outstanding problems during the attraction and use of FDI such as the modest number of high-tech projects from the US and Europe. Besides, contributions to the State budget of many FDI enterprises did not match their investment scale and the incentives they are entitled to. The structure of FDI in terms of regions and

localities remains unbalanced, and too few businesses established research and development (R&D) centres.

Noting that the Politburo issued Resolution No 50-NQ/TW dated August 20, 2019 on orientations to consolidate institutions and policies in order to raise the quality and efficiency of foreign investment by 2030, Mại said the VAFIE realised the need for a report on FDI in Việt Nam, hence the release of the report.

According to VAFIE, since the National Assembly passed the Law on Foreign Investment in Việt Nam in 1987, the foreign-invested economic sector has continuously developed, significantly contributing to national economic growth and growth model reform towards industrialisation and modernisation, accelerating Việt Nam's international economic integration and improving its position in the world.

The FDI sector now accounts for around 25 per cent of total social investment, 55 per cent of total industrial production value in Việt Nam, and more than 70 per cent of the country's export revenue.

It has generated direct jobs for 4.6 million people or more than 7 per cent of the country's workforce, and indirectly created jobs for millions of others.

3. Retail investors' stock accounts go past 5 mln milestone

The number of retail securities trading accounts exceeded the five-million mark last month.

Over 230,000 new accounts were opened in April, the second highest monthly figure ever, though the VN-Index was heading downward.

The number of retail accounts was equivalent to 5.24 percent of the country's population at the end of last year, according to the General Statistics Office.

The government targeted having 5 percent of the population investing in stocks by 2025. In Thailand,

the figure is 8 percent while in Taiwan it is 93 percent.

Stock brokerages said over the last year retail investors had the greatest impact on the stock market by accounting for over 80 percent of trading.

But they ended four consecutive months of buying by selling VND4.68 trillion worth of stocks last month, with institutional investors taking up the slack.

RongViet Securities Corporation expects retail investors to start buying again this month as most companies have released their earning figures.

The VN-Index has lost nearly 14 percent this year.

4. Việt Nam eyes cooperation with US to develop healthy stock market

Việt Nam expects the US will share its experience in developing the financial market in a healthy, safe and transparent manner, contributing to macro-economic stability, Prime Minister Phạm Minh Chính told the US Secretary of the Treasury Janet Yellen on Wednesday during his visit to the country.

economic development, handling global challenges, including energy transition, and fulfilling commitments at COP26.

He also suggested that the US side cooperate with Việt Nam to build regional economic mechanisms and stabilise trade relations and supply chains.

On the basis of the comprehensive partnership between Việt Nam and the US, cooperation between the two countries in economy, trade, finance and currency has made positive progress, PM Chính said at a meeting with Secretary Yellen while he is in the US attending the US-ASEAN summit at the invitation of US President Joe Biden.

He said he hoped the US would share its experience in developing the financial market, especially the stock market, and the real estate market in a healthy, safe and transparent manner, contributing to macro-economic stability.

He emphasised that Việt Nam wishes to build an independent and self-reliant economy with sustainable development and deep integration, adding that stabilising the macro-economy plays a very important role.

US Secretary of the Treasury Yelle affirmed that the US is willing to deepen economic-trade-investment relations between the two countries, including cooperation in banking and finance.

PM Chính thanked the US for cooperation and support in managing and stabilising the foreign exchange market, contributing to Việt Nam's macro stability.

She said she highly appreciated Việt Nam's flexible exchange rate management and its consistency in pursuing the goal of controlling inflation and stabilising the macro-economy.

He also mentioned the complex impacts on economies of global fluctuations such as strategic competition, pandemic, climate change, conflict and economic development and armed conflicts.

Secretary Yelle affirmed that, through global and regional financial institutions, the US will coordinate with developed countries to support developing countries, including Việt Nam, in order to develop infrastructure, respond to infectious disease, support the energy transition and commit to combating climate change.

In responses to these issues, he noted, it is necessary to uphold internationalism and multilateralism with a balanced and just approach.

She added that the US is willing to share experiences and support Việt Nam in building capacity and mechanisms to effectively develop capital and real estate markets.

PM Chính added that each country needs to build an independent and self-reliant economy derived from its own internal resources and strengths.

The Vietnamese leader proposed that the US Government and US Department of the Treasury closely support and cooperate with Việt Nam in

5. Gasoline prices surge 5 pct to historic peak

Vietnam gasoline prices scaled a new record Wednesday after authorities adjusted them upward for the fourth time in a row.

The price of popular gasoline RON 95 and biofuel E5 RON 92 both rose 5.4 percent to VND29,980 and VND28,950, respectively. (\$1 = VND23,000)

Kerosine and diesel also cost 4.2 and 5.3 percent more, while that of mazut stayed unchanged.

The price of most premium RON 95-V even topped VND30,580 a liter.

Gasoline prices dropped between March and April 12 as authorities halved environment tax to VND2,000.

But it has been raised for four consecutive times since, surpassing the previous peak reached last March.

The Ministry of Industry and Trade and the Ministry of Finance, which are responsible for regulating gas prices, have attributed the increase in domestic prices to the uncertain prospect of the Russia-Ukraine conflict, the EU's embargo on Russian oil, and OPEC's refusal to increase its output.

Prices of gasoline on the global market have surged by over 8 percent from last week.

6. Real estate market needs diversified capital raising channels to ensure development

It is necessary to diversify capital sources for the real estate market to reduce dependence on banking credit while the credit flow should be directed to target segments to ensure healthy market development, experts have said.

According to the Việt Nam Real Estate Association, the real estate market contributed around 14 percent to the country's gross domestic product (GDP) in the 2019-21 period and had a spillover effect on about 40 other important economic sectors.

Doãn Hồng Nhung from the Việt Nam National University, Hà Nội, said that in developed countries, every US\$1 increase in real estate investment would promote other economic sectors by \$1.5-2.

However, the capital source for the property market remained largely dependent on banking credit, Việt Nam Real Estate Association's Deputy President Phạm Nguyễn Toàn said.

Đặng Hùng Võ, former Deputy Minister of Natural Resources and Environment, said that the market was falling into a supply and demand imbalance with limited supply but increasing demand.

The real demand for housing was huge, plus many flocked to invest in real estate to earn profit, Võ said, urging caution on the possibility of a land price fever and control on capital raising for the real estate sector.

The central bank's move to tighten credit flow into real estate was considered a solution to limit speculation, ensure market transparency and prevent a market bubble, General Secretary of the Việt Nam Banking Association Nguyễn Quốc Hùng said.

"Tightening credit is necessary to ensure healthy market development and reduce threats to the economy, especially in the context of hot market development in recent years when most investors used financial leverage," Hùng said.

However, this policy was making it difficult for home buyers and developers who had real demand for capital to access loans from banks, he said, adding that priority should be given to diversifying channels and improving mechanisms to raise capital for the real estate market.

Lê Xuân Sang, Deputy Director of the Việt Nam Institute of Economics, said that developing the capital sources for the real estate market should focus on improving the existing channels such as banking credit and corporate bond issuance while promoting new channels such as real estate investment trust (REIT).

Sang, however, said that the credit and corporate bond issuance should not be tightened immediately but depend on each segment to raise appropriate regulations to prevent triggering large-scale market fear.

He said it was important to make information about corporate issuance and banking loans for the real estate sector transparent to prevent rumours which might heavily affect the market.

Economic expert Đinh Trọng Thịnh said that the credit flow should be directed to affordable homes, especially social housing projects and housing projects for workers to meet the demand for urbanisation and attract labour for key industrial and economic zones.

Lending should be prioritised for buyers who had not owned a home and for developers who had good

capacity and are capable of bringing products to the market quickly, Thịnh said.

According to Ngô Trí Long, former Director of the Ministry of Finance’s Price and Market Research Institute, it is necessary to implement a set of solutions to improve the capital sources for the real estate market.

The State Bank of Việt Nam and credit institutions must ensure stable overall credit growth and quality of credit into the real estate sector.

On the other side, the Government should study the legal framework for non-bank institutions such as real estate investment funds and real estate investment trusts, Long said.

The tightening of corporate bonds should be done with a roadmap, slowly and step by step, Long said, stressing that if the brakes were put on too suddenly, it would cause shocks to the market and risks to the overall economy.

It was necessary to encourage good companies to issue bonds and consider this an important medium-term and long-term capital raising channel to reduce pressure on the banking system, Long said.

7. Lending rates set to be stable despite deposit rate surge

Though deposit interest rates have increased significantly this year, experts forecast lending rates will remain relatively stable to support economic recovery.

Finance and banking expert Dr Đinh Trọng Thịnh told Việt Nam News that to attract idle money, many banks have increased deposit interest rates significantly over the last year to compete against other more attractive investment channels such as real estate, bonds and stocks.

Currently, some banks are even listing the deposit interest rate at more than 7 per cent per year, compared with the highest rate of around 6 per cent last year.

Saigon Commercial Joint Stock Bank (SCB), for example, is applying online deposit interest rate of

up to 7.35 per cent per year for terms from 18-36 months, while the rate at Nam Á Commercial Joint Stock Bank (Nam A Bank) is 7.4 per cent for 16-36 month deposits.

“However, I expect the lending rate rise this year will be modest as the Government has planned to keep interest rates stable to support the production and business after the pandemic,” Thịnh said.

“The Government’s interest rate incentive programmes will also help minimise the rise.”

The State Bank of Việt Nam (SBV) is implementing an interest rate incentive package worth VNĐ3 trillion for COVID-19 hit enterprises.

In addition, the Government has planned to expand the scale of the package to VNĐ40 trillion, focusing

on small- and medium-sized enterprises; enterprises participating in several key projects; and enterprises in the tourism, aviation and transportation industries.

Analysts from VNDirect Securities Company expect the interest rate incentive package can help reduce the average lending interest rate by 20-40 basis points in 2022.

However, it noted that the actual impact of the interest rate cut from the package on enterprises and the economy could be lower if commercial banks increase lending rates on other conventional loans to offset the increase in deposit interest rates.

Thịnh also forecast the SBV would keep the policy interest rate unchanged this year to help commercial banks keep their lending interest rates stable.

Echoing Thịnh, chief economist of Joint Stock Commercial Bank for Investment and Development of Việt Nam (BIDV) Cấn Văn Lực said while people with idle money want to change their investment channels and inflationary pressure is rising, many banks have to increase saving interest rates to lure depositors.

However, it will be difficult for lending interest rates to increase because the banking sector has to support the economy according to the economic recovery programme that the National Assembly and the Government have approved, Lực said.

Finance expert Huỳnh Trung Minh said the SBV had required banks to reduce lending interest rates by about 0.5-1 percentage points to continually support individuals and firms to restore production and business after the pandemic.

Therefore, though an increase in deposit interest rates in the last three months will affect lending rates, it will be insignificant as the SBV is doing well in controlling interest rates.

Industry insiders admitted though deposit rates have increased at many banks recently, lending rates will be stable.

Nguyễn Đình Tùng, general director of Orient Commercial Joint Stock Bank (OCB), said while deposit interest rates increased, lending interest rates for firms can decrease by 0.2-0.5 percentage points, depending on the situation of each firm.

Despite deposit interest rate hikes, banks still have to cut lending rates to attract borrowers as the competition among banks is high, Tùng said, adding that the OCB has to accept this ‘game’.

“We are trying our best to lower lending interest rates for our customers through reducing capital costs and diversifying input capital sources,” Tùng said.

According to Nguyễn Đức Lệnh, deputy director of the SBV’s HCM City branch, by the end of April 2022, outstanding loans in HCM City reached more than VNĐ3 trillion, an increase of about 7 per cent compared to the end of last year.

This is the highest growth rate compared to the same period in many years. The surge was mainly due to rising capital demand for production and business of enterprises thanks to a rapid economic recovery in HCM City.

To aid businesses, the SBV’s HCM City branch has recently issued a written request to HCM City-based banks to keep lending interest rates unchanged for firms that participate in the city’s price and market stabilisation programmes, Lệnh said.

Corporate News

8. VHC: VHC announces better results, offers treasury shares

↓ -0.98%

Vinh Hoàn Company (VHC) announced net revenue of VNĐ3.268 trillion (more than US\$142 million), up 83 per cent over the same period last year. It also recorded profit after tax of VNĐ548 billion, 4.2 times higher.

Last week, VHC announced the sale of more than 1.4 million treasury shares to increase working capital for production and business activities not more than 30 days from the date of transaction execution. According to the financial report, these shares are worth VNĐ114 billion on the local exchange.

VHC shares witnessed a strong uptrend in the first four months of the year from VNĐ62,800 each to VNĐ104,000 each.

At the end of the trading session on April 5, the price was 2.9 times higher than a year ago. At this year's annual shareholder meeting, the pangasius

producer and exporter approved a revenue plan of VNĐ13 trillion and profit after tax of VNĐ1.6 trillion for 2022, up 44 per cent and 46 per cent respectively compared to 2021. The dividend plan would include 20 per cent in cash and 20 per cent in shares.

Trương Tuyết Hoa, a member of the board, said the profit plan increased as the demand in the first months was good, the orders received were high, and the situation was positive with better sales at supermarkets.

Hoa said the results of Q1 fulfilled 24.6 per cent of the annual revenue plan and 34.5 per cent of the year's profit after tax plan.

Last year, VCH recorded revenue of more than VNĐ9 trillion, exceeding 5 per cent of the plan and increasing by 26.3 per cent compared to 2020.

9. ASM: Sao Mai Group expects revenue growth of up to 45 pct

↓ -1.34%

Sao Mai Group, a seafood export firm, has set a net revenue target for 2022 at VNĐ8,300 billion, a year-on-year increase of 45 per cent.

At the 2022 annual general meeting of shareholders, the firm said it also aims for VNĐ900 billion in profit after tax, 6.3 times higher than the previous year.

A representative of the company's board of directors said the global demand for food in the first months of the year was positive, causing the pangasius export price to set new peaks with high density, with several markets locking in prices above \$6 per kilogram, the highest level ever.

By the end of the first quarter of 2022, the company achieved more than VNĐ1,000 billion in revenue and VNĐ201 billion in after-tax profit, setting a quarterly profit record for the company.

After the Lunar New Year holiday, the price of raw pangasius soared to approximately VNĐ34,000 per kilogram, about to reach the milestone of VNĐ35,000 per kilogram or even VNĐ40,000 per kilogram, helping businesses win big from the difference in two stages.

A representative of the board of directors said, during Covid-19 pandemic, the company actively took the opportunity to increase stockpiles at reasonable prices. Thanks to a system of three modern cold storages, it has saved thousands of billions of dollars, with the price of less than VNĐ20,000 per kilogram creating opportunities to make big profits as fish prices rise against limited supply.

"The ideal source of defensive goods is the driving force for businesses to implement appropriate

business strategies at all times," the representative said.

"Europe will become the bright spot of Vietnam's pangasius industry in the near future. Canada, although newly exploited, will also become a potential market. The U.S. is the company's

traditional market, in the segment of high-end product lines, which has always maintained growth over the years," he added.

Since 2010, the company has opened up the Chinese market. Mexico, Colombia and Brazil are the company's largest South American markets.

Research Team: **Tsugami Shoji** *Researcher* jsi@japan-sec.vn

Disclaimer:

Copyright 2015 Japan Securities Co., Ltd (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.

Japan Securities Co., Ltd – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn