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Market Analysis

1. Market falls deeply, VN-Index loses 63 points

The stock market finished lower on Thursday, reversing its previous course due to a strong sell-off with many large-cap stocks hitting floor prices.

On the Hồ Chí Minh Stock Exchange (HoSE), the market benchmark VN-Index plunged below the threshold of 1,300 points again as the demand force was not strong enough to support the index. It closed the trade at 1,238.84 points, down 62.69 points, or 4.82 per cent.

The benchmark gained a total 31.91 points in the last two sessions.

The market's breadth was negative as 424 stocks declined, of which 164 stocks registered the maximum daily loss of 7 per cent, while only 39 stocks climbed. However, liquidity increased sharply compared to the previous trade, with nearly VNĐ15.8 trillion (US\$683 million) worth of shares, equal to a trading volume of nearly 558 million stocks, traded on HoSE.

The bearish trend was due to the return of selling pressure as the market is short of positive news. Pillar stocks faced a strong sell-off from the beginning of the trade, with the VN30-Index dropping more than 70 points, or 5.19 per cent, to 1,279.76 points.

Twenty-nine of the 30 biggest stocks in the VN30 basket slid, of which 11 stocks hit floor prices, while only one stock rose.

Data compiled by vietstock.vn showed that bank stocks led the fall with Vietcombank (VCB) and BIDV (BID) taking the first and second places, respectively, in the top five stocks influencing the market's downtrend. Accordingly, VCB shares dropped by 3.75 per cent, while BID hit the maximum intraday loss of 7 per cent.

The benchmark also was weighed by the losses of Masan Group (MSN), Hoà Phát Group (HPG), VBPank (VBP), Techcombank (TCB), Vietinbank (CTG) and Vinhomes (VHM). These stocks decreased by at least 2.27 per cent.

The HNX-Index on the Hà Nội Stock Exchange (HNX) also inched down yesterday, ending its two-day rally. The northern bourse's benchmark index plummeted 17.52 points, or 5.26 per cent, to 315.52 points.

Investors poured over VNĐ1.6 trillion into HNX, equivalent to a trading volume of more than 74.1 million shares.

Meanwhile, foreign investors were net sellers on both main exchanges after selling a net value of VNĐ113.41 billion. Of which, they net sold VNĐ107.52 billion on the southern market, and VNĐ5.89 billion on HNX.

Macro & Policies

2. Việt Nam sees economic ties with US as driver for stronger partnership: Prime Minister

The Government of Việt Nam views the economic, trade, investment and financial relations with the US as a strong driver for the bilateral comprehensive partnership, Prime Minister Phạm Minh Chính told US Trade Representative Katherine Tai in their Washington DC meeting on May 12 morning (US time).

PM Chính welcomed the US' support for a strong, independent and prosperous Việt Nam, saying the country is pursuing a foreign policy of independence, self-reliance, multilateralisation, and diversification of international relations.

Việt Nam considers the US one of its top partners, the PM said, adding that together with the US, the country wants to deepen the bilateral comprehensive partnership and make it more practical and stable in the long term, on the basis of respecting each other's independence, sovereignty, territorial integrity and political system, contributing to the global and regional peace, stability, cooperation and development.

He went on to say that Việt Nam's economy is growing strong as it has entered the post-pandemic "new normal" phase thanks in part to the international donation of COVID-19 vaccines, a large volume of which came from the US via the COVAX Facility.

He expected enterprises of both countries will further enhance cooperation based on the harmony of interests and the sharing of risks and affirmed that Việt Nam will continue developing an independent economy; deepening international economic integration; and promoting a selective investment policy, advanced technology, digital economy, renewable energy and diversification of supply chains.

The Vietnamese leader also highly spoke of the Office of the US Trade Representative's efforts in accelerating trade between the two countries and resolving issues to prevent disruptions.

He expressed his delight at the growth of the bilateral economic-trade relations, noting that the US's exports to Việt Nam reached US\$15.3 billion in 2021, up 11.7 per cent from the previous year, making Việt Nam one of the US's leading trade partners in Southeast Asia.

He also welcomed the Office of the US Trade Representative's attention to Việt Nam's concern over anti-dumping investigations on goods originating from Việt Nam and looked forward to the US's effective cooperation regarding this matter.

Việt Nam hopes the US will facilitate Vietnamese exports and is ready to discuss any possible concerns, Chính said.

US Trade Representative Tai reiterated that the US will continue supporting Việt Nam's recovery post-COVID-19. She also highly valued the PM's visit to the US, saying it marks a milestone for further strengthening the comprehensive partnership between the two countries.

She appreciated Việt Nam's commitments in its action plan as well as the effective operation of working groups in wood and monetary issues, saying she expects the two countries can foster the economic, trade, investment and financial relations more strongly and maintain a stable framework of trade and investment towards sustainable trade balance.

3. PM Chính meets US business community

Cooperation activities between Việt Nam and the US continue to develop strongly in all fields, particularly

in investment and finance, with businesses of the two countries playing a very important role, said Prime Minister Phạm Minh Chính.

He was speaking during a meeting with the US business community in Washington DC on May 12 (US time), as part of the Vietnamese leader's trip to the US.

The meeting was held by the US-ASEAN Business Council and the US Chamber of Commerce.

PM Chính affirmed that Việt Nam always considers the US as a leading, important partner.

He said the impressive growth of bilateral trade of between 17-20 per cent a year proves that there remains ample room for economic development between the two countries.

Việt Nam is the ninth largest trading partner of the US. Two-way trade turnover between the two countries in 2021 reached nearly US\$112 billion in spite of difficulties caused by the COVID-19 pandemic, the PM said.

PM Chính added that Việt Nam is focusing on technology renovation, digital transformation and diversification of the supply chain.

The economies of Việt Nam and the US have much potential and strengths that can support each other. On that basis, there are many things that the two countries need to do to benefit people and businesses.

PM Chính said the world is undergoing many changes with opportunities, advantages and challenges intertwining.

Việt Nam is currently implementing the policy of safe and flexible adaptation and effective control of the pandemic, gaining a positive change from a negative economic growth rate in the third quarter of 2021 to a positive growth rate of more than 5 per cent in the first quarter of 2022.

The macro economy is stabilised and major balances are guaranteed and although the capital market meets difficulties it is still seeing positive growth.

The PM also spoke of how Việt Nam is focusing on infrastructure development, particularly strategic

transport infrastructure, climate change prevention, digital transformation, pandemic prevention and control, healthcare and education infrastructure and administrative reform.

Việt Nam was named among the world's top 20 host economies for foreign direct investment, according to UN Conference on Trade and Development (UNCTAD), the PM said, adding that with support from international friends, the country aims to become a developing country with developed industry by 2025, a developed country with modern industry and upper middle income by 2030 and a high income country by 2045.

In order to fulfil the targets, Việt Nam continues to build an independent, self-reliant, proactive and active economy with practical and effective international integration, the PM said, adding that Việt Nam wants the US and other important partners, particularly US businesses, to support the country in this issue.

He reiterated Việt Nam's foreign policy of independence, self-reliance, diversification and multilateralisation, for peace, friendship, cooperation and development; and being a trustworthy partner and an active and responsible member of the international community.

"I am willing to hold dialogue with anyone in the world about the economy of Việt Nam, about the democracy and human rights in Việt Nam," he said.

At the meeting, USABC President and CEO Ted Osius said Việt Nam creates conditions for the US business community to invest and do business in the country.

US businesses consider Việt Nam as a strategic market so they pay special attention to the development of Việt Nam, particularly in digital transformation, green transformation and strategic infrastructure development, he added.

Katherine Tai, US Trade Representative (USTR), affirmed that Việt Nam is one of largest trading partner of the US in ASEAN.

She said the USTR pays attention to creating a sustainable agriculture system basing on science and effective management; digital economy development; and support small- and medium-sized businesses. Therefore, the USTR wants to cooperate

with Việt Nam in this field to help promote trade relations between the two countries.

At the meeting, PM Chính answered questions from US businesses about issues relating to digital transformation, pandemic prevention and implementation of COP26 commitments. He said Việt Nam is strongly implementing all of these issues and proposed the US support Việt Nam in building mechanisms, science technology, finance and human resources training.

Regarding the Indo-Pacific economic framework, PM Chính affirmed that Việt Nam is willing to work

with the US in analysing, evaluating, clarifying and concretising its contents such as supply chains, digital transformation, climate change adaptation and other issues relating to tax and labour in order to cooperate for the benefits of the people of the two countries and for peace, cooperation and development in the region and the world.

Representatives from the US businesses said that Việt Nam is an important partner in ASEAN and they will closely coordinate with Vietnamese businesses and authorities to boost investment efficiency. They also committed long-term investment in Việt Nam.

4. Shipping industry profits continue to rise on surging demand

High demand and tariffs continued to drive profits of shipping companies in the first quarter.

State-owned Vietnam Maritime Corporation doubled its profits to VND688.9 billion (US\$29.8 million) in the period, while its subsidiary Vinaship said profits rose to VND40.2 billion from VND3.2 billion in the same period last year.

The country's largest private player, Gemadept, reported an 86 percent increase in profits to VND319.2 billion, while the second largest, Hai An Transport and Stevedoring, tripled its profits to VND262.7 billion.

Gemadept expects full-year profits to rise by 24 percent to VND1 trillion, and Hai An by 23 percent to VND550 billion.

Vinaship said demand has been rising since Tet, the Lunar New Year, in February.

The Baltic Dry Index, a general shipping market bellwether, has seen a near doubling since, scaling a five-month high of 2,939 points as of Wednesday afternoon.

Total cargo volume passing through Vietnam's ports in the first quarter was estimated at 179.6 million tons, up 4 percent, according to the Vietnam Maritime Administration.

Shipping firms' profits were also helped by soaring freight rates. The cost of transporting a container to the U.S. now is \$12,000-22,000, double the tariff last July.

Domestic rates and cargo ship rents also jumped in the first three months, Hai An added.

BIDV Securities said the Vietnam shipping industry has wind in its sails due to the continuing lockdown in China's major cities.

As a key player in international trade, China's reduced capacity and congestion at its ports could lead to further freight hikes, benefiting Vietnamese firms, it said.

On the stock market Wednesday Gemadept closed at VND56,000, a 40 percent rise since January, and Hai An at VND83,400, up 77 percent.

5. Agro, fishery exports see double-digit growth

Export earnings from some agricultural and fishery products rose by double digits in the first four months as their prices reached record levels.

They included items like coffee, shrimp, shark catfish, and black pepper, according to a report by Agrottrade Vietnam.

Coffee exports led, with shipments of 752,000 tons fetching US\$1.68 billion, up 28.4 percent in volume but 59.4 percent in value as average prices jumped by 25 percent.

It was followed by shrimp and catfish, whose exports rose by 38.6 percent to \$1.34 billion and 89.4 percent to \$894 million.

Global prices have been scaling new peaks in recent months, driving export value, the Vietnam Association of Seafood Exporters and Producers said.

Frozen pangasius filet, for example, topped \$4.5 a kilogram, surpassing the previous peak reached in 2019.

Black pepper exports fell by 15.5 percent year-on-year in volume terms, but increased by around 30 percent in value to \$367 million as global prices jumped by 59.6 percent to \$4,664 a ton.

Agrotrade Vietnam forecast the prices of those items to rise further on high demand, especially in China and the U.S.

China has stepped up seafood imports following lockdowns in many cities, which have disrupted fishing activities.

Coffee prices are expected to rise due to falling supply, with the U.S. Department of Agriculture saying global output will decline by 4.8 percent this year.

6. Securities firms diversify capital sources for expansion

Capital mobilisation plans are now the centre of attention at the 2022 general meeting of shareholders of securities companies, with diversified fundraising channels.

At the Annual General Meeting of Shareholders, Nguyễn Vũ Long, Acting General Director of VNDirect Securities Corporation, said that the firm is discussing with a partner providing international long-term bond issuance services, with an expected capital raising from the mobilisation of US\$300 million, divided into one or two phases.

According to the VNDirect leader, this is a channel to raise capital that securities companies in Việt Nam have not yet applied.

In 2021, VNDirect took initial steps to successfully attract foreign cash flows, with a total limit of syndicated loans from many foreign financial institutions being \$200 million.

Money raised from the mobilisation has been 100 per cent hedged against exchange rate risk, the company added.

Since 2019, SSI Securities Corporation has also implemented mobilising foreign loans. It accessed \$267.5 million worth of unsecured loans in 2021 alone and has completed one more unsecured loan

agreement of \$148 million from a foreign financial institutions group on April 4.

However, not many securities companies have approached this mobilisation channel, apart from some large-cap companies and securities groups. Securities firms are now heavily dependent on loans from domestic banks and private bond issuance.

According to statistics from 30 securities companies, the value of capital mobilised from the bond channel at the end of 2021 reached over VNĐ21 trillion, 2.35 times higher than in 2020.

Meanwhile, at this year's annual general meetings of shareholders, many securities companies are leaving open their plans to offer bonds to the public. Even though there was no specific data, MB Securities JSC (MBS) and Saigon-Hanoi Securities JSC (SHS) have asked shareholders for permission to issue and list bonds to the public.

Due to stricter requirements, the public offering of bonds has not been chosen by many issuers. The value of issuance through the bond channel to the public in recent years accounted for only about 5 per cent.

However, with the advantage of being able to access an unlimited number of investors and the fact that bond issuances through private offerings experience

a major purge, more issuers are expected to choose bond issuances through the public channel.

In addition, many securities companies continue to planning to raise capital from issuing shares after two years of a massive surge. Besides the Hana Financial Investment (HFI) deal to buy 35 per cent of the capital of BIDV Securities Company (BSC), which has come to an end after more than two years, VNDirect and SSI both submitted their plans for private offerings at this year's annual general meeting of Shareholders.

Of which, BSC offers 65.7 million shares, while SSI plans to sell a maximum of more than 104 million shares to strategic investors. VNDirect plans to sell 20 per cent of outstanding shares.

This year, many securities companies continue to pay dividends in shares to shareholders to keep capital reinvested, instead of paying in cash. MBS continues to offer shares to existing shareholders at the rate of 5:1, expected to earn nearly VNĐ595 billion, after completing a similar offering at the rate of 7:3 in 2021.

Reducing dependence on domestic bank credit

At the shareholders' meeting at the end of April, MBS leaders said that increasing capital is necessary, especially as bank credit channels are tightened.

Along with real estate and some other sectors, securities investments and businesses are considered potentially risky sectors.

Over past years, the State Bank of Việt Nam (SBV) has issued directives directing the banking system to implement solutions to direct credit capital flows to focus on production and business fields, and strictly control credit to sectors with potential risks.

SBV has also issued many documents directing credit institutions to strictly control the granting of credit for the purpose of securities investments and businesses, and complete regulations on strict credit control for the securities sector.

Besides avoiding dependence on domestic bank credit, increasing charter capital or diversifying mobilised capital sources is also to serve the expansion of business activities.

After the growth of the entire securities industry in 2021, some companies have set cautious business plans this year. However, others are still confident with their double-digit growth plans, despite the fact that the Vietnamese stock market experienced a strong correction as many securities companies held their general meeting of shareholders.

7. Stop Covid testing for flight arrivals: health ministry

The health ministry proposed Thursday that Vietnam suspends Covid-19 testing requirements for those arriving in the country by air.

Phan Trong Lan, head of the General Department of Preventive Medicine under the Ministry of Health, said the ministry had sought opinions and received agreements for this from the International Air Transport Association, the Civil Aviation Authority of Vietnam and other relevant authorities.

"The proposal to suspend the Covid-19 testing requirement before entry for flight arrivals will fall in line with the rest of the world and ensure consistency between technical units on disease prevention measures for arrivals," he said.

Vietnam stopped requiring medical declarations upon arrival from abroad starting April 27; and for domestic travel starting April 30, as the number of Covid-19 infections and deaths fell in Vietnam and around the world.

But foreign arrivals are still required to present negative result of Covid test taken before departure.

Many countries have already stopped their testing requirements. In Southeast Asia, Singapore, Indonesia, the Philippines and Thailand have taken this step.

Corporate News

8. VHM: Vinhomes to build half a million social housing units in five years

↓ -2.27%

Real estate giant Vinhomes plans to construct 500,000 social housing units over the next five years, its chairman Pham Thieu Hoa said in the annual general meeting Thursday.

Starting prices per unit will range between VND300-950 million (\$13,000-41,200), he added.

Its social housing projects, branded "Happy Home", will have an area of over 50 hectares each and be located in suburban areas of large cities like Ho Chi Minh City, Hanoi, Hai Phong and Quang Ninh.

"These social housing projects will not only satisfy workers' dream of owning a home but also provide them a modern living environment," he said.

This is the first time Vinhomes, and its parent company Vingroup, invested in low-cost social housing.

In 2016, Vingroup announced plans to build 300,000 apartments under the brand VinCity with starting prices of VND700 million each. But those are considered lower-end commercial units rather than social housing, targeting upper-middle income customers.

The social housing shortage has become more prominent after the fourth wave of Covid-19, as prices remained beyond the reach of workers.

Last October, the Ministry of Construction proposed a VND65 trillion aid package to support developers of social housing, housing for workers, and buyers.

Vietnam had 266 social housing projects completed in urban areas last year, providing about 142,000 units to the market.

Another 278 are expected to finish this year.

9. VIC: Vingroup aims for over US\$6 billion revenue in 2022

↓ -1.86%

Vietnamese multi-sector corporation Vingroup aims for net revenue of about VNĐ140 trillion (US\$6.06 billion) this year, an increase of 11.4 per cent year on year and after-tax profit of about VNĐ6 trillion (\$260 million), heard the firm's annual stakeholders' meeting held on Wednesday.

Vingroup plans to use all of its profit to invest in production and business activities.

According to Vingroup Chairman Phạm Nhật Vượng, from now until 2026, the firm will provide about 600,000 electric vehicles to the US market.

This year, VinFast, a member of Vingroup will introduce smart electric vehicles to the global market, and officially receive orders for three models of VF5, VF8 and VF9.

At the same time, VinFast will continue to deliver VFe34 vehicles to customers in Viet Nam and prepare for the delivery of VF8 and VF9 to markets around the world from the end of the year. Along with maintaining its position in the domestic market, VinFast aims to build its trademark in international markets in the US, Canada and Europe, said Vượng.

In the field of real estate, after three projects of Vinhomes Ocean Park, Vinhomes Smart City and Vinhomes Grand Park, Vingroup will introduce three large projects in 2022 in major cities.

A report at the meeting showed that by issuing 84 million shares with the price of VNĐ110,976 (\$4.81) per share, Vingroup mobilised more than VNĐ9.3 trillion (\$403.25 million).

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