



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index breaches 1,200 points on aggressive sell-offs

Indices continued to fall sharply on Friday, with more than 260 stocks traded on main exchanges hitting floor prices.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index extended losses and fell below the 1,200 point-level on the last trading day of the week. It plummeted by 56.07 points, or 4.53 per cent, to 1,182.77 points. It lost nearly 63 points on Thursday.

The market's breadth was negative with most of the stocks on HoSE declining, of which 199 stocks dropped by 7 per cent, the biggest daily loss. However, liquidity was higher than the previous session, with over VNĐ20.4 trillion (US\$882 million) worth of shares, equivalent to a trading volume of nearly 817 million stocks, traded on the southern bourse.

The great loss in the previous trade couldn't help to create bargain-hunting demand on the market and many pillar stocks still faced a strong sell-off. The 30 biggest stocks tracker VN30-Index closed the day at 1,223.76 points, down 56 points, or 4.38 per cent.

In the VN30 basket, 28 stocks slid with seven hitting the maximum daily loss, while only one stock climbed and one stayed flat.

Of the top five stocks influencing the downside market, Vietcombank (VCB) led the fall, down nearly 5.2 per cent in market capitalisation. It was followed by PV Gas (GAS), Hòa Phát Group (HPG), Masan Group (MSN) and VPBank (VPB). The stocks plunged at least 5.3 per cent, with MSN hitting the floor price.

Other large-cap stocks that registered the biggest intraday loss of 7 per cent were Techcombank (TCB), Vietnam Rubber Group (GVR), Bảo Việt Holdings (BVH), Sacombank (STB), Khang Điền House Trading and Investment JSC (KDH) and PV Power (POW).

The HNX-Index on the Hà Nội Stock Exchange (HNX) also dropped further on strong selling pressure. It finished the week at 302.39 points, down 13.13 points, or 4.16 per cent.

During the session, nearly 108.3 million shares were traded on the northern market, worth over VNĐ2.09 trillion.

Foreign investors returned to the southern market after net buying VNĐ567.68 billion. However, they still net sold a value of VNĐ3.55 billion on HNX.

Macro & Policies

2. Local aviation market sees strong recovery

The aviation market in Việt Nam is vibrant and recovering with the number of international visitors increasing five-fold, according to experts.

According to the Civil Aviation Authority of Việt Nam (CAAV), in April, Việt Nam's airports handled 6.6 million passengers, down 14.3 per cent compared to the same time last year but the number of foreign visitors reached more than 230,000 in April, an impressive increase of 502 per cent over the same period last year when COVID-19 was developing in a complex fashion.

CAAV said Vietnamese airlines transported 3.28 million passengers, including 80,000 foreigners.

Compared to the same period last year, the number of international passengers choosing services of Vietnamese airlines rose 214.7 per cent, while the number of domestic passengers dropped 18.2 per cent.

As for cargo transport, in April, 140,700 tonnes of cargo were transported through Việt Nam's airports, up 18.4 per cent year on year. Of this, 27,000 tonnes were transported by domestic airlines.

International shipping reached 15.5 thousand tonnes, up 64.3 per cent and domestic transportation reached 11.5 thousand tonnes, down 38.2 per cent.

In April, passenger and cargo transport through Việt Nam's airports still decreased slightly compared to the same period last year, but still marked an amazing recovery compared to the closure time.

Besides, international passenger and freight transport witnessed a remarkable growth while domestic passenger and cargo transportation experienced a significant decline.

Earlier this week the national flag carrier Vietnam Airlines announced to increase its flight frequency on eight air routes linking Việt Nam with Japan and the Republic of Korea (RoK) starting May 15.

Thus, three routes to the RoK will be resumed from June 1.

Routes connecting Hà Nội and HCM City with Japan's Tokyo, Osaka and Nagoya each will see up to two new flights per week while flights from/to Đà Nẵng and Tokyo will take to the skies again from July 1.

The carrier said it would operate 25-30 weekly flights from Hà Nội and HCM City to major cities of Japan, adding it will add three to four flights per week into routes linking Hà Nội and HCM City with Seoul, capital city of the RoK, from May 15.

It is to resume the Hà Nội-Busan and Đà Nẵng-Seoul routes from June 1, and the HCM City-Busan a month later.

International airlines join the race

Nguyễn Phước Thắng, head of the science and technology department of CAAV, said that the international aviation market would recover very quickly, saying: "It is possible that from now to the end of August, airlines will focus all their fleet of aircraft to increase flights for tourist routes."

Thắng said passengers at Tân Sơn Nhất international terminal were more crowded when a series of airlines registered to return to operate or increase their regular flight frequency from April such as Qatar Airways, Emirates, and Asiana Airlines.

Vũ Thị Thanh Hương, Qatar Airways representative chief in Việt Nam and Cambodia, said that the airline increased the frequency of operation from three to five flights per week for the HCM City - Doha route from April 12.

At the same time, the second-largest Korean airline, Asiana Airlines, also increased from five to seven flights per week connecting with two flight points in HCM City and Phú Quốc.

The Emirates representative confirmed that it would increase the exploitation of commercial flights to and from Việt Nam, serving passengers

during international business trips or holidays back home.

"Emirates has safely restarted operations to more than 120 destinations in its global network, via Dubai," the airline said in a statement, adding that it was resuming commercial and tourist flights.

Visitors to Europe as well as other destinations should return to HCM City and Hà Nội, guests will no longer need to apply for a special entry permit from the Government and can completely self-isolate at home if they have been vaccinated fully or have been treated for COVID-19.

A representative of Saigon Ground Services Joint Stock Company (SAGS) said that it had received many new contracts from international airlines to increase the frequency or restore flight routes in the near future.

Airlines that were temporarily suspended due to the epidemic are now back operating, such as AirAsia and Jetstar Airways.

Assessing the business opportunities this year, the management of this company hopes that the epidemic situation will be controlled, the domestic aviation market will gradually recover, and countries will jointly adjust their immigration policies throughout the country to make them more open. However, there are still big challenges faced by SAG such as rising gasoline prices, and China's key market maintaining a "zero COVID" policy.

Nguyễn Hữu Nam, Deputy Director of VCCI HCM City, said: "Fluctuating fuel prices are one of the major challenges for the aviation industry because fuel accounted for 29 per cent and 43 per cent of the total average cost of Việt Nam Airlines and Vietjet in 2015-19, respectively."

Nam added in January 2022, the average jet fuel price increased to about US\$101 per barrel, significantly higher than the \$77.8 that was forecast in October 2021 which would impact on fares in 2022.

3. Vietnam to meet inflation target in 2022: HSBC

HSBC has raised the inflation forecast for Vietnam, but expects the country to meet its target of 4 percent.

It expected Vietnam's inflation at 3.7 percent in the latest report, up 0.7 percentage point compared to the previous forecast published February.

However, Vietnam's inflation is unlikely to be a big concern this year as it will likely remain well below the 4 percent inflation target of the State Bank of Vietnam, the lender said.

Compared to rising inflation in parts of Southeast Asia, Vietnam's inflationary risk is among the lower end of the group, it added.

According to the General Statistic Office, the four-month consumer price index rose by 2.1 percent compared to 0.89 percent over the same period last year.

Transport and food, two categories used in calculating CPI, fell in April thanks to declining oil

and domestic agriculture product prices between March and April.

Education and housing & construction material rose, mirroring higher tuition fees after a period of Covid-19 discounts and rising rent prices after workers return to cities.

But the bank also warned of possible trade downturn from volatility of the US and China markets.

With Covid-19 gradually brought under control, high consumer demand in the U.S. could shift from goods to services in 2022, affecting Vietnam's exports.

Exports are also forecasted to feel more rumble from China's Covid-19 lockdown in major cities, it added, as China accounted for 30 percent of export share.

"Securing raw materials amid China's lockdowns is a major concern for local manufacturers", HSBC reported.

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. Auto sales extends growth

Vietnam's auto sales reached 42,359 units in April, with most major brands posting double-digit to triple-digit growth, according to the Vietnam Automobile Manufacturers Association (VAMA).

This figure marked a 40 percent increase from the same period last year and brought four-month sales to 123,931 units, up 33 percent, said VAMA, which does not incorporate data of VinFast and TC Motor (assembler of Hyundai cars).

Most top selling brands posted a double-digit increase in sales compared to March last year.

Truong Hai auto remained the top seller with 14,569 units, up 41.5 percent year-on-year.

It was followed by Toyota with a 55.3 percent growth to 8,694 units.

Honda and Suzuki saw a tripling in their sales, with the former rising by 216 percent to 6,100 units, and the latter by 173 percent to 1,111.

Ford's sales bucked the trend with a 25 percent drop to 1,933 units.

With data from all brands included, the sedan Honda City was the top selling model in Vietnam last month at 3,013 units. It was followed by the sedan Toyota Vios and the SUV Toyota Corolla Cross.

6. Steel companies report decline in Q1 profits

The cost of raw materials and transportation fees have skyrocketed, causing the first-quarter profits of most steel companies to decline.

Data from the Việt Nam Steel Association (VSA) showed that in the first quarter of this year, finished steel consumption reached 8.137 million tonnes, up 11.9 per cent over the same period in 2021.

Of the estimate, steel exports reached about 2.275 million tonnes, with export value reaching US\$2.3 billion, decreasing by 22.15 per cent in volume but up by 12.53 per cent in value over the same period last year. However, the business performance of many enterprises in the industry did not move in the same direction.

The first-quarter business results report of Việt Nam Steel Corporation (TVN) showed a sharp decline in profit at member units, especially in the construction steel and galvanised steel segments.

In the construction steel segment, Southern Steel One Member Co. Ltd. reported a profit before tax of VNĐ5 billion (\$216,500), only equal to 7 per cent of the same period last year.

VNSTEEL – VICASA JSC (VCA) pre-tax profit reached VNĐ11.1 billion, down 21.76 per cent while VNSTEEL – Thủ Đức Steel JSC (TDS) made a profit of more than VNĐ8 billion, down 37.21 per cent over the same period last year.

In the galvanised sheet segment, Thái Nguyên Iron And Steel JSC (TIS) also witnessed its profit down by 35 per cent, to only VNĐ29.2 billion. Việt Thắng Corporation (code TVT) recorded a profit of only VNĐ73 million, while in the same period last year, the figure was VNĐ27.6 billion. Phương Nam Steel Sheet Company also saw a 23 per cent drop in profit to reach VNĐ30.1 billion.

Việt Nam Steel Corporation attributed the profit decline of many of its members to the world's economic and political volatility, especially the influence of the Russia-Ukraine conflict that had pushed up the prices of input materials in the steel industry, such as iron ore, coal, gas and increased freight costs.

Tiến Lên Steel Group Joint Stock Company (TLH) achieved revenue of VNĐ1.8 trillion in the first quarter, up 83 per cent over the same period, but profit after tax reached VNĐ86.3 billion, down 27 per cent over the same period last year.

Backward goals in 2022

Việt Nam Steel Corporation targets this year's revenue to reach VNĐ38 trillion, a pre-tax profit of VNĐ500 billion, down 6.4 per cent and 51.6 per cent, respectively, compared to 2021.

VNSTEEL – VICASA JSC (VCA) sets its after-tax profit target at VNĐ16.56 billion, down nearly 55 per cent compared to 2021. VCA's cautiousness comes from the declining steel price forecast in 2022, and competition in the market is expected to be more fierce.

VNSTEEL – Thủ Đức Steel JSC (TDS) set a profit after tax target this year of more than VNĐ19 billion, down 56 per cent compared to the performance in 2021.

Thái Nguyên Iron And Steel JSC (TIS) set a revenue target of VNĐ20.10 trillion this year, up 56 per cent compared to the previous year, and profit before tax of VNĐ110 billion, a decrease of 29.4 per cent.

Tiến Lên Steel Group Joint Stock Company (TLH) set a target of a total revenue of VNĐ5.5 trillion, an increase of 18 per cent compared to the revenue last year, and profit after tax of VNĐ300 billion, down 35 per cent compared to the profit achieved in 2021. Thus, by the end of the first quarter, TLH has fulfilled 28 per cent of the profit target and 32 per cent of the revenue target.

Hoa Sen Group (HSG) predicts three business scenarios for this year, in which the planned output is two million tonnes and the revenue is VNĐ46.4 trillion for all three scenarios. For the profit target, there are three scenarios: VNĐ1.5 trillion, VNĐ2 trillion and VNĐ2.5 trillion, depending on the price of input materials.

HSG this year's targets recorded a decrease of 11.1 per cent in output, nearly a 5 per cent decline in

revenue and a decrease of 42-65 per cent in profit after tax compared to the results of the 2020-21 fiscal year.

Nam Kim Group Joint Stock Company (NKG) plans total revenue of VNĐ28 trillion this year, equivalent to the previous year and profit after tax of VNĐ1.6 trillion, down 28 per cent year-on-year.

SMC Trading Investment Joint Stock Company (SMC) sets a revenue target of VNĐ20 trillion this year, down 6.2 per cent; profit after tax of VNĐ300 billion, down 66.8 per cent compared to 2021.

Việt Nam Steel Corporation said world raw material prices will continue to rise when supply is tight, rising costs will continue to affect the purchase of raw materials and business performances would continue to be affected.

For the export market, due to the influence of the Russia-Ukraine conflict, the demand for steel in the European and American markets increased, but competitive pressure also increased as many countries, including China, are expected to increase capacity.

In the first quarter, the two leading steel enterprises still recorded good profit growth.

Specifically, Hòa Phát Group (HPG) achieved VNĐ44.4 trillion in revenue, up 41 per cent over the same period last year, and profit after tax reached VNĐ8.2 trillion, up 17 per cent.

HSG recorded revenue of VNĐ10.85 trillion, up 88 per cent; profit after tax reached VNĐ1.04 trillion, up 415 per cent over the same period.

7. Ministry tells HCM City to reconsider discriminatory customs fee

The Ministry of Finance has called on HCM City to reconsider its collection of customs declaration fee from businesses.

It said the fee is discriminatory, citing complaints by import-export companies in Đồng Nai Province that they have to pay double if they make declarations locally for goods they ship through HCM City.

For goods declared in HCM City, the rates ranges from VNĐ15,000 (US\$0.65) to VNĐ500,000, exactly half the rates of declarations made elsewhere.

The ministry said the disparities have significant consequences for both enterprises and the economy.

It urged the city People's Committee to soon ask the People's Council to amend the fees to create a level

playing field for all businesses in accordance with the laws.

Since April 1, the city has been collecting port infrastructure fees.

For goods imported for re-export, deposited in bonded warehouses and transit and transshipment, the fees are VNĐ50,000 (\$2.19) per tonne for liquid and bulk cargo, VNĐ2.2 million (\$96.5) for a 20-foot container and VNĐ4.4 million (\$193) for a 40-foot container.

Goods meant for national defence, disaster relief and some other purposes are exempt from the fees.

The city expects to collect over VNĐ3 trillion a year.

Corporate News

8. HPG:Hòa Phát Group listed in Forbes' Top 2,000 largest firms in the world

↓ -6.14%

Hòa Phát Group had the highest revenue and profit among five Vietnamese firms listed in the Top 2,000 largest companies in the world in 2022 (Global 2000) announced by Forbes. It is also the only Vietnamese production firm in the list.

Forbes collected the latest financial data as of April 22, 2022 to rank businesses globally according to four criteria including revenue, net profit, total assets and market capitalisation.

The other Vietnamese firms included in the list are all banks: Vietcombank, Vietinbank, BIDV and Techcombank.

In 2021, Hòa Phát recorded VNĐ150.8 trillion (US\$6.5 billion) in revenue and reached a net profit of VNĐ34.5 trillion for the first time, up 65 per cent and 156 per cent respectively compared to 2020. Its net profit margin in 2021 reached 23 per cent.

Its total contribution to the State budget last year was VNĐ12.5 trillion, posting over 70 per cent year-on-year increase.

The Group's total assets increased sharply in 2021, increasing by nearly 36 per cent compared to 2020, reaching VNĐ178.2 trillion. In which, long-term assets still accounted for the majority when increasing by VNĐ9.3 trillion to VNĐ84 trillion. Its scale of total assets tripled after only four years, from the beginning of investment in the construction of Hòa Phát Dung Quất Iron and Steel Complex in 2017.

In the first quarter of 2022, Hòa Phát Group achieved VNĐ44.4 trillion in revenue, up 41 per cent over the same period last year. Its after-tax profit reached VNĐ8.2 trillion, posting a 17 per cent year-on-year increase. Its total assets at the end of March 2022 were VNĐ185.8 trillion.

9. VIC: Vietnam's Vinfast IPO may be delayed to 2023 on market uncertainty

↓ -1.27%

The chairman of Vietnam's Vingroup conglomerate said on Wednesday that an initial public offering (IPO) for the company's auto unit, VinFast, may be delayed until next year due to market uncertainty.

The IPO is currently slated for the fourth quarter of this year. Vingroup Chairman Pham Nhat Vuong also told the company's annual general meeting the conglomerate was prioritising spending on VinFast and gave an aggressive car sales target.

"We are eyeing a Q4 IPO, but there are lots of ongoing market uncertainties now... If necessary we may delay it to next year," Vuong said.

"The IPO is not just for fundraising. It's also about marketing and claiming VinFast's position globally," he said.

VinFast's Singapore-based holding company had filed for an IPO with the U.S. securities regulators, as the company readies a \$4-billion investment to build a factory in the United States.

Vuong also told the meeting the car maker was facing obstacles obtaining parts from China.

"Chip factories in Shanghai are closed - therefore chip supplies have been disrupted and the same story for other parts," Vuong said, referring to supply chain disruptions caused by Covid-19 lockdowns in China's business hub.

But Vuong sought to reassure shareholders the startup would go ahead with the IPO "no matter how uncertain the market".

VinFast, which began operations in 2019, is betting big on the U.S. market, where it hopes to compete

with legacy automakers and startups with two all-electric SUVs and a battery leasing model that will reduce the purchase price.

VinFast has promised to create 7,500 jobs at its planned plant in North Carolina, where it will build the battery-powered VF8 and VF9 SUVs. The company has said it plans to begin construction of the plant as soon as permits are granted with a goal of starting production by 2024.

It has previously said it plans to begin exporting the two electric vehicles to the United States later this year from its existing plant in Vietnam.

Vuong said on Wednesday VinFast aimed to sell 750,000 cars in 2026, with 150,000 cars to be produced in North Carolina and the rest from its Vietnam factory.

Vingroup is also looking at getting financing from the U.S. government to support its expansion, including potentially tapping lending from the U.S. government's \$25 billion Advanced Technology Vehicles Manufacturing loan programme.

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

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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