



VIETNAM DAILY NEWS



May 17th, 2022

Table of content

Table of content

- 1. Market mixed on persistent strong selling force**
- 2. Vietnam targets 10 \$5 bln state-owned firms by 2025**
- 3. Four-month purchasing power rebound facilitates business recovery**
- 4. VN pork consumption forecast as second largest in Asia**
- 5. Avoid unworthwhile investments, try estate taxes, Vietnam advised**
- 6. Việt Nam-Laos trade ties growing sustainably**
- 7. Slight decrease in COVID cases on Monday**
- 8. FPT: FPT Software opens second office in New York**
- 9. OGC: OGC to be put into warning status**

Market Analysis

1. Market mixed on persistent strong selling force

Benchmark indices were mixed on Monday as rising selling pressure in the afternoon session weighed on the market's sentiment.

The benchmark VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) reversed the morning course to fall further on Monday. It dropped 10.82 points, or 0.91 per cent, to 1,171.95 points. It recovered some losses in the morning trade on bottom-fishing demand.

Last week, the index had lost more than 11 per cent due to strong sell-off activities.

The market's breadth was still positive as 232 stocks climbed, while 224 stocks declined. Liquidity decreased sharply over the last trading day, with nearly 584.4 million shares traded on the southern bourse, worth VNĐ14.6 trillion (US\$631.3 million).

The index extended the downtrend as the rising selling force outweighed the bargain-hunting demand. The 30 biggest stocks tracker VN30-Index plunged by 8.68 points, or 0.71 per cent, to 1,215.08 points.

In the VN30 basket, 16 stocks increased, while 11 slid with two hitting floor prices. And three stocks stayed flat.

Data compiled by vietstock.vn showed that Vinhomes (VHM) lost the most on Monday, down 3.24 per cent in market capitalisation. It was followed by PV Gas (GAS) and Masan Group (MSN), with MSN posting a fall of 7 per cent - the maximum intraday loss on the southern bourse.

Sacombank (STB) was another large-cap stock hitting the floor price.

The index was also weighed by the poor performance of Becamex (BCM), Techcombank (TCB), Vingroup (VIC) and Sabeco (SAB). The stocks slipped at least 1.28 per cent.

Losses were capped by gains in some big stocks, including Vietcombank (VCB), Vietinbank (CTG) and Petrolimex (PLX).

On the other hand, the HNX-Index on the Hà Nội Stock Exchange (HNX) recouped from recent falls. It ended the trading day at 307.05 points, up 4.66 points, or 1.54 per cent.

During the trading day, investors poured over VNĐ1.53 trillion into the northern market, equivalent to a trading volume of more than 76.82 million shares.

Macro & Policies

2. Vietnam targets 10 \$5 bln state-owned firms by 2025

Vietnam aims to have at least 10 state-owned businesses with a market capitalization of over \$5 billion in the next five years.

In accordance with a resolution to improve the effectiveness of state companies signed by Deputy Prime Minister Le Minh Khai, Vietnam will have at least 25 state-owned businesses with either a stockholder's equity or a market capitalization of \$1 billion. Among these, at least 10 businesses must reach over \$5 billion in capitalization.

Within the next five years, these companies would contribute 5-10 percent more to the national budget compared to the 2016-2020 period. All state-owned businesses would shift their investments towards projects that utilize green technologies and reduce carbon emissions.

State-owned businesses now account for around 0.08 percent of all businesses in Vietnam, but possess around 7 percent of assets and 10 percent of equity of all businesses in the market, according to the Ministry of Finance. They also account for around 26 percent of stockholders' equities and

over 23 percent of the value of fixed assets and long-term financial investments of active companies.

In 2020, state-owned firms contributed around VND241.73 trillion (\$10.4 billion) to the national budget.

The HoSE stock exchange now has 49 businesses whose capitalization reaches at least \$1 billion, accounting for 80 percent of the market. Some of them are businesses with state capital, like Vietcombank, BIDV, Vietinbank, Sabeco and Viglacera.

State-owned businesses have been tasked with investing in certain important projects in prioritized fields such as energy, semiconductor industry, traffic infrastructure and production materials.

The government has asked the State Capital and Investment Corporation (SCIC) to increase its role as the government's investor in order to attract financial resources for important projects.

Under the resolution, the government will also pull out capital from "secondary fields" in order to focus them on primary areas of focus.

3. Four-month purchasing power rebound facilitates business recovery

Domestic purchasing power has rebounded after a strong decline caused by the COVID-19 pandemic. That rebound has facilitated businesses to step up production and seize new opportunities, experts have said.

The nation's total revenue from retail trade and services surpassed VNĐ1.77 quadrillion (US\$76.2 billion) in the first four months of 2022, up 6.5 per cent year-on-year, the latest report from the Ministry of Industry and Trade (MoIT) showed.

In April alone, the revenue also saw a positive yearly rise of 12 per cent to over VNĐ455 trillion, according to the report.

These encouraging figures were attributable to abundant good supply and increasing purchasing power in the domestic market, the MoIT said, adding that goods retail sales saw a year-on-year hike of 7.6 per cent to over VNĐ1.42 quadrillion in the four months. Of this, sales of food and foodstuff rose 13.2 per cent year-on-year and that of cultural and educational products increased 11.5 per cent.

In the four-month period, restaurant and accommodation revenues totalled nearly VNĐ171 trillion, up 5.2 per cent, while tourism revenue stood at over VNĐ4.3 trillion, up 10.5 per cent year-on-year as tourism activities gradually returned after the Government agreed to reopen inbound and outbound international flights from March 15.

During April 30 and May 1, many travel businesses experienced a sudden increase in the number of tourists, such as Saigontourist, which served between 30,000 and 50,000 visitors; Vietravel and Vietnam Travelmart which welcomed 4,000 visitors each. The number of customers booking tours with Fiditour increased 30-40 per cent over the same period last year, news site vnbusiness.vn reported.

Statistics from the Việt Nam Administration of Tourism said the tourism sector served nearly five million domestic visitors between April 30 and May 1, earning a revenue of about VNĐ22 trillion.

According to analysts, the domestic market has been gradually recovering, regaining its growth momentum. However, these signals are just the start of a recovery road ahead.

Nguyễn Đình Cung, former director of the Central Institute for Economic Management, told vnbusiness.vn that during the COVID-19 pandemic, many consumers had to tighten their spending, leading to a sharp drop in consumption power. Until now, the pandemic had been gradually controlled, but the trend of tightening spending could be maintained because many people's jobs and income sources were still precarious.

According to Cung, people who could afford to travel were those with stable incomes and money to spare. But those who were workers and freelancers failed to have sufficient money to speed up their spending.

Thus, it was necessary for the State to draw up policies to support the stability of the labour market and stimulate purchasing power through tax reduction, Cung said.

Meanwhile, rising commodity prices would likely affect consumer spending.

Thảo, who runs a grocery store Hà Nội's Bắc Từ Liêm District, said he was concerned about the price of many essential consumer goods gradually increasing as he imported these items for his shop.

Whenever customers wondered, Thảo had to explain to them that the prices of many essential goods, from yoghurt and cheese to cooking oil and soap, had increased.

Vietnamese goods for Vietnamese people

Despite an encouraging increase in retail sales of food and foodstuffs, other products like garments and appliances, tools and household equipment decreased by 3.5 per cent and 4.6 per cent, respectively in the four-month period as the prolonged pandemic affected the income of many households, the MoIT said in its report.

Sharing with vnbusiness.vn, Phạm Văn Việt, general director of Việt Thắng Jean Co (VitaJean), said that the market grew about 10 per cent in the period. However, this growth is still lower than the 15-20 per cent recorded in the pre-pandemic period.

Thus, VitaJean only launched a new product collection with a size equal to one-third of the collections before 2020. The debut of the new collection was based on the calculation of consumption and inventory, Việt said.

In spite of the firm's experience in conquering strict markets such as the EU and the US, they still encountered difficulties in bringing garment products to the Vietnamese people.

Amid the pandemic, many foreign fashion brands such as H&M and Zara were constantly expanding their distribution systems thanks to their strong financial capacities.

Meanwhile, Vietnamese garment enterprises found it difficult to seize untapped opportunities for garment and textile products in the local market due to disadvantages in raw materials and harsh competition from fake and poor quality products rampant in the market, Việt said, adding that some Vietnamese consumers still had a bias in favour of foreign brands. That is why VitaJean's domestic sales only accounted for a few per cent of its total revenue.

To deal with the issue, Tô Hoài Nam, deputy chairman and general secretary of the Việt Nam Association of Small and Medium Enterprises, emphasised the importance of promoting "Vietnamese people give priority to using Vietnamese goods" campaign to continue to inspire customers' patriotism and national pride.

Businesses and all classes of people should continue to respond to the campaign, thereby creating purchasing power for Vietnamese goods, Nam said.

4. VN pork consumption forecast as second largest in Asia

The Organisation for Economic Co-operation and Development (OECD) forecasts that Việt Nam will rise to the second position in Asia, after China, in pork consumption this year.

Accordingly, pork consumption in the country is forecasted to reach 3.4 million tonnes this year, with an annual growth rate of 3.1 per cent in 2022-30.

The Ministry of Agriculture and Rural Development (MARD) said that the reopening of restaurants, schools, and factories was driving up demand for meat consumption.

Live hog prices have grown slightly in some areas. Currently, the average cost of live hogs across the country fluctuates in the range of VNĐ53,000-58,000 (US\$2.3-\$2.5) per kg, an increase of VNĐ1,000-3,000 per kg compared to the end of March.

The price of live pigs will likely continue to rise when the cost of livestock and petrol is high, but it is unlikely to increase dramatically because schools will enter the summer vacation, catering services have not recovered to the level as before the pandemic.

The output of cattle and poultry meat is likely to reach about 1.6 million tonnes in the second quarter, a year-on-year increase of 4.8 per cent.

In which beef output reached about 110,000 tonnes (up 3.4 per cent); buffalo meat output reached about 28,100 tonnes (up 2.6 per cent); pork production reached about 1.05 million tonnes (up 4.7 per cent), and poultry production reached about 476,000 tonnes (up 5.7 per cent).

Because Việt Nam's meat supply is relatively abundant, basically meeting the domestic consumption demand, it is forecast that the import of meat and meat products will not suddenly increase.

In the first four months of the year, Việt Nam's imports of livestock products reached US\$980 million, declining by 15 per cent compared to the same period last year.

The import value of meat, meat by-products and edible by-products after the slaughter of animals was estimated at \$408 million, down 12.3 per cent.

5. Avoid unworthwhile investments, try estate taxes, Vietnam advised

Vietnam should stay away from investments that don't make it competitive and experiment with real estate taxes to sustainably develop its economy, Harvard University experts have advised.

At a Saturday conference in Harvard University on Vietnam's development strategy in the 21st century, Prime Minister Pham Minh Chinh said Vietnam's economy has expanded into the fourth largest economy in ASEAN and among the world's top 12 economies with the largest scale of commerce. The country also takes part in 15 active FTAs, he said.

Economist David Dapic said Vietnam taking part in FTAs was a major success. Millions of farmers have moved on to work in factories as a result. But the fact that most materials for production are imported from China is a weakness, he added.

When the Covid-19 pandemic broke out, borders were closed and there was commercial tension, Vietnam's exports were affected, Dapic said.

Vietnam's trade turnover with the U.S. may reach \$100 billion this year. Such a figure might be small for the U.S., but Vietnam should take note to remain in constant communication and avoid being accused of currency manipulation, he advised.

Nguyen Thi Hong, head of the State Bank of Vietnam, said economic integration may bring many opportunities, but there were many challenges as well. Banks should increase their forecast and analytic capabilities to ensure consistent, appropriate policies, and not use currency as a competitive advantage in commerce.

"Vietnam's control of inflation is very impressive, going hand in hand with a fairly high growth speed. The foreign currency market is stable, and is an opportunity for Vietnam to raise its credit ranking," Hong said.

Regarding the digital economy, Dapic said FDI, international commerce and education and training cooperation were essential. Attracting FDI was getting more difficult, and for Vietnam's economy to be trustworthy and reputable, it needs to avoid investment sources that don't make it competitive, he said.

The economy must also be open, especially in information exchange do as to attract more talents and make investors more comfortable with the business environment, he added.

One characteristic of Vietnam is the fact that many localities are located far away and don't have accessible infrastructure to attract FDI. Vietnam

should experiment with real estate taxation and allow localities to impose such taxes and use the money gained for investment instead of relying on the national budget, Dapic said.

Nguyen Chi Dung, Minister of Planning and Investment, said sustainable development required more than a sustainable economy. It needs a sustainable culture, society and people. Vietnam therefore puts human beings at the center of its policymaking.

"Vietnam sees that quick and sustainable development must rely on new driving forces. Besides institutions and infrastructure, there also needs to be the drivers of science and technology, innovation and cultural values," Dung said.

PM Chinh is in the U.S. to attend the U.S.-ASEAN Summit, pay an official visit to the country and work with the United Nations. on May 12 and 13. The week long visit is expected to end May 17.

6. Việt Nam-Laos trade ties growing sustainably

Since the establishment of bilateral diplomatic ties in 1962, Việt Nam and Laos have promoted cooperation across numerous spheres, with their trade exchange posting substantial growth, benefiting both countries.

During the 2016-20 period, the two-way trade saw stable expansion and reached the target of over US\$1 billion, but then suffered from the impact of the COVID-19 pandemic and natural disasters.

The Asia-Pacific Market Department at the Vietnamese Ministry of Industry and Trade (MoIT) said that the bilateral trade exceeded \$1 billion in 2020, down 11.5 per cent year-on-year, of which Việt Nam's exports were worth \$571.7 million, down 18.5 per cent.

However, the bilateral trade bounced back since early 2021, surging 33.3 per cent to \$1.37 billion for the year, with Việt Nam's export revenue reaching \$594.7 million, a rise of 4 per cent from 2020, and its import hitting \$778.2 million, up 69.8 per cent.

The results are attributable to the political resolve by Vietnamese and Lao leaders and the drastic

management of competent agencies to remove obstacles facing businesses of the two countries and create optimal conditions for them to quickly adapt to the new situation.

In the first four months of this year, the two-way trade was valued at \$558.2 million, representing a year-on-year increase of 20.2 per cent, of which Việt Nam's export was \$192.2 million, down 11.8 per cent.

Việt Nam mainly shipped iron and steel, means of transport and accessories, machinery, equipment, tools, fertilisers, plastic products and vegetables to Laos.

Lê Hoàng Oanh, head of the department, explained that domestic firms have focused on iron and steel exports to the EU, thus resulting in the recent decrease in shipments to Laos.

In the four-month period, Việt Nam imported \$366 million worth of goods from the neighbour, up 48.5 per cent year-on-year. Its major import items included rubber, wood and timber products, fertilisers, vegetables, ore and minerals.

Minister of Industry and Trade Nguyễn Hồng Diên said since the 11th conference on border commerce cooperation in 2018, bilateral trade ties have made new strides.

The two countries aim to increase their trade by 10-15 per cent each year in a stable and sustainable manner, Diên noted.

Experts, however, pointed out that the policies that are intended to attract investment in production, manufacturing, infrastructure, transport and logistics at border gate areas have yet to prove their effectiveness.

According to them, with eight pairs of international border gates, seven pairs of main gates and 18 other auxiliary gates, Việt Nam and Laos have favourable conditions to boost trade ties.

The two countries have also benefited from trade agreements in the Association of Southeast Asian Nations (ASEAN) along with their bilateral trade deals. Moreover, Vietnamese goods have been favoured in the neighbouring country.

Vietnamese exporters should also ride the wave of Vietnamese investment in Laos to boost exports, experts said, noting that Việt Nam is currently the third biggest investor in Laos, while Laos is Việt Nam's largest recipient of outbound investment, mainly in energy, banking, the planting of industrial trees, and garment-textile.

Minister Diên said Việt Nam and Laos will work on preferential breakthrough mechanisms and policies to lure more investment in infrastructure in border gate economic zones, and in production and trade activities in border areas, while pushing ahead with negotiations of a memorandum of understanding on border trade infrastructure development and connectivity between the two governments.

Apart from amending and supplementing the signed documents like the Việt Nam-Laos trade agreement and the 2007 Hanoi agreement, the two sides will further coordinate in the fight against smuggling and trade fraud to create a healthy environment for border trade, he said.

7. Slight decrease in COVID cases on Monday

A total of 1,550 new COVID-19 cases were reported on Monday, a fall of 46 compared to Sunday, as well as two deaths.

The latest numbers bring the total national caseload to 10,698,180 so far.

Among the new infections, just two were imported and the rest were domestic. A total of 1,355 new transmissions were detected in the community.

The capital city of Hà Nội again recorded the highest number of infections with 437, followed by northern Bắc Ninh Province with 98.

The other cases were found in Yên Bái (76), Quảng Ninh (75), Nghệ An (64), Vĩnh Phúc (63), Tuyên Quang (61), Thái Bình (54), Phú Thọ (53), Hải Dương (45), Quảng Bình (44), Thái Nguyên (44), Lào Cai (33), Bắc Kạn (25), Bình Dương (24), Đà Nẵng (22), Hà Tĩnh (22), Hưng Yên (22), Thanh Hóa (22), Ninh Bình (21), Hải Phòng (19), HCM City (19), Hòa Bình (17), Hà Nam (16), Nam Định (16), Bình Phước

(15), Cao Bằng (15), Quảng Trị (14), Sơn La (11), Bà Rịa-Vũng Tàu (11), Điện Biên (11), Quảng Ngãi (11), Hà Giang (11), Lạng Sơn (8), Lâm Đồng (7), Tây Ninh (6), Lai Châu (5), Bến Tre (5), Phú Yên (5), Cà Mau (4), Bắc Giang (4), Long An (3), Bình Định (3), Đồng Tháp (2), Khánh Hòa (2), Vĩnh Long (1), Kiên Giang (1) and Hậu Giang (1).

However, 15 provinces and cities did not report any COVID-19 cases on Monday.

The two deaths bring Việt Nam's COVID-19 death toll to 43,067, accounting for 0.4 per cent of total cases.

A total of 4,723 patients were also given the all-clear on Monday, taking the total number of recoveries to 9,359,763.

More than 217 million doses of COVID-19 vaccine have been administered in the country to date, of which more than 2.5 million have been given to children aged 5 to 11.

Corporate News

8. FPT: FPT Software opens second office in New York

↓ -0.43%

FPT Software, a subsidiary of Vietnamese IT giant FPT Corporation, opened its second office in New York and tenth in the U.S. on Sunday.

The new office marked FPT's development and improvement of Vietnam's IT capacity, Prime Minister Pham Minh Chinh said at the opening ceremony.

The PM also called on Vietnamese authorities to support Vietnamese businesses abroad, which will contribute to the country's development.

Pham Minh Tuan, FPT Software general director, targets turning the U.S. into its biggest market in the next two years and raising revenues to billions of dollars by 2023.

Located at 295 Madison Avenue in Midtown Manhattan, the new office is FPT Software's 58th unit globally.

FPT Software started operating in the U.S. 14 years ago. It has more than 700 customers to date, 100 of which are Fortune Global 500 companies.

9. OGC: OGC to be put into warning status

↑ 0.74%

On May 12, 2022, the Hochiminh Stock Exchange issued a decision to put the shares of Ocean Group Joint Stock Company (stock code: OGC) into warning status as of May 19, 2022.

Reason: The listed firm delayed the submission of the 2021 audited financial statements by more than 15 days compared to the specified time.

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