



# VIETNAM DAILY NEWS



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**Table of content**

## **Table of content**

- 1. VN-Index extends recovery streak**
- 2. PM visits Silicon Valley tech giants**
- 3. PM urged US businesses to invest in tourism and trade opportunities with Việt Nam after COVID-19**
- 4. HCMC stock exchange posts record profits**
- 5. HoSE director expelled from Party in market manipulation probe**
- 6. Livestock companies profit hit by rising animal feed prices**
- 7. Lowering logistics costs key to competitiveness**
- 8. VND: Board resolution on dividend payment**
- 9. BVH: Record date for Annual General Meeting 2022**

## Market Analysis

### 1. VN-Index extends recovery streak

Vietnam's benchmark VN-Index continued its recovery with a 1.01 percent gain Wednesday but trading value remained grim.

The index stayed in the green for most of the day and closed 12 points higher at 1,240.76 points, extending the recovery streak started Tuesday with a record 4.81 percent gain.

Trading on the Ho Chi Minh Stock Exchange fell marginally to VND13.84 trillion, a five-session low.

The VN-30 basket, comprising the 30 largest capped stocks, saw 13 tickers dropped, led by TPB of private lender TPBank and SAB of brewer Sabeco.

They both closed 2.4 percent lower.

PDR of real estate developer Phat Dat dropped 2.1 percent, and FPT of IT giant FPT lost 2 percent.

Other losers included VJC of budget airline Vietjet, down 1.8 percent, and SSI of leading brokerage SSI Securities, down 1.7 percent.

Ten blue chips closed in the green, with MSN of conglomerate Masan Group and STB of HCMC-based Sacombank closing at ceiling price for the second straight session, gaining 6.9 percent.

GAS of Petrovietnam Gas rose 4.06 percent, and TCB of private lender Techcombank climbed 3.4 percent.

Foreign investors were net buyers to the tune of VND171.57 billion, focusing on GEX of electrical equipment maker Gelex and VND of brokerage VNDirect Securities.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 1.78 percent while the UPCoM-Index for the Unlisted Public Companies Market lost by 1.42 percent.

## Macro & Policies

### 2. PM visits Silicon Valley tech giants

Prime Minister Phạm Minh Chính on May 17 (US time) visited tech giants Intel, Apple and Google in Silicon Valley as part of his US visit.

At the meeting with the Vietnamese Government leader, Intel's Executive Vice President Keyvan Esfarjani underlined the significant role of Việt Nam in the company's supply chains and highlighted Intel Việt Nam's highest quality award in 2021 as an indication of the factory's excellent human resources.

The vice president also highly regarded the country's favourable infrastructure and its skilled workforce, and described Việt Nam as a potential destination for tech firms to expand their operations, especially when firms like Intel want to diversify their supply chains.

PM Chính congratulated Intel on its achievements and thanked the corporation for its investments in Việt Nam. He affirmed that the country has been working on Intel's proposals and hoped that the corporation would invest further in other provinces beyond HCM City.

At the meeting with Apple's CEO Tim Cook, the PM underlined the cooperation in trade, investment and finance as the driving force for a robust US-Việt Nam Comprehensive Partnership.

He said the Vietnamese Government is committed to creating a fair, transparent and market-based business environment to help US firms and investors gain ground in Việt Nam.

He said Vietnamese customers of all ages love Apple products and their interest would continue to rise thanks to the growth of the global digital economy.

He also expressed delight at the fact that Việt Nam has become more involved in the global supply chains. Although Apple doesn't directly have their plant in Việt Nam, the country has 31 companies with 160,000 workers that are producing and assembling electronic parts and equipment for Apple products.

He requested the corporation continue to step up its business activities in Việt Nam and introduce its products to a wide range of customers. He hoped the country would soon become Apple's model market in Asia.

Tim Cook thanked Việt Nam for creating a favourable business environment for Apple's operations. He said the company wants to extend its supply chains in the country and involve capable domestic firms in Apple's supply chains.

The CEO also affirmed that he would consider increasing the number of domestic suppliers and raising the rate of domestic products used in production lines.

He hoped that the Vietnamese Government would introduce even more favourable policies to encourage the investments of US high-tech firms.

During PM Chính's visit to Google headquarter, Rick Osterloh, Senior Vice President of Devices and Services at Google, said the corporation wants to make its higher contribution to Việt Nam's economic growth and a sustainable digital eco-system.

The PM highly appreciated the cooperation between Google and Việt Nam and welcomed Google's new plans in the country amid digital transformation.

He requested Google continue to support Việt Nam in high-tech fields and step up programmes that help Vietnamese firms in digital transformation, thereby contributing to the development of digital government, digital economy, and digital society.

### 3. PM urged US businesses to invest in tourism and trade opportunities with Việt Nam after COVID-19

Prime Minister Phạm Minh Chính on May 17 (local time) attended the US-Việt Nam trade, investment, and tourism promotion conference themed 'Rediscovering Việt Nam' in San Francisco.

The conference, held by the national carrier Vietnam Airlines and two travel groups – Saigontourist Group and Thiên Minh Group – to boost the cooperation between the enterprises of the two countries and to introduce the image of Việt Nam to US friends and partners.

Addressing the event, PM Chính stressed Việt Nam's consistent foreign policy of independence, self-reliance, diversification, multilateralisation, and commitment to be a good friend, a reliable partner, a responsible member of the international community; and the building of an independent and self-reliant economy associated with active, proactive, extensive international integration with substance and effectiveness.

The Government leader affirmed that economic, investment, trade and tourism cooperation is an important pillar in the Việt Nam-US relationship.

In the very challenging year of 2021 due to the COVID-19 pandemic, two-way trade still reached US\$112 billion, accounting for nearly one-third of the total US-ASEAN trade turnover.

Việt Nam-US trade growth rate has hit 17-20 per cent year on year. The US is Việt Nam's second largest partner while Việt Nam is the US' 9th largest, he noted, adding that trade between the two countries has contributed to making Việt Nam one of the 20 largest import-export countries in the world.

PM expected the economic cooperation between Việt Nam and the US to continue to flourish, mentioning a number of priority areas for Việt Nam such as capital market development, digital transformation, energy transformation, climate change response, tourism, and trade, and suggested partners in the US study opportunities and advance cooperation in these fields.

He urged US partners to also support Việt Nam in policy consultation, capital, human resources, infrastructure, technology, and governance.

In terms of tourism, the US is continually in the list of Việt Nam's biggest markets. Before the pandemic, the number of tourists from the US reached more than 746,000 arrivals in 2019, with the year-on-year growth rate in the 2014-19 averaging 11 per cent, PM Chính said.

The PM said that thanks to internal efforts and the support of friends and international partners, Việt Nam has put COVID-19 under control domestically and has completely reopened tourism and air routes.

The first major group of tourists to return to Việt Nam after the official resumption of inbound and outbound tourism from March 15, 2022 was a US delegation, he noted.

PM called on foreign investors, including ones from the US, to continue to cooperate with Việt Nam in trade and tourism in the spirit of 'harmonised benefits, shared risks' as the COVID-19 pandemic subsides and especially after this visit where the two countries' leaders have arrived at agreements on boosting ties.

US ambassador to Việt Nam Marc E. Knapper, who accompanied Chính on the visit to the US, highly values this event and stressed that aviation, tourism, education and people-to-people exchanges are an important pillar in the bilateral relations.

For example, before the pandemic, there were up to 30,000 Vietnamese students in the US and the American diplomat said he is committed to helping roll out measures to double this figure, while at the same time, bring more US students to study in Việt Nam.

At the event, Vietnam Airlines has also introduced the recent direct flight between Việt Nam and the US – with four flights a week between San Francisco and HCM City on wide-body aircrafts like Airbus A350 and Boeing 787.

Meanwhile, Saigontourist Group affirms that it will utilise its partner network in the US and North America, contributing to promoting tourism in Việt Nam and HCM City, to facilitate economic recovery and increase tourist draw from these lucrative markets, especially in product lines that are preferred by Americans such as wellness tourism, premium travel and beach tourism.

Thiên Minh Group also said this is the ideal time to push for Vietnamese airlines and tourism presence in the US.

At the conference, Vietnamese businesses exchanged and discussed with US partners about potential goods and services that can be exported to Việt Nam, and business investment opportunities in the US.

On the occasion, PM Chính, the US ambassador and San Francisco city's leadership witnessed the exchange of cooperation documents between Vietnamese and American companies.

Saigontourist Group, Thiên Minh Group and Vietnam Airlines have exchanged memorandums of

understanding with many important US travel partners.

There were also technology cooperation agreements between the State-controlled Việt Nam Posts and Telecommunications Group (VNPT) and US' Cisco Corporation, and an educational partnership between EMG Education Group and the University of California Irvine and the GITA Academy.

The event also introduced to US partners and consumers the outstanding agricultural products of Việt Nam. Bắc Giang Province's People's Committee, Vietnam Airlines and US' Emission Resources have signed a cooperation agreement on export promotion and consumption of lychee and Bắc Giang agricultural products.

Việt Nam's budget carrier Vietjet and UPS, the world's leading shipping and logistics group, have also reached an agreement to transport international goods through the two sides' extensive regional and global network and logistics infrastructure.

#### 4. HCMC stock exchange posts record profits

Ho Chi Minh Stock Exchange (HoSE) reported a tripling of pre-tax profits to a record VND2.54 trillion (US\$109.6) million last year thanks to a bullish stock market.

Revenues also tripled to VND3.24 trillion, also the highest in the bourse's 21-year history.

Transaction fees, which HoSE collects at 0.027 percent, accounted for 92 percent of the revenues.

The results far exceeded the profit and revenue targets of VND648 billion and VND1.06 trillion.

Last year the benchmark VN-Index hit an all-time high of 1,500 points as new investors flocked to the market in record numbers.

Some 1.53 million new domestic accounts were opened, 1.5 times the figure for the four previous years combined, according to the Vietnam Securities Depository.

At the end of March this year there were around 4.9 million accounts, representing 5 percent of the population.

The average daily trading value also tripled last year to VND22 trillion.

#### 5. HoSE director expelled from Party in market manipulation probe

General director of the HCMC Stock Exchange (HoSE), Le Hai Tra, has been expelled from the Party,

the latest development after investigations into stock market manipulation began in March.

A Wednesday announcement by the Central Inspection Commission also reported that Tran Van Dung, chairman of the State Securities Commission (SSC), lost all Party positions; Vu Bang, former chairman of the SSC, Nguyen Thanh Long, secretary of the Hanoi Stock Exchange Party Committee and Nguyen Son, chairman of the management board of the Vietnam Securities Depository (VSD), received warnings.

Tra, 48, used to work at the market development department of the SSC. He has spent 25 years working with the Vietnamese stock market.

Dung, 57, spent years working in the fields of finance, banking and stock exchange. He became chairman of the SSC in 2017.

Deputy Minister of Finance Nguyen Duc Chi said the violations of certain officials at the SSC are merely "personal."

"We've prepared different measures, including the addition of personnel to the SSC, HoSE and the VSD in case anything happens," Chi told the press Wednesday.

The warnings and expulsions have happened amid investigations by the Ministry of Public Security into several stock exchange violations.

Previously in March, the Central Inspection Commission said the Party Committee of the SSC in the 2015-2020 period had been negligent in their management, allowing certain organizations and individuals to "violate the law, manipulate the market and make illegal gains".

On March 29, former chairman of real estate developer FLC Trinh Van Quyet was arrested for allegedly manipulating the stock market. Just a month later, general director of the brokerage firm Tri Viet Securities Do Duc Nam and chairman of the Louis Holdings conglomerate Do Thanh Nhan were also arrested on the same charges.

## 6. Livestock companies profit hit by rising animal feed prices

Higher animal feed prices have eroded livestock companies' profits in the first quarter of 2022.

VNDirect Securities Corporation said that the Russia-Ukraine conflict had a negative impact on the animal feed industry as supplies of raw materials for animal feed production like corn, soybeans and wheat, are disrupted, causing prices to rise sharply.

The two countries are respectively the world's leading and third largest wheat exporter, accounting for one-third of the total trade of this commodity. Besides, Ukraine is the second largest corn exporter, accounting for 22 per cent of the world turnover.

As of early April, the price of imported corn at Cái Lân port, Quảng Ninh Province, reached VNĐ9,200-9,500 per kg (US\$0.4-0.41 per kg), an increase of 20-25 per cent compared to the end of 2021 and up 50 per cent over the same period last year.

The average price of imported soybeans in the first quarter was \$637.6 a tonne, up 18 per cent year-on-year, while the price of imported wheat also

increased by 36 per cent to an average of \$363.3 a tonne.

Under higher feed prices pressure, live hog prices also posted an increase, but not significantly. The domestic live pig market in March fluctuated around VNĐ52,000-57,000 a kg, up 11-14 per cent compared to the beginning of the year, while the farm-gate price of chicken declined by 11 per cent. However, compared to the same period last year, live pork prices fell by 23-27 per cent, while chicken prices climbed by 19 per cent.

Due to the pressure, many livestock enterprises reported a sharp decrease in profits or even losses. Dabaco Group (HoSE: DBC) announced that its first quarter net revenue increased slightly by 13.3 per cent on-year to VNĐ2.8 trillion. But the sharp rise in cost of goods sold caused its gross profit to dip by 60 per cent to VNĐ254 billion. With other expenses did not fluctuate much, profit after tax was only VNĐ8.6 billion, equal to 2.3 per cent of the same period last year. This is Dabaco's lowest profit since the second quarter of 2019.



The company said that the complicated developments of the Russia-Ukraine conflict had affected the supply chain of input materials such as corn, wheat and soybeans, causing a serious shortage. The disruption of the supply chain and obstacles due to the pandemic caused the cost of animal feed to inch higher, while the price of livestock products did not increase.

Similarly, Hòa Phát Group (HoSE: HPG)'s agricultural segment also reported poor performance in the first quarter of this year. Of which, revenue from agricultural businesses fell 27 per cent over last year to VNĐ1.6 trillion. It lost nearly VNĐ56 billion, while in the first quarter of 2021, the agricultural segment brought in profit of VNĐ392 billion.

As Masan MEATLife Corporation (UPCoM: MML) separated its animal feed segment, the company's net revenue in the first quarter dropped sharply to VNĐ931 billion from VNĐ4.7 trillion last year. However, the parent company's profit after tax doubled to VNĐ274 billion thanks to financial activities.

If only taking the meat business into account, the first quarter's revenue recorded a slight decrease of 5.4 per cent due to the decrease in the price of pork, while sales volume increased.

Accordingly, sales of branded pork reached VNĐ351 billion, down 4 per cent, and revenue from farm pigs reached VNĐ197 billion, down 57 per cent due to a slump of 25 per cent in the pork price. Meanwhile, sales of branded chicken meat (3F Viet) were up 31.4 per cent to VNĐ373 billion, thanked to a rise of 16.5 per cent in sales volume and a jump of 13.8 per cent in price.

Masan MEATLife's earnings before interest, taxes, depreciation and amortisation (EBITDA) was negative VNĐ28 billion, while that of the same period last year was positive VNĐ498 billion.

The company's leader said that pork production has entered a stable zone in the first quarter and is expected to increase by the end of the year. Masan MEATLife aims to improve its EBITDA, expand businesses through sustainable supply development, increase capacity utilisation, bring products into the WinCommerce system, and diversify its processed meat portfolio.

A report of the Ministry of Agriculture and Rural Development said that live hog prices in regions across the country in April tended to increase again due to the reopening of restaurants, schools and factories, boosting consumption, while the supply decreased and prices of animal feed climbed. Chicken and egg prices also edged higher as consumer demand gradually recovered.

## 7. Lowering logistics costs key to competitiveness

Lowering logistics costs is key to increasing the competitiveness of Việt Nam's export products and the whole economy.

The latest figures of the Việt Nam Logistics Association revealed that logistics costs were equivalent to around 20-22 per cent of the country's GDP, much higher than Thailand (19 per cent), China (18 per cent), Malaysia (13 per cent) and nearly three times higher than the US and Singapore (8 per cent).

The association pointed out that about 4,000 enterprises were providing logistics services in Việt Nam, 97 per cent of which were micro, small and medium-sized enterprises.

However, service quality, capital, information technology application, digital transformation and human resources remained limited.

Trần Đức Nghĩa from the association said that logistics costs were pushed up by high road transport costs, seaport surcharges and limitations on seaport infrastructure.

For example, the fee to transport a container from Hải Phòng to HCM City by sea was around VNĐ5-7 million, compared to VNĐ30 million by road.

Logistics services in Việt Nam were largely dependent on road transportation which accounted for nearly 80 per cent, while railway, waterway and airway made up for the rest altogether.

According to the association, about 90 per cent of companies operating in logistics in the country were domestic but held a modest market share of 30 per cent while foreign ones still had a dominant share.

Nghĩa said that in the short term, the logistics industry needed to strengthen the ability to adapt to risks in the supply chain and accelerate the process of digital transformation and applying information technology.

In the long term, it was necessary to improve the legal framework to create favourable conditions for the development of the logistics industry while promoting multi-model and cross-border transport and low-cost transport.

Nghĩa urged Vietnamese firms to participate in the global value chain to gain experience, adding that Việt Nam had significant advantages in promoting production, export and logistics services, given the country's position in the region's dynamic development area.

According to Đinh Hữu Thành, chairman of Bee Logistics Corporation, strengthening the linkage

among factors in the logistics supply chains was important to promote the logistics industry and enhance its competitiveness, including customs, warehouses, and road transportation providers and forwarders.

Vũ Bá Phú, director of the Việt Nam Trade Promotion Agency, said that the boom of the Industry 4.0 was forcing logistics centres to apply advanced technologies to be more efficient and productive.

The focus should also be placed on developing the transport, seaport, warehouse infrastructure, and high-quality human resources synchronously and simplifying administrative procedures.

In the context of Việt Nam's rapid integration with the signing of several free trade agreements, developing modern logistics infrastructure would give a push to export growth, especially when the world was facing uncertainties due to the pandemic, the Russia – Ukraine conflict and climate change, which made food and materials exchange more urgent than ever.



## Corporate News

### 8. VND: Board resolution on dividend payment

↑ 2.27%

The Board of Directors of VNDIRECT Securities Corporation (stock symbol: VND) approved cash dividend payment for 2021 as follows:

- Stock code: VND
- Stock type: common stock
- Par value: VND10,000
- Payment method: in cash
- Exercise ratio: 5%/par value (500 dongs/share)
- Record date: May 27, 2022
- Payment date: June 10, 2022.

### 9. BVH: Record date for Annual General Meeting 2022

↓ -0.98%

On May 16, the Hochiminh Stock Exchange issued Announcement No.987/TB-SGDHCM about the record date of BaoViet Holdings (stock code: BVH) as follows:

- Listed firm: BaoViet Holdings
- Stock code: BVH
- Stock type: common stock
- Par value: VND10,000/share
- Ex-right date: June 01, 2022
- Record date: June 02, 2022
- Purpose: to convene the 2022 Annual General Meeting of Shareholders.
- Exercise ratio: 01 share – 01 voting right
- Meeting date: June 29, 2022
- Meeting venue: in Ha Noi city.

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