



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index edges higher in quiet trading session

Vietnam's benchmark VN-Index rose 0.07 percent to 1,241.64 points Thursday with liquidity falling to the lowest in a week as investors continued to tread cautiously in a volatile market.

The index stayed in the red for most of the day but started to rise within the last trading hour. It closed in the green for the third straight session, gaining 0.88 points.

Trading on the Ho Chi Minh Stock Exchange fell 7.55 percent to VND12.79 trillion (\$552.4 million), much lower than the daily average of VND22.3 trillion last month.

Major Asian markets closed in the red Monday, with China's Hang Seng Index losing 2.8 percent and Japan's Nikkei 225 falling 1.9 percent, tracking Wall Street's worst trading day since June 2020.

The VN-30 basket, comprising the 30 largest capped stocks, saw 18 tickers drop, led by TPB of private lender TPBank with a 3.26-percent plunge.

It was followed by PDR of real estate developer Phat Dat, down 3.2 percent, and PLX of fuel distributor Petrolimex, down 2.2 percent.

CTG of state-owned lender VietinBank and VNM of dairy giant Vinamilk ended their winning streak, both losing 1.9 percent.

Eight blue chips closed in the green, with MSN of conglomerate Masan Group closing at ceiling price for the third time in a row, gaining 7 percent.

HDB of HCMC-based lender HDBank rose 1.25 percent, and POW of Petrovietnam Power climbed 1.19 percent.

Foreign investors were net sellers to the tune of VND132.70 billion, focusing on HPG of steelmaker Hoa Phat and SSI of leading brokerage SSI Securities.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 1.82 percent while the UPCoM-Index for the Unlisted Public Companies Market lost 0.16 percent.

Macro & Policies

2. Vietnamese banks expected to get better credit ratings

Ratings of Vietnamese banks are expected to be continually improved thanks to Việt Nam's positive sovereign credit rating.

Moody's has recently assigned B3 ratings and a stable outlook for Viet Capital Commercial Joint Stock Bank (VietCapitalBank) for the first time, recognising the bank's prospects through the financial capacity assessment in recent years.

Saigon Hanoi Commercial Joint Stock Bank (SHB)'s credit rating was also upgraded from stable to positive. Specifically, Moody's upgraded SHB's long-term deposit and issuer ratings from B2 to B1, and the Baseline Credit Assessment (BCA) from B3 to B2.

At the same time, Moody's has changed the outlook on SHB's ratings to positive from stable, reflecting the rating agency's expectation of a further improvement to the bank's credit profile, driven by improvements to its capital.

The credit rating agency also announced an upgrade to the BCA of Southeast Asia Commercial Joint Stock Bank (SeABank) from B2 to B1, and maintained the bank's long-term deposit and issuer rating at B1 for the fourth year in a row with positive growth prospects.

The B1 credit rating of HCM City Development Commercial Joint Stock Bank (HDBank) was also upgraded by Moody's from stable to positive.

According to experts, all the banks, which have been upgraded by Moody's, have improved their asset quality and financial strength.

In the case of SHB, for example, in 2021, the bank handled all debts of Vinashin and settled all the bonds held by Vietnam Asset Management Company (VAMC) ahead of schedule. Therefore, the credit rating agency has an expectation of a better credit profile, thanks to the bank's capital improvement.

Meanwhile, SeABank's non-interest income in 2021 accounted for 26.3 per cent of the total revenue and Return on Assets (ROA), Return on Equity (ROE) and the bad debt ratio were at 1.33 per cent, 16.12 per cent and 1.65 per cent, respectively.

VietCapitalBank has also recorded an average increase of more than 17 per cent per annum in total asset scale in the past five years, of which 2021 alone saw a surge of 25 per cent compared to 2020. The bank cleared off all the bonds at VAMC ahead of schedule in 2020 and is among the banks with no bad debts at VAMC.

Notably, banking expert Nguyễn Trí Hiếu told Việt Nam News that Việt Nam has gained better ratings from international credit rating agencies thanks to its stable macro economy, maintained GDP growth and favourable business environment.

"Việt Nam's improved sovereign credit rating therefore will make a very positive and big effect on banks' credit rating," Hiếu said.

In fact, all three leading credit rating agencies including Moody's, Standard & Poor's and Fitch Ratings assessed that Việt Nam has a positive outlook after a period of witnessing the improvement of the country's macro-economic environment and financial stability.

Fitch Ratings is currently rating Việt Nam at "BB" with positive prospects. Previously, S&P kept Việt Nam's national credit rating unchanged and upgraded the prospects from stable to positive.

"A positive national credit rating will be the basis for local banks to have the opportunity to increase their ratings in the near future," Hiếu said.

3. Central bank limits foreign loans for trading stock, real estate

The State Bank of Vietnam wants to limit short-term foreign loans for trading stock and real estate as it seeks to prevent speculative bubbles in the market.

The bank is collecting feedback on its draft circular to replace the current version with stricter conditions for receiving short-term foreign loans to ensure a national debt limit.

The draft will allow Vietnamese businesses to access short-term foreign loans for paying debt, but not for potentially risky purposes like trading stock and real estate.

This is because once the stock and real estate market grows way above its intrinsic value, there would be a high chance of creating an asset bubble, causing economic instability.

The central bank plans to ban the use of short-term foreign loans to buy projects or stakes in them, since mergers and acquisitions involve long-term investment and commitment.

It also plans to ban companies using short-term foreign loans to acquire projects or stakes in

projects, as mergers and acquisitions are long-term activities.

Short-term loans could result in liquidity risks if used for medium- and long-term purposes, it explained.

Companies may borrow from foreign sources to buy stakes from project investors with the aim of reselling them for profit. This can further inflate the price bubble while delivering no real value to the economy.

The central bank also mulls regulations on foreign lending costs and short- and medium-term foreign lending conditions for banks.

The proposal came amid many businesses taking out foreign loans to capitalize on lower international interests, affecting the withdrawal limit and raising short-term debt.

To ensure the national debt limit approved by the National Assembly, the government has tasked the central bank with tightening regulations on foreign loans for private enterprises.

4. Vietnam steel price drops in May

Steel prices in Vietnam saw a downward adjustment in May after seven straight rises from the beginning of the year.

Tung Ho Steel Vietnam Corp. Ltd. has lowered its steel bar and coil prices by around 3 percent, or VND500,000 (\$21.6) a ton.

Thai Nguyen Iron and Steel Company sold its steel products at VND18.75-19.07 million a ton, down 2-3 percent.

On average, Vietnam steel prices are hovering at around VND18.5-18.7 million a ton, down 3 percent a ton from April but VND1.5-1.7 million higher than the middle of last year.

Insiders attributed the drop to lower input costs, with iron ore prices at China's Tianjin Port falling 11.5 percent to \$139 million a ton.

Vietnam's steel industry has satisfied domestic demand, producing 11.4 million tons of finished steel products on consumption of 10.6 million tons in the first four months this year, according to data from Vietnam Steel Association.

But prices are still heavily dependent on global material prices as local supply only meets 30 percent of production demand, it added.

Costs of public investment projects will surge 20-30 percent this year, driven by higher construction material prices, VNDirect Securities forecasts.

Steel accounts for 30 percent of construction costs, therefore, lowering its price would lessen the

burden on developers and shorten construction time.

5. MoIT stops anti-dumping duties on galvanised steel from South Korea and China

The Ministry of Industry and Trade has just issued Decision No 924/QĐ-BCT on terminating the application of anti-dumping measures to several galvanised steel products originating from South Korea and China.

galvanised steel products on the domestic industry and the level of dumping of the manufacturing and exporting enterprises of South Korea and China.

The ministry began conducting a period-end review in June last year in accordance with the Law on Foreign Trade Management and based on the review requesting dossier of representatives of the domestic manufacturing industry.

The investigation results show that after five years of applying anti-dumping measures, the domestic industry no longer suffers significant damage.

The investigation is carried out in accordance with the provisions of the World Trade Organisation, the Law on Foreign Trade Management and related regulations.

In the immediate future, imports from South Korea and China are unlikely to cause damage to the domestic industry.

In addition, the ministry has collected information and opinions of stakeholders, and carefully considered and assessed the impacts of imported

Based on the investigation and implementation of WTO regulations, the Law on Foreign Trade Management, guiding documents and opinions of relevant parties, the ministry decided to terminate the application of anti-dumping measures for some galvanised steel products originating from Korea and China.

6. Legal framework, advanced technologies key to marine aquaculture

Improved legal framework and applications of advanced technologies are considered key to further development of marine aquaculture in Việt Nam.

Tiến called on relevant agencies, departments, branches and localities to jointly build standards, research and put into practice high technology applications for further development of industrial marine farming.

Speaking at a recent conference on sustainable development of marine aquaculture, Deputy Minister of Agriculture and Rural Development Phùng Đức Tiến said that the Directorate of Fisheries will complete and submit to the Prime Minister a draft decree on the support of policies for fisheries development, including those for marine aquaculture development.

Associations were also urged to pay attention to and promote their role in converging and connecting businesses, farmers and scientists to make use of their advantages and contribute to the sustainable development of fisheries in general and marine aquaculture development in particular.

“It is necessary to review and assess the current status and needs of the infrastructure system to serve the development of marine aquaculture,” he said.

Director of the ministry's Department of Aquaculture Nhữ Văn Cẩn said that investment in infrastructure for marine aquaculture in Việt Nam now had many limitations.

The Directorate of Fisheries was also assigned to develop relevant standards and regulations in breeding, feeding, environment, commercial farming, caged fish and farming areas.

Ineffective investment led to the phenomenon in which many projects, once put into operation, failed to exploit the whole designed capacity.

The system of buoys and traffic signs specifically for the marine aquaculture industry failed to meet the demand, and most of the marinas for ships serving marine aquaculture across the country have not received proper attention or investment.

The anchorage areas for marine cages were mainly invested in and developed by people and businesses, he said.

Regarding the breeding issue, he said that currently, Việt Nam mastered the technology to produce many marine fish species, but the technology was not widely transferred to production facilities, so the efficiency in breeding production was not high, he said.

"The seed/breeding technology is complicated, the investment is expensive, the profits are low and the risks are high. That's the reason why businesses and fishermen have not much been interested in investing in," Cấn said.

Nguyễn Thị Hải Bình, general director of Super Trường Phát Plastic Group Joint Stock Company, said that recently, the enterprise researched high-density polyethylene (HDPE) and high-tech composite materials for aquaculture and marine farming in localities across the country, that generated high efficiency.

The material could replace traditional bamboo and wood in marine farming with a durability of up to 50 years.

"In order to support marine farmers to access new technology, the corporation offers financial solutions such as providing instalments. Aquaculture growers only have to pay 30 per cent of the investment in advance. Other instalments will be made in the first three crops with each crop lasting eight months, she said, adding that the company cooperated with banks to lend people to build cages made of new materials.

Trần Đình Luân, director of the General Department of Fisheries, said that Việt Nam aimed to develop its marine aquaculture industry into a major part of the marine economy and make the country a leader in the marine aquaculture industry in ASEAN and Asia, ranking in the top five leading countries in the world in terms of output and export value of farmed seafood.

By 2045, Việt Nam's aquaculture output is expected to reach three million tonnes per year; with export value of over US\$10 billion.

To boost marine aquaculture, a series of policies have been designed. Specifically, the State exempts and reduces land and water surface taxes, and exempts or reduces taxes and fees for businesses investing in industrial mariculture. At the same time, favourable conditions are created for procedures to import technology, materials and equipment for marine aquaculture.

The Government grants long-term land and water surface use rights for businesses to invest in and develop marine aquaculture stably and allow conversion of the land/surface areas of other economic sectors to marine aquaculture development.

Luân said that the research and investment in seed production, especially mollusk varieties, were done very well. However, the compliance with the farming process, techniques and instructions were still weak, he added.

Farmers, when focusing on the output, usually forgot the recommendations of the agencies on the environment, and the process of guiding the farming techniques, he said.

"We have strongly recommended that coastal aquaculture areas be re-examined because of overcrowding, polluted environment and potential risk of losses. Therefore, our strategy is to review water surface allocation according to the Law on Fisheries to issue codes to people. We want to expand offshore marine farms, attract large corporations and large enterprises to invest in them and exploit like other countries are doing," he said.

This year, Việt Nam planned to have 90,000ha for marine aquaculture and 9.5 million cu.m of fishing cages, producing 790,000 tonnes of marine aquaculture products.

By 2025, it is expected to increase the scale of marine farming areas to 280,000ha with 10 million cu.m of fishing cages and total marine aquaculture production reaching 850,000 tonnes.

By 2030, the marine aquaculture area should reach 300,000ha, 12 million cu.m of cages, and aquaculture production reaching 1.4 million tonnes.

The country's marine aquaculture industry is expected to reach an advanced level with modern

management methods by 2045. The marine aquaculture industry is expected to become an important part of the fisheries industry, contributing over 25 per cent of the total output and export value of over \$4 billion.

7. Gov't may recall unused funds for public investment projects

Undisbursed funds for public investment projects could be recalled if local governments failed to implement the projects for an extended period of time, said Deputy Prime Minister Lê Minh Khái in a meeting with officials of five provinces in Hà Nội on Thursday.

According to the Ministry of Finance, funds allocated to five provinces, namely Vĩnh Phúc, Phú Yên, Khánh Hòa, Bình Thuận, Bình Phước, in 2022 will be VNĐ26.6 trillion (US\$1.2 billion), including VNĐ5.7 trillion from central budget and the rest from local budgets.

However, according to the State Treasury, as of May 15 this year, the five provinces managed to disburse just over VNĐ5.5 trillion or 20.7 per cent of the year's target. Of which, nearly VNĐ4.2 trillion came from local budget, VNĐ1.28 trillion from central government budget and more than VNĐ40 billion from ODA sources.

Deputy Chairman of Vĩnh Phúc People's Committee Vũ Việt Văn said the country's existing regulations on public investment have been showing shortcomings and limitations.

For example, he said the law required local governments to present public investment projects to the People's Council but the council only holds 2-3 meetings a year, making it near impossible for them to meet such requirements.

Another issue was the land clearance procedure which is not allowed to start before a project received its final approval, significantly slowing

down the speed at which a project can be implemented.

As land clearance and compensation typically required a large amount of money, a bottlenecked process could potentially tie up trillions of funding.

Lê Ngọc Tiến, director of Bình Thuận Province's Department of Planning and Investment, said it's high time the Government establish a detailed guideline for land clearance process to avoid confusions down the line.

Minister of Finance Hồ Đức Phúc said his ministry is to collect and study all feedbacks by local officials and that the Government has been working around the clock to address said issues. However, he said disbursement for public investment projects has been too slow and too behind schedule. It was a cause for concern, especially in light of recent inflation waves, rising construction material prices and wages.

As a temporary solution, he suggested local governments to assign high-ranking officials to closely oversee the land clearance process. He said once all necessary steps are completed, his ministry only require no more than 72 hours to transfer the funds.

He said the country's top priority right now is to quickly improve its infrastructure, a key component in speeding up economic recovery. As the National Assembly approved a VNĐ350 trillion economic recovery package, nearly one-third of it has been earmarked for infrastructure building.

Corporate News

8. BID: Hoa Binh, BIDV cut cooperation deal

↓ -0.72%

Under the deal, the two sides will enhance their cooperation to become each other's comprehensive partner, ensure their long-term and sustainable cooperation and diversify business activities, thus improving their business effectiveness and competitiveness.

They will support each other to take advantage of local and foreign markets. In addition, BIDV will provide credit, financial services, working capital and medium- and long-term capital for Hoa Binh's business operations.

Speaking at the signing ceremony, BIDV CEO Le Ngoc Lam said the bank had provided trillions of Vietnam dong for projects of Hoa Binh. The two sides have cooperated for over 20 years.

Hoa Binh Chairman Le Viet Hai said the comprehensive partnership with BIDV would help Hoa Binh enhance its capacity, improve its competitiveness, increase the local market share and expand to foreign markets.

Today, May 18, HBC rose 4.42% at VND20,100, while BID inched up 1.31% at VND34,900.

The VN-Index of the Hochiminh Stock Exchange added 12.39 points, or 1.01% against the previous session at 1,240.76, with 272 stocks advancing and 177 others declining. The bourse saw 556.1 million shares valued at some VND13.8 trillion changing hands, down 3% in both volume and value.

The HNX-Index of the Hanoi exchange dropped 5.6 points, or 1.77%, compared to the previous session at 309.84.

9. HDB: Vietjet, HDBank partner to make air travel extra handy and cashless

↑ 1.25%

On May 16, the Hochiminh Stock Exchange issued HDBank and Vietjet have collaborated to launch Vietnam's budget airline co-branded Platinum card with an aim to make flying and shopping more convenient and rewarding.

The internationally valid credit card is power packed with benefits that include 5 percent cashback on Vietjet tickets, 0.3 percent cashback on all other retail transactions and global travel insurance up to VND11 billion including delayed luggage and international medical assistance.

The card also comes with a special best in market interest rate, with no first year fee and with two supplementary cards for family members free for life.

Besides travel benefits, the card also offers discounts on 5-star resorts/hotels, golf, dining, shopping and entertainment.

Moreover, this co-branded card provides cardholders priority check-in at Vietjet counters.

The card has been launched with a unique promotion providing 20 percent cashback on the first Vietjet online ticket purchase.

All of these benefits are easy to obtain through a digital on-boarding process.

"The HDBank Vietjet Platinum Credit Card has been created with market leading benefits to target the rapidly growing segment in Vietnam that travels frequently for business and pleasure with a unique bundle of benefits that provides cashless convenience, rewards and unmatched value," Pham Quoc Thanh, CEO of HDBank commented.

Nguyen Thanh Son, Vietjet's vice president, added: "As air travel regains momentum post pandemic, the distinct benefits of this co-branded credit card



will provide our valued Vietjet flyers with cherished experiences and outstanding value."

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