



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Market ends bullish on strong buying forces

The market ended bullish on Tuesday as strong buying forces brought an upswing on blue chips, lifting indices.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index started off the afternoon session with an inverse head and shoulders pattern but later broke the neckline to reach 1,233.38 points, up 14.57 points, or 1.2 per cent.

The market's breadth was positive with advancers outnumbering decliners by 223 to 211. Notably, three stocks hit floor prices whereas six hit ceiling prices.

The market's liquidity was low with only 479 million shares traded on the southern bourse, equivalent to VNĐ12 trillion (US\$520 million).

The 30 biggest stock tracker VN30-Index rose by 17.36 points, or 1.38 per cent, to end at 1,272.71 points. In the basket, 26 stocks climbed while four slid.

Masan Group (MSN) continued to lead the market rally with a gain of 4.31 per cent. Other major stocks behind the pick-up included Vietcombank (VCB), Vietnam Dairy Products (VNM), VietinBank (CTG), Petro Vietnam Gas (GAS), and VPBank (VPB).

By sector, the bullish market was backed mainly by securities firms, which saw an increase of 3.72 per

cent sector-wide. Specifically, VNDirect Securities (VND) climbed by 3 per cent, SSI Securities (SSI) by 6.04 per cent, and Viet Capital (VCI) by 4.11 per cent.

The market was also propped up by seafood stocks with Vĩnh Hoàn Corp. (VHC) gaining 3.87 per cent. It was followed by Nam Việt Corp. (ANV) with an increase of 3.77 per cent.

In the realty sector, the trio stocks of the Vin family – Vingroup (VIC), Vincome (VRE) and Vinhomes (VHM) – saw green on the screen. Other big names including No Va Land (NVL), Investment and Industrial Development (BCM) and Phát Đạt Real Estate (PDR) also came out on top.

Banking stocks were riding high with the largest market-cap banks climbing by over 1 per cent each. Notably, Vietcombank (VCB) went up by 1.61 per cent, BIDV (BID) by 1.2 per cent and VPBank (VPB) by 2.39 per cent.

The HNX-Index on the Hà Nội Stock Exchange (HNX) gained 5.3 points, or 1.76 per cent, to reach 305.96 points.

Foreign investors poured money into the market as they net bought a total of VNĐ199.1 billion shares on the two main exchanges. Of which, they net bought VNĐ195.88 on HoSE and VNĐ3.13 billion on HNX.

## Macro & Policies

### 2. High demand pushes industrial land rent up

Industrial land rent in Ho Chi Minh City have surged to a record high of \$198 per square meter per term, leading all localities, with an occupancy of 90 percent.

It was followed by Hanoi at \$140, and Da Nang City at \$80, according to a report by real estate consultancy Cushman Wakefield.

The average rent in the southern region is \$135, and in the north, \$109.

Northern industrial hubs are seeing an average occupancy of 80 percent, thanks to multinationals' transition of manufacturing from China.

The central region has an average rent of \$34, with an occupancy of 67 percent.

The main industries there are food processing, heavy industries, oil, energy, textile and footwear.

Another report by real estate consultancy Jones Lang LaSalle (JLL) showed that rents were \$120 per square meter per term in the first quarter in southern localities, up 9 percent year-on-year.

The rise came as foreign companies increased their investment in Vietnam as the economy reopened.

Real estate consultancy Colliers Vietnam said HCMC has seen industrial land rent rising by 8-9 percent annually in recent years, and companies are expanding to other southern localities like Binh Duong and Long An due to dwindling space in the largest city in Vietnam.

Savills Vietnam said that the government is encouraging foreign companies to move their factories to Vietnam with a priority for sectors with high added value.

### 3. Steel prices cool down as input costs drop

Steel prices have been steadily on the decline in the last few weeks as prices for raw materials dropped on the global market, according to the Vietnam Steel Association (VSA).

VSA reported prices for iron ore have gone down to US\$139 per tonne, a \$16 decrease from prices at the beginning of April, and a \$71-73 decrease from the record-breaking prices reported in May 2021 at \$210-212 per tonne. Meanwhile, prices for steel scrap have also seen a significant drop to \$530 per tonne, a \$94 decrease from early April. Hot-rolled coil has fallen to \$797 per tonne, an \$81 decrease.

Since the beginning of the year, demand for steel in the domestic market has been high as economic recovery was in full swing. Steelmakers, taking full advantage of robust demand, also raised their prices on the pretext of higher input costs of imported raw materials.

However, a sharp fall in demand in China due to extensive social distancing measures employed by Chinese authorities in recent months has forced Vietnamese steelmakers to lower prices to clear their inventory, bringing steel down to an average of VNĐ18.25-18.50 million per tonne.

Hòa Phát steel has gone down by VNĐ4.6-8.0 million per tonne, Việt Đức steel by VNĐ5.1-7.6 million, Thái Nguyên steel by as much as VNĐ8.1 million per tonne.

According to owners of metal stores in Hà Nội, while steel has gone down from its over-VNĐ20 million per tonne mark in March, it remained quite high compared to the end of 2021. Recent price drops have not managed to bring steel down to the previous price level after four consecutive price hikes since the beginning of the year.

Vietnamese steelmakers together produced more than 11.4 million tonnes of steel during the first four

months of 2022, a 2 per cent increase from the same period last year. Of which, 10.6 million tonnes were sold, a 4 per cent increase year-on-year with 2.5 million tonnes exported.

According to the VSA, for the time being, Vietnamese makers were able to meet all domestic demand. However, the country could only supply 20-30 per cent of raw materials, making Vietnamese steel prices largely dependent on the global market.

By the association's estimate, Việt Nam will have to import as much as 18 million tonnes of iron ore, and 6.5 million tonnes of scraps and coking coal in 2022.

In the short run, cheaper steel would mean the country's much-needed infrastructure projects could now progress with less pressure from soaring material prices, of which steel alone typically accounted for 20-30 per cent.

#### 4. Aviation industry needs more financial help to recover

Việt Nam needs policies to support and remove difficulties for domestic airlines to regain their growth momentum in the post-COVID recovery period, transport experts said yesterday.

At the seminar "Restoring and developing Việt Nam's aviation industry in a new context" organised by Communist Review, in collaboration with the Ministry of Transport (MoT), experts said the air transport industry has been seriously affected and they urge the government to create the market and the development corridor as a key to return to the growth trajectory of the aviation industry.

Đình Việt Thắng, director of the Civil Aviation Authority of Việt Nam (CAAV) said: "The COVID-19 pandemic has delayed the development of the aviation industry and caused negative consequences for units in the air transport chain, especially the national airline Vietnam Airlines."

He added Việt Nam's aviation market dropped sharply in the 2020-21 period with a decrease of 42.1 per cent and 80 per cent respectively compared to 2019. At the same time, Thắng said the local airlines have had to struggle, manage and implement all self-advocacy solutions as well as receive support from State management agencies to maintain operations until the market recovers.

The director assessed that by 2022 the aviation market had signs of recovery, especially the domestic market, which is a positive signal for the operation of the aviation industry, contributing to mitigating difficulties and creating favourable conditions for the aviation industry and momentum for recovery and development in the coming years.

However, he said, signs of recovery were only seen in the domestic market. The international market, which brings more than 60 per cent of revenue for Vietnamese airlines, is still facing many difficulties compared to the pre-epidemic level in 2019.

He told the seminar: "Currently, although Vietnamese and international airlines have restored most of the routes to traditional markets, the number of international visitors is still mainly official, visiting relatives, and doing business. The number of tourists, the main source of passengers of the aviation industry is still very limited."

On the other hand, due to the impact of COVID-19 internationally, people's incomes have been greatly affected, so there is a tendency to tighten spending and consumption.

Thắng added: "The recent continuous increase in fuel prices, which shows no signs of abating, has put pressure on the costs of airline operations, which are very heavy. Not to mention, the Russia-Ukraine conflict also affects the European routes of Vietnamese airlines when they have to fly around, incurring additional costs."

According to a report by the International Air Transport Association (IATA), the world international aviation market will recover to 2019 levels by 2025. For domestic transport, IATA forecasts the recovery will come. This means that compared to 2019, domestic arrivals will reach 93 per cent in 2022, 103 per cent in 2023, 111 per cent in 2024 and 118 per cent in 2025.

However, not all markets or market segments recovered at the same rate. According to IATA, the

Asia-Pacific region is lagging in the recovery process and it is forecasted that it will not be until 2024 that this region will reach 97 per cent compared to 2019.

At the seminar, Professor Trần Thọ Đạt, of the National Economics University said the prospect of developing Vietnamese aviation this year and the next time was seen clearly, saying: “Airlines industry is likely to be the field leading the recovery wave after the pandemic with a series of domestic and international routes restored and expanded.”

Đạt said the financial health of airlines was a key factor in the aviation recovery, adding most airlines were struggling for financial resources and cash flow to maintain operations, in addition to restructuring airlines to reduce costs.

He appreciates the Government has many policies and solutions to support and remove difficulties for businesses in the aviation industry, such as reducing prices in specialised aviation services and fees; reducing insurance taxes, environmental protection for jet fuel; support for refinancing and extension of tax payment deadlines in the period of 2020-2021.

Đạt said: “These policies have very effectively supported businesses in the aviation industry by reducing financial pressure. Its effectiveness has

been proven as not a single Vietnamese airline enterprise in Việt Nam went bankrupt and stopped operating due to the impact of the COVID-19.”

CAAV’s director Thăng said that aviation businesses can receive the 2 per cent interest rate support in two years 2022-2023 through commercial banks, adding they could also continue enjoying a 50 per cent environmental protection tax for 2022.

“With this programme, the Government has taken very specific actions to make it accessible to aviation businesses, such as cheap capital as well as reducing the cost burden for the operation of airlines. This is a valuable and timely source of support from the Government for aviation businesses,” Thăng said.

Seeing the support, many participants at the seminar suggested that the Government facilitate access to capital and sustainable cash flow for aviation enterprises to recover and develop soon.

They also asked the State Bank of Việt Nam to speed up the credit support package for businesses; remove some constraints on price policy such as adjusting the ceiling price of air tickets; allowing airlines to collect fuel surcharges for domestic flights and air service price support.

## 5. Plan of using State capital must be realistic: NA

The plan for using State capital in development investment must be realistic to ensure efficiency, according to the National Assembly’s Finance and Budget Committee.

The committee’s Deputy Chairwoman Nguyễn Thị Phú Hà said on Monday at the third meeting of the 15th National Assembly that the plan of using the State budget for development investment was not feasible, with incorrect capital demand, forcing the plan to be adjusted three times.

At the meeting, Minister of Finance Hồ Đức Phớc disclosed that the ministry’s report on the budget in 2020 showed that collection totalled more than VNĐ1.5 quadrillion, while spending reached VNĐ1.7 quadrillion, 1.9 per cent and 3.6 per cent lower than the plans, respectively.

The public debt level fell significantly from 63.7 per cent of gross domestic product (GDP) in 2016 to 55.2 per cent by the end of 2020, with debt maturities extended and borrowing costs reduced, which helped strengthen the national financial safety and security and create room to support growth and promptly respond to the pandemic, Phớc said.

According to Hà, the committee’s verification report found some limitations in budget collection in 2020, such as central budget revenue, tax and fee collection failing to meet the plan. The collection of land use fees was much lower than in previous years.

The plan for using State capital for development investment lacked feasibility and localities did not register their capital demands correctly, which forced the plan to be adjusted.



There was also a lack of observance in the implementation of the budget plan, such as slow allocation and disbursement of public investment and violations in allocating capital, she said.

The committee's report also pointed out that the revenues from land lease and mineral exploitation were mismanaged in some localities, causing losses to the State budget. In addition, tax evasion remained an issue.

She said that accountability must be enhanced to increase discipline in the implementation of the State budget plan.

According to the finance ministry, the COVID-19 pandemic heavily affected budget revenue in 2021 as a number of industries suffered, such as aviation and tourism, together with the implementation of a number of tax reduction and exemption policies to promote economic recovery.

From the end of the third quarter, with the large-scale vaccination campaign coupled with drastic measures to remove difficulties for businesses, economic activities recovered and supported budget revenue.

Budget collection totalled nearly VNĐ1.57 quadrillion in 2021, 16.8 per cent higher than the plan.

## 6. HCMC real estate market gloomy in Q2

The real estate market is slowing down with demand on both primary and secondary markets declining, after the government tightened regulations and launched probes into some developers.

Leading property portal Batdongsan.com reported a 8-9 percent decline year-on-year in the number of searches for land and houses on its platform last month.

The land market segment slowed down, with no transactions recorded last month, according to consultancy DKRA Vietnam.

Insiders attributed the slump to a surge in prices driven by HCMC's outlying districts' plans to develop

Phúc said that some industries, such as construction, steel and automobile manufacturing, generated high profits and contributed significantly to the State budget.

Budget collection was estimated to be equivalent to 46.6 per cent of the plan for this year, 15.4 per cent higher than the same period last year. The total sum of VNĐ16 trillion in tax reduction and exemption was provided to enterprises and residents in the first four months of this year.

The Russia – Ukraine conflict as well as rising oil and material prices might push up input costs which would put pressure on budget revenue in the following months, Phúc said.

The ministry would maintain flexible and cautious fiscal policies and keep a close watch on the development of the COVID-19 pandemic, together with monetary and other macroeconomic policies, to accelerate socio-economic recovery, he said.

He added that focus would be placed on speeding up administrative reform, digital Government development and enhancing tax management.

The Government targeted to collect revenue of more than VNĐ1.4 quadrillion and planned a total spending at VNĐ1.78 quadrillion, meaning a budget deficit of four per cent of GDP.

into cities within a city and limited supply after some localities stopped granting permission for land subdivision.

The gloomy outlook also haunted the city's apartment market, with sales plunging by 68 percent from the previous quarter to 1,385 units in the first three months, the lowest in a year.

Meanwhile, an increasing number of investors decided to sell off their apartments due to financial distress after interest incentives expired, a VnExpress survey in early May found.

But demand was gloomy over credit tightening, rising interest rates and high prices despite

developers' efforts to stimulate the market through promotions and discounts.

Some analysts called for close monitoring of the market saying these signs portend the start of a prolonged bear market.

But others dismissed these concerns, saying a slowdown is necessary for the market to readjust after the boom in recent years.

## 7. Hà Nội's second metro line project delayed further 5 years

Hà Nội Urban Railway Management Board has proposed delaying the Nhổn-Hà Nội Railway Station project for five years, with an additional investment capital expenditure of more than VNĐ4.9 trillion (US\$211.2 million).

Under the management board's proposal recently sent to the city's People's Committee, the Nhổn-Hà Nội Railway Station line will be put into operation in 2027, with the elevated section beginning in 2022.

The metro line will complete its final settlements in 2029.

Accordingly, the project's total investment has been adjusted to be VNĐ34.53 trillion (\$1.48 billion), with an increase in investment of about VNĐ4.9 trillion (\$211.2 million).

The management board said the increase in total investment was required because of changes in exchange rates and the need to readjust initial designs and technical requirements. Multiple delays to the project have led to changes to the original schedule.

The city's second metro railway project started in 2009 and was initially scheduled for completion in 2022. However, the construction progress has been delayed for multiple reasons.

A representative of the management board said the project was deploying all 10 main bidding packages.

The overall completion progress was about 74.36 per cent. Of that, the figures for the elevated and underground sections were 95.1 per cent and 33 per cent.

The management board said it was working with consultants and contractors to focus on the elevated section to put it into operation by the end of 2022

while continuing to handle problems to speed up the progress of the underground section.

It said the project was currently facing five major problems affecting the progress.

The impact of the COVID-19 pandemic has caused delays and interrupt in importing equipment and mobilising experts from Europe. This has led to prolonged equipment bidding packages and increasing costs.

The delay in site clearance and relocation of technical infrastructure has affected the project's progress. There are bidding packages that are 5-6 years behind schedule in handing over the site.

There are 50 buildings not located in the area of land acquisition but still affected by the construction of the project. The law has no guidance on the compensation process for these households, so it takes time.

The extension of the contract period and additional costs due to the prolonged time has led to disputes with international contractors, making it difficult for Vietnamese management agencies to settle disputes.

There are also problems related to packaging contracts and issues with regulations, standards, unit prices, as well as prices of material and equipment.

Due to these problems, nine out of 10 bidding packages need to sign appendices to extend the implementation time and to seek additional costs due to prolonging the contract.

The Nhổn-Hà Nội Railway Station metro project covers 12.5km with eight elevated stations and four underground.

The line will run through the districts of Bắc Từ Liêm, Nam Từ Liêm, Cầu Giấy, Ba Đình, Đống Đa and Hoàn Kiếm.

The trains are expected to operate at 35km per hour on average and 80km per hour maximum, the same speed as metros in Paris, Berlin and various cities in Asia.



## Corporate News

### 8. VIC: Vingroup divests stake in genetic testing company

↑ 0.26%

Jewelry giant PNJ' profits surged 70.5 percent year-on-year in April to VND145 billion (\$6.26 million).

Revenues also rose by 50 percent to VND2.28 trillion.

April is the seventh month in a row the company surpassed its pre-Covid results of VND2-trillion in revenues and VND100-billion in profits.

For the first four months this year, it recorded revenues of VND12.9 trillion and profits of VND866 billion, up 40 percent from last year.

Gold bar was PNJ's fastest growing segment with revenues rising by 64 percent, thanks to

geopolitical conflict in Ukraine and the global risk of inflation.

Vietnamese consider gold a safe haven holding in times of market volatility.

But its profit margin was down from 18.4 percent to 17.8 percent, dragged down by the lower margin of gold bars.

As of the end of April, PNJ had 343 independent stores. It opened seven locations in the first four months but closed two.

It eyes opening 35-40 new outlets by the end of this year.

### 9. FRT: Approved the record date for dividend payment

↑ 2.15%

The Board resolution dated May 20, 2022, the BOD of FPT Digital Retail Joint Stock Company approved the following contents:

1. Approved the record date to pay cash dividend for 2021:

- Record date: June 08, 2022

- Payment date: June 22, 2022.

1. Approved the record date to issue shares for 2021 dividend payment:

- Record date: June 08, 2022.

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