



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares make gains on banking, airline stocks

Shares had a good start on Monday, driven by the strong growth of blue chips in the banking and aviation stock groups.

On the Hồ Chí Minh Stock Exchange, the VN-Index gained 0.66 per cent to close Monday at 1,293.92 points.

The southern bourse's index expanded 3.6 per cent last week.

Market breadth was positive with 289 gainers and 145 losers, while 65 shares ended flat.

Liquidity stayed low with more than 587.2 million shares traded on the southern bourse, worth VNĐ16.5 trillion (US\$711.8 million).

The VN30-Index, tracking the 30 biggest stocks on HoSE, rose 0.54 per cent to end at 1,342.87 points. Out of 30 stocks in the VN30 basket, 18 posted gains while eight decreased.

Among blue chips, big gainers included tech giant FPT Corp (FPT), Mobile World Investment (MWG), PV Gas (GAS), Vinhomes (VHM), Asia Commercial Bank (ACB), Vinamilk (VNM), Vietcombank (VCB) and Techcombank (TCB), with growth of between 1-5 per cent each. There were also the top 10 shares lifting the VN-index most.

Banking stocks led the market rally with gainers including Vietcombank (VCB), Bank for Investment and Development of Vietnam (BID), Techcombank (TCB), VietinBank (CTG), Military Bank (MBB), Vietnam International Commercial JS Bank (VIB) and Saigon-Hanoi Commercial JS Bank (SHB).

Aviation-related stocks on Monday stood out as confidence was lifted thanks to the restoration of international flights and tourism re-opening.

Vietnam Airlines (HVN) and Vietjet (VJC) soared 3 per cent and 4 per cent, respectively.

“VN-Index opened with a positive gap towards the resistance area of 1,290 before the selling force pushed the index back to 1,280 zone,” said BIDV Securities Co.

“However, buyers then dominated and brought the index back to close at 1,290, gaining eight points.

“Regarding the transaction of foreign investors, today they bought more than VNĐ1 trillion on the HoSE. In the coming sessions, the market will probably trade in the 1,285-1,290 zone,” the company said.

Foreign investors net bought VNĐ1.67 trillion on HOSE, including FUEVFNVD with VNĐ1.1 trillion, FPT Corporation (FPT) with VNĐ362.66 billion, Sacombank (STB) with VNĐ45.04 billion. They were net sellers on HNX with a value of VNĐ575.73 million.

On the Hà Nội Stock Exchange, the HNX-Index increased 0.51 per cent to end the day with 312.77 points.

The index had risen 1.35 per cent last week.

Liquidity also stayed at a relatively low level with 81.4 million shares worth nearly VNĐ1.8 trillion being traded on the northern market.

## Macro & Policies

### 2. Việt Nam's trade turnover up 15.6 per cent in five months

Việt Nam's total trade turnover in the first five months of 2022 experienced a year-on-year increase of 15.6 per cent to US\$305.1 billion, a report from the General Statistics Office (GSO) has shown.

In May alone, import-export activities brought \$30.48 billion, down 8.5 per cent month-on-month but up 16.4 per cent year-on-year, according to the report published on Sunday.

During the five months, the country's exports hit \$152.81 billion, surging 16.3 per cent over the same period last year. Of which, the domestic sector contributed \$40.25 billion or 26.3 per cent of the total value, up 20.8 per cent on year while the foreign-invested sector made up \$112.56 billion or 73.7 per cent, a yearly rise of 15 per cent.

Twenty-six groups of commodities posted an export value of over \$1 billion each, accounting for 89.6 per cent of the nation's total turnover in the period. Six of them recorded a value of over \$5 billion or equivalent to 62.3 per cent of the total, including electronics, computers and components with over \$36 billion, up 28.6 per cent; machinery and parts (\$18.15 billion, down 4 per cent); handsets and components (over \$9 billion, up 19.3 per cent); clothing (\$6.54 billion, up 10.9 per cent); plastics (with \$5.54 billion, up 9.7 per cent); and steel and iron (\$5.44 billion, up 17 per cent).

Meanwhile, the country's import turnover surpassed \$152.2 billion, a yearly hike of 15 per cent. Of the sum, 53.36 billion came from the domestic sector, up 14.7 per cent, while the remainder of \$98.93 billion from the foreign-invested sector, up 15 per cent.

According to the GSO, the first five months of 2022 saw 28 items with an import value of over \$1 billion or equivalent to 85.7 per cent of the total turnover.

The US remains Việt Nam's largest import market with an estimated turnover of \$46.7 billion, while China was the country's biggest exporter with \$49.6 billion in the period.

The GSO added that Việt Nam posted a trade surplus of \$516 million from January to May with \$13.11 million worth of surplus recorded by the domestic sector and \$13.63 million by the foreign-invested sector.

Specifically, the country reported a trade surplus of \$13.4 billion with the EU, a 43.6 per cent increase year on year. However, it recorded a trade deficit of \$27.1 billion with China, \$17.9 billion with South Korea and \$6.5 billion with ASEAN.

According to experts, free trade agreements (FTAs) spurred Việt Nam's bilateral and multilateral trade, with 2022 revenues projected to hit a record \$750 billion, being a momentum for 2022-23 trade breakthrough.

Nguyễn Chánh Phương, deputy chairman of the Handicraft and Wood Industry Association of HCM City (HAWA), said new-generation FTAs enhanced trade-in Việt Nam's wood processing sector, pushing exports when compared to rival countries that are outside of the agreements.

A survey by the Centre for Industrial Studies (CSIL) of Italy forecasts the global wood products market will record growth of 4 per cent in 2022.

However, intra-country logistics posed a challenge for Vietnamese businesses, causing some businesses to miss opportunities within the FTAs. Therefore, Việt Nam needs to fine-tune policies and regulations on logistics services and build fleets of major vessels and modern infrastructure to meet import-export requirements, experts said.

Trần Thanh Hải, deputy director of the Agency for Foreign Trade at the Ministry of Industry and Trade, confirmed that firms had to study how the trade deals benefit them to adjust procedures and source material supplies. This would allow them to meet certificate of origin criteria and benefit from preferential tariffs under the FTAs.

Enterprises have received guidance from experts and the Government on tariff and non-tariff restrictions so as better navigate these difficult waters, he said.

### 3. HoSE applies new trading rule for restricted stocks

The Hồ Chí Minh City Stock Exchange (HOSE) has announced a decision on regulating trading time for restricted stocks on the bourse.

Stocks subject to trade under restriction on HOSE can only be traded in the afternoon session of the trading day by centralised order matching and put through trading methods.

The decision takes effect from the date of signing, which was May 25, and the amendment and supplementation of this decision was decided by the General Director of HOSE after being approved by the Chairman of HOSE.

On May 25, HOSE announced to list LCM shares of Lào Cai Mineral Exploitation & Processing JSC in restricted trading starting from May 25, due to late submission of the 2021 audited financial statements. Therefore, from May 26, LCM shares can only be traded in the afternoon session by the method of centralised order matching and put through trading.

Recently, HOSE announced the transfer of three stocks in the FLC family, which are FLC Group (FLC), FLC Faros Construction JSC (ROS) and HAI Agrochem JSC (HAI), from controlled to restricted trading list from June 1.

This means all three stocks can only be traded in the afternoon session of the trading day by centralised matching and put through trading methods.

On Monday morning, FLC shares dropped by 2.85 per cent to VNĐ5,800 (US\$0.25) at 10:56 local time, after falling for two consecutive sessions.

The price of FLC shares is down more than three times since Trịnh Văn Quyết, former chairman of FLC Group, was prosecuted and detained for manipulating the stock market and hiding information in securities activities at the end of March.

ROS shares also decreased 2.82 per cent, while HAI jumped 2 per cent.

On May 26, the trio stocks all hit floor prices.

### 4. More room to develop Việt Nam's international shipping fleet

The potential is great, but the development and operation of Vietnamese cargo shipping has not been commensurate with the role and position of the country.

In the project to develop Việt Nam's international shipping fleet by the Việt Nam Maritime Administration (Ministry of Transport), the administration said that the country's seaport system in recent years has developed relatively synchronously and modernly and is able to welcome some of the world's largest ships.

However, containers of goods imported and exported to/from Việt Nam is mainly handled by foreign shipping lines, especially on long-distance sea routes from/to developed countries such as Europe and the US.

The domestic fleet currently mainly undertakes domestic transportation and short international routes in Asia. The international shipping market share of Việt Nam's shipping fleet has been on a downward trend in recent years.

The fleet structure is not as good as it could be with mainly small tonnage ships carrying dry and bulk cargo. There is a lack of container ships and large tonnage ships operating on international routes.

There were 1,502 ships under the Vietnamese flag (excluding data of ships under construction) as of December last year, with a total tonnage of about 7.15 million GT and 11.7 million DWT.

The number of ships ranged from 1,000 to over 1,200 ships in the 2016-20 period.

The number of ships has decreased by over 200 last year compared to 2016, equivalent to a decrease of 17.2 per cent.

Compared with the 2010-15 period, Việt Nam's transport fleet has decreased by over 400 ships. However, the total tonnage of the transport fleet grew by over 6 per cent.

On the basis of the situation of the international transport market and the growth trend of goods through Việt Nam's seaports over the years, the maritime administration shows that there is a huge potential for developing an international shipping fleet.

However, Vietnamese shipping enterprises' development and operation have not been commensurate with the role and position of the country.

The Việt Nam Maritime Administration proposed many solutions to develop Việt Nam's shipping in the 2021-26 period, with a vision for 2030.

Accordingly, the first is to renovate mechanisms and reform administrative procedures, creating a stable and favourable legal corridor to support businesses to operate effectively.

Regarding the financial solution, ship owners should be allowed to not pay VAT when importing ships to transport goods for Vietnamese goods owners until the end of 2026; exempt import tax and reduce 50

per cent of tonnage fees when ship owners buy and operate container ships of 1,500 TEUs or more or ships powered by clean energy and LNG carriers.

The State Bank of Việt Nam has a policy that allows Vietnamese ship owners who have ships operating on international routes with foreign currency revenue to be allowed to borrow foreign currency to invest in buying ships.

Another important solution is to improve the quality of crew members. The Việt Nam Maritime Administration recommends calling for private investment in human resource training, including domestic and foreign training.

There are policies and special incentives for employees of the shipping industry in order to encourage workers to stick with the work for a long time.

Speaking at a seminar on developing the Vietnamese international shipping fleet last week, Deputy Minister of Transport Nguyễn Xuân Sang said that the ministry had been completing a project to develop the Vietnamese international shipping fleet with many synchronous solutions and a specific roadmap to submit to the Government to facilitate the development of not only the international shipping fleet but also the domestic fleet.

The deputy minister affirmed that he would continue to gather suggestions and opinions from businesses and associations to complete this important project in detail.

## 5. Việt Nam has highest increase in tourism development index

Việt Nam's tourism has stepped up eight places on the 2021 Tourism and Travel Development Index (TTDI), according to the World Economic Forum (WEF) Report.

Việt Nam experienced the greatest score improvement, rising by 4.7 per cent to leap from 60th to 52nd on the overall index. Indonesia and Saudi Arabia also had great improvements in rank, with an increase of 3.4 per cent to the 32nd place and 2.3 per cent to the 33rd place, respectively, the report said.

The WEF report shows that Việt Nam's improved rankings have resulted from its achievements in COVID-19 prevention, measures of safe and flexible adaptation to the pandemic, and continuous efforts to develop safe tourism.

The report noted that relatively stagnant TTDI results reinforce the difficult situation the Travel and Tourism (T&T) sector faces. On average, TTDI scores increased by just 0.1 per cent between 2019 and 2021.



According to the report, aside from the United States (2nd), the top 10 scoring countries are high-income economies in Europe and Eurasia or Asia-Pacific regions.

Japan tops the ranking, with fellow regional economies Australia and Singapore coming in 7th and 9th, respectively. Meanwhile, Italy joined the top 10 (up from 12th in 2019) in 2021.

The remaining top 10 TTDI performers are Spain (3rd), France (4th), Germany (5th), Switzerland (6th) and the United Kingdom (8th).

The Asia-Pacific region is the second-highest performer in the ranking. Of its 20 constituent economies, 12 score above the TTDI average and 13 have improved their scores since 2019.

Many of the more developed economies in the region have world-class transport, tourism, healthcare and ICT infrastructure, high levels of international openness and investment in T&T, conducive business environments, high performance for socio-economic resilience and qualified and productive workforces.

On the other hand, the region's less developed economies' advantage in price competitiveness and rich natural assets are often offset by gaps in the aforementioned factors such as tourism, healthcare and ICT infrastructure, international openness and socio-economic resilience.

However, these gaps are being bridged somewhat as the Asia-Pacific region's lower-middle-income economies have improved their performance, with particularly strong growth in areas such as ICT readiness.

The TTDI 2021 is an evolution of the 15-year-old Travel & Tourism Competitiveness Index (TTCI) series, according to the WEF. Over the past two years, the severe damage to the tourism sector due to the COVID-19 pandemic has completely changed its approach in that the forum changed the ranking of TTCI to TTDI.

The transformation of the TTCI into the TTDI reflects the index's increased coverage of T&T development concepts, including sustainability and resilience impact, on T&T growth. It is designed to highlight the sector's role in broader economic and social development as well as the need for T&T stakeholder collaboration to mitigate the impact of the pandemic, bolster the recovery and deal with future challenges and risks.

Covering a total of 117 economies, the TTDI ranking is based on the assessment of a set of tourism development capacity indexes which consists of five sub-indexes, focusing on evaluating the role of the tourism industry in broader economic and social development.

## 6. International arrivals jump, VN among most-searched destinations

International arrivals to Việt Nam jumped significantly in May while the country rose to be among the most-searched destinations after international tourism reopened.

The latest update from the General Statistics Office (GSO) showed that international arrivals to Việt Nam reached 172,900, representing a rise of 70.6 per cent over the previous month.

For the January-May period, Việt Nam received a total of 365,300 international arrivals, 4.5 times higher than the same period last year but 95 per cent lower than the same period of 2019, when COVID-19 restrictions were not in place.

Việt Nam saw a whopping rise in the number of international arrivals since the country reopened tourism in mid-March with the resumption of international flights. The SEA Games 31 also helped attracted a large number of foreigners to Việt Nam, according to GSO.

The GSO's statistics showed that international arrivals to Việt Nam in May saw the highest increases from Australia and America, by 2,918 per cent and 2,192 per cent respectively, to 17,806 and 49,675. Arrivals from Europe were up 975 per cent to 65,253.

International visitors mainly came by air, accounting for around 87.8 per cent, 6.3 times higher than the same period last year.

According to Nguyễn Trung Khánh, director general of Việt Nam National Administration of Tourism, the number of foreign tourists remained modest compared to the pre-pandemic levels. However, the rapidly increasing rate demonstrated that the international tourism market is warming up.

Data from Google showed that there were rapid increases in the search volume for holidays in Việt Nam, making the country one of the most-searched destinations since international tourism was reopened on March 15.

Searches about Việt Nam tourism were mainly from the US, Australia, Singapore, France, Japan, Germany, Canada, India, the UK and Thailand. Searches for airlines to Việt Nam increased drastically, by 800 per cent as of mid-April over the same period last year. Searches for hotels in Việt Nam increased by 114 per cent.

Revenue from accommodation and catering services increased by 69.3 per cent in May, making the revenue for the five-month period rise by 15.7 per

cent. Tourism revenue jumped by 34.7 per cent in the January-May period.

Việt Nam temporarily removed the need for health declarations from late April and suspended COVID-19 test requirements for passengers entering Việt Nam from May 15, to attract foreign tourists in the peak international tourist season.

With loosened virus control measures, airlines have increased flights on international routes as well as opening new ones.

Vietnam Airlines said that it has increased the frequency of flights on eight routes to Japan and South Korea from mid-May and will restore three routes to South Korea from the beginning of June. The airline plans to operate daily flights between HCM City and San Francisco from 2023, up from the current four flights per week.

Vietjet also said that it would open two flight routes from Hà Nội to Nagoya and Fukuoka (Japan) from the beginning of July.

Việt Nam is aiming to receive five million foreign tourists this year.

## **7. Banks await higher credit growth quota**

Commercial banks are expecting to have higher credit growth limits in Q2 2022 as they have already used up most of their assigned quota this year.

Under the current regulations, the State Bank of Việt Nam (SBV) sets credit growth limits for each commercial bank at the beginning of the year depending on the bank's health, including capital adequacy ratio, financial strength, risk governance and operational status. This was done to control credit growth of the entire banking system and to ensure money supply and inflation control as targeted by the Government.

Chairman of Vietcombank Phạm Quang Dũng said Vietcombank's credit growth reached 8.8 per cent by April 29 while Vietcombank was granted a 10 per cent credit growth quota.

At Military Bank (MB), CEO Lưu Trung Thái also revealed that the bank has been assigned a credit

growth target of 15 per cent so he expected the quota to be further extended in the near future.

According to Bảo Việt Securities (BVSC), MB has almost reached the assigned credit growth quota as the bank's credit growth by the end of Q1 2022 reached 14.8 per cent. MB therefore is waiting for a SBV's approval of a higher credit quota.

Meanwhile, ACB's officials said they had applied to the SBV for an additional credit quota and hoped to have it to be approved by the end of June or at the beginning of July this year to have more room for lending.

By the end of Q1 2022, ACB's total outstanding loans reached VNĐ380 trillion, up 5 per cent compared to the beginning of 2022. In the first four months of the year, the bank's credit increased 8 per cent compared to the beginning of this year, mainly from short-term lending to strategic customer segments

including individuals, and small- and medium-sized enterprises.

Experts forecast credit growth in 2022 will be higher than last year when the economy begins to recover after the pandemic. Therefore, banks will also be granted higher credit quota to facilitate loan expansion.

Especially, they said, banks such as Vietcombank and MB, which participate in restructuring weak credit institutions according to the Government's directions, will have the opportunity to get the highest credit quota.

BVSC forecast MB may be able to expand its credit growth room to 30-35 per cent while the rise for Vietcombank will be 16 per cent.

According to the SBV, credit growth of the entire banking system at the end of Q1 2022 reached 5.04 per cent, 2.3 times higher than the same period last year.

SBV Deputy Governor Đào Minh Tú said the surge showed the economy has positive signs and the daily life, production and business of people and firms have also returned to normal thanks to the Government's effective measures against the pandemic.

The credit growth target of the entire banking system in 2022 that the SBV set at the beginning of this year was 14 per cent. However, the SBV said the target can be adjusted up or down at the end of the year, depending on the actual situation, to ensure it meet targets of macro-monetary policies and inflation control.



## Corporate News

### 8. HPG: Hòa Phát expects to pay stock dividend from June to August

↑ 0.00%

The Board of Directors of Hòa Phát Group (HoSE: HPG) has approved the 2021 dividend payment of 35 per cent, of which 5 per cent is paid in cash with each share receiving VNĐ500.

With 4.47 billion shares outstanding, the company will have to spend VNĐ2.2 trillion (US\$94.9 million).

The steel producer will also issue an additional 1.34 billion shares to pay the remaining dividend.

The source of capital is taken from the retained profit after tax on last year's audited financial statements. The issuance date is expected from June to August of this year.

The total value at par value is VNĐ13.4 trillion, thereby increasing the charter capital of the company to over VNĐ58.1 trillion.

Chairman Trần Đình Long and his family members are holding 1.56 billion HPG shares, which account for 47.25 per cent of the company's capital. Therefore, after the dividend payment, Long and his family can receive about VNĐ784 billion in cash and 737 million shares.

According to data shared by the chairman at the company's 2022 General Shareholders Meeting, the number of shareholders of Hòa Phát at the time of finalising the meeting list at the beginning of April was 161,000 people, the highest amount on the country's stock market.

Statistics from the Hồ Chí Minh Stock Exchange (HoSE) also show that HPG was the ticker symbol with the largest trading value in 2021 after reaching nearly VNĐ336.3 trillion, accounting for 7.7 per cent of the bourse's total amount.

It also ranked second in terms of trading volume on HoSE after reaching 6.6 billion units last year.

At this year's annual meeting of shareholders, many shareholders had proposed to increase the 2021 dividend to 40 per cent, of which 10 per cent is paid in cash and 30 per cent in shares.

However, Phạm Thị Kim Oanh, Chief Financial Officer of Hòa Phát Group, said that the undistributed profit after tax on the holding company's financial statement was more than VNĐ17 trillion in 2021, corresponding to the maximum dividend rate of 38 per cent. Its holding company's capital is too low compared to its subsidiaries. Therefore, the maximum dividend rate is 35 per cent, of which 5 per cent is in cash.

In the first quarter, the steel producer recorded revenue of VNĐ44.4 trillion, up 41 per cent year-on-year, resulting in profit after tax of VNĐ8.2 trillion, a gain of 17 per cent. Production of iron and steel products contributed 90 per cent of the overall results.

In a document submitted to shareholders at the general meeting, the company set business targets of VNĐ60 trillion in revenue and VNĐ25-30 trillion in profit after tax. Accordingly, this year's business target is set to grow nearly 7 per cent in revenue but decrease 13-27.5 per cent in profit.

Addressing the comments regarding the company's gloomy outlook, Long said that shareholders will see the difficulties of the steel industry after the business results of the second, and third quarter, and the whole year, so the company leaders must set cautious goals. This year's plan is considered challenging.

However, in the long term, the chairman who is also the largest company shareholder is confident that Hòa Phát will continue to advance.

It is implementing Dung Quất 2 project and, at the same time, researching Dung Quất 3 with a capacity of six million tonnes. Hòa Phát's total capacity will increase to 21 million tonnes, equivalent to the country's current steel consumption demand.

On the stock market, HPG shares extended their recent rallies on Monday with a gain of 0.28 per cent to trade at VNĐ35,550 a share at 13:19 local

time, down nearly 24 per cent compared to the beginning of the year.

## 9. VJC: Vietjet eyes 10-fold jump in profits amid return to post-pandemic normalcy

↑ 4.33%

Budget airline Vietjet targets profits of VNĐ1 trillion (US\$43.14 million) this year, 10 times the 2021 figure, as it seeks to recover from a two-year slump caused by Covid-19.

It eyes a 2.5-fold rise in revenues to VNĐ32.72 trillion.

At the company's annual general meeting on Saturday, shareholders expressed concern over the rising oil prices, but the management was optimistic.

To Viet Thang, deputy CEO, revealed that when oil prices reach \$100 per barrel, operation costs increase by 50 percent.

CEO Nguyen Thi Phuong Thao said the airline has flown when oil prices were above \$100 and still made profits.

"We are always ready to buy fuel at low price and store them to optimize costs."

She also said a surcharge is levied when fuel prices surge and this eases the burden on the company.

Vietjet plans to return to its pre-pandemic schedule domestically and resume 70 percent of international flights.

Shareholders approved a plan to issue up to 54 million new shares, or 10 percent of the company's free float.

Vietjet recently placed a \$35-billion order for 200 Boeing 737 aircraft and engine maintenance services.

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