



VIETNAM DAILY NEWS

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Market Analysis

1. Shares reverse course to fall, large-cap falter

Shares reversed course to end on Tuesday, pressured by the selling force hitting a series of large-cap stock groups.

On the Hồ Chí Minh Stock Exchange, the VN-Index declined slightly 0.1 per cent to end trade at 1,292.68 points.

The southern bourse's index had gained 0.66 per cent to close Monday at 1,293.92 points.

Market breadth was negative with 147 gainers and 298 losers, while 57 shares ended flat.

Liquidity stayed low with more than 591 million shares traded on the southern bourse, worth VNĐ16.1 trillion (US\$694.3 million).

The VN30-Index, tracking the 30 biggest stocks on HoSE, lost 0.77 per cent to end at 1,332.59 points. Out of 30 stocks in the VN30 basket, 10 posted gains while 20 decreased.

The market's recovery momentum on Monday did not last as the strong selling pressure increased, pressuring a series of stocks such as Phú Nhuận Jewellery (PNJ), FPT Corporation (FPT), steelmaker Hoà Phát Group (HPG), Bảo Việt Holdings (BVH), Vietnam Airlines (HVN), VPBank (VPB), and Tiên Phong Bank (TPB).

PNJ was down 5.2 per cent, FPT lost 3.1 per cent, Hoà Phát Group (HPG) declined 2.3 per cent, and VPB dropped 2.1 per cent.

Banking stocks reversed to fall, pressuring the market with losers including Vietcombank (VCB), Bank for Investment and Development of Vietnam (BID), Techcombank (TCB), Military Bank (MBB), Vietnam International Commercial JS Bank (VIB) and Saigon-Hanoi Commercial JS Bank (SHB).

The only two gainers in the banking group were VietinBank (CTG) and HDBank (HDB).

The recent rally was attributed to the recovery of the world stock market and supportive domestic news in the banking industry, said Bùi Văn Huy, Brokerage Director of Hồ Chí Minh City Securities Company (HSC).

“However, the international and domestic context has not changed much. Therefore, after two consecutive gaining weeks, the market will face more pressure and need more cash flow participation to consolidate the steady uptrend. In the current context, liquidity will remain stable from VNĐ10,000 to VNĐ15,000 per session,” said Huy.

On the Hà Nội Stock Exchange, the HNX-Index increased 0.96 per cent to end Tuesday with 315.76 points.

The index had risen 0.51 per cent to end Monday with 312.77 points.

Liquidity also stayed at a relatively low level with 84 million shares worth nearly VNĐ2 trillion being traded on the northern market.

Macro & Policies

2. Việt Nam rises as magnet for start-up investment

Việt Nam is becoming a magnet in Southeast Asia for attracting investment in start-ups, driven by a convergence of a young consumer and workforce base with increasing demands for digital technology in the post-pandemic period.

According to Vũ Quốc Huy, Director of the National Innovation Centre (NIC), Việt Nam saw a robust development of start-up firms last year and was on track to become the next growth driver of Southeast Asia and play a vital role in the region's start-up golden triangle.

He cited statistics that investment into start-ups hit a record high of US\$1.4 billion in 2021 despite the impacts of the COVID-19 with strict social distancing measures in place, breaking the previous record of \$874 million in 2019.

The number of new businesses set up in the first four months of this year increased by 12.3 per cent over the same period last year, which, together with positive growth momentum in foreign investment inflow, demonstrated the country's large potential for the development of the start-up ecosystem, he said.

He expects that investment in start-ups will double in the next three years.

With a crowd of young consumers and a workforce that has a high demand for digital technology in the post-pandemic period, the start-up market of Việt Nam was predicted to take off in the next few years. About 70 per cent of the population was below 35, and the literacy rate of 95.4 per cent is among the highest in Asia.

Domestic consumption was forecast to grow at an annual rate of 20 per cent, which would make Việt Nam a vital driver of Asia's consumer market over the next decade. The middle-class population was also growing at the fastest pace in Southeast Asia, accounting for about 40 per cent of the people today, up from just 10 per cent in 2020. By 2030, the middle-class population was expected to make up 75 per cent.

There was also an increase in digital consumers, with more than 8 million added from the beginning of the pandemic to the first half of 2021, with 55 per cent from non-urban areas.

Việt Nam's Internet economy was estimated at \$21 billion in 2021, up by 31 per cent, driven by the e-commerce market, which expanded by 53 per cent. The Internet economy was forecast to reach \$57 billion with a compound annual growth rate of 29 per cent.

Kim Ngọc Thanh Nga, Head of the NIC's Ecosystem Development Department, said that Việt Nam would develop at an unprecedented rate in the next decade, fuelled by high Internet penetration, a huge domestic market, and innovative ideas, which could be expanded abroad together with the presence of funds to promote start-up development.

Significantly, during the past decade, the Government has invested in significant pillars from education to infrastructure and ecosystem development, which was creating an essential foundation for Việt Nam to attract investment into start-ups.

Huỳnh Hữu Trung, the founder of Mio, a platform for fresh food, said that Việt Nam, Singapore and Indonesia were creating a start-up golden triangle in Southeast Asia.

Trung said that start-ups needed to understand what business models would work well in these markets to create the best products and expand in the region.

Cooperation to promote start-ups

On Monday, venture fund Golden Gate Ventures (GGV) and NIC signed a cooperation agreement to strengthen the long-term relationship between the two sides and provide support to the development of the start-up community and innovation ecosystem in Việt Nam.

Accordingly, GGV will increase investment in Việt Nam, promote exchange and encourage new ideas

and innovations, and act as a catalyst to promote the position of Vietnamese start-ups in the region.

GGV has announced the opening of two new offices in Hà Nội and HCM City, besides Singapore and Indonesia, affirming that these three countries were forming a Southeast Asia start-up golden triangle.

Golden Gate Ventures is a venture capital firm investing across Southeast Asia. Since 2011, the firm has launched funds and invested in more than 60 firms, such as Carousell, CodaPay, Appota, Loship, Mio, Carro, Bui and Xendit.

3. HCMC elevated road may cost \$343 mln more

The cost of an elevated road connecting Tan Son Nhat International Airport with southern HCMC has been suggested at over VND38.2 trillion (\$1.64 billion).

The new cost was proposed by the Ho Chi Minh City Infrastructure Investment JSC (CII) in a recent report sent to city authorities.

According to CII's preliminary calculation, the project's cost includes nearly VND19 trillion for site clearance and compensating affected households.

Compared to the pre-feasibility study report five months ago, the cost has risen by almost VND8 trillion (\$343), with the CII ascribing the increase to site clearance.

As the company estimated, a total area of more than 12 hectares in districts 1, 3, 5, 8, 10 and Tan Binh will be cleared, with 1,200 households set to be relocated.

The company suggested building the road in the build-operate-transfer (BOT) format.

The road of four lanes will run 14.1 kilometers from the Cong Hoa – Truong Chinh intersection near Tan Son Nhat airport in Tan Binh District to Nguyen Van Linh Street near the Phu My Hung residential area in District 7.

It is expected to ease congestion on roads leading to the airport and alleviate rising transport pressure on the country's economic hub.

HCMC has planned five elevated roads that stretch a combined 71 kilometers but none have been invested until now.

The city of 13 million including migrants has been struggling with traffic congestion for years.

It currently has 8.4 million registered vehicles, including 7.4 million motorbikes, according to the municipal Traffic and Urban Advisory Council.

4. Lawmakers at odds on nuclear power resurrection proposal

Two lawmakers have opposed on safety grounds the National Assembly's Economic Committee's recent proposal to revive nuclear power plans.

In 2009 the government had announced plans to build two nuclear plants in the south-central province of Ninh Thuan at a cost of several billion dollars, but the House shot down the proposal in 2016 saying they were unaffordable.

The projects should be scrapped altogether, Truong Trong Nghia, a Ho Chi Minh City representative said at an NA meeting Monday.

"We can make a new plan in the next 10 or 20 years if we want to develop nuclear power."

More than 10 years of the Fukushima nuclear disaster, Japan has still not completely dealt with the aftermath despite being a developed country and using nuclear power for a long time, he pointed out.

Vietnam's ability to control the risks is "very low", and the country should not countenance nuclear power, he added.

A deputy from Ninh Thuan, Dang Thi My Huong, said people are concerned about the plants.

The debate over Vietnam's first nuclear power projects resurfaced this year after it made a commitment at the 2021 United Nations Climate Change Conference to achieve net zero carbon emissions by 2050.

The Economic Committee said in a report last week the country should consider reviving its nuclear plans to ensure energy security and economic development since nuclear energy is clean in terms of greenhouse gas emissions.

Former head of the Vietnam Institute of Energy, Nguyen Manh Hien, had told a forum in April that restarting the nuclear power program by 2030 is the only way to fulfill the net-zero carbon commitment by 2050.

Minister of Industry and Trade Nguyen Hong Dien said Monday that the decision by the National Assembly in 2016 was to "suspend" the construction of the plants, not to cancel them altogether.

The location in Ninh Thuan was thoroughly studied by Russian and Japanese experts, who assured it is the best place to build nuclear power plants, he said.

Many countries such as the U.S. and Germany have begun to make plans to again develop nuclear power after moving toward eliminating it three years ago, he said.

To achieve the net-zero target, Vietnam needs to utilize renewables such as solar and wind power, but they need a stable source of power to ensure adequate supply, he said.

Nuclear power is clean and affordable while coal could no longer be used and the country has fully utilized its hydropower capacity, he added.

Prime Minister Pham Minh Chinh told VnExpress last week that the nuclear energy option needs to be carefully studied and he is waiting for directions from the Communist Party politburo.

While a final decision is pending lawmakers have called for dealing with certain issues that surfaced after the nuclear plans were shelved.

Huong said the land earmarked for the nuclear plants remains unused, but locals who own them cannot use or sell them either.

5. Việt Nam Dairy 2022 kicks off

The third Việt Nam International Milk and Dairy Products Exhibition (Việt Nam Dairy 2022) opened at the Hà Nội International Exhibition Centre on Tuesday.

The four-day event has 200 booths from 50 domestic and foreign exhibitors, showcasing milk and dairy products, ingredients and technology in the dairy industry, processing and packaging lines, and animal feed and veterinary machines.

Dairy cattle breeds, environment treatment technology, food safety standard management systems and other services in the dairy sector are also on display.

Việt Nam Dairy 2022 is expected to help firms find new partners, expand their markets and enhance

their cooperation in trade, investment and science and technology to improve their competitiveness, contributing to ensuring the sustainable development of Việt Nam's dairy industry, Chairman of VDA Trần Quang Trung said at the opening ceremony.

Several conferences discussing the development of the local dairy industry in the new normal, the use of high technology in dairy farming and Industry 4.0, and the role of milk and dairy products in enhancing people's health will be held on the sidelines of the event, he said.

Despite the prolonged pandemic, the domestic dairy industry still posted respective revenues of VNĐ113.7 trillion (US\$4.9 billion) and VNĐ119.3

trillion in 2020 and 2021, mainly contributed by fresh milk and powdered milk, Trung added.

In 2021 alone, the industry produced over 1.77 billion litres of fresh milk, up 4.5 per cent year-on-year. Powdered milk production also saw positive

growth of 13 per cent year-on-year to nearly 152,000 tonnes.

Currently, Vietnamese dairy products are being exported to 50 markets, including strict ones such as Japan and China, earning the country a turnover of \$300 million each year.

6. F&B industry set to bounce back post-Covid

Despite facing labor shortages and rising costs, the F&B industry is hopeful of leaving behind a two-year slump and even thriving.

The Vua Cua restaurant chain's sales have only recovered to 70 percent of pre-Covid-19 levels. But Doan Thi Anh Thu, its CEO, expects a full recovery and then some by the end of the second quarter.

With hopes high about the future, the chain recently announced plans to open 50 restaurants, including franchises, this year, and 200 next year. It currently has five restaurants and three franchised outlets, but recently received a second round of investment from Do Thi Kim Lien, a judge on the reality show Shark Tank.

After two dismal pandemic years, not only Vua Cua, but also many other large and small players in the F&B industry have begun to signal efforts to attract customers.

In May several large hotel chains organized fine-dining activities.

In May and June more than 20 restaurants affiliated to the Marriott Bonvoy hotels and resorts in Vietnam organized a culinary discovery program with a number of promotions.

The Li Bai Restaurant at the Sheraton Saigon Hotel is celebrating the upcoming Double Fifth Festival on the fifth of the fifth lunar month, which falls on June 3 this year, by launching expensive banh u (pyramid sticky rice cake) at VND140,000 (\$6.04) to VND390,000 targeted at people looking to spend big on food again.

The Black Vinegar restaurant, which specializes in Cantonese cuisine, has reopened at the New World Saigon Hotel.

Le Nguyen Minh Man, owner of a Hong Kong hot pot restaurant in the shopping area near Takashimaya and Saigon Square in HCMC's District 1, says he sees lots of opportunities for the F&B industry.

"After a long period of dormancy, the F&B market has blossomed since the beginning of this year. The number of customers and sales are very high, indicating that the industry is reviving."

He recently opened a franchise selling deep-fried mushrooms in addition to his existing restaurant.

According to the General Statistics Office, sales for the catering and accommodation services sector topped VND124.4 trillion in the first quarter, a marginal increase year on year but 1.79 percent lower than in the first quarter of 2019.

Revenues for the F&B industry on Payoo, an e-wallet, were 50 percent up in the first quarter compared to the last quarter of last year. The number of transactions had risen by 24 percent.

According to a Payoo spokesperson, growth in the F&B industry will be even higher in the second quarter for two reasons: The pandemic has been successfully contained and so people are feeling more secure and willing to eat out, and the tourism industry has shown encouraging signs.

The long-term outlook for the entire year is also favorable, the spokesperson said.

Securities brokerage VNDirect said the industry would recover and grow at a faster rate than the beginning in 2022, and forecast 10-12 percent growth for the year.

The resumption of dine-in services and the recovery of domestic demand are the primary driving forces.

Nguyen Quang Thuan, general director of trading data provider FiinGroup, made a similar forecast: "The catering and accommodation industry is expected to bounce back as the tourism industry recovers and international tourist arrivals increase."

Since the country opened its borders on March 15, it has benefited from the return of international tourists. More than 100,000 visitors arrived in April, three times the number in March.

According to Google Destination Insights data, Vietnam and the Philippines are the only two Asian countries among the top 10 in terms of tourism growth in April.

Long Nguyen, operations director of N5 Bar, is excited and grateful for the opportunity to enter the F&B market at this time.

"It is not hard to notice that many brands have vanished in the last three years, particularly in the nightlife business.

"Instead, a slew of new companies have emerged with more interesting business models and better products and services."

His company is experimenting with a minimalist cocktail bar focused on providing private spaces, and he said customers like it.

But he said there are difficulties in entering this market, one of the being a shortage of human resources.

"In fact, recruiting employees is currently very difficult, partly due to a labor shortage. Employee income expectations have also changed significantly compared to before."

His company is attempting to optimize operational efficiency, create an appealing working environment and eliminate unnecessary positions.

Thu of Vua Cua said the market lacks unskilled workers, making recruitment difficult.

Some businesses also said that rising input costs are putting them under pressure.

Thu said: "The cost of raw materials has risen significantly, but selling prices have not. Because the story is always like this, it causes a lot of problems for businesses."

The casual to mid-range dining segment is particularly hard hit.

Man said, "Petroleum, transportation, goods, and ingredient prices have all increased, but customers have a lot of price choices.

"Many people are returning to F&B investment at the moment, making the market extremely competitive.

"However, it is a positive sign for consumers, indicating that the market is improving and offering better quality."

7. More than three million passengers have travelled the Hà Nội Metro

Statistics from Hà Nội Metro company show that, from its first day of commercial operation in November last year to May 26, more than 3.1 million passengers have used the Cát Linh-Hà Đông 2A line.

The average number of daily passengers ranges from 21,000 to 22,000 on weekdays, and 25,000 to 30,000 on weekends.

During holidays, this average figure goes as high as 40,000. During the May 1 holiday, more than 50,000 passengers used the service.

According to Hà Nội Metro general director Vũ Hồng Tường, the number of people using the railway line has increased 2.5 times compared to when the service first opened, when social distancing rules were stricter.

The train is on schedule 99.98 per cent of the time. Daily passengers with a monthly pass account for up to 60 per cent of travellers, and up to 80 per cent during rush hours.

Explaining the reason behind the increase in numbers, Tường said that people have seen the

railway line as convenient, stable, and unaffected by traffic jams, which will gradually form a metro culture.

People using the train have become more accepting of walking a long distance to get to the stations. After boarding the metro line, they can then transfer to connecting buses at these stops.

As the pandemic is brought under control and activities returned to normal, such as children returning to school, combined with rising fuel prices, metro travel demand has increased.

Tường said that the railway had brought positive initial results, contributing to reducing road congestion along the route during rush hours. The current state of operation is the best scenario that Hà Nội Metro has prepared for.

There are now 54 bus lines connected to the Cát Linh-Hà Đông urban elevated railway, with 16 lines at each of the two ends of the railway line, and eight to nine lines at intermediate stations.

Hà Nội Metro has also put up boards detailing the bus route system at the metro stations to inform passengers.

Corporate News

8. HVN: Vietnam Airline sells stake in Cambodian carrier

↓ -2.61%

Vietnam Airlines has sold a 35 percent stake in Cambodia Angkor Air for US\$35 million.

It had bought a 49 percent stake in the Cambodian carrier in 2009 and promised to help it expand.

But in 2020 it had expressed its intention to sell of its stake due to Covid-19. It is now set to divest the remaining 14 percent in by the end of this year.

Vietnam Airlines' accumulated losses climbed to VND21.98 trillion (\$955.6 million) last year, roughly the same as its charter capital.

9. CTD: Cotecons chairman to buy \$1.6 mln worth of company shares

↑ 6.88%

Bolat Duisenov, chairman of construction giant Cotecons, has registered to buy 730,000 shares of the company over a month starting June 3.

The deal, estimated to be worth VND37 billion (US\$1.6 million) based on the company's share price at closing Monday, once complete, will increase his stake from 0.72 percent to 1.6 percent.

Last December he had registered to buy the same number of shares, driving Cotecons' price up from VND68,000 to VND97,000. He only succeeded in buying 540,000 shares.

It peaked at VND113,600 in early January, but fell by over 50 percent to a two-year low of VND43,000 last week, tracking the bearish market.

One shareholder had said he lost 75 percent of his investment in the company within a month.

Duisenov said investors should focus on the long-term potential of the company and said the construction industry is likely to recover at the end of this year.

Cotecons reported profits of VND29 billion last year on revenues of VND1.91 trillion, down 46 percent and 25 percent from 2020.

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