



VIETNAM DAILY NEWS



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Market Analysis

1. Stock trade hits 15-session low

Vietnam's benchmark VN-Index dropped 0.01 percent to 1307.8 points Thursday with trade plunging to the lowest in 15 sessions.

The index closed 0.11 points lower after gaining nearly 17 points on Wednesday.

Trading on the Ho Chi Minh Stock Exchange fell by 24 percent to VND12.68 trillion (\$547 million), the lowest since May 20.

The VN-30 basket, comprising the 30 largest capped stocks, saw 14 tickers fall.

VCB of state-owned lender Vietcombank of state-owned lender Vietcombank dropped 1.8 percent.

SAB of brewer Sabeco of brewer Sabeco fell 1.7 percent.

VNM of dairy giant Vinamilk of dairy giant Vinamilk lost 1.1 percent.

Other losers included GAS of state-owned Petrovietnam Gas, SSI of leading brokerage SSI Securities Corporation and VPB of private lender VPBank.

Fourteen blue chips gained, led by POW of electricity producer Petrovietnam Power Corporation and STB of Ho Chi Minh City-based lender Sacombank, both climbing 3.2 percent.

HPG of steelmaker Hoa Phat Group rose 2.7 percent with trading up for the fifth session in a row.

Foreign investors were net buyers for the fourth straight session to the tune of VND179 billion.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was up 0.58 percent while the UPCoM-Index at the Unlisted Public Companies Market dropped by 0.12 percent.

Macro & Policies

2. Vietnam: ideal destination for global tech giants

Vietnam is again in the spotlight after Apple's move to shift production activities to this Southeast Asian country, according to TRT World page of Turkish Radio and Television Corporation.

This move showed that Vietnam has emerged as a preferred manufacturing destination for global tech giants.

For the first time, Apple is moving part of its iPad manufacturing out of China, taking them to factories in Vietnam, Nikkei Asia reported on June 1.

The development comes as lockdowns in the Chinese city of Shanghai disrupted supply chains for various tech products, prompting the iPhone maker to find alternatives, it said, adding that an iPad assembler has already built assembly lines in Vietnam.

Apple is already sourcing its Airpod earpieces from the Southeast Asian economy, which has registered sustained economic growth in the past two decades.

Vietnam has placed itself as a favourite destination for outsourcing manufacturing since the country adopted economic reform in 1980s.

A number of garment and shoe makers have moved their production lines from China to Vietnam after 2007.

But where Vietnam has really made its presence felt in the past decade has been in its ability to attract foreign direct investment (FDI) in factories that are assembling and manufacturing tech products from smartphones to TV components.

The Republic of Korea (RoK) and Japan – home to some of the biggest technology names – accounted for US\$376 billion in total FDI poured into Vietnamese manufacturing sector between 2015 and 2020, according to one study.

Last year, the RoK electronics giant LG invested more than US\$1 billion to increase OLED display output at the port city of Hai Phong.

Even before the COVID-related supply chain disruptions, rising tension between US and China had prompted tech companies to shift production to other countries, notably to Vietnam.

According to an analysis of Nomura – a Japanese investment bank, Vietnam's economy was boosted by almost 8 percent due to the shift in production during the trade war.

Vietnam's manufacturing sector has grown in double digits before the pandemic caused disruptions globally. Samsung already accounts for a quarter of Vietnam's exports while Intel has set up its biggest chip assembly plant there.

All of this has helped Vietnam, a country of 100 million people, become one of the fastest-growing economies in the world.

There are predictions that Vietnam's economy can overtake Singapore within a few years if it's able to maintain the current growth trajectory, TRT World reported.

Oxford Economics forecast that around 4% of global electronic exports will come from Vietnam by 2025.

3. Vietnam becomes fifth largest economy in Southeast Asia: IMF

Vietnam's gross domestic product (GDP) reached approximately US\$368 billion in 2021, making it the fifth-largest economy in Southeast Asia and 41st in the world, the International Monetary Fund (IMF) World Economic Outlook has revealed.

The United States took the lead with US\$22,940 billion, followed by China with US\$16,863 billion.

For GDP per capita, Vietnam secured US\$3,743 per person ranking sixth in ASEAN and 124th in the world.

Globally, the top 10 countries with the largest GDP per capita are Luxembourg (US\$131,302), Ireland (US\$102,394), Switzerland (US\$93,515), and Norway (US\$8,244).

They were followed by the US (US\$69,375), Iceland (US\$102,394), Denmark (US\$67,920), Singapore (US\$66,263), Australia (US\$62,619), and Qatar (US\$61,791).

In Southeast Asia, Singapore ranked first with US\$66,263 per person, followed by Brunei (US\$33,979), Malaysia (US\$11,125), Thailand (US\$7,809), and Indonesia (US\$4,225).

This year Vietnam has set targets of recording 6 - 6.5% GDP growth and raising its GDP per capita to US\$3,900. It plans to raise the GDP per capita to between US\$4,700 and US\$5,000 by 2025 and US\$7,500 by 2030.

4. Vietnam jumps 23 places in Open Budget Survey

Vietnam ranks 68th out of 120 countries globally in the Open Budget Survey (OBS) 2021 of the International Budget Partnership (IBP), up 9 notches compared to 2019 and a leap of 23 notches against 2017.

The country's budget transparency score in 2021 significantly increased to 44 out of the maximum of 100, marking a rise of six points compared to 2019.

Furthermore, Vietnam scored 17 out of 100 for public participation and 80 out of 100 for budget oversight, a rise of six points and two points from 2019, respectively.

To further strengthen public participation in the budget making process, the OBS has suggested that

the Vietnamese Ministry of Finance prioritise piloting mechanisms to monitor budget implementation, and actively engaging with vulnerable and underrepresented communities, either directly or through civil society organisations.

The Open Budget Survey, conducted by IBP biannually since 2006, is the world's only independent, comparative, and fact-based research instrument. Indeed, it makes use of internationally accepted criteria in order to assess public access to central government budget information, as well as formal opportunities for the public to participate in the national budget process, and the role of budget oversight institutions such as the legislature and auditor as part of the budget process.

5. Local inflationary pressure lower than other countries

VOV.VN - Vietnam remains self-sufficient in terms of food, which accounts for 40% of the basket of goods, meaning inflation pressure is not as high as faced by other countries, according to Finance Minister Ho Duc Phoc.

During a hearing at the ongoing National Assembly (NA) session on June 8, Minister Phoc said inflation is a pressing issue globally and it is necessary to focus on combating this problem in order to ensure development and social security.

Inflation currently hovers at roughly 8.3% globally, 8% in Europe, 5.4% in Singapore, and just 2.25% in Vietnam. As national production heavily relies on material imports, the soaring price of raw materials globally will definitely contribute to fueling inflation domestically.

However, Minister Phoc played down NA deputies' worries about the inflationary pressure faced by the country, which he said remains lower than elsewhere as national food security is already ensured, with food accounting for 40% of the basket of goods.

"This is also a golden time for us to develop. If we take advantage of this opportunity, the economy will definitely grow fast. Countries have high inflation but Vietnam has the delay and is able to control domestic consumption," said the Minister.

As part of efforts to rein in inflation, Minister Phoc said that along with the monetary tool, it can be viewed as necessary to implement a fiscal policy in a deliberate way, including reducing taxes, saving

investment and recurrent expenditures, and tightening price management.

“The core of the economy not only simply lies in fiscal and monetary policies, but basically these policies must be directed towards businesses and people. If income increases, jobs are created, and a good life is maintained, fiscal, monetary and stock market policies will be maintained,” stressed Minister Phoc.

Therefore, he said that all administrative procedures, the process of digital transformation, and scientific and technological advancement are needed in order to serve people and businesses in effective production and operations which are widely considered the most fundamental solution to inflation control.

Meanwhile, Governor of the State Bank Nguyen Thi Hong took the floor, explaining that the Vietnamese economy has a high level of openness, so it is under inflationary pressure when global inflation rises.

“The 2.25% inflation rate Vietnam has controlled in the past months is attributed to an abundant supply of food locally, not to mention the disbursement of economic recovery packages. When these packages are disbursed, they will certainly affect inflation control efforts,” warned Governor Hong.

From now until the end of the year, according to the State Bank Governor, monetary policies which are to be introduced must closely stick to macroeconomic developments, along with the disbursement of economic recovery packages which feature practical solutions.

“For inflation control, it is important to coordinate fiscal-monetary and price control policies,” she stated.

Hong revealed that the Government is directing relevant ministries and agencies to closely analyse the developments and causes of inflation in a bid to introduce combined appropriate policies.

6. New stock accounts double the previous peak

Vietnam saw 476,455 new retail stock accounts registered in May, a new record that nearly doubles the previous one.

The figure quadrupled year-on-year even as the market plunged, showing a large number of new investors were joining the market to buy when prices were down.

The May figure nearly doubled that of March when 270,000 accounts were registered, a historic peak at the time.

In the first five months, 1.38 million retail stock accounts were opened, compare to 1.53 million for the whole of last year.

By the end of last month, Vietnam had 5.65 million domestic stock accounts for 5.7 percent of the population.

Vietnam’s benchmark VN-Index plunged to this year’s bottom on May 16 at 1,172 points. It has risen by 11 percent since.

7. Vietnam urges banks to merge, become more competitive

The Vietnamese government is urging banks to merge and increase their scale toward becoming more competitive. It wants to make Vietnam an ASEAN leader in the banking sector.

The government wants banks to have a capital adequacy ratio of at least 10-11 percent by 2023, and 11-12 percent by 2025, according to a recent

plan to restructure credit organizations and handle bad debts during the 2021-2025 period.

The capital adequacy ratio is a measure of how much capital a bank has available to handle a certain amount of loss before facing the risks of becoming insolvent.

The government has said it wants Vietnam's banking sector to become a top four leader in the ASEAN bloc. It has asked banks to make plans to increase their charter capital and improve their management.

Big banks should have a minimum charter capital of VND15 trillion by 2025, and small and medium banks, VND5 trillion, it said.

The government also wants banks to have a bad debt ratio of under 3 percent by 2025.

Vietnam has 31 domestic commercial banks, with the biggest in terms of charter capital being state-owned lenders BIDV, Vietinbank and Vietcombank, according to the State Bank of Vietnam.

Corporate News

8. DGW: DGW is about to issue more than 72 million bonus shares

↑ 0.07%

The Board of Directors of Digital World Joint Stock Company (HOSE : DGW) has just approved a resolution to issue more than 72 million bonus shares to existing shareholders.

Specifically, DGW will issue more than 72 million bonus shares at the rate of 80% (shareholders owning 100 shares will receive 80 new shares). The right to receive additional shares is not transferable. However, these additional shares are not subject to transfer restrictions.

Issued capital source from undistributed after-tax profit in the audited financial statements 2021. It is expected that after completing the issuance, the charter capital of DGW will increase from VND 907 billion to more than VND 1,630 billion.

The expected implementation time is in June-July 2022, after being approved by the State Securities Commission.

In the first quarter of 2022, DGW brought in more than VND 7,000 billion in revenue and nearly VND 211 billion in profit after tax, fulfilling 27% and 26% of the year plan, respectively.

After peaking at VND158,000/share in April, DGW's stock price fluctuated continuously with large ups and downs. Currently, the market price of DGW's stock is 139,100 VND/share (ending session on the afternoon of June 8), down 12% from the peak.

9. SHS: SHS is about to issue nearly 163 million shares

↑ 1.09%

On June 7, 2022, Saigon - Hanoi Securities Joint Stock Company (HNX : SHS) issued a decision to implement the plan to issue 162.63 million shares to pay dividends in 2021 and bonus shares, total rate of 25%.

In which, more than 117 million shares are expected to be issued to pay dividends in 2021 at the rate of 18% (shareholders owning 100 shares will receive 18 new shares). Issued source from undistributed after-tax profit based on audited financial statements in 2021 (nearly VND 1,171 billion).

More than 45.5 million bonus shares are expected to be issued at the rate of 7% (shareholders owning 100 shares will receive 7 new shares). Issuance source from undistributed after-tax profit and share capital surplus based on audited financial statements in 2021 (VND 455 billion).

The number of additional shares issued is not subject to transfer restrictions. Shares in the state of restricted transfer are still entitled to receive shares from the issuance. Treasury shares are not exercised. The right to receive shares from this issue is not transferable.

It is expected that after 2 issuances, SHS will increase its charter capital from nearly VND 3,253 billion to more than VND 4,066 billion.

In the market, the share price of SHS has been in a downtrend since the beginning of the year, reaching the bottom of 14,100 VND/share on May 13 before recovering slightly and is currently fluctuating around 18,500 VND/share (ending session 09/06) , down 45% compared to the beginning of the year.

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