



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Bank stocks lead VN-Index recovery

Vietnam's benchmark VN-Index rose 1.27 percent to 1,218.10 points Tuesday, continuing its recovery with rising trade, supported by bank stocks.

The index closed 15 points higher after gaining 17 points on Monday.

Trading on the Ho Chi Minh Stock Exchange increased by 17 percent to VND14.43 trillion (\$621 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 23 tickers gain, led by five bank tickers.

BID of state-owned lender BIDV rose 6 percent to the highest in two weeks.

STB of Ho Chi Minh City-based lender Sacombank gained 4.9 percent to a four-week high.

CTG of state-owned lender VietinBank rose 4.3 percent, HDB of HDBank rose 3.9 percent, and VPB of private lender VPBank gained 3.8 percent.

Five blue chips dropped, with NVL of real estate developer Novaland Group losing 4.7 percent.

HPG of steelmaker Hoa Phat Group fell 1.7 percent and SSI of leading brokerage SSI Securities Corporation lost 1.3 percent.

Foreign investors were net buyers to the tune of VND155 billion, mainly buying CG and MSN of conglomerate Masan Group.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was up 1.23 percent while the UPCoM-Index at the Unlisted Public Companies Market rose 0.99 percent.

## Macro & Policies

### 2. Việt Nam attracts more than \$14 billion of FDI in H1

Việt Nam reached more than US\$14 billion in foreign direct investment (FDI) in the first six months of 2022, announced the Ministry of Planning and Investment (MPI).

MPI's data showed that as of June 20, 2022, the total newly registered capital, adjusted and contributed capital to buy shares, buy contributed capital of foreign investors reached \$14.03 billion, as much as 91.1 per cent over the same period in 2021.

Of which, 752 new projects were granted investment registration certificates, down 6.5 per cent compared to the same period, with a total registered capital of over \$4.94 billion, down 48.2 per cent over the same period.

In addition, there were 487 projects registering to adjust their investment capital, up 5.9 per cent over the same period, with the total additional registered capital reaching nearly \$6.82 billion, up 65.6 per cent compared to the same period last year.

There were also 1,707 capital contributions and share purchases by foreign investors in the first half, down 8 per cent over the same period, with the total value of contributed capital reaching over \$2.27 billion, up 41.4 per cent over the same period last year.

MPI's Foreign Investment Agency said that although newly registered capital has not fully recovered after the interruption of anti-pandemic measures in 2021, adjusted capital, capital contribution and share purchases have continued to increase sharply at 65.6 per cent and 41.4 per cent respectively.

The Foreign Investment Agency said though adjusted capital decreased in March and May, the remaining months increased sharply with an increase ranging from 90 per cent to nearly 4.7 times compared to the same months of 2021.

In the first six months of 2022, foreign investors poured funds into 18 industries out of a total of 21 national economic sectors. Of which, the processing and manufacturing industry continued to lead with a total investment of nearly \$8.84 billion, accounting

for nearly 63 per cent of the total registered investment capital. The real estate sector ranked second with total investment capital of more than \$3.15 billion, accounting for 22.5 per cent of total registered investment capital.

Next came information and communication industries, scientific and technological activities with total registered capital of nearly \$442.6 million and \$408.5 million respectively.

However, in terms of the number of new projects, wholesale, retail, processing, manufacturing and scientific and technological professional activities were the industries that attracted the most projects, accounting for 30.1 per cent, 25.4 per cent and 16.5 per cent of the total projects, respectively.

Regarding investment partners, 84 countries and territories invested in Việt Nam in the first six months of this year. Among which, Singapore led with a total investment capital of more than \$4.1 billion, accounting for 29.5 per cent of total investment capital in Việt Nam. South Korea ranked second with over \$2.66 billion, accounting for nearly 19 per cent of total investment capital.

By investment location, foreign investors invested in 49 provinces and cities across the country in the first six months of 2022. Bình Dương led the way with a total registered investment capital of more than \$2.53 billion, accounting for 18 per cent of total registered investment capital and up 98.2 per cent over the same period in 2021. HCM City ranked second with a total investment capital of more than \$2.2 billion, accounting for 15.8 per cent of the total capital, up 55.2 per cent over the same period.

According to the Foreign Investment Agency, realised investment capital of foreign investment projects in the first six months of 2022 increased by 8.9 per cent compared to the same period in 2021. That shows that enterprises are constantly recovering, maintaining and expanding production and business activities.

Accumulated to June 20, 2022, the whole country has 35,184 valid projects with a total registered capital of over \$427.97 billion. The accumulated

realised capital of foreign investment projects is estimated at nearly \$261.66 billion, equaling 61.1 per cent of the total valid registered investment capital.

A representative of the Foreign Investment Agency further said: "The Russia-Ukraine conflict does not have a significant direct impact on foreign investment in Việt Nam because the investment of Russia and Ukraine only accounts for a small

proportion of the total investment capital, accounting for 0.23 per cent of total investment capital, but has an indirect effect through high prices and causes supply chain disruptions."

However, in the medium and long term, the conflict could lead to a trend of shifting investment out of Russia and Ukraine to Asian countries. Việt Nam can also benefit from this shift in investment capital. However, this trend is not yet clear.

### 3. Hai Phong attracts more foreign direct investment in H1

The northern city of Hai Phong has attracted 755.75 million USD in foreign direct investment (FDI) to local industrial parks (IPs) and economic zones (EZs) in the first half of 2022, raising total FDI there to 22.07 billion USD.

According to the Hai Phong EZ Authority, the amount was channelled into 21 new FDI projects and 18 existing ones. It is equivalent to 56.2% of the FDI registered in the same period last year.

At present, IPs and EZs in the city are home to 438 FDI projects worth 22.07 billion USD in total and 195 domestic investment projects worth 12.57 billion USD.

Head of the authority Le Trung Kien said from now to 2025, the 15 IPs in the city will be expanded to 6,418ha from the current 6,074ha.

The latest of them is Tien Thanh IP, for which an infrastructure construction and business project recently received an investment certificate from the authority.

The 410ha Tien Thanh IP will be built in Tien Thanh and Cap Tien communes of Tien Lang district at the total cost of nearly 4.6 trillion VND (197.8 million USD). It will have its construction started this year and be connected with the Tien Lang and Giang Bien industrial clusters and Giang Bien 2 IP to form connectivity in industrial development.

Tien Thanh IP, one of the key projects in Hai Phong, is expected to create more space to attract secondary investors and boost the development of different industries and services in the city.

### 4. Newly-established businesses in H1 exceed 70,000 for first time

There were 76,233 newly-registered enterprises in the first six months of this year, an increase of 13.6 per cent compared to last year.

This is the first time that the number of newly-established enterprises in the first six months has exceeded 70,000.

Data from the Business Registration Management Agency, Ministry of Planning and Investment, showed that 116,900 enterprises were entering or re-entering the market in the first six months.

In terms of capital, although it declined by 6.4 per cent over the same period last year, with a value of VNĐ882.1 trillion (US\$38.4 billion), it was still 1.2 times higher than the average for 2017-2021.

Hà Nội and HCM City continued to record a significant increase in newly-established enterprises.

Accordingly, Hà Nội has 14,628 newly-established enterprises, up 9.8 per cent yearly.

HCM City has 22,469 newly established enterprises, a year-on-year increase of 11.5 per cent.

Meanwhile, the number of enterprises returning to operation in the first six months of this year was 40,667, an increase of 55.6 per cent over the same period last year and 1.9 times higher than the average in 2017-2021.

In the opposite direction, 83,570 businesses withdrew from the market in the first six months of this year, a year-on-year growth of 19 per cent.

Enterprises withdrawing from the market are mainly temporarily suspending their businesses,

with 50,909 enterprises, accounting for 60.9 per cent.

Enterprises temporarily suspending business were mainly in the fields of wholesale, retail, car and motorbike repairing (18,417 enterprises, accounting for 36.2 per cent), construction (7,206 enterprises, 14.2 per cent) and processing and manufacturing industry (5,948 enterprises, 11.7 per cent).

## 5. Domestic air transport sees fast recovery, airlines suffer loss due to rising fuel prices

Vietnamese airlines are suffering losses amounting to hundreds of billions of VND each month due to a surge in fuel prices, according to director of the Civil Aviation Authority of Vietnam (CAAV) Dinh Viet Thang.

At a conference of the Transport Ministry reviewing its work in the first half of the year on June 28, Thang said as fuel costs account for 40-50% of operation costs, revenues increases are not sufficient to compensate for high fuel prices.

He said domestic aviation transport has fully recovered with higher growth than in the pre-pandemic period. However, Vietnamese carriers have not fully escaped difficulties due to the slow recovery of the international market.

It was reported at the conference that in the first half of the year, the number of international air passengers has increased monthly, from 103,500 in January to 127,000 in February, 224,600 in March, 445,700 in April, 650,000 in May and an estimated 826,000 in June.

As of the end of June, more than 30 foreign and four Vietnamese airlines are operating 96 international routes between Vietnam and 21 countries and territories. Vietnamese carriers are operating 68 international routes to 16 countries and territories.

In the domestic market, six Vietnamese carriers are operating 55-60 routes connecting Hanoi, Da Nang and Ho Chi Minh City with 19 local airports. The lifting of pandemic-related restrictions, along with booming demand, has brought about a fast recovery of domestic aviation transport, with the number of domestic passengers growing from 10-15% each month in the second quarter.

The total throughput of Vietnamese airports in the first half reached 43.35 passengers, up 65.5% from the same period in 2021 but still down 24.6% from the first half of 2019, with domestic passenger volume up 10.5% and international passenger volume down 88.3%.

The number of air passengers going through Vietnamese airports is expected to reach 70-80 million this year, including 8-10 million international travellers.

## 6. Agro-forestry-fishery exports rake in 27.88 billion USD in 6 months

Vietnam posted 27.88 billion USD worth of agro-forestry-fishery exports in the first half of this year, an annual increase of 13.9%.

According to the Ministry of Agriculture and Rural Development, of the total value, the groups of key farm produce and forestry products contributed 11.37 billion USD and 9.1 billion USD, both growing by 8.8% and 3% year-on-year, respectively.

Fishery products shipped overseas during the six months, meanwhile, reeled in 5.8 billion USD, up 40.8% annually.

There were nine type of goods recorded an export revenue exceeding 1 billion USD in the period, namely coffee, rubber, cashew, vegetable-fruit, rice, Tra fish, shrimp, woodwork products, and inputs for production.

The ministry said the US and China were the biggest importers of Vietnamese agro-forestry-fishery goods for spending more than 7.61 billion USD and 4.97 billion USD, increasing 7.9% and 5.9% from the

same period last year, respectively. They were followed by Japan and the Republic of Korea.

Also in the first half, Vietnam purchased agro-forestry-fishery products worth about 22.1 billion USD, hence a trade surplus of approximately 5.75 billion USD, nearly doubling the figure posted in the same period last year.

The encouraging outcomes were thanks to the implementation of mechanisms and policies for trade promotion, negotiations for reopening, and market development, among other factors.

## 7. Stock market faces bumpy ride in second half of 2022

The Vietnamese stock market has gone through nearly half of 2022 with turbulence and remarkable events, especially the Government's crackdown on illegal activities manipulating the market.

At the moment, the market is struggling as both liquidity and the benchmark index fall sharply. Experts said that monetary policy tightening from the US Federal Reserve (Fed), prolonged Russia-Ukraine conflict and China's zero COVID policy will indirectly affect the country's stock market.

### Stock market crackdown

In the first half of 2022, many big business owners such as Đỗ Thành Nhân, Chairman of the Board of Louis Holdings Group and Lê Anh Dũng, President of Tân Hoàng Minh Group, were arrested for illegal activities in the stock and corporate bond market.

These cases showed the determination of the Government on cleaning up the market.

The Government has carried out measures to promote the upgrade of the market during the 2024-25 period, including disclosing securities enterprises' proprietary trading data, issuing warnings on stocks with dramatic increases or declines, and changing the calculation method of VN30 futures contracts. The measures are expected to help the stock market increase liquidity and information transparency.

The crackdown is considered practical, resolving many chronic bottlenecks and strengthening the sustainability of the market.

Representatives of the World Bank (WB) and FTSE Russell have committed to further supporting Việt Nam to build a sustainable stock market, particularly via regular exchange and coordination in the market upgrade.

They made the commitment at a recent working session with the State Securities Commission (SSC), during which the sides discussed the actual situation, and efforts made to remove bottlenecks in support of the Vietnamese stock market's status upgrade process.

WB and FTSE Russell representatives said they highly appreciate the efforts of local management agencies and market members in upgrading the market from a marginal to an emerging one. They also proposed some solutions for the improvement of the market toward the upgrade.

Minister of Finance Hồ Đức Phớc said that the stock market has grown well, with a strong rise in the number of new accounts and the market's average liquidity. However, there were manipulation activities on the stock and derivative markets.

Many stocks were boosted without relation to business situations, while information disclosure obligations of public companies, listed firms and investors were not completely followed.



The Ministry of Finance is working on amending and supplementing Decree No. 153/2020/NĐ-CP on private offering and trading of corporate bonds in the domestic and international markets.

In recent years, the stock market has attracted attention from local citizens. They are retail investors, but play important roles in the development of the market. However, they are a vulnerable group when the stock market is manipulated.

### Challenges ahead

Even though the number of new accounts is surging, the country's stock market is struggling.

Data from the Vietnam Security Depository (VSD) showed that in the first five months of this year, retail investors opened 1.38 million accounts, 2.5 times higher than last year. The amount was nearly equal to the number of new accounts for the whole of 2021, which was 1.53 million accounts.

As of the end of May, the total of accounts opened covered around 5.7 per cent of the population.

Therefore, the Government's target of 5 per cent of the population investing in the stock market by 2025 is completed three years early. The next target of the market development strategy by 2030 is 8 per cent.

But the market experienced a great tumble in May with the benchmark VN-Index temporarily setting the lowest of the year at 1,156.54 points, down more than 32 per cent from its peak on January 6 of 1,528.6 points.

In June, the market is still in negative territory as the liquidity drops and the VN-Index hovered around 1,200 points. The index ended Monday at 1,202.82 points.

Mirae Asset Securities Việt Nam said that supply chain disruptions, strict COVID-19 rules in China, prolonged Russia-Ukraine war, sanctions on Russia, interest rate hikes from major global central banks and slowing economic growth amid high inflation are causes of the downside.

In addition, the investigations of the violations on the local stock market and the tightening conditions to issue bonds also weighed on investors' sentiment.

Many experts and public companies said that the market will see fluctuations and new shocks or tread water with low liquidity. Accordingly, at the end of 2022, the VN-Index is expected to grow by under 10 per cent.

Meanwhile, Vietnam Report JSC said that despite a more cautious outlook for the stock market due to current challenges, there are still some positive factors.

In the second half of 2022, the growth of industries affected by the pandemic is expected to be positive compared to the low of 2021, while it is believed that the disbursement of public investment is also accelerated.

The 2 per cent interest rate support package provides more momentum for stock market growth in particular and economic growth in general, if it is implemented as planned.

## Corporate News

### 8. KDH: Record date for 2021 stock dividend payment

↑ 0.51%

On June 24, 2022, the Hochiminh Stock Exchange issued an Announcement No. 1226/TB-SGDHCM about the record date of Khang Dien House Trading and Investment Joint Stock Company as follows:

- Ex-right date: July 04, 2022
- Record date: July 05, 2022
- 1. Reason & Purpose: to pay stock dividend for 2021.
- 2. Content:
  - Expected issue volume: 64,293,706 shares
  - Exercise ratio: 100:10 (Those who own 100 shares will receive 10 new shares.)
  - Plan to deal with fractional shares: The distributed shares will be rounded down to units. The fractional shares will be cancelled.

- For example: at the record date, shareholder A owns 303 shares. With 10% exercise ratio, the shareholder A will receive:  $303 * 10/100 = 30.3$  shares. Accordingly, the shareholder A will receive 30 new shares and the fractional shares of 0.3 share will be cancelled.

- Place of implementation:

+ For deposited securities: Shareholder will implement procedures to receive dividend at the securities company where shareholders opened securities depository account.

+ For undeposited securities: Shareholder will receive dividend at KDH's head office on working days. Please present shareholder's identity card/citizen identity card and Share ownership certificate when receiving dividend at the Head office.

### 9. VCB: Board approves the agreement with Mizuho Bank

↑ 1.87%

On June 27, 2022, the Board of Directors of Joint Stock Commercial Bank for Foreign Trade of Viet Nam (Vietcombank) approved to sign the account management contract for some banks

participating in Nghi Son 2 Project, including Mizuho Bank (Mizuho Bank owns from 10% or more of VCB's voting shares).



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