



VIETNAM DAILY NEWS

June 6th, 2022



Table of content

Table of content

1. Stock trade hits 10-session low
2. Việt Nam's new project investment abroad doubles in five months
3. Five-month exports of agro-forestry-aquatic products up nearly 17 per cent
4. Manufacturing growth hits 13-month high
5. Top 50 public companies of 2022 announced
6. Nearly three million subscribers sign up for mobile number portability
7. Steel stocks belie expectations, in deep slump
8. SSI: SSI begins raising charter capital to VNĐ15 trillion
9. VJC: Vietjet flights from HCM City to Phuket reopened

Market Analysis

1. Stock trade hits 10-session low

Vietnam's benchmark VN-Index dropped 0.05 percent to 1287.98 points Friday with trade value lowest in 10 sessions.

The index closed 0.64 points lower after losing nearly 11 points Thursday.

Trading on the Ho Chi Minh Stock Exchange (HoSE) fell by 22 percent to VND12.91 trillion (\$556.71 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 17 tickers dropped.

GVR of Vietnam Rubber Group fell 3.1 percent, continued to go sideways.

HDB of HDBank dropped 2.3 percent to near one-week low.

Other losers included STB of Ho Chi Minh City-based lender Sacombank and VCB of state-owned lender Vietcombank, both were down 1.9 percent, down

Ten blue chips bucked the trend, led by GAS of state-owned Petrovietnam Gas, (4.5 percent), MWG of electronics retail chain Mobile World (3.7 percent) and FPT of IT giant FPT Corporation (2.2 percent).

Foreign investors were net sellers to the tune of VND183 billion, mainly buying CTD of Cotecons Construction.

The HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, fell 0.41 percent, while the UPM-Index for the Unlisted Public Companies Market dropped 0.16 percent.

Macro & Policies

2. Việt Nam's new project investment abroad doubles in five months

Vietnamese enterprises pumped nearly \$340 million of total investment into new and supplemental capital ventures abroad in the first five months, down 38 per cent year-on-year, the latest report by the Foreign Investment Agency (FIA) revealed.

Despite a decline in total investment, their investments into new projects topped over \$293 million, double that in the same period last year, thanks to five new projects of Vines Energy Solutions JSC in the US, Canada, France, Germany and the Netherlands, with registered capital of \$34.7 million each.

During the five months, the firms also poured an additional \$45 million into operating projects, equivalent to 11 per cent of the figure seen in the same period last year, the FIA said.

The plunge in additional investment in five months of 2022 was attributable to the fact that many large-scale projects in the same period last year raised their investments, such as a Vingroup project in the US which increased capital by \$300 million; an Indochina Rubber Investment and Development Co project in Cambodia which added \$76 million into its operations in the market and the \$32 million adjustment of the VinFast project in Germany.

From January to May, Vietnamese enterprises made outbound investments in 12 sectors. The manufacturing and processing industry lured the most capital with eight newly-licensed projects worth some \$204.4 million, making up 60 per cent of the country's total outbound investment.

Banking, finance and insurance came next with four capital-added projects valued at nearly \$35.34 million or 10.4 per cent of the total, followed by

mining, information and communication and wholesale and retail.

According to the FIA, 19 countries and territories received Vietnamese investment during the period. Of them, Laos took the lead with four new capital expansion projects worth a combined \$64 million, equal to 19 per cent.

Singapore came second, luring in \$39 million, or 11.5 per cent. The US, Germany and the Netherlands were the runners-up.

As of May 20, Việt Nam had 1,555 operational projects abroad, with a total investment of \$21.6 billion, with 139 invested by State-owned enterprises, making up 53.8 per cent or nearly \$11.6 billion of the total investments.

The majority of its overseas investments came towards to mining sector, 32.3 per cent, and the agro-forestry-fishery sector, 15.8 per cent. Countries with the largest investment from Việt Nam were Laos (24.8 per cent), Cambodia (13.6 per cent) and Venezuela (8.5 per cent).

Baodautu.vn cited the FIA as saying that amid the conflict in Ukraine, the department requested investors to report the situation of their investment and operation activities in the country and the number of Vietnamese workers working in Russia and Ukraine, as well as the difficulties and obstacles faced by businesses and their suggestions and recommendations.

Earlier, the Ministry of Planning and Investment also recommended businesses downsize or delay, temporarily suspending operations in Ukraine. Currently, Việt Nam's investment in Ukraine was modest in terms of the number of projects and capital levels, the newspaper reported.

3. Five-month exports of agro-forestry-aquatic products up nearly 17 per cent

The total import and export value of agro-forestry-aquatic products in the first five months of 2022 has been estimated at US\$41.3 billion, up 8.6 per cent

year-on-year, according to the Ministry of Agriculture and Rural Development (MARD).

Of the total, export turnover was estimated at \$23.2 billion, up 16.8 per cent, while imports reached \$18.1 billion, down 0.3 per cent.

In the period, the export value of main agricultural products surpassed \$9.4 billion, up 10.4 per cent; that of main forestry products reached nearly \$7.7 billion, up 7.6 per cent; and aquatic products nearly \$4.8 billion, up 46.3 per cent.

Nine products/product groups surpassed export value of \$1 billion, namely coffee, rubber, rice, cashew nuts, fruits and vegetables, tra fish, shrimp, wood products and production materials.

Regarding export markets, the value of agricultural, forestry and aquatic product exports to Asia accounted for 41.6 per cent of the market share,

America 30.4 per cent, Europe 12 per cent, Oceania 1.7 per cent and Africa 1.5 per cent.

The US was the largest importer, with turnover hitting nearly \$6.5 billion, accounting for 28 per cent of the market share. Notably, the export turnover of wood and wood products made up 67.5 per cent of the total value. It was followed by China with over \$4.1 billion.

MARD said that it has stepped up bilateral and multilateral cooperation activities. Its units have focused on negotiating and promoting the export of passion fruit and grapefruit to Australia; rambutan, star apple, custard apple, cassava slices, sugar and milk to Thailand; lemon and grapefruit to New Zealand, and bird's nest, feather products and fish meal to China.

4. Manufacturing growth hits 13-month high

Manufacturing growth accelerated last month as the recovery from Covid-19 continued apace.

The purchasing managers' index (PMI) rose to 54.7 in May from 51.7 in April, the latest survey from S&P Global showed on Wednesday.

The growth rate was the fastest since April 2021.

There was a sharp increase in output and new orders were recorded while firms increased their purchasing activity and employment.

Business conditions strengthened the most in over a year.

"Vietnamese manufacturers are increasingly able to operate normally as pandemic disruption fades, with May seeing sharp accelerations in growth of output and new orders, in turn boosting employment and purchasing," Andrew Harker, economics director at S&P Global, said.

"There is also growing confidence that firms won't have to contend with Covid-19 issues going forward."

The sustained growth of new orders meant firms continued to hire, driving employment up for the second month running.

Inflation remained elevated however despite showing signs of easing in May, with both input and costs and prices rising at the slowest rate in three months.

Vietnam's inflation in the first five months hit 2.25 percent against 1.29 percent in the same period last year.

Rises in fuel costs were highlighted by respondents, with surging shipping rates adding to inflationary pressures.

Lockdowns in some key Chinese cities have also affected the sector, as export demand grew softer and deliveries were delayed.

"Firms will therefore hope that business in mainland China can also return to normality soon, providing a further boost to the recovery in Vietnam," Harker said.

The S&P Global Vietnam Manufacturing PMI measures the performance of the manufacturing sector and is derived from a survey of 400 companies.

A PMI reading above 50 indicates expansion in manufacturing from the previous month, while a value of below 50 represents a contraction.

5. Top 50 public companies of 2022 announced

Việt Nam Report JSC on Friday officially announced the Top 50 prestigious and effective public companies of 2022 (VIX50).

The top ten this year are; Vinhomes JSC (VHM), Hoà Phát Group (HPG), Masan Group (MSN), Mobile World Investment Corporation (MWG), Vietnam International Commercial Joint Stock Bank (VIB), Vietcombank (VCB), Đức Giang Chemical Group (DGC), Techcombank (TCB), MBBank (MBB) and Asia Commercial Joint Stock Bank (ACB).

All these companies are traded on the Hồ Chí Minh Stock Exchange (HoSE).

Vũ Đức Vinh, General Director of Việt Nam Report, said that last year witnessed a spectacular growth of the country's stock market with the VN-Index setting a record peak of over 1,500 points, an increase of 35.7 per cent year-on-year. The gain was higher than the average growth rate of 15.2 per cent in the last five years.

The stock market also recorded many positive changes in quality with the explosion of liquidity, market capitalisation and new investors. The complicated development of the COVID-19 pandemic that caused serious consequences has become a strong catalyst to direct idle cash flows, thereby expanding the growth momentum that has appeared since 2020.

With the achievements in 2021, it is entirely possible to expect greater growth in the stock market this year, Vinh emphasised. However, it should be noted that in the past, when the market rallied for a long time along with the sharp increase of cash flow from retail investors, there were always many unpredictable risks.

Experts said that due to rising inflation, many countries have tightened monetary policies along with the conflict between Russia and Ukraine, but the Vietnamese economy is still overcoming difficulties and gradually regaining a positive recovery momentum. Recent fluctuations in the global market are also opportunities for Việt Nam to strengthen its internal strength and attract investments in the new globalisation trend.

As a vital capital mobilisation channel for the Government and businesses and an attractive investment channel for investors, the stock market is a centre of attention. A series of solutions related to market inspection and stabilisation by the Ministry of Finance and the State Securities Commission were carried out to solve many bottlenecks, contributing to the sustainable development of the market.

The report was conducted from an objective, scientific and independent research, based on the selection of qualified companies to rank according to four indicators - sales, profits, assets, and minimum market capitalisation of VNĐ500 billion (US\$21.6 million) as of April 29.

It also relied on the assessment of investors, the market and experts with criteria such as size, efficiency and business prospects, the compound growth rate of revenue and profit, and corporate media reputation.

The report collaborated with groups of financial and economic experts to make additional assessments of growth potential, sustainable development level, management quality and position in the industry of each public enterprise.

6. Nearly three million subscribers sign up for mobile number portability

More than 2.9 million subscribers have successfully performed the mobile number portability (MNP) process, after more than three years of implementation.

The MNP is carried out by six telecommunications enterprises: MobiFone, VNPT VinaPhone, Viettel, Vietnamobile, G-tel and Mobicast.

The number of registered subscribers transferred to Viettel is the highest, with more than 2.1 million subscribers.

There have been nearly 1.7 million subscribers successfully transferred to this network, accounting for 90.7 per cent of registered subscribers.

Notably, among the above six operators, the successful transfer rate to MobiFone is the lowest.

The Việt Nam Telecommunications Authority (VNTA) under the Ministry of Information and Communications said hundreds of thousands of subscribers had not successfully switched networks.

Many users said that the main reason for this was a 'lucky SIM number' that forces them to be committed to operators or additional services that they have bought.

To solve this problem, VNTA has recently asked the telecommunications carriers to publicly announce packages and how to cancel packages on their websites for subscribers to look up before registering to MNP.

At the same time, the authority recommended businesses have plans for subscribers to compensate them if there was a need to switch networks.

The VNTA also said that after more than three years of implementation, the MNP service had created necessary competition among businesses in the saturated mobile market towards the goal of retaining and enticing subscribers to their network.

The general trend was that subscribers wanted to switch to a service provider with wide coverage and stable service quality, noted the authority.

MNP gradually squeezing Vietnamobile

With a market share of only about 4 per cent (equivalent to nearly five million subscribers), Vietnamobile has lost a quarter of its subscribers since the service rolled out.

The network operator loses thousands of subscribers every month.

Since the service started in November 2018, nearly 25,000 subscribers have registered to move to Vietnamobile, but there are more than 1.4 million subscribers registered to switch networks.

Of these, the number of successful moving-in subscribers is 361 and the number of successful moving-out subscribers is more than 1.3 million.

Not only facing a massive "bleeding" of subscribers, limited bandwidth is also one of the main reasons why the operator struggles to develop new services.

A Vietnamobile representative told Việt Nam Finance online magazine that this made it difficult for the company in providing the best customer experience.

After 13 years on the market with a series of super-cheap price policies, Vietnamobile customers still complain about weak signal outside of the big cities, few agents, and poor customer service, meaning its market share has not improved.

7. Steel stocks belie expectations, in deep slump

The Vietnamese steel industry was expected to benefit from the Russia-Ukraine crisis, but stocks of companies have been plunging due to rising input costs and declining demand.

The shares of industry leader Hoa Phat Group fell Thursday to a 14-month low.

HPG has dropped by over 27 percent this year as against a 14 percent fall for the VN-Index.

Hoa Sen Group's share price fell to its lowest in 15 months in May and has barely risen since. It has lost 42 percent this year.

Nam Kim Steel is down 23 percent and Pomina Steel Corp, 40 percent.

After Russia launched military operations in Ukraine in February, some top Ukrainian steel manufacturers said they would have to cut

production to a minimum this year, while Russian producers face an embargo from western countries.

The two together exported 57 million tons of steel last year, or 3.1 percent of global demand, and there was an expectation that Vietnamese manufacturers would fill the gap.

Stock brokerage VNDirect said in March, "We believe that top Vietnamese exporters have the opportunity to increase their production in the near future."

Steel stocks soared in February, with NKG rising by 60 percent that month even as the VN-Index inched up by less than 1 percent.

HSG rose by 36 percent, POM by 21 percent and HPG by 17 percent.

But after reaching a new peak of nearly US\$1,600 a ton in early April, steel prices have dropped to around \$1,160 now.

Analysts blamed this on slower than expected economic recovery and the resultant drag on demand.

In its latest forecast, the European Steel Association said consumption could fall by 1.9 percent this year instead of rising by 3.2 percent as it projected in February.

This is because high energy prices, disruptions in the supply chain and the Russia-Ukraine crisis could lead to a slump in demand for cars and consumer electronics, and lockdowns in China's major cities are likely to have negative impacts on the global economy, it said.

In a double whammy, production costs are surging.

Analysts at KIS Vietnam Securities expect the rising costs to drag Hoa Phat Group's profit margin down by 4.4 percentage points this year to 23 percent.

In the first quarter its pre-tax profits were nearly 14 percent lower than in the second quarter last year when steel demand was booming.

Hoa Sen saw profits decline for a fourth quarter in a row, while Nam Kim's fell by 40 percent from the second quarter of last year.

"Shareholders will see dreadful earnings figures in the second quarter," Hoa Phat chairman Tran Dinh Long said at the company's annual general meeting on May 24.

HPG dived by 5 percent that day.

But analysts at SSI Research expect the steel industry to begin recovering when China eases its Covid restrictions.

Corporate News

8. SSI: SSI begins raising charter capital to VNĐ15 trillion

↑ 0.86%

After the transfer, K6 is no longer an affiliated company of the flag carrier.

According to a 2021 audited consolidated financial statement, on January 3 and March 29 2022, the airline received US\$30 million and US4 million respectively from investors to buy back the contributed capital of the company at K6.

It had also received a deposit of \$1 million in 2019. The total \$35 million corresponds to 35 per cent of K6 shares.

Although the money was only paid until 2022, due to the transfer of stock ownership in 2021, Vietnam Airlines' report has no longer recorded K6 as an associate, and revenue from financial activities posted a gain of more than VNĐ647.7 billion from the profit of the transfer of contributed capital.

The income has helped the carrier reduce its loss in 2021 and its equity is still greater than zero, escaping a delisting sentence.

Cambodia Angkor Air was established in 2009 under the cooperation of Vietnam Airlines and the Royal Government of Cambodia.

Under the joint venture contract, Vietnam Airlines contributed 49 per cent of the capital to Cambodia

Angkor Air with the historical price of VNĐ868.5 billion.

At the end of 2021, after divesting 35 per cent of shares, the remaining 14 per cent of K6 shares were transferred to the investment portfolio to contribute capital to other entities with the historical price of VNĐ248 billion.

Last year, K6 business activities were heavily affected by the COVID-19 pandemic, like other airlines in the region and the world.

To minimise losses, K6 has implemented solutions to restructure, reduce the scale of operations, maintaining only a few main routes with minimal frequency to cut costs, negotiating to delay payments, and taking advantage of every opportunity to increase the exploitation of charter and cargo flights to supplement cash flow to maintain operations.

However, it had lost \$17.7 million last year, an increase of 37.2 per cent compared to 2020's losses.

On the stock market, HVN fell 1.04 per cent to trade at VNĐ18,950 per share at 10:55 (local time) after gaining for four straight sessions.

9. VJC: Vietjet flights from HCM City to Phuket reopened

↓ -1.32%

Vietjet's route connecting HCM City with beach paradise Phuket (Thailand) has been resumed, with four round-trip flights per week on Mondays, Wednesdays, Fridays and Sundays.

The flight departs from HCM City at 9am and lands in Phuket at 11am while the return flight departs

from Phuket at 12pm and arrives Tân Sơn Nhất Airport at 1.50pm.

Tickets are available from vietjetair.com, Vietjet Air mobile app, facebook.com/vietjetvietnam, domestic and international booking offices and ticket agents, according to Vietjet.

Vietjet is the first airline to reopen the HCM City-Phuket route, bringing more choices and experiences to passengers going to Thailand besides the familiar destination of Bangkok.

It is also the airline with the most routes linking Việt Nam with the country.

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