



VIETNAM DAILY NEWS

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Table of content

Table of content

1. Bank stock fall pulls VN-Index down
2. Vingroup leader among top 500 billionaires worldwide
3. New apartment prices rise, but resale prices down
4. Central bank might raise benchmark interest rate in Q4 2022
5. HCM City approves 50% port infrastructure fee cut
6. Foreign investors net buy over VND1.64 trillion on UPCoM in first half
7. Fresh co-operation opportunities for Vietnamese and EU firms
8. HAX: HAX reported profit after tax of parent company in Q2 nearly 13 times higher than the same period last year
9. SFG: Not disclosing information, SFG was fined 85 million VND

Market Analysis

1. Bank stock fall pulls VN-Index down

Vietnam's benchmark VN-Index dropped 1.37 percent to 1,155.29 points Monday, dragged down by all banking blue chips.

The index stayed in the red for most of the day and closed 16 points lower. Trading on the Ho Chi Minh Stock Exchange increased by 9.80 percent to VND11.45 trillion (\$490.4 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 24 tickers drop, led by TCB of private lender Techcombank, which fell 5.2 percent.

It was followed by two other private players, TPB of TPBank and VPB of VPBank, down 4.1 and 3.8 percent, respectively.

Other lenders, including VCB of Vietcombank, BID of BIDV, and MBB of MBBank, dropped between 1.4 and 3.4 percent.

Only two tickers bucked the trend, with SSI of leading brokerage SSI Securities rising 1.2 percent and PLX of Petrolimex gaining 0.4 percent.

Foreign investors were net buyers to the tune of VND5.7 billion, focusing on VNM of dairy giant Vinamilk, GMD of logistics company Gemadept and PNJ of Phu Nhuan Jewelry.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 0.31 percent while the UPCoM-Index at the Unlisted Public Companies Market was down by 0.82 percent.

Macro & Policies

2. Vingroup leader among top 500 billionaires worldwide

As of July 11, 2022 Vuong was ranked 405th with a total net asset of US\$5.82 billion, Bloomberg said in its Billionaire Index update.

Forbes first named the Vingroup leader as one of the 1,000 richest people in the world in 2013, with a total net asset of US\$1.5 billion, ranking 974th globally. His fortune rose to US\$1.6 billion in 2014 and US\$2.1 billion in 2016.

2020 was also the eighth consecutive year that the Vietnamese executive made the list of billionaires honoured by Forbes.

According to Bloomberg Billionaire Index, Vuong is the chairman of Vingroup – the largest private multi-sectoral economic conglomerate in Vietnam. The Hanoi-based group has interests in property development, retail, car making and health care. It's also the producer of Vietnam's first locally made smartphone.

3. New apartment prices rise, but resale prices down

Prices of new apartments in HCMC jumped by 8-15 percent in the second quarter but the secondary market slumped.

High-end apartments accounted for nearly 78 percent of new supply in the second quarter, pushing the average price tag up from the first quarter, according to data from consultancy DKRA Vietnam.

Another consultancy, CBRE Vietnam, said prices had risen by 8.6 percent to US\$2,455 a square meter.

Real estate platform Batdongsan attributed the rise to higher construction costs.

Apartments with price tags of under VND40 million (\$1,710) have gone extinct, it noted

However, it was a different story on the secondary market, with both sales and prices falling.

A VnExpress survey found that prices of apartments resold in Thu Duc City and nearby localities had dropped by 5-10 percent, as investors tried to get rid of their loan burden.

Many sold at cost price and even losses of up to 10 percent due to a cash crunch, the director of a real estate company in Thu Duc City said.

Demand also fell, and prices could drop further as banks tighten lending to property developers and buyers, he added.

Vo Hong Thang, head of research and development at DKRA Vietnam, said rising inflation and interest rates are the two main reasons for the slump.

Deputy director of CBRE Vietnam, Pham Ngoc Thien Thanh, also pointed to the long-drawn approval process and supply-demand mismatch as challenges facing the market.

4. Central bank might raise benchmark interest rate in Q4 2022

The State Bank of Vietnam (SBV) will make every effort to not tighten the monetary policy immediately to support economic recovery and stabilise the market, according to analysts of the VNDirect Securities Company.

Under a newly released report, the analysts said if there is any increase of benchmark interest rate this year, it will likely take place in the fourth quarter of 2022 and the increase will be limited at around 0.25-0.5 percentage points.

According to the analysts, Viet Nam's higher-than-expected inflation may hinder the country's economic growth and cause monetary policy to become tighter. Under the current context, the SBV has less room to maintain a loose monetary policy to support the economy.

However, the analysts believed the SBV will not tighten monetary policy. They explained although inflationary pressure is expected to increase in the coming months, the average consumer price index in the first half of 2022 is forecast to rise by 2.5 per cent year-on-year, still much lower than the cap of 4 per cent targeted by the Government for 2022.

Besides, domestic demand is still relatively weak and has not fully recovered to a normal level as before the pandemic.

In addition, the SBV is still prioritising the goal of maintaining low lending rates to support businesses and the economy to recover after the pandemic, the analysts said.

VNDirect forecast the increase in deposit interest rates will slow down in the third quarter of 2022 because of low demand after many commercial

banks temporarily used up all their credit growth quota. However, deposit interest rates may accelerate again in the fourth quarter of 2022 after the SBV expands credit growth quota for commercial banks.

They expected the deposit interest rate to increase by 0.3-0.5 percentage points in the second half of 2022, in which, the 12-month term deposit rate may increase to around 5.9-6.1 per cent per year on average by the end of 2022, still lower than the pre-pandemic level of about 7.0 per cent per year.

Regarding lending interest rates, VNDirect expects the interest rate incentive package can help reduce the average lending interest rate by 20-40 basis points in 2022. However, it noted, the actual impact of the interest rate cut from the package on enterprises and the economy could be lower if commercial banks increase lending rates on other conventional loans to offset the increase in deposit interest rates.

Under the report, VNDirect reported the Vietnamese dong depreciated 1.6 per cent against the US dollar as the greenback hit a 20-year high.

However, VNDirect analysts saw a number of factors supporting the dong in the second half of 2022, including improving trade surplus (forecast to reach US\$7.2 billion in 2022), balance surplus payments and rising foreign exchange reserves of \$120-122 billion (equivalent to 3.9 months of imports).

The USD/VND exchange rate will fluctuate between VND22,900-23,300 per dollar by the end of 2022, an increase of no more than 2 per cent compared to the end of 2021, VNDirect forecast.

5. HCM City approves 50% port infrastructure fee cut

Port infrastructure fees for international goods transported by inland waterways in and out of HCM City will be cut by half from August 1.

A meeting of the city's People's Council on July 7 passed a resolution on amendments and supplements to the collection rate of fees for using infrastructure and public services at ports, including a fee reduction.

Accordingly, a 50 per cent cut in fees will be applied to goods for temporary import and re-export or deposited in bonded warehouses and for transit and transshipment of goods.

It will collect the same rates for imported and exported goods declared outside the city and those declared in the city.

Besides these measures, imported and exported goods for national defense and security, responding to and overcoming consequences of natural disasters and epidemics, and some other purposes will be exempt from fees.

Earlier, business associations had proposed that the Prime Minister ask the city to stop collecting infrastructure fees at seaports.

They said that the proposed fees were very high and it was not the right time to implement a collection plan, adding that it would have negative impacts on business operations and the Government's economic recovery and development programme.

In response, Deputy Prime Minister Le Minh Khai has asked the city to adjust infrastructure fees at seaports by July.

Therefore, the city's Department of Transport has recently submitted a document to the municipal People's Committee asking for the fee adjustment after beginning the automatic fee collection from April 1.

The move aims to help businesses dealing with stiff challenges, such as rising fuel prices, and promote the city's economic recovery programme after the COVID-19 pandemic.

The reduction in fees also seeks to encourage businesses to increase use of waterways and reduce pressure on road transport.

The current fee for goods for temporary import and re-export or deposited in bonded warehouses and for transit and transshipment goods is VND50,000 (US\$2.2) per tonne for liquid and bulk cargo, VND2.2 million (\$94.5) for a 20-foot container and VND4.4 million (\$189) for a 40ft container.

For imported and exported goods declared outside the city, the corresponding rates are VND30,000 (\$1.3), VND500,000 (\$21.5) and VND1 million (\$43); and for those declared in the city, VND15,000 (\$0.6), around VND250,000 (\$10.7) and VND500,000.

More than VND500 billion (\$21.5 million) has been collected via the automatic collection system so far.

The city expects to fetch revenues of about VND3 trillion (\$129 million) a year.

It plans to invest the amount in port connectivity projects, including new roads and upgrades to existing ones near ports, as well as improving waterways and inland ports.

6. Foreign investors net buy over VND1.64 trillion on UPCoM in first half

During the period, transactions in the market followed an increasing trend in the first quarter and then a mix of rise and fall in the second quarter. The UPCoM Index closed at 88.58 points on June 30, down 21.7% compared to the end of 2021.

A total of 16 new businesses joined the market, bringing the total number of UPCoM traders to 861 by the end of June.

The average trading volume and value were 98 million shares and VND2.6 trillion per session, down

34% and 17% from the averages in 2021, respectively.

The trading session on January 7 recorded the highest trading volume of 175.1 million shares, while the March 31 session posted the biggest trading value of VND4.05 trillion.

Meanwhile, the market capitalisation hit VND1.17 quadrillion at the end of June, dropping by 17% compared to the end of 2021.

7. Fresh co-operation opportunities for Vietnamese and EU firms

The forum featured the participation of senior officials of both sides, along with approximately 50 European firms specialising in areas such as wine, beverages, meat and meat products, agricultural products, as well as fruit and vegetables.

This can be viewed as a prime opportunity in which Vietnamese businesses can meet and discuss new co-operation opportunities with European partners.

Appreciating the initiative to organise the forum, Wojciechowski said that his trip to Vietnam and Singapore is designed to ramp up joint ties in agricultural and food trading within the frameworks of signed free trade agreements.

According to him, his working visit to the nation comes at a time when the EU hopes to facilitate trade in exchanges and agreements between European and Vietnamese companies operating in the agri-food industry.

Speaking at the forum, Pham Tan Cong, chairman of the Vietnam Chamber of Commerce and Industry (VCCI), said that currently, the EU represents the third largest export market of Vietnamese agricultural products with a turnover of roughly

US\$5.5 billion annually. The bloc therefore accounted for 15% of the nation's total agricultural export value in 2021, but making up only 4% of the EU's total agricultural import value.

The figures remain far below the country's export potential, as well as the import demand of EU countries, stressed Cong.

He therefore expressed his hope that through the forum, the EU side will share information and experience, as well as supporting the nation in building agricultural development policies and models in a green, modern, and effective direction to reduce the impacts of climate change on agricultural activities.

The VCCI representative affirmed the agency's resolute resolve to actively support EU firms.

Representatives from Vietnamese State management agencies proposed that European investors pay greater attention to several dynamic economic zones, such as Hung Yen, Quang Ninh, Hai Phong, and Hai Duong, all of which are near Hanoi and boast both good infrastructure and abundant labour.

Corporate News

8. HAX: HAX reported profit after tax of parent company in Q2 nearly 13 times higher than the same period last year

↑ 3.3%

According to a separate financial statement just released, Hang Xanh Automobile Service Joint Stock Company (HOSE : HAX) reported profit after tax in the second quarter of 2022, nearly 13

times higher than the same period in the same period, in the context of strong increase in net revenue and financial revenue.

9. SFG: Not disclosing information, SFG was fined 85 million VND

↓ -0.22%

On 07/07/2022, the State Securities Commission issued a Decision on sanctioning administrative violations against Southern Fertilizer Joint Stock Company (HOSE : SFG) with an amount of VND 85 million.

Specifically, SFG does not disclose information (disclosure) on the information disclosure system of the State Securities Commission and on the website of the Ho Chi Minh Stock Exchange (HOSE) documents such as Information on

signing the contract to audit the annual financial statements. 2019, 2020.

The company also failed to disclose information on time on the SSC's information disclosure system and HOSE 's website for the 2019 Annual Report.

SFG shares are being traded around 13,550 dong/share (ending 11/07), down more than 40% from the peak of 22,700 dong/share on 07/03.

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