



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index dips marginally

Vietnam's benchmark VN-Index dropped 0.23 percent to 1,176.49 points Monday.

The index closed nearly 2.8 points lower, dragged down by last-minute selling, after losing 2.9 points on Friday.

Trading on the Ho Chi Minh Stock Exchange (HoSE) fell by 14 percent to VND11.23 trillion (\$479.03 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 16 tickers dropped.

HPG of steelmaker Hoa Phat Group fell 2.6 percent after hitting the highest in almost four weeks Friday.

VIC of biggest private conglomerate Vingroup fell 2.3 percent to the lowest in nearly two weeks.

STB of Ho Chi Minh City-based lender Sacombank lost 2 percent, and VHM of real estate giant Vinhomes fell 1.7 percent.

BVH of insurance company Bao Viet Holdings and MSN of conglomerate Masan Group both gained 1.4 percent.

PLX of fuel distributor Petrolimex rose 1.1 percent, and FPT of IT giant FPT Corporation dropped 1 percent.

Foreign investors were net sellers to the tune of VND115.94 billion, mainly selling VHM of real estate giant Vinhomes and HPG of steelmaker Hoa Phat Group.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was up 0.08 percent while the UPCoM-Index at the Unlisted Public Companies Market was up by 0.16 percent.

Macro & Policies

2. Gold prices see historic one-day drop

Vietnam's gold prices saw one of the deepest daily plunges in their history, going down by VND4 million (\$170) a tael Monday.

The Saigon Jewelry Company (SJC) sold its gold at VND64 million Monday afternoon, down almost 6 percent from the weekend. A tael equals 37.5 grams or 1.2 ounces.

The gold prices were down on dollar appreciation, with investors selling assets, including gold, to buy the greenback, said chairman Tran Thanh Hai of SJC Phu Tho. Strong selling pressure following an announcement by the central bank on looking at the possibility of reducing SJC's monopoly on gold saw people sell gold bullion and stockpile on gold jewelry.

Currently, a tael of gold bullion and jewelry in Vietnam costs VND17.5 and VND5 million more than global prices, respectively.

Hai expected prices to fall further the next few days, tracking drops in the London and Chicago exchanges.

"Prices may fall below the \$1,700 threshold [per ounce]," he added.

Spot gold rose 0.9 percent to \$1,722.88 an ounce by 10:34 a.m. Monday in London, according to Bloomberg. Prices dipped below \$1,700 last week for the first time since August. The Bloomberg Dollar Spot Index slipped 0.5 percent after hitting a record last week. Silver, platinum and palladium all advanced.

3. International paper, coatings, rubber, and plastic expos attract 150 firms

Four international exhibitions, Paper Vietnam, Rubber and Tyre Vietnam, Coatings Expo Vietnam, and Plastech Vietnam, will be held in HCM City from August 3 to 5.

Returning after a gap of three years due to the COVID-19 pandemic, the expos have attracted 150 companies from 17 countries and territories, including Belgium, Germany, the US, Japan, China, India, Korea, Malaysia, Singapore, Taiwan, and Việt Nam, Nguyễn Bá Vinh, director of the Minh Vi Exhibition and Advertisement Services Co Ltd (VEAS), the expos' organiser, said.

India is the country of honour this year, with nearly 50 of its companies taking part.

In addition to showcasing a wide range of machinery and equipment and products, the expos will also feature several seminars, B2B matching and VIP buyer programmes to help exhibitors and visitors learn about the latest trends and market demands, and identify customers, and make appointments and meet with potential partners, he said.

There would also be a 'visit tour' to enable foreign businesses to visit factories and hi-tech parks, he added.

Speaking at a press briefing on July 16 to introduce the four expos, Nguyễn Thị Lạc Huyền, chairwoman of the Việt Nam Paint and Printing Ink Association, said the coating and printing ink industry had been growing at 10 per cent annually before the pandemic, with output topping US\$2 billion.

"But for the first time the industry recorded negative growth last year, with output plunging sharply, due to the pandemic. The whole industry is trying to recover this year but faces difficulties like supply chain disruption, higher prices of raw materials and a decline in demand."

The Coatings Expo Vietnam would help firms to find partners to avoid the supply disruptions of last year, she said.

Võ Hoàng An, deputy chairman of the Việt Nam Rubber Association, said Việt Nam's exports of

processed rubber products had increased significantly to reach US\$3.7 billion last year.

This year the figure topped \$2.2 billion in the first half, up 12.9 per cent from the same period in 2021, with tyre exports exceeding \$1.1 billion, up 28.9 per cent year-on-year, he said.

The association and businesses had stepped up trade promotion to further diversify their export

markets and increase value of the rubber industry, he said.

"Trade fairs and exhibitions are an effective way for firms to introduce their new products and brands and technologies to local and international customers," he added.

The exhibitions will be held at the Saigon Exhibition and Convention Centre and are expected to welcome 8,000 trade visitors.

4. Standardise bond market to ensure growth of stock and realty market

The bond market has become an important capital mobilisation channel for enterprises, especially real estate firms. However recent scandals have caused uncertainty, threatening the development of public companies, the Vietnamese stock market and the realty industry.

At the event on "Inflation, Interest rates and Securities", expert Cấn Văn Lực, member of the National Financial and Monetary Policy Advisory Council, said that the bond market and debt repayment pressure are now the stock market's biggest risks.

The amount of corporate bonds due in 2022 is about VNĐ230 trillion (US\$9.8 billion), in 2023 is about VNĐ220 trillion, and in 2024 is also about VNĐ220 trillion.

As enterprises accelerated to issue 3-4 year bonds in the last 2-3 years, a huge amount of bonds are set to mature within the next two years, he added.

Therefore, if the bond market slows down, many companies will default.

"So surely the Government will soon have to issue the amended Decree 153" on the trading of privately placed corporate bonds on the domestic market and selling corporate bonds on the international market, Lực added.

The amended decree is expected to tighten some regulations on issuing bonds.

In the first six months of the year, the total of issued corporate bonds was just over VNĐ130 billion. Notably, no corporate bonds were issued in April, while in May, it was about VNĐ60 trillion of which VNĐ8-9 trillion worth of bonds was released by real estate companies.

In June, according to the latest provisional statistics, about VNĐ30 trillion bonds were issued, of which VNĐ25 trillion came from banks then only the remaining VNĐ5 trillion from public enterprises.

Expert Võ Trí Thành, another member of the National Financial and Monetary Policy Advisory Council, said that the market's concerns at the moment are debt repayment and how to find appropriate ways to treat the bond market but not disrupt enterprises' cash flows.

The total value of corporate bonds is equal to government bonds of VNĐ1.5 quadrillion, about 17-18 per cent of GDP. Of which nearly a third is released by banks to raise second-tier capital, while corporate bonds are also nearly a third, which is VNĐ500 trillion and are mainly issued in the last 3-4 years.

In 2021 alone, over VNĐ700 trillion worth of bonds were released, mainly from three sectors - commercial banks, real estate and energy, said Thành.

Thereby, the Government has to carry out measures that not only make sure the bond market does not slow down, but also guarantee retail investors' rights.

In the corporate bond's structure, about VNĐ300 trillion is from individual investors, including both professionals and non-specialists, Thành added.

Similarly, expert Lê Xuân Nghĩa stressed the crucial role of corporate bonds in the financial system.

"The growth rate of corporate bonds in a year is 35 per cent. In two years it doubled. Now it's worth VNĐ1.5 quadrillion, by 2024 it's VNĐ3 quadrillion. In 2026 it is VNĐ6 quadrillion, and in 2028, it is VNĐ12 quadrillion.

"It can completely replace the medium and long-term credit of banks, so that the commercial banking system can return to serve financial needs," Nghĩa said.

If the bond market were to default, the realty market would have been frozen, he said, adding that many

listed real estate companies would tumble, causing the stock market to face uncertainty.

Fortunately, the country's stock market has three big advantages, the economist emphasised.

Firstly, the T+2 settlement cycle will be applied in August, enhancing efficiency and reducing risk.

Secondly, as the stock market is expected to be upgraded later this year or next year, the total capitalisation is likely to increase by 14-15 per cent, Nghĩa said.

Last but not least, the Vietnamese economy basically escapes from the risks of global inflation and recession, attracting foreign investors to return to the market.

5. Việt Nam firmly rebounds amid challenges

HSBC Global Research expects Việt Nam to be among the region's top growing nations, as it was one of the world's few countries to record growth in two consecutive years since the pandemic.

Việt Nam's economy has started 2022 on a firm footing. Sticking with a policy to "co-live with the virus," the country has accelerated its vaccination drive and gradually removed local restrictions, fuelling consumer sentiment, leading to an ongoing rebound in local consumption, according to analysts of Markets and Securities Services, HSBC Vietnam.

Ngô Đăng Khoa, Country Head of Markets and Securities Services, HSBC Vietnam, said the country's total goods retail sales and consumer service revenues grew 11.7 per cent year-on-year in Q1 this year, or 7.9 per cent if inflation was excluded (1.9 per cent in 2021).

The re-opening from mid-March this year has been especially crucial for Việt Nam's services recovery.

In the first half of this year, around 602,000 foreign tourists flocked to Việt Nam, a clear sign of recovery of around 6.8 times 2021's level.

However, HSBC's analysts expect to see a slow rebound in tourism this year due to COVID-19, which has a psychological impact on foreigners who fear going abroad and a dwindling desire among consumers around the globe to open their wallets because of soaring inflation.

Another driving force behind this slow recovery is the tension in Russia and China's "zero COVID" policy, which holds Việt Nam's tourism back from a quick bounce back, given these two are its two main sources of visitors.

Meanwhile, manufacturing continues to roar, growing at 8.48 per cent year-on-year, and mobile phone component production expanded by 22.2 per cent.

In addition, the PMI rose from 51.7 in April to 54.7 in May, recording a 12-month-high before decreasing slightly to 54 in June.

Thanks to multi-year consistent FDI inflows in tech manufacturing, the country has successfully transformed into a rising global base.

While the pandemic partially disrupted the process, interest remain high. For example, Samsung

recently started building a US\$220 million R&D centre in Hà Nội, its largest in Southeast Asia, and is set to expand its plants in Bắc Ninh and Thái Nguyên.

According to analysts, Apple has had 11 factories of its Taiwanese manufacturers in its supply chain moved to Việt Nam.

Most importantly, Việt Nam's key growth engine is set to recover strongly as the labour shortage continues to ease. After the Tết holidays, over 90 per cent of workers have returned to HCM City.

The country's export grew 17.3 per cent year-on-year in the first six months of 2022. Its second quarter's GDP rose to 7.72 per cent year on year thanks to broad-based growth, leading to a 6.42 per cent year-on-year growth in the first half of this year.

All of these point to a steady recovery in the country. Thus, HSBC now expects the economy to grow 6.9 per cent (up from our previous forecast of 6.2 per

cent and 6.6 per cent) in 2022, likely topping the region.

Despite the optimism, headwinds prevail. In particular, Việt Nam is facing multiple challenges given elevated global energy prices. This will increase its energy bills, deteriorating its terms of trade.

Higher oil prices will raise residents' cost of living, dampening the pace of recovery for private consumption, especially when the labour market has shown signs of recovery.

Global energy inflation continues to pace, pushing domestic petrol prices to new highs. Given elevated global oil prices, they expected the trend to persist, putting upward pressure on inflation. Despite high energy costs, moderate food inflation – given relatively stable local production – has helped curtail headline inflation.

6. Banks upbeat about Q3 2022 business results

A majority of credit institutions (CIs) are optimistic about their business performance in Q3 2022, the State Bank of Việt Nam (SBV)'s latest survey on business trends of credit institutions showed.

Under the survey released last week, 72.5-80.7 per cent of CIs expected their business performance results in Q3 2022 to improve against the previous quarter.

In Q3 2022, 54.6 per cent of CIs expected their business activities to increase slightly compared to Q2 2022, while 38.9 per cent of CIs expected to see no change and 6.5 per cent of CIs were worried about a slight decline in business results.

In 2022, 87.7 per cent of CIs hope their pre-tax profit growth to be positive compared to 2021, while 3.8 per cent of CIs expect unchanged profit. However, about 8.5 per cent of CIs are still concerned about negative profit growth in 2022, higher than the 5.8 per cent recorded in the survey in March 2022.

According to CIs, rising demand of the economy for banking products and services, along with

rebounding business and financial conditions of customers are the most important factors to help them improve business performance in Q2 2022.

Meanwhile, the main factor hindering their growth in the period was fiercer competition in the market.

After maintaining good liquidity in Q2 2022, CIs expect the liquidity of the banking system to be continually better in Q3 2022 and the whole year, compared to 2021.

CIs expected the banking industry to gain an average deposit growth of 4.9 per cent in Q3 and 11.5 per cent for the whole year. They estimated the credit of the banking system to rise by 4.1 per cent in Q3 and reach 15 per cent in 2022.

According to the survey results, the bad debt ratio of the banking system was basically unchanged, or only slightly decreasing in Q2 2022 and Q3 2022 compared to the previous quarter.

CIs said the growth of the workforce and employment situation of the banking and finance industry slowed compared to the previous quarter

and was expected to have more positive developments in the whole of 2022 compared to 2021.

7. Southern industrial property rents soar

Industrial land rents in the south rose to new peaks last quarter, reaching US\$290 per square meter in Long An Province and US\$270 in Ho Chi Minh City.

In Binh Duong, Ba Ria –Vung Tau and Dong Nai provinces they rose to three-month highs of \$110, \$180 and \$195, property consultancy Cushman & Wakefield said in a note.

While these were the highest annual rentals in each locality, the average rate in the south was \$132, the report said.

The five main localities (HCMC, Binh Duong, Dong Nai, Long An, and Ba Ria – Vung Tau) saw rents rise by 8-13 percent year-on-year.

Thanh Pham, deputy director of CBRE Vietnam’s research and consultancy department, said there is strong demand for southern industrial property as shown by the high number of commitments customers have made.

Huynh Buu Tran, CEO of industrial property consultancy KCN Vietnam, said the number of businesses seeking to expand manufacturing surged in the south in the first six months, pushing up prices.

Trang Bui, CEO of Cushman & Wakefield, said industrial parks in southern Vietnam were established earlier than in the central and northern regions, and the fact these parks have good connectivity with Ho Chi Minh City makes them desirable locations to put up factories.

She forecast rapid development of logistics infrastructure to meet the needs of the booming e-commerce sector in the next three years.

Vietnamese ports saw 370.8 million tons of goods passing through them in the first six months, up 2 percent year-on-year, according to the Vietnam Maritime Administration.

Corporate News

8. MSN: Masan to develop US\$149.5-million food industry center in Mekong Delta

↑ 1.38%

The group was granted an investment certificate for the project at an investment promotion conference held in the province on July 16.

Speaking at the event, a Masan representative said that the food center will cover an area of some 46 hectares of land in the Nam Song Hau industrial zone.

The center will comprise a 20.9-hectare food manufacturing facility; a beer production factory with a total capacity of 100 million liters per year; a cosmetic, soap, detergent production plant and a warehouse sprawling an area of 8.33 hectares.

In Hau Giang Province, Masan has invested in the industrial zone since 2015, pouring a total of VND2.7 trillion into its Hau Giang Masan beer factory and Hau Giang Masan food facility. These plants are expected to earn VND7.4 trillion in 2022, create jobs for 600 workers and contribute VND1.67 trillion to the State budget this year.

Also at the conference, the province granted investment certificates to 12 projects with a total registered capital of VND19 trillion.

9. TCD: Report on result of transaction of convertible bonds of related institution (Bamboo Capital, Helios)

↑ 5.41%

Report on result of transaction of convertible bonds of related institution (Bamboo Capital,

Helios) of Transport and Industry Development Investment Joint Stock Company.

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