



VIETNAM DAILY NEWS



July 28th, 2022

Table of content

Table of content

- 1. Foreign investors net buy in 6th straight session**
- 2. Ninh Thuận seeks to improve its competitiveness**
- 3. Thai investors to seek opportunities in Việt Nam**
- 4. National spatial master plan to lay ground for high economic growth**
- 5. US becomes biggest buyer of Vietnam smartphones**
- 6. Stock investors refrain from leverage as market slides**
- 7. Vietnam among top destinations for American retirees**
- 8. VFG:VFG is expected to pay 32 billion dong to pay the 1st 2022 dividend and issue nearly 10 million more shares**
- 9. ACB: Reversal of provisions, Q2 profit before tax increased by 51%**

Market Analysis

1. Foreign investors net buy in 6th straight session

Vietnam's benchmark VN-Index rose 0.5 percent to 1,191.04 points Wednesday with foreign investors net buying for the sixth straight session.

The index closed nearly 6 points higher after losing 3 points on Tuesday.

Trading on the Ho Chi Minh Stock Exchange (HoSE) increased by 6.1 percent to VND10.02 trillion (\$428 million).

Foreign investors were net buyers to the tune of VND618 billion, higher than the last three sessions combined.

They mainly bought KDC of food producer KIDO Group and MWG of electronics retail chain Mobile World.

The VN-30 basket, comprising the 30 largest capped stocks, saw 18 tickers gain.

BVH of insurance company Bao Viet Holdings led with a 5.1 percent surge.

CTG of state-owned lender VietinBank followed with a 1.7 percent rise.

Other gainers included GVR of Vietnam Rubber Group, VCB of state-owned lender Vietcombank and HDB of HDBank, up by 1.3-1.5 percent.

Seven blue chips fell, with HPG of steelmaker Hoa Phat Group losing 1.8 percent to the lowest in five weeks after posting a 60 percent plunge in profit in the second quarter.

Other losers included MWG of electronics retail chain Mobile World, MBB of lender MB and NVL of real estate developer Novaland Group, losing by 0.3-1.4 percent.

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 was up by 0.52 percent.

Macro & Policies

2. Ninh Thuận seeks to improve its competitiveness

The People's Committee of Ninh Thuận Province plans to improve its Provincial Competitiveness Index (PCI) in 2022.

According to the PCI 2021 survey results from the Vietnam Chamber of Commerce and Industry (VCCI), Ninh Thuận ranked 49th out of 63 provinces and cities, down 17 notches, and achieved 62.23 points, down 1.21 points (it was 63.44 points in 2020).

Ninh Thuận is among provinces with average economic performance.

Deputy Chairman of Ninh Thuận People's Committee Phan Tấn Cảnh said six of Ninh Thuận's sub-indexes saw their scores and rankings reduced. These are business support services, fair competition, transparency, cost of time, dynamism of provincial leaders and market entry costs.

To improve PCI, Ninh Thuận will build an equal business environment for all sectors, and have suitable solutions to support small and micro business groups.

In addition, the province should continue working on administrative procedure reform, especially in the fields of taxes, fees, land and social insurance as well as reducing the burden on enterprises during inspections.

Cảnh also highlighted the need to increase business consultation and promote the role of provincial

business associations to consolidate the trust of the business community.

Localities should create mechanisms and policies to support small- and medium-sized enterprises, such as capital support, information, training and policy advice, but should not expect that the economic efficiency of small businesses would be the same as that of big ones, experts said.

Small businesses create job stability and ensure social security along with providing logistics and products for large businesses, they added.

Cảnh said the province was determined to promote the application of information technology to reduce the unofficial costs for businesses.

Provincial agencies would provide public hotlines for feedback from people and businesses. Provincial leaders and localities need to increase the dialogue with business communities to solve pressing problems quickly, Cảnh noted.

At the same time, the monitoring of public officials would be strengthened and civil servants who caused trouble for businesses or violated regulations would be strictly punished, he added.

He called on all local agencies to step up administrative reforms to improve the province's investment environment and position in the Provincial Governance and Public Administration Performance Index (PAPI) and the Public Administration Reform Index (PAR-index).

3. Thai investors to seek opportunities in Việt Nam

A group of large Thai firms are to make a visit to Việt Nam to seek investment opportunities, General Director of Thailand's Asia Plus Group Holdings PCL Kongkiat Opaswongkarn said on Tuesday.

Kongkiat revealed that the business delegation plans to arrive in HCM City in early August and comprises about 40 entrepreneurs in the field of energy, technology, agriculture and infrastructure.

He also underscored Việt Nam as an attractive destination for foreign direct investment (FDI), especially for high-quality FDI.

Vietnamese Ambassador to Thailand Phan Chí Thành asserted that Việt Nam has an optimistic outlook for economic growth despite the impact of COVID-19 and the ongoing global crises.

He said FDI would be a driving force behind the growth and its significance has been underlined in

the country's socio-economic development strategy for the 2021-30 period.

Accordingly, the country has encouraged high-tech environmentally-friendly FDI flows into various fields such as infrastructure, renewable energy, agriculture, and electronics.

Foreign investors will be treated preferentially and benefit significantly from favourable mechanisms and policies.

It is also worth noting that the country has been a member of many new-generation free trade agreements, which would strengthen its commercial link to global markets.

The diplomat said that it is time for Thai firms to expand their business activities in Việt Nam. The top investment options include renewable energy, high-tech agriculture, infrastructure and the environment.

4. National spatial master plan to lay ground for high economic growth

An appropriate master plan on the use of the country's land would lay the foundations for Việt Nam to achieve high economic growth and become a modern industrialised country by 2030 and a developed country by 2050.

At a consultation workshop on the spatial master plan held by the Ministry of Planning and Investment and the World Bank on Tuesday, Carolyn Turk, World Bank Country Director for Việt Nam, said that an effective spatial master plan reflected the development vision of the authorities for the country's future.

"It is therefore key that the master plan is developed based on clear methodologies, anchored on solid analysis and that it has clear and prioritised development objectives."

She stressed that to be successful, a master plan also needed to clearly lay out how it intended to achieve these spatial development objectives, adding that this was especially important as financial resources were limited and the ambition to change the spatial development of the country would require hard policy decisions about making choices, prioritising these funds and the investment projects.

"It would be critical to ensure that the Medium-Term Investment Plans (MTIPs) are strongly linked, prioritised, and sequenced in a results-oriented manner to improve national and regional spatial development master plans, within the credible forecast of budget affordability," she said.

“It will also be critically important to undertake the needed adjustments to the current frameworks – legal, institutional, incentives, and enforcement arrangements,” adding that this would help to enhance vertical and horizontal coordination and regional investments between central – local and local – local governments.

Improving the public investment process, from selection to disbursement, also played an important role, she stressed.

According to Danny Leipziger from the World Bank, the draft master plan showed more attention being paid to the environment, climate change and economic corridor development. It was also necessary to have a roadmap for mid-term planning adjustments, he said.

For economic zones with large-scale projects that needed to be carefully selected, the quality of existing investment should be evaluated before considering new investments, he said.

He pointed out that a big problem to the planning was the increasing uncertainty, both in economic management and investment from geopolitics, supply chain, cybersecurity and the pandemic, meaning that investment benefits must be put into careful consideration to prevent the creation of wasted and unused assets.

The plan should be considered a living document and updated constantly, he said.

He said that the plan should be based on the competitive advantages of each region while looking at possible risks.

Phó Đức Tùng from the World Bank said that the development of the national urban system must take into account factors of sustainable development and national security in its rapid development with the urbanisation rate expected

to reach 50 per cent in 2030 and 70 per cent in 2050.

The urban system needed to be developed into a network with systematic links, not just a collection of discrete urban points, Tùng said, adding that the planning and infrastructure development should be one step ahead to orient urban development.

Economically, the urban system was the core of economic growth. Therefore, the structure of the urban system needed to be associated with the economic development strategy with the focus on developing corridors and key areas to become the driver of economic growth, he said.

The draft master plan raised three scenarios for economic growth to 2030 and 2050.

Trần Hồng Quang, director of the Việt Nam Institute for Development Strategies, said that Việt Nam’s population was forecast to reach 105 million in 2030 and 115 million in 2050.

In the first scenario with GDP growth at 6.34 per cent in 2021-30, GDP per capita would reach \$7,000 in 2030 and \$25,000 in 2050 if GDP averaged 6.63 per cent in 2031-50.

In the second scenario, GDP grew on average 7.05 per cent in 2021-30 and 7.3 per cent in the next ten-year period, GDP per capita would reach \$7,500 and \$32,000 respectively.

In case GDP grew at just 6.7 per cent in 2030-50, GDP per capita would be \$27,000 in 2050.

Quang said that the national spatial master plan would create an efficient and sustainable spatial distribution model for the country’s development through the formation of dynamic economic zones, economic centres and strategic cities with synchronous infrastructure networks and regional linkage.

5. US becomes biggest buyer of Vietnam smartphones

The U.S. has surpassed China to become the biggest buyer of smartphones and parts from Vietnam in the first six months with a purchase value of \$6.61 billion, up nearly 54 percent year-on-year.

It was followed by China at \$6.45 billion, up nearly 17 percent, according to Vietnam Customs.

Exports of smartphones and parts to the EU fell 7.7 percent to \$3.3 billion.

Vietnam's top import market of smartphones and parts was South Korea at \$5.1 billion, up 28 percent year-on-year.

It was followed by China at \$4.2 billion, down 0.1 percent.

Vietnam's exports of these items to all markets reached \$29.17 billion in the first six months, up 16.4 percent year-on-year.

6. Stock investors refrain from leverage as market slides

Companies are posting a double-digit decline in loans as investors refrain from using leverage amid negative market signs.

The loan value given by 20 brokerages that have released their second quarter earnings has dropped by nearly 30 percent from the first quarter to VND71 trillion (\$3.04 billion).

This is nearly their combined charter capital, even though it was nearly double their charter capital last year. Vietnam laws do not allow brokerages to provide leverage more than twice their charter capital.

SSI Securities Corporation and VNDirect both saw their loans declining by over 30 percent between the first and second quarter.

Other brokerages like Viet Capital Securities, FPT Securities and MB Securities saw the figure dropping over 20 percent.

Some companies have seen income from loan interests dropping.

It fell by 15 percent between the two quarters for SSI and 9 percent for VNDirect.

Other companies like FPT Securities, MB Securities, Ho Chi Minh Securities and Viet Capital Securities posted a decline of 4-12 percent.

Vietnam's benchmark VN-Index has lost 21 percent this year.

7. Vietnam among top destinations for American retirees

Economical living costs and diverse travel experiences make Vietnam one of eight most ideal countries for Americans to move to after retirement, according to the Travel+Leisure magazine.

"Vietnam is a very affordable place to retire, especially for adventurous retirees who appreciate the country's beaches, scenery, food, history, and culture," the U.S. magazine said.

The overall cost of living is about 49 percent lower than in the U.S., and rents are about 75 percent lower, depending on the location, it added, citing data from Numbeo, a global database of cities and countries.

In Ho Chi Minh City, home to the largest expat community, the cost of living is 62 percent lower

than in New York, and housing is about 83 percent lower.

Another plus in Vietnam is that high-quality healthcare is very affordable, with both public and private systems, according to the U.S. magazine, adding that most foreigners carry international health insurance and can take advantage of care at private hospitals.

However, "obtaining a visa is not as straightforward in Vietnam as in many other countries, but it's

possible to apply for long-term stays or business visas," Travel+Leisure said.

Vietnam has one of Asia's strictest visa policies, offering visa exemption to just 24 countries and territories for a maximum stay of up to 30 days. Americans are not in the list, but they can apply for e-visas.

The other seven top retirement destinations listed by the magazine are: Mexico, Ecuador, Costa Rica, Panama, Colombia, Portugal and Montenegro.

Corporate News

8. VFG:VFG is expected to pay 32 billion dong to pay the 1st 2022 dividend and issue nearly 10 million more shares

↑ 6.73%

Regarding dividends, VFG announced that August 5 is the last registration date to receive the 1st 2022 dividend, ex-dividend trading on August 4 and payment on August 25. The rate of implementation reached 10% (1 share received 1,000 VND), equivalent to a total payment of 32 billion VND.

In 2022, VFG shareholders approved a plan to pay dividends at the rate of 20%. Thus, the enterprise is expected to continue dividing the second phase at the rate of 10%.

In addition, the Company announced that August 16 is the last registration date to

receive shares issued due to the increase in share capital from equity. Execution ratio 10:3 (owning 10 shares will receive 3 new shares), equivalent to issuing nearly 10 million more shares.

In terms of business targets this year, VFG expects revenue of VND 3,150 billion and profit after tax of VND 210 billion, up 42% and 27% respectively compared to the previous year. After the first 6 months of the year, the Company has fulfilled 48% of revenue target and 53% of profit after tax target.

9. ACB: Reversal of provisions, Q2 profit before tax increased by 51%

↑ 0.62%

According to the announced consolidated financial statements for the second quarter of 2022, Asia Commercial Joint Stock Bank (HOSE : ACB)

reported a pre-tax profit of more than VND4,914 billion, up 51% over the same period.

Research Team:

Tsugami Shoji *Researcher*

jsi@japan-sec.vn

Disclaimer:

Copyright 2015 Japan Securities Co., Ltd (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.

Japan Securities Co., Ltd – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn