



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN-Index drops with sliding trade

Vietnam's benchmark VN-Index dropped 0.28 percent to 1,195.53 points Monday, with a double-digit decline in trade.

The index closed 3 points lower after gaining one point on Friday.

Trading on the Ho Chi Minh Stock Exchange (HoSE) fell by 12 percent to VND10.09 trillion (\$432 million).

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

MWG of electronics retail chain Mobile World dropped 3.6 percent.

PNJ of Phu Nhuan Jewelry lost 3.4 percent, and HPG of steelmaker Hoa Phat Group fell 1.8 percent.

Eleven tickers gained, with SSI of leading brokerage SSI Securities Corporation rising 2.5 percent.

It was followed by VNM of dairy giant Vinamilk, up 1.9 percent, and MBB of lender MB, up 1.7 percent.

Foreign investors were net sellers to the tune of VND129 billion, mainly selling MWG and BSR of Binh Son Refining and Petrochemical Jsc.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was up 0.83 percent while the UPCoM-Index at the Unlisted Public Companies Market was down by 0.32 percent.

## Macro & Policies

### 2. State Bank of Vietnam announces amendments to bank loans circular

The State Bank of Việt Nam (SBV) has been developing a draft amending Circular 39 on bank loans, to keep credit risks in check.

The draft bans bank loans to borrowers who use the loans to secure future transactions that are unqualified at the moment of the loans.

The ban is expected to prevent the use of bank loans to purchase future real estate properties, which have not been given carte blanche from the authorities due to the lack of construction permits and proof of land use rights.

The HCM City Real Estate Association (HoREA) believes that law-abiding real estate firms will remain unaffected by the ban since bank loans are still available to borrowers who aim for qualified real estate properties offered by the firms.

"Unqualified realty properties include illegitimate land slots and apartment blocks with not-yet-finished foundations under the Law on Real Estate Business 2014. The draft is expected to safeguard

investors against illegal practices, improving the realty market," the HoREA added.

The association suggests credit institutions be allowed to make loans to help borrowers demonstrate their financial ability, as long as the borrowers can put up collateral for the loans.

It also suggests that collateral-backed loans be available to borrowers who want to use the money to contribute capital or invest in other firms.

"Loan control should be imposed only on borrowers who use bank loans to engage in prohibited activities and conditional business activities, or to service due debts and hide bad debts," HoREA said.

Regarding business activities that are eligible only for restricted bank loans, the association urges SBV to raise the bar on borrowers involved in those activities to reduce credit risk further.

Specifically, SBV is recommended to set caps on the borrowers' loan-related ratios, including loans to collateral ratio and loans to total debts ratio, to keep their loans in check.

### 3. Cement prices rise, profits to fall

The production plants of VICEM Bỉm Sơn. Amid mounting input costs, the producer raised its cement prices by VNĐ70,000 on June 22. Photo vicem.vn

HÀ NỘI — Mounting fuel and coal costs have been added to cement producers' bills, leaving them no choice but to increase prices.

Price adjustments can be observed in almost all producers, with none willing to hold down prices to see profits eroded. Prices have been adjusted from VNĐ50,000 to VNĐ140,000 per tonne across the sector.

Trung Sơn Cement increased p30 Cement and PCB 40 Cement by VNĐ90,000 per tonne on June 10.

Northern Cement Trading followed suit with price rises of VNĐ70,000 per tonne.

Southern Region Công Thanh Cement Trading and the Tân Quang Cement got in on the act with price rises of between VNĐ50,000 and VNĐ140,000 per tonne on June 15.

VICEM Hạ Long JSC. did likewise five days later, announcing price rises between VNĐ60,000 and VNĐ80,000 per tonne.

The latest price adjustments were made on June 25 by Vissai Hà Nam JSC., the Sông Lam Cement JSC., and the Xuân Thành Cement JSC. They announced price rises of VNĐ60,000 per tonne.

Experts believe that domestic consumption of cement will remain stable despite higher prices, as

Việt Nam has been stepping up the disbursement of public money for key transport projects.

Profits are expected to fall in the short term.

#### 4. Most investment funds in Việt Nam record negative performance in H1

HÀ NỘI Amid the market's downward movement, most investment funds in Việt Nam recorded negative performance in the first six months of this year.

In the first half of 2022, Việt Nam's stock market moved negatively following the fluctuation of global markets influenced by the Russia-Ukraine conflict, price manipulation cases, and soaring inflation.

On the stock market, the benchmark VN-Index has decreased 20.07 per cent compared to the end of last year.

VFMVN Diamond ETF recorded the best performance in the market despite a negative rate of return of 3.6 per cent. In May alone, VFMVN Diamond ETF issued nearly 113 million fund certificates, net withdrawing VNĐ3 trillion (US\$128.5 million), 66 times higher than the same period and 78 per cent higher than the figure of the first four months of the year. The trading session on May 31 recorded the strongest amount of capital with 43.4 million fund certificates, equivalent to VNĐ112.6 billion.

ETFs using the VN30-Index as a reference such as VFM VN30 recorded a rate of return of negative 18.3 per cent, SSIAM VN30 negative 18.8 per cent, MAFMVN30 ETF negative 18.5 per cent because the VN30-Index recorded a negative performance of nearly 18.7 per cent in the second half of this year.

VanEck Vietnam ETF was the worst-performing funds with a negative rate of return of 31.9 per cent, one and a half times higher than VN-Index's 20.7 per cent drop so far this year. The size of the fund is nearly \$378 million, of which three companies of Vingroup (VIC), Vinhomes (VHM) and Hoà Phát Group (HPG) account for the largest proportion. In terms of price, shares of VIC decreased by 22.7 per cent, VHM decreased by 22.1 per cent and HPG decreased by 36.5 per cent compared to the beginning of this year. The investment efficiency of

the remaining ETFs was negative on average 22-27 per cent.

Among active investment funds, Việt Nam Holding recorded a rate of return higher than the overall market at negative 16 per cent. The remaining active investment funds all have negative investment rates of about 20 per cent, equivalent to the decrease of the VN-Index.

Dragon Capital's \$2-billion fund - Việt Nam Enterprise Investment Limited (VEIL) recorded a negative yield of 20.1 per cent. Most of the stocks in the top 10 of the fund's portfolio fell sharply such as Hoà Phát Group (HPG), VPBank (VPB) and Asia Commercial Bank (ACB). Similar to VEIL, PYN Elite Fund had a performance of negative 20 per cent. The Finland fund recorded negative investment performance for five consecutive months.

The top 3 stocks in PYN Elite Fund's portfolio such as Vinhomes (VHM), Vietinbank (CTG), and Vincom Retail (VRE) have all recorded a decline in prices since the beginning of this year. The banking group alone accounted for 36.8 per cent of the PYN fund portfolio, including Vietinbank (CTG), HDBank (HDB), Military Bank (MBB), and Tiên Phong Bank (TPB), all of which saw prices down by over 20 per cent, of which TPB dropped the most with nearly 34 per cent.

According to VNDirect Research, the Vietnamese stock market corrected like most other emerging markets in the first six months of this year, bringing the VN-Index to trade at almost the lowest level in the past five years.

As of June 23, 2022, VN-Index was trading at the current share's price/earnings ratio (P/E) of 12.9x, which is 25 per cent down from this year's peak and 22 per cent down from the average P/E in the last five months. However, Việt Nam is still standing out from other emerging markets due to its high P/E growth in the 2022-2024 period, at an average of 19.2 per cent.

## 5. Over 265 cyber attacks per week on Vietnamese systems

The total number of cyber-attacks causing problems on information systems in Việt Nam was 6,641 in the first six months.

On average, there are more than 256 attacks on domestic systems every week.

The National Cyber Security Centre (NCSC) said that out of 6,641 cyber attacks, there were 1,696 incidents of phishing attacks, 859 defacement incidents and 4,086 malware attacks.

Statistics of the Authority of Information Security (AIS) showed that the total number of cyberattacks causing problems on systems in Việt Nam in the first half of the year decreased by 2.54 per cent compared to the last six months of last year and rose by 127.82 per cent compared to the first six months of last year.

On average, information systems in Việt Nam suffered 1,107 incidents of cyber attacks every month in the first six months of the year, a year-on-year growth of 36.5 per cent.

The increase in cyber attack incidents in the first half of the year was mainly due to the sharp growth in phishing attacks, which appeared more on scam websites and apps on social networks, said AIS.

To ensure information security for Vietnamese information systems and cyberspace, in the coming time, AIS will continue to monitor and actively scan, evaluate, make statistics and boost communications and warnings so that users know and avoid the risks of cyber attacks; while also focusing on urging agencies and units to review vulnerabilities and signs of attacks.

As for online fraud, AIS will organise a communications campaign to raise people's awareness, implement solutions, such as putting into operation a portal for people's information security, and developing a page to provide information on typical scams to help people recognise the current fraud methods in Việt Nam and beyond.

## 6. New policy boosts insurance market's long-term development

An office of Bảo Việt Insurance Corporation in Hà Nội. By the end of May 2022, the total insurance premium revenue of the insurance market reached nearly VNĐ94.28 trillion, up 16 per cent over the same period last year. Photo mof.gov.vn

HÀ NỘI — The newly-issued Law on Insurance Business is expected to positively impact the insurance market's long-term development.

The National Assembly on June 16 passed the amended Law on Insurance Business, with 94.2 per cent of delegates voting in favour. The revised law will enter into effect on January 1, next year.

The Law stipulates the organisation and operation of insurance companies, the rights and obligations of organisations and individuals participating in

insurance, and State management of insurance business activities.

According to the Ministry of Finance (MoF), the country currently has 77 insurance companies, including 31 non-life insurance companies, 19 life insurance companies, two reinsurance companies, 24 insurance brokerage companies and a branch of a foreign non-life insurance company.

Data from the Vietnam Insurance Association showed by the end of May 2022, the total insurance premium revenue of the whole insurance market reached nearly VNĐ94.28 trillion, up 16 per cent over the same period last year. Of which, the revenue of the non-life insurance market was at VNĐ27.56 trillion, up 13.1 per cent over the same period the previous year, and the revenue of the life

insurance market was at VNĐ66.72 trillion, up 17.2 per cent.

Analysts say Việt Nam's insurance market still has a lot of room for development, thanks to the support from the stable macro-economy.

SSI Research forecast revenues from insurance premiums could rise by 18 per cent to VNĐ256 trillion this year, driven by the recovery in demand and growing online insurance and collaboration with insurtech firms.

Ngô Việt Trung, Director of the MoF's Insurance Management and Supervision Department, said Việt Nam's population was in the golden age, which creates an opportunity to develop many life insurance products such as mixed insurance and retirement insurance.

Besides, non-life insurance products had many opportunities to develop thanks to economic growth and rising investment, construction and trade.

However, experts say besides the new policy, the insurance market needs transparency to overcome unfair competition and fraud for sustained development.

According to Trung, Việt Nam is facing many challenges in developing its insurance market despite the positive prospects. Besides the unprofessional distribution channel of insurance agents, the insurance market still sees unfair competition, lack of cooperation and mutual support in sharing information among insurers to fight against fraud, which causes decreasing competitiveness in the whole insurance market.

Nguyễn Thanh Nga, director of the Vietnam Insurance Development Institute, attributed the shortcomings to the lack of a database for the entire insurance market.

Currently, the Việt Nam Insurance Association had built a database for vehicle insurance, but insurance companies had not voluntarily shared their information, which causes statistics to be incomplete and inaccurate, Nga said, adding that the insurance agency management software system also had only the agent data of life insurance companies.

Besides, insurance companies are currently using different information technology systems, so there is no common data connection, which causes insurance fraud to develop, according to Nga.

The industry needed to urgently build database infrastructure, she said.

## 7. Vietnam-China border trade slumps on Covid restrictions

Vietnam's overland trade with China fell sharply in the first four months of this year as that country tightened Covid-19 safety measures and borders became congested.

Vietnamese firms shipped just US\$509-million worth of goods to China through the border, a 87 percent dive year-on-year, according to customs data.

Imports from China dropped by 52.5 percent to \$3.64 billion.

China's zero-Covid strategy and tightened control of cross-border movement have had the biggest effect on trade, the Ministry of Industry and Trade said.

Lack of transport, logistic and cross-border trade infrastructure worsened the situation, it added.

Though trading through key border gates in the northern provinces of Lao Cai and Lang Son has resumed, customs clearance has yet to return to pre-pandemic levels.

At Lang Son's Tan Thanh Border Gate, Vietnam's main point for fruit export to China, only 100 vehicles get customs clearance a day, a third of the pre-pandemic level.

The ministry has warned that the border congestion could escalate if no measures are taken.

China was Vietnam's largest partner last year, with bilateral trade reaching \$166 billion.

Vietnam exported \$56 billion worth of goods to China, its second largest import market, last year.

Trading through the border accounted for \$42 billion, 37 percent of it being Vietnamese exports.

Agricultural produce and electronics components are Vietnam's top export items to China.



## Corporate News

### 8. CTG: Approved agreements with VBI

↓ -1.30%

On June 30, 2022, the BOD of Viet Nam Joint Stock Commercial Bank For Industry And Trade issued the Board Resolution (VietinBank). Accordingly, the Board of Directors of VietinBank unanimously approved the Comprehensive Banking and

Technology Crime Insurance Contract (BBB&ECC) in the VietinBank system for the period of 2022 - 2023 between VietinBank and VietinBank Insurance Corporation – VBI (VBI is a subsidiary of Vietinbank).

### 9. FLC: Approved the transaction with related party

↑ 6.90%

The Board resolution dated June 24, 2022, the BOD approved FLC Group Joint Stock Company and FLC Homes Real Estate Investment Business and Development JSC on the purchase/sale of construction works formed on land at 265 Cau Giay, Dich Vong ward, Cau Giay district, Hanoi. Details are as follows:

- Allowing the buyback of Building 265 Cau Giay from Orient Commercial Joint Stock Bank (OCB);
- Allowing the sale/transfer of Building 265 Cau Giay to another third party with a minimum value of VND 2,000,000,000,000 including VAT and excluding the value of the sold area) after completing the procedures for repurchase of Building 265 Cau Giay.



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