



# VIETNAM DAILY NEWS

July 8th, 2022



## Table of content

### Table of content

1. VN-Index bounces back after tumble
2. International organisations hail Việt Nam's economic achievements
3. Central Highlands help farmers gain OCOP certificates
4. Gov't directs to maximise effectiveness of interest rate aid programme
5. Experts fear property crisis as banks tighten credit
6. Shares bounce back, liquidity drops
7. Forum held to boost links between enterprises of Kien Giang, Thailand
8. TTF: privately offers more than 41 million shares at the price of 11,000 VND/share
9. HPG: Supplies nearly 4 million tons of steel in the first half of 2022

## Market Analysis

### 1. VN-Index bounces back after tumble

Vietnam's benchmark VN-Index rose 1.47 percent to 1,166.48 points Thursday but with plunging trade.

The index closed nearly 17 points higher after losing almost 32 points on Wednesday.

Trading on the Ho Chi Minh Stock Exchange (HoSE) fell by 27.9 percent to VND9.06 trillion (\$388 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 24 tickers gain.

BVH of insurance company Bao Viet Holdings and VRE of retail real estate arm Vincom Retail led with a 3.8 percent gain.

VCB of state-owned lender Vietcombank rose 3.7 percent.

Other gainers included PNJ of Phu Nhuan Jewelry and VIC of biggest private conglomerate Vingroup, up 3.6 percent and 3.4 percent respectively.

Four blue chips fell, with GAS of state-owned Petrovietnam Gas losing 1.8 percent, and FPT of IT giant FPT Corporation falling 0.5 percent.

Foreign investors were net buyers to the tune of VND487.46 billion (\$20.86 million).

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 0.02 percent while the UPCoM-Index at the Unlisted Public Companies Market was up by 0.19 percent.

## Macro & Policies

### 2. International organisations hail Việt Nam's economic achievements

HSBC has raised its forecast for Việt Nam's economic growth this year to 6.9 per cent, from the previous prediction of 6.6 per cent, which is possibly the fastest pace in the region.

In the Việt Nam At A Glance report in July, HSBC Global Research noted that decreasing risks posed by the Omicron variant and eased restrictions have paved the way for Việt Nam to return to normality.

Thanks to widespread recovery, the country recorded an impressive GDP growth rate of 7.7 per cent in the second quarter compared to the same period last year. The service sector, which has suffered severe economic impacts, have bounced back strongly while manufacturing has continued growing and exports hit historic highs.

However, the growth forecast for 2023 was revised down to 6.3 per cent from 6.7 per cent due to growing risks, especially in the energy sector, according to the bank.

HSBC Global Research pointed out growing impacts of soaring energy prices. Escalating goods prices have led to a trade deficit in Q2 and may worsen the current account situation, which is already pessimistic. On the other hand, though household consumption has recovered steadily, people's budgets may suffer from high oil prices, thus decelerating the recent recovery speed.

Việt Nam's inflation is forecast to stand at about 3.5 per cent this year, but it may surpass the ceiling of 4 per cent between Q4 of 2022 and Q2 of 2023, requiring the State Bank of Vietnam to begin normalising monetary policy.

According to the report, Việt Nam has benefited from its economy reopening, and domestic demand has returned while external drivers remain favourable. However, it is necessary to stay alert to increasing growth risks, especially those posed by surging energy prices.

Meanwhile, the Executive Board of the International Monetary Fund (IMF) has highly valued Việt Nam's policy support to cushion the impact of COVID-19 in

tandem with successful maintenance of fiscal, external, and financial stability and an impressive vaccination rollout.

In a press release following a recent consultation with Việt Nam, the IMF Executive Board said a recovery is underway and high frequency indicators point to stronger momentum going into 2022, with rising retail sales, industrial production, and firm entry. Growth is expected to reach 6 per cent in 2022 as activity normalisation continues and the programme for recovery and development is implemented.

However, the recovery of the labour market is lagging as underemployment remains high. While inflation has recently picked up due to rising commodity prices and supply-chain disruptions, it remains well below the central bank's inflation ceiling.

The Executive Board called for agile policy making, proactively adjusted to the pace of the recovery and evolution of risks.

They also underscored the need for fiscal policy to take the lead and be flexibly adjusted to evolving economic conditions. They welcomed the programme for recovery and development and emphasised the importance of targeting, spending efficiency, and steadfast implementation.

The IMF executive board stressed the need for monetary policy to be nimble and vigilant of inflationary risks. They also emphasised the importance of addressing problem loans, normalising regulatory forbearance in a timely fashion, and closely monitoring real estate sector risks.

They welcomed Việt Nam's recent steps towards greater exchange rate flexibility and monetary policy modernisation and encouraged continued efforts in this direction.

The board stressed the importance of structural reforms to improve the business environment, enhance productivity, and boost potential growth. They also praised Việt Nam's ambitious

environmental agenda and urged the translation of targets into concrete policy actions.

### 3. Central Highlands help farmers gain OCOP certificates

Central Highlands authorities are seeking to boost the quality of the region's products to meet OCOP standards.

**CENTRAL HIGHLANDS** – Central Highlands authorities are seeking to boost the quality of the region's products to meet OCOP standards.

One Commune One Product (OCOP) is a national certificate programme that seeks to facilitate the development of regional agricultural specialties and rural tourism. The Central Highlands region is trying to develop hundreds of products that have OCOP-certified products to elevate value and help farmers escape poverty.

In 2018, Nguyễn Văn Hải, a farmer in Buôn Đôn District, Đắk Lắk Province, started to invest in goat milk production and processing dairy products in order to receive OCOP stars.

After a few years of constantly producing products with food safety requirements and other standards, his farm products now have all received three-star OCOP certificates.

These products have been distributed nationwide and brought back significant economic benefits, helping many locals escape poverty.

Dương Tín Đức, deputy chief of Đắk Lắk Province Coordination Office for New Rural Construction, said that as of right now, the provincial People's Committee has recognised 72 products with three or four-star OCOP certificates.

The four-star products, including coffee, cacao beans and macadamia nuts, have the potential to receive the five-star certificate and can be exported worldwide.

In Tu Mơ Rông District, Kon Tum Province, 19 products have been given three and four-star OCOP certificates, such as panax ginseng, coffee and mushrooms.

Gia Lai Province has 214 three and four-star OCOP products while Lâm Đồng Province has 155 five-star products related to herbs, foods and drinks, which include nine five-star products and 79 four-star products.

However, some obstacles exist in the process of developing OCOP certificates in the Central Highlands.

For example, Lâm Đồng Province Rural Development Sub-Department said that some farmers did not understand the benefits in changing their production and marketing process to meet with the OCOP standards, or were unfamiliar with OCOP licensing procedures.

Đắk Lắk Province Coordinating Office for New Rural Construction said that the programme faces some challenges due to local farmers' lack of finance and skill to satisfy OCOP requirements.

Other limitations include poor trade facilitation, false advertising and few large-scale farms.

Đắk Lắk Province's target in 2025 is to have around 250 OCOP three-star products, and at least three five-star ones.

Dương also said that the province will integrate the OCOP programme into new-style rural areas development and sustainable poverty reduction programmes to help raise local incomes.

Trần Văn Hiệp, chairman of Lâm Đồng Provincial People's Committee, said that the province will work on opening large-scale production facilities that meet OCOP standards, build pre-processing and processing plants, and focus on building agricultural brands.

Both provinces are also trying to push trade facilitation, expand markets and raise demand for OCOP products.

#### 4. Gov't directs to maximise effectiveness of interest rate aid programme

The tightening of credit for property development has had a major impact on the market and could cause an industry crisis this year, experts fear.

Since 2020 developers have been dependent on bank loans as the government imposed stricter rules for bond issuance, and the latest tightened policy on credit is a "knock-out blow" to an already weakened market, Huynh Phuoc Nghia, a senior consultant at Global Integration Business Consultants said.

The State Bank of Vietnam in April ordered banks to tighten lending to developers, especially in areas where "land fever" was reported, to mitigate risks.

This has caused a cash crunch, forcing many developers to put expansion plans on the back burner.

Quoc Cuong Gia Lai company said for example it would slow down investment in the second half of the year and wait for property policies to be streamlined.

Nghia said buyers have also been holding back amid lack of bank loans and this could cause a real estate market crisis this year.

Developers jacked up prices amid the property fever last year and earlier this year and now get to choose whether to continue with that or try to meet the actual demand there is with appropriate prices, he said.

"The choice of developers and the reaction of consumers will determine the severity of the crisis in the next six to 12 months."

A price drop has already been occurring.

Tran Khanh Quang, CEO of developer Viet An Hoa said since May prices have been cut by around 10 percent.

In the next six months there could be more developers seeking to dump their inventories for cash, meaning they could sell at even lower prices or even losses, and this could lead to a crisis, he said.

Data from his company shows that in the last three years 80 percent of property buyers have been investors buying for profits and not for housing use, and of them 70 percent used bank credit.

This means they would soon have to sell their assets even if it means losses, Quang added.

Le Hoang Chau, chairman of the Ho Chi Minh City Real Estate Association, said at a recent forum that developers could mobilize funds from buyers to build, but this is only possible if construction progress is on schedule.

Many legal issues are stalling property projects, making developers unable to raise money from buyers or banks, he said.

These need to be resolved as soon as possible to ensure the real estate market is sustainable and steady, he added.

## 5. Experts fear property crisis as banks tighten credit

The tightening of credit for property development has had a major impact on the market and could cause an industry crisis this year, experts fear.

Since 2020 developers have been dependent on bank loans as the government imposed stricter rules for bond issuance, and the latest tightened policy on credit is a "knock-out blow" to an already weakened market, Huynh Phuoc Nghia, a senior consultant at Global Integration Business Consultants said.

The State Bank of Vietnam in April ordered banks to tighten lending to developers, especially in areas where "land fever" was reported, to mitigate risks.

This has caused a cash crunch, forcing many developers to put expansion plans on the back burner.

Quoc Cuong Gia Lai company said for example it would slow down investment in the second half of the year and wait for property policies to be streamlined.

Nghia said buyers have also been holding back amid lack of bank loans and this could cause a real estate market crisis this year.

Developers jacked up prices amid the property fever last year and earlier this year and now get to choose whether to continue with that or try to meet the actual demand there is with appropriate prices, he said.

"The choice of developers and the reaction of consumers will determine the severity of the crisis in the next six to 12 months."

A price drop has already been occurring.

Tran Khanh Quang, CEO of developer Viet An Hoa said since May prices have been cut by around 10 percent.

In the next six months there could be more developers seeking to dump their inventories for cash, meaning they could sell at even lower prices or even losses, and this could lead to a crisis, he said.

Data from his company shows that in the last three years 80 percent of property buyers have been investors buying for profits and not for housing use, and of them 70 percent used bank credit.

This means they would soon have to sell their assets even if it means losses, Quang added.

Le Hoang Chau, chairman of the Ho Chi Minh City Real Estate Association, said at a recent forum that developers could mobilize funds from buyers to build, but this is only possible if construction progress is on schedule.

Many legal issues are stalling property projects, making developers unable to raise money from buyers or banks, he said.

These need to be resolved as soon as possible to ensure the real estate market is sustainable and steady, he added.



## 6. Shares bounce back, liquidity drops

Shares bounced back on the Hồ Chí Minh Stock Exchange but liquidity dropped, showing persistent investor caution about the market outlook.

Vinamilk's green farm in Quảng Ngãi Province. Vinamilk's shares climbed more than 3 per cent yesterday. — Photo courtesy of Vinamilk

HÀ NỘI — Shares bounced back on the Hồ Chí Minh Stock Exchange but liquidity dropped, showing persistent investor caution about the market outlook.

The VN-Index recouped 1.47 per cent after losing 4.2 per cent since the beginning of this week, closing Thursday at 1,166.48 points.

Nearly 412 million shares worth VNĐ9.1 trillion (US\$388 million) were traded on the southern bourse, down around 30 per cent in both volume and value compared to the previous session. This was also the lowest level since the HCM City's bourse upgraded its trading system in April 2021.

Blue chips recovered with 24 of the top 30 shares by market value and liquidity gaining value and only four declining, while two closed flat.

Biggest gainers and contributor to the VN-Index were Vietcombank (VCB), Vingroup (VIC), Vinhomes (VHM), Vinamilk (VNM) and Masan Group (MSN), each rising more than 3 per cent.

The price of Brent oil futures was volatile on Thursday. It rose above \$101 per barrel when the VN-Index closed but had little positive impact on the energy shares. PV Gas (GAS) closed down 1.8 per cent, its sixth consecutive falling session while Bình Sơn Refining and Petrochemical (BSR) plummeted by over 5 per cent, its third straight drop this week.

According to market analysts, the record low liquidity could be the driving force for stocks to reverse the downtrend.

"The selling pressure was very small, making it easier for stocks to increase, especially for blue-chips. Regardless of whether it's a pullback or not, it's the lack of sales that can make the price go up so easily," analysts commented on [vneconomy.vn](http://vneconomy.vn).

On the Hà Nội Stock Exchange, the HNX-Index declined for a third straight day but the decrease could be ignored with a decrease of 0.02 per cent at 271.86 points.

Liquidity also plunged here as just 47.4 million shares worth VNĐ803 billion being traded, down 28 per cent in volume and 35 per cent in value compared to Wednesday.

Foreign traders concluded as net buyers in HCM City's market, picking up shares worth a net value of VNĐ487 billion. They remained net sellers in Hà Nội for a value of VNĐ838 million.

## 7. Forum held to boost links between enterprises of Kien Giang, Thailand

A forum took place in the island city of Phu Quoc on July 7 to connect enterprises of Vietnam's southern province of Kien Giang and Thailand so as to boost bilateral trade, investment, and tourism.

Le Quoc Anh, Vice Chairman of the Kien Giang People's Committee, said the province always welcomes domestic and foreign investors, affirming that it will create the best possible conditions for them to successfully carry out investment, production and business projects and guarantee sustainable development for the future.

According to the Vietnamese Embassy in Thailand, overseas Vietnamese are running about 1,000 enterprises in Thailand, a number of which are operating profitably in many sectors such as industry, agriculture, food processing, export - import, goods distribution, logistics, services, construction, restaurant, and hospitality.

Some of those firms are moving to expand operation to Vietnam, but that number remains modest compared to businesses of Thailand.

Thailand currently ranks 9th among the foreign investors in Vietnam, with over 650 projects worth more than US\$13 billion. It is also the largest ASEAN trading partner of Vietnam as bilateral trade stood at US\$19.5 billion in 2021 and US\$5 billion in the first quarter of this year. The two countries are

looking to raise trade revenue to US\$25 billion by 2025.

In Kien Giang, Thai enterprises are investing in five projects worth about US\$470 million.

The province is calling for investment to five pillars of socio-economic development, namely high-tech agriculture, renewable and clean energy, tourism, trade in services - education and training - health care, and maritime economy, local authorities said.

At the forum, Kien Giang introduced its potential, opportunities, and demand for export, import and tourism cooperation. Participants were also informed of investment and business demand of Thai enterprises.

The Thai - Vietnamese Entrepreneurs Association proposed local authorities organise more trade, tourism and investment promotion events in Thailand so as to help strong products of the province make inroads into Thailand while attracting more investors and tourists to Phu Quoc.

Vietnamese Ambassador to Thailand Phan Chi Thanh recommended the provincial People's Committee issue concrete mechanisms and policies to provide optimal conditions for overseas Vietnamese firms in the world, including those in Thailand, to invest in Kien Giang.



## Corporate News

### 8. TTF: privately offers more than 41 million shares at the price of 11,000 VND/share

↑ 1.07%

These shares are only offered for sale to domestic professional securities investors, not to foreign investors. In which, the investor is expected to be Marina 2 JSC. These shares will be restricted from being transferred within 1 year from the date of completion of the offering.

With an expected asking price of 11,000 VND/share, TTF is able to collect more than 452 billion VND. This money is used to supplement working capital (VND285.7 billion), and buy shares of Tekcom Central JSC (VND166.6 billion).

Notably, the market price of TTF at the end of 07/07 session was only 7,590 VND/share, 31% lower than the offering price in this issuance.

TTF shares were also moved from control to warning by the Ho Chi Minh Stock Exchange from April 19, 2022, with the reason that the parent company's after-tax loss in the consolidated audited financial statements for 2021 was nearly 9 billion dong, and the accumulated loss by the end of 2021 is more than 3 billion dong.

### 9. HPG: Supplies nearly 4 million tons of steel in the first half of 2022

↑ 1.02%

In the first 6 months of the year, Hoa Phat Group JSC ( HOSE : HPG ) has produced 4.3 million tons of crude steel, up 8% over the same period. Consumption of construction steel, billet and hot

rolled coil ( HRC ) reached nearly 4 million tons, up 6%. In which, construction steel was 2.38 million tons, up 29%.

**Research Team:****Tsugami Shoji**

Researcher

[jsi@japan-sec.vn](mailto: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](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*