



VIETNAM DAILY NEWS



August 10th, 2022

Table of contents

Table of contents

- 1. Shares rise on upbeat sentiment**
- 2. World Bank expects Vietnam GDP to grow at 7.5%**
- 3. Industrial parks, economic zones attract over 100 billion USD over 30 years**
- 4. Power Plan VIII to remove more than 14 GW of coal-fired power**
- 5. Securities firms raise capital on recovery of stock prices**
- 6. People prefer bank deposits amid global uncertainties**
- 7. MoF transfers 35 unusual stock mark cases to investigation unit**
- 8. HPG: HPG supplies more than 4.5 million tons of steel to the market after 7 months**
- 9. DRL: DRL closes right to pay 15% cash dividend**

Market Analysis

1. Shares rise on upbeat sentiment

Vietnamese shares rose on Tuesday as risk appetite improved amid the authorities' efforts to curb inflation, promoting economic growth.

On the Ho Chi Minh Stock Exchange, the VN-Index rose 0.17 per cent to close at 1,258.85 points.

The VN-Index had gained 0.32 per cent to close Monday at 1,256.75 points.

Some 721.6 million shares worth VND16 trillion (US\$684 million) were traded on the southern exchange.

The market's breadth was positive with 270 stocks climbing, of which 12 stocks hit ceiling prices, while 193 stocks declined.

The VN30-Index, which tracks the 30 biggest stocks on HoSE, jumped 0.37 per cent, to 1,281.44 points.

In the VN-30 index, gainers included Asia Commercial Bank (ACB), FPT Corporation (FPT), PetroVietnam Gas JSC (GAS), HDBank (HDB), Hoa Phat Group (HPG), Military Bank (MBB), Masan Group (MSN), Mobile World Group (MWG), Novaland (NVL), Tien Phong Bank (TPB), Vingroup (VIC), Vietjet (VJC) and VPBank (VPB).

In the market macro report in July, BIDV Securities Co (BSC) proposed two scenarios for the VN-Index in August.

In the first scenario, BSC said that the VN-Index will balance at the threshold of 1,200 points, heading to 1,300 – 1,320 points when liquidity improves and positive sentiment spreads in the market.

“The economy continued to show positive signs besides the efforts of the authorities in controlling inflation, promoting economic growth, and freeing up credit capital. The market is forecast to

continue to differentiate based on Q2 business results. Well-performing businesses could be cash flow destinations during this period. In this scenario, the liquidity is forecast to fluctuate at US\$0.8-1 billion per session.”

The second scenario occurs if the recession in the US, as well as other developed economies, continues, in addition to the slowdown of the Chinese economy as the COVID-19 pandemic develops. The VN-Index is forecast to fluctuate around 1,200 points.

According to Viet Dragon Securities Co, the dispute from the end of last week still affected the cash flow, so the market's gain was still quite modest.

The market movement, in general, was still in a state of tension and dispute, but the gainers were overwhelming on all three exchanges and many industry groups ended in the green.

“The market continued its upward journey, but the increase was still modest and disputed. However, the matching liquidity recovered, showing that cash flow actively participates and looks for opportunities, especially pennies and mid-caps. The large-cap group is still temporarily struggling and has not attracted cash flow, as shown by the plunge in order-matching liquidity on the VN30 group. However, in general, the movement of this group is still flat.

“The market is expected to rise soon after the positive signal of the first week of August. Therefore, investors can still consider buying opportunities to accumulate in stocks with positive accumulation background and attract cash flow. However, a reasonable price should also be deemed to take profits for stocks that have risen rapidly to the resistance zone to reap the rewards.”

On the Ha Noi Stock Exchange, the HNX-Index rose 0.03 per cent to end Tuesday at 301.41 points.

The northern index had risen 0.48 per cent to end Monday at 301.33 points.

Liquidity also increased here with nearly 96.9 million shares worth VND1.6 trillion being exchanged.

Macro & Policies

2. World Bank expects Vietnam GDP to grow at 7.5%

The World Bank has forecast Vietnam's economy will grow at 7.5% this year thanks its economic recovery in the first half.

The economy grew by 7.7% in the second quarter as consumers satisfied pent-up demand and foreign tourist arrivals picked up, the bank said in a report released Monday.

It expected inflation to average 3.8% for the year.

But it warned several risks remain, including growth slowdowns and stagflation in Vietnam's main export markets, further commodity price shocks and continued disruption of global supply chains.

Domestic challenges include continued labor shortages, the risk of higher inflation and heightened financial sector risks, it said.

Carolyn Turk, World Bank country director for Vietnam, said, "To sustain economic growth at the

desired rate, Vietnam needs to increase productivity by 2-3% every year.

"International experiences have shown that higher worker productivity can be achieved by investing in the education system, as an important part of a basket of investments and reforms. A competitive workforce will generate much-needed efficiency for Vietnam in the long term."

The bank said the country needs to transform its higher education system to boost productivity.

To match average higher education enrollment levels in upper-middle economies, 3.8 million Vietnamese students need to be enrolled in higher education institutions, almost twice as many as in 2019.

The International Monetary Fund earlier pegged Vietnam's growth at 6% while lender HSBC put it at 6.9%.

3. Industrial parks, economic zones attract over 100 billion USD over 30 years

Over the past 30 years, industrial parks (IP) and economic zones (EZ) across the country have attracted over 100 billion USD of investment, and created jobs for more than 4 million labourers, according to the Ministry of Planning and Investment (MPI).

The ministry is drafting a Government resolution on measures to increase IP, EZ efficiency.

It said IPs and EZs account for 50% of the country's total export value.

However, the ministry pointed to a number of problems related to the IPs and EZs, including their unsustainable development in different aspects.

Living conditions of local communities where the zones are located have not seen remarkable improvements.

In the draft resolution, the MPI suggested the building of a Law on IPs and EZs in 2022, and the issuance of a Prime Minister's decision on the coordination mechanism among ministries, sectors and localities in managing IPs and EZs.

The draft also looked to stipulate the maximum acreage of an IP and an EZ, as well as define orientations in investment attraction to match the advantages of each region and locality, and the creation of a cooperation mechanism between the

State and the private sector in developing new IPs and EZs for particular sectors and industries.

4. Power Plan VIII to remove more than 14 GW of coal-fired power

The Ministry of Industry and Trade (MoIT) has consulted the Government not to include 14,120 MW of coal-fired power in the national power master plan (PDP8) to achieve the goal of net zero emissions by 2050.

Local media consider such a change a “revolution” in the electricity and environment of the country.

The MoIT said in a written report to the Government Standing Committee that of 14,120 MW of coal-fired thermal power, State corporations had invested in 8,420 MW.

Specifically, Electricity of Vietnam was assigned 3,600 MW, including Quảng Trạch II, Tân Phước I and II projects.

The Vietnam Oil and Gas Group has been given 1,980 MW for the Long Phú III project.

Vietnam Coal and Mineral Industries Group has been assigned 2,840 MW, including Cẩm Phả III, Hải Phòng III and Quỳnh Lập I assignments.

In addition, the BOT project is 4,500 MW, including the Quỳnh Lập II project, Vũng Áng 3, and Long Phú II.

The Quảng Ninh III project, with a capacity of 1,200 MW, has not yet been assigned to investors

The ministry believes that legal risks will not appear in projects invested by state-owned corporations while the project development costs incurred by corporations are not large.

Regarding three investment projects - BOT for Vũng Áng 3 and the Long Phú II projects - the investors Samsung C&T Company and TATA Company asked to withdraw from the project and were approved.

The new BOT and the Quỳnh Lập II project were assigned by the Prime Minister to Posco Energy Company to research to develop a plant of 1,200 MW

in capacity. However, the company has not been officially designated as an investor.

Posco Energy instead confirmed that it was not researching and developing the Quỳnh Lập II project as a coal-run plant but proposing to convert the fuel to LNG and increase the project’s capacity. The result will be released according to the Law on Investment under Public Private Partnership provisions, said the MoIT.

The MoIT believes that not putting the above coal and gas thermal power projects in line with the recommendations of localities and investors is no legal risk.

In addition, some expenses of state-owned corporations have been spent to prepare for project investment, which corporations are responsible for handling.

A ministry document said: “The MoIT consults with the Government Standing Committee on removing the above-mentioned unsuitable coal power projects to meet the country’s commitments at COP26.”

The ministry also calculated three scenarios of load and power source development. In particular, in the base load scenario, the total capacity of power plants will reach nearly 121,000 MW in 2030 and 284,000 MW in 2045.

In this scenario, coal-fired thermal power will reach almost 37,467 MW, accounting for 31 per cent by 2030. Instead, the aim is to keep the capacity until 2045 at only 13.2 per cent.

Under the high load recovery scenario, the total capacity of power plants is expected to reach more than 134,700 MW in 2030 and 387,875 MW in 2040. Of which, coal-fired power will be 37,467 MW, accounting for 27.8 per cent in 2030 and the remaining will be unchanged until 2040, but then only at 9.7 per cent by 2045.

In addition, in the high-load scenario for operation, the Ministry of Industry and Trade expects the total capacity of power plants to reach 145,930 MW by 2030, of which coal-fired power will account for 25.7 per cent by 2030 and 9.7 per cent by 2045.

Accordingly, the draft power plan VIII is expected to offset 14,000 MW of LNG power in 2030-2045 and focus on strongly developing wind power to compensate for the reduced part of coal power.

Though the reduction of a large amount of coal-fired power capacity proposed by MoIT was seen as significant progress for the country, experts consider that it poses many long-term challenges and the Government needs to continue appropriate strategies to ensure energy security as well as electricity prices.

5. Securities firms raise capital on recovery of stock prices

Despite poor business results in the second quarter, many securities stocks have rebounded sharply after hitting the bottom on June 20-21.

Accordingly, Việt Dragon Securities JSC (VDS)'s shares gained 84.7 per cent from VNĐ7,200 a share to VNĐ13,300, while shares of Saigon - Hanoi Securities JSC(SHS) also increased by 65 per cent from VNĐ8,904 to VNĐ14,700. Shares of MB Securities JSC (MBS) jumped 61.3 per cent.

Leading securities stocks like SSI Securities Corporation (SSI), Hồ Chí Minh City Securities Corporation (HCM) and VNDirect Securities Corporation (VND) to small stocks such as Vietnam Industrial & Commercial Securities Corporation (VIG), Hoa Binh Securities JSC (HBS), and Agribank Securities Corporation (AGR) also surged 30-50 per cent in the last month and a half.

Securities stocks have reported a good recovery as the general stock market picked up significantly from the area of 1,169 points to 1,252 points.

Liquidity on the Hồ Chí Minh Stock Exchange (HoSE) also improved. Of which, in the last seven consecutive trading sessions, matching value reached VNĐ12-14 trillion, while previously the average matching value was just VNĐ8-9 trillion,

Dr Ngô Đức Lâm, an expert in the electricity industry and former director of the Department of Technical and Environmental Safety from MoIT, told local media: “Coal-fired power is considered the backbone of the economy. This drastic down-regulation of coal power is making a revolution. One of the important milestones promoting the strong transformation is the commitment of the Prime Minister at the COP26 Conference. But what to replace coal-fired power with to ensure security is a tough question.”

Lâm said the draft Power Master Plan VIII had to be adjusted for more than a year and has not been completed.

and even fell below VNĐ5.5 trillion (US\$235 million).

According to SSI Research, investors' attention switched from the US macroeconomic data to enterprises' profit growth in Q2 and expectations in the second half of the year.

Even though risks from external factors still threatened the local stock market, the monetary policy stance of the State Bank of Vietnam (SBV) and economic support package are expected to lift market sentiment. Public investment is the main growth driver in the second half of 2022, with capital disbursement focusing on site clearance of priority investment projects.

After falling deeply in Q2, technical signals have shown some improvement. SSI Research believes that VN-Index is likely to hover around 1,220-1,300 points in August, while 1,300 points will act as an important resistance and determine the medium-term trend of the VN-Index.

Raising capital plans

With the advantages of favourable conditions, many securities companies are carrying out capital raising plans.

VNDirect Securities is going to issue a total of 104.9 million shares to increase its capital to VNĐ2.1 trillion. Of which, it offers to existing shareholders 52.6 million units with the rate of 50 per cent; pays stock dividend of 36.8 million shares and rewards 10.5 million units, with a total rate of 45 per cent; and releases ESOP of more than 5 million shares at a rate 4.8 per cent.

The deadline for registration to make a list of shareholders was August 1. For the plan of offering shares to existing shareholders, the time for registering is from August 10 to September 7.

The offering price is VNĐ10,000.

The securities firm wants to raise about VNĐ576 billion to supplement operating capital for securities margin trading, advance payment, proprietary trading, and underwriting.

Meanwhile, MBS announced that August 15 is the final registration date to make a list of shareholders to pay stock dividends in 2021 and exercise the right to buy securities. The company will issue 53.5 million shares at a rate of 20 per cent to pay dividends and release 59.4 million shares to offer to existing shareholders with a rate of 22 per cent.

Its total additional issuance volume is 113 million shares, and the charter capital is expected to

increase from nearly VNĐ2.7 trillion to VNĐ3.8 trillion.

With the plan, MBS is expected to earn VNĐ594 billion to supplement and provide capital for margin business, and invest in developing an information technology system. The time to transfer the purchase right is from August 22 to September 7.

At a market price of VNĐ7,600 per share, VIG plans to offer 34.1 million shares to 11 investors, including an organisation and ten retail investors at VNĐ10,000 a share. Specifically, Thang Long Investment Group JSC will buy 8 million units, while the other investors purchase 1-3.1 million units.

Shares offered for private placement are restricted from being transferred within 1 year from the closing date of the offering. The implementation time is expected in the third and fourth quarters, after being approved by the State Securities Commission (SSC). Its charter capital is expected to double to VNĐ682 billion.

BIDV Securities Company restarts the plan of private placement of 65.7 million shares for Hana Securities Co., Ltd - Hana Financial Group (Korea) at the price of VNĐ41,000 a share, collecting over VNĐ2.69 trillion. In March, the two signed a stock purchase agreement.

6. People prefer bank deposits amid global uncertainties

Accumulated and idle money of local people is continually flowing into banks in the context of increasing savings interest rates and rising risks of other investment channels amid the global uncertainties.

Nguyễn Phương Thảo, a salesperson in a Hà Nội-based logistics company, said in the past two years, when the savings interest rate at banks dropped sharply due to the pandemic, she used her idle money to invest in the securities market and got a decent profit.

However, now, when the stock market is plunging while deposit interest rates are increasing, she has decided to deposit her savings at banks.

“I am depositing my savings at a bank with an interest rate of 5.65 per cent for a year term and do not invest in any other channels because I feel secure when depositing my money in a reputable bank. Though the interest rate is not too high, it is stable, and I can withdraw it quickly when needed,” Thảo told Việt Nam News.

Nguyễn Ánh Hồng, who lives in Hà Nội’s Đống Đa District, said: “Currently, deposits at banks are my choice as a safe, effective and low-risk investment channel in the context that other channels, such as stock or real estate, are bleak.”

Though the savings rate in the first half of 2022 increased significantly compared to early this year,

the interest rate race did not stop when many banks continually adjusted their rates right in the early days of August.

ACB has announced it will raise savings interest rates by 0.3-0.8 percentage points per year since early August, depending on the deposit packages.

Previously, at the beginning of July 2022, the bank also raised its savings rates by up to 1 percentage point per year on some terms.

Currently, for the Tài lộc savings package, the highest interest rate at ACB is 6.5 per cent per year, applicable to customers depositing more than VNĐ100 million on a 36-month term.

For online savings, the bank has increased the rates for terms from six to nine months by 0.8 percentage points to 5.6 per cent per year. If customers deposit from VNĐ500 million on a 12-month term, the offered rate is up to 6.2 per cent per year.

At the end of the last week, VPBank also informed customers about the increase in savings interest rates from 0.1-0.5 percentage points per year. Specifically, for over-the-counter savings, the highest rate is listed at 6.7 per cent per year for deposits worth more than VNĐ50 billion with a term of at least 36 months.

For online savings, customers will be offered higher rates, ranging from about 3.4 per cent to 7 per cent per year, applicable to terms from one month to 36 months.

HDBank raised its over-the-counter savings interest rates by 0.4-0.75 per cent per annum for most terms while increasing its online savings interest rates by 0.15-0.3 percentage points per year.

Vietcombank was the third bank among the Big4 group (four big State-owned commercial banks including Agribank, VietinBank, BIDV and Vietcombank) to raise the savings interest rates by 0.1-0.2 percentage point, making its rates to the same levels as the remaining three banks in the Big4.

Previously, BIDV and Agribank also slightly increased their long-term savings interest rates by 0.1 percentage points per year. The savings interest rates at Vietcombank have been raised to 3.1 per cent per year from one to two months and 5.6 per cent per year on 12 months.

Notably, in this month's rate adjustment, SCB lost the top position regarding the highest over-the-counter savings interest rates to CBBank. Specifically, on the first day of August 2022, the 12-month and 24-month savings rates at CBBank were raised to 7.45 and 7.5 per cent per year, respectively, while the rates at SCB remained unchanged against the previous month at 7.3 per cent per year.

The significant increase in savings interest rates this year has attracted many individual depositors at banks. According to the SBV's latest statistics, by the end of May this year, nearly VNĐ11.4 quadrillion were deposited at banks by economic organisations and individuals, of which roughly VNĐ5.57 quadrillion belonged to individual customers, up more than 5 per cent against the end of 2021.

In a recent macro outlook report for the second half of 2022, Vietcombank Securities Company (VCBS) forecast savings interest rates will rise by 100-150 basis points for the whole of 2022 due to inflationary pressure and growing credit demand.

7. MoF transfers 35 unusual stock mark cases to investigation unit

Minister of Finance Hồ Đức Phúc has responded in writing to a delegate of Lâm Đồng Province on issues related to the management of capital, stock and bond markets.

Minister Phúc said that the capital market's growth rate was over 28.5 per cent a year in 2016-21, while the stock and corporate bond markets grew over 30

per cent a year. This gradually narrowed the gaps between these markets with the bank credit market and balanced them.

Total capital mobilisation in the capital market, including the issuance of stocks, bonds, and equitisation auctions in 2021, reached over VNĐ1.12 quadrillion (US\$4.8 trillion), equivalent to

38.7 per cent of the total investment capital of the whole economy.

The Ministry of Finance (MoF) assessed that the capital market had played an essential role in mobilising medium and long-term capital for investment in economic development and balanced development between the monetary and credit markets.

However, the Ministry also said that recently in the stock and derivatives markets, prices have been manipulated with more and more sophisticated methods, while many ticker symbols have been pushed up without relation to the business situation, like the case of FLC Louis.

The MoF has implemented many solutions for specific inspection to stabilise the stock market.

The Ministry has checked and cancelled transactions of 74.8 million shares, blocked accounts, and administratively handled the case of Trịnh Văn Quyết, former chairman of FLC Group, proactively transferred the files of Louis Holding and 34 companies violating regulations to the investigation agency. In the stock market alone, the MoF has proposed prosecuting six cases.

In the corporate bond market, in 2021, the Ministry inspected nine securities companies and two issuers, issued three decisions on sanctioning administrative violations, and transferred one case to the police.

In 2022, it coordinated with the investigative agency in the case of Tân Hoàng Minh Group and organised inspections at five securities companies related to this case. Many issuers and service providers will be examined from now until the end of the year.

The MoF said it would strengthen the capacity of market regulators such as the State Securities Commission, the stock exchanges, and the Vietnam Securities Depository.

It will also strengthen management and supervision, including inter-supervising of the State Bank on credit institutions' issuance, investment, and service provision of corporate bonds.

In addition, it will ensure the formation and operation of professional investment institutions and professional securities investors, with a focus on long-term investors such as investment funds, voluntary pension funds and assurance companies.

Corporate News

8. HPG: HPG supplies more than 4.5 million tons of steel to the market after 7 months

↑ 2.12%

In July 2022, the sales volume of billet, construction steel, hot rolled coil reached 526,000 tons, equivalent to the same period last year. In which, construction steel contributed 372,000 tons, 2% higher than the same period last year.

In July, the domestic steel market continued to face difficulties due to weak demand, the weather started in the rainy season. However, HPG 's construction steel export volume recorded 147,000 tons, up 81% over the same period. This is the main factor that helps the Group maintain the momentum of increasing sales volume compared to the previous year.

The Group's hot rolled coil (HRC) reached 150,000 tons in the past month, down 5% over the same period. HRC downstream products such as steel

pipes and coated steel sheets reached 78,000 tons, especially steel pipes were 60,000 tons, up 38%.

Accumulating 7 months, HPG has produced 4.9 million tons of crude steel, up 5% over the same period. Sales volume of construction steel, billet and HRC reached over 4.5 million tons of steel of all kinds, up 5%. In which, construction steel is 2.7 million tons, up 25%; HRC production contributed nearly 1.6 million tons, up 6%.

In addition, HPG has supplied 437,000 tons of steel pipes and 198,000 tons of galvanized steel of all kinds after 7 months, a slight increase compared to the same period last year.

In the steel sector, HPG currently has a crude steel capacity of 8.5 million tons/year. Construction steel and steel pipe are 36.2% and 28.8% respectively.

9. DRL: DRL closes right to pay 15% cash dividend

↓ -4.72%

Hydropower - Electricity 3 Joint Stock Company (HOSE : DRL) announced that August 24th is the last registration date for the 1st 2022 dividend advance.

The ex-dividend date is August 23th and payment is September 8th. The rate of implementation reached 15% (1,500 VND/share). With 9.5 million shares outstanding, the Company needs to spend 14.25 billion VND.

This year, DRL sets a target of total revenue of 93 billion VND, profit after tax of 46 billion VND, down 6% and 19% respectively compared to the

results in 2021. Expected dividend payout ratio 45% (in 2021, reaching 54.9%). Thus, the Company will pay an additional dividend of 30% for 2022.

Regarding the latest business situation, DRL said that the amount of water in the second quarter of 2022 was more and more stable, helping commercial electricity output increase by 82%, sales of commercial electricity increased by 46% over the same period. Although other items also increased, thanks to the strong increase in revenue, the Company's profit after tax was 17 billion VND, up 40% 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