



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares mixed on profit-taking pressure

The VN-Index slipped on Wednesday after a two-day rally, ending at 1,256.50 points, down 0.19 per cent from Tuesday's close, on rising profit-taking pressure.

Blue chips led the downturn on the Ho Chi Minh Stock exchange with 24 of the top 30 largest shares by market value and liquidity losing value and only six gaining.

The biggest losers dragging the VN-Index most included PV Gas (GAS), down 1 per cent; Vingroup (VIC), down 0.8 per cent; steelmaker Hoa Phat Group (HPG), down 1.2 per cent; and Vietinbank (CTG), down 1.2 per cent.

“The market rallied and continued to face strong profit-taking pressure at high price ranges,” Phuong Pham, a stock analyst at Viet Dragon Securities Co. said, adding the rising movement triggered profit-taking pressure in many sectors, meaning the index could not maintain the gaining momentum and struggled slightly.

The VN-Index has gained 4.3 per cent this month.

The market diverged with 12 sectors declining and 13 increasing. Mining and oil, finance and accommodation were among the biggest gainers while consulting services, seafood processing, construction materials and plastics were the biggest losers.

In the mining and oil sector, Binh Dinh Minerals (BMC), PetroVietnam Drilling and Wells Service (PVD), and PetroVietnam Technical Services (PVS) increased between 3 per cent and 7 per cent. In the seafood sector, six of eight listed firms slumped, of which Nam Viet Corp (ANV) edged down 1.8 per cent while Cuu Long Fish (ACL), Vinh Hoan Corp (VHC), I.D.I International Development & Investment (IDI) and Sao Ta Foods (FMC) decreased by less than 1 per cent.

“With the opposite movement before the resistance level of 1,260-1,283 points, the market is still showing signals of caution when the index falls deep into the resistance level, and the effort to absorb supply is still supporting the market,” Phuong said.

Nearly 652 million shares worth VND14.4 trillion were traded in HCM City's market, down 10 per cent in both volume and value compared to Tuesday's levels.

By contrast, the HNX-Index on the Ha Noi Stock Exchange rose for a third day this week, closing 0.71 per cent up at 303.54 points. The northern bourse's index has gained 1.2 per cent in the last three sessions.

Liquidity increased slightly here with 102 million shares worth VND2 trillion being exchanged.

## Macro & Policies

### 2. Vietnam needs \$8 bln-\$14 bln power investment a year through 2030

Vietnam will need investment of between \$8 billion and \$14 billion a year through to 2030 to develop new power plants and expand its grid, its deputy industry minister said on Wednesday.

Of the amount, 75% would be spent on new power plants, with priority given to renewable sources, and 25% on grid expansion, Deputy Minister of Industry and Trade Dang Hoang An said in a statement.

He said the country will seek to raise funds from private investors for the new power projects, without elaborating.

Vietnam, a regional manufacturing hub, needs to increase its installed power generation capacity by around 10% a year to support its fast-growing economy and population.

An said Vietnam, which pledged last year to become carbon-neutral by 2050, will raise its offshore wind capacity to 7 gigawatts (GW) by 2030 and to 65 GW

by 2045, while cutting the proportion of coal in its energy mix.

"Vietnam will not add new coal-fired power plants to its master power development plan, and will only continue coal projects that are under construction until 2030," An said.

The ministry last month asked the government to remove future coal projects with a combined capacity of 14.12 GW from the master power development plan that is being drafted.

Under the latest draft of the master power development plan, Vietnam's total installed power generation capacity would be raised to 121 GW by 2030 and to 284 GW by 2045, from 76.6 GW at the end of last year, according to state media.

### 3. Transport firms continue to reap high profits as ocean rates fall slowly

Sea freight rates are expected to fall in the second half of 2022, but at a glacial pace, allowing transport firms to reap high profits for another six months, according to experts.

SSI Securities forecast that global supply chain disruptions would continue in early 2023 as logistics facilities are insufficient to meet demand.

New container ships are being constructed to pick up the slack but construction takes time. That means the situation would improve slowly and the global movements of goods have to depend on China.

Global freight rates are projected to go back to normal in the second half of 2023 once preventive

measures in many countries, including China, are lifted and the newly-constructed ships launched.

Specifically, total tonnages are expected to climb by 9.9 per cent in 2023 and 11.1 per cent in 2024 compared to late 2011, driving down freight rates.

It is also worth noting that the rates would fall but not lower than the pre-pandemic levels since transport firms have to cover higher operating costs and invest in new facilities.

In Việt Nam, freight rates are forecast to remain high in 2023 due to ship shortages. The main reason for the shortages is that domestic firms have leased their ships to foreign partners under a long-term arrangement.

Meanwhile, charter rates are projected to hover at peaks in the rest of 2022 and then fall gradually in 2023 thanks to the construction of new ships. Shipowners are likely to hire out their ships for shorter terms for fear of further falling rates.

Regarding liquid cargo transportation, spot rates and charter rates are expected to stay stubbornly high in 2023 as the West's sanctions on Russian have forced the country to redirect its oil exports to more distant countries, fueling the demand for tankers.

Domestic transport firms have been riding high financially and are expected to run profitably in the next six months thanks to high ocean rates.

The Hai An Transport and Stevedoring JSC (HOSE: HAH) topped VNĐ324 billion (US\$14 million) in profit in Q2/2022, the highest figure since 2014 and more than triple the figure last year.

SSI estimates that the company would continue to fare well in the second half of 2022 owing to favourable freight and charter rates, and maintain the momentum in 2023 owing to operating expansion and new leasing contracts.

The PetroVietnam Transports Corporation (HOSE: PVT) turned a profit of over VNĐ440 billion in the same period, the highest figure since 2007.

SSI forecast that the company's profits would grow slower in the second half of 2022 because its leasing contracts involve fixed terms which are less sensitive to mounting charter rates.

The Vietnam National Shipping Lines (HOSE: MVN) followed suit with the highest profit since 2018. It raked in over VNĐ1.4 trillion in Q2/2022, up 95 per cent year-on-year.

With such remarkable six-month earnings, the company has met 84 per cent of its annual profit target and reduced its accumulated losses by 36 per cent.

Given the Russian-Ukraine conflict is unlikely to end in the short-term, SSI held that the demand for container transport would slow down whereas the demand for oil transport soars in 2023.

As a result, freight rates charged by container ships are forecast to gradually return to normal. Their adjustment period depends highly on the situation of global supply chains, which are expected to not improve until late 2023.

SSI believes that oil transport firms would make big money this year and the next. Meanwhile, container transport firms would fare worse profit-wise.

#### **4. US extends duty evasion investigation into plywood from Việt Nam**

The US Department of Commerce (DOC) has announced the extension of the deadline for issuing its final conclusion on a trade remedy duty evasion investigation into hardwood plywood imported from Việt Nam, according to the Ministry of Industry and Trade (MoIT).

Accordingly, the DOC plans to issue the conclusion on October 17.

Currently, the US is applying an anti-dumping duty of 183.36 per cent and an anti-subsidy tax of 22.98 per cent to 194.9 per cent on the product from China.

US customs said Việt Nam's hardwood plywood exports to the US increased from US\$112.3 million in 2018 to \$226.4 million in 2019, \$248.5 million in 2020 and \$356.7 million last year. The export

turnover expanded by 57.6 per cent in 2021 compared to the year before the initiation of the investigation.

According to the DOC's preliminary conclusions, plywood from Việt Nam using materials from China should be subject to the same anti-dumping and anti-subsidy duties applied to China. If the materials are produced in Việt Nam or other countries, the products will be exempt from any duties.

The department will ask the US Customs and Border Protection (CBP) to continue suspending liquidity and require importers to pay a deposit equal to the provisional anti-avoidance tax rate for shipments from Việt Nam since June 17, 2020 when the investigation was announced.

Vietnamese exporters and US importers have been allowed to participate in the self-certification mechanism to be excluded from the evasion measure.

However, the self-certification mechanism is not applied to enterprises that fail to provide information or provide incomplete or inaccurate information as requested by the DOC during the investigation.

Statistics show businesses eligible for the self-certification mechanism made up about 80 per cent

of Việt Nam’s export value during the investigation period.

Relevant parties should send their written comments on the DOC’s preliminary findings, and a written request for a hearing on the comments must be submitted to the department within 30 days of the announcement of the preliminary conclusions. The DOC will also verify the information before issuing a final conclusion.

## 5. High-quality human resources key to sustainable tourism industry

MAs tourism continues to revive, the hotel and tourism industry is suffering from challenges in recruiting qualified human resources post pandemic, industry players warned.

Speaking at a seminar on Tuesday in HCM City, Dr Nguyễn Anh Tuấn, director of the Institute for Tourism Development Research, said there was a lack of high-quality staff in the industry.

Vũ Thế Bình, chairman of the Việt Nam Tourism Association, said that human resources were a weak point for the industry even before the pandemic.

“Efficient, hard-working, and resourceful human resources are the backbone of any successful business. It is even more so in the case of the hotel industry.”

Successful hotel operations are sustained by customer-oriented and hard-working employees who have adequate competencies, he added.

A large number of hotels and resorts stopped operation during the two-year pandemic, and coming back could prove challenging, he said.

### Unattractive career

Dr. Nguyễn Anh Tuấn, director of the Institute of Tourism Development, said working in hotels features long hours, low pay, instability, and low status, making it unattractive as a career choice.

As a result, the sector continues to suffer from high staff turnover and difficulties in recruiting qualified staff.

He said it was important to ensure a better work-life balance for employees and enterprises should have favourable policies to recruit workers.

“Key employee retention is critical to the long-term success of any business,” he said.

A hotel staff works especially hard on those days when the rest of the world is enjoying vacations again after two years of pandemic.

Dr. Nguyễn Quyết Thắng, head of HCM City University of Technology’s Faculty of Tourism, Restaurant and Hotel Management, said it was important to focus on vocational training in tourism, which Việt Nam lacks.

“We should enhance the quality of students who graduate from vocational institutions,” he said. “We should also be more flexible in policies to permit students to learn higher skills and change to other fields, especially foreign languages.”

For the longer term, Thắng expects better job direction for parents and students before entering school.

Hotels should work closely with training institutions to recruit long-term or short-term workers for their operations.

Paul Stoll, CEO of the Imperial Hospitality Group, said to maintain tourism growth, Việt Nam needed to address both short- and long-term challenges in developing qualified human resources.

To improve the quality of human resources in the industry, he recommended training centres move towards training what is closely connected to the demands of the job and with more focus on practice.

The ultimate goal is to meet tourists' expectations about amenities and services according to international standards.

Nguyễn Thị Thanh Thủy, general manager at Silk Path Hotel Hà Nội, said many hotels are now rushing to employ staff for their human resource needs.

"In the past, only lucky young people could get a job in good hotels, but now they can both study and get paid," she noted. "This trend is expected to continue given the current shortage of human resources in the hotel industry."

Cao Thị Tuyết Lan, CEO of travel firm Viettours, said to recover the international tourist market, Việt Nam's tourism industry needs to address the lack of human resources. After two years of pandemic, high demand has severely overloaded the tourism industry's infrastructure.

Lan said, for example, recently 600 customers in a MICE tour could not check in on time at an international five-star hotel in HCM City. The hotel representative said that the reason for the late check-in is not because the rooms are full, but because there are not enough staff to make up the rooms.

Patrick Basset, board of directors of Cityland Education, said the tourism sector needs around 40,000 labourers each year. But around 70 per cent of workers were laid off or moved to other industries during two years of pandemic restrictions, creating a huge worker shortage.

### Global issue

Bùi Thị Ngọc Hiếu, deputy director of the Department of Tourism, said the lack of human resources in tourism, especially the hotel industry, is a global issue, and Việt Nam is no exception.

It has been a longstanding issue in HCM City and was only exacerbated by the pandemic, she added.

HCM City is a leader in training people in tourism, and has 24 universities, 20 colleges and 19 vocational schools. More than 12,000 people graduate from them every year, meeting around 60 per cent of demand, according to Hiếu.

In addition to a shortage of human resources, a shortage of infrastructure and strict visa policies have hindered the recovery of the industry. Việt Nam could not reach the target of five million international arrivals this year due to these challenges, experts said.

Domestic visitor numbers topped 71.1 million in the first seven months against a full-year target of 60 million. In the same period, there were only 733,000 international visitors, or 8 per cent of pre-pandemic numbers.

## 6. Vietnam strives to attract reputable US investors

During a meeting held on August 9 with Robert McCooley, senior vice president of Nasdaq's Listing Services unit and leader of business development for new listings in Latin America and Asia-Pacific, the Vietnamese diplomat said the country is seeking to lure more major firms from the US. The primary objective is to encourage them to invest in the aforesaid sectors, especially those that can contribute to carrying out Vietnamese commitments made at the 26th UN Climate Change Conference of the Parties (COP26).

The Vietnamese delegation to the UN is therefore ready to co-operate with Nasdaq in the organisation of meetings and seminars to fulfil this purpose, especially on the occasion of working visits of high-ranking Vietnamese delegations to New York, he went on to say.

In response, McCooley said that the country's investment environment has a clear competitive

advantage in the region thanks to its flexible response policy to the COVID-19 pandemic, along with its stable legal system.

He welcomed the suggestion made by the delegation, saying that Nasdaq is willing to work alongside the delegation to introduce business opportunities in Vietnam to US financiers.

McCooley also expressed satisfaction about his working visit to the nation last month and hopes to have the opportunity to return soon.

Nasdaq is the second largest stock exchange in the US and was founded in 1971 by the US National Association of Securities Dealers (NASD). It is now home to more than 3,500 listed companies with a market capitalisation of US\$19.4 trillion, including global leading companies such as Apple, Alphabet, Microsoft, Amazon, Facebook, Tesla, Paypal, and Intel.

## 7. Vietnam Manufacturing Expo gets underway in Hanoi

As part of his opening speech at the event, Vu Trong Tai, general director of RX Tradex, emphasised that the event features effective business networking programmes to help firms in the mechanical and supporting industries seize upon opportunities to further get involved in the global supply chain.

Most notably, this year's function involved the presence of major customers from North America seeking to purchase mechanical products in the construction, oil and gas, and automobile industries, which is expected to open up a wealth of export opportunities for small and medium-sized enterprises moving forward, Tai added.

Truong Thi Chi Binh, vice president and general secretary of the Vietnam Association for Supporting

Industries, pointed out that local firms operating in the manufacturing and supporting industry are very keen on issues relating to automation, lean factory, and supply chain participation.

She added that these enterprises are in the process of automating production lines in their factories and need to stay updated and gain knowledge of the effective models that have been applied so far.

There will be a number of trade exchanges and seminars introducing the advanced technologies from the world's leading brands, a consulting support programme for businesses and a ceremony held to honour industrial firms and supporting industry enterprises.

## Corporate News

### 8. TMS: MoTransimex registered to sell nearly 3.5 million shares of CLX

→ ±0%

ATransimex JSC ( HOSE : TMS ) registered to sell nearly 3.5 million shares of Cholon Investment and Import Export JSC (CHOLIMEX, UPCoM: CLX ) from August 11 to September 9, 2022.

With the aim of realizing profits and supplementing capital for the portfolio of other potential investment projects, TMS registered to sell nearly 3.5 million shares of CLX - where the Company is a major shareholder. Based on the closing market price of August 10 at 20,000 VND/share, it is estimated that TMS can collect about 70 billion VND if the transaction is completed, thereby reducing its ownership rate from 30.24% (equivalent to nearly 26.2 million shares). down to 26.2%.

Regarding the relationship, Mr. Bui Tuan Ngoc - Member of the Board of Directors of CLX and Chairman of the Board of Directors of TMS ; Mr. Bui Minh Tuan and Mr. Le Duy Hiep are currently Board members of both CLX and TMS ; Mr. Le Van Hung is the Finance Director of TMS and a member of the Supervisory Board of CLX .

CLX stock price fell into a strong downtrend from the beginning of April 2022, but is recovering slightly. Currently, the market price has decreased by 38% since the peak of 32,700 VND/share on April 4.

### 9. PTL: What does PTL say when the stock is constantly "purple ceiling"?

↑ 2.33%

Shares of Victory Capital JSC ( HOSE : PTL ) hit the ceiling price for 5 consecutive sessions from August 3 to 9.

Pursuant to regulations, on August 9, Ho Chi Minh City Stock Exchange ( HOSE ) requested PTL to report and disclose information related to the Company that affects stock price movements.

On the same day, PTL sent a written explanation to HOSE and SSC. The company said that after a period of sharp decline due to some information on the stock market, PTL shares continued to receive the trust of investors, leading to an increase in actual demand in the stock market.

The trading decisions of investors are beyond the control of PTL , the Company does not have any direct impact on the trading price in the market.

On August 1, the Board of Directors of PTL has just approved the private placement plan, following the Resolution of the 2022 Annual General Meeting of Shareholders. Accordingly, PTL will issue another

100 million shares at the price of 10,000 VND/share. The charter capital accordingly doubled to VND 2,000 billion. The proceeds are used to supplement working capital, invest in subsidiaries, expand land fund.

Objects of offering include: 2 strategic investors, Grand House JSC and Koko Capital JSC; with 4 individual investors. These objects have no relationship with PTL and PTL insiders .

PTL 's business results are still not good. According to the consolidated financial statements of the second quarter of 2022, the Company recorded an additional net loss of 2.3 billion dong, bringing the first 6 months' net loss to 4.5 billion dong. Undistributed accumulated loss as of June 30 is over 430 billion VND.

PTL continued to face difficulties, unable to deploy any new projects. Revenue in the period was mainly from office leasing, infrastructure exploitation of Victory Tower building and financial revenue... not enough to cover expenses.



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