



VIETNAM DAILY NEWS

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Market Analysis

1. Shares rise for second day, propelled by food stocks

Shares gained for the second day on Wednesday, propelled by buoyant banking and food stocks.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index gained 0.50 per cent to close at 1,277.16 points.

The southern market index had risen 1.3 per cent in the last two days.

Market breadth was positive with 172 decliners and 279 gainers.

Some 601.9 million shares were traded on the southern exchange, worth VNĐ15.2 trillion (US\$647.4 million).

The VN30-Index, which tracks the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, gained 0.34 per cent to reach 1,296.41 points. In the basket, 17 stocks climbed, one stayed flat and 12 slid.

Banking stocks gained ground with most of the stocks in the basket rising, including Vietinbank (CTG), Asia Commercial Bank (ACB), Tiên Phong Bank (TPB), National Commercial Joint Stock Bank (NVB), Vietcombank (VCB), Military Bank (MBB), Bank for Investment and Development of Vietnam (BID), Techcombank (TCB), Sacombank (STB) and VPBank (VPB)

Energy stocks also attracted cash flow with gainers such as PTSC Offshore Services JSC (POS)

up 4 per cent, Drilling Mud Joint Stock Corporation (PVC) up 6 per cent, PetroVietnam Drilling and Well Services Corporation (PVD) up 3 per cent, and PV OIL (OIL) up 2.3 per cent.

Food stocks made strong gains, in which Trung An Hi-Tech Farming JSC (TAR) and The Pan Group Joint Stock Company (PAN) both reached ceiling prices. Lộc Trời Group Joint Stock Company (LTG) increased by 6.3 per cent, Nafoods Group Joint Stock Company (NAF) rose by 3.1 per cent, Yên Bái Joint Stock Forest Agricultural Products And Foodstuff Company (CAP) gained by 2.7 per cent.

On a sector basis, 23 out of 25 sector indices on the stock market gained ground, including oil and gas, banking, wholesale, construction, rubber production, IT and logistics, agriculture, real estate, food and beverage, retail, seafood production, construction materials, and plastic and chemical production.

The HNX-Index on the Hà Nội Stock Exchange (HNX) rose 0.72 per cent to close Wednesday at 301.30 points.

The index had risen 1.5 per cent to close Tuesday at 299.14 points.

More than 73.6 million shares were traded on the northern exchange, worth VNĐ1.7 trillion.

Macro & Policies

2. HCM City remains a magnet for Singaporean investment

HCM City will continue improving its business climate and creating the most favourable conditions for foreign investors, especially those from Singapore, to expand their investment in the city, a trade official said.

Speaking at a meeting on Tuesday, Nguyen Phi Van, deputy director of HCM City Investment and Trade Promotion Centre (ITPC), said the city has adopted measures to improve its attraction of foreign direct investment, especially from Singapore, based on a spirit of equality, mutual benefit, social responsibility, environmental protection and sustainable development.

The recent visit by President Nguyen Xuan Phuc to the city-state early this year confirmed Viet Nam's strong commitment to strengthening the wide-ranging cooperation in many areas, she added.

Located in Southeast Asia with an area of 710sq.m, Singapore is one of the world's smallest countries with a population of some 5 million.

Its strategic location in the region along major shipping routes enabled it to become a central seaport with a highly developed market economy.

Singapore-Viet Nam ties have grown significantly since they first established diplomatic relations in 1973, illustrated by the strong growth of the 21-year-old Viet Nam-Singapore Industrial Park, according to Van.

Two-way trade expanded more than 23 per cent to reach US\$8.3 billion last year despite the pandemic, and hit \$4.75 billion in the first half of this year.

The city-state is currently the fourth largest trading partner and second biggest investor out of 140 countries and territories investing in Viet Nam, with a total registered capital of \$66 billion.

It is also the largest investor among 116 countries and territories investing in HCM City with 1,557 projects worth a total investment of nearly \$13.6 billion.

HCM City attractive destination

Nguyen Quoc Vinh, head of the centre's Department of Investment Promotion, said with a favourable strategic location and a population of more than 10 million, HCM City has great potential to attract foreign investors, especially those from Singapore.

The country's largest city is calling for investment in 197 projects in the fields of information and technology, finance and banking, transportation, oil and gas, infrastructure, retail, support industry, healthcare, education and others.

Amy Wee, director of the Singapore Business Federation in Viet Nam, said despite the strong headwinds brought about by the COVID-19 pandemic, Viet Nam remains an attractive destination for foreign investors, especially those from Singapore.

She attributed it to the country's incentive policies, political stability, open and transparent business climate, large population, impressive growth and highly skilled workers.

Small- and medium-sized enterprises (SMEs) from Singapore are interested in investing in areas where Singapore has strengths and Viet Nam has demand, such as IT, banking and finance, retail, agriculture, oil and gas, construction, healthcare and transportation.

She also pointed out major challenges facing the country, such as low labour productivity, increasing labour costs, poor infrastructure and the high cost of renting premises in industrial parks. The country also still depends largely on cash payments.

She recommended Viet Nam focus on improving its legal framework and infrastructure to help keep foreign investors in the country long-term.

Located in the Southern Key Economic Zone (HCM City and seven surrounding provinces), the city is home to 17 industrial parks (IPs), including the 913-ha Saigon Hi-Tech Park, and two export processing zones (EPZs).

Its gross regional domestic product (GRDP) exceeded VND729 trillion (\$31.3 billion) in the first half, a year-on-year rise of 3.82 per cent after drops

of 25 per cent and 11.6 per cent in the third and fourth quarters of last year, respectively.

Revenue from imports and exports were more than \$64 billion in the first seven months, ranking first in the country.

It received nearly 766,000 international visitors and more than 13 million domestic tourists in the period.

So far this year, the city has granted investment certificates to 373 foreign investment projects.

3. Seafood companies face a difficult third quarter

The growth momentum of the seafood industry is likely to slow down in this third quarter due to the rising pressure of production and transportation costs, while purchasing power in major markets is expected to decrease.

The seafood industry witnessed a strong recovery after being affected by the COVID-19 pandemic.

In the first seven months of 2022, seafood exports earned nearly US\$6.7 billion, a gain of 35 per cent year-on-year.

The Viet Nam Association of Seafood Exporters and Producers (VASEP) expected that in 2022, seafood export turnover can exceed the target of \$10 billion, an increase of 12-15 per cent over last year.

However, Nguyen Hoai Nam, deputy general secretary of VASEP, told tinnhanhchungkhoan.vn that businesses are still suffering from the impact and consequences of the pandemic, while high inflation weighs on purchasing power in the country's seafood consumer markets and higher aqua feed prices.

Production costs and shipping costs are two main pressures that seafood businesses are facing, Nam added.

Of which, production costs, or the high price of aqua feed in particular, causes the price of Vietnamese seafood products to pick up, reducing competitiveness with other countries' products. The

expenses of animal feed for pangasius and shrimp account for 65-70 per cent of the cost.

Meanwhile, shipping and labour costs have both increased over the past two years due to issues related to COVID-19, port congestion and soaring fuel prices. The cost of a container going to the US West Coast is currently about VND400 million (\$17,054.68) and going to Europe is \$10,000-12,000. Other costs such as packaging and chemicals also increased.

Cash flows and credit tightening since the beginning of August are other problems for the industry.

Nam said that some major markets of Vietnamese seafood, such as the US and the European Union (EU), record high inflation, meaning consumers have to limit spending, and the purchasing power of seafood was at risk of decline.

Many importers announced that they do not have orders from now until the end of October. Therefore, businesses are unlikely to have enough cash flow to repay bank loans. And without paying old debts, they will not be able to borrow new loans, affecting purchasing activities of shrimp and fish.

Possibility of deceleration

The business picture in the first seven months of 2022 showed positive growth.

In July, Vinh Hoan Corporation's revenue reached nearly VND1.2 trillion, up nearly 13 per cent month-on-month and 48 per cent on-year.

Many other seafood enterprises recorded big profits in the first six months of 2022 such as Sao Ta Foods JSC with VND161 billion in profit, up 42 per cent, while Navico's profit of VND447 billion, 5 times higher than the same period last year, and I.D.I International Development & Investment Corporation's profit was up 2 per cent to VND391 billion.

However, the story is different in the third quarter of 2022, as VASEP expected it to slow down, with the total export turnover expected to reach about \$3 billion, lower than in the second quarter.

One of the reasons is the scarcity of raw materials for shrimp and seafood. Meanwhile, world shrimp demand is forecast to be less positive in the last months of the year.

A leader of a seafood export business said that recently, orders have started to slow down, and consumers' purchasing power is affected by exchange rate fluctuations in the EU, while in the US market, people gradually tighten spending. Some importers reported delayed delivery time of 3-5 months.

Shrimp and pangasius are two key export products of Viet Nam's seafood industry, but difficulties and challenges are inevitable when feed prices are getting higher and competitive pressure emerges from some markets. Recently, China shut down to prevent the spread of COVID-19. As Ecuador and India could not export shrimp to this market, they sold to the US, Canada, Japan, and EU markets.

Even though China has reopened the border, there is still a large amount of shrimp from the two markets, causing Vietnamese shrimp exports to suffer. In the US, Viet Nam's seafood exports in July to this market decreased by 23 per cent over the same period last year.

Regarding fish feed, if in 2020, a 25kg bag of bran cost VND330,000, now it has increased to VND420,000, while the selling price of much commercial fish has not risen.

With pangasius products, despite favourable market demand, the supply of raw pangasius is not stable.

Chairman of the Viet Nam Pangasius Association Duong Nghia Quoc said that pangasius of 0.8 - 1 kg a fish can be exported to the US and EU for VND28,000 - 29,000 per kg, pangasius of 1.1 - 1.3 kg a head has an export price of VND27,000 a kg. The prices are significantly higher compared to the cost, so many farmers are hesitant and slow to raise the new crop because it is difficult to earn the desired profit.

According to the Center for Analysis and Investment Advice under SSI Securities, seafood inventories in the main export markets, especially the US, are at a high level due to the large import volume in the first half of 2022. In line with inflationary pressure, seafood exports may decelerate in the third quarter of this year.

VNDIRECT Securities Company forecasts that the gross profit margin of the last two quarters of 2022 of the pangasius and shrimp producers may shrink.

4. Viet Nam-Australia Business Champions Initiative launched

The Ministry of Planning and Investment (MPI) on Wednesday afternoon cooperated with the Australian Embassy in Viet Nam to organise a conference on the Viet Nam-Australia Business Champions Initiative.

The event was part of the Australia-Viet Nam Enhanced Economic Engagement Strategy (EEES), which was jointly developed and publicly released at the end of 2021.

Tran Duy Dong, Deputy Minister of the MPI, stated at the conference that the Viet Nam-Australia Business Champions Initiative is an important programme in the EEES. Dong hoped the initiative could open more opportunities for businesses in the two countries to cooperate and develop.

Mark Tattersall, Charge of Affaires, Australian Embassy in Viet Nam, said that the conference is an opportunity for businesses of the two countries to listen and share experiences in promoting trade and investment activities between Viet Nam and Australia.

He emphasised that the strategic partnership between Viet Nam and Australia has been developed in all aspects and is comprehensive, and hoped that the two sides will further exploit the potential of cooperation and strengthen the Viet Nam - Australia relationship.

The inaugurated Viet Nam Business Champions chosen by the MPI are senior leaders from three large corporations in Viet Nam - TH Group, Vietcombank and Hoa Phat Group.

As a leading steel producer in the domestic market, a large part of Hoa Phat Group's expenses is spent on iron ore and coal. And seeing the potential of these material resources in Australia encouraged the company to invest here by acquiring firms owning ore, said Nguyen Thi Thao Nguyen, deputy general director of Hoa Phat Group.

"We also sell our products, such as steel pipes, in Australia," she added.

Sharing the company's experience in doing business in Australia, Nguyen suggested that companies should consult a consulting service or legal advice service to learn about the laws, culture, and policies of the government of the country where they invest.

In addition, businesses should learn more about the provisions of bilateral and multilateral agreements between the signatory countries.

"We also face trade remedy issues, so we recommend businesses create a dedicated team to closely follow international trade issues and complaints," Nguyen said.

Meanwhile, Hoang Cong Trang, CEO of TH Group, said that after considering the land, soil, and potential conditions in Australia, TH has decided to invest in the agricultural sector here by acquiring three large farms to raise beef cattle.

"We are raising over 60,000 cows in Northern and Western Australia, earning nearly AU\$20 million," said Trang.

The dairy producer's leader suggested maintaining good relations with local authorities to quickly update market information and policies, and get support on legal issues and procedures.

Employment, infrastructure, and technology application are other matters the CEO noted.

"Australia is a vast country with a small population, so we have to think about labour issues, including hiring, training, and retaining," Trang said.

"On the other hand, infrastructure in remote areas is not synchronous, so we have to be creative to solve flooding and WiFi problems."

With helpful information and guidance, the conference expects to attract more Vietnamese enterprises to join the initiative, expanding trade in Australia.

5. Việt Nam's animal feed imports jump to \$3.1b

Việt Nam's imports of raw materials for processing animal feed in the first seven months of this year surged to US\$3.1 billion as domestic supply only met about one-third of local demand.

The Department of Livestock Production of the Ministry of Agriculture and Rural Development said that according to the General Department of Customs, the animal feed industry had to spend nearly \$2.7 billion to import corn and soybeans in the first seven months.

The nation also spent more than \$400 million to import other raw materials, including oilseed meal, wheat, fish meal, bone meal, animal protein, and a mixture of trace elements.

Domestic production of corn and soybeans has met about 37 per cent of the demand from the animal feed industry, so in past years, Việt Nam had to import a huge amount of corn and soybeans, according to the Department of Livestock Production.

Corn imports reached 5.1 million tonnes in the first seven months of this year, worth \$1.8 billion. Corn imports declined by 21.9 per cent by volume on year but were unchanged by value, and corn imports in July reached 500,000 tonnes, worth \$191.7 million.

Soybean imports were 1.3 million tonnes in the first seven months of this year, worth \$893.6 million, which was the same volume from the same period a year ago but 22.8 per cent more in value. Soybean imports in July reached 250,000 tonnes, worth \$189.4 million.

Brazil, the United States and Canada were the three main soybean suppliers to Việt Nam in the first half of this year, accounting for 99.2 per cent of the imports.

According to the department the COVID-19 pandemic has disrupted the global supply chain, including the supply chain of animal feed material. The decrease in supply and higher transportation costs have made the cost of raw materials and finished products higher.

In addition, the conflict between Russia and Ukraine, the world's largest and fourth largest wheat exporters, respectively, is having a great impact on global food supply and prices, directly affecting corn prices.

On the other hand, the United States has increased production of bioethanol from corn, while South

American countries, such as Argentina and Brazil, have lost crops due to drought. This has caused a sharp drop in corn exports on the global market, pushing up corn prices.

Meanwhile, some countries recently suspended food exports to ensure domestic food security. That will reduce the food supply, further pushing the price of feed materials up.

It has also caused many difficulties for businesses and breeders due to higher production costs while the selling price of livestock products has tended to decrease.

According to the General Department of Customs, from 2013 to now, Viet Nam's import value of animal feed and raw materials increased every year, excluding 2017 and 2019.

Deputy Minister of Agriculture and Rural Development Phùng Đức Tiến said that Việt Nam's corn and soybean productivity was low, while production costs were high and profits were less attractive than other crops.

According to Nguyễn Xuân Đường, vice chairman of the Việt Nam Animal Feed Association, that almost all imported corn is genetically modified corn. Việt Nam has also allowed the cultivation of genetically modified maize for many years, but the area where genetically modified maize is planted is still low.

According to the agricultural restructuring project implemented by the Ministry of Agriculture and Rural Development in the past 10 years, the agriculture sector has targeted converting a part of the land area cultivating crops with low economic value to planting crops for feed material.

At the same time, the sector is focused on researching corn and soybean varieties to improve productivity. However, until now, the area growing these crops has not increased.

Trần Lâm Sinh, deputy director of the Department of Agriculture and Agricultural Development of Đồng Nai Province, said that the domestic livestock industry needed to study the use of agricultural by-products for processing animal feed, such as beer residues, coconut flour, duckweed and rice bran.

Deputy Minister Tiến said the sector was developing the region producing animal feed material to reduce dependence on imports.

De Heus Group (Netherlands) is coordinating with the Department of Crop Production and Department of Livestock Production to build cooperatives growing cassava and maize in western provinces for the production of animal feed.

The output of animal feed in the first half of 2022 reached 10.5 million tonnes, equal to the volume in the first six months of 2021, of which 55 per cent was for pigs, 40 per cent for poultry, and 5 per cent for other animals, according to the Department of Livestock Production.

6. Vietnam sees chain drugstores boom during COVID-19 pandemic: Nikkei Asia

As the coronavirus pandemic has spread through Vietnam, so has the number of drugstores operated by major chains, Nikkei Asia reported on August 24.

The number of drugstores run by the three major chains has increased eightfold since 2019 as Vietnamese residents become more health conscious in the wake of the pandemic, the newspaper said.

According to Nikkei Asia, mom-and-pop stores were once the go-to for medicine in Vietnam, known for their attentive customer service. However, they were also known for an opaque pricing system that often forced buyers to purchase medicine at a verbal quote.

Rising income levels and changing consumer habits are creating growth tailwinds for drugstore chains in Vietnam, it said.

There are now about 2,400 outlets between Vietnam's three biggest drugstore chains. Pharmacy, the biggest, has roughly 1,100 locations.

Meanwhile, Long Chau, an affiliate under Vietnamese tech group FPT, has roughly 700 locations; and An Khang, acquired by electronics retailer Mobile World Group, fields approximately 500 stores.

Nikkei Asia quoted CEO of Pharmacy Chris Blank as saying that by 2025, half the Vietnamese population will be able to reach a Pharmacy store within 10 minutes by motorcycle. The company plans to expand the network to 5,000 stores by that date.

7. Japan's IHI Corp. accredits Doosan Vina's quality, supply capacity

The Japanese heavy-industry manufacturer IHI Corporation has presented the Doosan Heavy Industries Vietnam Company (Doosan Vina) a certificate to recognise its quality and capacity in supplying equipment for the Van Phong 1 (VP1) Thermal Power Plant on schedule amid the COVID-19 pandemic.

Le Thi Dieu Linh, who is in charge of Doosan Vina's PR department, unveiled the accreditation on August 24.

IHI Corp. is one of Doosan Vina's major customers. Currently, the two enterprises are cooperating in

building the VP1 in the central province of Khanh Hoa, with the sides signing three goods contracts for steel structure, top enclosure frame, and coal bunker.

Doosan Vina CEO Kim Hyo Tae said the company spares no effort to create quality products and deliver them to its partners on schedule.

Earlier, in November last year, Doosan Vina earned a certificate acknowledging it as the best supplier of waste-to-energy boilers by the Japan-based Mitsubishi Heavy Industries Engineering, Ltd.

Corporate News

8. PTC: Reduces loss after review

→ ±0.00%

Compared to the independent report, the 2022 semi-annual net loss of Icapital Investment Joint Stock Company (HOSE: PTC) decreased by 2.34 billion dong, from nearly 18 billion dong to more than 15 billion dong after review.

This difference is because the loss from joint ventures and associates decreased from 2.81 billion dong to more than 105 million dong.

Despite reducing losses after the review, PTC's business results were still dismal compared to the same period last year when the 2nd quarter of 2021 saw a net profit of nearly 16 billion dong.

Explaining the reason, PTC explained that in the second quarter of 2022, the domestic stock market had a relatively strong decline, market liquidity also tended to decrease continuously during this period, leading to stock prices in the second quarter of 2022. iCpaital's portfolio is down from the purchase price.

Therefore, the Company has made provision as at 30/06/2022 for this investment, amounting to more than 26 billion dong in Q2 and nearly 30 billion dong in the first 6 months of 2022. In addition, the Company also made provision for investment in an associate company, Huong Linh 7 Wind Power Joint Stock Company, of nearly 3 billion VND as of June 30, 2022.

9. FLC: Is subject to tax enforcement again

↓ -0.41%

On August 18, the Tax Branch of Sam Son City - Quang Xuong issued 8 decisions on tax enforcement for FLC Group Joint Stock Company.

These are all decisions on the enforcement of administrative decisions on tax administration by deducting money from FLC's accounts / requesting to block FLC 's accounts at banks.

FLC 's accounts are blocked including at VPBank Hanoi branch, VIB branch in District 1, Ho Chi Minh City , OCB Hanoi branch, Agribank Tay Do branch, Vietcombank Thanh Hoa branch, VietinBank Thanh Hoa branch and BIDV Thanh Xuan branch.

The reason for enforcement is because FLC Group owes tax 90 days overdue. The total amount of money being coerced was more than 130 billion dong .

At the beginning of August, FLC also received 3 decisions from the Tax Department of Quang Binh province on similar tax enforcement with a total of nearly 224 billion dong .

A few days later, the Hanoi Tax Department continued to announce 9 decisions including tax enforcement of nearly 72 billion VND and an administrative fine of 11.5 million VND against FLC Group .

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