



VIETNAM DAILY NEWS

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Market Analysis

1. Market opens new week on a negative note

Shares inched lower on Monday, but pared the morning losses as buyers took the chance to buy the dip.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) fell by 11.77 points, or 0.92 per cent, to 1,270.8 points. The index lost more than 30 points in the morning trade.

The breadth of the market remained negative with nearly 400 stocks declining, while 73 stocks edged higher. However, liquidity improved, of which, matching value on HoSE increased by 28 per cent to VND18.8 trillion (US\$803 million), equal to a matching volume of 794 million shares.

Shares across many sectors shed points since the market opened as selling pressure rose.

The VN30-Index also dropped by 13.56 points, or 1.04 per cent, to 1,293.25 points. In the VN30 basket, which tracks the 30 biggest stocks on the southern bourse, only three stocks advanced while 24 stocks plunged. And three stocks ended flat.

Data compiled by the financial website vietstock.vn showed that Vingroup (VIC) led the market's downside with a loss of 2.15 per cent.

Other ticker symbols in the top stocks influencing the trend were Vinamilk (VNM), Hoa Phat Group (HPG), Vinhomes (VHM) and Vietinbank (CTG). All the stocks posted a dip of at least 1 per cent.

However, losses were capped by gains in some stocks in the energy, fertiliser, retail and logistic industries. Accordingly, PV Gas (GAS) was the biggest gainer on Monday, up 2 per cent. Supporting the bullish sentiment, shares of Mobile World Investment Corporation (MWG), Petrovietnam Fertiliser & Chemicals Corporation (DPM), and Petro Viet Nam Ca Mau Fertiliser JSC (DCM) all witnessed strong performance, with DCM hitting the maximum daily gain of 7 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index decreased by nearly 4 points, or 1.32 per cent, to 295.54 points. It had fallen for the second day in a row.

During the session, over 129.7 million shares were traded on the northern bourse, worth more than VND2.66 trillion.

On the other hand, foreign investors also withdrew capital from the market, with net value on two main exchanges of VND363.69 billion. Of which, they net sold VND371.14 billion on HoSE, while net bought VND7.45 billion on HNX.

Macro & Policies

2. Corporate bond issuance declines in the first six months

Corporate bond issuances took a dive in the first half of 2022 amid lower bond interest rates.

According to MB Securities, over VND183.5 trillion (US\$7.8 billion) of corporate bonds were issued in the first six months of the year, down 10 per cent year-on-year. Of which, just VND5.3 trillion went to investors through public offerings.

The second quarter saw VND112.8 trillion of corporate bonds offered to the financial market, also 10 per cent lower than the same period last year.

Six-month weighted average maturity (WAM) was 3.2 years, roughly 0.69 years less than the figure in 2021. Average bond interest rates stayed at 6.4 per cent, around 1.7 percentage points short of last year's number.

Among the largest issuers, the banking sector took the lead with a total six-month issue of VND90.1 trillion and a WAM of 3.76 years. Of which, banks offered VND80.7 trillion worth of bonds in Q2 alone.

The realty sector came next with about VND10.8 trillion in Q2. The figure paled in comparison with its total issues in early 2022, which hit VND44.5 trillion and had a WAM of 2.45 years.

Other sectors made up VND48.8 trillion of the total corporate bond on sale in the first half of 2022. Notably, construction firms offered VND17 trillion with a WAM of 2.27 years.

FinnPro's data showed that about VND2.8 trillion of corporate bonds were issued in the first half of August and the banking sector remained the largest issuer.

Vietcombank took the biggest share of the pie with VND1.5 trillion, followed by Agribank with VND600 billion and ACB with VND300 billion.

VietinBank and VietCapital Bank also got in on the act with VND50 billion and VND60 billion, respectively.

Most issuers employed private placement to raise bond money since public offerings require high costs and high standards. For that reason, the latter involves banks only.

Financial expert Nguyen Tri Hieu underscored capital expansion as the main reason for banks to issue such large volumes of bonds.

Banks had to raise the proceeds, he believed, to consolidate their financial ratios and deepen financial buffers amid a period of mounting credits that outpace their equity.

Another reason for banks overwhelming the bond market is that loan restructuring specified by Circulars No 01, No 03 and No 14 has caused some cash flows to not return to banks in the short term.

Banks had no other choice but to issue bonds to make up for the late-returned cash flows.

The State Securities Commission has recently announced that issuers, which are not public companies, will issue privately-placed bonds under the guidance of the Law on Enterprise and Decree No 153.

That means they are held responsible for their own issuances and no pre-issue registrations, approvals or official notifications are required.

The commission also stressed that only professional investors are eligible to purchase privately-placed bonds and the investors take responsibility for their own investing decisions.

3. Viet Nam boosts FDI attraction in automotive industry

Viet Nam will move to attract large enterprises and corporations with high technology, said Nguyen Anh Tuan, deputy director of the Ministry of Planning and Investment's Foreign Investment Agency.

At the same time, the country will prioritise investment projects in high technology, supporting industry, and digital economy innovation, especially in the automotive industry, to create favourable conditions for Vietnamese enterprises to participate in the value chain.

Nguyen Thi Thu Ha, general director of Invest Global, said that with a population of nearly 100 million people and favourable natural and geographical conditions, Viet Nam had great potential in the automobile industry.

She added that this was an industry that the Vietnamese Government prioritised developing, with the expectation of building a strong Vietnamese auto industry and making an important contribution to the economy.

However, compared with other countries in the region, the number of Vietnamese suppliers in the auto industry was still very small, and only a few domestic suppliers could participate in the supply chain for automobile manufacturers and assemblers in Viet Nam.

Dang Hoang Mai, a representative of the Viet Nam Institute of Strategy and Policy for Industry and Trade, said that Viet Nam has the potential to develop the electric vehicle (EV) market in the future because the current car ownership rate of Viet Nam was at 23 cars per 1,000 people. This figure was only equal to 10 per cent of Thailand and 5 per cent of Malaysia.

With increasing income levels and improved infrastructure, sales and output of the auto industry are forecasted to grow in 2021-2030.

However, contrary to the trend of rising car consumption, enterprises operating in the auto industry, especially the auto manufacturing supporting industry, did not grow as expected, said Mai.

The localisation rate for personal cars with up to nine seats is low at less than 20 per cent, of which Thaco reaches 15-18 per cent. Toyota Viet Nam is the highest at 37 per cent (for Innova models).

This number is much lower than in Thailand, Indonesia and Malaysia.

Opportunity for Indian investors

As the world and region has a great influence on many manufacturing industries, the semiconductor chip industry and the automotive industry, Vietnamese enterprises were expecting to have more partners, and manufacturers of components assembled in the country, said Tuan.

As the sixth largest economy in the world, India's total investment capital into Viet Nam only accounts for 0.2 per cent of the total FDI that 139 countries and territories have invested in.

The deputy director noted that the opportunity to promote cooperation and investment between the two sides was huge, especially with Viet Nam boosting FDI inflows into the automotive supporting industry.

At a recent business meeting on the auto sector between Viet Nam and India, he said that investment cooperation between the two countries was still not commensurate with the potential.

Pranay Verma, Ambassador of India to Viet Nam, emphasised the Automotive Component Manufacturers.

Association of India (ACMA) was the leading association in India with more than 800 members, contributing to 85 per cent of sales in the Indian auto parts industry.

Through the visit to Viet Nam, ACMA wished to explore investment, trade and business opportunities in Viet Nam, said the ambassador.

He added that this was an excellent opportunity for businesses of the two countries to find partners, exchange business cooperation opportunities, and learn new technologies, equipment and spare parts in the auto industry.

4. DOC not yet issued final decision for trade remedies on hardwood plywood

The US Department of Commerce (DOC) has not yet issued the final determination on the imposition of anti-dumping and countervailing duties on certain hardwood plywood products and veneered panels exported from Viet Nam.

The Viet Nam Timber and Forest Products Association (VIFOREST) has confirmed that the DOC on April 15 extended the deadline to issue a final determination to October 17.

The DOC initiated the anti-dumping and anti-subsidy investigation on hardwood plywood from Viet Nam on June 17, 2020, to enforce the trade remedies measures on Chinese hardwood plywood.

The US is currently applying anti-dumping of 183.36 per cent and anti-subsidy duties from 22.98 per cent to 194.9 per cent on hardwood plywood products from China.

On July 25, DOC announced its preliminary determination that hardwood plywood exported from Viet Nam, which was assembled in Viet Nam using hardwood plywood imports sourced from China, were products of China and were subject to the anti-dumping duty and countervailing duty orders on hardwood plywood from China.

The DOC also preliminarily determined that certain hardwood plywood assembled in Viet Nam using hardwood plywood inputs sourced from China circumvented the anti-dumping and countervailing orders on hardwood plywood from China.

Accordingly, the DOC will instruct the US Customs and Border Protection to continue to suspend liquidation and require a cash deposit of estimated duties, at the applicable rate, that was entered or withdrawn from the warehouse for consumption on or after June 17, 2020.

Exporters and importers of hardwood plywood completed in Viet Nam using non-Chinese origin hardwood plywood inputs would be permitted to certify that the exported products were not produced under any of the scenarios that result in subject merchandise. Properly certified entries were not subject to duties.

It was estimated that Vietnamese firms eligible for self-certifying accounted for 80 per cent of the country's export during the investigation period.

On May 24, DOC initiated a scope ruling investigation on wooden cabinets and vanities and components from Viet Nam following the petition of the American Kitchen Cabinet Alliance requesting that DOC determined if wooden cabinets and vanities and components thereof from China, which were further processed in Viet Nam, were covered by the scope of the anti-dumping and countervailing duty orders on wooden cabinets and vanities and components from China.

On June 7, the DOC initiated circumvention inquiries on wooden cabinets and vanities from Viet Nam and Malaysia.

VIFOREST said that the association cooperated with the Trade Remedies Authority of Viet Nam to submit comments on the DOC's preliminary conclusion and supported firms in meeting the DOC's investigation requirements.

Wood export slows

The timber wood export was estimated at US\$1.3 billion in July, representing a fall of 3.1 per cent against July 2021, according to the General Department of Customs.

For January to July, the export totalled \$9.7 billion, up by 1.1 per cent on the same period last year.

The Export Department of the Ministry of Industry and Trade said that wood export was slowing down partly due to rising input costs and logistics charges.

In addition, countries tightened credit policies in the context of rising inflation, resulting in drops in consumption demand for wooden products.

While the US, one of the largest wood export markets of Viet Nam, faced inflation issues with a slowdown in shopping demand, Viet Nam's wood export to this market was significantly affected.

Timber product exports to the US was at \$5.56 billion in the first seven months of this year, 5.6 per cent lower than the same period last year, which was the main reason for the slowdown of the whole wood industry's export.

A recent survey conducted by Forest Trend and association of 52 enterprises in the industry about how they felt about the impact of inflation on their business showed that more than 80 per cent forecast decreases in revenue this year. Most enterprises were facing increases in inventories over the same period last year.

More than 90 per cent said that the number of orders dropped significantly, by an average of 44.4 per cent. More than 70 per cent said they might reduce production scale to reduce costs.

More than 60 per cent said that they could manage to maintain operation for the maximum time of six months, while only 25 per cent could maintain function for more than 12 months.

Enterprises are expected to be provided with support in loan due date extensions, reduction in borrowing interest rates and access to preferential credit and support in tax policies.

5. Car imports hit eight-month record high

The number of cars imported into Vietnam rose sharply in August and has reached a record high over the past eight months, according the General Statistics Office (GSO).

Vietnam spent some US\$375 million on importing nearly 18,000 completely built-up (CBU) cars of all kinds in August, up 25.3% in volume and 25.2% in value compared to the same period last year, reported the GSO.

The initial eight months of the year saw the country purchase 96,026 CBU cars worth US\$2.245 billion,

equivalent to 91% in volume and 95.8% in value compared to figures recorded in 2021.

Meanwhile, roughly 34,100 domestically manufactured and assembled cars were added to the market throughout August, down 1,000 units compared to July 2022 but up 65.9% over last year's corresponding period.

The August figure brought the total number of domestically manufactured and assembled cars during the first eight months of the year to 293,800 units, up 13.9%.

6. Bangladesh to purchase huge amount of rice from Vietnam

Bangladesh is putting final touches to deals to import hundreds of thousands of tonnes of rice from Vietnam and India in order to address the food price crisis in the country, reported Reuters.

The South Asian country is anticipated to import 100,000 tonnes of parboiled rice from India and 200,000 tonnes of parboiled rice and 30,000 tonnes of white rice from Vietnam, government officials told Reuters.

The deals would be signed soon and the rice would be delivered within two or three months' time, said government sources.

The government of Bangladesh is trying to cool down domestic food prices as more and more people out of 165 million people cannot afford rice. In addition to expanding cut price rice sales, Bangladeshi officials are also looking for more food supplies, including rice from Myanmar.

Bangladesh is the world's third largest rice producer with about 35 million tonnes annually, and most of the harvested rice is for domestic consumption. It often imports rice to cope with shortages caused by floods or droughts.

7. Health ministry seeks to return \$34 mln unused funds

The National Assembly has rejected a proposal by the Ministry of Health to transfer VND802 billion (\$34.23 million) of unused funds for building roads.

Lawmakers expressed concern about the sum remaining unused, saying it could help workers in the health sector facing difficulties.

"Many workers have left the health sector recently and there are other issues," deputy chairman of the NA's Social Committee, Dang Thuan Phong, said.

"If we transfer the health sector's money to the transport sector, its workers will feel upset."

National Assembly chairman Vuong Dinh Hue ruled that the money should not be used for non-health purposes.

The amount accounts for 5.7% of the VND14 trillion the government allotted the ministry to fund 144 projects.

Deputy Minister of Health Do Xuan Tuyen told the House localities had been asked if they needed more funding, but none responded before the deadline.

The ministry therefore thought the money could be used to fund the Hoa Binh – Moc Chau Expressway and two other roads that are under construction.

Thousands of workers have quit state-owned medical facilities since last year, mostly in Hanoi and Ho Chi Minh City, after complaining of a heavy workload and low compensation.

On the contrary, private hospitals are developing rapidly and luring away personnel with more attractive working conditions, officials have said.

Corporate News

8. TGG: goes from profit to loss after review because of making provisions for subsidiaries

↓ -6.9%

Louis Capital JSC (HOSE : TGG) has written explanation after converting from profit to loss in the reviewed semi-annual financial statements.

Specifically, the profit after tax in the semi-annual financial statements of the Company was nearly 5.6 billion dong, but after review, it became a loss of 30.2 billion dong (a difference of nearly 36 billion dong).

9. PGD:Tax violations, PGD was fined nearly 2.5 billion VND

↓ -0.31%

The Tax Department of Ba Ria - Vung Tau province has just announced a decision to sanction tax administrative violations against

PetroVietnam Low Pressure Gas Distribution Joint Stock Company (HOSE : PGD) with a total amount of nearly 2.5 billion VND.

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