



VIETNAM DAILY NEWS



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Market Analysis

1. Market recovers from recent losses

The market finished higher on Thursday as some bargain-hunting efforts lifted sentiment.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index rose 4.89 points, or 0.39 per cent, to 1,245.66 points. The recovery ended the index's two-day slide.

The market's breadth remained in the negative territory with more stocks declining. Liquidity was also lower, as matching value on the southern bourse dropped by 27 per cent over the previous session to nearly VNĐ9.8 trillion (US\$414.1 million), equivalent to a matching value of 386 million shares.

The VN30-Index, which tracks the 30 biggest stocks on HoSE, also posted a gain of 1.94 points, or 0.15 per cent, to 1,262.82 points.

In the VN30 basket, 13 stocks edged up, while 13 fell and four stayed unchanged.

The index's reversal was supported by large-cap stocks, mostly in appealing sectors like real estate or banking. Of which, Becamex (BCM) led the bullish trend with a gain of 7 per cent - the

maximum intra-day rise. Other stocks supporting the trend included Vietcombank (VCB), Novaland (NVL) and Eximbank (EIB), up at least 1.15 per cent.

Vinhomes (VHM), Vietnam Rubber Group (GVR), Vingroup (VIC) and Vinamilk (VNM) also witnessed positive performance.

However, gains were capped by persistent selling pressure. Of which BIDV (BID) posted the biggest loss, down more than 2 per cent, followed by other big names like PV Gas (GAS), MBBank (MBB) and Techcombank (TCB).

The HNX-Index on the Hà Nội Stock Exchange (HNX) also rose on Thursday, after falling for three straight sessions.

During the session, more than 52.2 million shares were traded on the northern bourse, worth over VNĐ1.16 trillion.

Foreign investors were net sellers on HoSE with a net value of VNĐ332.93 billion, while they net bought a value of VNĐ8.52 billion on HNX.

Macro & Policies

2. Real estate market would be better if credit growth targets rise: experts

The State Bank of Vietnam's decision to raise credit growth targets for banks is expected to create favourable conditions for businesses to lend capital, including real estate firms, according to experts.

"This is a positive move to inject money into the domestic economy in the post-COVID-19 period, thereby energising the sectors, including services, production, business and real estate," said Sử Ngọc Khương, senior director of investment, Savills Việt Nam.

This information has received special attention from businesses, investors and customers of the real estate market, according to the Savills Việt Nam.

In the first half of 2022, capital flows to the real estate market were narrowed due to tight control of credit sources and the bond market's decline.

According to Khương, the tightening of credit aimed to help the State prioritise capital for enterprises and projects in good operation. In addition, this move would limit bad credit, making it difficult for banks.

Việt Nam is currently one of the countries with the fastest economic growth and recovery in the world in the post-pandemic period. That is helping the country attract a lot of attention and foreign investment.

After the Government reopened international flights, economic sectors have benefited, especially tourism and hotels.

This factor has created favourable conditions for foreign enterprises to enter the Vietnamese market, according to Khương.

However, there are still legal obstacles in many real estate projects in Việt Nam, causing hesitation for domestic and foreign enterprises and investors.

Nguyễn Văn Đính, vice chairman of the Việt Nam Real Estate Association, said the real estate market

is going through a period of restructuring. As a result, house prices will increase due to rising costs so liquidity will decrease. As a result, investors tend to be more cautious in their investments.

If the difficulties in the property market are not removed, this market may have a long freezing period, causing difficulties for enterprises. Therefore, it is necessary to have supportive policies for the market's recovery process, said Đính.

There has been an association between the capital and real estate markets. But it has lacked synchronous development, so the capital market has not had timely support for the real estate market when the channels supplying capital for the property market have been congested.

The Prime Minister has issued Directive 13, including directions of not hindering enterprises with good business results in mobilising capital for recovery and development. This is extremely meaningful because real estate enterprises have faced bottlenecks in getting capital, Đính said.

Economic expert Đinh Trọng Thịnh told the Lao động (Labour) newspaper that it is very necessary to extend credit growth targets for some credit institutions in the current context.

In the past, many enterprises faced difficulties due to lack of capital when the bank stopped disbursing due to running out of credit room, according to Thịnh.

He said that the economy is a strong recovery, and increasing the credit growth target will reduce pressure on capital at the enterprises.

Meanwhile, Lê Viết Hải, chairman of Hòa Bình Group, also said that new information about credit room is very interesting in the market. The construction industry will have jobs when the real estate market warms up.

Investors cannot borrow capital to operate their businesses and not pay debts to contractors, leading to a series of difficulties. However, with good projects and reputable investors, there is no reason to control them tightly, Hải said.

He said it is also necessary not to tighten credit for homebuyers with real housing needs to boost the market.

In the context of many changes in credit regulations for the real estate industry, Khương said that investors trust in calling for capital via merger and acquisition (M&A), and they are looking for

international M&A consulting firms to get support in connecting with the right partners.

For the M&A trend of foreign investors in Việt Nam's real estate market at present, Khương said this is a great opportunity for domestic enterprises to improve their capacity to develop projects and attract new customers brought by foreign investors.

"In addition, for listed companies, this will assist them in attracting foreign capital on the stock exchange. Small-sized companies with low financial capacity need to have a strategy to restructure the investment portfolio and ensure the completion of the project's legal procedures," Khương said.

3. Việt Nam B2C retail e-commerce revenue to exceed \$16 billion this year

Việt Nam's B2C retail e-commerce revenue this year is estimated at US\$16.4 billion, marking the first year to reach this landmark, reported the Việt Nam E-Commerce White Book 2022.

A representative of the Việt Nam E-commerce and Digital Economy Agency (Ministry of Industry and Trade) said that Việt Nam E-commerce White Paper was built to provide a comprehensive view of the situation of the country's e-commerce application under the impact of the pandemic in the global e-commerce picture this year, along with new legal regulations taking effect.

Similar to previously published publications, this White Paper is built from the results of a survey of nearly 5,000 consumers and about 10,000 businesses, along with aggregate data from a number of reputable organisations around the world.

The COVID-19 pandemic has seriously affected trade and service activities of Việt Nam and the world last year, said the Việt Nam E-commerce and Digital Economy Agency.

The negative growth of some service industries accounted for a large proportion, reducing the overall growth rate of the service sector and the whole economy.

In that context, Việt Nam's e-commerce still maintained a stable growth rate at 16 per cent, retail revenue reached \$13.7 billion last year.

The proportion of e-commerce retail revenue in the total retail sales of goods and services reached 7 per cent, up 27 per cent over the same period in 2020.

Entering 2022, the Government's Decree No 85/2021/NĐ-CP dated September 25 last year amending and supplementing a number of articles of Decree No 52/2013/NĐ-CP dated May 16, 2013 on e-commerce officially came into effect.

The legal framework for e-commerce activities has been improved to meet development requirements, especially in the context of Việt Nam's e-commerce growing rapidly and strongly in recent years, accounting for an increasing proportion in the domestic trade system, contributing to building trust for consumers, as well as ensure the management role of the State.

Việt Nam's e-commerce value will reach \$39 billion by 2025, ranking second in terms of e-commerce growth in Southeast Asia.

Total revenue of Việt Nam's internet economy is forecast to reach \$57 billion by 2025, second only to Indonesia. Việt Nam also has the second highest

percentage of consumers shopping online in the region, after Singapore.

In addition, according to data published in the Việt Nam E-commerce White Paper 2022, it is forecast that Việt Nam's e-commerce economy would see a number of annual records this year.

Specifically, it is estimated that for the first time, the number of online shopping consumers in Việt Nam will reach 57 million people and may reach 60 million.

The value of online shopping for the first time reached \$260 - 285 per person. The proportion of B2C e-commerce revenue will exceed 7 per cent, reaching from 7.2 per cent - 7.8 per cent market share in the total retail sales of consumer goods and services in Việt Nam.

On a global scale, the Việt Nam E-commerce White Paper 2022 forecasts that retail e-commerce revenue will reach \$5.545 billion this year, up about 12.7 per cent.

It is forecast that this number would reach \$7.385 billion by 2025.

4. VN hopes to foster computer, electronic, component exports to the UK

Việt Nam hopes to boost its exports of computers, electronic products and components to the UK in the near future after it has gained success in shipping this group of goods to many other overseas markets.

In 2021, exports of computers, electronic products and components earned Việt Nam US\$50.8 billion, making it the second biggest export group, according to the General Department of Customs.

Export turnover of this group of goods last year grew 14.1 per cent year-on-year, equivalent to an increase of \$6.3 billion, accounting for over 15 per cent of the nation's total export turnover.

The US market was the biggest for this group of goods from Việt Nam, accounting for 25 per cent of exports. Exports to mainland China reached nearly \$11.1 billion, although only increased by less than 1 per cent and accounted for 21.83 per cent of the total export turnover of the whole industry.

The third largest market was Hong Kong, which grew by 50 per cent, bringing turnover to \$6.3 billion. The EU came fourth with \$5.9 billion, up 2.6 per cent, and South Korea ranked fifth, reaching \$3.5 billion, up nearly 22 per cent.

Four other markets with export turnover from \$1 billion to \$2 billion were the Netherlands with \$1.8 billion, up 5.2 per cent; Mexico (\$1.4 billion, up 17.4 per cent); Poland (\$1.1 billion, up 14.9 per cent) and Slovakia (\$1.0 billion, up 27.7 per cent).

In addition, there were a series of markets with import turnover of nearly \$1 billion, including Japan (\$996 billion), Taiwan (\$938 million), Singapore (\$924 million), and India (\$828 million).

In 2021, Việt Nam's exports of computers, electronic products and components to the UK also saw an encouraging increase of 5.6 per cent year-on-year. This group of goods was also among the list of key industrial products of Việt Nam exported to the UK. That also included phones and components; machinery, equipment and spare parts, and steel and iron.

The Ministry of Industry and Trade said tariff preferences under the UK-Việt Nam Free Trade Agreement (UKVFTA) are providing many Vietnamese products, typically computers, electronic products and components, with competitive advantages compared with similar products from other countries.

Under the trade pact, 74 per cent of tariffs on computers, electronic products and components imported from Việt Nam have been eliminated since January 1, 2021 while tariffs on all other products will be removed after two or four years.

In addition, Vietnamese exporters can also utilise the UK's increasing demand for these products to foster their exports to this lucrative market, trade experts said.

The UK Department for International Trade said that out of the UK's top 10 imported products in 2021, electronic equipment ranked fifth with a turnover of 45.1 billion pounds (\$52.7 billion), up 3 per cent year-on-year. In the second quarter of this year, the UK's electronic equipment saw a yearly hike of 15.7 per cent to surpass 12.5 billion pounds.

Nguyễn Cảnh Cường, trade counsellor at Việt Nam's Embassy to the UK, told Việt Nam News that the UK does not have its own consumer electronics manufacturing industry. All consumer electronics products available in the market are imported.

Market demand is huge and is constantly increasing, especially for smartphones, tablets, laptops and PCs, Cường said, adding that that will create opportunities for Việt Nam's consumer electronics products.

He told Việt Nam News that Việt Nam's exports of consumer electronics products to the UK will surge in the near future.

Despite a bright outlook for this group of goods to the UK, more support from the State and greater efforts from Vietnamese exporters are needed amid

the country's participation in many free trade agreements, experts have suggested.

In order to facilitate exports of computers, electronic products and components to overseas markets including the UK, the General Statistics Office underlined the need to provide support for firms in the process of researching new products, launch trade promotion schemes, and fine-tune the legal system, especially specific regulations placed on goods of Vietnamese origin.

Simultaneously, it is essential to boost export market expansion, improve the operational efficiency of Việt Nam's representative agencies abroad and sector associations in implementing trade promotion activities whilst disseminating the details of the FTAs so that businesses could utilise the opportunities brought by these FTAs.

The export turnover of computers, electronic products and components is forecast to continue to grow strongly this year and the export milestone of \$60 billion is not out of reach, according to experts.

5. Rice businesses seek to penetrate demanding markets

A number of Vietnamese rice businesses are planning to export high-quality products like ST25 to demanding markets such as Japan, Australia, the UK, and the EU.

ST25, which was crossbred by engineer Ho Quang Cua and recognised as the world's best rice in 2019, is becoming increasingly popular in the global market.

Tan Long group which specialises in animal feed processing and rice exports, recently announced plans to introduce ST25 branded A An into the European market after the Vietnamese rice was positively received in Japan.

In June Tan Long successfully delivered its first shipment of ST25 rice branded A An to Japan after it passed the extremely rigorous testing process of more than 450 indicators. This was the first time that a domestic rice brand had been successfully

exported to Japan widely viewed as a highly demanding market.

Most notably, its ST25 rice was part of the menu of dishes made for the Japanese Cabinet Office on September 2.

Meanwhile, Ho Quang Tri, a private business specialising in rice, corn, and other cereal grain processing, and EUTEK group of the UK signed a contract on September 8 to exclusively distribute ST 25 rice branded Mr Cua ST25 Rice in the UK.

Nguyen Hai Nam, business development manager of EUTEK Group, said the successful penetration of Mr Cua's rice into the UK market clearly demonstrates the rising position and future potential of Vietnamese rice in the global market. He noted that his group is currently focusing on marketing so it can distribute more rice and other specialties from Vietnam to this market.

Moreover, the Ho Quang Tri firm reached a deal with AusViet Food Trading PTY.Ltd. in early August to sell Mr Cua ST25 Rice in Australia.

Early September also saw Loc Troi Group introduce the Vietnamese rice product branded 'Com Vietnam' at Carrefour Ormesson and E.Leclerc Viry Chatillon hypermarkets in France. A representative of the group said that roughly 860 tonnes of Jasmin rice will be sold throughout E.Leclerc's outlet chains for the medium segment, whilst higher-quality rice will be delivered to the outlet chain during the Vietnamese week slated for this November.

This positive news has motivated local businesses to improve their product quality and develop brands as they seek to make inroads into the demanding markets. According to statistics unveiled by the Ministry of Agriculture and Rural Development, as of August 15, Vietnamese rice exports reached more than US\$2.3 billion, up 8.1% in value over the same period from last year.

When the EU – Vietnam Free Trade Agreement (EVFTA) took effect in August, 2020, the bloc offered Vietnam a quota of 80,000 tonnes of rice a year. In particular, the EU completely liberalised Vietnamese broken rice, presenting a prime opportunity for the product to gain a firm foothold within the EU, a market with very high requirements for product quality.

India, the world's largest rice exporter, recently decided to impose taxes on several varieties of rice for export as a means of ensuring domestic supply due to reduced output. The move that came into effect on September 9 is anticipated to disrupt global food markets and exacerbate any potential food issues.

As a consequence, India's for-export rice will prove to be less competitive in the international market, and importers are likely to shift to other rice exporters such as Thailand and Vietnam. In addition, Vietnam announced it has enough rice output to ensure rice exports from 6.5 to 6.7 million tonnes this year.

It is noteworthy that the enforcement of Free Trade Agreements (FTAs) such as those between Vietnam and the UK (UKVFTA), the EVFTA, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will be the driving force behind the rapid growth of trade, including rice trading, between Vietnam and its partners.

Vietnamese rice, when it is accepted into demanding markets and given tax preferences due to the FTAs, will certainly enhance its competitive edge in the world market.

6. Long-term bond yields decline in emerging East Asia

Việt Nam's local currency bond market grew 8.1 per cent from the previous quarter to US\$99.5 billion. The faster expansion was driven by both the Government and corporate bond segments.

This information was released at the Asia Bond Monitor report by the Asian Development Bank (ADB) on Wednesday.

According to the report, long-term bond yields in emerging East Asia declined between June 15 and August 24 amid mounting risks and a dimming economic outlook, even as financial conditions eased modestly.

Yields of 10-year local currency Government bonds dropped while yield curves flattened. Both are typically signals that investors expect slower economic growth. Currencies in the region continued to depreciate against the US dollar amid the weaker outlook.

Financial conditions in emerging East Asia eased moderately from mid-July to mid-August, when equity markets rallied, risk premiums narrowed, and portfolio inflows returned amid speculation that the US Federal Reserve would slow the pace of interest rate hikes. However, ongoing and renewed risks have continued to weigh down investor

sentiment, including concerns about persistent inflation, faster-than-expected US monetary tightening, lingering impacts of the COVID-19 pandemic, a greater-than-expected slowdown in the Republic of China (PRC), and the protracted fallout from the Russian 'military operation' in Ukraine.

“Market optimism over a milder US Federal Reserve tightening supported a modest improvement in financial conditions,” said ADB Chief Economist Albert Park. “But this seems to have been short-lived, as the Fed has been pretty clear in recent weeks that further interest rate hikes are likely. Financial conditions in the region may continue to tighten.”

Emerging East Asia comprises the PRC; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; the Philippines; Singapore; Thailand; and Việt Nam.

The region's bond market saw record-high issuance in the second quarter of this year, driven mostly by the PRC's efforts to stimulate the economy. Regional bond stock rose to \$22.9 trillion at the end of June. Issuance in economies belonging to the Association of Southeast Asian Nation (ASEAN) rose 10.3 per cent, expanding the bloc's share of regional bond issuance to 17.5 per cent.

Government bond issuance jumped 25.9 per cent from the previous quarter, as governments borrowed to support economic recovery. Outstanding government bonds reached \$14.5 trillion. Meanwhile, corporate bond issuance dipped 4.9 per cent amid the weak economic outlook and rising borrowing costs, bringing the total corporate bond stock to \$8.4 trillion. The size of the sustainable bond market in the ASEAN region plus the PRC; Hong Kong, China; Japan; and the Republic of Korea grew modestly on lower overall investment appetite, reaching \$503.5 billion.

In Việt Nam, the market increased 31.6 per cent from a year earlier. Government bonds increased 7.4 per cent from the previous quarter, driven by growth in central bank bills, to \$69.8 billion. Corporate bonds climbed 9.5 per cent from the previous quarter to about \$30 billion, driven by hefty issuance.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members - 49 from the region.

7. Vietnam tops world in crypto adoption: Chainanalysis

Vietnam is where people put the biggest share of their money into cryptocurrency, according to a study by US blockchain data platform Chainanalysis.

Study results released Wednesday in Chainanalysis's 2021 Global Crypto Adoption Index shows Vietnam making the maximum score of 1, placing it above the Philippines (0.75), Ukraine (0.69) and India (0.66).

It is the second straight year that Vietnam has ranked first in the index. In 2019, when the study was done for the first time, the country ranked 10th.

"Vietnam shows extremely high purchasing power and population-adjusted adoption across centralized, DeFi, and P2P cryptocurrency tools," Chainanalysis said.

The platform said it ranked 146 countries/territories by total cryptocurrency transaction value on decentralized and centralized exchanges, peer-to-peer exchange value, and DeFi exchange value, which were all weighted by purchasing power parity (PPP) per capita.

It then took the geometric mean of each country's ranking in all sub-indexes, and normalized that final number on a scale of 0 to 1. The closer the country's final score is to 1, the higher the rank, or the more adapted the country was to cryptocurrency.

Previous studies have also found Vietnam among the world's leading crypto and NFT players.

Some 21% of Vietnamese consumers reported using or owning cryptocurrency, second only to Nigeria at 32%, according to a survey done in 2020 by data portal Statista.

The country can be a blockchain pioneer, Binance founder Changpeng Zhao (CZ) said at the Vietnam NFT Summit last June.

Corporate News

8. HVN: Vietnam Airlines seeks government help to prevent share delisting

↑ +2.17%

Vietnam Airlines is trying to prevent its shares from being delisted from the Ho Chi Minh Stock Exchange, but it needs approval from the government for its restructuring.

The state-owned carrier, which was warned by the country's main bourse earlier this month about possible delisting due to mounting losses, has been trying to improve its financial situation, a spokesperson told the media.

"The risk of being delisted remains, and whether that happens depends on the airlines' efforts and the government's approval for its restructuring plans."

The plan, which includes divesting from some subsidiaries and issuing more shares, will provide it with cash, the spokesperson said.

One of its subsidiaries is low-cost carrier Pacific Airlines which is recording a loss of over VND7 trillion (\$296.76 million), and there are three investors who are interested in buying it, but there are conflicts in different laws concerning the sale of a state-owned company, the spokesperson said.

Vietnam Airlines' HVN ticker has been restricted of trading after the carrier, in which the government holds an 86% stake, reported losses for the last two years.

As of June 30 its equity was a negative VND4.9 trillion (\$209 million) and its overdue debts were more than VND14.85 trillion.

The losses came during the two years of Covid-19 when most flights were cancelled and travel activities came to a stop.

HVN has fallen by 36% this year to VND14,750.

9. ITA's 2021 net profit increased by nearly 9 billion dong after being adjusted

↑ +0.16%

In the recently published semi-annual consolidated financial statements of 2022, Tan Tao Investment and Industry Joint Stock Company (HOSE : ITA) adjusted the value of some items as of December 31, 2021.

Specifically, ITA made adjustments in 5 items but mainly belonged to 2 main groups: investments and expenses.

For investments, ITA has transferred nearly VND 1,753 billion from Investment in capital contribution to other entities to Investment in joint ventures and associates.

According to the explanation of ITA , the reason for the adjustment is that on December 14, 2020, the business registration certificate of Tan Tao Energy Development and Investment Joint Stock Company (TEDC) has changed its charter capital from 10,000 VND. billion dong to 8 trillion dong. As a result of this incident, ITA 's ownership rate in TEDC increased from 19% to 21.25%, thereby TEDC was considered as an associate company of ITA .

Moving to the items related to expenses, on the balance sheet, ITA has reduced the value of the

item Short-term payables as of December 31, 2021 from VND 1,159 billion to VND 1,140 billion, equivalent to a decrease of nearly 19 billion dong.

On the income statement, ITA adjusted financial expenses from more than 17 billion dong to more than 29 billion dong. In contrast, ITA raised other expenses from nearly 7 billion VND to nearly 35 billion VND, equivalent to an increase of nearly 28 billion VND.

For this issue, ITA said that the Company has made an advance provision for payable expenses according to the Appellate Court judgment of the People's Court of Long An province dated January 5, 2021 with the amount of nearly 28 billion dong. This operation caused the Company's other expenses to increase by nearly VND 28 billion as mentioned.

In addition, the Company also adjusted interest expenses deducted in advance with the amount of more than 46 billion VND according to the debt settlement plan of the bank. This reduces the Company's financial operating expenses by a corresponding amount.

As a result of the adjustment of other expenses and financial expenses, the value of ITA 's short-term expenses decreased by nearly 19 billion dong as mentioned above. As for business results, the company's net profit in 2021 increased by nearly 9 billion dong, from 261.7 billion dong to 270.5 billion dong.

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