



VIETNAM DAILY NEWS



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Market Analysis

1. Shares bounce back on bottom purchases

Vietnamese shares inched higher on Tuesday as investors snapped up beaten-down shares following a bruising selloff in the previous session.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index rose 1.12 per cent to end at 1,218.93 points.

The index had fallen 2.32 per cent, to close Monday at 1,205.43 points.

Nearly 473.9 million shares were traded on the southern bourse, equivalent to VNĐ11.2 trillion (US\$473 million).

Market breadth was positive with 120 losers and 309 gainers.

Banking stocks all increased sharply with gainers including Military Bank (MBB), Techcombank (TCB), Tiên Phong Bank (TPB), Vietcombank (VCB), Bank for Investment and Development of Vietnam (BID), VietinBank (CTG), Vietnam International Commercial JS Bank (VIB) and Saigon-Hanoi Commercial JS Bank (SHB).

Energy stocks recovered from the previous session with gainers such as Việt Nam National Petroleum Group (PLX), PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling and Well Services Corporation (PVD) and Drilling Mud Joint Stock Corporation (PVC) and Bình Sơn Refinery (BSR).

The securities and steel sector also performed positively with gainers being VNDirect Securities Co (VND), Việt Capital Inc (VCI), Hồ Chí Minh City Securities Corporation (HCM), SMC Trading

Investment JSC (SMC), Hoa Sen Group (HSG), Nam Kim Group (NKG) and Hòa Phát Group (HPG).

The 30 biggest stock tracker VN30-Index increased 0.91 per cent, to end at 1,241.07 points.

In the basket, 25 stocks climbed, and three slid, the other two were flat.

On a sector basis, 24 out of 25 sector indices on the stock market gained ground, including insurance, retail, oil and gas, banking, wholesale, construction, rubber production, IT, logistics, agriculture, real estate, securities, food and beverage, and construction materials.

Regarding the transactions of foreign investors, today they net bought on the HoSE and sold on the Hà Nội Stock Exchange (HNX).

Foreign investors net bought VNĐ149.43 billion on HOSE. They were net sellers on HNX with a value of VNĐ9.33 billion.

It is recommended that investors wait for the market to test the psychological support level of 1,200 points before making an investment decision, said BIDV Securities Co.

On the Hà Nội Stock Exchange (HNX), the HNX-Index gained 1.01 per cent, to end Tuesday at 266.91 points.

The northern market index had lost 3.16 per cent to close Monday at 264.25 points.

Nearly 56.3 million shares were traded on the northern exchange, worth VNĐ1.1 trillion.

Macro & Policies

2. Official points out risks to CPI during year-end period

Though inflation was under control in the past eight months, the economy still poses risk to the consumer price index (CPI) in the remaining months of this year and next year, said Director General of the General Statistics Office of Việt Nam (GSO) Nguyễn Thị Hương.

In an interview recently granted to Vietnam News Agency, Hương said amid inflation in many countries worldwide due to the prolonged Russia-Ukraine conflict, the COVID-19 pandemic and disrupted supply chains, the Vietnamese Government took drastic measures to reduce petrol prices, stabilise electricity and water prices and tuition fees, and maintain reasonable interest rates. As a result, inflation was kept at 2.58 per cent in eight months of this year, easing pressure on input costs.

The Government, ministries and agencies directed localities to manage prices while a number of firms actively joined the price stabilisation programme to ensure the supply of necessities to people, especially food.

Pointing out risks that could potentially impact CPI during the remainder of this year and next year, Hương said the global material prices remain high which could push up prices of consumer products at home, thus exerting pressure on inflation.

The fuel prices are also likely to hike again due to the complicated Russia-Ukraine conflict and rising

demand for energy in China when its economy is recovering from the pandemic.

At the same time, the supply of fertilisers and cereals used for animal feed production is falling, potentially leading to an increase in food prices.

Meanwhile, consumption demand is expected to rebound, especially tourism, entertainment and dining, she said.

According to her, the GSO suggested ministries, agencies and localities fully prepare food and necessities to meet public demand.

The Ministry of Agriculture and Rural Development must ensure the supply of pork, particularly during the year's end while the Ministry of Industry and Trade and localities must stabilise prices.

The supply of fuel at home must also be guaranteed and the reduction of value added and special consumption taxes should be considered in case the global fuel prices bounce back.

The GSO also proposed boosting the production of other important input materials such as iron and steel, construction materials and animal feed.

The State Bank of Vietnam (SBV) was advised to continue directing an active and flexible monetary policy and combine with fiscal and macro-economic policies to control inflation and ensure the supply of capital to the economy, she said.

3. Changes in regulations to strengthen private placement bonds

The Government on September 16 issued a new decree on offering and trading private placement bonds.

Decree 65/2022/NĐ-CP amends and supplements a number of articles of Decree 153/2020/NĐ-CP dated December 31, 2020 on offering and trading private placement bonds in the domestic market and offering corporate bonds to the international market.

The new decree amending regulations on bond issuance purposes seeks to strengthen issuers' responsibilities and obligations in using bond proceeds for the intended purposes.

It also supplements Clauses 4 and 5, Article 5 on principles of bond issuance and use.

Specifically, for issued bonds in the domestic market, enterprises may only change the conditions and terms of bonds specified in Article 6 of this decree if they are approved by leaders of the issuing business, and approved by the number of bondholders representing at least 65 per cent of the total number of bonds of the same type in circulation.

Information on the change in conditions and terms of bonds must be deemed irregular information disclosed by the issuing enterprise.

The par value of the bonds is also revised to increase from VNĐ100,000 or multiples of VNĐ100,000 to VNĐ100 million or multiples of VNĐ100 million.

Decree 65/2022/NĐ-CP clearly states that with bonds offered in the domestic market, the par value is VNĐ100 million or a multiple of VNĐ100 million.

In Decree 65, the way to identify professional investors who are allowed to invest in and trade private placement bonds is also amended.

A professional investor means an investor with financial capacity or professional qualifications in the securities sector as prescribed in the Law on Securities. Organisations responsible for identifying professional securities investors and documents to

identify professional securities investors must comply with the provisions of Decree 155/2020/NĐ-CP detailing the implementation of a number of articles of the Law on Securities and amendments, supplements, and replacements, except for the identification of professional securities investors specified in Point d of this Clause.

In addition, the Decree 65 amends a number of regulations on the time limit and content of information disclosure in order to enhance the transparency of bond issuers and the use of funds raised from the issuance.

The time limit for disclosing information on bond offering results is now shortened from ten days to five days.

"No later than five working days from the date of completion of the bond offering, the enterprise shall disclose information about the results of the offering to the bondholders and send the notice to stock exchanges," according to the decree.

In case enterprises unsuccessfully offer or cancel the bond offering, within five working days from the end of the bond distribution, enterprises shall disclose information and send the disclosure content to the stock exchanges.

The decree also strengthens management and supervision, including monitoring the financial market sector, the banking credit sector, and other sectors of the economy.

Speaking at a press conference of the Ministry of Finance on Monday, Nguyễn Hoàng Dương, deputy director of the Ministry of Finance's Department of Banking and Financial Institutions, said that Decree 65 amends and supplements the conditions for bond issuance to comply with the provisions of the Law on Securities and the Law on Enterprises.

The decree adds provisions to bond offering documents, including credit rating results according to cases and an implementation roadmap as prescribed for bond offerings to the public, Dương added.

4. China set to increase agricultural imports from Vietnamese market

China will move to increase imports of agricultural products from Vietnam and ensure smooth customs clearances occurs at border gates, Chinese media quoted Premier Li Keqiang as saying in a recent phone talk with his Vietnamese counterpart Pham Minh Chinh.

In a recent phone talk with Vietnamese Prime Minister Pham Minh Chinh, Chinese Premier Li Keqiang noted that the northern neighbour is willing to expand economic and trade co-operation with the country and will also increase direct flights between both sides as a means of facilitating people's travel.

China represents a large market with strong purchasing power, with Chinese consumers especially keen on agricultural products, while Vietnamese agricultural exports enjoy plenty of advantages in terms of taste compared to those of China.

For many years, China had been the largest consumer of Vietnamese fruits and vegetables, which accounted for nearly 65% of the northern neighbour's fruit exports throughout the first four months of last year, according to data compiled by the Ministry of Agriculture and Rural Development.

Dang Phuc Nguyen, general secretary of the Vietnam Fruit and Vegetable Association, said China remains the leading consumer of Vietnamese dragon fruit, accounting for 80% of total exports, adding that dragon fruit made up a third of Vietnamese fruit and vegetable exports worth US\$3.27 billion last year.

Despite these strong figures, the Chinese market has recently recorded several changes in terms of its import policy, with the application of stricter regulations relating to product quality, food safety, and traceability.

Last year saw total bilateral trade between the two sides reach US\$234 billion, accounting for over 26% of China's trade with ASEAN.

Trade activities between the Chinese side and the nation has witnessed growth since the implementation of the Regional Comprehensive Economic Partnership (RCEP), which came into force on January 1.

RCEP is widely considered to be the world's largest free trade agreement that involves 15 member countries, comprising almost a third of the global population and some 30% of global gross domestic product.

5. Garment sector's local procurement rate up but challenges ahead

The textile and garment industry's local procurement reached a record high rate of 57 per cent in the first eight months of this year, approaching the target of 60 per cent set for 2025, Lê Tiến Trường, chairman of the Vietnam National Textile and Garment Group (Vinatex), said.

He added that this is a big improvement as the rate had remained at around 50 per cent for a long time.

Vinatex's report also revealed that the whole industry's export revenue between January and August was worth US\$30.2 billion, a rise of nearly 20 per cent over the same period last year and the highest growth rate of the past decade. It was

estimated that the industry ran a trade surplus of around \$17 billion in the eight months.

Trường said that among textile and garment exporting countries, Việt Nam was the earliest to open up policies for normal operation after the COVID-19 pandemic compared to Bangladesh, India and China, which enabled the country to grab the opportunity to promote garment exports.

However, challenges remained for the rest of the year, Trường said.

He pointed out that other exporting countries also applied similar policies to promote post-pandemic recovery and resumed normal production and

business. Meanwhile, global demand was declining on the global economic slowdown and rising inflation.

Vinatex forecast that the average export revenue would decrease to \$3.1-3.2 billion per month in the four remaining months of this year, compared to the average of \$3.8 billion per month to August.

Trương said that the textile and garment industry expects to receive the Government's support in terms of tax and credits.

In the medium and long term, he said that Vinatex would invest in promoting a green and circular economy, adding that the investment would be large, however.

Trương said that support policies should be raised for industries with high local procurement rates and high trade surplus, like the garment and textile industry.

Invest in textile and dyeing

The Việt Nam Textile and Apparel Association said that Vietnamese garment and textile enterprises faced fierce competition from other major exporters in China, Bangladesh, India and Turkey, into markets with free trade deals.

The association pointed out that the rule of origin from yarn and fabric onward was a weakness of Việt Nam's garment industry which must rely on importing 80 per cent of fabrics to produce garments for export.

Statistics showed that, on average, Việt Nam spent around \$2 billion on importing raw materials, mainly from China.

Besides, importing countries were also increasing product criteria. The Việt Nam Trade Office in Sweden recently said that the EU and other Nordic countries such as Norway and Iceland were requiring the textile and garment industry to develop more sustainably and circularly.

These countries set stricter requirements for natural and synthetic fibres, which must be organic, recycled or of biological origin. For example, the cotton used in Nordic eco-labelled clothing must not be genetically modified, wholly organic or recycled.

Some Vietnamese firms were investing in research and development of raw materials to reduce the dependence on imported materials, but the supply remained limited.

The association urged the development strategy for the textile and footwear industries to 2030 with a vision to 2035 to be approved early to create conditions for the formation of large industrial parks with the concentrated wastewater treatment system, advanced technologies, and green technologies to attract investment in textile and dyeing.

The association said that this would help tackle the bottlenecks in the fabric supply for garment export and meet origin requirements for tax incentives from free trade agreements.

The Ministry of Industry and Trade said it was important to raise solutions to encourage technology renovation for the weaving and dyeing industry and build a support industry for the garment industry.

The focus should be on attracting investments in treating wastewater and establishing production chains.

6. US food and beverages introduced to Vietnamese people

A programme aimed at introducing food and beverages from the United States officially opened on September 20 at MM Mega Market An Phu in Ho Chi Minh City.

The event was jointly held by the MM Mega Market (MM) in collaboration with the US Department of Agriculture (USDA)'s Foreign Agricultural Service (FAS).

The scheme successfully attracted the participation of eight American Agricultural Trade Promotion Associations with the goal of introducing the US' various agricultural products, food, and beverages to the Vietnamese market.

Furthermore, it is also part of the "Kham Pha My Vi Hoa Ky" campaign introduced by the USDA back in 2021. Running from now to September 28, the campaign will introduce more than 140 food items belonging to various groups such as fruit, vegetables, beef, chicken, seafood, canned food, sauces, wine, and non-alcoholic beverages from major US brands at 12 MM Mega Market centres located across the country.

In his opening remarks, Benjamin Petlock, senior agricultural attaché at the US Consulate General in Ho Chi Minh City said US food and beverages are becoming increasingly popular with Vietnamese people thanks to their high quality, safety, convenience, and diversity.

Vietnamese consumers can easily find a wide variety of American foods and beverages sold in modern retail chains, including the MM Mega Market system across the country, he added.

For his part, Hyunjoon Lee, director of MM Mega Market's Purchasing Department, said as a leading retail enterprise with various strengths in the food industry, MM highly appreciates the co-operation of relevant stakeholders in organising the scheme.

MM Mega Market is therefore fully committed to making efforts to promote co-operation opportunities between MM and the US business community as a means of bringing more quality food and beverages closer to Vietnamese consumers, he noted.

7. Beware of global economic risks, analysts warn Vietnam

Gloomy global economy developments could exert inflationary and demand pressure on Vietnam this year. The government needs to address this with timely policies, foreign analysts say.

"In terms of Vietnam's external environment, we see slower external demand, higher inflation and tighter financial conditions," Francois Painchaud, International Monetary Fund regional resident representative for Vietnam and Laos, said at the recent Vietnam Socio-Economic Forum.

While 2022 was expected to be a year of booming recovery for Vietnam after two years of Covid-19 impacts, several geo-political developments like the Russia-Ukraine conflict and surging inflation in developed countries are partly delaying the country's economic revival, he said.

Vietnam's monetary policymakers, therefore, need to be increasingly vigilant of inflationary risks, he added.

"If sustained inflationary pressure continues to increase, the State Bank of Vietnam (SBV) should tighten further its monetary policy stance and clearly communicate the underlying drivers to help contain inflation."

Painchaud also proposed that the central bank provides targeted fiscal support for vulnerable households and firms, address bad loans in the banking system, and monitors potential risks in the real estate market.

The IMF, however, still maintains a positive economic outlook for Vietnam after increasing its

growth projection for the country by to 7% this year in July, up 1% point over its April forecast.

This was IMF's only significant upward revision among Asian economies.

The IMF also lowered its growth projection for Vietnam next year by 0.5% point to 6.7%, but that was still in contrast to dimming prospects elsewhere. Vietnam would grow fastest among major Asian economies, it said.

Other analysts at the forum said that to ensure growth, Vietnam needs to streamline its policies, especially for foreign direct investment companies.

Adam Sitkoff, executive director of the American Chamber of Commerce in Hanoi, said that data was a key component of Vietnam's economy, and foreign companies will only invest in a country with transparency in regulations.

It is therefore vital to build a thorough and clear national database, he said.

Clear policies that are in line with international standards will enable companies to calculate the costs of operating in the country, and will help attract strong FDI flows, he added.

Takeo Nakajima, chief representative of the Japan Trade Promotion Organization (JETRO) and vice president of the Japan Business Association in Vietnam, said that Vietnam ranked second behind the U.S. in the top countries that Japanese businesses

want to expand, according to a JETRO survey at the end of last year.

But a large pool of qualified human resources needed to be made available, as FDI companies are facing recruitment difficulties, he said.

Local authorities need to issue policies that provide workers with relevant training, accommodation and transportation, he added.

Digital transformation and ensuring energy sources are important, and FDI companies need data centers and logistics hubs, he said.

Takeo also said that developing the supporting industry to reduce imports was key to increasing Vietnamese businesses' capabilities.

Andrea Coppola, World Bank lead economist and program leader for Vietnam, warned that climate change could cause negative impacts on the majority of local and foreign companies in the country. Exports competitiveness could also be undermined.

"In this context, a gradual decarbonization of the economy could improve the country's competitiveness and investments in adaptation to climate change would minimize the costs associated with natural disasters," he said.

Increasing workers skills and expanding job opportunities will enrich the country's human resources and help achieve its sustainable economic development targets, he added.

Corporate News

8. MSB is about to issue 458 million bonus shares

↑ +1.44%

Vietnam Maritime Commercial Joint Stock Bank (HOSE: MSB) will finalize the list of shareholders to receive bonus shares. The ex-rights date is 10/10.

Specifically, MSB will issue bonus shares at the rate of 30% (shareholders owning 100 shares will receive 30 new shares).

The volume is equivalent to 458.25 million shares. Charter capital is expected to increase by VND 4,583 billion, to nearly VND 19,858 billion.

The source of capital used to issue shares to increase capital is the undistributed after-tax profit and share capital surplus that can be used to increase charter capital after fully appropriating

funds according to the audited financial statements. year 2021.

After completing the 30% capital increase through the issuance of bonus shares to existing shareholders, MSB will issue shares under the employee selection program.

"The increase in capital will help MSB improve its financial capacity, expand its operation scale and meet its growth plan" - a representative of MSB shared.

On the market, MSB's stock price is being traded at 17,550 dong/share (morning session of September 21), recovering 17% after a sharp drop from April.

9. ANV: Son of ANV CEO wants to sell 4.99 million shares

↑ +1.10%

Mr. Doan Chi Thien - son and also Assistant General Director of Nam Viet Joint Stock Company (HOSE : ANV) announced that he will sell 4.99 million shares of ANV during the period from September 23 to October 22, 2022 for personal purposes.

Currently, Mr. Thien is a major shareholder of ANV with an ownership rate of 6.88%, equivalent to nearly 9.1 million shares.

If the sale is successful, Mr. Thien will reduce his ownership in the Company to nearly 4.1 million shares, accounting for 3.1%.

Regarding the relationship, Mr. Thien is the son and holds the position of Assistant to General Director Doan Toi .

Closing the session on September 20, 2022, ANV 's stock price closed at 45,800 VND/share, down 27% from the peak of 63,700 VND/share in mid-June 2022. Based on this price, it is estimated that Mr. Thien will earn nearly 229 billion dong after divesting capital.

In the first 6 months of the year, Nam Viet recorded a net revenue of 2,513 billion dong, up 41% over the same period. In which, mainly the growth from the arrays related to pangasius. As a result, net profit reached more than 447 billion dong, 5 times higher than the same period last year. Compared to the plan,

ANV has achieved 51% of the profit target in 2022.

This result is placed in the context of the favorable business situation of the pangasius industry, with the selling price and export

volume simultaneously increasing sharply. In the first 6 months of the year, Vietnam exported more than 1.4 billion USD of pangasius , an increase of 83% over the same period, with all markets increasing strongly.

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