



VIETNAM DAILY NEWS



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Market Analysis

1. Shares tumble for second day but slow on falling selling pressure

Shares tumbled for a second day this week but selling pressure reduced, cushioning the market downturn.

On the Hồ Chí Minh Stock Exchange, the VN-Index decreased 0.67 per cent to close Tuesday at 1,166.54 points, widening the two-day loss to more than 3 per cent.

Liquidity dropped significantly with 466.6 million shares worth VNĐ10.6 trillion (US\$449 million) being traded, down 38 per cent in volume and 40 per cent in value compared to Monday's levels.

The market breadth was negative with 266 shares losing value while 183 gained and 160 closed flat.

Vingroup (VIC), Vinhomes (VHM) and PV Gas (GAS) were the three shares dragging the market most. VHM declined 3.2 per cent while VIC lost 1.8 per cent and GAS decreased 1.9 per cent. The VN-Index lost three points due to the slump of these three shares.

Other big losers included Vinamilk (VNM), down 2.2 per cent; Vietcombank (VCB), down 0.9 per cent; Đức Giang Chemical Group (DGC), down 4.9 per cent; Mobile World Investment (MWG), down 1.3 per cent; and FPT Corp (FPT), down 1.2 per cent.

On the bright side, the securities and banking sector recovered slightly with an average growth of 0.3 per cent each, contributing to easing investors' nerves.

Gainers included Military Bank (MBB), BIDV (BID), Techcombank (TCB), Asia Commercial Bank (ACB), Saigon Securities Inc (SSI), Hồ Chí Minh Securities Corp (HCM) and FPT Securities (FTS) with growth of less than 1 per cent each.

“Bottom-fishing cash flow showed signs of more active participation when VN-Index dropped deeply to the old bottom area of 1,160 points. However, the positive signs did not spread but concentrated in some stocks and some industry groups,” said Phuong Pham, a stock analyst at Viet Dragon Securities Co.

According to Phuong, selling pressure may grow again when both VN-Index and VN30-Index approach the strong resistance zone of 1,200 points. With the potential weakening risk, investors should wait for more reliable market support signals to take action, while continuing to take advantage of short-term uptrend to increase the cash proportion and keep the portfolio at a safe level.

On the Hà Nội Stock Exchange, the HNX-Index edged down 0.06 per cent to end at 255.52 points. The northern market's index slumped 3.3 per cent on Monday.

Liquidity almost halved here with just 49 million shares worth over VNĐ1 trillion being traded.

Foreign traders were net sellers on both exchanges, offloading shares worth net value of VNĐ401 billion.

Macro & Policies

2. Foreign investment disbursement hits record high in nine months

Disbursement of foreign direct investment (FDI) in the first nine months of this year reached US\$15.4 billion, up 16.2 per cent year-on-year and marking a record high, a report from the Foreign Investment Department (FIA) has shown.

This positive figures showed that foreign-invested enterprises have been constantly recovering and expanding their production and business activities in Việt Nam, FIA said in its report.

However, foreign investment inflows into Việt Nam saw a yearly decline of 15.3 per cent to over \$18.7 billion in the nine-month period.

Up to 1,355 new foreign-invested projects were licensed during the period with a total registered capital of \$7.12 billion, up 11.8 per cent in the number of projects but down 43 per cent in terms of the level of capital.

The agency attributed the decline in newly-registered capital to difficulties encountered by foreign investors in coming to Việt Nam to explore investment opportunities and fulfilling investment registration procedures in the last months of 2021 due to the State policies on controlling the COVID-19 pandemic. That have affected the number of new projects granted licences in the first months of 2022.

Also, the global market has been facing many fluctuations due to the influence of the geopolitical conflict in Europe, high inflation pressure, and supply chain disruptions, which have been negatively affecting the outflow of foreign investment from major economies, especially investment partners of Việt Nam.

The FIA also named a lack of large-scale projects worth over \$100 million in the first months of 2022 compared to that of 2021 as one of the major reasons. These projects including Long An 1 and 2 LNG power plants worth a combined over \$3.2 billion and Ô Môn 2 thermal power plant valued at above \$1.3 billion contributed 62.3 per cent of the total capital pledged in the nine months of 2021.

Meanwhile, the first nine months of this year saw few foreign-invested projects with a scale of over \$100 million, and these projects accounted for only 37.2 per cent of the period's total registered investment capital.

In another bright spot, capital added by foreign businesses to 769 operating projects in the country surged 30 per cent to \$8.3 billion. That has demonstrated their great confidence in Việt Nam's economy and its investment climate, according to the agency.

Phan Hữu Thắng, director of the Foreign Investment Research Centre, agreed. He told baodautu.vn that the success of the large-scale foreign enterprises in Việt Nam would help attract other ones to the country.

At the same time, foreign investor capital contributions and share purchases also recorded a yearly hike of 2 per cent to \$3.28 billion.

The processing and manufacturing sector lured the lion's share of FDI with over \$12.1 billion, accounting for 65 per cent of the country's total capital.

Real estate came next with \$3.5 billion or 18.7 per cent. Science and technology and wholesale and retail were the runners-up with \$677 million and \$620 million, respectively.

Singapore remained Việt Nam's leading source of foreign investment with above \$4.75 billion, making up 25.3 per cent of the total FDI registered in the country.

South Korea followed with nearly \$3.8 billion or 20.3 per cent, and Japan with \$1.9 billion or 10.2 per cent.

The country's other major foreign investors were mainland China, Denmark and Hong Kong.

A survey conducted by the Ministry of Planning and Investment and the Vietnam Business Forum

Alliance (VBF) in September 2022 showed that over 90 per cent of FDI enterprises achieved medium and high business efficiency and financial status.

Most surveyed businesses expressed their optimism and confidence in Việt Nam and committed to continue to expand investment in the country. Of them, 66 per cent said they planned to enlarge their investment scale in 2023.

According to the FIA director Đỗ Nhất Hoàng, Việt Nam expected good results in FDI attraction in 2022 and following years when countries have been gradually opening up their economies and adapting to the new normal conditions.

In addition, many international corporations and businesses have been looking for investment locations to diversify their supply chains and Việt Nam has been evaluated by international organisations as an attractive and safe investment destination.

In the next two or three years, technology corporations still prioritise Việt Nam as an

investment or expansion location, especially in manufacturing and processing, technology pharmaceuticals and energy, Hoàng told baodautu.vn.

In order to effectively catch up with this investment wave, Minister of Planning and Investment Nguyễn Chí Dũng emphasised the importance of preparing an adequate source of land, perfecting infrastructure and bettering the supply of energy and skilled labour.

Improving capacities of domestic enterprises so that they could participate in value chains while drawing up incentives and investment support packages to negotiate with strategic foreign investors should also be included.

In the long term, it would also be necessary to improve the business investment environment and speed up administrative reform, Dũng said.

3. Rice companies benefit from rising prices

Rice companies are benefiting from rising rice prices, especially the group of companies with a large export weight of rice.

The price of rice is increasing because India restricted rice exports. India exports rice to more than 150 countries and contributes about 36.7 per cent of the global rice trade, so any drop in export volume will put pressure on rice prices.

The global rice supply still faces risks due to severe weather conditions in major exporting countries, as stated in the new report of VNDirect Securities (VND).

Recent extreme weather in Asia's top rice exporting countries, which account for about 90 per cent of world rice production, is likely to reduce yields and output this year, VND said.

China alone, the world's largest rice consumer, has suffered severe drought in seven provinces, causing

the country's rice production to be reduced and is expected to increase rice imports to a record level of 6 million tonnes in crop year of 2022/2023.

According to the US Department of Agriculture, global inventories have fallen to a 4-year low when inventory-to-consumption ratio stays at just 34.4 per cent, compared to the average of 36.6 per cent for the 2018-2022 period.

VND said that rice prices may increase in the near future.

Việt Nam is the world's third largest rice exporter, after India and Thailand, with 7.8 per cent of global trade; and is the largest exporter to China with 24.5 per cent market share. Indian rice prices are in a weaker competitive position due to higher tariffs, which in turn pushes buyers to shift to Thai and Vietnamese rice.

In the first eight months of 2022, Việt Nam's rice export value and output reached US\$2.3 billion and 4.8 million tonnes, up 9.9 per cent and 20.7 per cent year-on-year, respectively. China is Việt Nam's second largest rice export market, after the Philippines, accounting for 12 per cent of total rice exports in the first eight months of 2022.

The Prime Minister has directed the Ministry of Agriculture and Rural Development to develop a project on sustainable production of 1 million hectares of high-quality specialised rice, reducing greenhouse gas emissions in the Mekong Delta region.

Accordingly, in order to improve the quality of exported rice to meet international standards, the Market-oriented Smallholder Value Chains Project (MSVC) project was born, under the public-private partnership between Olam Agri company, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Ministry of Agriculture and Rural Development.

Businesses are taking advantage of the industry's opportunities, especially the group of companies with a large export volume of rice such as Trung An Hi - Tech Farming JSC (TAR), Lộc Trời Group Joint

Stock Company (LTG) and The PAN Group Joint Stock Company (PAN).

LTG will directly benefit from rice exports thanks to being one of the rice distributors to both major markets - Europe and China. With the development orientation focusing on the food segment, the revenue proportion of the rice segment reached 39 per cent in 2021 and 57 per cent in the first 6 months of 2022.

As for TAR, the company expects to benefit from China's production reduction and India's export restriction due to drought. Rice trading is TAR's main business, with exports accounting for nearly 15 per cent of total revenue.

China is the main rice export market of this enterprise with a proportion of up to 27 per cent of export revenue. Therefore, China increasing rice imports from Việt Nam will be the driving force for TAR to increase export output.

PAN will also benefit directly from Europe's reduced production and India's export restrictions due to drought. The agricultural segment has now become one of PAN's key industries as it contributes 19 per cent to total revenue and 39 per cent to total gross profit.

4. Vietnam emerges as winner from era of deglobalisation

UK media outlet the Economist has recently published an article highlighting huge advantages enjoyed by Vietnam in the era of deglobalisation.

The article outlines that since 2000, Vietnamese GDP has grown at a faster rate than that of any other Asian country bar China, averaging 6.2% annually.

It has lured major foreign firms in droves, starting with apparel makers such as Nike and Adidas seeking low-skilled labour, before eventually booming into electronics and higher-value goods which create better-paid jobs for more highly-skilled workers.

In 2020, electronics made up 38% of the country's goods exports, up from 14% of a far smaller total back in 2010.

The Economist points out that the trade war between the US and China, which initially started in 2018 has been a factor behind this. In 2019 the country produced nearly half of the US\$31 billion-worth of American imports that had moved from China to other low-cost Asian countries.

Apple's largest suppliers, Foxconn and Pegatron, which make Apple Watches, MacBooks, and other gadgets, are building big factories in Vietnam and look set to join the ranks of the country's largest employers. Other major names include Dell and HP,

with a focus on laptops, Google, with a focus on phones, and Microsoft, with a focus on gaming consoles.

All of which could lead to stronger growth and make millions of Vietnamese people better off. Vietnam aims to become rich, with GDP per capita exceeding US\$18,000 by 2045, up from the current US\$2,800. It hopes to do this partly by moving away from cheap garments to complex electronics which require greater investment and more skilled labour, the article notes.

Furthermore, the country is an enthusiastic member of over a dozen free-trade agreements, giving it easier access to scores of international markets. With the recent COVID-19 outbreak brought under control, the government has eased domestic travel restrictions and reopened all borders to tourism and trade exchanges.

5. Apple to shift AirPods, iPad production to Vietnam

Apple is set to move production of 65% of wireless earbuds AirPods to Vietnam by 2025, slowly reducing its reliance on China, according to JP Morgan analysts.

The move will see Vietnam contribute 20% of the total production of iPads and Apple Watches, 5% of MacBooks, and 65% of AirPods by 2025.

Website TechCrunch also quoted a JP Morgan report stating Apple is now gearing up to make both Vietnam and India key global manufacturing hubs.

The tech giant is set to move 5% of iPhone 14 production to India this year, with plans to expand its manufacturing capacity there to produce 25% of all iPhones by 2025.

JP Morgan also predicted that in the near future, China and Taiwan (China) would continue to hold a significant market share due to better cost structures.

“Taiwanese Electronics Manufacturing Services (EMS) vendors, especially Pegatron and Wistron, are

According to the article, Vietnam offers advantages in terms of geographical blessings, such as more than 3,000km of coastline, massive infrastructure spending on things such as new roads, and its electronics cluster operating profitably.

However, there is much to be done if Vietnamese factories are to move farther up the value chain, says the article. Whilst foreign firms would love to buy more parts locally, which could be faster and more convenient than sourcing them from just over the border, they usually fail to find what they seek.

The article notes that Vietnam has many things working in its favour, including a young workforce. If Vietnam is to grow as rich as China, let alone Japan, the Republic of Korea, or Taiwan (China), then it will have to invest not just in infrastructure, but also in its people, the article concludes.

more selective and prioritizing profitability while focusing on new areas such as EVs and servers. Hon Hai remains a primary EMS partner for iPhones and should benefit from the move to India,” the report added.

Meanwhile, original equipment manufacturers (OEM) also said that Vietnam is emerging as a centre for manufacturing components and EMS for small-volume products.

Nikkei Asia earlier reported that Apple is in talks to produce Apple Watches and MacBooks in Vietnam for the first time, amid the US tech giant seeking to diversify production.

According to the media outlet, Apple suppliers Luxshare Precision Industry and Foxconn have started test production of the Apple Watch in northern Vietnam, with the ultimate aim of producing the device outside of China.

Foxconn, a key supplier to Apple, leased 50.5 hectares of land in Bac Giang province in August to build a US\$300-million factory. It is expected to employ 30,000 local workers.

6. Commercial banks raise deposit rates after SBV's adjustment

Many commercial banks have increased interest rates for Vietnamese đồng deposits over the past few days after the State Bank of Việt Nam raised its policy rate by 100 basis points last Thursday.

Vietnam Prosperity Commercial Joint Stock Bank (VPBank) has sharply increased deposit interest rates for short terms. Specifically, customers who deposit at VPBank for a term of 2-5 months will enjoy a ceiling interest rate of 5 per cent per year for savings of VNĐ10 billion or more, up 1 percentage point. As for deposits from VNĐ3 billion to less than VNĐ10 billion, the interest rate is 4.9 per cent per year. The rate of 4.8 per cent per year is for deposits from VNĐ300 million to less than VNĐ3 billion.

Interest rates for 12-month deposits at VPBank has also increased by 0.5-0.6 percentage point per year to range from 6.4-7.2 per cent per year depending on the deposit value.

Notably, the highest interest rate listed by VPBank is 7.7 per cent per year for customers who deposit from VNĐ50 billion or more with a term of 36 months, up 0.7 percentage point per year. This rate is currently the highest rate in the banking system for deposits under VNĐ100 billion.

At Saigon-Hanoi Commercial Joint Stock Bank (SHB), the deposit interest rate for terms of less than one month has also increased to a maximum of 0.5 percentage point per year. The rate for deposits from one month to less than six months has also increased by 0.8-0.9 percentage point per year to range from 4.38-4.9 per cent per year.

For longer terms, deposit interest rates at SHB has increased by 0.4-0.5 percentage point per year to 5.73-7.35 per cent per year depending on terms.

SHB is listing the highest interest rate of 8.1 per cent and 7.9 per cent per year for Phát Lộc deposit certificate with terms of eight and six years, respectively.

Many other banks, such as Asia Commercial Joint Stock Bank (ACB), Vietnam Import-Export Commercial Joint Stock Bank (Eximbank), Bắc Á Commercial Joint Stock Bank (Bac A Bank), Việt Capital Commercial Joint Stock Bank (Viet Capital Bank) and Kiên Long Commercial Joint Stock Bank (Kienlongbank), have also adjusted up the deposit interest rate for many terms, especially terms of less than six months.

Meanwhile, large-sized State-owned banks in the Big 4 group, including Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV), Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank), Joint Stock Commercial Bank for Industry and Trade of Vietnam (VietinBank) and Bank of Agriculture and Rural Development of Vietnam (Agribank), have not yet made a new adjustment. Currently, the highest interest rates listed by these banks range from 5.6-5.8 per cent per year for online deposits and 5.6 per cent per year for over-the-counter deposits. Their interest rates for short terms under six months are at 3.1-3.4 per cent per year.

Maybank Investment Banking Group (Maybank IBG) forecast after last week's adjustment, the SBV would keep the deposit interest rate unchanged from now until the end of 2022.

According to Maybank IBG, the SBV's policy rate hike last week would not significantly affect the economic recovery. Maybank IBG maintains its GDP growth forecast of 8 per cent for Việt Nam for 2022 and 6 per cent for 2023, respectively.

7. Vinfast expands cooperation with Japanese electronics company in EV manufacturing

VinFast, Việt Nam’s first global EV maker, and Renesas Electronics Corporation, Japan’s premier supplier of advanced semiconductor solutions, announced on Monday that they are expanding their collaboration agreement to include automotive technology development of electric vehicles (EVs) and delivery of system components.

The signing ceremony of the strategic collaboration was held at VinFast’s factory in the northern port city of Hải Phòng earlier this month.

As part of the newly expanded agreement, Renesas will provide a broader range of products to VinFast, including SoCs (System on Chips), microcontrollers, analog and power semiconductors. It will also provide technical support to assist VinFast in developing future automotive applications and mobility services.

By gaining access to Renesas’ leading-edge technologies and expertise in the automotive industry, VinFast will accelerate the development of new EVs and market expansion with the aim to aggressively increase its annual production and sales.

The two companies will regularly share product development roadmaps, market trends and requirements, project implementation progress as well as new cooperation opportunities.

“VinFast is on a course of market expansion worldwide and mass production to ensure the highest vehicle performance and timely delivery to customers,” said Lê Thị Thu Thủy, Vice Chairwoman of Vingroup and Global CEO of VinFast.

“This new partnership with Renesas will give VinFast access to both advanced in-vehicle semiconductor technology as well as high-level system expertise, with the aim to accelerate the development of safe and sophisticated EVs for global markets.”

“We are committed to supporting the local industry in Việt Nam through talent development and business expansion. The collaboration with VinFast reinforces our commitment. We are thrilled to join VinFast’s journey for their global growth beyond Viet Nam. By making EVs more widely available, I am convinced we can lead a greener, safer, and more sustainable way of living,” said Hidetoshi Shibata, President and CEO of Renesas.

VinFast and Renesas have previously collaborated on automotive infotainment systems, and Renesas’ SoCs (System-on-Chips), R-Car, and analog products have already been implemented in VinFast’s new VF8 and VF9 EV models.

Corporate News

8. NT2 plans to spend more than 187 billion dong to pay the remaining dividend in 2021

↑ +4.26%

Nhon Trach 2 Petroleum Power Joint Stock Company (HOSE : NT2) will close the list of shareholders to pay the remaining dividend in 2021 in cash at the rate of 6.5%. The ex-rights date is 07/10.

Accordingly, shareholders owning 1 share will receive 650 VND. With nearly 288 million shares outstanding, it is estimated that NT2 needs to spend more than 187 billion dong for this dividend payment. Payment will be made from October 20, 2022.

Currently, PetroVietnam Power Corporation - JSC (HOSE : POW) is the largest shareholder of NT2 with a holding rate of 59.37%, equivalent to nearly 171 million shares. Thus, POW will receive more than 111 billion dong of dividends from NT2 .

Previously, on April 18, the Company made an advance of the first dividend of 2021 in cash at the rate of 10%. Thus, NT2 's total dividend in 2021 is 16.5% in cash, 15% higher than the previously approved plan.

In terms of business activities, NT2 recorded revenue in the second quarter of 2022, up 66% year-on-year to VND 2,688 billion, thanks to a sharp increase in electricity output and selling price. Net profit reached 365 billion dong (up 1,386%), leading to a 276% increase in net profit in the first 6 months of 2022 to 524.6 billion dong.

In 2022, the Company sets a revenue plan of 8.1 trillion dong, profit after tax of 468 billion dong.

Only in the first 6 months, NT2 has completed 112% of the year's profit target.

VNDirect Securities (HOSE : VND) forecasts that in 2022, NT2 can earn VND 8,250 billion in revenue, up 12.1% over the same period; net profit is estimated at 809 billion dong, up 51%. In 2023, revenue will reach VND 7,749 billion (down 6.1%), net profit will reach VND 856 billion (up 6%). In 2024, revenue reached VND 8,426 billion (up 8.7%), net profit drifted to VND 1,098 billion (up 28%).

Meanwhile, in the updated report on September 9, KB Securities Vietnam Joint Stock Company (KBSV) said that the recovery of nationwide electricity demand, especially in the South, will continue to be the growth engine for the country. power plants in this area and NT2 .

NT2 's output in the second half of the year and the whole of 2022 is forecast to reach 2.031 million kWh and 4.205 million kWh, respectively, up 45% and 31.6% over the same period. KBSV estimates that NT2 's revenue and profit after tax in 2022 can reach VND 8,854 billion and VND 911 billion, respectively, up 44% and 71% over the previous year.

Closing the transaction on September 27, NT2 shares increased by 4.3%, thereby climbing to the historical peak of VND 31,800/share, up nearly 25% in a month. The average matching volume in the last 10 trading sessions reached 2.55 million shares/session.

9. LienVietPostBank is about to increase its capital by more than 5,255 billion VND

↑ +1.90%

The plan to increase charter capital in 2022 of Lien Viet Post Commercial Joint Stock Bank (Lien Viet Post Bank , HOSE : LPB) is being planned in detail by the Board of Directors.

The Board of Directors of LPB has just approved the implementation of issuing shares to pay dividends in 2021 and offering shares to existing shareholders to increase charter capital according to the plan to increase charter capital in 2022 approved by the 2022 Annual General Meeting of Shareholders. Browser.

Specifically, LPB will increase capital by more than 5,255 billion VND (equivalent to nearly 526 million shares). In which, the Bank will issue shares to pay dividends in 2021 at the rate of 15% (equivalent to nearly 226 million shares) and offer 300 million shares to existing shareholders.

Currently, the charter capital of LPB reaches VND 15,036 billion. After completing the above two issuances, LPB will increase its charter capital to more than VND 20,291 billion.

Particularly, the plan to increase charter capital by private placement to foreign investors will be implemented later at an appropriate time.

At LPB 's 2022 Annual General Meeting of Shareholders, shareholders approved the plan to increase charter capital in 2022 by nearly VND 6,214 billion, raising it to nearly VND 21,250 billion.

The capital increase is implemented in three forms: Issuing nearly 226 million shares to pay dividends in 2021 by shares at the rate of 15%; private placement of nearly 96 million shares to foreign investors with a maximum post-issuance foreign ownership rate of 9.99% and an offer of 300 million shares to existing shareholders at the rate of 16.44%.

The additional charter capital is expected to be increased by the Bank to meet the borrowing needs of customers and increase the scale of operating capital.

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