



VIETNAM DAILY NEWS



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Market Analysis

1. Rising selling force weighs on market in closing minutes

The Vietnamese stock market pushed back the bottom-fishing demand to end lower on Thursday, as investors reacted cautiously to positive macro data.

On the Ho Chi Minh Stock Exchange (HoSE), the benchmark VN-Index fell for a fifth consecutive session with a decline of 17.55 points, or 1.53 per cent, to 1,126.07 points. It gained slightly Thursday morning on bargain-hunting force.

The index had lost over 77.2 points this week.

The market's breadth was back to negative with more stocks sliding after showing some signs of recovery in the morning trade.

Liquidity also decreased, of which matching value on HoSE reduced by 14.5 per cent over the previous session to VND9.16 trillion (US\$384.3 million), equivalent to a matching volume of 416 million shares.

The 30 biggest stocks tracker VN30-Index also lost 13.22 points, or 1.14 per cent, to 1,147.44 points. Twenty stocks of the VN30 basket posted poor performance, while only six stocks climbed and four stocks ended flat.

Improved risk appetite after recent big losses and bullish economic reports had lifted the market in the morning trade, but selling force suddenly rose in the last trading minutes causing the benchmark to reverse and fall below the reference price.

Most experts recommended investors to stay out of the market and limit trading when there are many technical signals showing that the benchmark index is likely to dip to the support zone of 1,100 points.

The General Statistics Office of Vietnam on Thursday said that the country's GDP in the third quarter of the year increased by 13.6 per cent year-on-year.

For the first nine months, the GDP growth reached 8.83 per cent, the biggest growth of the same period during 2021-2022.

Pillar stocks in real estate, manufacturing and banking sectors continued to face strong sell-offs, of which Vingroup (VIC) led the bearish trend with a loss of 5.04 per cent.

Other big ticker symbols contributing to the downside were Becamex (BCM), Vietnam Rubber Group (GVR), Vietcombank (VCB), Vietinbank (CTG), Masan Group (MSN) and VPBank (VPB). These stocks all plummeted at least 1.3 per cent, with BCM even hitting the maximum daily fall of 7 per cent.

The market's losses were cushioned by gains of some large-cap stocks, such as Vinamilk (VNM), Vincom Retail (VRE) and PV Gas (GAS), up in a range of 0.96-1.3 per cent.

The HNX-Index on the northern market's Ha Noi Stock Exchange (HNX) also settled lower on Thursday, extending the losing streak to five straight sessions. It closed the trading day at 249.41 points, a decrease of 2.94 points, or 1.17 per cent.

During the session, more than 57.8 million shares were traded on HNX, worth nearly VND1.1 trillion.

On the other hand, foreign investors continued to withdraw capital from both main exchange. Of which, they net sold a value of VND161.6 billion on HoSE and VND10.16 billion on HNX.

Macro & Policies

2. Việt Nam's GDP up 13.67% in Q3 as manufacturing rebounds

Việt Nam's gross domestic product (GDP) expanded 13.67 per cent in the third quarter of this year, helped by a rebound in manufacturing and a lower base than a year ago, the General Statistics Office (GSO) said Thursday.

Business activities in the third quarter saw strong growth, especially compared with the same period last year when several parts of the country were under strict lockdown due to the pandemic, said GSO Director General Nguyễn Thị Hương.

In Q3 this year, the agriculture-forestry-fishery sector increased by 3.24 per cent, the industry and construction sector was up 12.91 per cent, while the service sector rose by 18.86 per cent, Hương said.

Regarding GDP use, final consumption expenditure increased by 10.08 per cent over the same period last year; accumulated assets rose by 8.7 per cent; exports of goods and services surged 9.32 per cent, and imports of goods and services were up 2.72 per cent.

With upbeat signs reported in almost all aspects between January and September, the GDP was estimated to rise 8.83 per cent for the period, the highest nine-month growth recorded in 2011-2022, said GSO Director General Nguyễn Thị Hương.

In nine months, the GSO also pointed out that the agro-forestry-fishery sector grew by 2.99 per cent. The industry and construction, meanwhile, increased by 9.44 per cent, and service rose by 10.57 per cent.

As for GDP use, final consumption expenditure climbed 7.26 per cent over the same period last year; accumulated assets rose by 5.59 per cent; exports of goods and services up 8.94 per cent and imports of goods and services up 4.74 per cent.

Hương said in the period, ministries, sectors, and localities have drastically implemented the Government's resolutions serving the nation's

programme for recovery and socio-economic growth.

As a result, the macro-economy was stabilised, inflation was put under control, major balances ensured, monetary and fiscal policies conducted flexibly and effectively, the business investment environment improved, and social security was guaranteed, she said.

CPI up 3.32 per cent in Q3

The Consumer Price Index (CPI) in the third quarter of 2022 posted a year-on-year rise of 3.32 per cent.

The office said CPI in September increased by 0.4 per cent month-on-month, up 4.01 per cent against December 2021 and up 3.94 per cent compared to the same period last year.

GSO General Director Nguyễn Thị Hương attributed the increase in CPI in September to the price of essential consumer goods and services increasing in line with the price of input materials and transportation costs, the continuous hikes in domestic petrol prices in tandem with world fuel prices, as well as rising tuition fees.

On average, in the first nine months, CPI increased by 2.73 per cent over the same period last year; core inflation rose by 1.88 per cent.

The COVID-19 pandemic has been controlled, meaning demand for eating out has increased. The average prices of restaurant services in nine months increased by 4.38 per cent over the same period last year, causing the overall CPI to increase by 0.38 percentage points. Although domestic gas prices fluctuated according to world gas prices, gas prices in nine months rose by 18.75 per cent over the same period last year.

The price of food items in the first nine months of 2022 increased by 0.5 per cent over the same period

last year, causing CPI to increase by 0.11 percentage points. In addition, the increase in domestic rice prices in line with the export prices of rice made the prices of rice in the first nine months increase by 1.14 per cent year-on-year, increasing the overall CPI by 0.03 percentage points.

However, it wasn't all bad, and CPI across many sectors decreased in the third quarter of 2022, including education service fees which dropped by 1.88 per cent. A number of provinces and centrally-run cities exempt and reduced tuition fees from the first semester of the 2021-2022 school year due to the impact of the COVID-19 pandemic, causing CPI to decrease by 0.1 percentage points.

The domestic gold price fluctuated in the same direction as the world gold prices. As of September 25, 2022, the average world gold price stood at \$1,702.79 per ounce, down 4.74 per cent compared to August 2022, when the US tightened monetary policy.

Domestically, gold price in September 2022 decreased by 1.71 per cent compared to the previous month, up by 1.34 per cent compared to December 2021, up by 4.06 per cent over the same period last year.

3. Vietnam enjoys trade surplus of 6.52 bln USD in Jan-Sep

Vietnam estimates a trade surplus of 6.52 billion USD in the first nine months of this year.

In the same period last year, the country posted a trade deficit of 3.44 billion USD.

The General Statistics Office announced on September 29 that in the period, the country's import-export value hit 558.5 billion USD, up 15.1% year-on-year. Of the total, the export turnover topped 282 billion USD, while imports reached 276 billion USD, up 17.3% and 13% year-on-year, respectively.

In the reviewed period, 32 commodities reported their export value of more than 1 billion USD each, with that of six surpassing the 10 billion USD mark.

Meanwhile, 42 commodities saw their import value of over 1 billion USD, with four surpassing the 10-billion-USD mark.

During January-September, the US remained Vietnam's biggest importer, with a turnover of 86.3

billion USD, while China was the country's largest exporter, selling 91.6 billion USD worth of products.

In the period, Vietnam saw a trade surplus of 24.3 billion USD with the European Union, and a trade deficit of 51.5 billion USD with China, up 48.2% and 21.3% y-o-y, respectively.

In September alone, the country's total import-export value is estimated at 58.7 billion USD, down 11% m-o-m, but up 8.4% y-o-y.

Deputy Minister of Industry and Trade Do Thang Hai said that in the remaining months of this year, his ministry will focus on supporting businesses in finding alternative sources of raw materials with reasonable prices to ensure a sufficient supply of fuel and materials to prepare for the year-end shopping season; and help them make good use of signed free trade agreements (FTAs) to speed up production and export.

Attention will be paid to creating more favourable conditions for enterprises to conduct administrative procedures, he added.

4. State budget collection almost reaches yearly target

State budget collection in the January-September period was estimated at over 1.32 quadrillion VND

(55.9 billion USD), reaching 94% of the yearly target, and up 22% from the same period last year,

according to Deputy Finance Minister Nguyen Duc Chi.

At a press conference on September 29, the deputy minister said domestic collection accounted for 88.9% of the yearly estimates, up 18.8% year-on-year.

The ministry said 61 out of 63 provinces and cities have met over 75% of their targets in domestic collection, and 52 localities have collected higher tax revenues than the same period last year.

The country's state budget expenditure in the January – August period reached 1,086.3 trillion

VND, equivalent to 60.8% of the year's estimate and up 5.4% year-on-year.

However, the disbursement of investment in development in the 9-month period is still behind schedule at 46.7% of the plan. Only 7 ministries and 20 localities disbursed over half of the assigned investment capital, while 14 ministries and central agencies and 2 localities disbursed under 20%.

Based on the budget revenues in the first nine months of the year, the ministry forecast that the economy would expand 7 – 7.5% this year while export value would increase by 9.46% and import value by 10.5% year on year.

5. MoF proposes to reduce tax for input material of petrol products to 10%

The Ministry of Finance (MoF) has proposed to reduce the most-favoured-nation (MFN) tariff for some kinds of gasoline products used as input materials for production of other products from 20 per cent to 10 per cent to reduce the price of input materials.

According to the draft proposed by the ministry for the second time, the reduction of MFN rate is for the imports of those petroleum products in the group of HS code 2710 to support for production and consumption. They are HS codes 2710.12.31, 2710.12.39, 2710.12.40, 2710.12.50, 2710.12.60, 2710.12.70, 2710.12.80, 2710.12.91, 2710.12.92, and 2710.12.99.

Meanwhile, the MFN tariff for ethanol products with HS code 2207.20.11 and 2207.20.19 is 15 per cent at present. Meanwhile, the preferential tax rate under ASEAN Trade in Goods Agreement (ATIGA) and Vietnam-Korea Free Trade Agreement (VKFTA) for these products is zero.

Việt Nam's import value of this product that was used in many industries reached \$48.7 million in 2021, including 62 per cent of the imports from the US.

In the context of high domestic and world gasoline prices and a shortage of gasoline supply, the import of ethanol would make up for the shortfall of gasoline. Ethanol products also enjoy preferential

rates in environmental protection tax and special consumption tax.

Therefore, the ministry has proposed to cut MFN tariff for ethanol from 15 per cent to 10 per cent, instead of the 12 per cent in the proposal for the first time.

In August, the Government issued a reduction of MFN tariff for imported unleaded motor gasoline from 20 per cent to 10 per cent as one of the solutions on cutting retail prices on the domestic market that have increased sharply following surging oil price on the world market.

The reduction of the MFN tariff to zero is also proposed for some items, like intermediate products for oil refiners, such as VGO, residue and condensate, to ensure enough supply of those products for petroleum production.

According to the Ministry of Finance, gasoline products are mainly imported from countries that have signed free trade agreements (FTAs) with Việt Nam, so they enjoy a lower FTA import tax rate compared to the MFN tariff.

The General Department of Customs reported that last year, Việt Nam's total taxable import turnover of petroleum products was \$475.3 million, including \$474 million from the imports from countries that have signed FTAs.

In the first five months of 2022, the total import value of gasoline imposed tariff was \$826.5 million, which was also mostly imported from countries that have signed FTAs with Việt Nam.

Thus, the imported gasoline with the MFN tariff had a small volume, so the reduction of the MFN import tariff for gasoline products will not have much impact on the State budget revenue.

Meanwhile, the reduction of import tariff for materials of oil refineries such as VGO, residue and condensate would not cause a large reduction in revenue for the State budget and also help the refineries diversify the supply resources of those materials.

According to economic expert Nguyễn Minh Phong, the MoF's continuous reduction of taxes on some essential goods such as petrol and oil, or some materials for production targets to restore economic growth. It also lowers the prices of many commodities to prevent inflation from rising.

Together with supportive packages on fiscal and monetary policies, the Government issued many other policies to support people and businesses. It also assigned ministries and branches to have specific supportive policies for the businesses.

In the draft decree proposed for the second time, the ministry has increased the export tariff on fertilisers. Accordingly, the tariff for fertiliser products increases from zero to 5 per cent, including urea, phosphate, superphosphate, DAP, and MAP.

Meanwhile, for domestic NPK fertiliser meeting the domestic demand and having a large volume for export, it proposes to stipulate a zero export tax rate to not affect domestic production.

During the management process, the Ministry of Finance would have flexible and proactive restructuring of revenue sources. At the same time, it would implement many measures to increase revenue for the State budget.

6. ThaiBev rejects rumors about selling 'crown jewel' brewer Sabeco

Thai company ThaiBev has dismissed rumors it wants to sell Vietnam's biggest brewer Sabeco.

"It's our crown jewel, a rare asset among all brewing assets in the region," Nikkei reported Thapana Sirivadhanabhakdi, CEO of ThaiBev Group, as saying at the company's annual press conference Tuesday.

He was asked about rumors that the Thai giant plans to sell Sabeco. They have been cropping up now and then since its acquisition of the brewer in 2017, the maker of Saigon Beer, which has a 40% market share in Vietnam.

ThaiBev owns a 54% stake in Sabeco, the Vietnam State Capital Investment Corporation holds 36% and the remaining 10% is with other foreign investors.

ThaiBev is not looking to buy SCIC's stake, Michael Chye Hin Fah, CEO of brewery arm BeerCo, said.

Sirivadhanabhakdi said: "If you ask me personally, I definitely want to see the Vietnamese government let go to local Vietnamese investors. If there is more liquidity in the market that will definitely help improve [the] overall valuation for Sabeco."

Sabeco saw third quarter revenues rise 25% year-on-year to VND9 trillion.

Its profit was up at VND1.79 trillion (US\$75.4 million), the highest since it was acquired by ThaiBev.

Vietnam is the biggest beer consumer in Southeast Asia and the ninth biggest in the world.

7. Dollar soars to all-time high at against the dong

The U.S. dollar continued its recent rally, reaching an all-time high at nearly VND24,000 at some banks Thursday.

Vietcombank, the country's largest lender, sold the greenback for VND23,950, up by around 4.5% compared to the beginning of this year.

This is the rate lenders ACB and Eximbank announced the same day. At VietinBank, the listed price was VND23,975. Techcombank, the country's largest private lender, raised the exchange rate to VND23,990. Sacombank kept the rate at VND23,980.

The central bank fixed its reference rate at VND23,371, up 0.97% from the beginning of the year.

The rise of the dollars since late August has caused the Vietnamese dong to depreciate by at least 1.5% over the past month.

A dollar was sold at VND24,200-24,290 Thursday at unofficial exchange points, unchanged from Wednesday.

Vietnam's central bank has increased a series of regulatory interest rates, including deposit, rediscount and refunding rates.

The ceiling of deposit interest rates, with terms from 1 month to below 6 months, would be increased by 1 percentage point to 5% a year.

The central bank has so far this year sold dollars worth at least \$20 billion to keep the forex market stable, thereby reducing Vietnam's foreign exchange reserves to \$90 billion.

Corporate News

8. FPT: Tech giant FPT launches first microchips

↓ -1.28%

FPT Semiconductor, a unit of tech conglomerate FPT, said it has launched its first line of integrated circuit chips, seeking to establish Vietnam's spot on the global semiconductor map.

The chips, which were designed in Vietnam and manufactured in South Korea in August, will be used in Internet of Things medical devices, FPT said in a statement.

It eyes to produce 25 million chips and sell them globally by 2025 to buyers of different sectors including telecommunications, automotive technology and energy.

FPT first established a semiconductor factory in 1979 when it supplied "a large number" of semiconductor devices to the Eastern European market, CEO of FPT Semiconductor Nguyen Vinh Quang said.

"The establishment of FPT Semiconductor is a step forward following the ambitions and dreams of many generations of Vietnamese," he noted, adding that the company eyes to sell its chips in Japan, South Korea, Taiwan, the U.S., Europe, and China.

Vietnam in recent years has emerged as a production base for many global chip manufacturers like Samsung, Amkor Technology, Intel and Renesas.

The country's semiconductor industry is estimated to exceed \$6.16 billion by 2024, according to a report by market researcher Technavio.

The production of semiconductors in Vietnam signals that foreign companies are supporting the country's manufacturing sector and driving an increase in the complexity of products made here, investment firm VinaCapital's chief economist, Michael Kokalari, said.

9. VIB: Stock prices recover, leaders are busy trading

↓ -2.85%

During the same period, the father and daughter of a member of the Board of Directors of Vietnam International Commercial Joint Stock Bank (HOSE : VIB) registered to sell and buy shares for the purpose of personal financial structure.

Mr. Do Xuan Thu, the father of Mr. Do Xuan Hoang - Member of the Board of Directors of VIB , registered to sell 5 million shares during the period from October 4 to November 2, 2022.

If the transaction is successful, Mr. Thu will reduce his ownership rate in VIB from 2.771% (58.3 million shares) to 2.533% (53.3 million shares).

During the same period, Mrs. Do Thu Giang - Mr. Do Xuan Hoang 's daughter - registered to buy 5.5 million VIB shares . If the transaction is successful, Ms. Giang will increase her ownership rate from 0.09% (1.89 million shares) to 0.351% (7.39 million shares).

At the price of 22,150 VND/share (at the beginning of the session on September 30), it is

estimated that Mr. Thu can collect VND 110 billion and Ms. Giang has to spend VND 122 billion to carry out the above transactions.

On the stock market, from the end of June, VIB 's share price showed signs of recovery. Currently,

VIB is trading around 22,150 VND/share (early 30/09 morning session), up more than 7% compared to the bottom 18,000 VND/share (June 21). Average liquidity is over 2 million shares/day.

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