



VIETNAM DAILY NEWS



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Table of content

Table of content

1. Market continues to struggle
2. Vietnamese economy recovers with bright prospects ahead
3. Petrol retailers demand major changes
4. Agro, forestry, aquatic exports surge 13 per cent in eight months
5. Logistics industry's potential yet to be maximised
6. Doubts cast over Vietnam Airlines ability to keep flying
7. Phú Quốc welcomes increasing investment in urban development
8. FLC speaks out about trading suspension
9. HAI: One more stock "FLC family" suspended from trading

Market Analysis

1. Market continues to struggle

Indices moved in different directions on Wednesday as investors' risk appetite countered lingering selling pressure.

On the Hồ Chí Minh Stock Exchange (HoSE), the market benchmark VN-Index extended rallies to end the trading day at 1,280.51 points, a gain of 1.12 points, or 0.09 per cent.

There were more stocks increasing in the afternoon session on the southern bourse, helping the market's breadth return to positive territory. However, liquidity was lower than the previous session, with matching value on HoSE down 4.34 per cent to over VNĐ11.68 trillion (US\$497.9 million).

The VN30-Index, tracking 30 biggest stocks in market capitalisation on HoSE, also inched up 3.3 points, or 0.25 per cent, to 1,301.44 points. Seventeen stocks in the VN30 basket rose, while 11 stocks declined. And two stocks ended unchanged.

The benchmark's rally was driven by gains in pillar stocks, mostly in attractive sectors including real estate and banking industries.

Leading the uptrend was Vinhomes (VHM)'s shares with an increase of 1.84 per cent. Other ticker symbols influencing the market's bullish sentiment were VPBank (VPB), Becamex (BCM), Masan Group (MSN), Mobile World Investment

Corporation (MWG), and BIDV (BID), up in a range of 0.5-1.44 per cent.

The market also received support from strong performance of seafood stocks, such as Vĩnh Hoàn Corporation (VHC) up 3.32 per cent, Navico (ANV) up 5.21 per cent, and I.D.I International Development & Investment Corporation (IDI) even registered the biggest daily gain of 7 per cent.

However, persistent selling force limited the rallies, with many large-cap stocks facing big losses. Of which, Vietcombank (VCB) lost the most as investors took profit after it dominated the market's upside in the previous session. The bank's shares were down 2.33 per cent. PV Gas (GAS) also plunged more than 1.5 per cent.

On the Hà Nội Stock Exchange (HNX), the HNX-Index finished lower, down 1.94 points, or 0.66 per cent, to 291.92 points. The matching value on the northern bourse was over VNĐ1.6 trillion, equal to the matching volume of 66.2 million shares.

Foreign investors were net sellers on both main exchanges on Wednesday, with a net value of VNĐ202.73 billion. Specifically, they net sold nearly VNĐ182.3 billion on HoSE, and VNĐ20.44 billion on HNX.

Macro & Policies

2. Vietnamese economy recovers with bright prospects ahead

The General Statistics Office (GSO) reports that Vietnam's economy in the first eight months of this year has gradually regained the growth rate it enjoyed before the pandemic.

Economic growth has been strong in industrial production and export and import, and inflation is under control.

Visible recovery

The most visible sign of economic recovery has been purchasing power. GSO statistics show that trade and service activities recovered in all sectors and stood at high rates compared to the same period last year.

In August total retail sales of consumer goods and services increased 0.6% from July and were 50.2% above August of last year. Travel and tourism revenues were 65 times what they were last August.

Strong purchasing power has boosted domestic production. The Index of Industrial Production (IIP) increased 15.6% in August and was 9.4% above August of last year.

With favorable economic conditions, businesses have increased investment, production, sales. Since the beginning of the year 150,000 enterprises have newly registered or resumed operation.

In the first eight months of the year, export turnover was 17.3% above the same period last year, showing that Vietnam continues to be a major goods supplier to the global market.

Vietnam's membership in 15 FTAs (with 2 more FTAs under negotiation) has created a lot of opportunities to expand exports and take advantage of preferential tariffs.

A Fitch Solutions report says Vietnam is emerging as an important manufacturing hub in East and Southeast Asia, supported by government-led

economic liberalization efforts and integration into global supply chains through trade agreements and membership in international blocs.

Dr. Le Duy Binh, executive director of Economica Vietnam, noted, "The trade surplus level has greatly supported the implementation of Vietnam's monetary policies, especially in the context of pressure on the Vietnamese currency recently. The growth rate was recorded in the context that the consumer price index increased only 2.5% and basic inflation increased 1.6%."

Bright prospects ahead

The macroeconomic indicators in August increased strongly compared to the same period last year. The main reason is that Vietnam has reopened after a long period of COVID-19. The current situation shows signs of higher GDP growth in the third quarter.

Standard Chartered predicts Vietnam's GDP in the third quarter may reach 10.8%. A number of experts say there are good reasons to believe Vietnam will see double-digit GDP growth in the third quarter.

In order to maintain its economic growth rate and minimize negative impacts from the policies of world powers, experts say Vietnam should speed up its public investment disbursement, flexibly manage its fiscal and monetary policies, and support the recovery of businesses.

Associate Professor, Dr Phan Chi Anh, director of the Center of Business Administration Studies at the Hanoi National University of Economics and Business, said, "The business and service sectors account for 40% of annual GDP growth. If we cannot solve the problem of supporting this sector, it will lead to possible risks for GDP growth."

Stable macro-economics in 2022 has helped Vietnam achieve its yearly growth target and create momentum for sustainable economic growth in 2023.

3. Petrol retailers demand major changes

Retail petroleum businesses have asked to stop contributing to the petrol price stabilisation fund, increasing the commission to reduce losses and permanently withdrawing the licence of unprofitable retailers.

On August 29, a total of 25 retail petroleum businesses in HCM City signed a document with recommendations sent to the Ministry of Industry and Trade (MoIT), the HCM City's People's Committee, the city Department of Industry and Trade and related bodies outlining their concerns.

The 25 co-signees asked if the petroleum stabilisation fund in the period was working effectively. For the fund, petroleum companies must contribute VNĐ500 for every litre of gasoline, kerosene, diesel, and related products sold.

The businesses consider that the commission per litre of petrol of only up to VNĐ200 is insufficient for such contribution and to maintain business activities. At the same time, the cost of space, transportation, warehousing, staff, electricity and water has remained high.

The document said petrol and oil retailers had suffered heavy losses, adding: "The more we sell, the more we lose. But as the dealer, we still have to sell gasoline because if we close, the authorities will withdraw our licences."

As a result, they suggested that the State withdraws from the petrol price stabilisation fund because it was not in line with the Government's purposes and led to unstable in price management.

The document also asked about the regulation to keep private retail stores with continuous losses from closing their businesses.

"The State needs to permanently withdraw the licence of companies that do not comply with regulations on energy security," the businesses proposed.

Regarding the retail price mechanism, the enterprise recommends that the focal enterprise discount the commission by at least VNĐ600-800 per litre for retail stores to maintain operations and shorten the price management time within 24 hours, including holidays.

Currently, each retail business can only sign a contract with one key enterprise when there is an incident, and the retailer is not permitted to take goods from another.

Therefore, these businesses proposed to the authorities to let retail stores sign contracts with many key companies to increase competitiveness and ensure demand is met.

August 30, the Vietnam Petroleum Association asked the MoIT to increase the gasoline prices on September 1 to ensure supply and reduce difficulties for businesses.

The association said that the total domestic petroleum supply was still sufficient to meet consumer demand, despite world price of petroleum products continuing to increase, especially for diesel products.

It forecast petrol prices would increase sharply as currently, the average cost of finished gasoline in the Singapore market is higher than the retail price of petrol in the country, about VNĐ 150-300 per litre.

Since the beginning of the year, the domestic petrol price has undergone 22 adjustments, including 13 increases and eight decreases. The retail gasoline price is currently the same as at the end of January.

During the most recent operating period, the gasoline price remained unchanged while the oil price was adjusted. Accordingly, gasoline E5 RON 92 remains the same, and the selling price will not exceed VNĐ23,725 per litre, with the RON95 gasoline price kept at VNĐ24,669 per litre.

4. Agro, forestry, aquatic exports surge 13 per cent in eight months

Việt Nam's export value of agro, forestry, aquatic products in the first eight months of the year hit about US\$36.3 billion, a year-on-year rise of 13.1 per cent, according to the Ministry of Agriculture and Rural Development (MARD).

Of which, the export value of major agricultural products in the eight months was estimated at \$15 billion, while the value stood at \$11.8 billion from forest products, \$7.5 billion from seafood products and \$258.6 million from livestock products.

In August, the export value from these products reached nearly \$4.4 billion, a rise of 32 per cent year on year and 0.3 per cent month on month.

During the first eight months, the trade value of these products was estimated to reach \$66.2 billion, up 8.7 per cent on the year. Therefore, the agriculture sector enjoyed a trade surplus of \$6.3 billion in that period, a surge of 94.6 per cent over the same period last year.

In January-August, seven products gained export value exceeding \$2 billion, including coffee, rubber, rice, vegetables and fruits, cashew nuts, shrimp, and wooden furniture.

Many products saw an upturn in exports, such as coffee (40.3 per cent), rubber (8.1 per cent), rice (8.1 per cent), peppercorn (8.2 per cent), cassava (22.5 per cent), tra fish (82.6 per cent), shrimp (22 per cent), and furniture (6.5 per cent).

However, a downturn was also recorded in some other products, including vegetables and fruits (13.9 per cent), cashew nuts (nearly 10.4 per cent), and livestock products (12.3 per cent).

In the first eight months of this year, Asia remained the major market for Vietnamese agro, forestry and seafood products, accounting for 43.1 per cent of the total export volume, while America ranked second with 28.9 per cent and Europe third with 11.8 per cent.

The US continued to be the largest export market of those products, with revenue of about \$9.6 billion,

followed by China with \$6.5 billion and Japan with \$2.7 billion.

In the first eight months, the agriculture sector exported valuable and quality products to many countries, such as mango, dragon fruit, passion fruit, longan and lychee, especially those with big markets such as the EU, US, Australia, Japan, South Korea, New Zealand, China, Middle East and ASEAN.

For the seafood industry, the number of products and enterprises with export licences increased, including in markets with high food quality and safety requirements.

The US continued to give export licences to six more local enterprises to ship tra catfish products to this market, bringing the total number of enterprises with the licences to 19. The EU also permitted 14 more enterprises to export seafood to this bloc, bringing the number of eligible enterprises up to 531.

According to the ministry, this year's agriculture sector will complete negotiations to export longan to Japan and continue to negotiate on exporting passion fruit and coconut to the US, pomelo to South Korea, passion fruit to Australia, and citrus fruit to New Zealand.

It will also continue to remove obstacles related to new regulations of China for Việt Nam's export seafood.

The MARD is working with Việt Nam's embassies and offices abroad to expand export markets for local agro, forestry and seafood products, especially China, US, EU, Russia, Japan, South Korea, ASEAN and Middle East markets.

It is also implementing bilateral and multilateral free trade agreements and supporting people and businesses in producing products to meet export requirements.

5. Logistics industry's potential yet to be maximised

Vietnam's logistics industry has yet to have its potential fully tapped, and the country needs timely solutions to meet the surging demand for logistics infrastructure.

A survey by Savills Vietnam showed that the logistics industry is enjoying significant growth thanks to the expansion of the national economy, manufacturing sectors, and e-commerce.

Vietnam ranked 11th in the 2022 Emerging Market Logistics Index released by logistics and transportation service provider Agility, following only Indonesia, Malaysia and Thailand in the Association of Southeast Asian Nations (ASEAN).

Vietnam's transportation and logistics market is expected to grow at an estimated compound annual growth rate (CAGR) of 7% in during 2021 - 2026.

Director of Savills Hanoi Matthew Powell held that Vietnam is now a destination for many manufacturing and logistics businesses, especially amid the e-commerce boom. This is coupled with soaring demand for high-quality industrial real estate.

He noted currently, many enterprises find it difficult to search for locations for their factories and warehouses. Industrial parks and logistics establishments, especially around big cities like Hanoi, have high occupancy rates, even up to nearly 100% in many places. Industrial property supply is falling short of businesses' demand.

Some experts said Vietnam needs timely solutions to meet logistics demand as it holds potential for developing this industry and becoming a logistic centre of the region.

Completing transport infrastructure is also important since it will create an impulse for the logistics industry, they said, elaborating that transportation is one the decisive factors of the success of a supply chain. Businesses will seek places with completed transport infrastructure to locate their factories and warehouses to make it more conducive for transporting goods to the domestic and foreign markets.

Powell said investors in industrial real estate in Vietnam are paying more attention to the solutions helping enterprises optimising their operational efficiency. They are referring to experience in developed countries like the US, the UK, Singapore, Australia or Japan to make improvements to satisfy logistics demand.

In early 2022, Logos Property, an international logistics developer from Australia, set up a joint venture with Manulife Investment Management to develop a build-to-suit logistics project covering over 116,000sq.m. and worth over 80 million USD in Dong Nai province, a major industrial centre next to the country's biggest economic hub - Ho Chi Minh City.

Supply shortages provide an opportunity for international real estate developers, Powell opined, noting that foreign capital has been flowing strongly into industrial real estate, so the shortages will soon be resolved in the coming months.

6. Doubts cast over Vietnam Airlines ability to keep flying

An auditing firm is skeptical that Vietnam Airlines will be able to continue operating as its short-term debt exceeds short-term assets by VND36.4 trillion (\$1.52 billion).

In a recent interim statement on the performance of Vietnam's national carrier Vietnam Airlines, Deloitte Vietnam said the airline's ability to keep operating will depend on the government's financial support, extensions of borrowings at commercial banks and financial institutions, as well as payables to suppliers and lessors.

As of June 30, Vietnam Airlines' equity was a negative VND4.9 trillion (\$209 million), its liabilities exceeding assets by VND36.435 trillion and its overdue payables at more than VND14.85 trillion.

The auditor had raised similar concerns in financial report on Vietnam Airlines' operation in the first half of 2021.

Vietnam Airlines said it recorded revenues of more than VND30 trillion in revenue in the first half of this year, which is double that of the same period last

year, but because of high fuel prices and many international flight routes yet to resume operations, the carrier incurred losses of VND5.1 trillion, compared to around VND2 trillion in H1 last year.

As of June 30, its accumulated loss was VND28.9 trillion.

Vietnam Airlines is looking for sources of revenue including liquidation of aircraft, aircraft engines and financial investments. The company has so far sold

one aircraft, transferred the right to buy and lease one aircraft engine and liquidated its investment in Cambodia Air. It has earned more than VND860 billion from these moves.

The airline has also negotiated canceling the receipt of four Boeing B787 and Airbus A320 aircraft; and is in discussion to receive five other new aircraft by the end of 2022 and 2023 instead of 2020 and 2021 as originally agreed.

7. Phú Quốc welcomes increasing investment in urban development

Attracting large capital for urban development is essential for Phú Quốc City, which houses Phú Quốc Island – Việt Nam's largest off the southern province of Kiên Giang, serving its diverse and sustainable growth after years of investing in the entertainment-resort tourism industry.

A survey by the Việt Nam Institute of Real Estate Studies (VIRES) showed that, in the past 3-5 years, over 90 per cent of investors participated in the market's tourism-resort realty segment. However, at the moment, the focus of investment has shifted to urban projects boasting transparent legality, with over 60 per cent of investors interested in this segment. The vast majority of them chose long-term investment, expecting that the projects' prices will increase many times in the coming years.

Vice president of VIRES Phạm Nguyễn Toàn noted Phú Quốc was gradually transforming itself into a profitable investment and settlement destination.

He also singled out shortcomings such as limited land supply, and a lack of new, sustainable, and multi-functional development models in health care, education, commerce, services, finance, and banking.

Vice Secretary of the Việt Nam Urban Planning and Development Association Trương Văn Quang said as Phú Quốc is both a marine urban and economic area, it was necessary to attract investment for growth in all of its four pillars – entertainment industry, resort tourism, banking-financial services, and marine economy

Its planning should be sustainable and environmentally friendly, he added.

According to the Việt Nam Institute for Urban and Rural Planning (VIUP), the city's overall planning orientation to 2040 covers 12 development zones based on landscape features, natural ecology, topographical features, and other conditions.

Forecasting Phú Quốc's real estate market for 2022-25, Nguyễn Văn Đỉnh, Vice President of the Việt Nam National Real Estate Association, said the local urban and residential segment, due to its scarcity and development potential, would still attract the attention of investors across the country, especially regarding mainstream projects with good quality infrastructure, beautiful landscape, and effective business exploitation.

Corporate News

8. FLC speaks out about trading suspension

↓ 0.5%

On August 31, 2022, FLC Group Joint Stock Company (HOSE : FLC) received a decision from the Ho Chi Minh City Stock Exchange (HOSE) on transferring FLC shares from restricted trading to trading suspension. Translated from 09/09/2022. The reason for the suspension of the transaction was because FLC violated regulations on information disclosure after being placed in a restricted trading area.

Regarding this issue, FLC has sent a letter to shareholders. According to FLC , the Company has repeatedly sent explanations and recommendations to the management agencies to clarify the causes of force majeure beyond the will of the enterprise, in which mainly difficulties and

challenges in the selection of a new audit unit after Dat Viet Auditing - Consulting Co., Ltd (the unit that signed the contract to audit the financial statements of FLC Group in 2021) was suspended by the State Securities Commission. Audit agreement for entities with public interest in the securities sector from March 30, 2022.

In the letter, FLC said that it is looking forward to receiving the necessary intervention, direction or support from the management agency soon to be able to carry out the audit and review of the Group's 2021 financial statements in due time. at the earliest, thereby being eligible to hold the Annual General Meeting of Shareholders in 2022.

9. HAI: One more stock "FLC family" suspended from trading

↑ 1.11%

The Ho Chi Minh City Stock Exchange (HOSE) has announced that it will transfer shares of HAI Agriculture and Pharmaceutical JSC (HOSE : HAI) from restricted trading to trading suspension from September 9, 2022.

According to HOSE , the reason HAI stock was suspended from trading was because the Company continued to violate regulations on disclosure of information (CBTT) after the stock was placed in the restricted trading area.

On August 23, 2022, HOSE sent a document to the Company informing that HAI shares are likely to be suspended from trading.

Previously, on August 19, 2022, HOSE received a written explanation from HAI about the roadmap to overcome the violation of information disclosure. In particular, HAI said that it will find an auditor for the 2021 financial statements in October 2022 and plan to hold the 2022 Annual General Meeting of Shareholders in December to approve the selection of an audit and review unit for the annual financial statements. 2022.

With the above explanation, HOSE assesses that HAI is not able to disclose the 2022 semi-annual audited financial statements on time (August 29, 2022). Therefore, this is considered as a continued violation of regulations on information disclosure even though the stock has been placed in the restricted trading area.

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