



VIETNAM DAILY NEWS



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Market Analysis

1. Market slumps on retail stocks

The market retreated to close lower on Monday, underlying a strong bearish sentiment.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index started off the afternoon under the baseline. It moved up and down and reached just above the baseline at about 2:30pm.

Unfortunately, buying forces were not strong enough to keep the bullish movement. The index gradually fell from the peak and eventually hit 1,277.35 points, down 3.16 points (0.25 per cent) against the previous session.

The market's breadth was negatively skewed as decliners outnumbered advancers by 201 to 142. Among the stocks, eight hit ceiling prices whereas six sat at the other end.

HoSE was not so busy yesterday since investors traded just 466 million shares on the exchange, equivalent to about VNĐ11.6 trillion (US\$494 million).

The VN30-Index echoed the VN-Index pattern but with a larger loss. It lost 3.29 points (0.25 per cent) to reach 1,298.15 points. In the basket, six stocks climbed, three stayed flat and 21 slid.

Vietcombank (VCB) was leading the market's slump with a loss of 1.67 per cent. Other stocks behind the bearish trend include BIDV (BID), VPBank (VPB), Mobile World Investment (MWG) and Investment and Industrial Development (BCM).

The retail sector was the main catalyst for the downturn with a sector-wide drop of 1.57 per cent. In the sector, Mobile World Investment (MWG) lost 2.03 per cent, followed by Viglacera (VGC) and Saigon General Service (SVC).

Banking was the next sector dragging down indices as it was overrun by decliners including Vietcombank (VCB), BIDV (BID) and VPBank (VPB). Overall, the sector lost 6.06 points (1.05 per cent) yesterday.

In the realty sector, the trio stocks of the Vin family - Vingroup (VIC), Vinhomes (VHM) and Vincom (VRE) - saw mixed results. The first gained 0.47 per cent, the second stayed flat, whereas the last lost 0.54 per cent.

"Realty sector coming to a standstill amid tightened bank credit, coupled with a slow disbursement of public money, has been holding back steel producers," said a securities expert.

Meanwhile, the HNX-Index on the Hà Nội Stock Exchange (HNX) bucked the bearish trend by gaining 0.9 points (0.31 per cent) to reach 292.82 points.

Foreign investors withdrew money from the market by net-selling a total of around VNĐ379.92 billion worth of shares on the two exchanges. Of which, they net sold VNĐ417.93 billion on HoSE and net bought VNĐ38.01 billion on HNX.

Macro & Policies

2. Việt Nam one of world's best performing stock markets in August

After declining in the first two quarters, the VN-Index showed signs of recovery in the first half of the third quarter.

Last month, the benchmark even witnessed an outstanding breakthrough with a gain of more than 74 points, or 6.2 per cent, over the previous month.

The strong recovery helped the VN-Index become one of the world's top performing stock markets in August, said the financial website cafef.vn, citing statistics from Stockq.

The index's performance surpassed most markets in the region, such as Malaysia, Singapore, Indonesia, and Thailand, with these markets' growth in a range of 0.5-4.3 per cent, but it just lagged behind the Philippines' benchmark, which was up 6.9 per cent in August.

Market capitalisation of the Hồ Chí Minh Stock Exchange (HoSE) also advanced by VNĐ300 trillion (US\$13 trillion) last month, with an average trading value on three exchanges reaching VNĐ18.5 trillion, up 34 per cent month-on-month.

As the benchmark VN-Index ended last month at 1,280.51 points, its price to earnings ratio (P/E) was 13.67x, 12.95 times higher than that at the end of July, according to data from Algo Platform. The attractive valuation was one of the factors luring bottom-fishing cash flows to the market.

Last month's capital flows were circulated in many industries like retail, securities, chemicals, oil and gas, and construction materials, supporting the market's rallies.

According to VNDirect Securities Corporation, the index's rebound was driven by some events, including the easing inflation in the US and Việt Nam, the improvement of the domestic market's sentiment with expectations that the US Federal Reserve would slow down its rate hike in the last quarter of the year, and speculative cash flows.

Liquidity also recovered significantly, with the average trading value on HoSE of nearly VNĐ15.8 trillion per session in August, an increase of 36 per cent over the previous month. Liquidity bounced back in all sectors.

However, the liquidity's recovery was not in line with a gain in new investors. In July, the number of new accounts was only 198,988, a decrease of 57 per cent from the record set in June. This was also the lowest since last November.

Activities of foreign investors were also more positive after net selling in July. Their trading value totalled VNĐ45.46 trillion last month, of which they purchased nearly VNĐ23.3 trillion and sold VNĐ22.29 trillion. Therefore, foreign investors net bought a value of VNĐ980 billion, the monthly lowest value since the beginning of 2022.

In its latest update, VNDirect said that the current market's valuation is appealing to long-term investors, who are looking for enterprises with high profit growth.

With the strong growth of earning per share (EPS) during 2022-2024, the securities firm said that the Vietnamese stock market is still more attractive than in the past and other markets in the region.

Việt Nam is a bright spot among emerging markets with the forward P/E of 12.2x in 2022 and the predicted 10.4x in 2023, much lower than the average P/E in the last five years. The market's background is improving, and the correction is creating opportunities for disbursement for investors to build portfolios in the fourth quarter and 2023.

Meanwhile, according to Vietnam Maritime Commercial Joint Stock Bank (MBS), the market is likely to be affected by the correction of the global market, but may quickly rebound thanks to the diversified cash flows. Therefore, the declines will be chances to restructure portfolios.

Data from the last ten years showed that September is always the month posting positive growth rate. Thereby, the domestic stock market may move in a different direction to global negative trends.

In its bullish scenario, if the VN-Index returns to 1,300 points, the cash inflows will rise to break over July's peak of 1,315 points and head toward 1,350 point-level. However, in the basic scenario, the index will trade sideways and hover around 1,280-1,305 points.

3. Securities companies' race heats up amid low market liquidity

The capital scale of securities companies has grown robustly in the past two years. In the context of the current sharp decline in market liquidity, this resource is somewhat redundant, and the race to attract customers is heating up.

VNDirect Securities has recently launched the DSTOCK app for securities trading customers, besides the current VND app for multi-asset trading including stocks, bonds, assets, to provide in-depth information and data.

Nguyễn Vũ Long, Acting General Director of VNDIRECT, said that the company had designed product packages meeting different investment goals of customers. With the asset accumulation model, each month investors can deduct from VNĐ5 to 7 million (US\$213 to 298) to accumulate stocks for long-term asset growth.

In early August, this company applied a preferential loan interest rate from 8.9 per cent per year for the top 50 stocks with good fundamentals and the highest liquidity in the market.

Mirae Asset Vietnam has just launched Margin T+, offering interest free for the first 5 working days for the loan, then interest rate remaining 15.6 per cent per year. Maximum loan limit is VNĐ3 billion with loan term of 90 days.

SSI Securities Inc, the securities company with the largest charter capital in the market, also has a 7-day interest-free package for customers who need to use margin for no more than 30 days. From T+8 trading day, the applicable interest rate is 14.5 per cent per year.

Taking advantage of the robust stock market, securities companies have raised their capital in the past 2 years. At the end of 2021, the total charter capital of all securities companies was VNĐ108 trillion, by the end of the second quarter of 2022, it

reached more than VNĐ133 trillion, equivalent to an increase of 23 per cent.

This figure does not include securities companies that have just completed raising capital since July 2022. For example, SSI has increased its capital to nearly VNĐ14.9 trillion, an increase of nearly VNĐ5 trillion compared to June 30, 2022. Techcombank Securities Co (TCBS) also recently announced to increase its capital from VNĐ1.13 trillion to more than VNĐ9 trillion.

With new resources mobilised from the end of 2021 up to now, many securities companies possess abundant capital. As of December 31, 2021, the outstanding loan balance of the securities companies was more than VNĐ197 trillion, but as of June 30, 2022, it decreased to VNĐ153.8 trillion, equivalent to a reduction of more than VNĐ43 trillion, while the total charter capital of the companies increased by more than VNĐ27 trillion.

The trend of digitisation has become the dominant trend in 2020, when the COVID-19 pandemic hit strongly. Many securities companies have applied eKYC to attract customers and at the present stage, they are gradually applying synchronous digitisation, investing in more upgraded interfaces and features. Việt Capital Securities, the company with the largest market share for institutional customers, is also aiming to increase its individual brokerage market share further by restructuring the brokerage division, focusing more on the needs of target customers.

Việt Nam is a stable growing economy and is witnessing an increasing middle class and an increasing number of individual investors. Statistics from the Việt Nam Securities Depository show that, by the end of July, there were 6.3 million securities accounts, of which 97 per cent were personal accounts. This figure is only close to 6 per cent of the total population of more than 100 million people,

while in Thailand it is 9 per cent, and in Taiwan 90 per cent.

According to experts from Maybank Securities Company, with Việt Nam continuing to rise to an emerging market position, it is expected that the

total trading volume of the Vietnamese stock market will be equivalent to that of other countries in the region such as Thailand. Việt Nam's stock market has significant growth potential when the trading value only reached \$1 billion per day, compared to about \$3 billion in Thailand.

4. E-commerce: the key to increase bilateral trade between Việt Nam and the UK

Vietnamese firms are urged to use online platforms to expand their market reach in the UK now that the UK-Việt Nam Free Trade Agreement (UKVFTA) has come into effect, experts said.

With revenue of US\$117.7 billion in 2021, the UK is the fourth largest market for e-commerce in the world, placing it ahead of Germany and behind Japan, according to global provider of market and consumer data Statista.

Last year, the UK e-commerce market contributed to a worldwide growth rate of 15 per cent with an increase of 12 per cent, Statista said.

The biggest player in the UK e-commerce market is amazon.co.uk. The store had revenue of \$17.1 billion in 2021. It was followed by tesco.com and argos.co.uk which gained respective revenue of \$9.5 billion and \$6.3 billion. Altogether, these top three stores account for 30 per cent of online revenue in the UK.

Meanwhile, Việt Nam is regarded as the second largest e-commerce market in Southeast Asia, only after Indonesia, according to a global e-commerce report in the first half of 2022 by Metric.vn.

The prolonged COVID-19 pandemic has also given fresh impetus to the country's e-commerce industry which recorded growth of up to 53 per cent in 2021, making it the optimal form of transactions for individuals and firms.

With such rapid growth, experts said it is time for both sides to raise the bar on this platform in order to facilitate online business.

According to Bùi Thanh Hằng, head of the International Cooperation Office under the Ministry of Industry and Trade's E-commerce and Digital Economy Agency, the UKVFTA has allowed new means of market entry to emerge, notably e-commerce.

B2B and B2C are traditional forms of business for this platform, but new forms are also beginning to take root, including online showrooms and national pavilions, she said.

In order to help firms keep pace with these innovations, the government is urged to continue to refine the legal framework and develop programmes that improve firms' capacity. At the same time, firms themselves should embrace digital transformation and put it on top of their agenda to be able to expand their market footprint via e-commerce.

In a bright spot, Vietnamese businesses have effectively taken advantage of Amazon's innovations to strongly develop and build the "Made-in-Việt Nam" brand on the world map, thereby leaving a strong mark of the country's economy on the international market including the UK.

At the same time, several Vietnamese goods have affirmed their positions in another e-commerce platform in the UK, alibaba.com. In 2021, the UK positioned itself among the top 10 buyers of food and beverage, top six for clothes, and came in fourth in terms of furniture from Việt Nam.

Notably, it was the second-largest buyer of Vietnamese cosmetics on that e-commerce website.

5. Gasoline prices fall marginally, diesel surges

Vietnam's gasoline prices fell 1.56-1.74% on Monday while diesel prices surged 6%.

A liter of RON 95 now costs VND24,230 (\$1.03), down 1.74%. That of biofuel E5 RON 92 costs VND23,350, down 1.56%.

Monday's was the seventh consecutive downward adjustment made to gasoline prices, which have brought prices down by 25.4-26.3% since this year's peak on July 21.

Meanwhile, diesel surged 6% to VND25,180 a liter, marking the first time it surpassed gasoline prices. Prices were hiked 9.7% in the two most recent adjustments but were 16.3% lower than this year's peak.

On the global market, gasoline has decreased by around 2% while diesel prices surged 9.3%, according to data from the Ministry of Industry and Trade and Ministry of Finance.

6. Industrial production recovers quickly with growth of 9.4% in eight months

The index of industrial production (IIP) in the first eight months of 2022 surged 9.4 per cent over the same period last year, according to the General Statistics Office (GSO).

The office said that industrial production in August 2022 continued the trend of rapid recovery with an increase of 2.9 per cent over the previous month and 15.6 per cent year on year due to the efforts of enterprises in expanding production to offset the period affected by the COVID-19 pandemic.

Compared to the same period last year, the IIP growth rate in August reached 16.2 per cent for the processing and manufacturing industry; 14.8 per cent for electricity production and distribution; 11 per cent for water supply, and management and treatment of garbage and wastewater; and 10.2 per cent for the mining industry.

During the eight months, the processing and manufacturing industry posted the highest IIP growth of 10.4 per cent. It was followed by electricity production and distribution (6.8 per cent), water supply industry, garbage and wastewater treatment and management (5.8 per cent) and the mining industry (4.2 per cent).

The GSO report also showed that, in the past eight months, IIP of some key industrial products increased sharply compared to the same period last year, including beer (31.2 per cent); processed seafood (20.7 per cent); phone components (19.6

per cent); automobiles (13.9 per cent); casual wear (12.7 per cent); leather shoes and sandals (12.5 per cent); and tobacco (9.6 per cent).

Meanwhile, some other products saw a decline of IIP compared to the same period last year, such as iron and crude steel (12.3 per cent); televisions (10.7 per cent); fertiliser NPK (6 per cent); fabrics made from man-made fibers (5.8 per cent); mobile phones (5.4 per cent); aquatic feed (4.9 per cent); liquefied petroleum gas (LPG) (2.4 per cent); and crude oil exploitation (1 per cent).

GSO also reported 61 out of 63 provinces and cities gained growth, while the rest of two localities had IIP reduction in the first eight months of 2022.

Of which, some localities achieved a relatively high increase in IIP due to industrial production growth in the processing and manufacturing industries; and electricity generation and distribution industry.

Meanwhile, some other localities had low manner in IIP growth rate or reduction in this index because the enterprises faced many difficulties from the impact of the pandemic.

Bắc Giang Province achieved the highest IIP of 51 per cent during the first eight months.

Some other localities also had high IIP index due to strong recovery in the processing and manufacturing industry; and electricity production

and distribution, such as Lai Châu, Đắk Lắk, Sơn La, Quảng Nam, and Khánh Hòa.

Besides that, many difficulties in production and business activities made Trà Vinh and Hà Tĩnh provinces witness a reduction in IIP at 27 per cent and 15 per cent, respectively.

The number of employees working in industrial enterprises as of August 1, 2022 increased by 0.6 per cent on month and 23 per cent on year.

According to the Ministry of Industry and Trade, production in industrial centres is showing positive signs of recovery. However, the lack of human resources is one of the major obstacles that the enterprises are facing on the way of production recovery.

Phạm Thị Tình from the Vietnam Alliance for Industrial Support said after a long break due to the pandemic, the skills of workers have decreased, so

the enterprises must spend time and expense on retraining. The cost of labour in the industrial sector has increased, but it is still not enough to attract workers.

In addition, the Ministry of Industry and Trade said that manufacturing enterprises need to diversify markets importing raw materials as well as exporting goods to avoid dependence.

There should be more policies to develop supporting industries in Việt Nam to gradually become self-sufficient in raw materials. This is the core issue for sustainable industrial development in Việt Nam.

The ministry also noted that it is necessary to continue changing industrial restructuring in the direction of developing the manufacturing industry and reducing processing and assembling for industrial products made in Việt Nam.

7. Domestic instant noodle consumption growing 20 per cent annually

Việt Nam passed South Korea to lead the consumption per capita of instant noodles in the world in 2021, according to the World Instant Noodles Association (WINA).

The rate per person increased from 55 servings in 2019 to 72 servings in 2020 and 87 servings in 2021 for Việt Nam, which was 73 servings in South Korea and 55 servings in Nepal, according to Nongshim, a leading noodle maker in South Korea.

Local media said Korea topped the world from 2013 to 2020. The tally was 75 servings in 2019, rising to 80 in 2020 but falling back down to 73 in 2021, while the figure for Việt Nam has steadily increased from 55 in 2019 to 72 in 2020 and 87 in 2021, adding Vietnamese instant noodle market was growing rapidly, from US\$5 billion in 2019 to \$8.6 billion in 2021, reaching third in market size, following China and Indonesia.

A representative from Nongshim told the media: “Việt Nam has a high purchasing power with its increasing economic growth rate. Also, people tend to eat at home rather than dining out due to COVID-19.”

Data said after the COVID-19 pandemic, instant noodle consumption in Việt Nam skyrocketed. Overcoming India and Japan, in 2020, Việt Nam became the third largest country in instant noodle consumption with 7 billion packages, up 29 per cent. In 2021 the country consumed more than 8.5 billion packages of noodles, up 22 per cent. In terms of growth rate, no market in the top 10 has surpassed Việt Nam.

Insiders said that about 50 companies are currently producing instant noodles, including domestic and foreign enterprises, adding the market has been in a battle led by Acecook with the Hao Hao noodle brand, Masan Consumer with Omachi, Kokomi and Asia Food with the brand of Red Bear noodles.

A few years ago, Uniben, with the brand of 3 Mien noodles, entered the market strongly and became the fourth major player.

Officially put into operation in 1995, Acecook successfully built the Hao Hao noodle brand to become the national noodle of Việt Nam, occupying the country's largest market share of instant noodles.

In 2021, Acecook's revenue was VNĐ12.2 trillion, an increase of 6 per cent and the profit after tax was VNĐ1.36 trillion, down 28 per cent.

At the same time, with the huge ecosystem in Việt Nam, especially the system of supermarkets/convenience stores WinMart/Winmart+ with thousands of points, Masan Consumer's noodle products have a significant advantage in distribution.

According to data from VNDIRECT Securities Company's analysis report, Omachi instant noodles dominate the high-end segment with a 45 per cent market share.

In 2021, Masan Consumer's noodle sales reached VNĐ8.8 trillion, up 28 per cent and equivalent to 72 per cent of Acecook's revenue.

Ranked fourth in the market, Uniben achieved more than VNĐ3.4 trillion in revenue, up 12 per cent.

In the third place, the revenue of Asia Food in 2021 decreased by 4 per cent to more than VNĐ5.5 trillion. Also recording less income, Safoco and Colusa-Miliket were announced. In 2021, Miliket's revenue was VNĐ571 billion, down 7 per cent.

As for foreign brands, Korean instant noodles were gaining popularity in the Vietnamese market, especially among young people.

Following the Hallyu wave bringing Korean culture into Việt Nam through movies and music, Korean dishes such as kimchi, rice rolls, tokbukki, spicy noodles, etc. and black soy sauce are increasingly popular.

Korean instant noodle businesses such as Paldo Vina and Nongshim with Shin noodles were earning hundreds of billions of đồng from the Vietnamese market.

In 2021, Paldo Vina recorded revenue of VNĐ912 billion, up 8 per cent and a profit of VNĐ49 billion, which was higher than Asia Food.

Paldo Vina imported original products from Korea, such as Jjajangmen black sauce mixed noodles, which weigh four times more than a package of noodles produced in the local market.

Having been in Việt Nam since 2018, Nongshim reached VNĐ150 billion in revenue and VNĐ9 billion in profit last year. The manufacturer installed noodle cooking machines at some convenience stores and operates food trucks in HCM City.

Corporate News

8. HU1: HU1 is likely to be delisted

↓ 5.39%

With the continuous appearance of an excepted audit opinion on the financial statements, the Ho Chi Minh City Stock Exchange (HOSE) has sent a written note to HUD1 Investment and Construction Joint Stock Company (HOSE : HU1) about the possibility of shares being delisted. Listing.

Specifically, according to the document from HOSE , HU1 stock has been put under control since April 13, 2022 with the reason that the audit organization has an exception for 2 consecutive years on the financial statements of 2020 and 2021. However, , when HOSE announced information on August 30, 2022, HU1 's 2022 semi-annual financial statements still had an exception.

According to regulations, shares of a public company will be delisted if there is an audit organization that does not accept the audit, or refuses to comment on the latest year's financial statements, or has an audit except with annual financial statements for 3 consecutive years. Therefore, HOSE issues a note to delist with HU1 , if the 2022 audited financial statements continue to show an exception.

According to HU1's reviewed semi-annual financial statement 2022, HU1 's subsidiary, HUD1.02 Investment and Construction JSC, has ceased operations, while the data used to prepare the semi-annual consolidated financial statements is the year's data. 2021 has not been audited. This is the basis for the audit unit, CPA Vietnam, to make an exception.

After the first 6 months of 2022, HU1 reported a profit after tax of more than 2.3 billion dong, while the same period lost nearly 264 million dong. The company explained the reason was the growth in business results and construction revenue in the period. At the same time, in the same period of 2021, the Parent Company made provision for bad debts (VND 4.7 billion), resulting in a loss in the 2021 semi-annual financial statements.

After peaking at 17,200 VND/share on March 9, the share price of HU1 gradually decreased. At the end of the session 31/08, the market price was 10,200 VND/share, 40% lower than the peak.

9. GAB: GAB has been put on alert

± 0%

In the context that "FLC" stocks are "due" in turn due to violations of regulations on information disclosure, shares of FLC Asset Management and Mining Investment JSC (HOSE : GAB) are no exception when was put on the alert from 09/09.

According to the Ho Chi Minh City Stock Exchange (HOSE), the reason GAB stock was put on the alert was that the company was late in submitting the 2022 semi-annual audited financial statements more than 15 days after the prescribed deadline.

Before being put on the warning, GAB stock was "cut off" margin by HOSE since August 23. The reason is that GAB is late in disclosing the reviewed semi-annual financial statements of 2022 more than 5 working days from the deadline for information disclosure.

On the GAB side , on August 16, the Company made a written explanation about the fact that it could not publish the semi-annual audited financial statements. Accordingly, GAB said that it has contacted and persuaded many qualified and

qualified auditing units to perform the 2022 semi-annual audited financial statements in accordance with regulations. However, the audit units all refused to cooperate for objective reasons related to the case that Mr. Trinh Van Quyet was

prosecuted and investigated for manipulating the Vietnamese stock market.

On the market, after closing the session on March 25, 2022 at the price of 196,400 VND/share, GAB stock has not had any transactions so far.

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