VIETNAM DAILY NEWS

JSI

October 10th, 2022

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Market Analysis

1. Shares tumble to 20-month low

Vietnamese shares tumbled to a 20-month low as investors shunned equities and sought safety in less risky assets, with VN-Index becoming Asia's strongest falling index yesterday.

On the Ho Chi Minh Stock Exchange (HOSE), the VN-Index fell sharply by 3.59 per cent to end at 1,035.91 points.

According to news site cafef.vn, VN-Index of Viet Nam was the worst performing index in Asia on Friday, besides other decliners such as Hong Kong down 1.37 per cent, Thailand down 0.84 per cent and Singapore 0.11 per cent.

The index had lost 2.69 per cent on Thursday.

The market was overrun by decliners as their headcount reached 440, against 52 advancers. Remarkably, 145 stocks hit floor prices and just six sat at the other end.

Investors traded nearly VND17 trillion (US$711.8 million) worth of shares on the exchange, equivalent to a volume of more than 877 million shares.

The VN30-Index echoed the VN-Index's pattern with a loss of 3.87 per cent, ending the session at 1,039.54 points. In the basket, 26 stocks slid and four climbed.

In the VN-30 basket, a series of stocks hit the daily limit decline of 7 per cent, including Vietinbank (CTG), Mobile World Group (MWG), PV Power (POW), Sacombank (STB), Techcombank (TCB), Sacombank (STB), Tien Phong Bank (TPB) and VPBank (VPB).

No sector ended the session on the front foot as bearish sentiment was witnessed across the board. The securities and seafood processing sectors were the main catalysts for the stumble with a sector-wide drop of 5.4 and 6.6 per cent respectively.

In the securities sector, SSI Securities (SSI) lost 3.4 per cent, followed by VNDirect Securities (VND) and Viet Capital Securities (VCI).

Seafood processing also saw lots of red on the screen. Major decliners included Vinh Hoan Corp (VHC), Nam Viet Corp (ANV) and I.D.I International Development and Investment (IDI).

In the realty sector, the trio stocks of the Vin family - Vingroup (VIC), Vinhomes (VHM) and Vincom (VRE) - saw mixed results. While Vincom fell 1.9 per cent, Vingroup and Vinhomes minted a gain of 0.2 and 0.4 per cent.

The HNX-Index on the Ha Noi Stock Exchange (HNX) declined on Friday, losing 3.84 per cent to end at 226.09 points.

Macro & Policies

2. Viet Nam's GDP projected at 7% in 2022: AMRO

The ASEAN+3 Macroeconomic Research Office (AMRO) has joined many international organisations in revising up Viet Nam's GDP growth this year thanks to the country's strong performance since early this year and success in containing inflation.

In its quarterly update of the ASEAN+3 Regional Economic Outlook released on Thursday, Viet Nam's economy is projected to expand by 7 per cent in 2022, up from 6.5 per cent in its July forecast and making it the second-highest gainer in the region this year after Malaysia with expected growth of 7.3 per cent.

Viet Nam's GDP will likely slow down in the next year to 6.5 per cent, topping the region and followed by the Philippines at 6.3 per cent.

AMRO's forecast followed recent moves by Moody's, the World Bank (WB), the International Monetary Fund (IMF) and the Singapore-based United Overseas Bank (UOB) which forecast Viet Nam's 2022 GDP will reach between 7 per cent and 8.5 per cent.

"Viet Nam is doing well," said AMRO chief economist Hoe Ee Khor at the Thursday meeting.

Though attributing the high GDP growth partly to the low base from last year, Dr. Khor said the opening up of the economy, relaxation on pandemic control, increase in domestic demand, recovery in tourism and successful attraction of foreign direct investment (FDI) all contributed to Viet Nam's quick recovery.

"On top of that, the Government's policy is quite supportive this year. So, because of all these factors, we expect Viet Nam's economy to grow strongly," Khor said.

However, Khor pointed out an external risk of import inflation coming from high oil prices.

"I mentioned the Vietnamese Government has cut taxes to curb inflation, but that's not sustainable or the switch you need to refer back to normal," Khor said, adding the Government needs to start raising the policy rate to contain coming inflation.

For the first time in two years, the State Bank of Viet Nam (SBV) decided to raise its policy rates by one percentage point on September 23.

SBV's move was deemed inevitable as the FED has been raising interest rates, subsequently putting pressure on exchange rates.

Khor also endorsed the Vietnamese central bank's move, emphasising Viet Nam's economy is already recovering very strongly and there's no need for monetary stimulus at this point in time.

"The focus is shifting from supporting growth to containing inflation," he said.

Viet Nam's inflation is expected to reach 3.5 per cent this year and drop slightly to 3.3 per cent in 2023.

This year, most countries are forecast to see their inflation surpass their targets but in the case of mainland China, Hong Kong and Viet Nam, the expected inflation by year-end will be under the ceiling target.

Regional outlook

For the regional outlook, AMRO revised downwards its short-term growth forecast for the ASEAN+3 region due to the continuing strict dynamic zero-COVID policy and real estate sector weakness in China and potential recessions in the United States and the euro area.

The ASEAN+3 region (ASEAN plus China, Japan and the Republic of Korea) is expected to grow by 3.7 per cent this year – down from the 4.3 per cent growth projected in the July forecast.

China's growth was revised down to 3.8 per cent in 2022 from 4.8 per cent in the previous forecast. Japan and Korea's GDP were projected at 1.6 per cent and 2.4 per cent, respectively.

The ASEAN region alone is slated to grow strongly by 5.3 per cent. The region's inflation rate for 2022 is now projected to be 6.2 per cent – a full percentage point higher than previously forecast. Growth is expected to increase to 4.6 per cent in 2023 as China's economy picks up, with inflation moderating to about 3.4 per cent.

The prolonged war in Ukraine is deepening Europe's energy crisis, pushing it closer to recession. In the United States, aggressive monetary tightening to fight persistently high inflation is intensifying fears of a hard landing.

"A simultaneous economic slowdown in the United States and euro area, in conjunction with tightening global financial conditions, would have negative spillover effects for the region through trade and financial channels," Khor said.

In ASEAN+3, inflation is accelerating. Food and fuel prices remain elevated despite recent easing in key global commodity benchmarks. Subsidy cuts in some economies and depreciating currencies have also pushed prices higher.

"Central banks in the region are raising policy interest rates to safeguard price stability and support their currencies. However, the pace of monetary tightening has generally been more measured and gradual than in the United States and the euro area," Khor said. — VNS

3. Breeding grounds re-herd in the lead-up to Lunar New Year

According to the Department of Livestock Production, the demand for meat consumption during Tet will increase by 10-20%.

The department forecast that livestock production value would increase by 5-6% over the year earlier, according to Baochinhphu.vn.

To meet this goal, the country must produce seven million tons of meat by the end of the year. Accordingly, over 4.2 million tons of pork, over 1.9 million tons of poultry meat, over 18.4 billion eggs and over 1.16 million tons of milk are expected by year's end.

According to statistics from the department, the total pig herd nationwide is 28.7 million. As of the end of August, the hog price ranged from VND62,000-71,000 per kilogram leading to an increase of VND130,000-160,000 in the selling price of pork.

Since the beginning of August, the Northern and North Central provinces have actively increased livestock herds.

In Hai Duong Province, the number of pigs reached 395,000 heads. By the end of the year, the total pig herd is expected to reach 420,000-430,000 heads, according to the Provincial Sub-Department of Livestock and Veterinary Medicine.

In Vu Quang District, Ha Tinh Province, the number of livestock and poultry increased by 20-30% compared to late July, with more than 37,000 pigs, 14,000 buffaloes and cows and nearly 350,000 chickens.

4. Enterprises still cautious in business investment

Although the business picture has many bright spots, the impacts of the COVID-19 pandemic have eroded the strength of many businesses, causing difficulties for cash flow in production and business activities, according to the Business Registration Management Agency.

The capital scale of enterprises entering the market is on a downward trend, reaching VND11.9 billion (US$506.3 million) last month, an increase of 8.6 per cent compared to the previous month. However, it was a decrease of 25.9 per cent compared to the same period last year.

The General Statistics Office (GSO) has just announced that the number of enterprises registering for establishment and returning to operation in the first nine months reached 163,300, a year-on-year growth of 38.6 per cent.

On average, there are 18,100 newly-established and re-operating businesses per month.

Total registered capital added to the economy in the first nine months of this year was VND3.9 quadrillion, up 36 per cent over the same period last year.

The number of enterprises withdrawing from the market was 112,700, an increase of 24.8 per cent compared to the first nine months of last year.

On average, 12,500 businesses withdraw from the market every month.

By economic sector, there were 1,543 newly-established enterprises in the agriculture, forestry and fishery sectors in the first nine months of this year, up 5.3 per cent over the same period last year; 27,900 enterprises in industry and construction, up 20.8 per cent; and 83,300 enterprises in the service sector, up 36.8 per cent.

To support businesses, GSO General Director Nguyen Thi Huong suggested that ministries and branches need to ensure the adequate supply of raw materials and energy to meet enterprises' requirements of production and business recovery and socio-economic development; remove difficulties and obstacles for important industrial projects; and support factories to maintain and restore production to keep orders.

Along with that, in the context of deep global integration, rapidly increasing export turnover, and rising use of trade remedies, supporting Vietnamese exporters would play an important role in protecting and developing export markets, said Huong.

Many manufacturing enterprises also suggested that the Government continue to simplify customs procedures and make them more transparent to reduce costs and enhance predictability for businesses.

Accordingly, it is necessary to quickly build and use systems for the electronic exchange of data between enterprises, customs and related agencies. — VNS.

5. Public investment hits forward motion

According to the Ministry of Planning and Investment at last week's national conference on accelerating public investment disbursement, as of September, two central-run authorities and 10 localities reported the highest disbursement performance at over 70 per cent of the allocation plan.

A total of 39 of 51 ministries and agencies, and 22 of 63 localities reported the disbursement rate as lower than the country's average (46.7 per cent), while 14 ministries and agencies and one locality reported the disbursement at less than 20 per cent.

Of these, Ho Chi Minh City and Hanoi are the two cities allocated more than VND100 trillion ($4.35 billion). However, they have both reported poor performance in disbursement and must find solutions to speed things up.

Phan Van Mai, Chairman of Ho Chi Minh City People's Committee, said that the city had implemented $472.9 million of almost $1.65 billion allocated, about 25 per cent. The amount that the city was allocated has decreased by about $695.6 million compared to the plan early in the year.

One of the reasons for the slow spending is a struggle with site clearance. Several projects have been stuck for a decade, affecting investment and disbursement. However, recently, Ho Chi Minh City has carried out drastic solutions to restart the construction of traffic projects.

The committee has also established task forces on site clearance surrounding large and complex areas like Thu Duc city and other districts. "We expect to remove most of the issues to finish 90 per cent of site clearance next month to be ready for construction," said Mai.

Other issues see contractors implementing work slowly. Mai highlighted the high costs of construction materials, labour, transport, and machines, while it takes time for projects to use official development assistance (ODA) to adjust, mobilise counterpart capital, and sign agreements. Leaders of the municipal government have met every contractor to solve the main problems.

"We are establishing working groups supporting large-scale projects, ODA projects, and site clearance to work with investors and contractors, strengthening disbursement in the next few months. It is possible for us to reach the target set for the year," said Mai.

Meanwhile, public investment disbursement in Hanoi has fared a little better, hitting $746.5 million, about 33.6 per cent of the yearly plan. Ha Minh Hai, Vice Chairman of Hanoi People's Committee, said they were struggling with several bottlenecks including site clearance, determining land origins and prices, fixing compensation plans, the price fluctuations of raw materials, implementing ODA projects, and slow investment procedures.

Hanoi People's Committee requires investors, based on their capacity, to commit to quickening public spending. "Hanoi is striving for the disbursement rate to reach 93.2 per cent," said Hai.

A project on decentralisation of state management and authorisation in the city has recently been approved, which is an important long-term strategic basis to increase initiative. In the last months of 2022, the project on decentralisation is expected to speed up spending.

In contrast with the two big cities, numerous localities have implemented public investment disbursement well. "Thanh Hoa assigned detailed plans early for every programme and project since the beginning of the year, so investors and contractors can actively implement the next steps," said Thanh Hoa People's Committee Chairman Do Minh Tuan.

"As of September 23, the disbursement in Thanh Hoa province reached 55 per cent. We set the timeline for completing disbursement of the capital plan in 2022 for all projects, as well as regularly reviewing and transferring capital from projects with slow disbursement to those with good progress."

Chairman of Haiphong People's Committee Nguyen Van Tung said that they usually spend all resources on 7-10 key projects based on allocating site clearance and construction costs.

In 2022, Haiphong was assigned a capital plan of $553 million. The disbursement estimate achieved over 70 per cent of the plan assigned by the prime minister. "At the end of the year, Haiphong will disburse all the assigned capital plan," said Tung.

With a higher disbursement rate than the assigned capital (at 112.7 per cent), the leader of Quang Ngai People's Committee said that since the beginning of the year, they have drastically directed and considered public investment disbursement as a key task.

The province assigned the capital plan right after the issuance of the prime minister's decision, directing and approving the detailed disbursement plan for each project every month. A special working group on disbursement of public investment in the province usually conducts field inspections and promptly removes and handles related problems like adjusting flexibly capital plans, cutting the capital of poor-performance projects, and adding capital to speedier projects.

According to the International Monetary Fund (IMF), Vietnam's medium-term public investment framework for the period of 2021-2025, approved by the National Assembly (NA) in July last year, has been introduced to improve the efficiency of public investment. Under the framework, total investment fund was envisaged at about 32-34 per cent of GDP in the 2021-2025 period, with the average disbursement rate of public investment funds reaching over 90 per cent of the plan assigned by the NA.

"Public investment would be targeted to key sectors, large and important national projects, regional and inter-regional connection projects, hence creating strong growth momentum," said an IMF country report for Vietnam released in July.

6. Import-export expanding via surplus

According to the General Statistics Office (GSO), it is estimated that Vietnam raked in a trade surplus of $6.52 billion in the first nine months of this year.

Total export turnover is estimated to have hit $282.52 billion, up 17.3 per cent on-year, of which $262 billion is for industrial products – accounting for 92.7 per cent of Vietnam's total export turnover.

Industrial items with big export rates include garments, textiles, and footwear (20.7 per cent); computers, electronics, and spare parts (15.9 per cent); mobile phones and spare parts (17.4 per cent); machinery and equipment (13.1 per cent); fossil coal (106.8 per cent), crude oil (40.2 per cent), fertiliser (170.4 per cent), and chemicals (44.2 per cent).

Samsung is estimated to create more than 90 per cent of Vietnam's total export values of electronics and mobile phones. So far this year, the country's total export of mobile phones and spare parts hit $45.4 billion, up 10.7 per cent as compared to the same period last year.

Total revenues of Samsung Thai Nguyen, Samsung Bac Ninh, Samsung Display Vietnam, and Samsung HCMC CE in Q2 were $17.9 billion, up 30 per cent on-year, as reported in financial statements from Samsung Electronics Group. In terms of profit, the factories fetched $1.31 billion in Q2, also up as compared to the corresponding period last year. The respective revenues and profit in Q2 were $7.9 billion and $770 million from Samsung Thai Nguyen; $4.7 billion and $400 million for Samsung Bac Ninh; $4.1 billion and $40 million for Samsung Display Vietnam; and $1.3 billion and $100 million for Samsung HCMC CE.

Samsung is expecting its export turnover to be $69 billion for the whole year.

Meanwhile, according to the GSO, in the first nine months of this year, Vietnam's total import turnover sat at an estimated $276 billion, up 13 per cent on-year.

Of which, $260.4 billion was for importing items for industrial production – accounting for 94.3 per cent in the economy's total import value. Such items with major import value increases included machinery and equipment (13.4 per cent), mobile phones and spare parts (6.1 per cent), electronics and spare parts (24.9 per cent), and crude oil (68.1 per cent).

The Ministry of Industry and Trade (MoIT) estimated that Vietnam's total export and import turnover for the whole of 2022 may be about $368 billion and $367 billion – both up nearly 9.5 per cent over 2021. This is expected to create a $1 billion trade surplus.

All are thanks to consumers' high spending, and tax reduction and removal under free trade agreements' commitments.

By late last year, forecasting that the global market will see negative fluctuations in goods demand, the National Assembly set a target for Vietnam's export-import turnover for 2022 to be $660.8 billion, including $329.9 billion for exports and $330.9 billion for imports. This means a $1 billion trade deficit.

This target is lower than what was reaped last year, in which the export-import turnover hit $668.5 billion, with a trade surplus of $4.08 billion.

The MoIT has also set a 2023 target of an on-year export turnover increase of 8 per cent, or $397.4 billion, with a trade surplus reached, and a total retail and consumption service revenue of as much as $268.6 billion, up 9 per cent on-year.

However, the MoIT also underlined major headwinds against Vietnam's trade landscape.

"In the remaining months of this year, very high inflation in many nations has shrunk demands for consuming indispensable imported goods, then affecting Vietnam's exports and economic recovery. Besides this, supply chain disruptions are expected to continue in the coming time, slowing down post-COVID recovery of economic, trade, and investment activities," said an MoIT report. "Prices of indispensable goods and transportation costs remain at a high level, affecting the global economic recovery and creating difficulties to economic and trade activities, and also denting Vietnam's export-import activities.

The National Assembly's Economic Committee has also warned that authorised agencies need to take great caution about "a possible danger of new pandemic outbreak due to new existing variants which can undermine the domestic economy's recovery and especially exports."

The committee warned of risks in expanding exports as global economic growth is expected to reduce from 3.6 to 4.4 per cent. For example, in April, the International Monetary Fund cut the rate to 3.6 per cent both in 2022 and 2023, down by 0.8 and 0.2 percentage points as compared to the fund's January forecast.

Meanwhile, the World Bank said that Vietnam's manufacturing exports are expected to grow at a slower pace mirroring moderating growth in Vietnam's main export markets including the US, China, and the EU.

Fitch Ratings has also cut its forecast for China's 2022 GDP growth to 4.3 from 4.8 per cent.

7. Rubber exports affected by decreasing demand

The decline in rubber prices due to the fluctuating world market and slow consumption in China means the industry's profit will be less positive until the end of the year, said the Viet Nam Rubber Association.

Specifically, the selling price of rubber has strong been fluctuating in the second quarter when it recovered in June and then decreased rapidly in July.

The market was strongly affected by the pandemic, political crisis, the lack of containers, high transportation costs, sharp increases in fuel prices and slow customs clearance affecting the global supply chain.

Rubber prices in the world market continued to decline in September due to concerns about slowing demand in China.

The price of rubber is often negatively correlated with the strength of the dollar. The uptrend of the US dollars in recent years also predicts that rubber prices will remain low in the near future.

Because of price fluctuations, especially market fluctuations, China is currently reducing the amount of rubber imported from Viet Nam. Thus, rubber exporters to this market expect their profits will be reduced greatly in the last three months.

A representative of the Viet Nam Rubber Group (VRG) said that the rubber business was facing many difficulties due to the unstable market, falling selling prices and slow consumption. In addition, rising input costs have affected revenue.

Revenue of Phuoc Hoa Rubber Joint Stock Company decreased by nearly 50 per cent, profit after tax fell by about a third over the same period.

The company's representative explained that the falling in profit was mainly due to the decline in latex consumption, leading to a decrease in sales of semi-finished products in the third quarter compared to the same period last year.

Da Nang Rubber Joint Stock Company also recorded a decrease in profit after tax of nearly 22 per cent.

The reason was said to be higher gasoline prices, declining consumption, and climbing input costs.

However, recently, despite a slump in consumption of other markets, businesses have also conquered the Indian market.

Viet Nam exported more than 11,000 tonnes of rubber to India in the first nine months of this year, up 45 per cent in volume and 44 per cent in value over the same period last year.

Thanks to the growth of the Indian market, it has balanced the decline of other markets. Customs statistics forecast that rubber export turnover is estimated at US$2.28 billion in the first nine months of this year, a year-on-year growth of 7 per cent. — VNS.

Corporate News

8. VIC: VinFast returns to Paris Motor Show 2022

↑ 0.17%

For the first time, VinFast will officially introduce the premium electric vehicle line-up covering from segment B to E to the French market, it said on October 7.

VinFast will bring to the 2022 Paris Motor Show(PMS), to take pace from October 17-13, four models VF 6, VF 7, VF 8, and VF 9.This is the first time the automaker has officially introduced these electricvehicle models to the French market.

In particular, the VF 6 and VF 7, respectively belonging to Segment B and Segment C, are two models jointly designed by VinFast and Torino Design. ThePininfarina-designed VF 8 and VF 9 are the first two electric SUV modelsto be launched in the global market. The four all-electric models will comewith a 10-year warranty, one of the leading warranty policies on the market.

In addition to electric passenger vehicles, in just4 years, VinFast has developed a comprehensive ecosystem of electrifiedmobility covering sustainable energy solutions, electric buses, scooters, and cars. The current electric vehicle line-up has five modelsincluding VF 5, VF 6, VF 7, VF 8, VF 9 covering Segments A to E.

Le Thi Thu Thuy – Vice Chairwoman of Vingroup andGlobal CEO of VinFast - said: "VinFast is proud to return to the 2022 Paris MotorShow to prove that Vietnam is not only capable of making cars but also making agreat leap toward the electrified revolution."

The first 100 VF 8s were recently delivered toVinFirst customers in Vietnam. Approximately 5,000 VF 8s are expected to behanded to customers in international markets later this year.

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