



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Shares nosedive on massive selling force

Vietnamese shares lost ground in a volatile session on Tuesday as bargain-hunting demand failed to rescue the market, which was ravaged by a continued and massive selling force.

The VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) closed the day at 1,006.20 points, a decrease of 3.48 per cent. It had gained slightly 0.63 per cent thanks to bargain purchases on Monday.

The market's sentiment was negative with more stocks decreasing, of which 46 stocks inched higher and 435 reduced. Liquidity increased compared to the previous session, with more than 672 million shares traded, equivalent to a value of VNĐ12.9 trillion (US\$539 million).

The index's reversal was caused by some pillar stocks as the 30 biggest stocks tracker VN30-Index posted a loss of 3.59 per cent, to finish Tuesday at 1,001.68 points. Of the VN30 basket, one stock climbed, while 28 declined and one stock ended flat.

Among the worst performers were Military Bank (MBB), PV Power (POW), SSI Securities (SSI), Sacombank (STB), Techcombank (TCB), Tiên Phong Bank and Vincom Retail (VRE), all hitting the daily limit decline of 7 per cent.

Persistent sell-off pressure hit many key sectors of the market. On a sector basis, all 25 sector indices on the stock market lost ground, including insurance, oil and gas, banking, wholesale, construction, rubber production, IT and logistics, agriculture, real estate, food and beverage, retail, healthcare, seafood production, construction materials, securities, and plastic and chemical production.

The HNX-Index on the Hà Nội Stock Exchange (HNX) also ended lower. The northern market index lost 4.82 per cent, to close Tuesday at 218.78 points. It had gained 1.66 per cent to close Monday at 229.85 points.

Nearly 73.9 million shares were traded on the HNX, worth VNĐ1.1 trillion.

"Regarding the transactions of foreign investors, they were net buyers on both HoSE and HNX. In the coming sessions, it is likely that VN-Index will struggle around 1,000 points," said BIDV Securities Co.

Foreign investors net bought VNĐ159.92 billion on HOSE, including Vingroup (VIC) with VNĐ65.56 billion, Đức Giang Chemical (DGC) with VNĐ49.01 billion, Vinamilk (VNM) with VNĐ47.43 billion. They were net buyers on HNX with the value of VNĐ2.05 billion.

## Macro & Policies

### 2. Shipping has peaked but port operations still grow: Gemadept

Leaders at Gemadept forecast difficulties for the seaport industry in the last quarter and the first half of 2023 due to decreased demand for goods in key markets, but the firm's operation is still expected to grow

The firm, promoting investment in the Nam Dinh Vu project phase 2 to put into operation from the first quarter of 2023, has had positive results in the last nine months, expecting to exceed its commitment with the AGM 2022 with the better scenario.

Nguyen Thanh Binh, General Director of Gemadept, told the seminar: "The potential of Viet Nam's seaport industry and advantages of Gemadept's sea freight rates have passed their peak and shipping activities began to return to normal as before the pandemic. Therefore, the profit of the shipping companies will decrease slowly and return to normal levels after two years of sudden results."

For seaport activities, Binh acknowledged that there would be a decline in the short term, adding: "There are many challenges in the coming time."

Specifically, he said the period until the first half of 2023 will be difficult in terms of freight due to the global recession, and demand in key markets such as Europe and the US is declining.

However, in the long-run, port operation would still have potential, he said, considering that with the growth potential of Vietnam's economy and trade agreements, along with the industry tendency positively supporting the development of deep-sea ports, the volume of goods passing through the port would still grow more.

He forecast the firm would still maintain the goal of 25 per cent profit growth per year from 2020 to 2025. As a result, by 2025, profit before tax would be three times higher than in 2020 and reach more than VND1.5 trillion. The motivation would come from increasing container production through the Gemadept port system, which is expected to reach 5.9 million TEUs in 2025.

The company is promoting investment in Nam Dinh Vu project phase 2 to operate from the first quarter of 2023. The project was started in 2021 with investment capital of \$75 million on a scale of 600,000 TEUs.

With Gemalink 2 completing the construction permit, it is expected to be completed this year and can start construction in the first half of next year. The project has a capacity of 1.5 million TEUs, and investment capital of \$300 million.

In addition, Gemadept plans to develop a logistics project in the South with a scale of 10 hectares and an investment capital of VND1.2 trillion, according to Binh. Enterprises will focus on investing in seaports, air cargo ports, inland waterway ports, logistics centres, and industrial parks.

Also, Gemadept will divest investments not part of the core business to create cash flow for project investment.

Chief Financial Officer of the firm, Bui Thi Thu Huong, said in 2021, Gemadept exceeded the plan, with profit before tax growing by 57 per cent compared to 2020. This year, the business results in the first nine months were positive, despite concerns about the decline in the fourth quarter.

According to the firm, the cargo volume via Gemadept's port network increased 26 per cent, much higher compared to 1 per cent growth of the whole country over the same period of 2021.

Regarding the issue of the US dollar and rising interest rates, Huong said the firm had dollar-denominated revenues from shipping lines, so the risk of exchange rate increases with dollar-denominated loans was significantly reduced.

According to the plan approved by the Annual General Meeting, the enterprise will issue 100.5 million shares to existing shareholders for VND20,000 each with the ratio of a proper exercise of 3:1 to make the charter capital from VND3.014 trillion to VND4.018 trillion.

### 3. Speeding up the progress of traffic projects

The Minister of Transport has requested agencies and units under the Ministry of Transport, heads of investors and project management boards to boost the disbursement of public investment capital for transport projects.

Minister Nguyễn Văn Thể asked units to clarify the reasons for delays to each project to come up with specific, drastic and effective solutions to accelerate disbursement in the last months of 2022.

The units needed to review the entire implementation progress of projects deployed in 2022 to adjust capital in line with the implementation schedule, he said.

The units were also required to speed up the construction progress, site clearance, resettlement, design work, estimates and contractor selection for

projects, especially key projects that must be completed this year.

Key projects include the eastern section of the North-South Expressway, Mỹ Thuận - Cần Thơ Expressway, railway projects, the HCM City Ring Road 3, the route connecting National Highway 91 with Long Xuyên bypass, the route connecting Hà Nội-Hải Phòng expressway with Cầu Giẽ-Ninh Bình expressway, the route to Tây Nguyên Central Highlands and the route connecting northern mountain provinces.

It is expected that by the end of September, the Ministry of Transport will disburse VNĐ26,960 billion (US\$1.13 billion).

From now until the end of the year, it is necessary to continue disbursing VNĐ23,368 billion (\$984 million).

### 4. Investment in small airports helps local economies take off: experts

Local and foreign experts weighed up the benefits of investing in small airports, and whether such plans could help local economies grow.

The issues were discussed at a round table held yesterday in Hà Nội by Vietnam Investment Review with the participation of speakers from local and international organisations.

According to the International Air Transport Association (IATA), Việt Nam ranks first on the list of 25 countries with the fastest recovery in the domestic aviation market post-pandemic.

Before the COVID-19 pandemic, the country's aviation sector had been growing at a double-digit rate, averaging 15.8 per cent annually.

The IATA forecasts that by 2035, Vietnamese airlines will serve up to 136 million passengers and contribute \$23 billion to GDP. However, the existing airport system, especially small airports such as Côn

Đảo, Cát Bi, Phú Quốc, Liên Khương, and Cam Ranh, is overloaded.

In Việt Nam, airlines and airports contribute significantly to the economic growth of localities and the wider country. In 2019, the aviation industry, including passenger spending, contributed US\$12.5 billion to the country's GDP.

Michel Werson, chief economist at NACO – part of Royal HaskoningDHV – said: “Along with the role of transport linkage, small airports will contribute to creating many other economic values. Notably, they will create benefits for investors and generate jobs for people. The small airport is a factor to attract investment capital inflow to localities and then contribute to the state budget.”

Small airports would also wake up the tourism potential of various localities. For example, following a major expansion between 2017-2018, Phú Quốc International Airport had been an important international gateway to many iconic

destinations and made significant contributions to the socioeconomic development of the 'Pearl Island.' Before the pandemic, Phú Quốc's economy was growing by an average of 27.52 per cent per year, and tourism revenue was rising by up to 43 per cent per year.

Cam Ranh International Airport was another outstanding example. In 2004, the airport only served 270,000 passengers. In 2019, the airport saw tourist arrivals grow nearly 40-fold, receiving over 10 million passengers, of which more than 3.5 million were international tourists. The government approved an upgrade for Cam Ranh International Airport to have an annual capacity of 25 million passengers by 2030 and 36 million by 2050.

The ground-breaking ceremony of Sapa airport in March 2022 has turned the dreams and aspirations of provincial leaders and local ethnic minorities into a reality. Once completed, the airport is expected to boost the economy and tourist development in Lào Cai.

Confronted by ever-crowding airports, experts at the roundtable agreed that the construction of a major airport was needed to accommodate the soaring growth.

At the roundtable, Nguyễn Trọng Hải, Vice Chairman of Lào Cai Provincial People's Committee, said Lào Cai is a mountainous province with difficult terrain but is blessed with natural beauty and cultural identity. With a determination of making tourism a pillar of development, the provincial leaders had shown concerns about how to develop a synchronous infrastructure and transport system for the province, including the construction of an airport.

Hải said his province had sought more experts on consulting and building Sapa airport with an expectation that when the project is completed, it will help increase the number of tourists to the province.

At the discussion, experts emphasised the need to take care of the master plan for the development of airports nationwide in 2021-2030.

According to Mick Weson, Chief Economist of NACO, small and local airports have a crucial role in aviation.

He recommended to think of the airport system in three layers. The top layer is the large hub airports with annual traffic volumes of more than 20 million passengers. The lowest layer is the local or tertiary airports with less than 1 million annual passengers. And the third layer is the layer in between, or the bridge layer, that connects both the hub airports and the local airports.

So, firstly, small (regional airports) are important for connectivity and can make the system work. Second, regional airports, apart from being 'connectors', can also provide direct connections and therefore connect regions, which is especially important for remote regions, or regions that need these connections for their local or regional economies, such as tourist destinations.

And third, small airports have a social-economic function; they generate employment, tax income, are points of access for relief and aid in case of disasters and provide the ability to quickly get access to specialised medical assistance that is not provided for in the region.

Nguyễn Văn Vĩnh, deputy director of the Vietnam Institute for Development Strategies, said: "To invest effectively in the airport, it is necessary to have a combination of the State and the private sector to jointly calculate the timeline and scale of the projects. It is also necessary to evaluate every aspect carefully to avoid wasting natural and power resources while simultaneously clarifying the concept of the small airport."

"In addition, it is important to consider the transportation link plans to synchronise other transport infrastructure systems, including the road, rail, and sea link, to connect with the airport. This work will attract private investors to invest in the airport."

Việt Nam is home to a total of 22 airports, including 10 international airports. Vĩnh said the development of more small airports would offer more access opportunities, paving the way for the economic development of cities and provinces.



## 5. 14 socio-economic development targets met or exceeded this year

Only one of 15 social-economic development targets are not expected to be met or exceeded this year.

Gross Domestic Product (GDP) growth is estimated to reach 8 per cent this year, about 2-2.5 per cent higher than the target.

The data was revealed in a report at the National Assembly's (NA) Committee for Economic Affairs on Tuesday morning. Assessments were made based on Government reports on the implementation of the socio-economic development plan, the State budget estimate in 2022, and the socio-economic development plan in 2023.

Under the assessments, economic recovery took place evenly among localities; 44 out of 63 provinces and cities have the Gross Regional Domestic Product (GRDP) increasing by over 6 per cent.

The number of newly established businesses has been on the rise, and sectors hit hard by the COVID-19 pandemic have recovered strongly. As a result, the major balances of the economy are ensured while inflation is controlled.

It is estimated that the whole year Consumer Price Index (CPI) will increase by about 4 per cent, and the State budget revenue will be higher than the estimate. Mobilisation of investment capital from the whole society reached about 34 per cent of GDP. Total import and export turnover continued to increase at a high level.

Việt Nam is the only country in the Asia-Pacific region and one of four countries in the world that have had their credit rating upgraded by Moody's since the beginning of the year.

National Assembly's Committee for Economic Affairs chairman Vũ Hồng Thanh said Việt Nam had achieved many encouraging results despite facing many difficulties and challenges in the world economy.

### Don't neglect

However, paying attention to and evaluating several issues more closely would be necessary. For

example, Thanh said the social labour productivity growth rate was lower than the target.

The implementation of the socio-economic recovery and development programme was still low; the implementation of support packages was also slow; the interest-rate support package through the commercial banking system had a very low disbursement rate; and export activities showed signs of slowing down, he added.

Some other issues also needed to be considered and clarified, such as Việt Nam's tourism competitiveness, the number of international tourists entering the country, and the bidding for the procurement of public property had caused damage to the State budget capital, he said.

Speaking at the session, Head of Delegation Affairs Nguyễn Thị Thanh said that although economic growth was high and inflation was reasonably controlled, negligence should be discouraged.

Risk factors for global economic slowdown and financial instability were still present, including the possibility of a COVID-19 resurgence.

In addition, there were other risks, such as monkeypox disease, instability of trade and global financial markets, monetary tightening of the banks in the world, and energy and food crisis, she said.

Giving the conclusion of the session, National Assembly Vice Chairman Nguyễn Khắc Định ordered the Government's report to add more experience in realising the dual goals of preventing and controlling the pandemic while maintaining economic stability. The report should also analyse the causes of the results that Việt Nam achieved over the past time.

He also told the Government to focus on planning and removing obstacles in public investment to promote growth and economic development.

Permanent Vice Chairman of the National Assembly Trần Thanh Mẫn asked the Government to clarify internal and external reasons further and propose solutions to the problems, including failure to meet the target on social labour productivity and public investment; difficulties in connecting domestic enterprises with foreign investment; improving the

quality of Foreign Direct Investment (FDI) projects, and attracting high technology, source technology and technology transfer.

Mẫn also said that next year the Government must focus on forecasting, offer appropriate solutions to arising problems, and concentrate on solving difficult and urgent problems to ensure the achievement of the socio-economic development goals.

### Risks remain

At the session, the assessments also showed that the stock and corporate bond markets had been developing rapidly, but there were many fluctuations and potential risks.

Giving examples for the above assessments, the NA's Committee for Economic Affairs said by the end of

the session on October 7, 2022, Việt Nam's stock market fell 484 points, equivalent to 31.8 per cent from the peak (on January 6, 2022). This was believed to be the market with the strongest decline in the world that day. VN-Index was currently at the lowest level since December 10, 2020. HNX-Index and UPCoM-Index were also recording the lowest point in nearly two years.

Besides, the violations related to An Đông Company and some other recent cases related to the bond market caused many consequences for the sustainable development of the capital market, leading to a loss of confidence in investors.

The committee also said that the risk among the capital market, the system of credit institutions and the real estate market increased.

## 6. HCM City seeks to speed up development of logistics sector

HCM City is taking a number of measures to resolve the problems faced by the logistics sector such as poor infrastructure and lack of skilled human resources, according to its government.

According to Phan Thị Thắng, deputy chairwoman of the city People's Committee, the city is an important trade gateway for the southern region, but the transportation system is inadequate.

The construction of ring roads connecting with provinces has been slow, and so trade with them is not commensurate with the potential.

The city plans to develop seven logistics centres by 2025, with the six-hectare Hi-Tech Park Logistics Centre being in the process of identifying a developer.

Besides, enterprises are building facilities that are "similar to logistics centres" such as a cold storage at the Vĩnh Lộc Industrial Park and an e-commerce warehouse in Củ Chi District.

"Schools and logistic firms lack interaction. The quality of human resources in logistics is not commensurate with the city's potential," Thắng said.

Lê Huỳnh Minh Tú, deputy director of the Department of Industry and Trade, said the country's demand for logistics workers was increasing by 7.5 per cent a year.

HCM City alone needs 63,000 workers a year, including more than 8,400 with professional skills, in 2021-25, according to Tú.

To meet this demand, the city has identified two strategic tasks: accelerating short-term training for small and medium logistics enterprises to mitigate their labour shortage and providing intensive training to develop human resources of international standard.

Nguyễn Quang Trung of the University of Economics and Finance said along with the development of e-commerce and the digital

economy, e-logistics played an increasingly important role.

Therefore, investment in logistics and information technology infrastructure for e-logistics development was an urgent need, he said.

Delegates at a recent forum called for upgrading ports and developing road and rail transport networks.

Thắng said the city, recognising the importance of the logistics industry, wanted to make it a spearhead that would account for 12 per cent of the economy by 2030.

Logistics costs are expected to fall to 10-15 per cent of GDP by 2025.

## 7. Đà Nẵng, Viettel to accelerate IT co-operation in 2022-30

Đà Nẵng and military-owned telecommunications group Viettel have inked a memorandum of understanding (MoU) on digital transformation in economy, education, healthcare, tourism, trade and industry, agriculture and e-Government in 2022-30.

Director of the city's Investment Promotion Department, Huỳnh Thị Liên Phương confirmed that the MoU, which was signed last weekend, will include four key projects with an estimated investment of VNĐ4.45 trillion (US\$193.48 million).

She said Viettel planned to commence construction of a 8.6ha smart logistics centre using AI and robotics in Liên Chiểu District, as well as an 18-storey site for 1,600 members from the first quarter of 2023.

The group would launch 5G coverage throughout the city from 2023 before piloting the service at industrial zones and hi-tech parks, as well as building 5G stations.

It would build a database centre for telecommunication services and e-Government in Liên Chiểu and Hải Châu districts from 2023.

Following the MoU, Viettel proposed construction of a coastal cable gateway in Ngũ Hành Sơn District, a database centre, and a training and research centre at Đà Nẵng Hi-Tech Park in 2023-25.

Viettel has built five coastal gateways including a submarine cable Asia-Africa-Europe 1 (AAE-1), Asia-American Gateway (AAG) and the submarine cable TNG-Intra Asia in Vũng Tàu City; Asia Direct Cable in Quy Nhơn and Asia Pacific Gateway (APG) in Đà Nẵng.

Viettel and Đà Nẵng also agreed to boost cooperation in turning Đà Nẵng into a 'smart city' by 2025.

Đà Nẵng launched an e-government system in 2014, making IT infrastructure available for smart connections in air control, water management, garbage collection and meteorology, earthquake and tsunami warnings, floods and erosion and sewage management systems.

The city has invested S\$43 million in software park No 2, creating a workplace for 6,000 IT engineers.

The 341ha Đà Nẵng IT Park, which was designed as the 'Silicon Valley' in central Việt Nam, will provide 25,000 jobs and an urban area for 100,000 people from 2030.

South Korea's LG Electronics agreed to build the first research and development (R&D) centre in the city to create a space for software research and production in electronics manufacturing in Việt Nam.



## Corporate News

### 8. VHC: Vinh Hoan plans to spend VND 367 billion to advance dividends in 2022

↑ 0.84%

The Board of Directors of Vinh Hoan Joint Stock Company ( HOSE : VHC ) has just announced that October 21, 2022 is the last registration date to advance the 2022 dividend at the rate of 20% in cash. The ex-rights date is October 20, 2022.

With a payout ratio of 20% (VND2,000/share) and more than 183 million shares outstanding, Vinh Hoan is estimated to need to spend approximately

VND367 billion for this dividend payment. Capital source from undistributed retained earnings until June 30, 2022. Expected date of dividend payment is October 28, 2022.

On the HOSE , from the end of August until now, VHC 's stock price has been in a slump, currently trading at around 73,000 VND/share (early 11/10 morning). Liquidity is about 800,000 shares/day.

### 9. VIC: Vinfast returns to Paris Motor Show

↓ -0.33%

Four years after its global debut at the 2018 Paris Motor Show, VinFast has announced its return to France as Vietnam's first and only global smart EV maker, marking a significant leap on the journey toward sustainable mobility. For the first time, VinFast will officially introduce a premium electric vehicle line-up from segment B to E to the French market.

VinFast will bring to the 2022 Paris Motor Show (PMS) four models: VF 6, VF 7, VF 8 and VF 9. This is the first time VinFast officially introduces these electric vehicle models to the French market. In particular, the VF 6 and VF 7, respectively, belong to the B-segment and C-segment, and are two models jointly designed by VinFast and Torino Design. The Pininfarina-designed VF 8 and VF 9 models are VinFast's first two electric SUV models to launch in the global market. VinFast's four all-electric models come with a 10-year warranty, one of the leading warranty policies on the market.

In addition to electric passenger vehicles, in just four years, VinFast has developed a comprehensive ecosystem of electrified mobility covering sustainable energy solutions, electric buses, electric scooters, and cars. The current electric vehicle line-up has five models, including VF 5, VF 6, VF 7, VF 8 and VF 9 covering segments A to E.

The first 100 VF 8s were recently delivered to VinFirst customers in Viet Nam. Approximately 5,000 VF 8s are expected to be handed to customers in international markets later this year.

VinFast's global debut at the Paris Motor Show 2018 placed Viet Nam on the world map of the automotive industry. At the event, VinFast introduced two gasoline-powered car models, Lux A and Lux SA 2.0, which attracted the attention of the world's audience and press. VinFast was awarded "A Star is Born" by AUTOBEST.

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