



VIETNAM DAILY NEWS

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Market Analysis

1. Macro data in focus, market likely to extend rallies this week

The Vietnamese stock market experienced a bumpy week but was still headed for its first weekly gain after five losses. However, experts warn that investors should pay attention to macro data until the pressure on exchange rates and interest rates shows signs of cooling down.

Last week, the VN-Index on the Ho Chi Minh Stock Exchange (HoSE) finished the week at 1,061.85 points, claiming back all losses sustained last Tuesday. On the Ha Noi Stock Exchange (HNX), the HNX-Index ended the last trading session at 227.89 points.

For the week, the benchmark index rose 2.5 per cent, while the HNX-Index gained 0.8 per cent.

Trading value on HOSE increased by 2.8 per cent from the previous week to nearly VND62.8 trillion (US\$2.6 billion), equivalent to a rise of 3.2 per cent in a trading volume to over 2.9 billion shares.

In contrast, the northern market's trading value and volume fell by 11.4 per cent and 3.5 per cent, respectively.

Last week, foreign investors reentered the market and poured money into both of the major exchanges, with a net buying value of VND2.85 trillion. Of which, Hoa Phat Group (HPG)'s shares were purchased the most, with 12 million shares, followed by SSI Securities Corporation (SSI) and Sahabank (SHB) with 9.3 million shares and 8 million shares, respectively.

In the September minutes, the US Federal Reserve expressed concern about rising inflation, and now with a higher-than-expected consumer price index, the global market is betting on another rate hike of 75 basis points by the Fed next month, according to Vietcombank Securities Company (VCBS).

As a result, interest rates tend to get higher, extending the trend of revaluation of risky assets, including equity markets.

VCBS, thereby, recommended investors prioritise a prudent strategy during this period.

Saigon-Hanoi Securities JSC (SHS) reported that on October 11, the market successfully tested the strong psychological support level of roughly 1,000 points after five straight weeks of falls. The recovery sessions helped lift investors' sentiment.

Last week's liquidity was at around the 20-week average, showing that bottom-fishing demand has appeared and the cash flows are showing signs of returning to the market.

The steep short-term downturn that the VN-Index had been in since the introduction of the T+2 settlement cycle has ceased, and a new support range of 1,000-1,030 points has been established.

However, the medium-term trend of the index hadn't improved yet, said SHS.

This week, the securities firm anticipated that the market benchmark would continue to recover to upper resistance zones. It also suggested investors reduce the proportion of weak-performing stocks and balance their portfolios when short-term selling pressure gets stronger at the resistance area of around 1,100 points.

The company added that investors should maintain a reasonable proportion of stocks.

According to MB Securities JSC (MBS), after three consecutive gaining sessions, the market is creating an equilibrium environment and a short-term bottom at the psychological threshold of 1,000 points.

In the current rally inertia, the market is likely to continue the recovering trend if the VN-Index

surpasses the upper limit of the GAP down at
1,073 points..

Macro & Policies

2. Vietnam's exports to CPTPP countries up 38.7% in January- August period

Vietnam's export value to Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) member countries increased by 38.7% to US\$41 billion over the first eight months of 2022, the Government's report shows.

The Southeast Asian nation spent US\$35 billion on imports from CPTPP nations, the VGP cited the report released by the Government on the implementation of the CPTPP, during the January-August period.

With the above figures, Vietnam enjoyed a trade surplus of US\$6 billion.

Remarkably, Vietnam's exports to Canada and Mexico grew by 32% and 9.2% to US\$4.5 billion and US\$3.2 billion, respectively.

CPTPP, a new-generation trade pact, was signed by 11 countries, namely Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam in Santiago, Chile on March 8, 2018.

Eight months later, Vietnam ratified the trade deal that took effect on January 14, 2019.

3. Standard Chartered raises Viet Nam's 2022 GDP growth forecast to 7.5%

Standard Chartered Bank has raised its Viet Nam GDP growth forecast for 2022 to 7.5 per cent from the previous 6.7 per cent and for 2023 to 7.2 per cent from 7.0 per cent to reflect robust Q3 growth of 13.7 per cent year-on-year. The last quarter 2022 growth is anticipated at 4.0 per cent.

While the bank lowers its inflation forecast for this year to 3.3 per cent from 4.2 per cent, it expects an acceleration in Q4 to 5.0 per cent from 3.3 per cent in Q3. Inflation has been largely under control; price pressures may increase in the rest of 2022 and in 2023. In addition to supply-side factors, demand-side factors might kick in more strongly.

"We maintain our average 2023 inflation forecast at 5.5 per cent, expecting it to rise throughout next year, reaching around 6 per cent late next year. We see inflation as a threat to Viet Nam's continued recovery," said Tim Leelahaphan, Economist for Thailand and Viet Nam, Standard Chartered Bank.

Standard Chartered's economists expect the State Bank of Viet Nam (SBV) to continue tightening monetary policy and forecast a 50bps hike in the refinancing rate each in Q4-2022 and Q1-2023, taking the rate to 6 per cent, following a 100bps hike to 5 per cent on 22 September.

"We see a risk of SBV raising rates more than we expect if inflation accelerates and the Vietnamese dong weakening more than we forecast as the Fed maintains a relatively hawkish stance. We expect SBV to stay vigilant against inflation and financial instability besides helping businesses recover from the COVID-19 impact," said Leelahaphan.

According to the UK-based lender, the VND is likely to face several headwinds in the short term – a hawkish Fed, strong USD, higher commodity prices and slowing external demand. The VND continues to significantly outperform its peers across EM Asia, despite recent depreciation.

Standard Chartered Bank expects the pace of VND depreciation to slow in the coming months. USD-VND's correlation with USD-CNY remains extremely strong. As such, a peak in USD-CNY will likely coincide with the peak in USD-VND. The Bank forecasts USD-VND at 24,200 by end-2022 and at 24,000 for end-Q1-2023 and declining towards 23,400 by end-2023.

4. Hanoi-HCM City world's fourth busiest domestic air route in 2022

The Hanoi-Ho Chi Minh City route has been named among top 4 world's busiest domestic air routes, according to British aviation analysis company OAG.

The flight route connecting Vietnam's two largest cities, which takes around two hours, carries more than 8.5 million passengers between October 2021 and September 2022.

This demonstrated the strong recovery of the Vietnamese domestic aviation market in the post COVID-19 pandemic period.

In 2019, the Hanoi - Ho Chi Minh City route was also listed in the world's top 6.

The Republic of Korea's Jeju-Seoul route was the busiest domestic air route with over 16 million passengers, followed by Sapporo New Chitose Apt-Tokyo route (Japan) with more than 10 million and Fukuoka – Tokyo (Japan) with 9.8 million.

Rounding off the list of top 10 world's busiest domestic air routes included Jeddah- Riyadh King Khalid (Saudi Arabia), Melbourne - Sydney (Australia), Mumbai - Delhi (India), Tokyo -Okinawa Naha (Japan), Jakarta Soekarno- Hatta Apt - Denpasar (Indonesia), and Beijing – Shanghai (China).

According to the Civil Aviation Authority of Vietnam (CAAV), the number of passengers through 22 airports nationwide during the past nine months of this year reached 75 million, representing a year-on-year increase of 162%, including 6.7 million foreigners and 68.3 million domestic passengers, up 1,800% and 141% year-on-year, respectively.

In June, the International Air Transport Association (IATA) highlighted Vietnam as number one in the list of 25 countries with the fastest recovery in the domestic aviation market globally, trailed by Mexico, Brazil, Russia, Spain, Turkey, and Australia.

5. Vietnam-US bilateral trade to surpass US\$100 billion

Bilateral trade between the nation and the United States is anticipated to exceed the US\$100 billion mark during the past 10 months of the year, according to the latest data released by the General Department of Vietnam Customs.

This marks the second consecutive year that two-way trade turnover has exceeded this milestone.

During the initial nine months of the year, Vietnamese exports to the US market surged by 23.7% to reach US\$85.17 billion compared to the same period from last year.

There were a total of 11 groups of export commodities to the US which had a turnover exceeding US\$1 billion, of which four groups ranked in revenue of more than US\$10 billion, including computers, electronic products and components with US\$11.6 billion, as well as phones and components with nearly US\$10.1 billion.

Most notably, the group of machinery, equipment, tools and spare parts surpassed the textile and

garment category to become the largest export group in the US market, with turnover reaching approximately US\$15.1 billion, representing an annual rise of 30.17%.

The garment and textile group ranked second with US\$13.87 billion, an increase of 19.36% against the same period from last year.

Furthermore, the US also makes up the leading major market for Vietnamese export items such as timber and wood products, seafood, means of transport and spare parts, toys, sports equipment.

At present, the US is seen as Vietnam's largest export market, accounting for 30.16% of the country's total export turnover during the first nine months of the year.

Meanwhile, the country imported goods from the US worth US\$11.15 billion in the reviewed period, a decline of US\$600 million on-year, with the nation enjoying a trade surplus of US\$ 74.02 billion with the US.

6. Many SOEs recover from pandemic's impacts: Ministry

After severe impacts of the COVID-19 pandemic, enterprises invested with state capital has begun to bounce back since 2021, according to the Ministry of Finance.

In a recent report on the investment, management, and use of state capital at enterprises in 2021 sent to the National Assembly, Minister of Finance Ho Duc Phoc said there were 826 businesses invested with state capital as of December 31 last year, including 673 state-owned enterprises (SOEs) and 153 firms with capital partly contributed by the state. Their total assets are worth over 3.7 quadrillion VND (153.2 billion USD), up 2% from 2020.

Their total revenue surpassed 2.1 quadrillion VND, up 8% year on year.

Meanwhile, consolidated reports by groups, corporations, and parent - subsidiary companies pointed out that these enterprises' revenue topped 1.5 quadrillion VND last year, up 9%.

The firms posting high revenue are mainly large-scale ones. The best performers are Vietnam Electricity – EVN (over 440 trillion VND), Vietnam Oil and Gas Group – Petrovietnam (over 380 trillion VND), Military Industry and Telecoms Group – Viettel (nearly 150 trillion VND), Vietnam National Coal and Mineral Industries Group – Vinacomin (over 114 trillion VND), and Vietnam Posts and Telecommunications Group – VNPT (over 54.67 trillion VND), statistics showed.

The report noted that in 2021, some parent companies recorded revenue increases of more than 30% compared to the previous year, including Vietnam National Chemical Group (156%), Company of Economic Cooperation (87%), Technological Application and Production One Member Limited Liability Company (77%), Vietnam Expressway Corporation (66%), and Petrovietnam (41%).

Consolidated reports by groups, corporations, and parent - subsidiary companies also showed that their pre-tax profits approximated 157 trillion VND, up 33% from 2020. Most of the ones with pre-tax profits of over 5 trillion VND were large companies, including Petrovietnam (nearly 52 trillion VND), Viettel (nearly 37 trillion VND), and EVN (nearly 18 trillion VND).

However, some businesses witnessed sharp declines in pre-tax profits such as Vietnam Paper Corporation (down 90%), Hanoi Transport Corporation (90%), and Housing and Urban Development Corporation (52%).

Phoc said some SOEs have yet to clearly exercise their roles in leading and promoting other economic sectors to grow or boost the connectivity of value added chains.

Besides, loss-making and poor-performing projects have yet to be handled thoroughly, thus affecting the restructuring of SOEs, the report added.

7. Vietnam's e-commerce market to reach US\$40 bln by 2027

Vietnam's e-commerce market is predicted to record the growth of 28%, the highest rate among Southeast Asian nations, and reach US\$40 billion by 2027.

This is part of the SYNC Southeast Asia report- Southeast Asia's digital consumers: A new stage of evolution, released by Bain & Company and Meta.

According to the report, the average contribution of e-commerce to total retail in Vietnam has continued to grow at 15% over the past year with the online share to total retail standing at 6%.

Within the past year, the Southeast Asian nation recorded an additional 4 million digital consumers making online purchases.

Especially, eight out of every ten people of working age are now digital consumers. This means that the nation has 60 million digital consumers.

In the post-pandemic period, 10% of Vietnamese respondents to the report's survey had moved at least one of their shopping categories from offline to online.

The value of online shopping increased from US\$45 in 2021 to US\$50 in 2022, the report says.

SYNC Southeast Asia's research is done through surveys on approximately 16,000 digital consumers and interviews with over 20 customer experience managers in six Southeast Asian countries, including Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

Corporate News

8. BMP: BMP is about to pay a cash dividend of 31%

↑ 1.89%

The Board of Directors of Binh Minh Plastics Joint Stock Company (HOSE : BMP) has just approved the resolution to advance the first dividend of 2022 in cash.

Accordingly, BMP is expected to pay the first dividend of 2022 in cash at the rate of 31%, equivalent to 1 share, receiving VND 3,100. Currently, BMP has not set a closing date for the list of shareholders to receive dividends as well as a specific payment date. Expected time of dividend payment in December 2022.

With more than 81.8 million shares outstanding, it is estimated that BMP needs to spend nearly VND 254 billion to pay this dividend to shareholders. The Company has assigned the General Director to organize the payment.

In the shareholder structure of BMP , Nawaplastic Industries Co., Ltd. is currently the largest

shareholder with the ownership rate of 54.39%, equivalent to more than 44.5 million shares. Thus, this organization can receive nearly VND 138 billion in dividends from BMP.

Considering the business situation, accumulated in the first 6 months, BMP respectively recorded net revenue and net profit of VND 2,905 billion and VND 273 billion, up 11% and 2.2 times compared to the first half of 2021.

In 2022, BMP plans to increase revenue by 24.4% over the same period to VND 5,680 billion and profit after tax to increase by 109% to VND 448 billion. By the end of the first 6 months, Binh Minh Plastics has accomplished nearly 61% of the year's profit target.

At the end of the session on October 14, BMP 's stock price was around 59,300 VND/share, gaining 3 consecutive sessions.

9. PLX: VinFast, Petrolimex open e-vehicle charging stations

± 0%

VinFast and Petrolimex opened electric vehicle charging service at 10 petrol stations on October 14, as part of a plan to expand the network to 500 stations of Petrolimex across the country.

60kW, 150kW and 300kW fast charging cylinders meeting CCS2 standards are available at Petrolimex petrol stations, meeting the diverse needs of customers. VinFast charging stations all meet European standards ISO-15118 and IEC 61851, ensuring maximum safety in terms of power supply, fire and explosion and electrical leakage prevention, and waterproofing.

The move aims to cement a cooperation agreement signed by VinFast and Petrolimex in

June 2022 to develop over 500 VinFast electric vehicle charging stations at Petrolimex's petrol stations across the country from 2022-2023.

Speaking at the ceremony, Director of VinFast charging station development centre Vu Thang noted that VinFast and Petrolimex share a common vision on promoting the use of clean and environmentally friendly energy in order to create a green future for everyone.

The cooperation will help promote the two sides' strengths, and is also part of the efforts in VinFast's pure-electric strategy to create a comprehensive electric vehicle support ecosystem, providing an increasingly flexible,

convenient and accessible battery charging experience for all electric car users.

Nguyen Sy Cuong, Deputy General Director of Petrolimex, said the cooperation with VinFast in the 2022-2027 period is in line with the strategic

development orientation of Petrolimex from now to 2030, and also an important step in the process of transforming Petrolimex's petrol stations into a smart and modern model, fully integrated with utilities to bring more benefits to consumers.

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