



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Shares gain on the back of large-caps

Vietnamese stocks rebounded on Tuesday on the back of large-cap stocks, spurred by bottom-fishing demand.

The VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) closed the day at 1,063.66 points, an increase of 1.15 per cent.

The market's sentiment was positive with more stocks increasing, of which 306 stocks inched higher and 144 reduced. Liquidity increased compared to the previous session, with more than 514.8 million shares traded, equivalent to a value of VNĐ10.2 trillion (US\$417.4 million).

"The market dropped from the opening of the morning session. VN-Index dropped to 1,035 points before bottom-fishing appeared and pushed the index up, helping the index narrow its drop and ended at 1,051.58," said BIDV Securities Co.

"Currently, the VN-Index has successfully closed above 1,050. In short term, the index might struggle in the 1,050-1,060 zone," it said.

The 30 biggest stocks tracker VN30-Index posted a gain of 1.13 per cent, to finish Tuesday at 1,059.06 points. Of the VN30 basket, 23 stocks climbed, while five declined and two ended flat.

Banking stocks rebounded strongly and bolstered the market, with gainers including Sài Gòn Thương Tín Commercial Joint Stock Bank (STB), Sài Gòn-Hà Nội Bank (SHB), Asia Commercial Bank (ACB), Military Bank (MBB) and Vietinbank (CTG),

VPBank (VPB), Techcombank (TCB), Tiên Phong Bank (TPB) and Liên Việt Post Bank (LPB).

There were many quality businesses that have great growth potential but their current valuations were lower than the average for many years. This was the golden time to buy in, James Bannan, director of investment fund Coeli Asset told financial news site ndh.vn.

"Vietnamese stocks may recover in the short term after a strong sell-off since the end of August. Investors should continue to closely monitor market movements to assess stock prices, determining signals that the market is creating a bottom," said Cao Thị Ngọc Quỳnh, Corporate Customer Development Director of SSI Securities JSC.

On a sector basis, 18 out of 25 sector indices on the stock market gained ground, including insurance, banking, wholesale, construction, IT and logistics, agriculture, real estate, food and beverage, retail, healthcare, seafood production, and plastic and chemical production.

Decliners, meanwhile, included construction materials, securities, oil and gas and rubber production.

The HNX-Index on the Hà Nội Stock Exchange (HNX) also ended higher. The northern market index gained 1.17 per cent, to close Tuesday at 229.12 points.

More than 54.9 million shares were traded on the HNX, worth VNĐ975.3 billion.

## Macro & Policies

### 2. FDI disbursements at five-year high

Capital disbursements of foreign direct investment (FDI) projects reached US\$15.4 billion between January and September, its highest nine-month figure in five years.

The total amount of FDI capital that was disbursed in the first nine months increased 16.2% year-on-year, according to the Ministry of Planning and Investment.

Some 90% of foreign-invested enterprises had posted positive results in the year to September. More than half of the firms are planning to expand their operations next year.

However, newly-licensed FDI capital in the January-September period was US\$7.1 billion, dropping by 43% in value year-on-year.

In the first nine months, Singapore was Vietnam's top foreign investor, followed by South Korea and Japan. The three countries' investments accounted

for roughly half of the total FDI registered in the country.

Processing, real estate, technology and retail sales are among the key industries attracting FDI.

Nguyen Minh Cuong, chief economist at the Asian Development Bank in Vietnam, said foreign investment is likely to stay strong in the short term given the current favorable conditions for business expansion.

Vietnam's gross domestic product expanded 8.8% in the first three quarters of the year, the highest since 2011. In all of this year, the GDP growth rate is expected to reach 8.5%, according to the credit rating agency Moody's.

Still, foreign-invested businesses are facing substantial challenges due to rising input and operating costs. Thus, FDI inflows into Vietnam may particularly slow down on certain projects.

### 3. Confidence of European firms in local business climate remains strong in Q3

Although the positive perception of European business stakeholders' in the Vietnamese business and investment climate during the third quarter of the year slipped further to 62.2 amid a worsening global economic downturn, it remains strong.

This information was unveiled in the Business Climate Index (BCI) published by the European Chamber of Commerce in Vietnam (EuroCham) and produced by YouGov Decision Lab.

Despite the Vietnamese economy growing at a record 13.67% on-year in the third quarter of the year, the BCI endured a decline for the second consecutive quarter, dropping 6.4 index points from Q2 and 10.8 points from Q1.

This comes amid global economic conditions remaining unstable due to the escalating conflict

taking place in Ukraine, persistent inflationary pressures, a global labour shortage, and stagnant economic growth.

In the midst of the current global economic uncertainty, the BCI remains 10.2 points higher than its pre-pandemic level of 52.0 recorded in the fourth quarter of 2019, and 1.2 points higher compared to the fourth quarter of 2020, when the nation was in the process of easing pandemic-related restrictions.

The BCI represents the leading indicator of the European business and investment community in the country. In order to gain a better understanding of the Vietnamese market, EuroCham invites over 1,200 members from virtually every sector of the Vietnamese economy to provide quarterly updates on the local business environment and forecasts for their own businesses. Researchers from YouGov

Decision Lab conduct the BCI research and then compile the data.

The BCI's results indicate a decline in optimism among European business stakeholders. Indeed, approximately 42% of participants anticipate that the economy will stabilise or improve moving into the fourth quarter of the year. This makes up an 18-point decrease from the previous quarter when 60% held this view. Similarly, the percentage of those anticipating economic deterioration moving forward increased by seven points to reach 19%.

Despite these concerns, when respondents were asked whether or not they were optimistic about the prospects for their own businesses during the fourth quarter of the year, 45% responded positively, down only four points from the previous quarter.

Furthermore, respondents anticipate that investment planning, orders, and revenues will remain relatively stable in comparison from the previous quarter. The outlook here therefore appears to be more optimistic compared to that for the economy as a whole.

In terms of foreign direct investment, 42% anticipate that their firm will increase FDI flows to Vietnam by the end of 2022. Respondents indicated that the nation could bolster these FDI levels by reducing administrative difficulties, with 68% believing this, improving infrastructure, 53%, developing human resource capacity, 39%, and reducing visa barriers for foreign experts, 39%.

While only 2% of BCI participants reported that they have relocated a significant portion of their operations from China to Vietnam, this suggests that considerable room for growth remains. In the event that these aforementioned obstacles are resolved, then the nation would be well positioned to attract more foreign firms seeking to relocate from China.

Despite a quarter of respondents identifying green growth as a key factor in attracting FDI to Vietnam, the number of respondents who rated Vietnamese green potential positively witnessed a fall from 44% to 32%. As a means of accelerating green development, participants in the BCI recommended that the nation seek to improve its legal framework, with 92% stating this, its infrastructure, 87%, and its investment incentives, 86%.

As August marks the two-year anniversary since the implementation of the EU-Vietnam Free Trade Agreement (EVFTA), the perception of its benefits has declined by 4% in comparison to the previous quarter. Administrative procedures were cited as the primary reason behind this at 38%, followed by a lack of understanding of the agreement, 18%, and technical barriers to trade, 16%.

"The future of Vietnam is bright. Vietnam offers great investment opportunities for European businesses, and we are very excited about the country's prospects in the medium- to short-term. Through the EU-Vietnam Free Trade Agreement and our shared commitment to sustainable development, Vietnamese and European companies have a great deal of growth potential," said Alain Cany, chairman of EuroCham.

"It is true that we are less optimistic now than we were at the beginning of 2022 due to external factors slowing global growth. The fourth quarter will also likely be less positive than the second or third quarters of the year," Cany added.

"Still, these BCI results are encouraging. Vietnam will certainly be in a better position in two or three years, demonstrating its place among the most exciting and dynamic business and investment destinations," the EuroCham representative noted.

"A worsening global economic environment is taking its toll on the optimism amongst European business leaders in Vietnam. However, by curbing inflation, improving credit ratings and continuing GDP growth, Vietnam's story stands out as less pessimistic globally as companies plan and look forward to 2023. By dropping 6.4 index points to 62.20, sentiment remains well above the midpoint of 50, indicating positive sentiment and a still optimistic view on the future," said Thue Quist Thomasen, CEO of Decision Lab.

#### 4. HCMC and Hanoi see rising recruitment demand

The labor markets in HCMC and Hanoi are expected to pick up in the rest of the year due to year-end manufacturing needs, according to market research agencies.

The key expanding recruitment demand by the end of the year includes sales, information technology, marketing, finance, accounting and audit, according to the HCMC Center of Forecasting Manpower Needs and Labor Market Information.

Meanwhile, the number of jobseekers will also rise, particularly in sectors of environmental safety, insurance, real estate, chemistry, biochemistry and human resources, among others.

In the January-September period, some 241,000 workers were hired in HCMC, increasing by 36.18% compared to 2021.

The number of jobs created was 107,000, soaring by 30.9% year-on-year.

HCMC is expected to need between 69,500 and 77,100 workers in the coming months, with high demand for production for the Lunar New Year holiday, or Tet.

Roughly 89% of businesses plan to recruit more employees in the wake of the economy's recovery.

In Hanoi, some 168,000 workers were hired between January and September. There were 3,638 people working under contract overseas, according to data from the Hanoi Department of Labors, War Invalids and Social Affairs.

In the rest of the year, the recruitment demand mainly lies in commercial service, manufacturing, electronics, textile footwear, construction and healthcare, according to the Hanoi Center of Employee Service.

The unemployment rate in HCMC and Hanoi was 0.25% and 0.53% in the third quarter, respectively, according to the General Statistics Office of Vietnam.

Some 24% of the Top 500 Vietnam Best Employers reportedly made considerable improvements in labor welfare policies, while almost half of the list just slightly changed theirs.

Some 17.8 million individuals were officially employed as of the third quarter of the year, increasing by 642,800 people compared to the previous quarter, up 3.8%.

The number of workers aged 15 and over rose by 255,200 to 50.8 million.

#### 5. Hanoi might charge cars entering inner-city area in 2024

The Hanoi Public Transport Management Center has proposed charging vehicles entering the city's downtown area from 2024 to reduce vehicular traffic.

The center sent its plan on charging autos and motorcycles entering areas prone to traffic congestion and pollution to the municipal Department of Transport, proposing deploying the plan in three phases, the local media reported.

In the pilot phase from 2024 to 2025, the city will set up 15 collection booths on nine routes leading to the downtown area.

In the second and third phases, starting from 2026 onward, the fee collection will be expanded to the northern and southern banks of the Red River.

The results of a survey among residents showed that a fee of VND22,300 per auto is acceptable, according to the center.

Some 55% of car users will pay the fee to enter the downtown area, so the minimum fee will have to be higher than the acceptable level to make the fee collection effective.

The center said it would continue to garner feedback from the city's departments on fee collection for cars



entering the city's inner-city area from October 24 to November 15, and then complete its plan to submit it to the Hanoi government for consideration on December 15.

Hanoi City currently has over one million cars, some 6.5 million motorcycles and 180,000 electric bikes.

In 2017, the Hanoi People's Council passed a plan to tighten control over private vehicles until 2020, with a vision toward 2030, with a focus on collecting fees from autos and motorbikes entering areas prone to traffic congestion to reduce private vehicles and environmental pollution.

## 6. Bright prospects expected for Vietnam-US trade ties: Official

Vietnam is seeing great opportunities in the US market, said Commercial Counsellor in the US Do Ngoc Hung who showed optimism about Vietnam-US trade prospects.

Hung noted that amid COVID-19 impacts and the interruption of global supply chains, trade between Vietnam and the US has still grown. In the first nine months of this year, two-way trade rose 20% year on year to 96.2 billion USD, including 85.1 billion USD worth of Vietnam's exports, accounting for 30% of the Southeast Asian country's total export revenue in the period.

The US is currently the largest export market of Vietnam, while Vietnam is the fifth largest trade partner of the US, accounting for about 4% of the US's total import turnover.

The Ministry of Industry and Trade said that if the growth rate in the last nine months is maintained, Vietnam's import-export turnover may reach over 740 billion USD in 2022.

Hung said that Vietnam's advantages in the US include the enhancement of the Vietnam-US comprehensive partnership and visits by senior leaders of the two nations, which have laid firm foundation for bilateral economic and trade ties.

At the same time, the effective implementation of the Vietnam-US Trade and Investment Framework Agreement (TIFA) has helped deal with many tough problems in economic and trade relations.

In addition, the trade and geopolitical conflicts as well as the inflation situation will help Vietnamese goods increase their market shares, occupying the vacancy of Russian and Chinese products in the US. In the current context, the trend of shifting supply chains has given Vietnam opportunities to expand production activities and participate more deeply in the global value chains, Hung stated.

However, he stressed that these favourable factors are only momentary, while legal and technical barriers to trade are also significant difficulties for Vietnamese enterprises in the US market.

In order to make full use of the advantages and opportunities and develop sustainably, enterprises must actively enhance their competitiveness and improve technologies as well as labour productivity, while actively joining regional and global production and supply chains, and fully enforcing regulations of US authorities, avoid violating regulations on investment, labour, environment and goods origin, he advised.

He said that the Vietnam Trade Office in the US will continue to work hard to protect the interests of Vietnamese businesses and remove difficulties facing exporting activities, while continuing to coordinate with the US side in anti-dumping issues.

Meanwhile, the office will focus on updating domestic firms about the US's policies, providing information about the US market's demands, connecting investment partnership in industry, seeking more material supply sources for domestic production, and attracting more investment in

stages of production and supply of materials and equipment for the development of the energy industry, especially renewable energy, he said.

Hung said that in the coming time, the office will coordinate with relevant agencies to organise a

Vietnam-US trade forum in Ho Chi Minh City in November. It will join hands with the Vietnam Chamber of Commerce and Industry (VCCI) to arrange a trip for about 40 businesses to explore opportunities in the US market in later November, he added.

## 7. Long Hau shares face sanctions over late report release

The Hochiminh Stock Exchange (HOSE) has decided to restrict Long Hau Corporation from trading its LHG shares on the southern bourse from October 24, as the company remains sluggish in submitting its 2022 reviewed semi-annual financial report.

HOSE had repeatedly urged the industrial park developer to submit the report. On September 8, HOSE announced that it put LHG on a list of stocks ineligible for margin trading as the firm missed the deadline to submit the report.

In the first half of this year, Long Hau saw its revenue declining nearly 48% and after-tax profit plunging over 64% against the same period last year at VND347.7 billion and VND89.5 billion, respectively.

The company targets VND781 billion in revenue and VND110.9 billion in after-tax profit for 2022.

LHG finished today's trading session, October 18, down 4.61% over the session earlier at VND20,700.

## Corporate News

### 8. VIC: VinFast to open headquarters in Germany, France, Netherlands

↑ 4.29%

VinFast, the first Vietnamese electric vehicle (EV) manufacturer, has revealed its European business strategy and announced the opening of dedicated country headquarters in Germany, France and the Netherlands at the 2022 Paris Motor Show, which is underway from October 17 – 23.

The opening of the headquarters aims to amplify VinFast's business activities in the region, develop its extensive direct-to-consumer retail network, and roll out mobile service, to ensure a premium customer experience.

The three headquarters of VinFast in Germany, France, and the Netherlands are located in Frankfurt, Paris, and Amsterdam. Opening a VinFast headquarters in each market is designed to provide an optimal level of service to each customer, driven by an in-depth understanding of each country's nuanced requirements.

In support of its ambitious rollout, VinFast already has hundreds of employees in place across its European launch markets, boasting a range of major vehicle manufacturer experience and market-specific expertise.

The opening of VinFast's first flagship store, in Cologne, Germany, is scheduled for November 2022. It will be followed before the end of the year by Paris as the first French store, then Nice; and Amsterdam as the primary Dutch location; Berlin, Munich, Frankfurt and Hamburg, in Germany. New European locations opening early in 2023 will include Oberhausen in Germany; Marseille, Rennes, Montpellier and Metz in France; and Den Haag and Rotterdam in the Netherlands.

VinFast's retail and services system will be supported by a network of technicians and Mobile Service vehicles that provide customers with a wide range of flexible repair and maintenance options. Service appointments can be booked via the VinFast app and carried out at home or work, or at any VinFast store that supports servicing. The mobile service has been deployed in Germany and will expand across Europe in Q1 2023. VinFast also aims to hire over 200 technicians during the next 12 months to support its aftersales network.

Europe is an important market for VinFast. Along with establishing its headquarters in France, Germany, and the Netherlands, as well as developing an extensive retail and service network, VinFast continues to seek a suitable location for a European manufacturing facility.

### 9. VJC: Vietjet Air launches new routes link Da Nang with Mumbai, New Delhi

↑ 0.09%

Budget carrier Vietjet Air launched new flight services linking the central city of Da Nang with India's Mumbai and New Delhi with a ceremony at Da Nang International Airport on October 18.

There will be three flights each week using Airbus A320 on the Mumbai – Da Nang route every Monday, Wednesday and Friday and four flights a

week on the New Delhi-Da Nang route every Tuesday, Thursday, Saturday and Sunday.

Speaking at the launch ceremony, Chairman of the Vietnam National Administration of Tourism Nguyen Trung Khanh said new flight routes between Vietnam and India will make important contributions to bilateral economic and cultural exchanges, especially in tourism.



The inauguration of flights linking Da Nang and New Delhi, Mumbai will help Da Nang realise its goal of becoming a quality tourism and service hub, and an innovative destination of Vietnam and in Southeast Asia by 2030, he said.

Khanh stressed that India is a potential market of Vietnam tourism, with long stays and high spending by visitors.

Da Nang will hold a ceremony welcoming the first flight from New Delhi on October 19, following another from Mumbai that landed in the city early October 18.

VietJet Air also plans to open a direct flight connecting Da Nang with Ahmedabad this December.

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