



VIETNAM DAILY NEWS



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Market Analysis

1. Shares tumble on two-year low liquidity, weak sentiment

Vietnamese stocks fell on Thursday on record low liquidity as many investors were hesitant to jump on board although there is a decline in stock valuations.

The VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) closed the day at 1,058.45 points, a decrease of 0.15 per cent.

The market's sentiment was negative with more stocks decreasing, of which 131 stocks inched higher and 287 reduced.

Liquidity hit a 2-year low with more than 398.3 million shares traded, equivalent to a value of VNĐ8.4 trillion (US\$342.6 million).

“Investors remained cautious, cash flow stayed out of the market, even though the prices of stocks reached low levels,” said financial news site cafe.vn.

The 30 biggest stocks tracker VN30-Index posted a loss of 0.04 per cent, to finish Thursday at 1,053.26 points. Of the VN30 basket, 14 stocks climbed, while 14 declined and two ended flat.

Banking stocks saw mixed results, with losers including Techcombank (TCB), Sài Gòn Thương Tín Commercial Joint Stock Bank (STB), Military Bank (MBB) and Vietnam International Bank (VIB).

Gainers, meanwhile, were Sài Gòn-Hà Nội Bank (SHB), Asia Commercial Bank (ACB), and Vietinbank (CTG), VPBank (VPB), Tiên Phong Bank (TPB) and Liên Việt Post Bank (LPB).

Some large-caps still performed positively, with the biggest gainers in the VN-30 basket being FPT Corporation (FPT), rising 3 per cent.

In Q3 of 2022, FPT recorded revenue of VNĐ30.98 trillion, profit before tax of VNĐ5.6 trillion, up by 24.1 per cent and 23.8 per cent, respectively over the same period last year, completing 73 per cent and 74.4 per cent of the planned target for annual revenue and profit.

The liquidity continued to drop. Although bottom-fishing force appeared at 1,050, market sentiment was still hesitant as the index entered the resistance zone of 1,060-1,070, said BIDV Securities Co.

Regarding foreign trade, they net sold on the HoSE and net bought on the HNX. They net sold VNĐ82.22 billion on HOSE, including Hòa Phát Group (HPG) with VNĐ185.25 billion, SSI Securities Inc (SSI) with VNĐ36.01 billion, PetroVietnam Gas JSC (GAS) with VNĐ28.26 billion. They were net buyers on HNX with a value of VNĐ21.44 billion.

On a sector basis, 17 out of 25 sector indices on the stock market lost ground, including insurance, wholesale, construction, logistics, agriculture, real estate, retail, seafood production, construction materials, securities, rubber production, and plastic and chemical production.

Gainers, meanwhile, included banking, oil and gas, IT, food and beverage, and healthcare.

The HNX-Index on the Hà Nội Stock Exchange (HNX) also ended lower. The northern market index declined 0.89 per cent, to close at 225.88 points.

More than 32.3 million shares were traded on the HNX, worth VNĐ615.6 billion.

Macro & Policies

2. Vietnam's economy registers strong growth in Q3: WB

Vietnam's GDP grew by 13.7% year-on-year in the third quarter of this year and 8.9% over the first three quarters, according to a report released by the World Bank (WB) on October 20.

The bank's October report, Vietnam Macro Monitoring, shows that industrial production and retail sales posted another month of high growth rates (13.0% and 36.1% year-on-year) which could be attributed both to strong economic activities and to the low-base effects.

Both exports and imports growth moderated in September due to weakening demand from major export markets. FDI commitment fell in September, affected by the heightened uncertainty about the global economic prospects while FDI disbursement continued to improve, the report says.

Despite softening energy prices, CPI inflation accelerated from 2.9% in August to 3.9% in September largely due to higher education costs and rents. Core CPI inflation accelerated as well, from 3.1% in August to 3.8% in September. The terms of trade deterioration eased in the third quarter compared to the previous three months.

Credit growth accelerated from 16.2% in August to 17.2% in September as the State Bank of Vietnam (SBV) raised credit growth limits on some commercial banks.

With strong demand for credit, average overnight interbank interest rate rose from 3.5% in August, reaching 5.48% in mid-October, the highest since 2013.

The Vietnamese dong continued to depreciate against a strengthening US dollar in September (1%

month-on-month and 3.8% year-on-year). To stabilise the domestic currency, the SBV raised two key policy interest rates and the cap on key short-term rates on deposits denominated in local currency by 100 basis points, the first rate hike since April 2020. The budget balance posted a 0.5 billion USD deficit in September for the first time in 2022, but still registered a 10.5 billion USD surplus over the first 9 months of the year. Given the budget surplus, year-to-date government bond issuance reached only 28.7 % of annual plan, compared to 67.9% in 2021.

According to the report, while the economic recovery has remained strong, heightened uncertainties related to the slowing global economy, rising domestic inflation, and tightening global financial conditions warrant increased vigilance and policy agility.

Given the economy has not fully recovered and growth in main export markets is expected to slow, continued active fiscal policy to support the economy should be closely aligned with economic outcomes and coordinated with monetary policy.

At the same time, as CPI and Core CPI are reaching 4% – the policy rate set by the authorities – monetary authorities should be ready to consider further tightening of monetary policy to ensure inflation remains anchored.

Given the end of forbearance and tightening financial conditions, the financial sector faces heightened risks and prompt SBV guidance would help stem materialisation of such risks at the sector level, potentially affecting the real economy.

3. Vietnam's growth pegged at 8%: PM

Vietnam's GDP growth is forecast to reach 8% this year, exceeding the National Assembly's target of 6-6.5%, Prime Minister Pham Minh Chinh said told legislators on Thursday.

The economy showed positive recovery in many aspects in the first nine months, with 14 out of 15 targets achieved or even exceeded, he said.

The economy expanded by 8.83% in the first nine months, while government revenues rose 22% year-on-year, he added, citing a government report.

The report also pointed out that the government is dealing with issues caused by ailing banks and delayed projects, while progress has been made in recollecting assets from corruption cases.

Public debt is under control. It is forecast to be 43-44% of GDP this year, under the 60% ceiling.

Vu Hong Thanh, chairman of the National Assembly's Economic Committee, said that the 8% growth forecast is among the world's highest, showing a strong recovery from the pandemic-hit 2020 and 2021 and laying a firm foundation for further growth in upcoming years.

But Chinh said there are still many challenges ahead for the economy with inflation rising and declining consumer demand in major trade markets.

Many risks remain in stock, bond and property markets, while restructuring some credit organizations proves difficult. Bad debts and tax debts are on the rise, the PM said.

The global economy is difficult to predict with rapid changes and Vietnam, as an economy with large trade openness, still lags in issuing timely policies to deal with these developments, he added.

The economic committee also expressed concerns about gasoline prices and supply as many retailers have had to shut up shop due to losses caused by low commission.

It wants the government to control prices of essential goods, which remain high even though gasoline prices have dropped.

The committee said that disbursement of the VND350 trillion (\$14.26 billion) package is slow as only 20% have been used in the last nine months while public investment disbursement is also delayed.

The 2% loan interest incentive has a very low disbursement rate as only VND13.5 billion had been given out by the end of August among the target of over VND16 trillion for this year.

Chinh said that the government targets a GDP growth of 6.5% next year. The Consumer Price Index (CPI) is set to rise 4.5% against the 2022 target of 4%.

There will be large inflation pressure next year as manufacturing input costs continue to rise, he added.

4. Vietnam's seafood imports soar 36.8% in Jan-Sept

Vietnam spent US\$2.04 billion importing seafood between January and September, up 36.8% versus the year-ago period, according to statistics from the General Department of Vietnam Customs.

In September, Vietnam's seafood import bill expanded 44.5% month-on-month to nearly US\$200 million.

India was the largest seafood exporter to Vietnam in the first nine months of this year, with a value of US\$279 million, up 13.08% year-on-year. Indonesia came second with US\$199 million, up 87.8%.

Norway ranked third in exporting seafood to Vietnam, gaining nearly US\$183 million in the January-September period, up 6.06%.

China, Taiwan, Japan, and Russia were other top seafood exporters to Vietnam, with each of them shipping over US\$100 million worth of seafood to the country.

Many Vietnamese businesses imported seafood to serve the demand of the domestic market and even process them for exports to gain more profits as the prices are quite low compared to the raw material in the country.

Regarding seafood exports, Vietnam gained over US\$8.5 billion in the January-September period, up 38% year-on-year. Among those, shrimp exports brought in nearly US\$3.4 billion, up 23% versus the year-ago period.

Tra fish exports gained nearly US\$2 billion, up 82.6%, while exports of crab, other crustaceans and cephalopods brought in US\$165 million, up 37.9%.

In the first nine months, Vietnam's seafood industry gained a trade surplus of around US\$6.47 billion.

The Vietnam Association of Seafood Exporters and Producers predicted the seafood export value would reach US\$10 billion by the end of November 2022, beating the year's target set by the Ministry of Agriculture and Rural Development.

5. Lending to property sector up 15.7%

Banking credit growth this year has been nearly 11%, the highest in years, with lending to the property sector rising by 15.7%, according to the central bank.

A report to the National Assembly by the governor of the State Bank of Vietnam, Nguyen Thi Hong, said loans outstanding on Sept. 30 were worth VND11.6 quadrillion (\$483.3 billion).

Loans to the property sector accounted for more than 20.9%, up 0.26 percentage points from May.

"Banks need to limit the flow of credit to certain customers, large customers and large real-estate projects, and instead increase lending to social housing and high-efficiency commercial housing projects, and projects with good feasibility and liquidity."

The government has been tightening credit to the property sector to limit speculation and banks are restructuring their loans portfolio after splurging on the sector in recent years.

Growth in lending to the property sector is set to reach 9-10% this year, according to the SBV.

6. Freight down but other difficulties persist: logistics firms

While freight rates have fallen sharply, logistics companies still face high warehouse costs and human resource shortages.

At a business forum on Wednesday logistics firms said since August international freight has almost returned to normal pre-Covid levels though not domestic rates.

The cost of shipping a container from Vietnam to North America has decreased to US\$2,000-5,000

from \$18,000-26,000 and to China has to VND8-15 million (\$333-625).

But storage costs remain high and warehousing supply is insufficient, and logistics companies continue to face labor shortages, Le Quang Trung, deputy general director of the Vietnam Maritime Corporation, said.

Le Thi Ngoc Diep, head of the trade department at SLP Vietnam Company, said high warehousing costs are pushing up transport costs, making it difficult for logistics firms in Vietnam to compete with others in the region.

Besides, seaports and warehouses in Vietnam are not well planned but are scattered, she said.

Only 30% of warehouses are in the northern region, adversely affecting cargo transport and management of domestic and international supply chains, she added.

Local logistics firms called for establishing a trading floor for booking and management of cargo more effectively, building smart ports and financially assisting in the development of logistics technologies.

7. European firms' confidence in Vietnam's business environment slightly declines

The confidence of European enterprises in Vietnam's investment and business environment slipped further to 62.2 percentage points in the wake of a worsening global economic downturn but still remains strong.

According to the recent Business Climate Index (BCI) survey published by the European Chamber of Commerce (EuroCham) in Vietnam, although Vietnam's economy grew at a record 13.67% year-on-year in the third quarter of 2022, the BCI declined for the second consecutive quarter, dropping 6.4 index points from the second quarter and 10.8 points from the first quarter.

The result were attributable to instability of the global economy due to the escalating conflict in Ukraine, persistent inflationary pressures, a labour shortage worldwide, and stagnant global growth.

However, in the midst of the current global economic uncertainty, the BCI is still 10.2 points higher than its pre-pandemic level of 52.0 in the fourth quarter of 2019, and 1.2 points higher than the fourth quarter of 2020, when Vietnam was easing its pandemic-related restrictions.

According to EuroCham Chairman Alain Cany, Vietnam offers great investment opportunities for European businesses, especially prospects in the medium- to short-term.

Through the EU-Vietnam Free Trade Agreement (EVFTA) and EU's shared commitment to sustainable development, Vietnamese and European companies have a great deal of growth potential, he said.

These BCI results are encouraging, he said, adding that 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.

Meanwhile, CEO of Decision Lab Thue Quist Thomasen said 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.

The BCI is the leading indicator of the European business and investment community in Vietnam. To better understand the Vietnamese market, EuroCham invites its more than 1,200 members, representing virtually every sector of the Vietnamese economy, to provide quarterly updates on Vietnam's business environment and forecasts for their own businesses in Vietnam.

Corporate News

8. FCN: FECON won 02 new bidding packages at offshore thermal and wind power projects

↓ -2.09%

In the fourth quarter of 2022, FECON Joint Stock Company (HOSE : FCN) is accelerating by recording new bidding packages under 02 major projects, namely Vung Ang II Thermal Power Plant and offshore wind power trial project in the area. Southeast Asia with a total contract value of nearly VND 250 billion.

The first bidding package that FECON recorded in the fourth quarter is a prefabricated box culvert package with a total value of nearly VND 170 billion, belonging to the Vung Ang II Thermal Power Plant project. Here, FECON is in charge of prefabricated concrete construction for the water supply and drainage box culvert system for the thermal power plant project. This is the water supply and drainage box culvert system in the section going under the sea. The system consists of 148 segments with a total length of 5.4 km. The box culverts will be prefabricated by FECON at the casting yard, then transported and installed at the location of the undersea pipeline.

It is known that FECON has also won the bidding package for construction of water supply and discharge system, the onshore-intake and on-shore discharge includes the construction of supporting piles system, earth excavation, construction of on-site casting of box culvert and backfill system under the project. Up to now, FECON has signed a total of more than VND 1,000 billion contract values at Vung Ang II Thermal Power Plant Project.

Following the above success, FECON recorded an additional bid package worth nearly VND 70 billion under the offshore wind power trial project in Southeast Asia. In this project, FECON is actively working with the general contractor GICON from Germany, to realize the casting of gravity anchor blocks for the offshore wind floating foundation. The anchor blocks will be cast in Vietnam, then towed and launched in the offshore waters of

Southeast Asia. The successful pilot project will be of great significance in promoting the development of offshore wind power technology, localizing the supply chain, and mass applying floating foundation technology to offshore wind power projects in Vietnam. South, and contribute to the development roadmap of the offshore wind power industry according to the country's energy development vision to 2050.

In addition, in October, FECON is urgently implementing a series of bidding packages for test pile construction - Pine Valley Bao Loc project, PHC D600 pile construction - TAL Vinh Phuc textile factory project, project infrastructure construction. BRG Golden Sands City Thua Thien Hue complex, and some other projects...

The start of October with a series of winning bids from major projects after the storm of construction material prices partly shows a positive signal of the business in the sprint race to achieve the revenue target set out from the beginning. At the same time, winning consecutive bidding packages at Thermal Power and Wind Power Plants shows that FECON's construction capacity in the field of industrial construction in general and energy construction in general has been confirmed and increasingly recognized. investors trust to choose.

9. FPT: FPT posts 28% profit growth in nine months

↑ 3.05%

Tech giant FPT saw its post-tax profit in the first nine months surge 28.3% year-on-year to VND4.86 trillion (\$198.21 million).

Its revenue went up 24.1% to VND30.97 trillion.

The company secured many deals in foreign countries in the period, with 18 projects valued over \$5 million.

It recorded large revenue growth in Asia and the Pacific (56.4%), the U.S. (42.4%), and Japan (12%).

It recently became a strategic shareholder of LTS Inc, a Japanese business consultancy with 20 years of experience.

FPT Corporation Chairman Truong Gia Binh said the cooperation will help FPT and LTS Inc. compete with global consulting giants.

Established in 2005, FPT Japan has 2,000 employees and expects to double the headcount by 2025.

It also targets becoming one of Japan's top 20 IT services companies by 2025 and revenues of \$1 billion by 2027.

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