



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Market marks the largest gains in 5 months

Benchmark indices surged more than 3 per cent yesterday, with many stocks hitting ceiling prices on the improvement of liquidity. The recovery helped the VN-Index move above the key level of 1,000 points.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index finished the day at 1,028.01 points, up 34.65 points, or 3.49 per cent. This was the largest one-day percentage gain of the market's benchmark since May 25.

Shares tilted to the upside with 305 stocks climbing on the southern bourse, while only 51 ticker symbols declined. Liquidity also showed signs of improvement as matching value on HoSE reached more than VNĐ9.5 trillion (US\$383.7 million), a gain of 63 per cent over the previous session.

The 30 biggest stocks tracker VN30-Index also posted a gain of 38.09 points, or 3.85 per cent, to 1,028.5 points. Twenty-eight stocks in the VN30 basket inched higher, of which nine stocks registered the maximum daily rise of 7 per cent, while only two stocks ended flat.

Similarly, the HNX-Index on the northern bourse Hà Nội Stock Exchange (HNX) settled up on

Thursday. The index increased by 7.68 points, or 3.73 per cent, to 213.63 points.

During the session, more than 59.4 million shares were traded on HNX, worth VNĐ818.41 billion.

Statistics from financial website vietstock.vn showed that stocks across all sectors contributed to the market's rally yesterday. However, banking stocks still led the uptrend with numerous ticker symbols hitting ceiling prices.

Specifically, BIDV (BID) was the biggest gainer in market capitalisation yesterday, up 7 per cent. Other names in the top five stocks influencing the market's trend were Vietcombank (VCB), up 2.43 per cent, Vietinbank (CTG) rose 7 per cent, Masan Group (MSN) and VPBank (VPB) up 6.41 per cent and 6.43 per cent, respectively.

Strong gains in manufacturing, utilities, retail, real estate and information technology (IT) industries also supported the sentiment.

In contrast, foreign investors decided to leave the Vietnamese market yesterday as they net withdrew over VNĐ159 billion on both main exchanges. Of which, they net sold VNĐ168.52 billion on HoSE, while net bought VNĐ9.47billion on HNX.

## Macro & Policies

### 2. ADB's principal country economist: Vietnamese economy grows impressively

He said factors behind the strong recovery include macro-economic and political stability as well as success in containing COVID-19. The recovery was relatively even across all growth engines, from industry, agriculture to services while export rebounded. Foreign and domestic investors' confidence also fueled economic growth.

According to him, the biggest risk faced by the Vietnamese economy was the impact of external factors such as global inflation and depreciation of several domestic currencies against US dollar.

Even though the inflation rates in Southeast Asia, including Vietnam, were lower, there is a big risk of rising, he said, adding that the Vietnamese currency devalued little against US dollar, which helped with macro economic stability but putting increasing pressure on the foreign reserves. However, it appreciated against those of trade partners that directly compete with Vietnam like Malaysia, Thailand and the Philippines.

Against that setting, the State Bank of Vietnam (SBV) raised ceiling deposit and lending rates, widened the trading band of USD/VND exchange rate from  $\pm 3\%$  to  $\pm 5\%$  which is completely appropriate,

contributing to stabilising macro-economic conditions for mid and long-term growth.

The depreciation of the Vietnamese dong, a trend that is likely to continue, will support export but damp imports. However, Vietnam still posted a trade surplus of 8 billion USD as of mid-October.

In his opinion, Vietnam needs to flexibly adjust the exchange rate band and raise interest rates at an appropriate level while closely managing foreign exchange and bank markets following lessons from 2008-2010 crisis.

As long as trust of foreign investors and the public remain, Vietnam's measures are proving effective.

ADB Country Director for Vietnam Andrew Jeffries said the lender still maintains its forecast of 6.7% economic growth for Vietnam in 2023, with all risks taken into consideration.

With a number of signed free trade agreements, Vietnam could access countries and markets worldwide. It is groundless to say that recession and slow growth in several nations will have a spillover effect on Vietnam's export activities as its shipments to other countries may increase, he said.

### 3. Ministry of Transport eyes disbursing VND20 trillion in two months

He was speaking during a recent meeting with project developers and management boards, urging them to cut through the administrative red tape and improve disbursement efficiency.

The ministry still had VND20,194 billion to disburse until the end of the year, said Bui Quang Thai, director of the Transport Engineering Construction and Quality Management Bureau.

According to the disbursement plan, over VND10.4 trillion will be allocated to the first and second phases of 23 component projects of the North-South

Expressway, VND1.5 trillion to key, urgent projects, VND5.4 trillion to other transport projects, and nearly VND2.5 trillion to ODA projects.

The slow pace of capital disbursement was due to slow site clearance, procedural works and the construction progress missing deadlines.

"To disburse over VND20 trillion in two months is not an easy task," the minister said. He suggested developers and construction management boards take fierce action so that capital disbursement can be accelerated.

#### 4. Viet Nam forecast to be fastest growing market for centi-millionaires over next decade

The fastest growing market for centi-millionaires, who boast US\$100 million or more in investable assets, over the next decade is forecast to be Viet Nam, according to The Centi-Millionaire Report.

Under the report released recently by leading international residence and citizenship by investment advisory firm Henley & Partners, with an astonishing 95 per cent growth rate predicted, this emerging Asian manufacturing hub is expected to see a strong growth of centi-millionaires in the real estate, technology, and financial services sectors.

India is next in line with an anticipated 80 per cent growth rate in individuals worth more than \$100 million by 2032.

Mauritius has recently emerged as a hot spot for migrating centi-millionaires, with growth of 75 per cent predicted for this safe, business-friendly African island nation. Three other countries on the continent make it into the top league of fastest growing centi-millionaire markets – in the next decade — Rwanda (70 per cent), Uganda (65 per cent), and Kenya (55 per cent).

→ New Zealand and Australia are also forecast to enjoy exceptional growth with 72 per cent and 60 per cent, respectively.

The US is home to an astonishing 38 per cent (9,730) of global centi-millionaires, despite constituting only 4 per cent of the world's total human population. The big emerging markets of China and India follow in second and third place, with populations of 2,021 and 1,132 centi-millionaires, respectively. They rank significantly higher than the main European markets by this measure, with the UK in fourth place (with 968 centi-millionaires) followed very closely by Germany in fifth place (with 966).

Punching above its weight, Switzerland ranks sixth on the list with 808 inhabitants worth more than \$100 million despite its small size and population. Japan (765), Canada (541), Australia (463), and finally Russia (435) make up the rest of the top ten countries for centi-millionaires.

As Dr. Juerg Steffen, CEO of Henley & Partners, points out, the \$100 million plus band represents the best definition in today's world of what it means to be 'super-wealthy'.

"The centi-millionaire is someone so affluent that they don't need to think about how much they spend," he said.

"In fact, the level of wealth they have achieved means they are unlikely to ever worry about money again. Not long ago, in the late 1990s, \$30 million was considered the fortune needed to meet this definition. However, asset prices have risen significantly since then, making \$100 million the new benchmark."

According to the report, there appears to be no set path to attaining centi-millionaire status; some inherited their wealth while others worked their way up to the \$100 million mark. However, the report does point out some notable generational differences. While a growing number of younger entrepreneurs who founded successful tech companies are newcomers to the club, Baby Boomers still tend to dominate the centi-millionaire circle despite many now cashing in their stock options and selling their businesses.

Author, financial writer, and global investment expert Jeff Opdyke says that ultimately, centi-millionaires face the same issue as all investors — they just have more wealth to protect.

"A basic tenet of wealth preservation in the 21st century, regardless of wallet size, is diversifying away from the risk of having most or all of one's assets exposed to a single currency, a single government, and a single legal, taxation, and financial system," Opdyke said.

He added: "In an era where currencies are burdened by the debts and economic weaknesses of the countries they represent, it doesn't take much to undermine the status quo. Just look at the British pound. In the span of less than two months, it lost nearly 30 per cent of its value relative to the dollar. That's a major Western currency. The same can easily happen to the dollar."

## 5. Vietnam-RoK investment partnership thrives over three decades

According to the Ministry of Planning and Investment (MPI), the cumulative registered FDI from the RoK in the period from 1988 – when the first Law on Foreign Investment of Vietnam was put in force - to September 2022 amounted to more than 80.5 billion USD with more than 9,400 valid projects, making the RoK the biggest investor in Vietnam so far.

Since the Vietnam – Korea Free Trade Agreement (VKFTA) officially came into effect in 2015, the RoK's registered FDI into Vietnam almost doubled.

A milestone was seen in 2014 when the RoK became the largest investor in Vietnam with a total registered capital of 7.32 billion USD. Statistics of the Ministry of Planning and Investment showed that the registered FDI from the RoK hit a record of 8.49 billion USD in 2017 but slowed down to 7.2 billion USD in 2018 and 7.57 billion USD in 2019.

Due to the impacts of the COVID-19 pandemic, the FDI from the RoK dropped to 3.95 billion USD in 2020 but bounced back to 4.95 billion USD in 2021.

From January to September this year, the RoK registered 3.8 billion USD of FDI in Vietnam, a drop of 2.38% against the same period last year.

Although ranking second in terms of registered FDI value in the January-September period after Singapore, the RoK was the partner with the highest number of investors who showed interest and made new investment decisions in Vietnam in the period, the ministry's report revealed.

The RoK is becoming an increasingly important investor in Vietnam, not only because of its huge capital value but also the compatibility of the investment to Vietnam's FDI attraction policies. The presence of Korean enterprises in most of the economic sectors in Vietnam was contributing significantly to the country's economic restructuring, export growth and job creation.

According to the MPI's Foreign Investment Agency, Korean investment was mainly poured into the processing and manufacturing industry (74% as of November 20, 2021) thanks to the heavy investment

of high-profile investors such as Samsung, LG, Hyundai, and Posco, followed by the real estate business (13.1%) and construction (3.8%).

Research by Bui Thi Hong Ngoc and Doan Thi Thu Huong from the Vietnam Institute of Economics pointed out that the strong FDI inflow from the RoK helped Vietnam upgrade its participation in the global value chain as well as change the export structure. Vietnam's export structure was shifting from large percentage of low added value products like agro-forestry-fishery and raw materials to those with high technology content and high added value such as electronics.

The presence of Korean investors such as Samsung, LG, Hyosung, Hanwha, Hyundai, CJ, Lotte, and Posco promoted the development of the supporting industry in Vietnam.

Notably, the network of local suppliers to Samsung increased to 254 as of the end of 2021, 51 of which were Tier-1, from just four in 2014.

Samsung, now the most high-profile Korean investor in Vietnam with an estimated investment of more than 20 billion USD, said that the group will continue to provide support to enable domestic enterprises to participate more in the global value chain.

It is estimated that there are more than 8,000 Korean enterprises operating in Vietnam which provide 1 million jobs domestically and contribute around 25-30% of Vietnam's export revenue every year.

At a dialogue with the RoK's Ambassador Park Noh-wan and representatives of Korean associations and enterprises in Hanoi in late July, Prime Minister Pham Minh Chinh pledged to create more favourable conditions for foreign investors in general and the Korean business community in particular to invest efficiently, successfully and sustainably in Vietnam, with a focus on administrative reforms.

Vietnam expected more investment from the RoK in the fields of high technology, innovation, research



and development, digital technology, renewable energy, electronics and infrastructure development, he said.

The PM expressed his hope that the FDI inflow from the RoK will help integrate local firms into the global supply chain network while promoting the development of a digital economy, green economy, circular economy and sustainable development of Vietnam.

## 6. Vietnam's food businesses enjoy opportunities to increase exports

According to Vietnam Construction Securities Joint Stock Company (CSI), the energy crisis and the prolonged conflict between Russia and Ukraine have caused the world to experience a food crisis. On September 30, the International Monetary Fund (IMF) said that the conflict disrupted grain and fertiliser exports and led to the worst global food crisis since 2008.

The latest IMF study estimated that the 48 most food-deprived countries would have to spend an additional 9 billion USD on imports in 2022 and 2023 as food and fertiliser prices have surged unexpectedly due to instability in Ukraine. The IMF also called for the lifting of food export bans as well as other protectionist measures.

Agribank Securities Joint Stock Corp (Agriseco) said before curbing rice exports, India had measures to limit exports of wheat and sugar to ensure its food security. In Europe, Russia and Ukraine had to restrict wheat exports and other agricultural products due to the conflict.

Many other countries are also moving towards this trend, especially since food supplies and stocks in many countries have been falling to low levels for many years.

According to Agriseco, the global food price index increased sharply in 2021 and the first half of 2022. However, during the same period, rice prices declined thanks to large inventories in rice-exporting countries.

However, India's recent curbs on rice exports and the extreme weather in China and many regions

worldwide would shortly push global rice prices. That would significantly impact rice exporting countries, including Vietnam, Agriseco said.

Since India, the world's biggest rice exporter, banned exports of broken rice and slapped a 20% export tax on some non-basmati varieties, global rice prices have jumped more than 10%. Last month, the Food and Agriculture Organisation's global rice price index rose 2.2% to hit an 18-month high, Reuters reported.

India now corners 37% of global trade. The industry's insiders have said that any change in India's rice supply to the world would strongly influence inventories and rice prices in other countries.

They said Vietnam would benefit directly from India's export restriction policy, especially with broken rice products. In 2021, India exported 360 million USD worth of broken rice to China, accounting for the highest proportion with 38.6%. Thus, India's ban on broken rice exports would offer a great opportunity for Vietnamese businesses.

The General Statistics Office showed that Vietnam exported over 5.4 million tonnes of rice in the first nine months of this year, earning a turnover of 2.64 billion USD, up 19.3% in volume and 9.3% in value year-on-year.

The Ministry of Agriculture and Rural Development said Vietnam is expected to export 6.5-6.7 million tonnes of rice in 2022 for 3.3 billion USD.

Amid the COVID-19 pandemic, the Russia-Ukraine conflict and high inflation, Vietnamese food enterprises have still increased their exports, achieving impressive business results.

Loc Troi Group, a leading provider of agricultural services and products in Vietnam, has so far received orders to export 400,000 tonnes of rice to the EU market in 2023, according to a company representative.

The new export contracts signed with EU partners will be completed in the second quarter of 2023, the representative said.

After the EU-Vietnam Free Trade Agreement took effect, the company was selected to ship the first batch of rice. To date, it has exported 30,000 tonnes of rice to the EU.

In September, 500 tonnes of "Com Vietnam" rice produced by the Loc Troi Group, for the first time,

was put on the shelves of major retail supermarket chains in France. After that, French partners imported an additional 500 tonnes. As a result, all the 1,000 tonnes of rice were sold out within one month.

Through E.Leclerc Viry Châtillon, a hypermarket run by leading French retailer E.Leclerc, the "Com Vietnam" rice product reached French consumers and German and Dutch consumers.

Another big rice exporter - PAN Group, has announced its revenue and after-tax profit in the third quarter of 2022 at over 3.64 trillion VND and 140 billion VND, marking yearly increases of 43% and 92%, respectively.

This year, the firm is striving to earn a revenue of 14.3 trillion VND and an after-tax profit of 755 billion VND by the year-end, up 55% and 48% year-on-year.

## 7. Vietnam's e-commerce predicted to grow fastest in SEA by 2026

He said although global economies are recovering unevenly after the COVID-19 pandemic, cross-border e-commerce in the world, including Vietnam, has still witnessed breakthrough growth.

Statistics show that global e-commerce is forecast to expand by 28.4% annually between 2020 and 2027. Meanwhile, revenue from business-to-consumer (B2C) e-commerce in Vietnam is also expected to increase by over 20% each year.

Notably, within 12 months (from September 1, 2021 to August 31, 2022), Vietnamese sellers recorded impressive growth on Amazon, with nearly 10 million "Made in Vietnam" products delivered to global buyers via Amazon, Seong went on, adding the number of Vietnamese sellers on this online marketplace also surged 80% from a year earlier.

He noted Amazon's 2023 strategy for Vietnam will focus on continuing to improve the awareness and readiness for cross-border e-commerce in the country, helping build global brands for Vietnamese products, assisting logistics services to expand

globally, improving seller experience, and contributing to startup development.

Lai Viet Anh, Deputy Director of the Vietnam E-Commerce and Digital Economy Agency (iDEA) under the Ministry of Industry and Trade, said over the last 10 years, e-commerce in the country has continually grown by 25 - 30% while its size increased to 13.7 billion USD in 2021. It has made up over 7% of the total flows of consumer goods and services and become a critically important distribution channel aside traditional ones.

Despite the pandemic's impacts in 2020 and 2021, e-commerce has still been flourishing in Vietnam. It is forecast to post a double-digit growth this year to rank third in Southeast Asia, according to Anh.

In the time ahead, iDEA will step up cooperation with Amazon to create more chances for Vietnamese businesses and products to join the global market, the official added.

The Amazon Week is scheduled to take place in Hanoi on October 27 - 28 and in Ho Chi Minh City on October 31 - November 1. It will provide up-to-date and multidimensional information through

roundtable discussions and workshops to help Vietnamese sellers explore export potential, expand their international market, and build up brands.



## Corporate News

### 8. STB: Sacombank remains among 50 best profitable firms for 6th year

↑ 7.00%

Sacombank has been named among the country's 50 best profitable companies in 2022 for a sixth consecutive year in the annual list compiled by Vietnam Report Joint Stock Company and VietnamNet.

Its pre-tax profit for the first nine months was VND4.44 trillion (US\$179.3 million), meeting 84.1 per cent of its full-year plan.

Its improved recovery of bad debts and outstanding assets significantly improved its bottom line.

Its non-interest income also witnessed sharp growth. Income from services increased by 82.3 per cent with the main drivers being insurance and foreign exchange trading.

As a result, non-interest income increased to account for nearly 40 per cent.

Previously, Vietnam Report also named Sacombank among the "Top 50 Prestigious and Effective Public Companies in 2022" (VIX50) and "Top 10 Prestigious Vietnamese Joint Stock Commercial Banks in 2022."

### 9. HDB: HDBank achieves 82% of full-year target in nine months, ready for Basel III implementation

↑ 4.08%

The HCM City Development Joint Stock Commercial Bank (HDBank – ticker code HDB) has reported consolidated total operating income and pre-tax profit of nearly VND5.4 trillion (\$217.1 million) and over VND 2.7 trillion (\$108.5 million) for the third quarter, up 45.6 per cent and 43.4 per cent year-on-year.

For the year to date the total operating income was over VND16 trillion (\$643.6 million), up 32.7 per cent, with net interest income rising by 80.1 per cent to more than VND2.1 trillion.

Pre-tax profit was VND8 trillion, up 31.7 per cent, meeting 82 per cent of the full-year target approved by shareholders.

As of September 30 the bank's capital was over VND353 trillion (\$14.2 billion), of which deposits

from customers grew by 13.4 per cent for the year, triple the industry growth rate.

Loans outstanding topped VND252 trillion (\$10.1 billion), up 18.1 per cent.

The lender's standalone bad debt ratio was only 1.1 per cent. The credit portfolio mainly focused on priority sectors that contribute to economic growth such as agriculture and rural development, manufacturing, supply chains, small business households, and renewable energy.

Retail and consumer finance showed strong recovery post-Covid. The number of new customers increased by more than 1.5 million in the first nine months to 14 million.

Deposits from retail customers exceeded VND123 trillion, up 27.2 per cent for the year.

Retail loans outstanding also increased by 27 per cent and continued to make up the largest proportion of the credit portfolio, underlining HDBank's top position among retail banks.

Consumer loans by HD SAISON grew at 25 per cent in line with the target set by the State Bank of Vietnam.

Recently the company signed an agreement with the Vietnam General Confederation of Labour to create a preferential credit package of VND10 trillion for workers at industrial parks and factories across the country.

HD Bank's card, bancassurance and services segments such as payment and foreign currency trading saw robust growth. Life insurance premiums were worth VND1 trillion, excluding insurance premiums at HD SAISON (more than VND550 billion), more than double the figure from a year earlier.

Profitability ratios ROE and ROA were 25.2 per cent and 2.2 per cent respectively, putting it among the leading banks in terms of efficiency.

The cost to income ratio (CIR) improved to 37 per cent from 39.4 per cent a year earlier.

The ratio of short-term capital to medium and long-term loans was only 15.9 per cent, far below the maximum of 37 per cent allowed by the central bank.

Its capital adequacy ratio (according to Basel II standards) was 15.3 per cent, among the highest of any bank and almost twice the minimum requirement of 8 per cent prescribed by the SBV.

The bank is fully adopting Basel III standards of governance. Recently global credit rating agency Moody's Investors Service again gave HDBank a B1 credit rating following a positive assessment of its asset quality, operating efficiency and liquidity reserves.

The bank's digital transformation strategy and digital banking development have also yielded positive results. The number of customers using digital banking services increased by over 50 per cent from the same period last year, with the number of new users in the first nine months nearly tripling year-on-year.

Both the number and value of transactions on digital channels doubled.

HDBank was honoured recently at the 2022 Vietnam Digital Transformation Awards in the 'Typical Digital Products, Solutions, and Technology' category.

In addition to its strong business performance, it also pays close attention to its corporate social responsibility.

It donated funds to build 20 houses for disadvantaged people at an event held to launch the 'Month for the Poor in 2022' in HCM City earlier this month, raising the number of houses that it has donated funds to 600.

It also donates for carrying out social housing projects in a number of provinces and cities under a programme that sponsors 50,000 houses.

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