



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Market plunges on bearish sentiment

Stocks sank during Thursday's market meltdown amid strong selling forces.

On the Hồ Chí Minh Stock Exchange (HOSE), the VN-Index fell steadily to 1,074.52 points, down 29.74 points (2.69 per cent) against the previous session.

The market was overrun by decliners as their headcount reached 315, against 53 advancers. Remarkably, 59 stocks hit floor prices and just five sat at the other end.

"Stocks retreated so quickly. The upward trend was fragile whereas the downward trend was robust," said an investor.

HOSE was slack on Thursday since investors traded just VNĐ9.8 trillion worth of shares on the exchange (US\$410 million).

The VN30-Index echoed the VN-Index pattern with a loss of 36.02 points (3.22 per cent), ending the session at 1,081.36 points. In the basket, 28 stocks slid, one stayed flat and one climbed.

Hòa Phát Group (HPG) led the market downturn with a loss of 6.25 per cent. Other stocks behind the bearish trend included Vietcombank (VCB), Masan Group (MSN), Mobile World Investment (MWG), and Vietnam Rubber Group (GVR).

No sector ended the session on the front foot as bearish sentiment was witnessed across the board. The securities sector was the main catalyst for the stumble with a sector-wide drop of 6.28 per cent.

In the sector, SSI Securities (SSI) lost 6.7 per cent, followed by VNDirect Securities (VND) and Việt Capital Securities (VCI).

Seafood was the next sector dragging down indices as it saw lots of red on the screen. Major decliners included Vĩnh Hoàn Corp (VHC), Nam Việt Corp (ANV) and I.D.I International Development and Investment (IDI).

In the realty sector, the trio stocks of the Vin family - Vingroup (VIC), Vinhomes (VHM) and Vincom (VRE) - saw mixed results. While Vinhomes and Vincom fell slightly, Vingroup minted a gain of 0.17 per cent.

The HNX-Index on the Hà Nội Stock Exchange (HNX) receded on Thursday, losing 6.99 points (2.89 per cent) to end at 235.13 points.

Foreign investors withdrew money from the market by net-selling a total of around VNĐ125.98 billion worth of shares on the two exchanges. Of which, they net sold VNĐ133.6 billion on HoSE and net bought VNĐ7.62 billion on HNX.

## Macro & Policies

### 2. Banks speeds up digital transformation

The pandemic has drastically changed the consumption behaviour of customers. That has been prompting banks to adapt. As digital transformation has become inevitable, banks have made greater efforts to put new technologies into practice in the digitalisation race.

Currently, Viet Nam is one of the leading nations in banking digital transformation, Le Anh Dung, deputy director of the Payment Department under the State Bank of Viet Nam, said during a webinar entitled 'Banking industry as a pioneer in digital transformation: for the public to participate and benefit'.

Among the country's remarkable achievements are the rate of technological adoption in banking operations which has increased by 40 per cent and mobile payments which have seen significant yearly growth of 90 per cent in volume and 150 per cent in value.

Digital and payment ecosystems have been established by integrating digital banking services with several other services in the economy. Many banking operations have been fully digitalised. In the first eight months of 2022, mobile payments experienced an increase of 107 per cent in volume and 92 per cent in value, respectively.

These impressive achievements were thanks to heavy investments pumped by banks into their technology systems. According to the Payment Department's statistics, the banking industry has invested up to VND15 trillion in automation with many new technologies adopted.

Many banks have long considered technology as one of the priority areas for their development strategies.

Tran Nhat Minh, Deputy CEO and Head of Banking Technology Division at VIB, said that the bank has chosen a pioneering digitisation strategy and focused its resources on technology development.

VIB has paid special attention to the My VIB app, data and artificial intelligence (AI), and new technologies such as cloud and open APIs. VIB is among the first few banks in Viet Nam to implement multi-cloud technology. Since 2020, VIB has successfully applied AI and big data to fully automate its credit card approval process. As a result, consumers may now register accounts and activate a credit card in just 30 minutes completely online.

Furthermore, the bank has applied AI to launch Viet Nam's first virtual financial advisor - Vie. It has also integrated AR into the My VIB 2.0 app, which enables users to virtualise various life aspects from daily activities to education and healthcare.

VIB's strategy of pioneering digitisation is regarded as the bank's advantage in making breakthroughs in service speed, innovation and continuously bringing the best digital banking experiences and personalised products to users.

Currently, 93 per cent of VIB customers conduct transactions via digital channels. Nearly 50 per cent of VIB's new cards are issued via digital channels without sellers and 10 per cent of calls to VIB are answered by Virtual AI Agent.

Many other banks also focus on similar technologies. Techcombank has launched iDO, a new digital platform for its branches, and PayLink, a payment hub system connecting interbank payment networks.

ACB has accelerated its investment in AI and is applying this technology to face recognition. Meanwhile, MB has successfully connected the MBBank digital banking app with the MB SmartBank system so that customers can synchronise transactions in a quick and convenient manner.

Vietnam Report's survey on the banking industry in 2021 and its outlook in 2022 outlined the increase in customer expectations and the competitive environment as two key factors driving banking digital transformation.

In addition, young clients (aged 24 to 44) have a high demand for experience and do not expect a single bank to provide all services to meet their needs. Instead, this age group expects a more integrated experience when combining multiple service providers. Innovation and convenience as well as digitisation of services are what these clients need, according to the survey.

“Consumer expectations are growing rapidly, and to maintain their competitive edge, banks need to build new business models that are able to respond to growing demand and evolving market conditions. They will need to be more agile, creative and accelerate the digital transformation process,” says Vietnam Report.

“Consumer expectations are growing rapidly. Thus, banks must create innovative business models that can respond to rising demand and evolving market conditions in order to maintain their competitive edge. They will need to be more agile and creative to accelerate their digital transformation process”, says the report.

According to the report, the cost-to-income ratio (CIR) of the majority of banks has dramatically declined in recent years thanks to the digitisation of operations. The pandemic has also significantly accelerated user engagement with internet banking services. That has ultimately reduced the bank's fixed costs. Up to 54 per cent of banks forecast that CIR in 2022 will improve compared to 2021.

### 3. Mining sector must push for greater implementation of technology

Việt Nam must prioritise the development of its mining sector with a focus on the implementation of science and technology, particularly digitalisation, said researchers and industry leaders during a conference held Tuesday in Hà Nội.

The mining sector plays a key role in supplying the country's other sectors with raw materials, especially for Việt Nam as a developing nation, according to Prof. Bùi Xuân Nam, deputy dean of the Hanoi University of Mining and Geology.

Nam said the development of the sector remained a must-do step in the country's process of modernisation and industrialisation, and digitalisation should be made an integral part for its potential to quickly transform and further the sector's objectives.

Tee Boon Teong, CEO of Informa Markets Việt Nam, stressed the importance of the sector and its contribution to Việt Nam's socio-economic development.

He said in future projections the Southeast Asian economy will require an additional 10 per cent of electricity from now until 2030.

However, the country continued to rely on its coal-fired power plants, which in total supplied 46 per cent of its energy needs in 2022, projected to jump to 56 per cent in 2030.

The number of coal-fired power plants in Việt Nam is set to rise from 32 in 2020 to 51 in 2050 with a projected input of 129 million tonnes of coal, which will only be partly met by some 200 coal mines across the country.

While the development of greener energy sources including wind and solar power has shown some progress, economic growth will likely outpace energy production. In a near future, it can be a challenging task to reduce reliance on coal if Việt Nam is to stay committed to its carbon emission pledges in the future.

The only path forward, therefore, is to focus on the development and implementation of environmentally-conscious science and technology, according to Tee.

Dr. Lê Tiến Dũng from the university, however, said the implementation of modern science and technology has not been widespread, mostly limited to theoretical models and lacking in practical applications.

He cited a number of reasons including a shortfall in rigorous technical requirements in mine designs and operations, relatively high cost of industrial design software, sub-par skilled labour and management capacity.

He urged policymakers to focus on the building of technical standards made to specifications of Việt Nam's geographical conditions, the modernisation of mining operations, mine designs and additional training for the labour force.

Shane Dolmaschenz from Deswil, an Australia-based mining consulting and technology company, said more attention should be placed on limiting the environmental impacts of the industry such as damage to the water sources, the soil, the air and the ecosystem.

In addition, regulations and standards should be updated to better protect workers' health and that of the nearby communities, live up to international

management standards and ensure sustainable development of the industry. Management must be required to constantly update and feed their mining data to regulators as a basis to form operational decisions.

In addition, participants at the event voiced their concerns over the impact of the COVID-19 pandemic on the sector.

During the first seven months of 2021, the sector Index of Industrial Production was reported to drop by 6.3 per cent compared to the same period in the previous year. The sector has also been said to have a myriad of problems in improving productivity and efficient usage of resources.

#### 4. Seafood exports to US surge 22% in 9 months

Vietnam's seafood exports to the U.S. rose 22% year-on-year to \$1.8 billion in the first nine months as Americans remain the biggest buyers of Vietnamese seafood.

Exports to China surged 76% to \$1.35 billion, while to the EU the value went up 41% to \$1 billion, according to the Vietnam Association of Seafood Exporters and Producers (VASEP).

In total Vietnam's seafood exports reached \$8.5 billion in the first nine months, up 38% year-on-year.

Shrimp exports rose 23% to nearly \$3.4 billion, and pangasius fish went up 82% to \$2 billion.

Exports of pangasius fish in September alone nearly doubled year-on-year as inflation pressure urged consumers to tighten their spending and buy more of the affordable protein.

VASEP forecast that Vietnam's \$10 billion exports target for this year will be achievable.

China is expected to be a key market for the remaining months as consumption demand is rising while its geographical proximity with Vietnam is an advantage amid rising transportation costs worldwide.

#### 5. SSC warns investors about online securities trading apps

The State Securities Commission (SSC) on October 5 issued a warning to investors about securities services that are not licensed by the agency in cyberspace.

SSC said that recently, a number of businesses have created trading websites and applications, such as Passion Invest, Finhay, Tikop, Infina, Savenow, and BUFF, using communication tools and media to

promote their products and services to raise capital from investors under business cooperation contracts.

However, there are signs of fund management and securities portfolio management without being licensed, managed, and supervised by SSC in accordance with the law on securities.



As a result, when a dispute arises without the securities law protecting investors' rights and interests, investors may be at risk.

SSC advises investors to be cautious when making securities investment transactions on these online trading applications, and investors are responsible for risks that may arise.

In fact, Finhay's main activity is to develop a financial management platform for retail investors

with small investments as low as VNĐ50,000 (US\$2.09), while Passion Investment is an organisation specialising in investing in stocks on the domestic stock market.

Passion Investment provides business cooperation products with a minimum capital ranging from VNĐ300 million to over VNĐ50 billion. During the cooperation period, Passion Investment will send weekly reports to investors.

## 6. Airport planning must ensure financial feasibility, efficiency

Careful consideration must be given to the planning and development of airports to ensure feasibility, experts have warned, as localities across the country propose the airports in their provinces.

During the past few weeks, three provinces, including Tuyên Quang, Sơn La and Kon Tum, sent documents to the Ministry of Transport proposing airports in their provinces be added to the national airport planning.

Ninh Bình, Hà Tĩnh, Ninh Thuận, Đắk Nông, Hà Giang, Bắc Giang and Bình Phước provinces also raised similar proposals in the past.

While four plans for road, maritime, inland waterway and railway are already approved, planning for the national airport system in the 2021-30 period has not yet been completed.

Aviation expert Nguyễn Bách Tùng said as the planning continues, localities are applying for permission to build airports to promote socio-economic development.

According to statistics of the Civil Aviation Authority of Việt Nam, there are currently 22 airports for civil use in Việt Nam, though only Vân Đồn International Airport was developed with private investment.

Under the Ministry of Transport's draft, nine more airports will be developed by 2050, bringing the total airports for civil use to 31.

The six airports to be developed by 2030 are Long Thành, Phan Thiết, Quảng Trị, Sa Pa, Lai Châu and Nà Sản. By 2050, a further three, Cao Bằng, Hải Phòng and a second airport for Hà Nội, will be developed.

Tùng said that from each locality's perspective, the airport development proposal is understandable as it would help promote tourism and local economic development. However, when looking at the master planning for the country, the rampant development of airports would cause many problems.

"The national airport network needs appropriate planning to avoid airspace conflicts while ensuring investment efficiency," he said.

Tùng cited statistics that in pre-pandemic 2019, there are only four airports handling over nine million passengers. They were Tân Sơn Nhất (41 million), Nội Bài (29 million), Đà Nẵng (15.5 million) and Cam Ranh (9.7 million).

The privately-invested Vân Đồn Airport received only 259,000 million passengers.

Tùng said it would be difficult for a newly-built airport to get a capital return if it receives less than

five million passengers per year, adding that the above figures warned provinces and cities wanting to invest in airports following Build Operate Transport practices.

According to Nguyễn Thiện Tổng, former head of the Aviation Engineering Department under the HCM City University of Technology, airlines, particularly private ones, should be hesitant to open routes to airports that are not attractive to passengers.

He said that it would not be enough if each airport served only two or three flights per day.

Localities must give careful consideration to the development of airports. At the same time, the Ministry of Transport must consider the feasibility and efficiency of developing the national airport planning because many small airports have been running at a loss for many years.

Nguyễn Bách Tùng, deputy director of the ministry's Transport Engineering Construction and Quality Management Bureau, said most domestic airports do not yet operate at their designed capacity, even those newly built with large capacity such as Vân Đồn and Cần Thơ.

One of the most important issues when deciding to build an airport was carefully calculating the investment efficiency, Tùng said, adding that the airport development would not be appropriate if the travel distance were too close.

Trần Quang Châu, president of the Việt Nam Association of Aviation Science and Technology, said that the planning must be based on several factors such as travel distance between airports,

travel demand and the development of flight routes for each airport, as well as economic efficiency factors.

An expert even warned that proposals of adding airports to the planning by some localities were quite infeasible but had significant impacts on the real estate market, which inflated land prices. Airport planning should be completed and issued early to prevent land speculation.

According to the Ministry of Transport, 28 airports by 2030 would help increase the total airport capacity to about 283 million passengers per year and ensure that over 95 per cent of the population have access to one airport within a 100km vicinity. This density is appropriate compared to other countries such as Thailand and Malaysia.

A representative from the Civil Aviation Authority of Việt Nam, the airport development should be focused and investing in developing large-scale ports to create breakthroughs. The viewpoint was to develop synchronously, he said, adding that airports were a necessary but not a sufficient condition for the development of a province.

Airport development should also align with the country's long-term development goals, such as investment attraction and tourism promotion, to create ground for the economy to take off.

Transport Engineering Design Inc (TEDI) states that new airport development must be based on six main criteria: travel demand, socio-economic factors, national security, emergency relief, natural conditions, and distance arrangement.

## 7. Vietnam rakes in 16.05 billion USD from tourism in nine months

Vietnam earned some 394.2 trillion VND (16.05 billion USD) from tourism in the first nine months of this year, equivalent to 78% of the figure recorded in 2019 before the COVID-19 pandemic broke out.

The Vietnam National Administration of Tourism said the country welcomed over 1.8 million foreign tourists in the nine-month period, of which 1.2 million were recorded in the third quarter of this year, 2.5 times the figure in the previous quarter.

The Republic of Korea (RoK), the US and Asian countries like Cambodia, Japan, Singapore and Thailand are the biggest sources of tourists for Vietnam, the agency noted.

As of mid-September, international search volumes for aviation and lodging services in the Southeast Asian nation rose three times and 10 times, respectively, as compared with early March when the country had yet reopened its doors.

Domestic holidaymakers reached about 86.8 million in the nine months, surpassing the 85 million in 2019.

More and more Vietnamese are travelling abroad, with their search volume increasing four times from early March, targeting such countries as Thailand, Cambodia, Australia, the US, Indonesia, France and Malaysia.

Vietnam fully reopened borders to tourists from March 15. The country aims to welcome 5 million foreign arrivals this year.



## Corporate News

### 8. PET: PET reported a slight decrease in profit in 8 months, laptop distribution slowed down

↓ -3.86%

PetroVietnam General Services Corporation (Petrosetco, HOSE : PET ) reported a pre-tax profit of VND201 billion in the first eight months of the year, down 8% year-on-year.

In August 2022, Petrosetco recorded a net revenue of VND 1,732 billion, up 30.9% respectively over the same period. The increase in revenue was mainly driven by revenue from the distribution of phones and IT equipment, of which the distribution of mobile phones increased by 55%, contributing VND683 billion to Petrosetco's revenue.

Notably, distribution of laptop equipment - the second largest contributor to Petrosetco's revenue - slowed down in August 2022. This segment recorded a revenue of VND 552 billion in August, down more than 2% y/y.

In August 2022, gross profit margin was at 3.9%, lower than 4.4% in the same period. According to the explanation from Petrosetco, this is due to the decline in business results of high-margin segments such as Real Estate Management and Leasing.

Lower profit margin coupled with higher interest payments and selling expenses resulted in an increase in profit before tax in August 2022 only 4.3% y/y, at VND24 billion.

Profit in 8 months decreased due to investment in securities and loan interest

Accumulated in the first 8 months of 2022, the Company recorded net revenue of nearly VND 11.3 trillion, up 10.9% over the same period and completing 56% of the 2022 revenue plan.

Meanwhile, profit before tax in the first 8 months of the year reached VND 201 billion, down slightly by 3.2% over the same period. The main reason is due to the provision for devaluation of trading securities and the increase in interest expense.

In terms of revenue structure, Distribution is the key business segment, contributing nearly VND 10 thousand billion (up 12% over the same period), Catering Services segment reached VND 611 billion (up 5% over the same period). , Real Estate Management and Leasing reached VND 363 billion (up 8% over the same period).

### 9. DPM: Phu My Fertilizer is estimated at 5,300 billion dong before tax after 9 months

↓ -1.5%

Phu My Fertilizer (HoSE: DPM) has just announced its 9-month business results estimate with revenue of nearly VND 15,000 billion and pre-tax profit of about VND 5,300 billion, up 92% and 95.6% respectively compared to actual show year ago.

In the first half of the year, this unit recorded revenue of VND 10,935 billion, profit before tax of

VND 4,156 billion. Thus, it is estimated that in the third quarter, the company's revenue is VND 4,065 billion, profit before tax is VND 1,144 billion. This profit increased over the same period but the lowest in the last 4 quarters. However, the third quarter often has lower profits than the remaining quarters due to seasonal factors.

At the end of the third quarter, the company's Phu My Fertilizer factory produced nearly 900,000 tons of fertilizers and chemicals of all kinds, far exceeding the plan and the same period in 2021. Output of main products such as urea reached more than 680,000 tons, NPK fertilizer is nearly 140,000 tons, commercial NH<sub>3</sub> is about more than 50,000 tons. Thanks to an abundant supply, the total production of fertilizers and chemicals of all kinds reached nearly 940,000 tons.

Phu My Fertilizer Leader assessed that in 2022 due to the unstable political and economic situation in the world, fertilizer prices fluctuated unpredictably. Domestically, the high price of

agricultural inputs, unstable prices of agricultural products, and difficulties in consumption have negatively impacted agricultural production, causing fertilizer trading to face many obstacles due to very weak purchasing power.

However, the company promptly seized the opportunity of high fertilizer prices in the world to boost exports after fully meeting domestic demand. The amount of fertilizer exported by Phu My Fertilizer in 9 months reached about 155,000 tons, 3 times higher than the whole year plan, making an important contribution to increasing revenue and profit in the first 9 months of the year.

**Research Team:****Tsugami Shoji**

Researcher

[jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)**Disclaimer:**

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***Japan Securities Co., Ltd – JSI***

*Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi*

*Tel: (024) 3791 1818*

*Fax: (024) 3791 5805*

*Email: [info@japan-sec.vn](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*