



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares plunge amid market volatility

Vietnamese shares declined on Thursday after rising for four consecutive sessions, due to large-cap stocks underperforming as investors sold in pursuit of cutting losses amid the market's recent volatility.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) fell sharply by 3.89 per cent, to close at 947.24 points. The index had gained 1.06 per cent in the last two sessions.

More stocks moved to the downside on the southern bourse, of which only 21 ticker symbols inched higher, while 447 stocks finished lower.

Nearly 699 million shares were traded on HoSE, worth nearly VND10.8 trillion (US\$402.3 million).

"VN-Index returned to the support level of 950 points and may retest this support in the next trading sessions. BSC recommended investors maintain the current proportion of the portfolio and wait for more positive signals of the market," said BIDV Securities Co (BSC).

The benchmark index was pressured by losses in large-cap stocks, with the 30 biggest stocks tracker VN30-Index posting a decrease of 4.38 per cent, to 936.80 points. No stocks in the VN30 basket jumped, while 29 stocks slid and one stock ended flat.

The worst performers in the VN-30 basket were pillar stocks in the banking, retail and real estate industries. Biggest losers included Vietinbank

(CTG), Hoa Phat Group (HPG), Masan Group (MSN), Mobile World Group (MWG), Novaland (NVL), Phat Dat Real Estate (PDR), Sacombank (STB) and VPBank (VPB). They all hit the daily limit decline of 7 per cent.

Securities stocks decreased towards the end of the session. VN-Index's loss was significantly broadened as securities stocks declined strongly, such as VNDirect Securities Corporation (VND), Saigon-Hanoi Securities JSC (SHS), Viet Capital Incorporation (VCI), Agribank Securities Corporation (AGR) and APG Securities Joint Stock Company (APG).

Energy stocks also performed negatively with losers such as Viet Nam National Petroleum Group (PLX), PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling and Well Services Corporation (PVD) and Drilling Mud Joint Stock Corporation (PVC).

On a sector basis, all 25 sector indices on the stock market lost ground, including insurance, retail, banking, wholesale, construction, rubber production, logistics, real estate, and securities.

On the Ha Noi Stock Exchange (HNX), the HNX-Index also finished lower. It lost 4.47 per cent, to 192.39 points.

During the session, VND775 billion worth of shares, equivalent to a trading volume of nearly 60 million shares, was traded on the northern market.

## Macro & Policies

### 2. Vietnam's Jan-Oct rice exports meet 93-96% of full-year target

This export value represents 93-96% of the full-year target. In the last two months, only 150,000-250,000 tons of rice need to be exported per month, enabling this sector to fulfill its target.

If the weather and growing conditions are favorable, Vietnam's total rice exports will possibly surpass 6.3-6.5 million tons in 2022, 100,000-200,000 tons higher than that of 2021.

According to the Institute of Policy and Strategy for Agriculture and Rural Development, Vietnam's rice industry has recently shifted from a low to premium quality rice market segment. Therefore, rice exports to choosy markets such as the U.S. and the EU have been growing strongly in the first eight months, at 84.8% and 82.2%, respectively.

### 3. Number of new accounts continue to fall last month

This was the lowest number of new accounts opened by domestic investors since February 2021 and marked the fifth consecutive month of decline.

Specifically, retail investors opened 96,290 new accounts, while institutional investors opened 137.

Over the first nine months of the year, domestic retail investors opened 2.4 million new accounts, far exceeding the combined figure of 2018, 2019, 2020 and 2021.

As of the end of September, retail investor accounts exceeded 6.65 million, or about 6.6 per cent of the population.

The number of new accounts opened by domestic investors continuously declined sharply, which also partly affected the stock market's liquidity recently.

According to statistics, last month, the average matching value on the Ho Chi Minh Stock Exchange (HoSE) was only VND9.3 trillion (US\$374 million), a 21 per cent decrease compared to the previous month and the lowest level since the beginning of 2021. Moreover, many trading sessions' matching values didn't reach VND7 trillion.

The move to hike interest rates by the US Federal Reserve (Fed) and the global central banks left a huge impact on the cash flow in the global financial market.

Furthermore, under the exchange rate pressure due to the escalating US dollar, the State Bank of Vietnam (SBV) also raised the operating interest rate by 1 per cent per year for the second time within a month. In addition, businesses' bond repurchasing before maturity also partly affects cash flow into securities.

The aggressive tightening policy of the Fed has also created a wave of capital withdrawal globally, and Viet Nam is no exception. Statistics show foreign investors net sold nearly VND1.6 trillion on HoSE in October. This is the second straight month that foreign investors have sold strongly. Last month's figure was more than VND3 trillion.

Last month, foreign investors opened 174 new accounts, of which 162 new accounts were opened by retail and 12 new accounts by organisation investors. The numbers were much more positive than foreign retail investors closing 63 accounts in September.

As of the end of October, foreign investors had a total of 42,242 accounts.

SSC fines hundreds of cases

Regarding the supervision and handling of violations in the stock market, the State Securities Commission (SSC) issued 51 sanctioning decisions with a total fine of VND3.3 billion last month.

For the year, SSC has issued 401 sanctioning decisions with a total fine of more than VND30 billion.

Previously, at the Government press conference on October 29, Deputy Minister of Finance Nguyen Duc Chi said that the macro balances of the Vietnamese economy remain stable, which is the basis for stabilising the stock market.

The Vietnamese stock market witnessed a downward correction.

Chi said that international and domestic factors such as rising global inflation, the world economy and the changes in the monetary policy of major economies,

the ongoing Russia-Ukraine conflict, and changes in domestic monetary policies are attributed to the bearish trend.

A press release recently released by the Ministry of Finance said that on October 31, the VN-Index fell 9.2 per cent on-month to 1,027.94 points. The HNX-Index on the Ha Noi Stock Exchange (HNX) closed last month at 214.31 points, down 14.4 per cent over the previous month.

As of October 27, the market capitalisation of the three stock exchanges HOSE, HNX and UPCoM were estimated at VND5.34 quadrillion, down 31 per cent compared to the end of 2021, and equivalent to 63.6 per cent of GDP.

#### **4. Food import prices increase as dollar rises**

The dollar rise has benefited exporters but made life difficult for importers. Pham Ngoc Hung, vice chair of the HCMC Union of Business Associations, said the exchange rate volatility had dramatically impacted food prices as over 70% of foodstuff companies buy material from abroad and shipping fees are denominated in U.S. dollar.

Kieu Tan Vu, marketing director at the Royal Seafood International Trading Company Limited, said the company imported seafood from foreign countries and paid in U.S. dollar. The company spends an additional VND2 billion a month on inputs due to the dollar increase against the dong.

According to the HCMC Department of Finance, the consumer price index in October increased 0.45% over September, with the food price index up 0.17% month-on-month.

The biggest challenges for businesses in the industry are the input cost hikes and the wider trading band of the local currency, as they prepare to boost output for the Tet 2023 buying spree, said Ly Kim Chi, chairwoman of the Food and Foodstuff Association of HCMC.

#### **5. Domestic steel demand continues sliding**

Hoa Phat Group (HPG), a major Vietnamese steelmaker, saw its raw steel production down 19% year-on-year at 567,000 tons in October.

Its construction steel, steel billet and hot rolled coil (HRC) steel sales reached 482,000 tons last month, tumbling 42% against the same period last year. Of this, the company sold nearly 210,000 tons of construction steel, equivalent to 45% of the year-ago figure.

Since the third quarter of this year, HPG steel output and sales have fallen due to weakening demand at home and abroad.

One upside in the gloomy market is that its HRC sales last month improved compared to the previous month and the same period in 2021, thanks to some steel shipments to Indonesia and Malaysia.

Overall, Hoa Phat's steel output had slipped 2% in the year to October, compared to last year at 6.6

million tons. Its sales of steel products reached almost 6.2 million tons, down 3% year-on-year.

The steelmaker said it was planning to adjust its production and sale plans based on market developments, better managing its inventory and costs, reported Lao Dong Online.

Earlier, a report by the Vietnam Steel Association (VSA) indicated that the output of finished steel products in the first nine months of the year shed 5.8% year-on-year at 20.8 million tons. Of this, steel sales reached some 19 million tons, sliding 1.6% over the same period in 2021.

Aside from market volatility, the slow disbursement of capital in State-funded construction projects was attributed to lower-than-expected steel sales.

Statistics from the Ministry of Finance revealed that around VND297,700 billion of public capital was disbursed last month, meeting 46.44% of the ministry's target and 51.34% of the target assigned by the prime minister.

The number of construction projects lagging behind schedule has risen over time.

The Ministry of Planning and Investment said in a recent report that more than 1,900 projects fell behind schedule in 2021, with nearly 1,150 delayed due to tardy land clearance.

According to VSA, steel demand in the upcoming time would depend on many factors, especially as local steelmakers need more time to bring down their record-high inventories to ease the sales pressure in the final months of the year.

## 6. Home prices edge up in Q3

The average condo price in HCMC between July and September was VND66.7 million per square meter, up 1% over the second quarter, according to global real estate services business Cushman & Wakefield.

In Hanoi, real estate prices climbed as a result of the dwindling supply. The prices inched up 2% compared to the second quarter, and 10% year-on-year, the local media reported.

Condo prices in the third quarter were generally constant nationwide, according to data compiled from the provincial Departments of Construction.

The southern provinces topped the list regarding the number of housing deals done, with some 23,951 transactions, followed by the central and northern localities, with roughly 17,425 and 9,672 sales, respectively.

Over 3,600 housing transactions were done in Hanoi and HCMC. Luxury properties in the two cities' centers saw substantial high-priced offers.

There are almost no available apartments that cost less than VND25 million per square meter in the country's urban cores.

Land transactions fell significantly, with 115,000 sales, accounting for half of the second quarter's figure.

The majority of the market's supply nationwide includes mid-range apartments with prices starting from VND30 million to VND50 million per square meter, according to the Housing and Real Estate Market Management Agency under the Ministry of Construction.

## 7. Credit surges 11.5 per cent by end-October

The monthly rate was the highest credit growth since 2018.

According to BVSC, if the SBV keeps its credit growth target at 14 per cent for the whole year of 2022 as planned previously, credit will be allowed to expand by 2.5 percentage points in the last two months of this year.

BVSC forecast it is difficult for the SBV to extend the credit growth target to more than 14 per cent this year, especially when inflation is posing higher risks with the consumer price index (CPI) in October recording 4.3 per cent.

The SBV made the latest credit growth quota expansion for 15 banks in early September this year, of which Sacombank got a rise of 4 per cent; Agribank, 3.5 per cent; SHB, OCB and MBB, 3.2 per cent; VIB, 3 per cent and Vietcombank, 2.7 per cent. It was the second time the SBV raised the credit cap for commercial banks in 2022.

The credit growth quota regime was officially deployed in 2011 when Viet Nam's economy was experiencing hyperinflation stemming from

excessive money supply. The credit growth quota regime, putting a cap on the banking industry's credit expansion, is often announced by the SBV at the beginning of each year. Based on the credit growth quota for the entire banking industry, the SBV will determine the credit growth for each commercial bank depending on its financial health, with indicators including capital, asset quality, governance, business performance results, liquidity and sensitivity to market risks.

On the interbank market, from October 27 to November 3, interbank interest rates for overnight and one-week terms continued to increase by 0.86 per cent and 0.52 per cent to 6.93 per cent and 7.15 per cent per year, respectively. Meanwhile, the two-week term interbank interest rate decreased by 0.66 per cent to 6.98 per cent per year.

With the SBV's net pumping in the second week in a row on the open market, BVSC believed interbank interest rates will cool down this week. However, it is likely that interbank interest rates will fluctuate around 5-7 per cent until the end of the year, and be hard to cool down as strongly as at the beginning of this year.



## Corporate News

### 8. PC1: Result of stock issuance for 2021 dividend payment

↓ -6.85%

Power Construction Joint Stock Company No 1 reports the result of stock issuance for 2021 dividend payment to existing shareholders as follows:

#### I. Information on stock:

1. Stock name: Power Construction Joint Stock Company No 1
2. Stock type: common share
3. Par value: 10,000 dong/share
4. Number of shares issued: 235,159,649 shares
5. Number of outstanding shares: 235,159,649 shares
6. Number of treasury shares: 0 share
7. Number of shares expected to be issued: 35,273,947 shares
8. Exercise ratio: 100:15 (Those who own 100 shares will receive 15 new shares)

9. Plan to deal with fractional shares: The distributed shares will be rounded down to units, the fractional shares (if any) will be cancelled.

10. Ending date: November 02, 2022

11. Time for transferring shares: expected in December 2022.

#### II. Result:

1. Number of distributed shares: 35,273,353 shares; Of which:

- Number of distributed shares to shareholders according to the rate: 35,273,353 shares for 11,953 shareholders;

- Number of fractional shares: 575.8 shares (These shares cancelled)

2. Total shares after the issuance: 270,433,002 shares; Of which:

- Number of outstanding shares: 270,433,002 shares

- Number of treasury shares: 0 share.

### 9. BVH: Plan for cash dividend payment in 2021

↓ -5.17%

The Board resolution dated November 08, 2022, the BOD of Bao Viet Holdings approved to pay cash dividend for 2021 as follows:

- Record date: November 28, 2022

- Exercise ratio: 30.261%/par value

- Payment date: December 28, 2022.

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