



# VIETNAM DAILY NEWS



November 18th, 2022

Table of content

## Table of content

1. Shares extend gains on bank stocks
2. Vietnam sees impressive growth in aquatic exports to China
3. Strong purchasing power, demand drive Vietnam's economic growth: expert
4. Wood sector to earn more on woodchips, pellets
5. Rubber companies' business results gloomy in Q3
6. President highlights requirements of future trade, investment at APEC CEO Summit
7. Fuel price cycle to be shortened, removed in the long run
8. VHC: Contributing capital in TNG Food
9. DGC: Plan for cash dividend payment in 2022

## Market Analysis

### 1. Shares extend gains on bank stocks

Shares extended gains on Thursday, propped up by the strong recovery of banking stocks.

On the Ho Chi Minh Stock Exchange, the VN-Index gained 2.8 per cent, to close at 969.26 points. The index had risen 3.4 per cent, to close Wednesday at 942.90 points.

The market's sentiment was positive with more stocks increasing, of which 397 stocks inched higher and 73 reduced. Liquidity declined compared to the previous session with matching value reaching VND11.4 trillion (US\$459.4 million), equal to a matching volume of 724.5 billion shares.

The index's uptrend was strongly supported by heavy-weight stocks as the 30 biggest stocks tracker VN30-Index posted a gain of 3.27 per cent to finish Thursday at 971.04 points. Of the VN30 basket, 23 stocks climbed, while four declined.

Banking stocks performed positively and bolstered the increase of the market with gainers including Military Bank (MBB), Techcombank (TCB), VietinBank (CTG), Viet Nam International Commercial JS Bank (VIB), Saigon-Hanoi Commercial JS Bank (SHB), Tien Phong Bank (TPB) and Vietcombank (VCB).

Other pillars in the VN-30 basket also soared with some even hitting the daily limit rise of 7 per cent. They included Hoa Phat Group (HPG), the Viet Nam Rubber Group (GVR), Vingroup (VIC) and Vincom Retail (VRE). Other large-caps such as Masan Group (MSN), Vinhomes (VHM), SSI Securities Inc (SSI) all went up over 6 per cent.

“The market may temporarily experience resistance near 970 points,” said Viet Dragon Securities Co.

“Therefore, investors should temporarily limit buying at a high price to avoid the risk of huge volatilities, and in the meantime wait for the fluctuating sessions to pass and accumulate stocks with good fundamentals and deep discounts,” said the company.

On the Ha Noi Stock Exchange, the HNX-Index also rose 2.4 per cent to close Thursday at 187.86 points. It had increased 4.36 per cent to close Wednesday at 183.45 points.

Nearly 45.5 million shares worth VND573.8 billion were exchanged here.

## Macro & Policies

### 2. Vietnam sees impressive growth in aquatic exports to China

In 2019, before the COVID-19 pandemic broke out, Vietnam enjoyed a record revenue of over 1.2 billion USD from China, making fisheries one of the three agro-forestry-fisheries products with highest export value in the market.

However, the figure fell to under 1 billion USD in 2021 due to impacts of the pandemic.

But since the beginning of this year, fisheries exports to China have recovered. Statistics from the General Department of Vietnam Customs showed that in the first 10 months of this year, those to China exceeded 1.3 billion USD, a year-on-year rise of 82%, marking a new record.

Explaining the situation, experts held that the “Zero COVID” policy of China has greatly affected the country’s fisheries sector, while the demand for the product is high.

According to the Import-Export Department under the Ministry of Industry and Trade, China imported

13.5 billion USD worth of aquatic products in the first nine months of this year, a rise of about 40% year on year.

The department forecast that the increase is likely to continue in the remaining months of this year.

Shrimp is one of the aquatic products with strongest growth so far this year. In the first eight months of this year, China spent 3.77 billion USD to import this product, a rise of 66.3%. The spending in August alone is 680 million USD, a record level for a month.

China’s spending on Vietnamese shrimp in the January-August period reached 198 million USD, a surge of 98.5% year on year.

Dr. Ho Quoc Luc, Chairman of Fimexvn, said that in reality China is the largest shrimp importer in the world. However, the country also has a strong domestic shrimp industry, he said, advising Vietnamese businesses to make clearer assessments on this giant market.

### 3. Strong purchasing power, demand drive Vietnam’s economic growth: expert

This is a rare high amid the context that 2022 is a year full of difficulties for not only Vietnam but also the whole world, he told the Vietnam News Agency.

He held that this growth is driven by a purchasing power rebound after the COVID-19 pandemic, as well as the strength of the Vietnamese economy, especially political and social stability, the stability of economic and investment policies, and its openness and integration into the global economy.

Scriven noted the economy’s internal driving forces are relatively balanced and strong, from people’s demand, enterprises’ strength, and foreign investment attraction to Vietnam’s competitiveness thanks to free trade agreements, which have helped open up new markets.

Vietnam is assessed as a new and strong economy with an internationally recognised stature. It is a rare example of stability among Southeast Asian nations, the Dragon Capital leader went on, adding that while global uncertainties this year are mainly caused by food and energy crises, it seems to haven’t suffered from too big impacts.

Echoing the view, Dr. Ho Quoc Tuan, senior lecturer in finance and accounting at the UK-based University of Bristol, said since the year’s beginning, Vietnam has succeeded in sustaining high economic growth and low inflation, about 3% - lower than other Asian countries like Japan, Indonesia, the Republic of Korea, and many European countries, which have neared an inflation rate of over 10%.

However, he noted, it is hard for Vietnam to maintain a high growth rate amid prolonged

difficulties predicted for the global economy for many months to come. In particular, its exports will be affected by a slowdown in global export growth.

It will also be difficult for enterprises to maintain growth and capital accessibility since the country is facing increasing production costs while interest rates are surging, causing pressure on foreign exchange rates and general interest rates in the economy.

Tuan recommended that to keep economic growth, Vietnam should use fiscal tools, including boosting public spending, especially on infrastructure development, power generation, and climate change

fight, to support the economy and enterprises. It is also important to step up market reforms and create opportunities for businesses to develop further.

Scriven said Vietnam should not lower vigilance but continue reforming the labour market, the real estate market, trade and visa regulations, and accounting standards.

The British expert also pointed out chances for Vietnam as global supply chains are being restructured, and many foreign firms are paying attention to the country, which is currently viewed as a manufacturing hub for the Asian market.

#### 4. Wood sector to earn more on woodchips, pellets

Unprecedented growth in export of woodchips, wood pellets

According to a timber wholesaler in Dong Hy, the northern province of Thai Nguyen, prices of sawn timber (big wood) are almost the same as those of wood chips which are only 20,000 VND per tonne different. Hence, growers are racing to cut them down and sell to woodchip factories.

Notably, while the export of wooden furniture and laminated wood is frozen, woodchips and wooden pellets have been lining up for overseas shipment over the past 10 months.

Do Van Hai, Director of the Hai Oanh Forestry Production-Export and Import Co.Ltd based in the central province of Thanh Hoa, said without the “heated up” export of woodchips and wood pellets, it would be difficult for his company to survive as the shipment of laminated wood slowed down in late 2021 and came to a halt in April 2022.

“If we stop making woodchips, our business will die because of heavy bank interest rates,” Hai said.

Nguyen Thi Thu Thuy, Director for Forestry and Materials at Biomass Fuel Vietnam company based in the central province of Nghe An, said to meet requirements of the most demanding markets like Japan, the US and the European Union, wood pellets must meet quality and have clear origin. Apart from the traditional market of Japan, her company plans

to expand to Europe as demand for pellets as a winter heating material is growing.

Wood export expected to bring home 16.5 billion USD

According to the Ministry of Agriculture and Rural Development, the wood sector earned 13.5 billion USD from export in the first 10 months of this year, up 11.4% annually. Contributions by woodchips and pellets turned them into a “phenomenon” in the wood export landscape. During the period, pellets raked in over 603 million USD, up 81% in value year-on-year while woodchips brought home nearly 1.8 billion USD compared to 1.7 billion USD last year. These two products are expected to earn a turnover of about 2.8-2.9 billion USD this year.

Data from the Ministry of Industry and Trade (MoIT) showed that the export of wood and wooden products is estimated at 13.5 billion USD in the first 10 months of this year, up 11.4% year-on-year. Of the figure, 9.3 billion USD were from wooden products, marking a 2.7% increase.

President of the JCI Vietnam Vu Tuan Anh said Chinese merchants are looking for woodchips from Vietnam to serve paper production and provide them as materials for pellet factories in China.

With limited supply at home, China will continue relying on neighbouring countries for wood

materials. This will create opportunities for Vietnamese wood exporters, he said.

According to the MoIT's Export-Import Department, not only the EU market, the demand for woodchips and pellets in Asia is surging, mostly in the Republic of Korea and Japan that are switching from coal-fired to clean electricity, including biomass power.

On the sidelines of the recently-held 2022 Vietnam International Woodworking Industry Fair (Vietnam Wood), Vice Chairman of the Handicraft and Wood industry Association of HCM City Nguyen Chanh Phuong said the total wood export in the fourth quarter may hit around 4.5 billion USD, bringing the total to 16.9 billion USD this year, up 14% annually.

## 5. Rubber companies' business results gloomy in Q3

Rubber prices decreased during the period as demand slowed in China due to hot weather disrupting production and prolonged COVID-19 prevention measures affecting production activities.

This development was reflected in the business results of the rubber industry group. According to a survey of 13 listed companies on the Ho Chi Minh Stock Exchange (HoSE), the Ha Noi Stock Exchange (HNX) and the UPCoM, there were eight companies posting reduced profits and only three witnessing gains, while another two suffered losses.

Vietnam Rubber Group (HoSE: GVR)'s consolidated profit after tax plunged 35.2 per cent on-on year to VND993.86 billion (US\$40.09 million) in Q3/2022. The company explained that the general economy fluctuated toward a downward trend, causing a decrease in sales during the period along with a fall in selling prices while expenses for input surged over the same period last year.

In addition, subsidiaries made provisions for the impairment of investments in Laos due to the depreciation of the Lao's currency kip.

For the first nine months of the year, the company reported a drop of 8.6 per cent in profit after tax to nearly VND3.5 trillion.

Similarly, Phuoc Hoa Rubber JSC (HoSE: PHR) experienced an increase in input costs and cost of goods, dragging its gross profit margin down by 20 per cent, said the company. Therefore, its profit after tax in Q3 subdued 17.65 per cent over last year to VND140.46 billion.

The profit after tax of Tan Bien Rubber (UPCoM: RTB) plummeted 90.1 per cent year-on-year to VND15.78 billion. The company said that its revenue

fell 35.25 per cent to over VND75 billion due to a decrease of 1,900 tonnes in sales, and income from the liquidation of rubber plantations also edged down while all kinds of expenses rose.

Some other enterprises witnessed gains in profits such as Doruco (HoSE: DPR), Horuco (HoSE: HRC), and Inruco (UPCoM: IRC). However, the growth did not come from the main business. Horuco's profit after tax was up 28.6 per cent to VND738.5 million thanks to the cut in management costs.

Meanwhile, consolidated profit after tax of Doruco reached more than VND97.5 billion, a 28.2 per cent and Inruco's was over VND19 billion after losing VND6 billion in the same period last year, both thanks to liquidation of rubber trees.

The November strategy report of ACB Securities Company (ACBS) showed that natural rubber futures prices on the Tokyo Commodity Exchange slid by 4.56 per cent amid concerns about oversupply and slowing demand from China, while many cities in this country set up new lockdowns.

Recently, the city of Chongqing, one of China's largest auto manufacturing hubs, issued an order to cut electricity to save energy amid unprecedented heat waves that have forced a number of factories to close.

Moreover, global economic growth slowed down after central banks raised interest rates to curb inflation, and chip shortages pulled demand for rubber products such as auto parts, clouding the rubber demand outlook.

ACBS expected that rubber prices are unlikely to rebound due to lower demand.

## 6. President highlights requirements of future trade, investment at APEC CEO Summit

Addressing a discussion on the future of Asia-Pacific trade and investment during the APEC CEO Summit 2022 which was convened in Thailand on Thursday with the participation of more than 850 leaders of global and regional businesses, the Vietnamese President said that digital transformation is an inevitable and objective trend that is taking place very strongly and extensively, positively affecting cross-border trade and the global economy.

Stemming from difficulties and challenges in the past two years, the world and the region are establishing new, resilient and sustainable supply chains, with diversified supply sources, effective monitoring mechanisms and traceability, he said.

The President held that under the impact of the COVID-19 pandemic and climate change, some areas such as health, biotechnology, clean energy, and carbon emission reduction will strongly attract foreign direct investment (FDI).

Mentioning Viet Nam's policies and achievements in socio-economic development, he said that amid many difficulties, Viet Nam has maintained macro-economic stability, while keeping inflation under control and ensuring major balances in energy and food.

According to forecasts of many international organisations, Viet Nam will be among the countries with high gross domestic product (GDP) growth in the Asia-Pacific region, with expansion reaching 7.2 per cent in 2022 and 6.7 per cent in 2023.

As one of the dynamic economies with a high level of openness and a destination for many multinational groups, Viet Nam has signed and

implemented nearly 60 agreements on investment promotion and protection, along with 15 free trade agreements, including new generation agreements with high standards such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the EU-Viet Nam Free Trade Agreement (EVFTA), and the Regional Comprehensive Economic Partnership (RCEP). Viet Nam's recent economic achievements are clear evidence that increased trade and investment cooperation at the regional and global levels can benefit all stakeholders, he stressed.

President Phuc also made known Viet Nam's priorities in investment attraction, including quality, efficiency, technology, and environmental protection.

Viet Nam wishes to attract FDI projects with high technology, helping promote innovation and development research, creating favourable conditions for Vietnamese enterprises to participate in regional and global value chains, and boosting the digital, green and circular economy, he underlined.

The country attaches importance to the significance of accompanying businesses, putting them in the core position, and sharing, listening and solving their difficulties under all circumstances, along with the reform and simplification of administrative procedures. Viet Nam hopes that the APEC business community will uphold the spirit of cooperation, overcome difficulties and challenges, and continue to promote investment and business activities in the region, he stated.

Along with President Phuc, major keynote speakers of the APEC CEO Summit 2022 included

Chinese President Xi Jinping, Thai Prime Minister Prayut Chan-o-cha, French President Emmanuel Macron, Indonesian President Joko Widodo, and US Vice President Kamala Harris.

#### US-APEC Business Alliance

Viet Nam advocates switching from attracting FDI to cooperating with foreign investors in the spirit of equality for mutual benefits and development, with priority given to hi-tech and eco-friendly projects, said President Phuc at a high-level seminar with the US-APEC Business Alliance for Competitive SMEs in Bangkok on the same day.

President Phuc said with macro-economic stability and controlled inflation, Viet Nam has been named among the world's top 20 economies in terms of trade, with GDP growing by 8.83 per cent in the first nine months of this year.

International organisations like the World Bank and the International Monetary Fund predicted growth at about 7.5-8.2 per cent this year. The UN Conference on Trade and Development listed Viet Nam among the top 20 FDI destinations globally.

He suggested US firms enhance connectivity, and make it easier for Vietnamese enterprises to join their manufacturing supply chain, thus turning Viet Nam into one of the value chain hubs in the region and the world.

Representatives from US firms and economic groups spoke highly of Viet Nam's economic growth in recent years, especially the FDI attraction policy, COVID-19 response, and political and economic stability.

Michael Michalak, Senior Vice President and Regional Managing Director of the US-ASEAN Business Council and former US Ambassador to Viet Nam, recalled that the US firms and investors always receive support from President Phuc in his different positions as well as relevant Vietnamese agencies.

Quint Simon, representative of Amazon Web Services, said he hopes Viet Nam will offer more incentives to develop digital economic services such as cloud computing and cyber security. He also committed to partnering with Viet Nam in the digital transformation process.

Representatives from US firms and corporations vowed to continue expanding investment in Viet Nam and bring new products and modern technology to the country in healthcare, population, digital transformation in finance-banking, smart agriculture, renewable energy, infrastructure building, hi-tech, information technology, and research and development.

The Vietnamese leader stressed that Viet Nam will step up green growth, digital economy, sci-tech, innovation and deeply join the global investment structure, trade order and supply chain.

Viet Nam will further open its economy, switch to quality and focused FDI cooperation; help domestic enterprises improve production capacity to join the supply chains of foreign-invested firms, he said, adding that the country will also strive to create a transparent and favourable business environment in line with new-generation free trade agreements and toward practices of the Organisation for Economic Cooperation and Development (OECD).

These include maintaining socio-political and macro-economic stability; removing economic bottlenecks related to legal institutions, infrastructure and human resources; develop supply chains, reduce transaction costs, especially logistics and administrative costs; and building an environment with stable policies, transparency and accountability.

He wished that with their pioneering roles, US firms will expand their operations in Viet Nam to contribute to its socio-economic development in the near future..

## 7. Fuel price cycle to be shortened, removed in the long run

Some industry experts and traders have long supported a shorter price cycle, saying it will solve the discrepancy between fuel prices in the domestic and international markets and be more in sync with fuel trading activities.

Nguyen Tien Thoa, formerly of the Valuation Vietnam Association, said the 10-day price cycle has shown a number of shortcomings and limitations in balancing the interests of fuel traders, retailers and consumers.

Shorter price cycles, 3-5 days at most, were only the first step in bringing domestic fuel prices to the same level as the international market, eliminating a delay that encourages some traders to hold onto their stocks to wait for higher prices.

Economist Vu Vinh Phu said the delay, at times, created a situation in which traders purchased fuel at higher prices but were forced to sell at a lower price point. In addition, retailers were also discouraged as their bonuses were slashed if prices stayed low.

It's simply not possible for traders to sustain the current 10-day cycle as prices continued to fluctuate almost daily in the international market.

"We must start making the transition to a full market-driven mechanism, one in which prices can be adjusted every 5 days or even every day. It's in the best interest of all stakeholders including traders, retailers and consumers," he said.

A 10-day price cycle will just discourage traders from stocking fuel out of fear of financial losses, according to Phu.

Meanwhile, some voiced their concerns over letting go of all measures to manage fuel prices, saying the

domestic market was not yet saturated enough with just a few large traders and therefore, not suitable for a fully market-driven approach.

Le Quoc Phuong, former deputy director of the Vietnam Industry and Trade Information Centre under the MoIT, said it's prudent to gradually reduce the duration of each price cycle, first bringing it down from 10-day to 5-day.

"It will give us the best of both worlds, allowing ministries to intervene in extraordinary situations while making it easier for traders and retailers to operate," he said.

It's important to note that fuel prices play a large role in the government's effort to rein in inflation, manage CPI and other macroeconomic factors.

Ngo Tri Long, former head of the Institute for the Study of Market and Price under the Ministry of Finance, said while it's clear that the current price cycle's duration must be shortened as much and as early as possible the Government must also realistically evaluate its ability to intervene when intervention is needed.

From a macroeconomic standpoint, a laissez-faire approach to fuel prices, while may benefit traders, retailers and, to some extent, consumers, will make it that much more difficult for the Government to control inflation and import/export activities.

They called for scientific studies to be conducted before running a pilot programme, small in scale, to gather additional data before nationwide implementation. Another top priority should include the expansion of the country's fuel storage to be able to cover at least 3-6 months of need, creating a larger safe margin on the supply side.

## Corporate News

### 8. VHC: Contributing capital in TNG Food

↓ -1.39%

On November 15, 2022, the BOD of Vinh Hoan Corporation approved the additional capital contribution in Thanh Ngoc Agriculture Food Company Limited (TNG Food) with the amount of

VND158,134,433,600. Accordingly, total contribution capital after the additional contribution to VND228,134,433,600, accounting for 76.04% charter capital of Thanh Ngoc Agriculture Food Company Limited.

### 9. DGC: Plan for cash dividend payment in 2022

↑ 3.69%

The Board resolution dated November 16, 2022, the BOD of Duc Giang Chemicals Group Joint Stock Company approved to pay cash dividend for 2022 as follows:

- Record date (estimated): December 20, 2022

- Exercise ratio: 30%/share (3,000 dong/share)

- Payment time (estimated): January 10, 2023.

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

Researcher

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

*Copyright 2015 Japan Securities Co., Ltd (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.*

***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)*