



VIETNAM DAILY NEWS

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Market Analysis

1. Market gains for second day in a row

The Vietnamese stock market closed higher on Tuesday, extending rallies for a second straight session.

The VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) rose 5.81 points, or 0.57 per cent, to 1,033.75 points.

More stocks moved to the upside on the southern bourse, of which 196 ticker symbols inched higher, while 140 stocks finished lower.

However, liquidity declined compared to the previous session, with nearly 614 million shares traded on HoSE, worth nearly VNĐ10.74 trillion (US\$431.8 million).

The benchmark index was boosted by gains in large-cap stocks, with the 30 biggest stocks tracker VN30-Index posting an increase of 11.25 points, or 1.1 per cent, to 1,038.09 points. Seventeen stocks in the VN30 basket jumped, while nine stocks slid. And four stocks ended flat.

Leading the market's uptrend were still pillar stocks in banking and manufacturing industries. In the top five stocks influencing the market, Vietcombank (VCB) was the biggest gainer in market capitalisation with a 2.04 per cent increase. It was followed by VPBank (VPB), Vincom Retail (VRE), Techcombank (TCB) and Vinamilk (VNM), up 2.17-6.71 per cent.

Limiting the rallies, some big stocks still faced strong sell-offs, led by Hòa Phát Group (HPG) with a decrease of 4.15 per cent.

Last week, the index fell below the key psychological level of 1,000 points.

Despite the stability of the country's economy, the stock market has gone through a bumpy road. Deputy Finance Minister Nguyễn Đức Chi at the Government press conference last week said that the movements were triggered by many reasons, including both internal and external factors.

Of which, global inflation keeps rising due to supply chain disruptions affected by the Russia-Ukraine conflict that is still complicated with no optimistic forecast about the end.

Moreover, the strong fluctuations of the stock market in the region and the world also had a direct impact on the Vietnamese stock market.

Domestically, changes in monetary and fiscal policies are factors affecting the market, he added.

On the Hà Nội Stock Exchange (HNX), the HNX-Index also finished higher yesterday. It rose 1.93 points, or 0.92 per cent, to 212.36 points.

During the session, VNĐ784.61 billion worth of shares, equivalent to a trading volume of nearly 55.83 million shares, was traded on the northern market.

On the other hand, foreign investors decided to run away from the market as they withdraw a net value of nearly VNĐ762 billion from two main exchanges. Specifically, they net sold VNĐ761.9 billion on HoSE, and VNĐ841.74 million on HNX.

Macro & Policies

2. Fitch Ratings affirms Vietnam at 'BB' with positive outlook

Fitch Ratings said Vietnam's rating reflects its strong medium-term growth prospects, lower government debt compared to peers, and favourable external debt profile.

The agency expected a growth rate of 7.4% for Vietnam in 2022, led by strong gains in industry, construction and services. High FDI in manufacturing should continue to support robust growth in the medium term.

However, as downside risks remain, related to the economic implications of the Ukraine war and tighter global funding conditions, Fitch Ratings forecast a slowdown in GDP growth, to 6.2% in 2023.

According to the agency, the State Bank of Vietnam has intervened in the foreign exchange market, which led to FX reserves falling to under 100 billion USD, after rising to a record 109.8 billion USD at the end of 2021.

3. Petrol prices record third consecutive increase

Accordingly, the retail price of E5 RON92 rose by 380 VND to 21,870 VND (0.88 USD) per litre, and that of RON95 bio-fuel climbed to 22,750 VND per litre, up 410 VND.

Meanwhile, diesel 0.05S and kerosene are now sold at 25,070 VND and 23,780 VND per litre, up 290 VND and 120 VND, respectively.

The price of Mazut increased by 190 VND to 13,890 VND per kilo.

The two ministries also decided to extract 200-400 VND per litre, and 500 VND per litre from petrol and mazut prices for the petrol price stabilisation fund.

4. Over 13,000 new businesses established in October

In the January-October period, 125,800 businesses were established with total registered capital of VND1,379 trillion and 835,000 employees, according to the General Statistics Office. Compared to the same period last year, the number of businesses rose 34.3%, capital increased 5.7% and employment increased 18%.

Around 52,700 companies resumed operations in October, which rose 49% year-on-year, bringing the total number of businesses that restarted operations in the January-October period to 178,500.

On average, there were about 17,800 newly-established and re-opened firms each month.

The service sector had the most newly founded businesses, followed by the industrial and construction sectors and the agro-forestry-fishery sector.

However, the market saw 4,048 enterprises suspending operations in October, rising 38.3% from September, up 16.2% year-on-year.

Some 1,602 companies completed procedures for dissolution, a 98.8% increase compared to last year.

5. Vietnam-China trade put at US\$148 billion in Jan-Oct

Vietnam spent US\$100.7 billion on imports from China and exported products worth US\$47 billion to

this neighboring country in the first 10 months of this year.

The January-October trade deficit from China was US\$53.7 billion, up 18.8% year-on-year and nearing the entire year's figure in 2021.

The main products Vietnam imports from China include materials for production, consumer goods and agricultural products.

Currently, China is the largest export market for Vietnam's agricultural products and ranks third among the export markets for seafood, after the U.S. and Japan, according to the Ministry of Industry and Trade.

Exports of phones and components to China reached US\$10.07 billion, up 42.1% year-on-year. Vietnam also gained US\$8.88 billion from computers, electronic products, and components shipped to China between January and September.

Meanwhile, Vietnam exported huge volumes of machinery and devices worth US\$2.66 billion to this country, up 39.8% year-on-year. In addition, wood exports totaled US\$1.62 billion, up 43.9%.

The volume of agricultural products exported to China has kept increasing. Exports of seafood to China in the first three quarters of this year brought in US\$1.21 billion, up 85.4% year-on-year.

6. Cai Mep port wharf proposed for extension for bigger ships

With the current wharf, the Cai Mep Port in the southern province of Ba Ria-Vung Tau could handle vessels of up to 80,000 DWT, so the company proposed extending it by 29 meters to a total of 329 meters to make it possible to receive ships of up to 150,000 DWT.

The company said that the project would not impact the operation of the Vung Tau-Thi Vai navigational passage, neighboring ports or other wharves nearby.

The Ministry of Transport has tasked the Vietnam Maritime Administration with reviewing the

proposal as part of efforts to draft a strategy for national port development from 2021 to 2030, with a vision to 2050.

In 2017, the prime minister approved the Cai Mep General Port project with two wharves. One of the wharves is 300 meters long for handling vessels of up to 80,000 DWT and the other is 205 meters long for ships of 2,000 to 5,000 DWT.

The latter was completed and put into operation in February 2021 during the project's first phase.

7. Warehouses in high demand towards year end

Cushman & Wakefield, a global commercial real estate services company, reported that the occupancy rates for warehouses in HCM City and Hanoi reached 90% in the first two quarters of 2022.

The rates are expected to hit 100% in the following months as retailers have begun to fill their warehouses ahead of late-year peak sales.

"Retailers have looking for new warehouses since June to prepare for holiday sales. Unfortunately,

warehouses are in tight supply in the two cities", said Trang Bui, General Director of Cushman & Wakefield Vietnam.

A representative from the ecommerce platform Lazada said that it is normal for an ecommerce platform to have their warehouses stretched at the end of the year.

He said Lazada has leveraged technology edges to enhance its warehouse efficiency, easing the pressure on its logistics management.

"We have a large number of self-driving vehicles and over 300,000 sqm of AI-powered warehouses and sorting centres, which enable us to cut delivery time in peak seasons," said the representative.

A representative from the ecommerce platform Shopee revealed they recently launched 10 new storehouses and upgraded its existing ones to expand their warehousing capacity.

"We are developing an express delivery service that would help sellers keep up with the mounting consumption demand during peak season," the representative added.

TikiNOW Smart Logistics, a logistics firm affiliated with the ecommerce platform Tiki, went so far as to deploy robots to execute tasks. The robotic automation improves its warehouse efficiency significantly.

"Technology allows us to perform the most complex tasks on the platform and saves the sellers between 30 to 40% of their costs", said a Tiki representative.

Le Thi Ngoc Diep, Commercial Director of the SLP Vietnam, remarked that warehouses in Vietnam are not of high standards and scattered unevenly throughout the country.

She said the under-representation of warehouses in the North has been a major hindrance to the movement of goods nationwide, adding costs to supply chain management.

"Warehouses have been built predominantly in the south and only 30% are in the north. Such uneven geographical scattering is a setback for the transportation of goods across the country," she said.

A report of the Ministry of Industry and Trade showed that more than 70% of warehouses in Vietnam cluster tightly around economic centres in the south.

As the demand for warehousing space is on the rise amid tight supply, rental rates are soaring. Some firms have had to use townhouses as a substitute for warehouses even though the former are not cut out for cold storage.

Trang Bui said the deployment of robots, drones and sensor systems would considerably improve inventory management and fire safety in warehouses.

She also underscored the tight supply of professional warehouses as a great opportunity for firms to invest in ready-built warehouses to pick up the slack.

"Firms who have read-built warehouses, robots, drones and sensor systems in hand, as well as the capability to make accurate calculations along the supply chain, are the winner," she said.

A CBRE study showed that every 1 billion USD of ecommerce revenues in Vietnam requires 93,000 ha of warehousing space. That means the country will need over 2 million ha of warehousing space by 2025 for the forecast revenues of 39 billion USD.

Corporate News

8. VJC: Vietjet fulfills 85% of this year's revenue target

↓ -1.21%

In Q3 alone, the carrier earned 11.6 trillion VND (nearly 467 million USD) in consolidated revenue, shooting up 337% from the same period last year.

As of September 30, its total assets are valued at 67.47 trillion VND while the debt to equity ratio stood at 1.1.

The firm saw a loss of 767 billion VND from air transport, down over 50% from 2020 and 2021, but 43 billion VND in consolidated post-tax profit. The loss was blamed on soaring fuel costs.

However, Vietjet still paid over 3 trillion VND to the state budget in nine months, the report said.

From July to September, it conducted more than 35,000 flights transporting 6.4 million passengers and 11,500 tonnes of cargo.

It also opened 10 new air routes in Q3, raising the total to 84, including 35 international.

In total, Vietjet operated 87,700 flights with 15.4 million passengers during the nine-month period, respectively rising 150% and 225% year on year.

The company said since air transport has been dependent on various objective factors like epidemics or fuel prices, Vietjet has expanded its operations to other fields to adapt to the new context.

9. VIC: Vingroup's profit doubles in Q3

↑ 0.00%

Vingroup on October 30 released its consolidated financial statements for the third quarter of 2022, with a profit after tax of over VND506.3 billion (US\$2 million).

In the third quarter, Vingroup's net revenue from business activities reached VND28.7 trillion, down 5 per cent over last year, whereas its gross profit halved to nearly VND5.8 trillion.

During the period, the revenue from financial activities was 6.5 times higher than in the same period in 2021, amounting to nearly VND10 trillion. The gains were attributed to the liquidation of financial investments and the transfer of subsidiaries.

The strong increase in financial revenue in the third quarter helped Vingroup record a profit after

tax of VND506.3 billion, more than double over 2021.

For the first nine months of 2022, the company's total consolidated net revenue, including revenue from real estate transfer recognised in financial income in the first nine months of 2022, reached VND88.19 trillion, a 4.7 per cent decrease year-on-year.

During the period, revenue from real estate transfers only began to rise sharply from the third quarter thanks to the delivery of low-rise apartments at Vinhomes Ocean Park 2—The Empire project started earlier than planned, while other sectors recorded good recovery and growth.

In the real estate segment, Vingroup will continue to deliver a large number of products in the

coming quarters and in 2023, and the number of vehicles delivered in the fourth quarter is also expected to inch higher due to the increase in component supplies.

Other business segments, like leasing investment property (mainly from commercial centre businesses), hotel services, tourism, entertainment, health care, and education, are forecast to continue to recover strongly in the near future.

As a result, its profit before tax reached nearly VND8.74 trillion, and profit after tax was more than VND1.57 trillion, down 10 per cent and 9 per cent on-year, respectively.

As of September 30, Vingroup's total assets advanced by 30 per cent over the end of 2021 to VND555.5 trillion, mainly boosted by the successful launch of new real estate projects.

In capital mobilisation, since the beginning of 2022, Vingroup has successfully raised \$760 million from the international capital market.

In October, the Asian Development Bank (ADB) arranged a \$135 million climate change financing package for VinFast to support the production of public transport electric buses and a network of Vietnam's first national-scale electric vehicle charging stations.

In the retail real estate segment, Vincom Retail posted high growth in both revenue and profit over the same period last year and gradually recovered to pre-COVID-19 levels.

On the tourism and resort front, Vinpearl's activities continue to rebound according to the general momentum of the tourism market.

Vingroup's shares, which are listed on the Ho Chi Minh Stock Exchange (HoSE) ended Monday at VND55,400 per share, down 0.54 per cent.

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