



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Market ends lower on lingering selling pressure

The market finished lower on Wednesday, dragged by lingering selling force and lower liquidity.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index extended the downtrend for the third day in a row. It closed Wednesday at 946 points, down 6.12 points, or 0.64 per cent. The index recouped some of the losses in the morning trade, but persistent selling pressure weighed on sentiment.

The market's breadth was negative as more stocks clinged to the bearish trend. Liquidity also decreased over the previous session, of which matching value on the southern bourse dipped nearly 55 per cent to more than VND6.9 trillion (US\$279.2 million), equal to a matching volume of 489 million shares.

The VN30-Index, which tracks the 30 biggest stocks on HoSE, also lost 6.81 points, or 0.72 per cent, to 938.73 points. In the VN30 basket, 12 stocks increased, while 14 declined with three hitting the floor prices. And four stocks stayed flat.

Analysts from Saigon-Hanoi Securities JSC (SHS) said that as the VN-Index struggled while facing the resistance level of around 970 points after last week's strong recovery, the downtrend continued.

"However, we expect that the market will gradually shift to accumulation in the future when the VN-Index returns to pre-pandemic levels," said SHS.

Statistics compiled by a finance website vietstock.vn showed that pillar stocks in realty and banking sectors continued to dominate the downtrend. Specifically, Hoa Phat Group (HPG) led the trend with a fall of 7 per cent, the maximum daily loss on the southern bourse.

Other stocks weighing on investors' sentiment were Vingroup (VIC), Vinhomes (VHM), Novaland (NVL), VPBank (VPB), and PV Gas (GAS), of which, NVL shares registered the biggest daily losses of 7 per cent.

However, losses were capped by gains in some large-cap stocks, with BIDV (BID) posting the largest rise in market capitalisation of 2.61 per cent. It was followed by Vietinbank (CTG) and Masan Group (MSN), up 2.09 per cent and 1.2 per cent, respectively.

On the Ha Noi Stock Exchange (HNX), the HNX-Index also inched down yesterday, ending the five-day rising streak.

During the session, over 65 million shares were traded on HNX, worth VND794.06 billion.

The market was also supported by net inflow from foreign investors as they net bought a total of VND116.59 billion on the two main exchanges. Of which, they net bought VND58.32 billion on HoSE and VND58.27 billion on HNX.

## Macro & Policies

### 2. Fertilizer seen becoming billion-dollar export earner

The country had shipped 1.5 million tons of fertilizer worth US\$973 million in the year to October, surging 45% in volume and nearly 160% in value over the same period last year, the General Department of Vietnam Customs reported.

Fertilizer prices in the period skyrocketed to US\$628.7 per ton, up 76.3% year-on-year.

Cambodia has been the largest buyer of Vietnam's fertilizer, accounting for 28.2% of the total export volume and 22.5% of the total revenue, equivalent to 436,600 tons valued at US\$219.2 million.

Exporters attributed the strong growth to China's restrictions on fertilizer exports and positive developments in the global market, leading the products to be sold at a high price.

With such rapid growth, Vietnam would earn over US\$1 billion from fertilizer exports this year, said a leader of the Fertilizer Association of Vietnam.

Fertilizer exporters earned big profits from January to September. PetroVietnam Ca Mau Fertilizer JSC reported a 4-fold increase in earnings, compared to the same period last year, exceeding its full-year plan by 6.4 times.

PetroVietnam Fertilizer & Chemicals Corporation posted some VND4,460 billion in after-tax profits in nine months, tripling the figure recorded in 2021 and exceeding the full-year target by 30%.

On the import side, the nation has bought 2.77 million tons of fertilizer for US\$1.3 billion. China has been the largest seller to Vietnam, with over half of the fertilizer imported to Vietnam, followed by Russia and Southeast Asian countries.

### 3. Agriculture sector aims to increase use of organic fertilisers

The Ministry of Agriculture and Rural Development (MARD) aims to have local production using 25% organic fertilisers in the next three years.

MARD also planned to increase the amount of qualified production by 1.25 times, equivalent to 5 million tonnes per year.

MARD said it would develop the production and use of organic products, while maintaining efficiency and sustainability, and contributing to promoting added value and protecting the environment.

The industry is developing a model for the use of organic fertilisers, using economical, balanced and effective fertilisers in nine key national crop groups.

In the action plan to increase production and use of organic fertilisers, and to use fertilisers economically, in a balanced and efficient manner for the 2022 - 2025 period, MARD will review a new system of standards and regulations.

It will support the registration and recognition of organic fertilisers that do not have to be tested in accordance with the law to develop a rich and diverse set of products in terms of quantity and type. New organic fertiliser products will also be researched and developed through the selection of input materials and appropriate production technology.

It will encourage the development and use of self-produced organic fertilisers on an industrial and household scale, taking advantage of abundant and available by-products in cultivation, husbandry and aquaculture, agricultural product processing, and domestic waste.

In June 2022, Director of the Plant Protection Department Hoang Trung said that the proportion of organic fertilisers in the total production of the country had increased significantly compared to 2017, from 6.3% to 23%. At that time, more than

4,000 organic fertiliser products, an increase of more than 8 times, were in circulation.

The number of factories and fertiliser production capacity both increased by 1.7 times and 1.4 times, respectively. Total production of industrial organic fertiliser increased by 2.5 times.

"This is an achievement and a good sign for agricultural production because it has helped

reduce the pressure on nutrient supply for crops in the context of high prices of inorganic fertilisers," said Trung.

Total fertiliser production capacity of Vietnam reached 29.25 million tonnes per year, including organic fertiliser. If the production of local fertiliser producers runs smoothly, they can meet domestic demand for nitrogenous and phosphate fertilisers, particularly in potash and NPK.

#### 4. Vietnam garment exports below target

In October, apparel exports generated US\$3.18 billion, down 3.3% year-on-year and 1% from 2019. Among exports, yarn exports fell 34% compared to 2021, valued at US\$307 million, while textile exports only increased by 1.7% to US\$2.87 billion.

At the same time, apparel exports to major markets fell year-over-year. Exports to the U.S. fell by 14% in value, earning US\$1 billion, those to South Korea slid by 9%, earning US\$380 million, and those to China dropped by 35%, earning US\$230 million.

Giang attributed the decline in garment export value in October to global economic uncertainties, such as the rise of the U.S. dollar, rising interest rates and dampened demand.

Yet the garment export value, as of October, increased by 17.2% year-on-year with 47 to 50 categories of products exported to 66 different countries and territories, valued at US\$37.9 billion.

Clothing garments account for a large proportion of the sector's total export value, bringing in about US\$29.1 billion. The U.S. is the largest importer of garments from Vietnam, garnering US\$13.9 billion in exports.

Besides textiles and garments, Vietnam exported fabrics, yarns, and sewing materials, bringing in US\$2.13 billion, US\$4.08 billion, and about US\$1.17 billion, respectively.

#### 5. Building material sector faces tough times

Fiin Trade's recent statistics show that in the third quarter (Q3) this year, steel firms which once contributed a big share in total post-tax profit volume of the group of non-financial businesses in Q3 last year, had counted losses amounting to \$200 million in the same period this year.

Nguyen Thi Nhi, deputy general director of Vietnam Germany Steel Pipe JSC, a leading steel manufacturer in northern Vietnam, said that steel firms had felt the negative impacts of the global economic recession and high inflation, leading to low consumption, rising unsold stock, and volatile pricing, affecting Q3 business results.

"We see that the domestic market situation in the last quarter continues facing multiple hardships due to less favourable export, stiff competition among firms, tightening monetary policy, higher borrowing cost, and more. These all badly affect consumers' demand and the performance of businesses in the sector," Nhi added.

Vietnam Steel Association's recent report shows that 2,046 million tonnes of steel items were produced in October, down 16.38 per cent against September and 28.7 per cent lower on-year.

Steel consumption came to 1,888 million tonnes, down 5.53 per cent compared to September and 29.4 per cent lower compared to last year.

Steel firms and building materials makers are generally encountering a sharp drop in order intake from local and foreign partners.

To supplement working capital amid tightening credit, many firms must accept selling products 30-40 per cent lower than cost.

The leader of a member unit of Viglacera, Vietnam's major building material maker, reported that the company has been struggling with recouping capital.

Meanwhile, soaring input prices, particularly for coal, are hurting cement firms as coal accounts for more than 60 per cent of the cement sector's production costs.

High material costs have forced firms to raise selling prices three times in the year, increasing from \$9.5-\$11.7 per tonne of cement.

Le Nam Khanh, general director of state-owned Vietnam Cement Industry Corporation, said that huge oversupply had made it hard to boost sales.

Cement export is forecast to recede further until the end of 2023 due to lower consumption amid the global economic slump as well as trade barriers importing countries have instituted to protect their domestic production. This has challenged firms' market expansion efforts.

The set plan of consuming 70 million tonnes of cement this year is barely achievable as domestic consumption has been approximately 60-65 million tonnes yearly for the past five years.

Cement consumption in 2023 is expected to barely increase due to a slow rebound in the construction sector and rising inflation.

Many firms have chosen to slash expenses amid current unfavourable factors, simultaneously finding measures to reduce financial cost burdens and optimise their production and business cash flow.

## 6. Vietnam sees bright economic prospects ahead despite external risks

"Evidence of a strong recovery is welcome news after two years of economic disruption caused by the COVID-19 pandemic. Vietnamese households will enter the Year of the Cat in 2023 in better financial shape than a year ago," she said.

However, the UNDP representative warned there remain external risks to economic recovery, including the outcome of the Russia-Ukraine conflict, an economic slowdown in China, rising international interest rates, the appreciation of the US dollar, and the growing risk of recession in Europe.

These factors could affect demand for Vietnamese exports and increase the risks of macroeconomic instability, she said, adding that policymakers must remain vigilant and adjust the fiscal and monetary

policy in a timely manner as global conditions evolve.

Along with these external factors, there are also several domestic risks, especially those in the banking and bond markets, which are sensitive to rapidly changing conditions in the property sector, she noted.

The negative impact of climate change will increasingly weigh on agricultural production and on the health and well-being of communities impacted by rising sea levels, flooding, droughts, and high-intensity storms, she stressed.

In the recent report titled "Global Economic Outlook: Sailing into the headwinds", Francois Painchaud, resident representative for Vietnam and Laos of the International Monetary Fund (IMF),

outlined that with strong growth through September, Vietnamese GDP growth forecast could rise from 6% to 7.5% this year.

However, due to slowing external demand coupled with tighter financial conditions, the growth forecast ahead for 2023 is 5.8%, while inflation is expected to edge up before gradually returning to below 4%, he said.

Policies need to be carefully calibrated, coordinated, and communicated, while the State Bank of Vietnam (SBV) should focus specifically on controlling inflation, safeguarding financial stability, and accelerating structural reform, he noted.

In his report “Vietnam Economic Outlook Update” delivered at the forum, Dr. Tran Toan Thang, director of the Industry and Enterprise Economic Forecasting Department under the Ministry of Planning and Investment (MPI), outlined that the economic recovery in 2023 will continue to benefit from the implementation of the 2022 - 2023 Economic Recovery Program.

Vietnam is projected to maintain the target of stabilising interest rates and exchange rates,

including keeping interest rates low to support growth, Dr. Thang emphasised.

Nevertheless, he said with fairly high growth this year, Vietnamese economic growth in 2023 will slow down, gradually returning to its pre-COVID-19 state, particularly as the domestic demand rebound may not be as strong as seen this year.

According to the expert, anticipated issues include rising raw material prices beginning to translate more clearly into production costs whilst imports and exports may potentially increase more slowly due to the prolonged difficult situation of the country’s main export markets. In addition, foreign investment attraction is forecast to remain low due to increased global economic risks.

In his opinion, there are two scenarios for the Vietnamese economy this year. In the first scenario, the country’s economic growth may be only between 6% and 6.2%, particularly if risk factors outweigh the established recovery trend seen this year.

In the more optimistic second scenario, economic growth may reach 6.5% to 6.7% if the recovery process is more favourable and the impacts from the international factors are not too big.

## **7. 911 Group to make debut on HOSE next week**

Some 24 million NO1 shares will be traded at the reference price of VND10,000 per share, according to the HCMC exchange.

In its 2021 fiscal report, the firm posted VND539.5 billion in net revenue, up 166.7% year-on-year, and VND14 billion in after-tax profit, nearly double the year-ago figure.

This year, 911 Group looks to obtain VND800 billion in revenue and VND100 billion in profit.

At the close today, November 23, the VN-Index slid 6.12 points, or 0.64%, from the session earlier, at 946, with 104 gainers and 335 losers.

Over 542 million shares worth VND7.8 trillion changed hands, down 48.6% in volume and 52.9% in value, against the previous session.

Many small and medium stocks came under pressure from a sell-off and closed down.

The group of bank stocks made strong gains, with STB reporting the sharpest rise at 3.6%, saving the main index from a deep fall.

Steelmaker HPG plunged to its floor price, but took the lead by liquidity on bourse with a matching volume of over 30.3 million shares.

On the Hanoi exchange, many bluechips lost steam, dragging the HNX-Index down 3.67 points, or 1.88%, from the session earlier, at 191, with 49 advancers and 188 decliners.

Construction firm CEO fell into negative territory, but became the most actively traded stock on bourse with 10.5 million shares.

## Corporate News

### 8. DGC: Notice of the record date for the 2022 dividend payment

↑ 1.76%

Duc Giang Chemicals Group Joint Stock Company announces the record date for the 2022 dividend payment:

Record date: December 20, 2022

Purpose: for the payment for the 2022 dividend in cash

Dividend pay-out ratio: 30%/ par value (VND3,000/ share)

Payment date: January 10, 2023

Place & procedure of payment:

-Shareholders whose shares have been deposited: at the securities firms where the shares have been deposited.

-Shareholders whose shares have not been deposited: Duc Giang Chemicals Group Joint Stock Company as from January 10, 2023.

Please submit ID card and Shareholder certificates or the legal authorized letters on receipt of dividend.

### 9. AAA: Report on using capital from the offering

↓ -4.45%

On November 18, 2022, An Phat Bioplastics Joint Stock Company reports the progress of using capital from the public offering with details as follows:

I. Information on stock issuance:

- Stock name: An Phat Bioplastics Joint Stock Company
- Stock type: common share
- Par value: 10,000 dong
- Offering volume: 83,599,998 shares
- Total mobilized proceeds: VND1,170,399,832,000
- Ending date: May 16, 2018.

1. The plan for using capital according to the plan announced:

| No. | Content   | Amount (VND)             |
|-----|---|--------------------------|
| 1   | To raise the ownership ratio in An Phat High-Technology Industrial Park Joint Stock Company to invest in the project of Kenmark – Viet Hoa – Hai Duong Industrial Park (Plant No.09). | 810,000,000,000          |
| 2   | To invest in the project of Complex film packaging factory (Plant No.08).   | 360,399,832,000          |
|     | <b>Total</b>  | <b>1,170,399,832,000</b> |

II. Plan for using capital from the offering:



## 2. Current project progress:

| No. | Content   | Plan for using capital (VND) | Paid amount (VND) |
|-----|---|------------------------------|-------------------|
| 1   | To raise the ownership ratio in An Phat High-Technology Industrial Park Joint Stock Company to invest in the project of Kenmark – Viet Hoa – Hai Duong Industrial Park (Plant No.09). | 810,000,000,000              | 810,000,000,000   |
| 2   | To invest in the project of Complex film packaging factory (Plant No.08).   | 360,399,832,000              | 277,094,544,547   |

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