



VIETNAM DAILY NEWS



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Market Analysis

1. Shares to face downward trend on increased sell-off

Market analysts forecast that selling pressure will still increase during the decline of the market this week. Investor sentiment will remain easily exposed under the movements of interest rates, exchange rates and the bond market.

The VN-Index lost the 1,000-point landmark on Friday. It decreased 2.22 per cent to close at 997.15 points.

The index had declined 2.94 per cent last week.

Vietnam Foreign Trade Bank Securities Company Limited (VCBS) said that, following the European Central Bank (ECB) and the US Federal Reserve (Fed), on November 3, the Bank of England (BOE) announced its decision to raise interest rates by 0.75 percentage points to 3 per cent. This is a very strong increase in a short period of time.

This implies that the State Bank of Viet Nam will likely continue to raise the operating interest rate along with the exchange rate increase to ensure the balance between the two countries.

This trend is not only observed in Viet Nam but also in many other emerging economies. Rapidly and sharply rising interest rates for both lending and deposit rates in many countries in a short period of time have put pressure on net capital outflows in asset markets in emerging markets and led to risks in assets valuation, VCBS said.

Saigon - Hanoi Securities Joint Stock Company (SHS) said that the Vietnamese stock market is under selling pressure equivalent to the time of the COVID-19 pandemic in March 2020, together with macroeconomic factors related to interest rates, exchange rates, and the bond market, making it difficult to determine whether the market has formed a long-term bottom or not.

According to Bao Viet Securities Co (BVSC), the market may face downward pressure this week. It is recommended for investors to secure profit and

reduce stock exposure. Investors should temporarily stop opening long positions. Buying should only be considered when VN-Index dips back to the 978-988-point and 930-950-point zones.

“It is expected that VN-Index will return to test supply and demand at the support level of around 980 points. If the cash flow continues to support, the market will have a chance to recover. Therefore, investors need to slow down and observe the movement of the supporting cash flow to re-evaluate the market state,” said BVSC.

“The market fell deeply on Friday but then recovered and formed a Hammer candlestick pattern on the charts of VN-Index and VN30-Index, thanks to an effort to absorb supply at low prices. However, this support signal needs to be confirmed in the next session, whereby the market will move back at the beginning of the next session to test supply and demand,” it said.

Construction materials stocks fell the most in the past week with a decrease of 8.5 per cent in market capitalisation. The main reason for this came from the sharp drop in the steel industry with representatives of losers such as Nam Kim Group (NKG) down 17.5 per cent, Hoa Phat Group (HPG) down 12.8 per cent, Hoa Sen Group (HSG) down 9.4 per cent. Besides, chemical stocks also fell sharply, specifically PetroVietnam Ca Mau Fertiliser JSC (DCM) decreased by 8.9 per cent, Duc Giang Chemical (DGC) decreased by 8.3 per cent, and Phu My Fertiliser (DPM) lost 8.1 per cent.

The consumer service industry also dropped strongly with 8.5 per cent of market capitalisation, mainly due to the strong drop in retail stocks such as Mobile World Group (MWG) down 13.4 per cent, Digiworld (DGW) and FPT Retail (FRT) both down 11.3 per cent.

Real estate stocks also performed poorly. Development Investment Construction JSC (DIG) was down 12.6 per cent, Kinh Bac Corporation (KBC) down 7.3 per cent, Dat Xanh Group (DXG) down 6.3 per cent. Insurance stocks like Bao Minh Insurance Corporation (BMI) down 11 per cent, Bao Viet Holdings (BVH) down 4.8 per cent and PVI Insurance Corporation (PVI) down 2.5 per cent.

The rest of the sectors all decreased such as information technology down 3.9 per cent of market capitalisation, industry down 3.1 per cent, oil and gas down 2.6 per cent, pharmaceutical and medical down 2.5 per cent, consumer goods down 2.5 per cent, banking and community utilities both decreased by 0.5 per cent.

Macro & Policies

2. Vietnam plans to upgrade status of stock market

The ministry is seeking the prime minister's approval for a draft strategy for stock market development until 2030.

According to the draft, the stock market capitalization would equal to at least 100% of GDP by 2025 and 120% by 2030. Outstanding bonds would represent 47% of GDP at a minimum by 2025 and 58% by 2030.

The proportion of Government bonds held by non-banking investors would rise to 55% in 2025 and 60% in 2030.

Stock traders would make up 8% of the country's population by 2025 and 10% by 2030.

To that end, it is necessary to complete the legal framework on the stock market, improve

management capability and protect investors' rights, the ministry said.

This year, GDP is projected at US\$394.5 billion. If the country maintains an average economic growth rate of 6% per annum until 2025, GDP will reach US\$470 billion. Achieving the target requires the stock capitalization to skyrocket by US\$220 billion in just two or three years, while the current capitalization is below US\$250 billion, said Le Dat Chi, vice dean at the Faculty of Finance at the HCMC University of Economics and Finance.

However, raising the number of stock traders to 10% of the population is unnecessary, Chi said, adding that the Government should focus on developing professional investment funds and creating healthy and safe investment conditions in the market.

3. Central bank pumps more money into system

This marked the second consecutive injection into the system, following VND15,522 billion on November 2.

On the first three days of November, the central bank pumped VND37,522 billion into the system via open market operations, while withdrawing only VND10,000 billion with a seven-day term. The net injection amounted to VND27,522 billion.

On the same day, interbank rates soared, with the overnight rate climbing to 6.96%, the one-week rate to 7.28%, the two-week rate to 7.6%, and the four-week rate to 7.9% per year. For terms from two

months to 12 months, the rates ranged from 8.06% to 8.5% per annum.

The exchange rate remains high. At commercial banks, the U.S. dollar is now sold at around VND24,870 and bought at VND24,680-24,700.

On international markets, the U.S. dollar has continued to spike since the Fed hiked interest rates by another 0.75 percentage point to 3.75-4% per year, driving the U.S. dollar index up by 0.86 point to 112.96, leading other currencies to further weaken against the dollar.

4. Industrial production increases in ten months

Viet Nam's index of industrial production (IIP) in the first 10 months of 2022 surged 9 per cent on year, according to the General Statistics Office (GSO).

The office said industrial production continued in October 2022 to recover with an increase of 3 per cent on month and 6.3 per cent on year because enterprises were more proactive in labour and

production plans, and also solved difficulties to recover and expand production.

Compared to the same period last year, the IIP growth rate in October reached 5.7 per cent for the processing and manufacturing industry; 6.3 per cent for the mining industry; 10.5 per cent for electricity production and distribution; and 15.7 per cent for water supply, and management and treatment of garbage and wastewater.

During the ten months, processing and manufacturing posted the highest IIP growth of 9.6 per cent. It was followed by electricity production and distribution (7.8 per cent), water supply industry, garbage and wastewater treatment and management (6.6 per cent) and the mining industry (5 per cent).

The GSO report also showed that, in the past ten months, IIP of some key industrial products increased sharply compared to the same period last year, including beer (34.7 per cent); processed seafood (19.1 per cent); phone components (16.5 per cent); automobiles (16.4 per cent); steel bar (15.2 per cent); chemical paint (11.1 per cent); and casual wear (10.7 per cent).

Meanwhile, some other products saw a decline of IIP compared to the same period last year, such as iron

and crude steel (15.3 per cent); fertiliser NPK (5.9 per cent); mobile phones (5.1 per cent); aquatic feed (3.8 per cent); fabrics made from man-made fibers (2.3 per cent); liquefied petroleum gas (LPG) (1.5 per cent); televisions (1.4 per cent); and crude oil exploitation (1.2 per cent).

GSO also reported 61 out of 63 provinces and cities achieved growth, while the other two localities saw an IIP reduction in the first ten months of 2022.

Some localities achieved a relatively high increase in IIP due to high industrial production growth of the processing and manufacturing industries; and electricity generation and distribution industry.

Some other localities had a low IIP growth rate or reduction in this index because the enterprises in the processing and manufacturing industries did not resume growth in production as before the COVID-19 pandemic. The mining industry, and electricity generation and distribution industry saw a low IIP growth rate or reduction in this index.

The number of employees working in industrial enterprises as of October 1, 2022 increased by 0.8 per cent on month and 10.2 per cent on year, according to GSO.

5. Government spending reaches two-thirds of estimate in 10 months

Of the amount, development investment spending hit 56.6% of the estimate and 51.34% of the target assigned by the prime minister, at VND297.8 trillion.

Payments of interest on national debts and recurrent expenditures reached over 75% of the estimate, at VND78.3 trillion and VND841.3 trillion, respectively.

According to the ministry, capital disbursement rates in the 10-month period increased by 15.7% compared to the same period last year, but were still lower than planned.

During the period, the State took nearly VND4.893 billion from provisions, giving some VND730 billion

to the Ministry of National Defense to combat Covid-19 and VND3,489 billion to localities to support victims of Covid-19 and natural disasters.

It also allocated VND4,149 billion to 22 localities to support workers in rent payments according to the prime minister's Decision 08/2022/QĐ-TTg issued on March 28.

6. Interest rates of auctioned Government bonds continue to rise

The Hanoi Stock Exchange (HNX) held 30 auctions of Government bonds (G-bonds) in October, with 55.66% of the total G-bonds on offer, worth 31.45 trillion VND (1.26 billion USD) sold.

With the latest G-bonds auctions, the amount of capital raised via this channel in the January-October period by the State Treasury came to 139.432 trillion VND, while the Vietnam Bank for Social Policies (VBSP) mobilised 12.3 trillion VND.

Compared to the end of September, annual interest rates for 10-year and 15-year bonds issued by the State Treasury increased to 4% and 4.1%.

Three-year and five-year bonds issued by the VBSP have annual interest rates of 4.7 and 4.8%, respectively.

On the secondary market, trading value of G-bonds during the month dropped by 40.4%, with an average trading value of 3.84 trillion VND per session, down 11.1 percent on-month.

The total volume traded via repos decreased by 57.68% while Outright transaction value reduced by 16.49%.

7. Vietnam's digital economy grows fast

The national digital economy's GMV is forecast to climb from US\$18 billion in 2021 to US\$23 billion in 2022 due to a surge in e-commerce, according to a report jointly released by Google, Temasek and Bain & Company.

The report, titled "e-Conomy SEA: Through the waves, towards a sea of opportunity," said that Vietnam is likely to hit a GMV of US\$50 billion by 2025.

Digital financial services in Vietnam are likely to expand substantially, given the rise in all the sub-sectors, including payments, investments, leading loan book, remittances and insurance.

Between 2022 and 2025, the lending loan book is expected to develop at the fastest pace, at 56%,

while digital investments are bound to take off after 2025.

In the long run, investors are becoming increasingly interested in Vietnam and the Philippines, particularly in terms of tech funding.

Since 2016, the e-Conomy SEA report has been providing updates on the digital economy performance of regional countries, namely Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

The seventh edition of the report this year estimated that Southeast Asia's digital economy is on track to hit US\$200 billion in GMV in 2022.

Corporate News

8. VIC: Transferring shares in Vincons

↓ -1.45%

On November 01, 2022, the BOD of VINGROUP Joint Stock Company approved to transfer all shares from Vincons Construction Development

and Investment Joint Stock Company (Vincons) to Vinhomes Joint Stock Company (VHM). After the transfer, VIC is still the parent company of Vincons, indirectly owned through VHM .

9. DPR: BOD resolution dated November 03, 2022

↓ -2.72%

Dong Phu Rubber Joint Stock Company (DPR) announces the Board resolution dated November 03, 2022 with the following contents:

1) The BOD approved the business result until October 31, 2022 and estimated business result in 2022:

Unit: billion dong

No.	the business result until October 31, 2022	estimated business result in 2022
Profit before tax	191	285

2) The BOD approved the last phase of 2021 cash dividend payment:

- Exercise ratio: 20%/par value (2,000 dong/share)
- Record date: November 21, 2022
- Expected payment time: November 30, 2022.

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