



VIETNAM DAILY NEWS



November 9th, 2022

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Market Analysis

1. Indices recover on bottom-fishing force

The stock market finished higher on Tuesday, paring losses set in the recent sessions, as investors seized opportunities for bargain-purchasing.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) rose 646 points to 981.65 points, a 0.66 per cent increase. It had lost a total of 58.56 points in the last four sessions.

It extended the downtrend in the morning trade and closed the trade at 962.92 points, the lowest since October 25.

Even though the benchmark ended higher, there were still more stocks heading toward the bearish trend. Of which, 188 stocks declined on the southern bourse, while 149 stocks added points.

Liquidity remained low with over VND10.3 trillion (US\$417 million) worth of shares, equivalent to a trading volume of 660.7 million shares, traded on HoSE.

The index's reversal was mainly driven by some large-cap stocks, especially in banking and manufacturing industries. The VN30-Index posted a gain of 7.24 points, or 0.74 per cent, to 980.09 points.

Twenty-three of the 30 biggest stocks in the VN30 basket edged up, while seven ticker symbols hit lower.

Statistics from the financial website vietstock.vn showed that BIDV (BID) led the market's rally

with a gain of 4.8 per cent. The other four stocks in the top five stocks influencing the general trend were Vietcombank (VCB), PV Gas (GAS), Mobile World Investment Corporation (MWG) and Vietnam Rubber Group (GVR). The stocks were all up at least 1.11 per cent.

Also contributing to the bullish sentiment, big names like Vietinbank (CTG), Asia Commercial Joint Stock Bank (ACB), Masan Group (MSN) and Sacombank (STB) were also up in a range of 1.78-6.13 per cent.

However, the rally was capped by lingering selling force that mostly weighed on real estate and steel stocks. Specifically, Novaland (NVL) witnessed the biggest loss, down 7 per cent, the maximum daily fall in the southern bourse HoSE. It was followed by Hoa Phat Group (HPG) and Phat Dat Real Estate Development JSC (PDR).

On the Ha Noi Stock Exchange (HNX), the HNX-Index also rebounded from the recent downtrend. It closed the day at 199.77 points, a gain of 1.21 points, or 0.61 per cent.

During the session, over 56.9 million shares were traded on the northern market, worth VND840.08 billion.

Foreign investors continued to inject cash flows into the market as they net bought more than VND600 billion worth of shares on both main exchanges. Of which, they net bought a value of VND523.72 billion on HoSE, and VND101.68 billion on HNX.

Macro & Policies

2. Industrial real estate sector maintains growth momentum

The real estate market saw a substantial increase in supply between July and September due to the introduction of many new projects, according to the Housing and Real Estate Market Management Agency under the Ministry of Construction.

Occupancy of industrial land remains high, while the demand for industrial real estate rentals is expected to rise.

Particularly, industrial real estate has been offered to investors in many parts of the country, including the Son My Industrial Park in the coastal province of Binh Thuan and Soc Soc, Dong Anh and Phu Nghia industrial parks in Hanoi.

Each spans more than 300 hectares, with the Son My Industrial Park covering 1,070 hectares.

Industrial sector rental demand grew compared to the second quarter of the year, while rental prices jumped 5% over the same period.

The average occupancy rate in industrial zones stayed above 90% nationwide. The southern figures were slightly higher than those of the northern provinces.

According to data from the Ministry of Planning and Investment, the real estate industry placed second in foreign direct investment inflows with around US\$3.5 billion, or 18.7% of the total.

3. Banking system's liquidity remains good: SBV Governor

The liquidity of the whole banking system has remained good, Governor of the State Bank of Vietnam (SBV) Nguyen Thi Hong has said.

The SBV is also willing to provide liquidity to credit institutions, especially at the end of the year when capital demand often peaks, Hong said.

The domestic monetary market last month saw complicated movements with deposit interest rates increasing significantly, hitting more than 10% per year at some banks.

According to Hong, in October, the market was mainly affected by psychological factors and complicated movements of the world economy. Under this context, the SBV promptly provided liquidity to support the banking system.

She said the SBV held an emergency meeting last week with credit institutions to discuss liquidity in the banking system. At the event, credit institutions agreed in the current context, they needed to strengthen their solidarity, trust and support for each other for the sake of ensuring the safety of both

the entire banking system and each credit institution.

The central bank assessed that credit institutions have ensured operational safety indicators according to the SBV's regulations. However, in order to actively respond to the complicated fluctuations of the global and domestic economy, credit institutions themselves found that it was necessary to review and evaluate more carefully to proactively have solutions to improve their performance and ensure the banking system is safe.

Hong said it is inevitable for Vietnam's economy and currency to be affected by adverse impacts of the world market as the country has integrated deeply into the world economy. Vietnam, therefore, has to proactively deal with the fluctuations.

In fact, in 2022, under the direction of the Government and the Prime Minister, the SBV as well as other ministries and branches have taken proactive and flexible solutions to respond, which contributed to helping economic stability.

Under the current context, the Governor said the SBV as well as other ministries and branches need to strengthen forecasts, analysis and update new developments to proactively come up with timely and effective solutions.

Currently, the Government and the Prime Minister have been directing to accelerate the disbursement of public investment and implement expansionary fiscal policies, which will help ease pressure on the currency and credit of the banking system. The Government's policies to enhance trade promotion to boost exports and promote foreign investment attraction are also expected to improve the supply and demand of foreign currencies as well as reduce pressure on the exchange rate.

“The market is now evolving in a positive way, and market sentiment is calm now,” Hong said.

According to the Governor, it is true that the monetary and foreign exchange markets are under pressure, but it is a common trend in many countries around the world, not just Vietnam. She noted it is important that Vietnam's economic fundamentals remain very positive and international credit rating agencies, such as Fitch Ratings, have recently continued to affirm Vietnam's long-term foreign-currency issuer default rating at 'BB' with a positive outlook.

“The SBV will actively supervise the actual situation to come up with suitable solutions in order to consistently achieve the goals of stabilising the macro-economy, controlling inflation and ensuring major balances of the economy and social security,” Hong said.

4. MoIT calls for greater collaboration to end fuel supply disruption

The Ministry of Industry and Trade (MoIT) called for greater collaboration among ministerial-level offices as well as the PetroVietnam Group, the Nghi Son Refinery and Binh Son Refinery to help address the on-going fuel supply disruption.

In a letter to the Ministry of Public Security (MPS), the MoIT stressed the importance of unhindered movement of fuel trucks to fuel stations. In recent weeks, a number of stations reportedly closed after their storage was depleted.

The MoIT urged the MPS and local authorities to allow fuel trucks to travel all hours to quickly resupply depleted stations as demand continued to surge, especially during rush hours.

In a message to the Nghi Son Refinery and Binh Son Refinery, the MoIT asked the two, the largest producers of petroleum products in the country, to take all measures to ensure stable output in the future.

The MoIT said the refineries must also streamline their procedures to hand off products quicker to retailers, including those without a signed contract, to ease out of the fuel shortage.

The ministry asked the PetroVietnam Group to support the refineries to maintain maximum output and retailers with logistical issues to seek ways to increase production in the future. Meanwhile, the group must prepare plans to import more fuel to make up for the shortage as the combined output of Nghi Son and Binh Son could only meet 80 per cent of the market's demand.

Key priorities included maintaining stable supply to all stations across the country and increased incentives to help retailers cope with financial losses with the goal of ending supply disruption.

On Sunday, the Binh Son Refinery's output was raised to 112 per cent, the highest since it went operational after an effort was taken to boost crude oil supply to the refinery. Earlier in October, the refinery raised its output from 107 to 109 per cent. The refinery supplied the market with 6.6 million cubic metres of fuel, an excess of nearly half a million cubic metres above target production for the month.

In response to MoIT's earlier request to adjust retail fuel prices, the Ministry of Finance has given the green light for a likely price increase during the next price cycle, which is set to take place on Friday.

"Barring major changes, increased costs on retailers' part will be reflected in the next price adjustment," said a representative from MoIT.

Retailers have voiced grievances over rising import costs, which has resulted in fuel stations cutting back on staff and operational hours and longer wait times at the pumps.

5. Aquatic exports likely to hit record of over 10 bln USD in 2022

Aquatic exports are forecast to have hit a record of 10 billion USD in this November thanks to businesses' flexible adaptation to changes in the global market, according to the Vietnam Association of Seafood Exporters and Producers (VASEP).

By optimising advantages created by free trade agreements (FTAs), Vietnamese enterprises have been working to turn challenges into opportunities, the Lao dong (Labour) daily reported.

The sector is predicted to make up 3% of the country's total overseas shipments this year.

Vietnam is currently the world's third largest exporter of fishery products, after China and Norway. With the obtained results, its aquatic exports are expected to hold an over-7% share in the global market.

The newspaper said the to-be-obtained turnover is attributable to not good luck, but the combination of multiple factors, including authorities' timely actions to sustain production chains, trade promotion effectiveness, and businesses' capacity.

For example, despite a year-on-year revenue decline in the US market, overall shrimp exports have still grown thanks to market diversification and the capitalisation of advantages generated by FTAs.

Many economic experts held that the fishery sector has seen positive signs for the remaining months of 2022 but due to impacts of the global economic situation, it is still facing various difficulties such as inflation and economic downturn in import markets, along with a decrease in orders.

6. Goods throughput at sea ports up 3% in 10 months

Vietnam's sea ports handled 608.3 million tonnes of goods in the first 10 months of this year, up 3% annually and fulfilling 84% of the yearly target, according to the Vietnam Marine Administration.

Of this, the volume of import-export goods decreased slightly while that of domestic ones grew by 4% year-on-year to 284.6 million tonnes, it said, adding the container throughput hit 20.8 million TEUs, increasing by 4% annually and meeting 84% of the yearly plan. Containers of imports constituted over 7.1 million TEUs of the total, posting the highest annual growth of 8%.

In the third quarter of this year, many seaport enterprises recorded profits despite many difficulties due to socio-economic fluctuations.

The Port of Hai Phong JSC, which handles ports with the largest cargo throughput in the North, logged 222.2 billion VND (8.93 million USD) in consolidated pre-tax profit in the three months, up 20% against last year.

Meanwhile, the Da Nang Port, the largest container seaport in the central region, recorded its profit after corporate income tax reaching nearly 66 billion VND, up 12.46% over the same period in 2021.

7. Air passengers near pre-pandemic levels

The total number of air passengers passing through domestic airports will reach 80 per cent of the peak number of passengers in 2019, said Dinh Viet Thang, director of the Civil Aviation Authority of Viet Nam (CAAV).

Thang said passenger volume through Vietnamese airports reached more than 81 million passengers in the ten months of 2022, with 100 million forecast for the whole year. In 2019, the number was 120 million.

Vietnamese airlines carried 40 million passengers, and it is expected that the total number of passengers transported by domestic airlines in 2022 will reach 55 million.

The domestic market has experienced high growth and can be considered one of the best post-pandemic growth markets. However, the international market has only recovered about 50 per cent, said CAAV.

Thang told local media: "The restoration of flight routes in some key markets, especially China, is still facing difficulties due to the COVID-19 pandemic. The negotiation to reconnect the flight route with this market is being actively implemented. Some markets such as South Korea, Japan, and Taiwan have opened, but travel demand is still very low."

Although the recovery results of international aviation have not been as expected, he calculated: "The bright spot for the international market in the first ten months is that we have opened the Indian market with a high production volume related to good shipping activities."

Pham Viet Dung, Chairman of the Viet Nam Aviation Business Association, and chairman of Viet Nam Air Traffic Management Corporation, said the local aviation market was on the way to recovery but not yet even in all segments. The domestic market has fully recovered, but the international market has recovered very slowly. Domestic passenger transport in 2022 increased by 12 per cent compared to 2019.

On the other hand, international freight transport increased, but domestic cargo decreased. Therefore, industry revenue is assessed as disproportionate due to the increase in fuel prices and some input prices, said CAAV.

Currently, businesses in infrastructure transportation have experienced a strong recovery, while airlines and passenger transport suppliers still face many difficulties.

In the first half of 2022, Vietnam Airlines Group, including Vietnam Airlines, Pacific Airlines and VASCO, achieved a net revenue of nearly VND30 trillion (\$1.3 billion) but still lost nearly VND5.2 trillion.

According to the experts, airlines and passenger transport providers still had to deal with the pandemic's adverse problems, especially the cash flow imbalance in two years when their operations were mostly frozen.

At the same time, rapidly increasing flights were seen for coming Tet (Lunar New Year) as local airlines race to increase 1.7 million seats to supply, including more than 1.1 million seats from Vietnam Airlines Corporation that consists of Vietnam Airlines, Pacific Airlines and Vasco and more than 600,000 seats from Vietjet Air.

CAAV said that on the occasion of the new Year of the Cat, from December 15 to the end of January 15, airlines will increase seats to serve people's travel needs.

As the national carrier, Viet Nam Airlines reported an after-tax loss of nearly VND2.5 trillion in the third quarter of 2022, down VND985 billion compared to the loss of the third quarter of last year.

In the first nine months of 2022, Vietnam Airlines Corporation has operated more than 106,000 flights, up 118 per cent over the same period last year.

Aviation activity recovered when the blockade orders because of COVID-19 were lifted, helping

Vietnam Airlines' consolidated net revenue in the third quarter of 2022 to reach VND21.15 trillion, 4.5 times higher than last year. As a result, the corporation moved from a gross loss of more than VND3 trillion in the third quarter of 2021 to a gross profit from sales and services of VND165 billion in the last quarter.

The corporation said that the international shipping market was still recovering slowly, plus negative factors such as high fuel prices, the prolonged Russia-Ukraine conflict and financial risks of exchange rates and interest rates, so production and business activities would continue to suffer losses in the third quarter and the first nine months of 2022.

A representative of Vietnam Airlines forecast the international market would gradually recover,

giving the corporation's production and business activities more positive results in 2023.

Data from the finance and enterprise system WiChart shows that the number of international visitors to Viet Nam in October by air was nearly 434,000, an increase of 11.4 per cent compared to the previous month and 51 times higher than the same period in 2021 when the whole country was in lockdown against the pandemic.

The total number of passengers transported by air in October was more than 5.14 million, 28 times higher than last October. In July 2022, amid the peak summer tourist season, Viet Nam's aviation industry transported nearly 5.9 million passengers, the highest since the beginning of the pandemic, said WiChart.

Corporate News

8. FRT: Increasing capital in subsidiary

↑ 3.93%

The Board resolution dated November 07, 2022, the BOD of FPT Digital Retail Joint Stock Company approved the additional capital contribution in FPT Long Chau Pharma Joint Stock Company (is a subsidiary of FRT). Details are as follows:

- Total contribution capital before the additional contribution: 225,000,000,000 dongs; accounting for 85.07% charter capital of FPT Long Chau Pharma Joint Stock Company

- Additional contribution capital: 225,000,000,000 dongs, equivalent to 22,500,000 shares

- Total contribution capital after the additional contribution: 450,000,000,000 dongs, accounting for 89.83% charter capital of FPT Long Chau Pharma Joint Stock Company.

9. KBC: Information on Quang Chau Industrial zone project

↓ -0.65%

Kinh Bac City Development Holding Corporation announces Sai Gon – Bac Giang Industrial zone Joint Stock Company (is a subsidiary of KBC) received Decision No.1320/QĐ-TTg dated November 04, 2022 by the Prime Minister regarding the approval for the construction and investment policy of Quang Chau Industrial zone expansion project, Bac Giang province. Here are the specifics:

- Investor: Sai Gon – Bac Giang Industrial zone Joint Stock Company (SBG)

- Project name: construction investment and infrastructure business of Quang Chau Industrial zone expansion

- Scale of land use: 90 ha

- Location: Quang Chau commune, Viet Yen district, Bac Giang province

- Investment capital: 996 billion dongs

- Time: from the issue date of Decision on the investment Policy to February 05, 2057.

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