



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index breaches over 1,000 points

Benchmark indices rose more than 3.5 per cent on Monday, as domestic investors' risk appetite improved strongly while foreign investors continued to pour capital into the country's stock market.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) extended last week's big rallies and broke over the key level of 1,000 points for the first time in nearly a month.

Accordingly, the index surged 34.23 points, or 3.52 per cent, to 1,005.69 points, the highest since November 4. Meanwhile, the HNX-Index on the Ha Noi Stock Exchange (HNX) jumped 7.29 points, or 3.7 per cent, to 204.06 points.

The market's breadth was in a positive zone, with 491 stocks edging higher on the two main exchanges, while only 74 ticker symbols slid.

Liquidity also increased sharply over the previous session, with total trading value on both main exchanges of nearly VND17.3 trillion (US\$697.4 million). Matching value on the southern bourse increased by 66.67 per cent compared to Friday's session to nearly VND14 trillion, equal to a matching volume of 872 million shares.

Similarly, on HNX, the matching value reached VND927 billion, equivalent to the trading volume of 77.5 million shares.

The rallies were driven by large-cap stocks in appealing industries, including banking, realty, manufacturing and utilities. The 30 biggest stocks tracker VN30-Index ended the day at 1,004.34 points, up 36.85 points, or 3.81 per cent.

In the VN30 basket, 23 stocks went up with seven stocks registering the maximum daily rise of 7 per cent, while only five stocks inched down. And two stocks stayed flat.

Statistics from finance website vietstock.vn showed that in top three stocks influencing the uptrend, Vietcombank was the market's leader with an increase of 4.92 per cent, followed by PV Gas (GAS) and Vinhomes (HMX), which both advanced by 7 per cent.

Supporting the market, other pillar stocks like Vietinbank (CTG), Hoa Phat Group (HPG), Techcombank (TCB), MBBank (MBB), Masan Group (MSN), Vincom Retail (VRE), Petrolimex (PLX) and VPBank (VPB), also reported positive performance, up at least 3.4 per cent.

The uptrend also received support from foreign investors, as they net bought for 16 consecutive sessions. Specifically, they net bought nearly VND1.7 trillion on the southern market, and VND16.27 billion on HNX.

Macro & Policies

2. PM urges HCMC to speed up public investment disbursement

He was speaking at a meeting with the municipal government on the city's socio-economic growth on November 27, identifying public investment as one of the key factors for development.

It is vital to expedite the disbursement as the total volume of public capital in 2022 is much higher than that of the previous years.

The Government and the ministries and departments will help the city remove obstacles to speed up the disbursement of public capital as HCMC's public investment accounts for a huge proportion in the country, the local media reported.

Speaking at the meeting, HCMC Chairman Phan Van Mai said that, as of November 25, the total disbursement of public investment had amounted to VND12.7 trillion, reaching 34% of the total.

The city has adopted multiple measures to accelerate public investment disbursement to fulfill

its target as required by the prime minister. The city has focused on supervision into the capital plan and disbursement pace; setting up three teams to support projects allocated with large capital in 2022 and urging the municipal departments and grassroots authorities to promptly lift hindrances to disbursement, said the HCMC chairman.

At the meeting, the prime minister praised the city for its efforts in maintaining its economic growth momentum. HCMC's gross regional domestic product (GRDP) in 2022 is estimated to rise by 9% year-on-year, well above the target of 6%-6.5%.

The city's total export revenue is expected to reach US\$49.5 billion, up 10.3% year-on-year.

In addition, the city's budget revenue might total VND457.5 trillion this year, up over 17% year-on-year.

3. VN businesses promote int'l fundraising amid domestic tightened policy

In the context of tightened and expensive domestic capital sources, mobilising capital from abroad is an opportunity for local reputable enterprises and banks, and many of them have recently announced huge loan agreements with foreign financial institutions.

A recent report from financial data service provider FiinGroup showed the channel for raising capital through domestic bonds is gloomy, but many domestic enterprises still succeeded in mobilising international loans. Specifically, ten deals announced recently had a total value of nearly US\$1.92 billion.

Among the deals, VPBank signed a loan agreement worth \$500 million on November 11 with five major financial institutions – Asian Development Bank (ADB), Sumitomo Mitsui Banking Corporation (SMBC), Japan International Cooperation Agency

(JICA), Australia and New Zealand Banking Group Limited (ANZ), and Maybank Securities Pte. Ltd., a member of the Maybank Investment Banking Group.

CEO of VPBank Nguyen Duc Vinh said the capital sources will help VPBank promote credit programmes for small- and medium-sized enterprises in Viet Nam, businesses owned by women, and businesses in the fields of healthcare, education, hygiene, traffic, and building social housing, giving them access to relatively low-cost capital for development.

SeABank on November 12 said it and the US International Development Finance Corporation (DFC) had signed a loan agreement worth \$200 million. With support from DFC, SeABank will improve its financial capacity to better implement the proposed projects, focus on the credit gap and solve the gap between the financial needs of the

market and the existing source of money in the economy.

Previously, VIB completed the disbursement of a \$150 million loan from the International Finance Corporation (IFC), a member of the World Bank Group. With a term of five years, the IFC-led loan aims to support VIB to boost its loan portfolio for individual customers who are looking to buy, build, and repair houses. Meanwhile, at least 30 per cent of the disbursement value will be financed for home loans worth less than \$35,000.

Not only domestic banks, local enterprises also announced huge foreign capital-raising contracts. Specifically, F88 Business Joint Stock Company said it had successfully raised a \$60 million loan from CLSA Capital Partners (HK) Limited (Lending Ark) and Lendable. Since the beginning of the year, F88 has raised \$70 million from the international fundraising market.

Masan Group Joint Stock Company (Masan) and The Sherpa Company Limited - a direct subsidiary of Masan - have been recently provided a \$600 million syndicated term loan. This was the largest syndicated loan with the longest term that Masan has ever raised, attracting 37 lenders in the fundraising process.

Previously, Be Group Joint Stock Company signed a loan contract of up to \$100 million with Deutsche Bank (Germany) while Viet Capital Securities Joint Stock Company (VCSC) signed a loan contract with a limit of \$105 million and the right to be extended up to \$150 million with a group of foreign banks.

At the end of October 2022, Loc Troi Group successfully approached a \$100 million credit package provided by Military Joint Stock Commercial Bank (MB) and six international banks with syndicated loans to expand high-quality rice production.

According to Huynh Van Thon, chairman of Loc Troi Group, besides the \$100 million signed loan contract, the group hopes to raise another \$1 billion from the international capital market to develop one million hectares of high-quality rice. With the \$100 million loan, the group has reached an optimal and stable interest rate agreement, which will help it to develop stably in the near future.

Effective solution

According to experts, as fundraising in the domestic market is facing difficulties, the huge deals are a bright spot to help domestic enterprises continually promote their business and production, and create a driver for further growth next year. At the same time, the success is also a motivation for other enterprises to seek new capital.

They said international rating agencies' upgrade of Viet Nam had created favourable conditions for Vietnamese enterprises to have access to international capital with reasonable interest rates. In September 2022, Moody's Investors Service upgraded Viet Nam's long-term issuer and senior unsecured ratings to Ba2 from Ba3. Previously, S&P Global Ratings raised its long-term sovereign credit rating on Viet Nam to BB+ from BB.

Though international capital is currently abundant, not all enterprises can access it due to rigorous standards from international financial institutions. To be qualified for foreign loans, enterprises must have a good reputation, strong financial strength and transparent public data, which are audited by international auditing organisations. Moreover, they must have feasible capital use plans and professional consulting organisations.

Besides, loans for sustainable development projects, SMEs, women-owned enterprises and social projects are also often prioritised for disbursement by international financial institutions.

However, Dr Nguyen Huu Huan, head of HCM City University of Economics' Finance Department, noted enterprises need to use measures to minimise exchange rate risks when raising foreign capital. He said the US dollar has so far strengthened more than 8 per cent against the Vietnamese dong.

Besides, international capital is not cheap as the US' federal funds rate currently hits 4 per cent per year, Huan said.

However, he admitted in the context of a cash shortage and difficulties in fundraising in the domestic market, Vietnamese enterprises must diversify capital mobilisation channels and international capital mobilisation remains an effective solution.

FiinGroup's experts said though interest rates of foreign loans are not cheap with many costs including nominal interest rate, exchange rate insurance cost, guarantee cost and transaction fees, the successful deals are still quite a positive development in the context of tightened domestic fundraising channels.

According to FiinGroup's experts, the deals also show the confidence of foreign financial institutions in the long-term growth of large Vietnamese enterprises, whose information and credit profile are clear. Fundraising is still possible and the level of risk is reflected in interest rates. Foreign currency loans have also contributed to solving the problem of debt maturity pressure and the need for debt restructuring of some enterprises.

4. EVN's losses estimated at VND31.3 trillion in 2022

If EVN kept operating under the plan approved by the Ministry of Industry and Trade at the beginning of this year, it would have faced a loss of up to VND64,805 billion this year.

Given this negative situation, EVN has carried out various cost-cutting measures, including a 20-30% reduction in repair and maintenance expenses, temporarily paying salaries equal to 80% of the average level in 2020, and strengthening the management of electricity price reductions.

The State utility has strived to maximize hydropower generation with low costs, assess cheaper coal sources, and negotiate with the investors of BOT power plants on electricity generation output to optimize the overall costs.

With the application of those measures, EVN has saved over VND33.4 trillion.

However, the high costs of electricity input caused the company to suffer a loss of over VND15.7 trillion in the first 10 months and even an estimated VND31.3 trillion in the whole year, a representative of EVN said.

According to the EVN, the company will face lots of challenges in the coming years, comprising difficulties in ensuring a stable cash flow, risks of unsafe operations due to cost-cutting measures in maintenance, and obstacles in capital mobilization.

Meanwhile, the prices of essential fuels like coal, oil, and gas have yet to show any signs of decreasing.

5. VN ready to become a semiconductor manufacturer

Prof. Nguyen Mai, President of the Vietnam Association of Foreign Invested Enterprises (VAFIE), said the adverse impact of the COVID-19 pandemic and prolonged trade conflicts have caused a disruption of semiconductor supplies. Global companies involved in using semiconductors to make smartphones, self-driving vehicles, artificial intelligence (AI) technology or data centers have been forced to cut their productivity.

Mai emphasized that countries are in a race to produce semiconductors and chips. In particular, the US Department of Commerce (DOC) in September released its strategy for implementing its US\$50 billion CHIPS for America programme. And China has doubled its spending and enacted policies

to support semiconductor manufacturing companies.

Viet Nam has also become a centre of the semiconductor industry as Samsung announced its plan to produce semiconductors from July next year with an additional investment of US\$920 million. The country is also home to Intel's largest assembly and testing factory with an investment of \$1.5 billion.

Do Nhat Hoang, head of the Ministry of Planning and Investment's Foreign Investment Agency, said the Synopsys company from the US also announced that it would train electrical engineers in Viet Nam and support HCM City Hi-Tech Park (SHTP) to establish

a chip design center through a software sponsorship programme.

Hoang added that in the first 10 months this year, FDI disbursement reached \$17.45 billion, an increase of 15.2 per cent over the same period in 2021. This was the highest number in the past five years. Of this figure, the manufacturing sector accounted for 65 per cent and involved the major industries of hi-tech electronics and chip production. This has shown that Viet Nam has gradually begun to form an ecosystem of semiconductor and chip production.

Over the years, Viet Nam's investment climate has been highly appreciated by foreign investors due to its stable political system and rapid growing economy. Incentives through corporate income taxes have also made an important contribution to creating an attractive investment climate.

Hong Sun, Vice President of the Korean Chamber of Commerce in Viet Nam (KoCham), said that apart

from having a stable business environment and many incentives, chip manufacturers want to have abundant and stable power sources.

Hong emphasized that chip or semiconductor manufacturing were both high-value products. If a sudden power failure occurred, production would have to restart from the beginning, which would take from a week to a few months and cost billions of dollars.

Mai said that "Viet Nam should not rest on its gains and we need to make an assessment of the bottlenecks in luring FDI, such as transport infrastructure, and information networks."

He noted that if Viet Nam can participate in the semiconductor industry, it will generate a big boost of added value for the country.

6. Gloomy outlook for exporters of aquatic products next year

According to a survey carried out online and in-person by vietnambiz.vn, 71% of some 117 seafood companies said the aquatic sector will be facing difficulties in manufacturing, processing and exporting in 2023. Meanwhile, 22% of enterprises consider such future hardships serious and the remainder with nearly 7% are optimistic about their sector in the near future.

The plunge in orders is due to foreign exchange rate volatility and monetary tightening.

Other factors such as the global economic downturn and increasing inflation could be attributed to a drop in consumption in the future. Besides, aqua-products exporters will encounter high competition from other exporters like Ecuador and India that export seafood products at more competitive prices.

Another difficulty that will be faced by the majority of Vietnamese seafood enterprises is their limited

storage capacity. The situation may get worse, given the increasing inventories in the coming time.

In a seminar held on November 26 to deal with the drop in orders and interest rate hikes, 87% of the aquatic enterprises have opted for investments in technology for sustainable development. However, according to these enterprises, they fail to mobilize capital to deploy their solutions.

Vietnam's major aquatic products importers are currently Europe, China, Japan and the U.S. In the coming time, seafood exporters will receive support from relevant agencies to look for more business opportunities in the U.S. market.

According to VASEP, Vietnam's aqua-products exports are projected to reach over US\$10 billion in 2023 given that the market blossoms at the end of the first quarter of next year.

7. Macroeconomic and monetary policies key to improving economy

In a report on the country's macroeconomics and long-term growth, Prof Pham The Anh, VESS's chief economist, said the Vietnamese economy experienced robust development during the 1991-2021 period, maintaining an annual 6.57 per cent GDP growth. By the end of last year, the country's GDP reached US\$363 billion, breaking into the world's top 40 economies. The government has also managed to keep inflation in check while increasing the national foreign exchange reserve tenfold in the 2010-21 period.

Viet Nam's GDP per capita reached \$3,700 in 2011, a 400 per cent increase from the same figure in 2011. However, in terms of GDP in purchasing power, the Southeast Asian economy still trailed behind major world economies at just 17 per cent of the US, 24-26 per cent of Japan and South Korea, 40 per cent of Malaysia, and 61 per cent of Thailand and China.

Anh said the country's public debt has been rising in recent years, posing risks to long-term economic development. During 2010-21, Viet Nam's debt increased from VND1.144 to VND3.655 quadrillion, a 320 per cent increase in a period of ten years. To make matters worse, public debt increased by 11.3 per cent annually, outpacing economic growth.

In addition, Viet Nam's economy remained heavily reliant on FDI and export. The country's fast-growing export sector, with an annual growth rate of 18.4 per cent during the period, far outpaced its GDP. In the last few years, Viet Nam recorded \$20 billion in FDI, more than double the previous 10-year period.

State budget collection remained high at an average of 11.5 per cent annually in 2011-15 and 8.8 per cent in 2016-20. Viet Nam's State budget collection on GDP increased from 23.6 per cent to 25.2 per cent, the highest among ASEAN 5.

Priorities

Curbing inflation remained the country's top priority in the next phase of economic development, according to Anh. It's crucial that Viet Nam's

monetary policy stay prudent, keeping supply in check in the coming years.

Budget discipline and transparency were still among the major shortcomings, posing the risk of causing uncertainty in the economy.

"The US economy provides us with a good example. Most of the time businesses were able to predict the FED's next move in adjusting interest rates fairly accurately," he said.

Anh said it was only possible because most economic information regarding the financial market, inflation, exchange rate, and unemployment data were made available to the public, significantly reducing the risk of causing economic shocks.

In comparison, Viet Nam's monetary policy appeared unpredictable. Interest rates could remain unchanged for an extended period of time, yet could be adjusted by 1-2 percentage points within a few weeks.

"Sudden moves as such can introduce a lot of uncertainty and put businesses and consumers alike at risk," he said.

He urged the government to focus on macroeconomics, improve system stability and consider employing a floating exchange rate model instead of the current fixed exchange rate model.

"It rarely works," Anh said.

While interest rates have reached the double-digit figure in Viet Nam in recent months, ASEAN-5, who employ a floating exchange rate model, has successfully kept it low at a 3-5 per cent increase. Economists have long voiced concerns over the government's excessive intervention in the economy.

For example, commercial banks' credit ceilings have been largely counter-productive in controlling inflation. Anh said banks should be free to follow market principles, as long as they comply with safety and market standards. Instead, the government

should focus on tightening the money supply via the State Bank of Vietnam and supervision of poor-performing banks.

Corporate News

8. DXG: Increasing charter capital

↑ 6.64%

On November 24, 2022, Dat Xanh Group Joint Stock Company issued the Board resolution to approved the increase of the Company charter capital from

VND6,092,768,760,000 up to VND6,117,790,020,000, equivalent to 611,779,002 shares due to the stock issuance to convert bonds into shares.

9. PDR: Result of bond repurchase before maturity

↓ -6.98%

On November 25, 2022, Phat Dat Real Estate Development Corp reports the result of the repurchase of bonds before maturity as follows:

Unit: VND

No.	Bond code	Par value (VND)	Term	Issue date	Maturity date	Issue volume (at par value)	Outstanding volume	Repurchase volume	Execution date	Remaining volume after the repurchase (at par value)
							(at par value)	(at par value)	(at par value)	
1	PDRH2123009	100,000,000	02 years	12/16/2021	12/16/2023	150,000,000,000	150,000,000,000	150,000,000,000	11/25/2022	0

Research Team: **Tsugami Shoji** *Researcher* jsi@japan-sec.vn

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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

Website: www.japan-sec.vn