



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares extend gains on the rise of real estate, securities stocks

Shares gained ground on Tuesday thanks to the sharp rises of large-caps and in the securities and real estate group, supporting the overall market.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) gained 2.63 per cent to close at 1,032.16 points. The index had gained 3.52 per cent, to close Monday at 1,005.69 points.

The market's breadth turned positive with 102 stocks declining, while 350 rose.

Liquidity rose to a new high with 1.18 million shares traded on the southern bourse, worth VND18.25 trillion (US\$737.8 million).

The 30 biggest stocks tracking VN30-Index rose 2.46 per cent to 1,029.04 points. Twenty-two in the VN30 basket increased, while four declined and four ended unchanged.

Securities stocks soared at the end of the session with many strong gainers, namely Asia - Pacific Securities Joint Stock Company (APS), Viet Nam Bank For Industry & Trade Securities JSC (CTS), VNDirect Securities Co (VND), Bank for Investment & Development of Vietnam Securities Company (BSI) and VIX Securities Joint Stock Company (VIX).

Real estate and construction stocks witnessed a dramatic gain in prices as a series of large-cap stocks hit the daily limit rise such as Khang Dien House (KDH), Novaland (NVL) and Phat Dat Real Estate Group (PDR).

Other stocks in the group also climbed such as Kinh Bac City Development Holding Corporation (KBC), Ha Do Group JSC (HDG), Nam Long Group (NLG), Hoa Binh Construction Group Joint Stock Company (HBC) and Viglacera Corporation - JSC (VGC), LDG Investment JSC (LDG), Tan Tao

Investment and Industry Corporation (ITA), Hoang Quan Consulting-Trading-Service Real Estate Corporation (HQC), Thu Duc Housing Development Corporation (TDH), Van Phat Hung Corporation (VPH), Licogi 16 Joint Stock Company (LCG) and FECON CORPORATION (FCN).

Liquidity increased positively, showing that cash flow is still actively participating. The current upward momentum will likely help the market maintain an active status when entering the next session. However, there could be strong fluctuation at the resistance zone of 1,017 – 1,027 points of the VN-Index. This is also a challenging area to surpass so that the market can move towards higher target areas, said Viet Dragon Securities Co.

Therefore, investors can expect the market's upturn to expand, but should limit buying at high prices when VN-Index approaches the resistance zone. At the same time, it is necessary to observe the subsequent supply absorption to consider buying and accumulating stocks.

The market extended its upward momentum and successfully conquered the psychological level of 1,000 points. Liquidity also increased in line with the index's gaining movement, showing that the cash flow was more confident, it said.

Meanwhile, the HNX-Index on the Ha Noi Stock Exchange (HNX) gained 2.04 per cent, to close Tuesday at 208.22 points.

The index had gained 3.7 per cent, to close Monday at 204.06 points.

During the trading session, investors poured VND1.7 trillion into the northern market, equivalent to a trading volume of 152 million shares.

## Macro & Policies

### 2. Vietnam enjoys 10.6 billion USD trade surplus in 11 months

In November alone, the index went up 0.39% month-on-month and 4.37% year-on-year mainly due to an increase in house rental fees and the adjustment of petrol prices in the line with global market trends.

Among the 11 groups of consumer goods and services, eight experienced price hikes, while three others saw price drops.

The GSO attributed the eleven-month CPI hike to higher petrol prices which were adjusted 31 times in the reviewed period, resulting in the fact that the retail price of A95 was up 490 VND per litre compared with the end of last year.

On average, domestic petrol prices increased by 31.76% between January and November, compared to the same period last year while gas prices fluctuated in line with changes in the global markets, up 12.76% from a year earlier, it said.

As the COVID-19 pandemic was brought under control, demand for restaurant services has bounced back, leading to a 4.78% rise in eating-out prices in the eleven months. Prices of housing and construction materials also became more expensive, up 2.75% year on year.

An increase of 1.2% in rice prices in the eleven months has resulted in 0.03 percentage point rise in the CPI. Foodstuff prices also grew slightly by 1.32% from the same period last year.

A contributor to the CPI hike was the prices of educational services which went up 0.47% during the period as some provinces and centrally-run cities increased school fees for the 2022-2023 academic year.

The 11-month core inflation went up 2.38% from a year earlier, lower than the CPI growth (3.02%), showing that changes in consumer prices were mainly driven by fluctuations in food, foodstuff, and petrol prices, the GSO noted.

The November core inflation increased 0.43% from last month and 4.81% from the same period last year, the statistics showed.

To deal with the rising inflation pressure, the Government has instructed ministries, agencies and localities to roll out solutions concertedly, helping to ensure stable production and business.

### 3. Eleven-month CPI increases 3.02% year on year

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#### 4. Viet Nam lures over \$25 billion in foreign investment in 11 months

During the period, new capital registered in the country by foreign investors saw a yearly decline of 18 per cent to \$11.5 billion while their capital contributions and share purchases also declined 7 per cent year-on-year to nearly \$4.08 billion.

The agency underlined two factors behind the falling registered capital, which were stringent COVID-19 preventive measures early 2022 and global uncertainties.

It said strict COVID-19 preventive measures imposed in the beginning months of the year had made it more difficult for foreign investors to travel to Viet Nam to seek new investment opportunities. Such hindrance held back the number of newly-registered projects in early 2022.

Global uncertainties, including geopolitical conflicts, inflationary pressures and supply chain disruptions, compounded the situation by scaling down the capital flows from big economies, especially Viet Nam's partners.

One bright spot in the period was adjusted capital which surged 23.3 per cent year-on-year to \$9.54 billion, the FIA noted.

According to the agency, the adjusted capital continued to maintain its growth momentum, which was a signal to confirm the confidence of foreign investors in the economy and investment environment of Viet Nam. Therefore, they decided to

add more capital to their existing projects in the country.

Statistics from the FIA also showed that the average scale of adjusted capital per project in 11 months of 2022 increased 4.9 per cent over the same period of last year. Notably, many projects in manufacturing of electronic and high-tech products witnessed capital added on a large scale during the reviewed period.

On the bright side, many large-scale projects had their capital adjusted up significantly in ten months. For instance, Samsung Electro-Mechanics was given two capital boosts, of \$920 million and \$267 million.

Samsung HCMC CE followed suit with \$841 million. Other projects to manufacture electronics and multimedia devices in Bac Ninh, Nghe An and Hai Phong provinces were financed with additional capital of \$306 million, \$260 million and \$127 million, respectively.

At the same time, disbursed capital also witnessed a positive increase of 15 per cent to reach \$19.68 billion in the period, the FIA added.

From January to November, manufacturing and processing lured the lion's share of foreign investment with over \$14.96 billion, making up 59.5 per cent of total capital. It was followed by real estate with \$4.19 billion, or 16.7 per cent. Electricity production and distribution and science and

technology were the runners-up with \$2.26 billion and \$1.03 billion, respectively.

Singapore was the top source of capital pledges in the period with \$5.78 billion, accounting for 23 per cent of the total. Japan came next with over \$4.6 billion or 13 per cent while South Korea ranked third with above \$4.1 billion or 16.4 per cent.

Others sources of foreign capital were mainland China, Hong Kong (China) and Denmark.

Among cities and provinces receiving foreign capital in the period, HCM City led with nearly \$3.54 billion, up 3.3 per cent year-on-year or equivalent to 14 per cent of the total. The southern province of Binh Duong ranked second with over \$3.03 billion, up 45 per cent year-on-year or accounting for 12.1 per cent of the total.

## 5. Banks gain big profits from forex trading

Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) topped the list with a profit of 4.6 trillion VND (nearly 200 million USD) from forex trading in the period, up 43% compared to the same period last year. With the high result, forex was the best growth segment in Vietcombank's core businesses. The rise was 2.4 times the growth rate of the bank's total operating income.

At Vietnam Joint Stock Commercial Bank of Industry and Trade (Vietinbank), net profit from forex business soared by more than 80% to hit a record high of 2.4 trillion VND, while the bank's total income grew by only 20.6%.

Similarly, Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) gained 2 trillion VND, up 62% over the same period last year. Forex was the fastest-growing source of the bank's revenue in the first nine months of the year.

Preliminary statistics showed the net profit from forex trading of the above three State-owned commercial banks in the first nine months reached more than 9 trillion VND, accounting for about 60% of the total net profit of 27 listed banks. In which, Vietcombank gained nearly one-third of the total profit.

In a recent report to the National Assembly, the Ministry of Planning and Investment said that foreign direct investment (FDI) disbursement this year could reach \$21-22 billion, an increase of about 6.4-11.5 per cent compared to 2021. These figures, then, meant that Viet Nam's FDI attraction was rapidly moving towards recovery.

Foreign enterprises continued to recover, maintain and expand their production and business activities in Viet Nam, Do Nhat Hoang, director of the FIA said.

Truong An Duong from Frasers Property Vietnam Co told the Dau tu (Investment) newspaper that his company was keen on looking for investment opportunities in Viet Nam.

In the group of private banks, Military Joint Stock Commercial Bank (MB), Maritime Joint Stock Commercial Bank (MSB), Sai Gon Thuong Tin Joint Stock Commercial Bank (Sacombank) and HCM City Development Joint Stock Commercial Bank (HDBank) also earned large profits from forex with quite high growth rates.

Specifically, net profit from this segment of MB and Sacombank surged by around 45% over the same period last year to 1.3 trillion VND and 759 billion VND, respectively.

Meanwhile, HDBank and MSB gained nearly 200 billion VND and 889 billion VND from the forex business in the first nine months, 2.3 and 3.2 times the figures of the same period last year, respectively.

Many mid-sized private banks also fetched hundreds of billions of VND of profits from forex business, such as Vietnam Joint Stock Export Import Bank (Eximbank) with 351 billion VND (up 32.5%), Tien Phong Joint Stock Commercial Bank (TPBank) with 330 billion VND (nearly three times as much as the level of the same period last year), Southeast Asia Joint Stock Commercial Bank (SeAbank) with 144 billion VND (up 32%).

Notably, An Binh Joint Stock Commercial Bank (ABBank) recorded profit of 639 billion VND, up 38% over the same period, and was the second largest source of the bank's revenue.

Banks gained impressive profits from forex trading in the context that the US dollar has surged rapidly since the beginning of April this year. Compared with the end of 2021, the dollar has currently risen by more than 8% against the Vietnamese dong. According to a financial expert, the higher the exchange rate is, the more profitable the banks are.

In fact, in the banks' forex business, most of their net profits come from spot forex trading, or the gap between the buying and the selling price. For example, spot trading brought Vietcombank 85% of its revenue and all net profit in the forex business segment. Similarly, spot trading was also the main source of income in the forex business segment of VietinBank and BIDV.

Meanwhile, the gap between the buying and selling prices of the dollar listed at banks remained at more than 300 VND per dollar, much higher than the 200 VND rate in the same period in 2021. The large gap helped banks get a higher profit margin on each transaction. Besides, the trading volume of the dollar also increased against 2021.

In addition, the banks' profits from forex trading also came from the gap between the dollar buying and selling price of commercial banks and the State Bank of Vietnam (SBV). Since April, the selling price of the dollar at commercial banks has been often much higher than that of the SBV.

In mid-July, the gap between the dollar selling price at commercial banks and the SBV's transaction office even reached 150-200 VND per dollar. The SBV has so far sold more than 20 billion USD to commercial banks to stabilise the domestic forex market.

## 6. Dong Nai promotes supporting industry development

Nguyen Hoang Quyen, head of the province's industrial management sub-department, said Dong Nai is home to more than 600 supporting industry companies, primarily in the garment and textile, footwear, electronics, and mechanical engineering sectors, that provide jobs to more than 158,000 people.

Supporting industry products accounted for more than half of the province's total industrial product exports, she said.

According to experts, foreign companies in Vietnam are increasingly looking to source components and parts locally to reduce costs and minimise risks caused by supply chain disruptions.

They also seek to increase the use of local parts to enjoy tariff preferences provided under free trade agreements the country has signed.

The province has become one of the country's major supporting industry hubs, meaning its

products are inputs for other enterprises, according to its People's Committee.

Nguyen Thi Hoang, Vice Chairwoman of the Dong Nai Provincial People's Committee, said: "This year the province has strengthened trade promotion to connect foreign and local enterprises so that they can supply products to each other. Many enterprises have found domestic sources of supply, reducing imports."

But of the total number of supporting industry enterprises, more than 80% are foreign, according to the Department of Industry and Trade.

Local firms are still struggling because of limitations with respect to funding, technology, human resources, and skills, it said.

Besides, Vietnamese participation in the value chain of foreign enterprises' manufacturing industries remains modest, it said.

Speaking at a working session between the Vietnam Industry Agency under the Ministry of Industry and Trade and the department recently, Pham Tuan Anh, the former's deputy director, said it is implementing a national programme to develop supporting industries.

So far, businesses benefiting from it have made excellent progress, he said.

Tuong Lai Company Limited in Long Thanh district, for instance, has joined the programme and become a supplier for a global value chain, he said.

His agency is working with the department to appraise another firm to enable it to join the programme, he said.

He suggested the province develop clear and focused policies to better mobilise resources for the development of the industry.

In future, his agency, the department and other related authorities would regularly exchange information and co-ordinate to roll out support policies to promote the development of supporting industries, he said.

A representative of a local supporting industry company said if there are good support policies, the

Vietnamese supporting industry would not be any inferior to their foreign counterparts.

Foreign enterprises have demand for supporting industry products, but local firms find it hard to reach them and also have to compete with foreign supporting industry enterprises, he said.

Local firms need support from government agencies to meet, communicate and co-operate with major foreign manufacturing firms, he added.

The southern province has adopted policies to develop supporting industries, which are considered the backbone of the manufacturing sector and an important factor in attracting foreign manufacturing firms.

Dong Nai's goals for supporting industries development include 21-23% of its total industrial production coming from them by 2025.

It also plans to complete the database of enterprises in the industry to help link them up with those making finished products.

It plans to develop more supporting industry zones and clusters along with incentive policies, especially policies on finance, tax, and technical and management support.

## 7. Traffic congestion is biggest obstacle to southeast's development

The southeast region encompasses HCMC, Dong Nai, Binh Duong, Ba Ria-Vung Tau, Binh Phuoc and Tay Ninh, contributing up to 32% of the nation's GDP. But this region has had only 50 kilometers of expressway constructed over a period of 10 years.

The only expressway linking the southeast provinces is HCMC-Long Thanh-Dau Giay, stretching 50 kilometers with four lanes for automobiles. The expy section, which was opened to traffic in 2015, is frequently congested with traffic, with an average number of vehicles reaching 40,000 to 43,000 on weekends and holidays.

The overwhelming of many national highways and the delay in construction of expressways and beltways has resulted in regional traffic infrastructure failing to accommodate increasing transportation demands.

According to the prime minister, the southeast region holds a lot of potential, but it also has disadvantages such as a restrictive mechanism for the region, lack of synchronization in infrastructure connection, resources mobilization's reliance on the Government, and science-technology and human resources' failure to correspond with political and social development.

Besides, the unsustainable socio-economic development, income inequality, climate change, flooding and environmental pollution are also great challenges for the southeast region. Related authorities are therefore asked to come up with breakthrough solutions for their localities.

To boost the southeast region's infrastructure development, the prime minister assigned the Ministries of Finance and Transport to host a strategic traffic infrastructure development fund, as proposed by the HCMC People's Committee. In the meantime, the Ministry of Planning and Investment was tasked with building a financial center to mobilize funds.



## Corporate News

### 8. LPB: Notice of bond repurchase before maturity

↑ 0.88%

On November 25, 2022, Lien Viet Post Joint Stock Commercial Bank announces the repurchase of bonds before maturity with details as follows:

- Bond code: LPBH2123013
- Expected repurchase volume: 1,000 bonds
- Estimated value (at par value): VND1,000 billion
- Estimated repurchase time: December 06, 2022
- Unpaid interest to repurchase date before maturity: 37,000,000 dongs/bond
- Repurchase price: 1,037,000,000 dongs/bond
- Total value: 1,037,000,000,000 dongs.

### 9. DRC: Resolution on the dividend payment

↑ 0.00%

The Board of Directors of Danang Rubber Joint Stock Company approved to pay for the 2022 dividend in cash:

- Record date: December 12, 2023
- Payment date: February 10, 2023
- Dividend pay-out ratio: 5%/ par value (VND500/ share).

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