



VIETNAM DAILY NEWS



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Market Analysis

1. Shares extend rally with high liquidity

Shares climbed for a third day this week and five sessions in a row, buoyed by blue chips again.

On the Ho Chi Minh Stock Exchange, the VN-Index added over 16 points, or 1.58 per cent, to close Wednesday at 1,048.42 points. The southern bourse's index has gained nearly 11 per cent since November 23.

The market breadth was positive with gainers outnumbering losers by 355-122. Another 152 closed flat.

Blue chips led the market uptrend. 25 out of the top 30 shares by market value and liquidity gained value and only five lost.

Property giant Vinhomes (VHM), steelmaker Hoa Phat Group (HPG) and Vietcombank (VCB) were the biggest contributors to the VN-Index, up 2.6 per cent, 5.8 per cent and 1.5 per cent, respectively.

Construction material companies and insurers performed well. In addition to HPG, other companies including Hoa Sen Group (HSG), Nam Kim Group (NKG) and Song Hong Aluminum Shalumi Group increased between 1.4 per cent and 3.2 per cent.

Biggest gainers in the insurance sector were PVI Reinsurance (PRE), Military Insurance (MIG), BIDV Insurance (BIC) and Bao Viet Holdings (BVH) with growth of between 2.7 per cent and 5.7 per cent.

"The rally has yet to end," said Phuong Nguyen, a stock analyst at Viet Dragon Securities Co.

Phuong said despite the strong volatility during the session, the market continued to gain momentum with high liquidity, showing rising short-term profit-taking pressure yet the supportive cash flow was still surpassed.

More than 1.1 billion shares worth VND17.8 trillion (US\$718 million) were traded in the southern market on Wednesday. This was the second day the trading volume exceeded one billion shares.

"With the maintained upward momentum, it is likely that the market will continue to be active when entering the next session. The next challenging zone is around 1,040 – 1,050 points of VN-Index, profit-taking pressure is expected to increase strongly in this area and continue to put pressure on the market," Phuong said in a note.

On the Ha Noi Stock Exchange, the HNX-Index also rose for a third day, extending the rally to five days in a row. It ended up 0.3 per cent at 208.79 points on Wednesday, and a cumulative 9.3 per cent in the last five sessions.

Trading value surpassed VND1 trillion for a second day, with 88.5 million shares worth VND1.1 trillion.

Foreign traders maintained net buying on both exchanges, focusing on HCM City's market with a net buy value of nearly VND1.7 trillion. Their net buy value on the Ha Noi bourse was nearly VND49 billion.

Macro & Policies

2. Foreign trade may hit record of 780 billion USD in 2022

Economic experts described the export and import panorama as highly positive, as two more groups of commodities – transport vehicles and spare parts, and fishery products – have seen 11-month export value of over 10 billion USD, while import of materials for manufacturing have also surged.

By the end of November, exports and imports totalled 673.82 billion USD, higher than the 668.54 billion USD of the whole 2021. Trade surplus stood at 10.6 billion USD, compared to the 0.6 billion USD in the same period last year, according to the General Statistics Office.

The Ministry of Agriculture and Rural Development said China’s rice import has shifted from low to high volume in the year-end period. Some EU countries also tend to import more rice to replace the wheat supply decline caused by the Russia - Ukraine conflict.

This has helped raise Vietnamese rice prices to 480 USD per tonne, 13 - 28 USD higher than Thai rice and 60 - 65 USD higher than the Indian grain, thus substantially contributing to this year’s export growth.

Besides, products of the processing and manufacturing industry have also enjoyed growth of 6 - 39.9% in overseas shipments, helping turn export into a “bright spot” of the economy in 2022.

Assoc. Prof. and Dr. Nguyen Thuong Lang from the Hanoi-based National Economics University predicted that although export growth has slowed down slightly compared to the whole-year pace, foreign trade turnover will hit a record of about 780 billion USD in 2022.

This is a stepping stone for Vietnam to achieve 1 trillion USD in trade revenue by 2025, he added.

MA Vu Tuan Anh, President of the Junior Chamber International Vietnam, held that foreign direct investment remains the key driver of foreign trade. Meanwhile, processed and manufactured items are still key commodities, aside from textile-garment and agro-forestry-fishery products, of which timber, wood items, seafood, coffee, rubber, cassava, rice, vegetables, and fruit have generated high trade surplus.

3. Selective investment adds to attraction of Ba Ria-Vung Tau

The province is currently focusing on the core economic pillars of industry, seaports, port logistics services, tourism, and high-tech agriculture. Ventures tend to utilise modern technology that bring high added value and non-invasiveness of environmental damage.

Many large-scale projects are creating a strong impact on the province's socioeconomic development, such as the \$115 million investment steel furnace dust treatment and recycling plant invested by Korea Zinc; a \$1.2 billion polypropylene factory and liquefied petroleum gas underground storage from Hyosung Group; the \$110 million

super white float glass factory; and the \$5.1 billion Long Son Petrochemical Complex project from Thailand's SCG.

Chairman of People's Committee Nguyen Van Tho said that based on its potential and strengths, the province identified the aforementioned key economic sectors to attract investment. At the same time, Ba Ria-Vung Tau is arranging the economic space into functional zones including industrial development, seaports, agricultural development, tourism, urban development, and the continental shelf and islands.

Thanks to clearly defined goals, the province is attracting investment selectively, attracting large-scale projects with advanced technology and which are non-labour intensive, Tho commented.

Currently, Ba Ria-Vung Tau has planned and invested in 17 large industrial parks over more than 9,000 hectares. Some 15 industrial zones have been established, reaching an occupancy rate of 56 per cent. The Ministry of Planning and Investment is collecting opinions as well as reviewing and appraising policy approval documents for the expansion of My Xuan B1 at Conac Industrial Park and the HD industrial Urban and Service Industrial Park.

The province's seaport system, meanwhile, was approved in July. The province has planned 69 port projects. Of those, 50 projects are in operation with total designed capacity of 150 million tonnes per year and eight large container port projects with a capacity of 8.3 million TEU per year. Cai Mep port cluster is one of 19 major ports in the world that can receive the largest super ships.

The province said that seaport and port logistics development will not only help to eliminate inappropriate projects, but also creates an ecosystem for high-tech businesses that have strong finance and the confidence to invest.

In addition, the province continues to develop the Cai Mep Free Trade Zone project to establish a distribution centre connecting the province with the incoming Long Thanh International Airport and focus on implementing other inter-regional transport infrastructure to improve the capacity of the Thi Vai-Cai Mep port system.

Currently, the province is actively promoting implementation of Bien Hoa-Vung Tau Expressway phase 1, which will boast a length of 19.5km. It is hoped construction will start mid-2023.

At the same time, the province is promoting investment in major tourism projects, continuing to support businesses in the implementation of free trade agreements, restructuring the agricultural sector associated with new rural development and in line with adaptation to climate change.

The province is also setting up a planning orientation framework for this decade, with a vision to 2050, including analysis and assessment of territorial, natural, and socioeconomic conditions; the ability to mobilise and promote its resources and outline its development scenarios; and a number of solutions and the actual roadmap prepared for designing its general and specific development plan for each industry and sector.

According to the provincial People's Committee, in the first 11 months of this year, the province attracted an additional 68 projects (17 foreign-invested and 41 domestic), and adjusted capital for 40 projects (25 foreign-invested and 15 domestic) with a total registered investment capital of about \$725 million. Over 1,900 enterprises were newly registered with total registered capital of just over \$852 million.

The province currently boasts 442 overseas investment projects with total capital of nearly \$30 billion.

4. Government to divest 141 state-owned enterprises by 2025

Deputy Prime Minister Le Minh Khai has signed a decision on the plan to reorganise state-owned enterprises with state capital for the 2022-2025 period. The decision was made after a lull of equitisation and divestment over the past three years due to the impacts of the pandemic.

Under the plan, the government will maintain 195 one-member limited companies in which it currently owns 100 per cent of charter capital.

At the same time, it will divest from 141 state-owned enterprises, equitise 19 enterprises, and rearrange 5 units. The government also maintains state capital in 126 enterprises.

Meanwhile, the divestment plan for a further 21 state-owned enterprises will be arranged separately over the coming period.

Data from the Steering Committee for Innovation and Business Development shows that 180 enterprises have been equitised in the 2016-2020 period. As a result, the scale of the state capital has increased by more than 23 per cent from the 2011-2015 period. The enterprises have divested over VND27.31 trillion (\$1.1 billion) and collected nearly VND177.4 trillion (\$7.17 billion).

In the first 10 months of the year, state-owned enterprises have divested nearly VND527 billion (\$21.3 million) and collected approximately

VND3.36 trillion (\$135.8 million). Among them, the State Capital Investment Corporation has sold its capital in 19 enterprises with a value of nearly VND212 billion (\$8.56 million) and collected VND796.5 billion (\$32.19 million).

According to international organisations like the Asian Development Bank and the World Bank, Vietnam's economy has experienced rapid expansion, but issues with quality and competitiveness still exist. One of the causes is the slow-paced equitisation and restructuring of state-owned enterprises, which has prevented private businesses and individuals from investing more in industries that are currently held by the state.

5. Debt market still in infancy, must develop faster

Deputy governor of the State Bank of Vietnam (SBV) Nguyen Kim Anh said while there have been some debt-trading activities in recent years, the market largely remained primitive with a number of shortcomings and limitations.

Anh said a strong market is crucial in reducing risk and boosting liquidity for businesses and financial institutes. In addition, it can play a key part in the development of Viet Nam's financial market, credit systems and institutions.

She said in the last two decades the SBV has been focusing on the construction of numerous legal frameworks for debt-exchange activities with a clear goal to building a model for future development. The introduction of a debt-exchange platform, under the management of the Vietnam Asset Management Company (VAMC), last year has provided businesses and financial institutes with an official method to handle bad debts.

As the market was still taking its first steps, however, there was still much work to do. Major issues included inconsistency in current financial regulations, sub-par auditing quality, inadequate IT infrastructure and a lack of participation by stakeholders in debt-exchange activities.

The deputy governor said the SBV's objective to bring down the bad-debt ratio across the financial system to under 3 per cent in 2025 depends heavily on active participation from businesses and financial institutes, domestic and international alike, and the maturity of the market in the remaining years.

She urged the Government to make it a top priority to support the development of the market.

Economist Can Van Luc said a major issue remained as there were still no methods to handle debts not under the management of VAMC and Debt and Asset Trading Corporation (DATC), both being State-managed.

In addition, currently, there were only two available protocols for debt-exchange: direct negotiation and licensed bidding. Meanwhile, there were only a handful number of companies specialised in debt management and inadequate capital investment.

He urged the government to consider the implementation of proven international debt-exchange protocols, support the development of the secondary market, strengthen the financial infrastructure and encourage the private sector to participate in the market.

6. 2.95 million international tourists have visited Viet Nam so far this year

Viet Nam's tourism reopening began in earnest with the resumption of international flights in the middle of March this year.

According to the General Statistics Office (GSO), in the first 11 months of this year, more than 2.95 million international visitors arrived in Viet Nam

The total figure is 21.1 times higher than that of the same period last year, but down 81.9 per cent on 2019, before the start of the COVID-19 pandemic, and still falls short of the 2022 target of five million foreign arrivals.

The number of international tourists travelling to Viet Nam by air accounts for 88.9 per cent; 11.1 per cent came by road, and 0.03 per cent by sea.

The majority of tourists, 2.076 million, came from other Asian countries, up 17.5 times compared to the first 11 months of last year. European visitors numbered 415,600 (up 29.8 times); 323,400 came from the Americas (up 67.1 times); 129,700 from Oceania (up 115.7 times), and 9,500 from Africa (up 7.4 times).

The country is estimated to have taken VND536.3 trillion (US\$21.6 billion) from accommodation and catering services, up 56.5 per cent year-on-year, while revenue in the travel and tourism industry was estimated at VND22.9 trillion, a 4.1-fold increase compared to that of the same period last year.

The Vietnam National Administration of Tourism launched an email system, the first of its kind, to promote Vietnamese tourism at <https://mail.vietnam.travel>.

Tourism authorities earlier this year set out a target of welcoming five million foreign visitors in 2022.

In 2019, Viet Nam's tourism industry served more than 18 million international visitors and 85 million domestic tourists. However, in 2021, international visitors to Viet Nam only reached 157,300, and the number of domestic tourists was only 40 million. The country's revenue from tourism last year was VND180 trillion. Travel firms fell into a serious crisis as 90-95 per cent faced severe operational disruption.

7. Agro-forestry-fishery exports in 11 months outpace last year's record

The 11-month export rose 11.8% year on year while imports increased 6.9% to some 41.22 billion USD, resulting in a surplus of 7.82 billion USD – up 47.8%.

That made up a total trade of 90.26 billion USD, rising 9.5% year on year, statistics show.

Between January and November, key agricultural products brought home more than 20.73 billion USD, up 6.6%; main forestry products 15.59 billion USD, up 8.2%; fishery products 10.14 billion USD, up 27%; and animal farming 361.4 million USD, down 8.4%.

So far, the agricultural sector has seen eight products and groups of products with export value of over 2 billion USD each, namely coffee, rubber, rice, vegetables and fruit, cashew nut, shrimp, tra fish, and wood products.

Asian markets accounted for 44.7% of Vietnam's total exports, Americas 27.4%, Europe 11.3%, Oceania 1.7%, and Africa 1.7%.

The US remains the biggest buyer of Vietnamese goods, with 12.3 billion USD, making up 25% of total

shipments. It is followed by China (9.3 billion USD, 18.9%) and Japan (3.9 billion USD, 7.9%).

The MARD said agro-forestry-fishery imports are estimated at over 41.22 billion USD during 11 months, increasing 6.9% from a year earlier.

That includes more than 25.21 billion USD worth of key farm produce, up 3.9%; 2.5 billion USD of fishery products, up 39.7%; 2.89 billion USD of forestry products, up 4%; and over 3 billion USD of animal products, down 3.2%.

Corporate News

8. MSN: Masan Group raises \$600m loan in international market

↑ 3.03%

The largest ever five year offshore syndicated loan in Viet Nam’s private sector was arranged by BNP Paribas, Credit Suisse, HSBC, and Standard Chartered Bank.

The interest rate is 6.7 per cent or 2.9 per cent above the US dollar Secured Overnight Financing Rate.

Though the interest rate is 0.35 percentage points less than on a \$200 million syndicated loan completed in 2020, the increase in US dollar borrowing has introduced greater foreign exchange risk.

The company said it would actively monitor and assess the right time for start hedging foreign exchange to mitigate the risks.

The improved credit terms and overall strong access to capital reflect the improving business fundamentals in Masan’s core consumer and retail businesses, including expansion of the retail network.

The new loan will not significantly affect the debt ratio.

It has not only fully serviced its 2022 debts of VND6.9 trillion (\$277.7 million) but also made early payment of VND6.7 trillion (\$269.7 million) of debt owed next year.

9. NVL: Novaland restructures Board of Directors

↑ 6.86%

Accordingly, the Board of Directors of Novaland has received the resignation letter from Jeffrey David Perlman from the position of Independent Member of the Board of Directors, effective from November 30.

Facing the current volatile situation of the global macroeconomy and the tight monetary policy of the State Bank of Vietnam, the Board of Directors and Executive Management Board of Novaland came up with strong solutions, specifically reducing non-core industries, reducing staff and adjusting strategies.

In parallel, it has invited leading global experts and consulting firms to help

restructure its business to ensure stable production and business activities.

Novaland, together with shareholders, foreign partners, and leading expert teams of EY - Parthenon and YKVN Law Firm, plans to assess the overall situation and offer comprehensive restructuring solutions. According to the restructuring plan, Bui Thanh Nhon will return to the position of chairman of the Board of Directors.

Dao Thi Thien Huong of EY Consulting Vietnam said that this was a period when the domestic and international markets faced challenges, negatively affecting many businesses' operations and liquidity.

“With the EY-Parthenon team, this is not only a debt restructuring project of a single

enterprise but also a story affecting hundreds of thousands of workers' families, including thousands of employees of Novaland, and hundreds of thousands of others in the ecosystem that cooperates with Novaland from construction, materials, iron and steel, cleaning services, trees, security, retail, and thousands of shareholders, and tens of thousands of customers are waiting for a stable life," Huong said.

“We see Novaland's capacity and potential in creating real products with real value for customers and the community. We believe such businesses deserve companionship and

support to get through this challenging period. Our initial analysis of the Group's financial situation shows an optimistic medium and long-term picture.”

With the existing resources, Novaland has been continuing to make efforts to deploy sales activities, arrange capital sources, and cut down investments that are not necessary to optimise costs, focus resources on maximum efficiency, and complete key projects in progress, such as Aqua City, NovaWorld Phan Thiet, NovaWorld Ho Tram and other real estate projects in Ho Chi Minh City.

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