



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares slump after five days of gains

The Vietnamese stock market settled lower on Thursday, ending its five-day gaining streak due to the slump of heavy-weight stocks.

On the Ho Chi Minh Stock Exchange, the VN-Index lost 1.16 per cent, to close Thursday at 1,036.28 points.

The index had risen 1.58 per cent, to close Wednesday at 1,048.42 points.

Liquidity hit a 7-month high with more than 1.34 billion shares worth VND21.8 trillion (US\$888 million) traded in the southern market.

The market breadth was positive with gainers outnumbering losers by 281-166. Another 75 closed flat.

Blue chips led the market downtrend. Nineteen out of the top 30 shares by market value and liquidity on the HoSE lost value and only nine gained.

The VN-30 Index, tracking the 30 biggest stocks on HoSE, declined 0.63 per cent to close at 1,042.64 points.

In the VN-30 basket, Property giant Vinhomes (VHM), steelmaker Hoa Phat Group (HPG), insurer Bao Viet Holdings (BVH), Vietinbank (CTG), Khang Dien House (KDH), Masan Group (MSN), Mobile World Group (MWG), PV Power (POW), Sabeco (SAB), SSI Securities Inc (SSI), Tien Phong Bank (TPB), Vingroup (VIC), Vincom Retail (VRE) and

Vietcombank (VCB) were among the worst performers.

In the banking group, all stocks lost ground, pressured by strong selling force, with losers including Military Bank (MBB), Techcombank (TCB), Vietcombank (VCB), Bank for Investment and Development of Viet Nam (BID), VietinBank (CTG), Viet Nam International Commercial JS Bank (VIB) and Saigon-Hanoi Commercial JS Bank (SHB), and Tien Phong Bank (TPB).

Securities stocks decreased towards the end of the session. VN-Index's loss was significantly broadened as securities stocks declined strongly, such as VNDirect Securities Corporation (VND), Saigon-Hanoi Securities JSC (SHS), Viet Capital Incorporation (VCI), Agribank Securities Corporation (AGR) and APG Securities Joint Stock Company (APG).

Energy stocks also performed negatively with losers such as Viet Nam National Petroleum Group (PLX), PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling and Well Services Corporation (PVD) and Drilling Mud Joint Stock Corporation (PVC).

On the Ha Noi Stock Exchange, the HNX-Index rose 1.06 per cent to close at 211 points.

Trading value on the northern exchange reached VND1.7 trillion, with trading volume of 136.7 million shares.

## Macro & Policies

### 2. Plenty of space for growth in Vietnam's consumer market

In an interview granted to Vietnam News Agency correspondents in Hong Kong, Mr To cited a forecast from the International Monetary Fund that Vietnam's GDP growth is likely to come in at 7-7.5% this year, leading the five emerging economies in ASEAN, which include Indonesia, Malaysia, the Philippines, Thailand, and Vietnam.

With its young population, rapid urbanisation, and abundant workforce, Vietnam is an attractive consumer market.

It is also one of the fastest growing e-commerce markets in Southeast Asia.

According to Bain & Company, Vietnam's e-commerce sector has increased significantly in recent years, from 8 billion USD in 2020 to 13 billion USD in 2021 and is expected to hit 39 billion USD by 2025.

The ASEAN-Hong Kong Free Trade Agreement, which officially took effect in June 2019, has played a huge role in promoting trade relations between Vietnam and Hong Kong.

Localities in Vietnam and Hong Kong have witnessed close economic and trade cooperation over recent years, Mr To said, noting that Vietnam has long been among Hong Kong's top 10 trading partners.

### 3. 11-month FDI disbursement hits record high

The disbursement of foreign direct investment (FDI) in Vietnam went up 15.1% between January and November to some 19.68 billion USD, the highest 11-month figure over the past five years, according to the General Statistics Office (GSO).

The processing and manufacturing sector made the lion share of 15.52 billion USD, accounting for 78.8% of the total number. The real estate industry recorded 1.44 billion USD, and electricity, gas, hot water, steam and air conditioner production and distribution, 1.43 billion USD.

Vietnam attracted 25.1 billion USD in foreign investment in the 11 months, up 0.5% month-on-month but down 5% year-on-year, the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment said.

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

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 Vietnam 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 Vietnam's partners.

One bright spot in the period was adjusted capital which surged 23.3% year-on-year to 9.54 billion USD, 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 Vietnam. 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% 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 USD and 267 million USD.

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

#### 4. Vietnam spends US\$7.74 billion importing petroleum products

The first half of November saw petroleum businesses spend US\$360.6 million importing 380,877 tonnes, marking a rise of 21.81% in volume month on month.

Petrol was the most imported product in the reviewed period, with 177,970 tonnes and a turnover of US\$157.35 million, representing a three-fold increase in volume and a 3.32-fold increase in value compared to figures recorded in October.

As of November 15 Vietnam imported 1.5 million tonnes of petrol, up 127.6% from the same period last year.

Asian countries, including the Republic of Korea, Malaysia, Singapore, Thailand, and China, all remained the country's largest suppliers of oil and petrol products.

The global oil market has fluctuated sharply since the beginning of the year, mostly due to the impact of the ongoing Russia-Ukraine conflict.

Local petroleum trading businesses have been required to increase their imports to ensure a sufficient supply of petroleum for domestic use in the coming months.

This year has seen petrol prices undergo a total of 31 price adjustments, with 17 increases and 13 drops, whilst on one occasion prices remained unchanged.

At present, the retail prices of E5 RON 92 and RON 95 gasoline stands at VND22,670 and VND23,780 per litre, respectively, while diesel oil, kerosene, and mazut oil are being traded at VND24,800 per litre, VND24,640 per litre, and VND14,780 per kg, respectively.

The Government is scheduled to announce new retail prices of petrol and oil on the afternoon of December 1.

#### 5. Vietnam's logistics sector speeds up post-pandemic recovery

Up to 68.4% of logistics companies in Vietnam saw increases in their revenues in the first nine months of 2022 compared to the same period of last year, a study released by Vietnam Report JSC showed.

Of the 34 listed logistics companies that were surveyed, 64.7% said their revenues had maintained

growth compared to the pre-pandemic period, said Vu Dang Vinh, General Director of Vietnam Report.

Up to 26.5% of businesses moved from the "recovery" group in the 2019 - 2021 period to "maintaining growth momentum" in the 2019 - 2022 period, reflecting efforts of logistics

enterprises in the recovery process and gaining economic growth in the post-COVID-19 period.

Vietnam Report's survey pointed out that the biggest difficulties that logistics enterprises are facing are fluctuations in energy and input material prices; competition among businesses in the same industry; supply chain-related risks; political instability in the world and reduced demand for shopping. Fuel costs account for a large proportion of the operating cost structure, posing a big problem for logistics enterprises.

About 63.2% of the surveyed enterprises said that total costs increased in the first nine months of this year compared to a year earlier. Nearly one-third of the businesses recorded a significant increase in fuel costs.

Nearly 80% of the businesses forecast that the Russia-Ukraine conflict will continue until the end of 2023, even after COVID-19 prevention and control measures are removed in most markets. In addition, 52.6% of the surveyed enterprises saw a decline in the number of orders and an increase in inventory.

Notably, some businesses recorded up to a 40% reduction in orders compared to the same period last year.

To deal with the issue, Vinh recommended that in the coming years, businesses need to renew their mindset, putting people at the centre of decisions while establishing positive cultural norms and continuously training the workforce.

The Vietnam Report JSC also unveiled a list of the top 10 prestigious logistic companies in 2022 on the same day.

The logistics companies are operating in various categories such as international freight forwarding, warehousing, third-party logistics, fourth-party logistics, freight transportation, port operation, express, last-mile delivery, and others.

The rankings have been developed based on three main criteria, including financial capacity, media credibility, and the surveys of logistic companies conducted in October and November 2022.

## 6. 11-month public investment disbursement up nearly 20%

An estimated 445.9 trillion VND (over 18.18 billion USD) of investment capital sourced from the State budget was disbursed in the first 11 months of 2022, equivalent to 74.9% of this year's target and rising 19.9% year-on-year, according to the General Statistics Office (GSO).

In November alone, the figure reached about 58.5 trillion VND, up 19.7% compared to the same period last year, the office reported.

Statistics from the Ministry of Finance show that 16 ministries and central agencies, and 29 localities have reported disbursement rates of over 60%. However, 27 ministries, agencies and 18 localities have recorded their disbursement rates below 50%.

Besides causes affecting the disbursement such as the increasing prices of material, unfavourable weather conditions, and problems in land clearance, other difficulties include those related to feasibility study reports, basic designs and total investment of projects.

Prime Minister Pham Minh Chinh has requested ministries, sector and localities to ramp up the disbursement of public investment capital in the remaining month of this year and early 2023.

In addition, the leader also emphasised the need to speed up the appraisal and approval of projects, and strengthen post-audit activities in the disbursement work.

## 7. Asian investors eye more M&A opportunities in Vietnam

Investors from Japan, the Republic of Korea (RoK), and Singapore are looking for more potential merger and acquisition (M&A) opportunities in Vietnam, pinning high hopes on the long-term growth prospects of the market.

According to Masataka “Sam” Yoshida, head of the Cross-border M&A Division of RECOF Corporation of Japan, Japanese companies are striving to sign strategic agreements with Vietnamese partners.

Yoshida said Vietnam is Japan firms' most preferred destination thanks to its economic resilience with high growth potential on the basis of the diplomatic relations between the two countries.

The Southeast Asian nation is also transitioning from production to a consumer market, he noted, adding that these favourable factors will attract more Japanese companies to the country.

In November 2022, Vietnam continuously recorded M&A deals from Japanese investors. Most recently, the Cool Japan Fund announced that it will pour about 10 million USD into 4P Holdings - the firm that owns and operates the 4P pizza restaurant chain. This is part of the fund's strategy to exploit opportunities from the Vietnamese food and beverage market.

Meanwhile, Japanese gas supplier Toho Gas has signed a strategic investment cooperation agreement with Phuc Sang Minh Engineering Services Trade Co., Ltd to buy 40% of shares of the Vietnamese gas supplier.

Similarly, Sumitomo Mitsui Banking Corporation will invest 240 billion VND (over 9.7 million USD) in Smart Net Trading Service JSC (SmartNet).

Pharmacy, one of the largest drugstore chains in Vietnam, has joined SK Group, with the aim of entering Southeast Asia's rapidly expanding retail and healthcare markets. The deal is believed to be one of the landmark deals of the year.

Meanwhile, SK E&S, the largest private renewable energy operator of the RoK, signed an agreement

worth 37.5 million USD to buy a 99.99% stake in New Renewable Energy JSC No.1, which is a subsidiary of Gia Lai Power Electricity JSC to set a foot in the renewable energy sector in Vietnam.

The signing of billion-USD deals between Vietnamese and RoK firms have shown confidence of Korean investors in their Vietnamese partners.

Hana Financial Group has established a strategic partnership with the Bank for Investment and Development of Vietnam (BIDV). Vietnam also witnessed the strategic investment of Shinhan Financial Group of the RoK in Tiki - Vietnam's leading e-commerce company in May this year.

Hanh Nguyen, a lawyer of Bae, Kim & Lee Vietnam, said in the first 10 months of this year, 370 million USD was poured into Vietnam through M&A deals by Korean investors.

It is forecast that more and more Korean corporations will join and increase their presence in Vietnam through M&A deals in the coming time.

This year, a member investment fund of Temasek Holdings of Singapore also inked a 50-million-USD deal with Vietnamese e-commerce solution provider OnPoint.

In addition, Singaporean venture capital funds have increased their presence in the Vietnamese market through investments in local startups.

Recently, Dat Bike, an electric motorbike start-up of Vietnam, has announced that it has successfully raised an additional 8 million USD in a funding round led by Singapore-based Jungle Ventures Fund. GSR Ventures and Delivery Hero Ventures also participated in the round, along with Wavemaker Partners and Innoven Capital.

In August, Jungle Ventures also poured 8.5 million USD into in local insurance and healthcare platform Medici.

Meanwhile, Golden Gate Ventures, a Singapore-based venture capital fund, has set up two offices in

Vietnam to invest in technology industry. Another venture fund, the Quest Ventures, is also partnering with Enterprise Singapore to implement the GIA

Acceleration Programme to assist Singaporean tech startups and small- and medium-sized enterprises (SMEs) to enter the Vietnamese market.

## Corporate News

### 8. PET: Cancellation of the plan for share public offering

↑ 6.97%

The Board resolution dated November 30, 2022, the BOD of Petrovietnam General Services Corporation approved the following contents:

1. To cancel the plan for share public offering that approved by the Board resolution dated September 22, 2022.

2. To carry out the plan for stock issuance to pay dividend in 2021 according to the Annual General Meeting 2022 dated June 28, 2022.

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

↑ 3.33%

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

- Record date: December 20, 2022
- Payment date: Quarter I 2023
- Dividend pay-out ratio: 20%/ par value (VND2,000/ share).



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