



VIETNAM DAILY NEWS



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Market Analysis

1. Shares continue recent downtrend

Benchmark indices extended losses on Wednesday, but the downtrend was curbed by gains in large-cap stocks. Foreign inflows continued to provide some support to the market.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) declined by 4.25 points, or 0.42 per cent, to 1,018.88 points. It lost a total of 33.6 points this week due to a strong selling force.

Stocks still leaned toward the downside, with 243 ticker symbols inching lower on the southern bourse, while 90 stocks added points. Liquidity also dropped over the previous session, of which the trading value on HoSE dipped 17.7 per cent to over VND14.4 trillion (US\$607.8 million), equivalent to a trading volume of more than 857.3 million shares.

Gains of large-cap stocks in the VN30 basket helped the index pare some losses. Accordingly, the VN30-Index, which tracks the 30 biggest stocks on HoSE, rose by 3.31 points, or 0.32 per cent, to end the day at 1,033.1 points.

In the VN30 basket, 14 stocks climbed while 13 headed down, of which two hit the maximum daily loss of 7 per cent. And three stocks stayed unchanged.

In general, the VN-Index escaped the mid-term downtrend and is trading in the first recovery wave, with a support level of around 1,000 points, said Saigon-Hanoi Securities JSC.

Statistics showed that the real estate, utility, and banking sectors led the market's trend yesterday, with Vingroup (VIC) being the biggest loser. It was followed by PV Gas (GAS), Vietinbank (CTG), Novaland (NVL), and Vietcombank (VCB), down in a range of 0.38-7 per cent.

Lifting the sentiment somewhat, some pillar stocks reported positive performance, led by VPBank (VPB), Sacombank (STB), and Vinamilk (VNM), up at least 1.27 per cent.

The HNX-Index on the Ha Noi Stock Exchange (HNX) also settled lower on Wednesday, down 3.07 points, or 1.48 per cent, to 204.46 points.

During the trade, more than 94.6 million shares were traded on the northern market, worth over VND1.3 trillion.

On the other hand, foreign investors extended their long streak of net buying on the market as they bought nearly VND1.7 trillion worth of shares on both main exchanges. Especially, they net bought nearly VND1.66 trillion on HoSE and VND27.54 billion on HNX.

Macro & Policies

2. Oil stocks with strong financial health good choices for investors

Oil businesses with strong financial health benefitting from the current high oil prices will be the appropriate choices for investors' portfolios in the current volatile market context.

The stock market ended last week with three increasing sessions and two decreasing sessions. The main movement of the VN-Index in the past week was a struggle, industry groups took turns leading and controlling the index with three prominent names of securities, banking and steel.

In the past month, many oil and gas stocks recorded an increase of more than double digits such as Nam Song Hau Oil and Gas Investment Company (NSH) gaining 45.5 per cent, Petrovietnam Transportation Corporation (PVT) rising 46.2 per cent, PetroVietnam Power Land (PVP) climbing 46 per cent and Binh Son Refinery (BSR) rising 34.2 per cent.

Positive stock price movements often reflect the sector's outlook and investor confidence in the businesses.

Mixed performances among oil and gas groups

With the ongoing tensions between Russia and Ukraine, the price of Brent crude oil was pushed to a record high since 2008 of \$139.13 a barrel in March. Brent oil price cooled down gradually towards the end of 2022 but remained at the highest level in the past eight years, at over \$90 per barrel.

Oil and gas enterprises are divided into three types: Upstream (including all activities of prospecting, exploration and exploitation); midstream (transportation, storage and distribution of oil and gas); downstream (converting oil and gas into finished products, delivering to customers). Therefore, the impact of an increase in oil prices on each of these groups is different.

Despite the sharp increase in oil prices in 2022, the upstream group including Vietnam Petroleum Technical Services Corporation (PVS) and

PetroVietnam Drilling and Drilling Services Corporation (PVD) recorded poor business results.

PVD recorded a loss of VND51 billion in the third quarter of 2022; thereby increasing the loss in nine months of 2022 to VND201.66 billion. PVS in the third quarter of 2022 recorded a profit of VND193 billion, down nearly 20 per cent compared to the same period last year; PVS' 9-month profit in 2022 also decreased by 21.2 per cent to VND453.6 billion.

This year is considered a challenging year for the "downstream" group due to the instability of the domestic market. Nghi Son oil refinery, the largest oil project in the country, operated below capacity in the first half of this year and the delay in adjusting the costs of the base price of oil has caused many difficulties for distributors, causing a shortage of domestic supply. Therefore, some large distributors have to increase the source of imported goods to ensure petrol for the domestic market in the context of unfavourable developments in the world oil market and high transportation costs.

In Q3, PV Oil (OIL) lost VND373.4 billion; Materials - Petroleum Joint Stock Company (COM) lost VND7.7 billion; Thanh Le General Import-Export Trading Corporation (TLP) lost VND168 billion; Nam Song Hau Oil and Gas Investment Company (NSH)'s profit was VND762 million, down by nearly 82 per cent, Binh Son Refinery (BSR)'s profit was VND455 billion, equivalent to a slight decrease of 3.32 per cent.

In the first nine months of 2022, no "downstream" enterprises recorded a growth in profit over the same period last year, except for BSR, which made a profit of nearly VND13 trillion, nearly three times higher.

The midstream group is much more promising. Besides PetroVietnam Drilling and Well Services Corporation (PVD) with profit down 49 per cent, the rest of the companies all announced good business results, such as PetroVietnam Gas JSC (GAS) earning profit of VND3.09 trillion, up 25.42 per cent; Petrovietnam Transportation Corporation (PVT)

collecting VND386 billion, up 152.3 per cent and PetroVietnam Power Land JSC (PVP) earning VND176.3 billion, up 371.4 per cent.

VnDirect Securities Co expects the average Brent oil price to reach about \$90 per barrel in 2023.

For the upstream group, VnDirect expects the revised Petroleum Law passed in November will be a general legal framework for the oil industry, reducing the overlap between laws in oil and gas activities, helping to create a transparent legal framework for investors and increasing the attractiveness of the investment environment in the oil and gas sector.

As for the midstream, VnDirect sees the demand for oil and gas transportation in the domestic market will gradually increase in the next few years thanks to the operation of Binh Son Refinery and Nghi Son Refinery at full capacity. Besides, charter rates have recovered to pre-COVID-19 levels since 2022, which is a good sign for oil and gas carriers.

As for the downstream group especially large enterprises, VnDirect expects world oil prices to see more stable movements compared to 2022; Viet Nam's petrol consumption demand is forecast to reach a compound growth rate of 5.5 per cent in the 2022-2030 period, which is the basis for distribution businesses to grow in the coming years.

3. Central bank advised to continually fight against dollarisation, goldenisation

The State Bank of Việt Nam (SBV) should continue to take measures against dollarisation and goldenisation in the domestic economy as the markets remain potential risks for the rising speculation and hoarding of the assets, experts said.

In recent years, dollarisation and goldenisation have been strictly controlled in the country, which has helped to stabilise the Vietnamese đồng and fight inflation.

According to experts, the dollarisation of Việt Nam's economy has fallen sharply, from more than 20 per cent before 2010 to more than 10 per cent after 2010.

With the Government's policies of consistently controlling inflation and stabilising exchange rates, interest rates of đồng-denominated deposits are always higher than that of US dollar-denominated deposits, which has encouraged people to convert the dollar into đồng and deposit at banks to get higher profits. The interest rate for US dollar-denominated deposits is currently at zero per cent against 8-10 per cent per year of đồng-denominated deposits.

Despite the success, Việt Nam still needs to continue to have policies to regulate the market, because the market still has factors affecting the goal of limiting dollarisation in the economy.

Economist Đỗ Duy Cường said the increase in dollarisation would make the foreign exchange market unstable which causes a trade deficit and inflation to increase, and negatively impacts confidence in the national currency. The country's foreign exchange reserves therefore would also be reduced.

Therefore, Cường said, it was necessary to continually stabilise the đồng value and use monetary policy tools to influence market conditions so as to make the đồng more attractive than the dollar.

The interest rate policy must aim to create and maintain a positive interest rate gap between đồng and dollar-denominated deposits, which will limit the tendency to hold the dollar.

Besides dollarisation, goldenisation has been also restricted in the country since the issuance of Decree 24/2012/NĐ-CP on the management of gold businesses. In fact, gold is no longer a means of payment. The current demand for gold does not come from speculation but the real needs of people such as jewelry, gifts or a lucky asset on the first days of the New Year.

Đỗ Minh Phú, chairman of DOJ Group, said before 2012, the gold price changed continuously, which had a very bad impact on the economy. Since the SBV implemented Decree 24, the gold market had been

effectively managed by a relatively standard legal corridor.

Experts said the gold and foreign exchange markets had been stable for more than 10 years, making Việt Nam proactive in the uncertainties of the global market.

Expert Nguyễn Trí Hiếu said the SBV had succeeded in managing the gold market, which hadn't seen fevers with balanced supply and demand though the gold price had surged to VNĐ65-66 million per tael.

The SBV has so far also affirmed it will continue to closely monitor the gold and dollar price movement to take measures to stabilise the market.

4. HCM City to speed up public spending in 2023

HCM City next year will focus on speeding up public spending that has remained slow, causing major public projects to be delayed for years, said the chairman of HCM City People's Committee.

Speaking at a meeting on the city's socio-economic targets for 2023 on Tuesday, Phan Văn Mãi said the city has set a target of disbursing 95 per cent of approved public investment capital.

As of November 25, public spending was only 34 per cent of the full-year target and is expected to increase to 77 per cent by the end of the year.

The city will also focus on improving public services, streamlining administrative reform, controlling inflation, and stabilising the macro-economy, he added.

It will also address any obstacles related to investment procedures to lure investment, according to Mãi.

2023 targets

The city will need to develop high-quality human resources and promote digital transformation to achieve digital governance, a digital economy and a smart city.

It will also speed up the progress of major transport projects.

The city has set a target to attract 4.5-5 million foreign tourists next year for revenue of VNĐ120 trillion (US\$5.03 billion).

The city plans to ensure labour productivity growth of 7 per cent and maintain the proportion of services in its economic structure at above 60 per cent.

The city plans to continue to supply the economy with capital amid tightening monetary policy.

Speaking at a recent meeting, Nguyễn Văn Nên, secretary of the municipal Party's Committee, said the city will face headwinds from the global slowdown in 2023, and lowered its growth target to 7.5-8 per cent next year.

Despite huge challenges in 2022, the city's gross regional domestic product (GRDP) reached 9.03 per cent, surpassing its target of 6-6.5 per cent.

Its total State budget revenue was VNĐ457.5 trillion this year (accounting for one-third of the country's total State budget revenue), up 17 per cent year-on-year.

Its Index of Industrial Production increased by 14.2 per cent.

The city's exports were worth \$49.5 billion, up 10.3 per cent, and its imports \$66.2 billion, up 10 per cent.

Total tourism revenue reached VNĐ120 trillion, up 171 per cent year-on-year.

The city has received 3.5 million foreign visitors to date.

Its retail sales of goods and services were estimated at more than VNĐ900 trillion (\$36.5 billion), up 30.6 per cent year-on-year.

5. HCM City's first metro line sees test run

HCM City's much-anticipated first metro line saw its first test run on nine kilometres of elevated track between Suối Tiên Station and Bình Thái Station on Wednesday.

The trial was run by Japanese contractor Hitachi, according to the city's Management Authority for Urban Railways (MAUR).

Kazuhiko Nagasawa, Project Manager of Hitachi Company, described the event as an important milestone in starting the test operations of the train with mechanical and electrical systems on the line.

In 2023, Hitachi, together with subcontractors, will mobilise all resources to continue the installation and testing of all the systems in the depot, viaduct and tunnel areas, he said, adding it is committed to making every effort to complete the project.

Nguyễn Quốc Hiên, MAUR's deputy head, said that in 2023, it will work with NJPT consultants and contractors to accelerate the project implementation, complete the construction, and move to the commercial operation.

The elevated section is designed for trains to run at a speed of 110 kilometres per hour, but during the test run the train ran at a speed of 40kph.

All 17 trains have 147 seats and a capacity of 930 passengers. They can run at speeds of up to 80km underground.

All the trains have been tested at Long Bình depot in Thủ Đức City since August this year.

The metro line is expected to be tested on the entire 19.7-km route between Bến Thành Market in District 1 and Suối Tiên Theme Park in Thủ Đức City next year, according to MAUR.

After 10 years of construction, around 93 per cent of the metro line, including three underground and 11 elevated stations, has been completed.

The project was initially scheduled for completion in late 2021 to run commercially in 2022. However, it has been delayed several times due to the pandemic and procedural problems.

With an expected investment of more than VNĐ43.7 trillion (US\$1.89 billion), the metro line is funded by Japanese overseas development assistance and Vietnamese counterpart funds.

6. ADB, BIM Wind sign US\$107 million financing package to support wind energy in Viet Nam

The Asian Development Bank (ADB) signed a US\$107 million financing project with BIM Wind Power Joint Stock Company (BIM Wind) to support the operation of an 88 MW wind farm in Ninh Thuận Province, Viet Nam.

The power plant will help Viet Nam reach its clean energy and climate action targets by offsetting about 215,000 tonnes of carbon dioxide annually.

This innovative \$107 million project financing is arranged and syndicated by ADB as mandated lead arranger and bookrunner, and comprises \$25 million from ADB's ordinary capital resources, \$25 million from Japan International Cooperation Agency, \$13 million from Hong Kong Mortgage Corporation Limited, \$17 million from Sumitomo Mitsui Banking Corporation, \$18 million from ING Bank, and \$9 million from Cathay United Bank.

“Energy demand in Viet Nam has grown rapidly even during the pandemic, and it is crucial that this demand be met through clean energy that will drive sustainable economic growth,” said ADB Private Sector Operations Department Infrastructure Finance Division Director for East Asia, Southeast Asia, and the Pacific Jackie B. Surtani. “This project is a crucial step toward Viet Nam’s resilience and ongoing recovery by further expanding the country’s renewable energy mix and contributing to its net-zero targets.”

ADB will also administer an additional \$5 million grant from the Goldman Sachs and Bloomberg Philanthropies-backed Climate Innovation and Development Fund to help de-risk the investment. Specifically, the grant will be used for initiatives to mitigate environmental and social safeguard risks such as reducing shadow flicker impact on residents in the project locality and the preservation of wildlife habitats.

“We are very honoured to receive financing from a leading development finance institution in Asia as well as international commercial banks. We have worked very hard with ADB and other lenders to meet international standards, especially in regards to Environment, Social, and Governance,” said BIM Wind JSC CEO Doan Quoc Huy. “The success of this transaction supports Viet Nam’s transition to a low carbon economy. We continue to pursue our mission toward the sustainable development of clean energy in Viet Nam.”

BIM Wind is jointly owned by ACEN Corporation through its subsidiary, ACEN Vietnam Investments Pte Ltd and the BIM Group through its subsidiary, BIM Energy Holding Corporation (BIMEH). ACEN and BIM Group have been developing renewable energy projects since 2019.

7. Number of passengers on domestic flights recovers

In particular, the sharp increase in domestic passenger transport has partly offset the slow recovery of international arrivals.

Specifically, the airline's domestic passenger transport reached 43.2 million passengers this year, an increase of 3.5 times compared to the previous year and an increase of more than 15 per cent compared to 2019.

However, international transport only reached 11 million visitors, despite growing 22 times over the previous year, but only equivalent to 27 per cent compared to 2019.

In terms of goods, the total volume of goods transported by air is estimated at more than 1.25 million tonnes, equivalent to the transport volume of 2019.

In which, the volume of domestic freight is still 40 per cent lower than in 2019, however, international freight transport rose by more than 10 per cent compared to 2019.

The Civil Aviation Authority (CAA) of Viet Nam assessed and overviewed the Vietnamese aviation market of Viet Nam last year that the domestic market, which had strong growth in output, showed the effectiveness of COVID-19 pandemic prevention and control measures and the country’s proper market opening and restoration.

In addition, the authority actively discussed with the International Civil Aviation Organization (ICAO) and aviation authorities of partner countries during the year to resume regular international flights after the pandemic is under control.

Corporate News

8. VIC: First batch of Vinfast's VF 8 electric cars arrives in US

↓ -1.79%

The company has also received all the necessary certifications to sell the cars in the US, and will begin delivering these vehicles to customers by the end of this month.

The first 999 VinFast vehicles that arrived in the US, after 26 days at sea from Vietnam, are the VF 8 City Edition, a limited edition for the US to enable direct customer experience of VinFast vehicles from 2022.

With all the features of the standard VF 8, the VF 8 City Edition is a platform that connects all aspect of life through modern technology features such as Advanced Driver Assistance System (ADAS) and Smart Services. It will also be updated regularly over the air (FOTA) to improve vehicle functionality and customer experience.

The VF 8 City Edition will have an industry-leading 10-year warranty for the vehicle, 10 years warranty for the battery (unlimited mileage), and

24/7 emergency roadside assistance during the warranty period.

Designed for regular daily commuters, the VF 8 City Edition's battery range has been recently certified by EPA at 179 miles for the Eco and Plus models.

According to several public research, this range is several times better than the average daily range of a typical driver in California. It will be improved with a software update and the new range is expected to be announced by the end of January 2023.

VinFast, an subordinate company of private conglomerate Vingroup, has received EPA COC to import and sell vehicles into the US and additionally CARB EO to deliver vehicles to customers in California and states that have adopted CARB rules (14 other states and Washington DC). Lastly, VinFast has also complied with all applicable FMVSS issued by NHTSA.

9. HPG: Hoa Phat exports long steel to Europe for the first time

↓ -0.53%

This is the first order of long steel products to be exported to this region, opening up a new and potential market for the group's steel products.

The group's long steel products have been exported to the Americas, Asia, Africa and Australia markets. With this European order, its long steel products are present in all five continents.

Exploiting new markets helps Hoa Phat diversify its consumption markets, and at the same time,

contributes to foreign currency collection and Viet Nam's trade balance.

In addition to long steel products, Hoa Phat has exported flat steel (HRC) and corrugated iron to Europe.

In addition to the first order to export to the European market, Hoa Phat has signed a number of export orders to traditional markets such as Canada, Cambodia, South Korea, and Thailand, which will be delivered in January and February next year.

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