



VIETNAM DAILY NEWS



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Market Analysis

1. Shares soar on the rise of pillar stocks

Vietnamese equities closed higher on Friday thanks to the strong growth of blue chips.

On the Ho Chi Minh Stock Exchange, the VN-Index gained 4.22 per cent, to close Friday at 1,080.01 points.

It had lost 1.16 per cent, to close Thursday at 1,036.28 points.

Liquidity declined compared to the previous session with more than 1 billion shares worth VND17.9 trillion (US\$734.6 million) traded in the southern market.

The market breadth was positive with gainers outnumbering losers by 361-92. Another 59 closed flat.

In the near future, the market will need more time to absorb the supply and find a new equilibrium. It is expected that VN-Index will be actively supported when it returns to the range of 1,000 - 1,020 points and recovers. Investors need to slow down and observe the cash flow's support signal, said Viet Dragon Securities Co.

Blue chips led the market uptrend. All 30 out of the top 30 shares by market value and liquidity on the HoSE gained value.

The VN-30 Index, tracking the 30 biggest stocks on HoSE, rose 4.83 per cent to close at 1,092.99 points.

In the VN-30 basket, property giant Vinhomes (VHM), Vietinbank (CTG), Hoa Phat Group (HPG),

Khang Dien House (KDH), Phat Dat Real Estate (PDR), SSI Securities Inc (SSI), Sacombank (STB) all hit the daily limit gain of 7 per cent.

In the banking group, all stocks gained ground, fostered by strong buying force, with gainers 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 increased towards the end of the session. VN-Index's gain was significantly broadened as securities stocks climbed 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 positively with gainers 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 2.35 per cent to close at 215.96 points.

Trading value on the northern exchange reached VND1.8 trillion, with trading volume of 135.2 million shares.

Macro & Policies

2. PM seeks crackdown on housing and bond fraud

The Prime Minister was speaking during a government meeting held Thursday morning, December 1.

According to Chinh, rapid and complex global developments, driven by inflation and volatile currency exchange rates, have significantly influenced Vietnam's economy in 2022 and 2023.

The State Bank of Vietnam's orientation towards tightening credit, coupled with interest rate hikes, has affected all domestic industries. Meanwhile, recent misconduct in Vietnam's corporate bond market has sapped investor confidence, making it more challenging for corporations to obtain funding.

However, to filter out fraud and stabilize socioeconomic conditions, the Government would intervene in the operation of some sectors, including the housing market.

The move may dampen the confidence of some businesses and their clients, but is necessary to protect the legitimate rights of the people, Chinh said.

To help the housing market regain growth momentum, the Government will seek legal solutions to assist businesses in this field, facilitating a healthy investment environment and helping people access affordable houses.

The prime minister added that the Government had established three working groups to remove obstacles plaguing the monetary policy, real estate industry, and corporate bond market.

They are managed by Deputy Prime Minister Le Minh Khai, minister of Construction Nguyen Thanh Nghi, and minister of Finance Ho Duc Phoc.

3. Businesses struggle to keep workers as exports slow

Declining demand in major export markets such as the EU and the US has resulted in fewer orders this year, traditionally the busiest time for textile, footwear and handicraft exporters.

As businesses were forced to decrease production, lay-off and reduced hours have been the norm. Re-hiring workers often means re-training, however, it may prove to be very costly once demand bounces back, according to labour experts.

Tran Thanh Hai, vice president of the Vietnam General Confederation of Labour (VGCL), said nearly a quarter of a million textile, footwear and handicraft workers were not working full shifts. The situation could be much worse because reporting from lower-level organisations remained spotty at best.

VGCL said things won't likely improve any time soon, at least from now until the end of the Tet (Lunar New Year) holiday.

Nguyen Dinh Cuong, vice president of VGCL's HCM City Office, said nearly 100 businesses in the southern economic hub's Thu Duc District alone said they had not enough orders to keep production running at full-throttle. Some have resorted to rotary layoffs for the next three months with those on leave receiving a part of their salaries.

Pham Quang Anh, CEO of a textile maker in Binh Chanh District, HCM City, said his company received 20-50 per cent fewer orders since August, compared to last year.

"We have not been able to turn a profit. Our top priority right now is to keep our workers as it can be prohibitively expensive to re-hire and re-train a

large number of workers once we manage to secure large orders again," he said.

Kieu Van Dong, head of a labour union in a wood product company in Bien Hoa City, said this time last year, the company had over 1,700 workers working full-time but as of now, there were just 650.

"During the pandemic, we often had to deal with a shortage of workers, not orders. Now it's the opposite," Dong said.

Labour and industry experts said it has been much worse than during the COVID-19 pandemic.

They urged businesses to strengthen collaboration to find suitable jobs for idle workers. Meanwhile, workers said they were willing to work in less hours and sign into rotary-layoffs to keep their jobs to maintain their social security eligibility.

4. Solutions outlined to speed up public spending

The government has shown determination to speed up spending for the 2022 public investment plan. On November 27, Prime Minister Pham Minh Chinh had a working session on socioeconomic development, public investment spending and the work progress of major construction projects with Ho Chi Minh City's leaders.

PM Chinh inspected work on public investment projects many times this year. Additionally, the PM has also taken advantage of working sessions with localities to inspect the situation at construction projects.

Since early 2022, he has required sectors and authorities at all levels to focus on accelerating the disbursement of public investment capital, considering it as a driving force for growth, as an important political task, giving priority to directing and operating, contributing to stabilising the macro-economy, controlling inflation, and promoting growth.

Completing spending for public investment is not easy, especially in the context of adverse factors such as volatility, choppy gasoline prices, difficulties for contractors to access credit capital, and unfavourable weather in many key projects.

According to the Ministry of Finance, it is estimated that the disbursement rate of public investment capital of the whole country in the first 11 months of 2022 reached only 52.43 per cent of the plan. In particular, domestic capital reached 60.25 per cent (compared with 69.19 per cent in the same period last year), and foreign capital reached 27.99 per cent

(compared with 21.51 per cent in the same period last year.

Even the Ministry of Transport, considered leading in spending, reached 63.4 per cent of the disbursement plans at the end of November, which is lower than last year.

The above result has put the last month of the year under pressure to complete the 2022 public investment disbursement plan. It is very difficult to achieve the goal without breakthroughs and drastic solutions.

Leaders of ministries, branches, and localities need to be drastic, proactive, active, and close to handling and removing obstacles in a timely, efficient manner.

They need to strengthen inspection and supervision and quickly find shortcomings. The leaders need to directly direct and remove difficulties in the disbursement of public investment and assign clearly for each project.

Additionally, it is necessary to accelerate the construction and local planning and prepare investment procedures and site clearance. Assigning clear tasks, rights, and responsibilities among sides in implementing projects is key.

Such solutions will create an impetus to disburse efficient investment capital, preventing projects from blowing hot and cold depending on whether official targets have been met.

5. Newly-established, re-operating enterprises up over 33% in 11 months

Vietnam saw nearly 194,700 newly established and re-operating enterprises in the first 11 months of 2022, up 33.2% over the same period in 2021, a 1.3 times higher than the average rate in January – November period from 2017 - 2021, according to the Business Registration Agency under the Ministry of Planning and Investment (MPI).

In November alone, the country counted 11,943 new enterprises with a total registered capital of 104.49 trillion VND (over 4.27 billion USD) and 73,988 labourers.

The figures represented a 0.3% increase in the number of firms, and decreases of 30.3% in capital and 3.4% in workforce compared with the same period last year.

Meanwhile, as many as 6,267 enterprises resumed their operation in the month, up 26.4% year-on-year.

On the opposite side, there were 132,339 enterprises withdrawing from the market in the last 11 months, an increase of 24.3% year-on-year.

A total of 70,220 enterprises temporarily ceased operations, a yearly hike of 34.8%. Another 45,271

were in the dissolution process, and 16,848 completed dissolution procedures, year-on-year rises of 14.7% and 13.3%, respectively.

The agency said the total registered capital of enterprises tends to decrease, and the average amount of registered capital of newly-established firms is expected not to rise in the remaining months of this year.

In January – November, the total registered capital added to the economy rose by 21.5% over the same period in 2021, it noted.

To support businesses, General Director of the General Statistics Office (GSO) Nguyen Thi Huong urged ministries and sectors to ensure adequate supply of raw materials and energy to meet the demand for production and business recovery and socio-economic development; and work hard to remove difficulties and obstacles for important industrial projects.

She also underlined the need to strengthen support for export enterprises to effectively respond to trade remedies, saying that the work plays an important role in maintaining and expanding Vietnam's export markets.

6. Businesses urged to utilise resources to fulfill bond commitments

The Ministry of Finance has sent documents to bond issuers, asking them to utilise resources to fulfill their commitments to investors, said Deputy Minister Nguyen Duc Chi on solutions to difficulties in the corporate bond market at the Government's regular press conference in Hanoi on December 1.

The market has seen a contraction since only about 331 trillion VND (13.5 billion USD) worth of bonds had been issued as of November 25, down more than 31.6% year-on-year, the official pointed out.

Issuers' ahead-of-schedule bond buyback also reflects negativity in the market, with some 161

trillion VND repurchased as of November 25, exceeding last year's amount by 14%.

Violations by some issuers and commercial banks have eroded the confidence in the market, and inaccurate rumours also adversely impacted the market, he said, noting that issuers are facing problems in liquidity, capital and credit.

To stabilise and develop the bond market, the Government has issued a decree on enhancing publicity and transparency of the market, handling problems and protecting rights and interests of investors, Chi said.

The Government has also ordered a review and necessary supplements to deal with changes in the market.

Minister Ho Duc Phoc on November 23 had a working session with 37 bond-issuing firms and nearly 10 securities companies, during which participants sought solutions to restore the faith, remove liquidity difficulties, and consolidate the legal framework, according to Chi.

The official affirmed that the businesses that violate laws will be handled strictly to ensure legal rights and interests of investors under any circumstances.

Deputy Minister of Construction Nguyen Van Sinh briefed participants on the performance of a working group established under the Prime Minister's decision to deal with obstacles facing enterprises in the real estate market so as to ensure its stable and healthy development.

The group gathers representatives from the Ministries of Construction, Finance, Natural Resources and Environment, and Public Security, and the State Bank of Vietnam.

Through working sessions with localities and businesses, the group has identified a number of issues regarding institutions, especially legal regulations on land allocation, land use purpose conversion, land auction, and land project bidding, among others.

It has urged localities, including Hanoi and Ho Chi Minh City, to deal with the problems within their capacity.

In this regard, Minister-Chairman of the Government Office Tran Van Son noted that the biggest problems lies in procedures in land and credit, saying reviewing market segments with a focus on commercial and social housing should be done first..

7. Agro-forestry-fishery exports set new record

Between January and November, key agricultural products brought home more than \$20.73 billion, a yearly hike of 6.6 per cent; main forestry products (\$15.59 billion, up 8.2 per cent); seafood (\$10.14 billion, up 27 per cent); production input (\$2.2 billion, up 38 per cent) and animal farming (\$361.4 million, down 8.4 per cent).

Many products saw increases in both export volume and value in the period including wood products with \$14.6 billion, up 9 per cent; coffee (\$3.5 billion, 32 per cent); rubber (\$2.9 billion, 3 per cent); rice (\$3.2 billion, 9 per cent); tra fish (\$2.2 billion, 62 per cent) in addition to shrimp (\$4.1 billion, 15 per cent); cassava and cassava products (\$1.2 billion, 3.2 per cent) and pepper (\$895 million, 3.2 per cent).

Among these products, the ministry attributed tra fish's sharp increase to the strongest annual surge in the product's average price, at 50 per cent. Exporters have also seized an opportunity to increase their market share created by the Russia-

Ukraine conflict which limits the supply of white fish.

Meanwhile, shrimp export turnover also retained good growth so far thanks to strong rises recorded in the first half of the year. In the last half, the value declined due to a decrease in market demand and a short supply of raw materials. The product's average export price did not increase as strongly as tra fish, as it faced significant competitive pressure from those of Ecuador and India.

With these positive figures, the nation's fishery export is projected to hit \$11 billion in 2022.

During the 11 months, Asian markets accounted for the largest share of Viet Nam's agro-forestry-fishery exports at 44.7 per cent. It was followed by Americas (27.4 per cent), Europe (11.3 per cent), Oceania (1.7 per cent), and Africa (1.7 per cent).

The US remained the biggest buyer of Vietnamese goods, with \$12.3 billion, making up 25 per cent of

total shipments. China came next with \$9.3 billion or 19.9 per cent while Japan ranked third with \$3.9 billion or 7.9 per cent.

The MARD also said the 11-month agro-forestry-fishery imports included over \$25.21 billion worth of key farm produce, up 4 per cent; \$2.5 billion of seafood, up 40 per cent; \$2.89 billion of forestry goods, up 4 per cent; and over \$3 billion of animal products, down 3.2 per cent.

The ministry said it would continue to accelerate the restructuring of the industry, improve productivity and quality, and re-organise production according to specialised farming areas.

The ministry had guided localities, especially key rice growing, livestock and aquaculture areas to draw up production plans suitable to the market's needs, it said, adding that solutions to ensure a sufficient supply of food and pork, especially during the upcoming Tet holiday, would be also included.

Furthermore, the ministry would actively team up with the Ministry of Industry and Trade and the Ministry of Foreign Affairs to research and deliver analysis and forecasts of the global demand and supply of agro-forestry-fisheries goods.

Top priority would also be given to facilitating the application and transfer of science and technology and improving productivity and quality of agricultural products, it added.

Corporate News

8. HDB: HDBank to issue \$500m worth of convertible bonds and lift its FOL to 20%

↑ 3.45%

HDBank is also seeking approval to increase the foreign ownership limit from 18 per cent to 20 per cent.

In 2020 and 2021 the lender has issued convertible bonds worth \$325 million to well-known financial institutions including Affinity Equity Partners, IFC, DEG and Leapfrog Investments, according to announcement on the bank's website.

Bondholders may choose to convert their bonds into common shares of the bank.

Proceeds from the issuance will help the bank supplement its medium- and long-term capital, and get ready for high growth plans in line with its strategy.

At the same time the proceeds will help enhance the lender's asset quality indicators, capital adequacy ratio, and get it ready to soon adopt Basel III standards.

HDBank currently has charter capital of VND25.3 trillion (US\$1.02 billion).

The maximum foreign ownership limit (FOL) is to be lifted from 18 per cent to 20 per cent. HDB shares receive strong interest from foreign institutional investors who net purchased more than 21 million of HDB shares this year and the FOL of 18 per cent has been reached.

At a recent conference, Chairman Kim Byoung-ho said HDBank received strong interest from foreign investors as their third-quarter business results were the best ever. HDBank forecasts its pretax profit to exceed VND10 trillion (\$408.2 million) this year, up 25 per cent year-over-year.

Despite the market volatility, HDBank maintains its B1 credit rating, its non-performing loan ratio is among the healthiest in the industry and it tops the industry in profitability and capital adequacy ratio.

9. NVL: Record date for collecting bondholders' written opinions

↑ 1.93%

The On November 28, 2022, No Va Land Investment Group Corporation announces the record date to collect bondholders' written opinions as follows:

- Bond name: NVLB2123012
- Bond code: NVL122001
- Bond type: corporate bond
- Par value: 100,000 dong/bond

- Trading floor: December 13, 2022

1. Reason and purpose: to collect bondholders' written opinions.

2. Content:

- Exercise ratio: 01 bond – 01 voting right

- Time of implementation: expected in December 2022

- Location: 119 Tran Duy Hung, Trung Hoa ward, Cau Giay district, Ha Noi.

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