



VIETNAM DAILY NEWS



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Table of content

Table of content

- 1. Indices rebound on bottom-fishing force**
- 2. HCM City sets 2023 growth target of 7.5-8%**
- 3. Bancassurance market heats up with deals worth trillions of dong**
- 4. Vietnamese ships to conquer the global supply chain seas**
- 5. Provinces set to launch price stabilization programs ahead of Tet**
- 6. Aviation pressured to turn into regional freight centre**
- 7. Thu Duc needs new mechanism for development**
- 8. PTB: Record date for the first cash dividend payment in 2022**
- 9. DHC: The record date for the dividend payment**

Market Analysis

1. Indices rebound on bottom-fishing force

The stock market finished higher on Thursday, boosted by bargain-hunting force after a two-day correction.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) closed the trading day at 1,050.53 points, an increase of 9.51 points, or 0.91 per cent.

The market's breadth returned to positive territory with more stocks recovering. Specifically, 257 ticker symbols on HoSE added points, while 86 dropped lower.

Liquidity also improved, with trading value on the southern bourse rising 10.4 per cent over the previous session to VND15.45 trillion (US\$649.1 million), equal to a trading volume of nearly 917 million shares.

The index's reversal was mainly driven by gains in some large-cap stocks as recent sharp falls stimulated some investors to increase stock proportions in their portfolios.

The VN30-Index, which tracks the 30 biggest stocks on HoSE also rose higher, up 15.15 points, or 1.45 per cent, to 1,062.73 points.

In the VN30 basket, 20 stocks advanced, of which three registered the maximum intra-day gain of 7 per cent. Meanwhile, nine stocks declined with one hitting the floor price and one ending flat.

Statistics from a finance website vietstock.vn showed that Techcombank (TCB) recorded the

best performance on Thursday and led the bullish trend. The bank's shares soared 7 per cent.

Other pillar stocks supporting the uptrend were VPBank (VPB), Hoa Phat Group (HPG), MBBank (MBB) and Vietnam Rubber Group (GVR). These stocks all rose at least 3.56 per cent.

Securities stocks like SSI Securities Corporation (SSI), Becamex (BCM) of the realty industry and Mobile World Investment Corporation (MWG) of the retail sector also saw big increases, lifting the sentiment.

Capping the recovery, persistent sell-off pressure still weighed on some blue-chip stocks, led by Vietcombank (VCB) with a drop of more than 1.9 per cent. It was followed by Vinamilk (VNM), Masan Group (MSN), Vingroup (VIC) and Vincom Retail (VRE), down in a range of 1.8-4 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index rebounded, up 5.44 points, or 2.59 per cent, to end at 215.37 points.

During the trading session, nearly VND1.5 trillion worth of shares, equal to nearly 107 million shares, was traded on the northern market.

The market continued to receive support from foreign investors as they kept net buying on both main exchanges. Specifically, they net bought VND577.46 billion on HoSE, and VND36.09 billion on HNX.

Macro & Policies

2. HCM City sets 2023 growth target of 7.5-8%

At the meeting of the municipal People's Council on December 7, Vice Chairwoman of the city People's Committee Phan Thi Thang said that the city could have both opportunities and challenges in socio-economic development next year but more difficulties and challenges are expected and it's hard to predict them.

The city will continue to focus on administrative reform, increase the efficiency of public services, and improve the business environment, she said.

Thang added that the city authorities will continue to remove bottlenecks, make use of resources, mobilise various investment capital sources, as well as accelerate the implementation of key infrastructure projects, traffic and urban development ones.

The city also expects to create a breakthrough in digital transformation and a knowledge-based economy in association with exploiting the potential of science and technology, Thang said.

Among the 17 key indicators for socio-economic development for 2023, the municipal People's Committee also set a target to attract 4.5-5 million foreign tourists next year for a revenue of 120 trillion VND (about 5.03 billion USD).

In 2022, despite difficulties and challenges, HCM City reached a GRDP of about 9.03%, surpassing the approved target of 6-6.5%. Its Index of Industrial Production (IIP) so far this year is estimated to increase by 14.2%.

So far this year, the city's total export turnover is estimated at 49.5 billion USD, up 10.3%, and its total import turnover, at 66.2 billion USD, up 10%.

Total tourism revenue has reached about 120 trillion VND, marking a year-on-year increase of 171.2%. The city has received 3.5 million foreign visitors so far this year.

Its budget revenue posted positive growth, estimated at VND 457.5 trillion, 18.35% higher than the target approved by the city People's Council.

3. Bancassurance market heats up with deals worth trillions of dong

The LienVietPostBank and Dai-ichi Life Vietnam 15-year deal was particularly noticed by the market as it was a combination of two well-known brands in the banking and insurance sectors, and also saw the involvement of strong international consulting institutions.

Specifically, J.P. Morgan - the world's leading financial institution - was the exclusive financial advisor, while Linklaters was the legal consultant and Milliman was the valuation consultant for LienVietPostBank. Linklaters is the world's leading law firm and currently provides legal consulting services in over 100 countries and participates in legal advice for many bancassurance transactions in Asia. Meanwhile, Milliman is also the world's leader in consulting life insurance valuation and did many

consulting contracts for bancassurance cooperation transactions in Asia.

The deal value has not yet been disclosed. However, with the brand value of LienVietPostBank and Dai-ichi Life as well as the list of the deal's consulting and valuation institutions, it can be seen that this is definitely a huge deal worth an estimated trillions of Vietnamese dong.

LienVietPostBank is a rare name remaining in the Vietnamese banking system that has not signed an exclusive bancassurance contract. The bank's profit in the first three quarters of 2022 increased by 72 per cent over the same period last year and met the target for the whole year, thanks to a large contribution from the service segment (up 43 per cent).

Being healthy with a quality retail customer file, a large branch network and a thriving digital banking system, LienVietPostBank is a bank that many insurers keep an eye on, including Dai-ichi Life Vietnam - one of the largest life insurance companies in Viet Nam.

The agreement is expected to bring great benefits to both LienVietPostBank and Dai-ichi Life. In fact, before signing the exclusive bancassurance contract, the strategic partnership between LienVietPostBank and Dai-ichiLife Vietnam started in November 2016. After six years of cooperation, LienVietPostBank and Dai-ichi Life Vietnam have provided financial services to nearly 180,000 customers with total premiums collected that far exceeded the initial targets.

LienVietPostBank was also listed among the top nine banks with the largest bancassurance premium revenue in the domestic banking system.

The signing between LienVietPostBank and Dai-ichi Life Vietnam has made the local bancassurance market more exciting. By 2021, 61 bancassurance agreement contracts were signed in the country, of which 40 were exclusive agreements and 21 were non-exclusive. This year, before the LienVietPostBank and Dai-ichi Life Vietnam deal, the market continued to witness more handshakes between banks and insurers such as Agribank and FWD Vietnam, and Shinhan Life Vietnam and Shinhan Vietnam.

According to banking expert Can Van Luc, with the advantages of networks, skilled staff and digital development, banks are effective distributors of insurance products. Therefore, bancassurance has been booming. This cooperation brings benefits to both banks and insurers as well as helps provide more diverse services for customers.

Experts believe the growth potential of bancassurance is still very large.

Pham Thu Phuong, deputy director of the Ministry of Finance's Insurance Supervision Authority, said bancassurance activities in Viet Nam have developed strongly. In the first half of 2022 alone, premium revenue through the bancassurance channel accounted for 41 per cent of the insurance industry's total new premium revenue.

Insurance sales through banking channels have helped the insurance industry maintain a stable growth rate, Phuong said.

Luc said many banks have actively implemented bancassurance activities in recent years. In the first half of 2022 alone, the bancassurance market grew by 23 per cent. Fee revenue from bancassurance currently accounts for about 5-10 per cent of the banks' total operating income.

According to Luc, Viet Nam's bancassurance market still has a lot of positive growth potential because the country's economic growth will increase by an average of 6.5-7 per cent per year until 2025. Viet Nam's insurance coverage rate is still low at 2.7 per cent and the Government wants to raise the rate to 3.5 per cent by 2025. In particular, life insurance coverage in Viet Nam is still very low, with only about 10 per cent of the Vietnamese population buying life insurance, against 50 per cent in Malaysia and 80 per cent in Singapore.

Currently, the percentage of customers, who bought insurance at banks, is also very low, accounting for only 5-8 per cent of the banks' customers so the room for banks to accelerate in the segment is large. With an increasingly improved digital platform, banks can easily expand their insurance distribution channels through their existing customer files.

With the positive growth since the beginning of 2022, the bancassurance market is forecast to surge by more than 30 per cent this year.

4. Vietnamese ships to conquer the global supply chain seas

The results of the Vietnam Logistics Forum in the northern city of Haiphong at the end of last month did not meet expectations, following the absence of

government members and key agencies who were supposed to take crucial steps to develop Vietnam's fleet.

Increasing the exports of goods and winning back part of the benefits from international shipping lines are some goals, but the industry, trade, and agriculture industries – all closely related to Vietnam's import and export of goods – are far from sketching out a plan through seaports that is suitable as supply chain shifts become more profitable and the benefits are increasingly concentrated on the world's shipping lines.

The project for developing Vietnam's shipping fleet was presented by the Ministry of Transport (MoT) at the forum, and the initial reaction was disappointment. Even a representative of a logistics company said that this scenario would “create new employment plans for foreign businesses” rather than domestic ones.

Deputy Minister of Transport Nguyen Xuan Sang signed the project's plan a month ago under Decision No.1254/QD-BGTVT, stating the goal of developing a dedicated container fleet. The project is hoped to increase Vietnam's transport market share in Asia to 10 per cent by 2026 and 20 per cent by 2030, laying what it says is a solid foundation for the exploitation of long-distance transport routes.

The development of Vietnam's shipping fleet would be carried out in two phases. From now to 2026, the focus would be on amending and supplementing regulations on purchase, sale, registration of ships; and price management of maritime services and container transport activities of foreign shipping lines in Vietnam. After 2026, the focus would shift to support Vietnamese container shipping lines to expand internationally to Japan, India, Europe, and the US, as well as introduce a mechanism to link container shipping lines to increase competitiveness, along with promoting and supporting the use of clean fuel.

The prospects of developing Vietnam's own fleet stand good, as over 80 per cent of global trade volume is transported by sea, according to the World Trade Organization.

However, Vo Duy Thang, head of the MoT's Transportation and Maritime Services, said, “The competitiveness is getting tougher as foreign shipping lines are allowed to partially participate in the local shipping market, as committed to in the EU-Vietnam Free Trade Agreement.”

Thang pointed out the fact that the international shipping market share of Vietnam's fleet is on a downward trend. “In the 2016-2020 period, the number of ships ranged from 1,000 to over 1,200. But compared to 2016, the figure has decreased by over 200 ships in 2021, equivalent to a decrease of 17.2 per cent. Compared to the 2010-2015 period, Vietnam's fleet has declined by over 400 ships, despite the total tonnage of the fleet growing by over 6 per cent. Now, Vietnam is lacking in container ships and large tonnage ships operating on international routes.”

As of December 2021, the fleet of ships under Vietnamese flag has counted just over 1,500 units, with a total capacity of about 7.1 billion GT and a total tonnage of about 11.7 million DWT. But among the 1,032 specialised vessels with a total tonnage of about 6.3 million GT and 10.6 million DWT are mainly small ships of less than 5,000GT, and some medium ships of less than 10,000GT.

“We have 11 container shipping lines with about 40 ships, with a total tonnage equivalent to about 48,000TEU, mainly operating in the domestic market,” Thang said. “The market share of goods to the international market belongs to 38 foreign shipping lines, including the largest shipping lines in the world.”

Vietnam has a strategic geographical position with a long coastline and proximity to important international shipping lanes. In 2020, Vietnam's seaport system approved 692.2 million tonnes, and in 2021, throughput reached 706 million tonnes.

Vietnam's goods exports by sea are increasing. According to the study on the development planning of the seaport system in the 2021-2030 period, it is forecasted that goods through local seaports will be about 1.1-1.4 billion tonnes by 2030.

Le Quang Trung, deputy general director of Vietnam Maritime Corporation, said investment processes and capital constraints are the biggest challenges in developing a Vietnamese fleet.

“Developing a fleet of Vietnamese-branded ships is essential to avoid letting profits fall into the pockets of foreign shipping lines. We need a more specific investment roadmap that includes finalising procurement and bidding policies, to avoid introducing ways to charter ships among foreign traders,” Trung said.

5. Provinces set to launch price stabilization programs ahead of Tet

The Lunar New Year holiday is a special time for family reunion, which always drives up the demand for essential goods like food. The holiday will start in the fourth week of January next year.

The central highlands province of Dak Lak plans to stock up on essential goods worth over VND1.5 trillion as the demand is expected to rise 20% on this occasion.

In the province, 10 enterprises are stockpiling various consumer goods worth over VND420 billion, mainly focusing on fuels and foods such as pork, poultry, eggs, cooking oil, seasoning, processed foods, vegetables and fruits.

Previously, the Kon Tum Department of Industry and Trade sought the nod from the People's Committee to carry out a program to stabilize the market and encourage local people to prioritize domestic goods.

WinMart and Co.opmart in Kon Tum decided to participate in the program with a total volume of goods valued at around VND53.73 billion.

Currently, HCMC has nearly 11,000 selling points for the price stabilization program, of which 4,209 will provide customers with essential food products and 1,711 will sell milk and dairy products.

According to the city's plan, the volume of goods prepared for stabilizing the market could satisfy 25-43% of the market demand for the Lunar New Year 2023.

Binh Thuan Province estimated that the total value of essential items for this program would reach VND357 billion, including VND33 billion for instant foods, VND14 billion for food products and VND77.5 billion for processed foods.

6. Aviation pressured to turn into regional freight centre

Tran Tuan Anh, general director of ITL Group, said Vietnam's aviation market is developing fastest among its regional peers. "The country is becoming a new production base outside of China, with the market share of aviation increasing – an important factor to turn Vietnam into a regional transport hub," Anh said.

"Two models have promising signals, carrying goods from many places to transit and acting as the fulcrum of imports and exports. One way could be to gather goods from India, Myanmar, Japan, and China to Hanoi or Ho Chi Minh City and then ship them to the US and other markets," he explained.

Vietnam's logistics industry has a scale of about \$40-42 billion and a double-digit growth rate. Air carriers are paying close attention to the country. Michael Carson, regional sales director at Boeing, said, "Vietnam has an East Asian big air transport

market in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, but has challenges in terms of capacity. The country would need a total of 2,800 cargo planes by 2041 to work at full capacity."

According to data from ITL Group, Vietnam is becoming a concern for international air cargo carriers. ITL's data collected until November showed that the supply load in Ho Chi Minh City from passenger and cargo aircraft is divided by a ratio of 60-40. In Hanoi, it is 30-70, which is deemed a good sign.

However, Vietnam can only become a regional hub when it improves its internal problems regarding infrastructure, airport overload, and lack of parking, take-off, and landing capacity.

“Vietnam cannot rely on the passenger transport network alone to develop air freight transport, but it needs to invest methodically by attracting freight carriers and fleets of aircraft for specialised goods,” Carson said.

Vietjet Air Cargo plans to increase the number of cargo planes to 400 in the next 10 years, said Do Xuan Quang, the company's deputy general director. Vietjet became the first enterprise to convert passenger aircraft to cargo aircraft. Currently, Vietjet is using an Airbus A330 wide-body aircraft that can load 22-25 tonnes per day.

“A major obstacle for air logistics enterprises today is the problem of connecting transport infrastructure. The current airport systems do not have enough warehouses and cargo terminals. In addition, the regulations on customs procedures are also limited,” said Quang. “Also, there is a shortage of human resources in the aviation logistics industry.”

A survey by the Institute of Economic Research and Development under the National Economics University said that more than 80 per cent of employees in logistics enterprises are trained through daily work, and less than 7 per cent by foreign experts.

The bottlenecks in infrastructure and human resources make it increasingly difficult to regain market share from international airlines. According to the Vietnam Logistics Business Association, the three domestic airlines Vietnam Airlines, Vietjet, and Jetstar Pacific only account for

about 12 per cent of Vietnam's international freight market share. The rest is covered by 64 international air cargo carriers such as UPS, FedEx, DHL, Cathay Cargo, and Airbridge Cargo.

IPP Air Cargo has plans to become one of Vietnam's first cargo airlines, said Lars Winkelbauer, senior advisor to IPP Air Cargo in April.

“Building a professional air transport ecosystem for the export-import market in Vietnam will help develop transportation infrastructure, ease the movement of goods, and increase investment. Foreign direct investment into Vietnam benefits consumers by reducing transportation costs and increasing quality,” Winkelbauer said.

“Immediately after obtaining the licence, the initial fleet of IPP Air Cargo will include four Boeing 737-800BCF aircraft. A complete focus on freight allows the carrier to provide services for special, valuable cargo only transported by air. In Vietnam, cargo aircraft and air transport will be the place to solve all problems of time for e-business companies, competing to bring goods to consumers quickly in accordance with their commitments,” he added.

Richard Szufiak, general director of DP World Vietnam assessed, that the country needs the vision and ability to closely combine ports, industrial zones, and customs. “The super hub of Jebel Ali's commercial area of the UAE is a model that Vietnam can learn from. It handles 15 million TEU containers a year, has a complete ecosystem of 8,700 businesses from 100 countries, and contributes 30 per cent of Dubai's GDP,” he said.

7. Thu Duc needs new mechanism for development

Asynchronous infrastructure and narrow roads are major reasons for frequent traffic congestion in Thu Duc City. Many infrastructure projects cannot be implemented due to the city's lack of capital. Meanwhile, the projects that have secured funding have been executed at a snail's pace.

The city was allocated VND3,460 billion for 36 state-funded projects this year but only 1% of the capital had been disbursed by October.

The above situation resulted in severe flooding in Thu Duc City after heavy rains and during flood tides.

An expert of IPS said that Thu Duc has an area of over 21,000 hectares and a population of 1.2 million people, equal to that of Danang City. However, it is treated as a district-level jurisdiction.

Thu Duc City now incurs annual damage totaling over VND1,200 billion, mainly resulting from failure to properly cope with traffic congestion and flooding. However, the indirect losses on the economy and impacts on residents' lives are estimated at 3-4 times higher than that figure.

According to experts from IPS, to tap its strengths and potential, Thu Duc should be piloted as a new modern urban administration model.

The city could also take the initiative in designing an apparatus and organizational structure to make the functions of the municipal administration effective.

HCMC has proposed the Government and the National Assembly issue a resolution granting higher authority to Thu Duc City as this will be a stimulus for Thu Duc City to become more creative and dynamic in management, giving better support to HCMC in implementing the trial model and boosting HCMC's socio-economic development.

Corporate News

8. PTB: Record date for the first cash dividend payment in 2022

↓ -0.91%

On December 06, 2022, Phu Tai Joint Stock Corporation announces the record date as follows:

- Record date: December 23, 2022
- 1. Reason and purpose: to pay first cash dividend for 2022.
- 2. Content:
 - Exercise ratio: 10%/share (1,000 dongs/share)
 - Payment date: January 06, 2023.

- Place of implementation:
 - + For deposited securities: Shareholder will implement procedures to receive dividend at the securities company where shareholders opened securities depository account.
 - + For undeposited securities: Shareholder will receive dividend at PTB's head office on working days. Please present shareholder's identity card/citizen identity card and Share ownership certificate when receiving dividend at the Head office.

9. DHC: The record date for the dividend payment

↑ 2.11%

On December 06, 2022, the Hochiminh Stock Exchange issued Announcement No.2178/TB-SGDHCM on the record date of Dong Hai Joint Stock Company of Bentre (stock code: DHC) as follows:

- Ex-right date: December 14, 2022
- Record date: December 15, 2022
- I. Purpose:
 1. To pay cash dividend for the second phase of 2022;
 2. To pay stock dividend for 2021;
- II. Detailed contents:

1. To pay cash dividend for the second phase of 2022:

- Payment ratio: 10%/par value (VND1,000/share)
- Payment date: December 29, 2022
- Place of implementation:
 - + Shareholders whose shares have been deposited: at the securities firms where shares have been deposited.
 - + Shareholders whose shares have not been deposited: at Dong Hai Joint Stock Company of Bentre.

2. To pay stock dividend for 2021

- Exercise ratio: 100:15

The one who owns 100 shares at the record date will receive 15 new shares

- Estimated issue volume: 10,499,163 shares

- How to deal with fractional shares: The number of newly issued shares distributed to each existing shareholder will be rounded down. The fractional share will be cancelled.

- Place of implementation:

+ Shareholders whose shares have been deposited: at the securities firms where shares have been deposited.

Shareholders whose shares have not been deposited: at Dong Hai Joint Stock Company of Bentre.

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