

## VIETNAM ENERGY FOCUS

### ELECTRIC UTILITY STOCKS RE-MAIN ATTRACTIVE

As the market is now covered by many negative factors, especially soaring inflation and higher interest rates, defensive stocks, including electric utility stocks, become appealing assets to investors. After deep corrections, the stock market often witnesses short rallies to wait for new signals. However, as the market is now covered by many negative factors, especially soaring inflation and higher interest rates, defensive stocks, including electric utility stocks, become appealing assets for investors.

Even though many stocks in the industry have performed better when the general market experienced sharp declines, not every business in the defensive industry is defensive in nature. During the recent fluctuation from early September to the beginning of October, many stocks have shown their defensive nature.

Despite the fact that stocks in the banking, securities, oil and gas industries fell by 15-25 per cent, and even many real estate stocks plunged 25-30 per cent within a month, defensive stocks posted smaller decreases than the market, with some even gaining points.

The water stocks were stable against the storm, while the pharmaceutical stocks and the electric utility stocks inched higher.

Specifically, PetroVietnam Power Nhon Trach 2 (HoSE: NT2) recorded an increase of nearly 2 per cent from September 5 to October 5 after hitting floor prices in three ses-

sions. Matching volume on the stock exchange for NT2 averaged 2.3 million shares per session.

Meanwhile, other ticker symbols in the industry all saw smaller falls than the general market during the period, with a slide of 13.76 per cent, such as Candon HydroPower JSC (HoSE: SJD) down 5 per cent or Vinh Son - Song Hinh Hydropower (HoSE: VSH) down 10 per cent.

Previously, statistics showed that the market benchmark VN-Index also experienced strong volatility in the first half of the year, but defensive stocks, especially electric and water utilities stocks, still moved against the market headwinds with their market prices surging. Experts said that expectations on rising electricity consumption due to the recovery of demand from the manufacturing industry post COVID-19 were attributed to the higher cash inflows into the electric utility stocks. Moreover, it also received support from the update to Power Plan 8.

### Optimistic outlook for power stocks

In the recent electricity industry report, Viet Nam Bank For Industry & Trade Securities JSC (CTS) said the industrial production and construction sectors always accounted for the highest proportion of the total electricity consumption of the whole system, nearly 96 per cent. Therefore, electricity demand is expected to continue to go up in the coming years as Việt Nam continuously attracts FDI inflows into the industrial production and construction sectors.