



VIETNAM DAILY NEWS



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Market Analysis

1. Caution in the last trading week of 2022: experts

The market extended the bearish trend last week, expecting many domestic and foreign retail and institutional investors to restructure their portfolios to close the year and prepare for the next fiscal year. This will have a certain influence on market volatility in the last trading sessions of 2022, according to experts.

On the Ho Chi Minh Stock Exchange (HoSE), the market's benchmark VN-Index ended last week at 1,020.34 points, a decline of 0.22 per cent, while the HNX-Index on the Ha Noi Stock Exchange (HNX) dropped 0.24 per cent to 205.3 points.

For the week, the VN-Index lost over 3 per cent, and the HNX-Index decreased by 3.6 per cent.

Trading value on the southern bourse went down by 1.8 per cent compared to the previous week to VND69.8 trillion (nearly US\$3 billion). On the other hand, the trading value of HNX fell 9.5 per cent to VND6.2 trillion.

Last week's correction caused most of the stock sectors to inch lower.

Foreign investors witnessed the seventh consecutive week of net buying on the two exchanges with a total net buy value of VND1.3 trillion.

Low liquidity

According to MB Securities Company (MBS), as this is the last week of the fiscal year 2022, investors expected that fund net asset value (NAV) closing activities would support the market. However, MBS believes that as the market continues to trade with low liquidity and move sideways, investors should limit trading or hold a low proportion of stocks.

Vietcombank Securities Company (VCBS) said that at the moment, the State Bank of Vietnam (SBV) continues to send signals about striving to reduce

lending interest rates to promptly meet credit needs, focusing on providing credit to the production and business sectors, priority areas, while strictly controlling credit risk for investment activities in corporate bonds and other industries with potential risks such as investment, securities business, and the real estate sector.

However, it will take more time for these measures to take effect amid major central banks' continued hike rates.

The positive point in recent weeks is that the exchange rate has cooled significantly, bringing the dong's devaluation lower than that of other economies in the region.

With the current movements, the VN-Index will fluctuate when the liquidity has dropped to a low level. There may be a clearer divergence among industry groups to find a balance before returning to a new uptrend, said VCBS.

Meanwhile, Saigon - Hanoi Securities JSC (SHS) said that the benchmark VN-Index fell for the third week to the support level of 1,000 points.

While the index is still in a technical recovery phase, the market has corrected quite strongly after the recent rebound, so the strength of the recovery wave will weaken.

SHS still expects the VN-Index to have the next recovery in the short term when it holds a support area of around 1000 points. However, the confidence level is decreasing as the latest correction has a large amplitude, and the cumulative nature is no longer reliable.

In the medium term, the current rally and correction are merely a technical recovery from a severe downtrend. Therefore, the mid-term trend of the benchmark will create a balanced price base for medium-term accumulation before there is a real uptrend.

With that view, SHS believes that the market will gradually struggle in a tight range with subsequent recoveries and corrections, which is

characteristic of medium-term accumulation. SHS still expects the index to move towards 1,150 points after the correction.

Macro & Policies

2. Samsung inaugurates largest Southeast Asia R&D center in Vietnam

This new R&D Center in Hanoi spans around 11,603 square meters of land, requiring an investment of US\$220 million. It is a 16-storey building with three basement floors and a total floor area of 79,511 square meters.

Samsung plans to develop this R&D facility into a leading center worldwide by strengthening partnerships with universities in key technology areas, improving the research capacity in the core technology of mobile devices, achieving autonomy in producing products of Artificial Intelligence, Big Data, the Internet of things, and reinforcing the quality of IT human resources.

Additionally, this R&D Center will contribute to the development of the hardware and software industries, as well as advanced information technology and the fourth industrial revolution in Vietnam.

The R&D Center's opening in Hanoi is a testament to Samsung's orientation and commitment to long-term operations in Vietnam, Prime Minister Pham Minh Chinh said at the event.

After establishing its first smartphone factory in the northern province of Bac Ninh in 2008, Samsung continued to invest in Vietnam through the second factory in Thai Nguyen Province and the Samsung Electronics CE Complex in HCMC.

Currently, around half of all Samsung smartphones are made in Vietnam. Moreover, Samsung has also been conducting software development and testing of mobile devices and networks in Vietnam.

Samsung's total accumulated investment in Vietnam was estimated at US\$18.2 billion by the end of 2021 and is expected to exceed US\$20 billion by the end of 2022.

3. Vietnam to become RoK's third largest trade partner

Vietnam is expected to surpass Japan to become the third largest trade partner of the Republic of Korea (RoK), just behind China and the US, according to the newswire world.kbs.co.kr.

It quoted the Federation of Korean Industries (FKI)'s analysis of investment and trade changes between the two nations during the 1992-2021 period as saying that the RoK's trade surplus with Vietnam grew steadily from 300 million USD in 1992 to an estimated 31.3 billion USD in 2022, making Vietnam almost certainly exceed the US to become the top surplus partner.

As of November, two-way trade between Vietnam and the RoK hit 81.1 billion USD.

The figure in 1992 reached 500 million USD and saw a 161-fold rise to 80.7 billion USD in 2021. During the period, the RoK's exports and imports soared by

8.4 and 7.5 times respectively, but its exports and imports with Vietnam surged by 142 times and 240 times.

Since the establishment of their diplomatic ties, the third biggest currency earners have been semiconductor chips, flat panel displays and sensors, radio and telecommunications equipment. During 2019-2021, their exports grew by 32%, 23.3% and 37.2%, respectively.

Data from the General Statistics Office of Vietnam showed that as of 2021, the RoK was the biggest investor in Vietnam with 9,203 projects worth 78.5 billion USD. Its FDI in Vietnam spiked from 17 million USD in 1992 to 2.4 billion USD in 2021.

Samsung is the biggest foreign-invested firm in Vietnam. This year, it poured an additional 2 billion

USD in the country and expects to raise its total investment to 20 billion USD.

FKI advised the RoK Government to enhance partnerships with Vietnam as the two governments

recently upgraded the bilateral ties to a comprehensive strategic partnership.

The two countries' businesses also targeted lifting two-way trade to 150 billion USD by 2030, doubling the current figure.

4. Vietnamese banks' ratings on a positive trajectory: Fitch Ratings

In a report released this week, the rating agency said the propensity of Viet Nam's authorities to support the banking system is evident from recent regulatory actions. This led to Fitch's upgrade of most domestic banks' Long-Term Issuer Default Ratings (IDRs) in November 2022.

IDRs of three of the four rated Vietnamese banks (Vietinbank, Vietcombank, MB and ACB) are driven by Fitch Ratings' expectations of sovereign support, following the upgrade of their Government Support Ratings (GSR) in November 2022. Only ACB's rating is underpinned by its standalone credit profile, as denoted by the Viability Rating (VR).

"The State Bank of Vietnam's record of prudential supervision over the past decade and its policy response to a run on deposits at a mid-sized commercial bank in October 2022 have reinforced our view that the State has a strong propensity to support the banking system during times of stress to avert bank defaults. The IDRs of State-owned banks with high systemic importance are now equalised with the sovereign rating as a result," Fitch said in the report.

According to Fitch, the operating environment for the banking system remains broadly supportive with revenue prospects riding on Viet Nam's strong economic performance, while asset quality, profitability and capitalisation continue to make steady progress.

"We believe that the risks of a liquidity crunch in the property sector spilling over to the banking sector are manageable, as refinancing challenges are mainly policy-driven and supply-and-demand fundamentals remain conducive over the medium term," it said.

According to Fitch, Viet Nam's economy grew by a robust 8.8 per cent in the first nine months of 2022 and it expects the country's GDP growth to be sustained above 6 per cent in 2023 and 2024. The favourable economic backdrop has enabled banks to take advantage of ample asset origination opportunities to expand, while rising household incomes and improved business cash flow keep credit risks in check.

"The outlook on the operating environment score is positive and may be upgraded in the next 12-18 months should Viet Nam's economic momentum be sustained," it noted.

Key performance indicators in the banking system have continued to improve. Loan growth in the first nine months of 2022 accelerated to 17 per cent, and the SBV announced in December that the 14 per cent system credit growth limit for 2022 may be increased by 1.5-2.0 percentage points. The system's reported non-performing loan (NPL) ratio was steady at 1.5 per cent as of the first half of 2022, pushing credit costs lower year-on-year and raising return on equity in the system to nearly 20 per cent on an annualised basis. Capitalisation improved, although only modestly, as much of the generated capital was expended to sustain rapid balance-sheet growth. Fitch expects these trends to hold up in the near term, which would strengthen the case for a more favourable operating environment assessment.

Fitch said problem loan ratios remained steady in the first three quarters of 2022 despite the expiry of COVID-19 loan classification forbearance in June 2022.

"We see limited spill-over risks from the remaining restructured loans in the banks' books, as all of the rated banks have fully provisioned for these loans,

ahead of the regulatory deadline of end-2023. The higher-interest-rate environment is likely to weigh on borrowers' debt servicing capacity, but we expect any weakening in loan quality to be manageable amid the resilient economic momentum. Moreover, about 60 per cent-70 per cent of the rated entities' loans have a tenor of less than five years, with the majority being under one year. The relatively short loan lives suggest that the 200 basis points increase in interest rates would not have increased gross repayment amounts materially," Fitch said.

Reserves against NPLs at the banks remained adequate at around 137-402 per cent as of September 2022, with Vietcombank maintaining the highest coverage ratio. Fitch believes this reflects

the bank's more conservative provisioning policy. The rating agency expects its loan-loss coverage to decline as uncertainty surrounding the pandemic recedes, although all of the banks have said that they intend to maintain coverage above 100 per cent over the next 12-18 months to safeguard against future asset-quality weakness.

"The rated banks' direct exposures to real-estate developers are moderate and are usually secured. However, the banks remain vulnerable to swings in property prices, since real-estate assets form a significant portion of loan collateral. We do not expect property prices to plummet in the near term in light of the resilient demand," Fitch said.

5. Local steel sector saw gloomy performance in 11 months

In November alone, production of finished steel reached over 1.82 million tonnes, down 11 per cent month-on-month and 37 per cent year-on-year while consumption of all kinds of steel hit above 1.94 million tonnes, up 3 per cent month-on-month but down 16.2 per cent year-on-year.

In the 11-month period, finished steel production saw a yearly decline of 11.3 per cent to 27.12 million tonnes. Sales of finished steel also plunged 7 per cent year-on-year to 25.1 million tonnes, according to the report.

In terms of exports, 6.99 million tonnes of steel were shipped abroad in the past 10 months, earning a turnover of more than \$6.94 billion. These figures marked significant yearly decreases of 57 per cent in volume and 29 per cent in value.

Among the main export markets of Vietnamese steel, the ASEAN bloc, accounted for 42.2 per cent of the total, the EU (16.92 per cent), the US (7.71 per cent), South Korea (5.9 per cent) and Hong Kong (5.67 per cent).

In a 10-month period, Viet Nam also imported about 9.76 million tonnes of steel with a value of more than \$10.29 billion, down 8.4 per cent in volume but up 7 per cent in value over the same period of last year. Major steel suppliers to Viet Nam were mainland China, Japan, South Korea, Taiwan and India.

VnEconomy cited Viet Nam Steel Corporation as saying that domestic demand for steel remained low. Sluggish consumption and high inventories caused factories to reduce their production capacities or halt production.

According to the company, the prospect of recovering global steel demand continued to face difficulties when inflation was high. Moreover, the implementation of tight monetary policy in many countries would affect the prospect of world economic recovery in December.

Meanwhile, the domestic market had not shown any clear signs of recovery and the real estate market faced many challenges. That would have a great influence on the consumption of the steel industry.

All businesses were looking for ways to restore output and improve profit results in the last month of 2022, resulting in fiercer competition among factories and pushing up the selling prices of steel.

In the recent report on the prospects of the steel industry, RongViet Securities Corp also said that the sector had little chance to recover in 2023 due to weak consumption, the pressure of the exchange rate and interest rate on financial costs.

In 2023, the Government would foster investment in infrastructure projects with the goal of ensuring economic growth that could support domestic steel demand, especially for construction steel.

However, the real estate industry which might not recover after a gloomy year could not help domestic steel demand rebound next year, experts have said.

6. Apple plans to start producing MacBooks in Viet Nam by mid-2023

The newspaper cited some sources as saying that Apple has tapped its top supplier, Taiwan's Foxconn, to start making MacBooks in the Southeast Asian nation as early as around May.

"After the MacBook production shifts, all of Apple's flagship products basically will have one more production location beyond China ... iPhones in India and MacBooks, the Apple Watch and iPads in Viet Nam," one person with direct knowledge of the matter told Nikkei Asia.

Apple manufactures between 20 million and 24 million MacBooks annually, with production

spread between bases in the Chinese cities of Chengdu, in Sichuan province, and Shanghai.

The company has been working on plans to move some MacBook manufacturing to Viet Nam for nearly two years, and has set up a test production line in the country.

Apple's diversification to Viet Nam started with AirPods, which went into mass production there in 2020. The company also shifted some iPads and Apple Watch production to the Southeast Asian country this year, according to Nikkei Asia.

7. High demand expected for international flights during Tet

A representative of Viet Nam Airlines said that Tet tickets for some international routes have been sold out, with the total number of flights expected to double from normal.

Tourists have shown high demand to visit Australia and Northeast Asia, along with familiar destinations such as Thailand and Singapore, he said.

More direct flights between Viet Nam and the US will be organised during the peak period of Christmas and New Year, he added.

According to Vietjet Air, Bodh Gaya in India is a popular destination among Buddhists in the early spring. Other attractive routes include Seoul, Busan, Tokyo, Osaka, Nagoya, Fukuoka, Taipei, and Kaohsiung.

For Bamboo Airways, routes to Germany, the UK, Australia, Japan, South Korea, Taiwan (China), Singapore and Thailand are tourist favourites.

The demand from Vietnamese people living abroad to come home to celebrate Tet will increase, a representative of Vietravel Airlines said, adding that the airline will officially open the Ha Noi - Bangkok route on December 16 and the HCM City - Bangkok route in January 2023 to better serve tourists.

During the first 11 months of 2022, the city welcomed three million international visitors and nearly 28 million domestic tourists, reaching more than VND117 trillion (US\$4.9 billion) in total revenue.

There are many cultural, culinary and tourism events at the end of the year to promote HCM City's tourism during the upcoming Tet holiday season.

The ongoing HCM City Tourism Week provides a significant opportunity for tourism agencies to conduct tours from HCM City to provinces and cities in the Mekong Delta during the upcoming Tet holiday, Pham Ngoc Ha, Deputy General Director of Saco Travel, said, adding that the company has

introduced multiple tourism products for Tet and next year.

Other tourism companies are offering tours in HCM City with combo tickets for flights, hotels and other attractive offers.

Corporate News

8. MWG: Bach Hoa Xanh partners with MoMo to promote cashless payment in retail sector

↓ -1.51%

This means, besides payment by cash and card, customers can now make payments using MoMo when shopping at more than 500 Bach Hoa Xanh stores in HCM City. This payment method will soon expand to all Bach Hoa Xanh stores nationwide.

Previously, MoMo was one of the payment methods available on Bach Hoa Xanh's online shopping channel. The new move marks a comprehensive cooperation between the two sides from online to offline to increase customer experience and convenience in modern retail, and promote cashless payment.

“MoMo is delighted to be the first e-wallet accepted as a payment method at Bach Hoa Xanh stores, bringing consumers a convenient and easy shopping experience, especially during the approaching Lunar New Year,” said Nguyen Linh Trang, director of the Payment and Daily Service Centre of MoMo.

MoMo will continue to be a reliable strategic partner of retailers and businesses to contribute to promoting Viet Nam's digital economy, she said.

“The cashless payment trend is contributing to improving customer experience and optimising business operations, especially in the retail sector. Comprehensive cooperation with MoMo super app from online to offline helps Bach Hoa Xanh to catch up with the cashless payment trend in the fastest way, while reaching more customers through MoMo’s diverse ecosystem of more than 31 million users,” said Truong Hong Hoang, multicat business unit director at Bach Hoa Xanh.

To make the partnership, from now until December 31, 2022, all users who choose to pay with MoMo at Bach Hoa Xanh stores in HCM City will receive a 50 per cent discount (maximum of VND30,000) for any bill.

In particular, users can choose to pay with postpaid wallet, a ‘buy now, pay later’ feature on MoMo.

9. GEX: Result of bond repurchase before maturity

↑ 2.21%

On December 22, 2022, GELEX Group Joint Stock Company reports the result of the repurchase of bonds before maturity as follows:

Unit: VND

No.	Bond code	Par value (VND)	Term	Issue date	Maturity date	Issue volume (at par value)	Outstanding volume	Repurchase volume	Execution date	Remaining volume after the repurchase (at par value)
							(at par value)	(at par value)	(at par value)	
1	BONDGEX/2020.02	100,000,000	3	07/23/2020	07/23/2023	200,000,000,000	129,100,000,000	7,100,000,000	12/20/2022	122,000,000,000

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