



VIETNAM DAILY NEWS



January 5th, 2023

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Market Analysis

1. Shares diverge, but market extends rallies

Shares diverged on Wednesday as the rising selling force after the previous session's increase weighed on the market. However, benchmark indices still closed higher.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) gained 2.45 points to 1,046.35 points, an increase of 0.23 per cent. The market benchmark had kicked off 2023 on a positive note with a rise of nearly 37 points, its biggest rally in nearly two and a half months.

The market's breadth, however, was negative as more stocks inclined to the downside. Of which, 162 stocks on the southern bourse tumbled, while 155 stocks advanced.

Liquidity continued to improve, with a trading volume on HoSE up about 12 per cent over the previous session to VND10.5 trillion (US\$448 million).

The 30 biggest stocks tracker VN30-Index extended rallies, up 2.9 points, or 0.28 per cent, to 1,050.15 points. In the VN30 basket, 13 stocks jumped with one hitting the maximum daily gain of 7 per cent, while 13 declined. And four ticker symbols ended flat.

After stocks soared in the first trading session of the year, some investors seized chances to take profits, pressuring the market.

Analysts from Saigon - Hanoi Securities SJC (SHS) said that the market witnessed a positive start in 2023, but as the Tet holiday approaches, investors tend to reduce stock proportions in their

portfolios. Therefore, the market's movements are unpredictable at the moment.

Even though the VN-Index surged in the previous session, it has not escaped the mid-term downtrend, SHS added.

Data compiled by a financial website vietstock.vn showed that Masan Group (MSN) was the uptrend's leader on Wednesday, up 3.44 per cent. It was followed by Petrolimex (PLX), VPBank (VPB), Vietinbank (CTG) and Vinamilk (VNM). All the stocks gained in a range of 1 - 7 per cent, with PLX registering a rise of 7 per cent.

On the contrary, real estate stocks led the market's bearish trend. Specifically, Vingroup (VIC) was the biggest loser in market capitalisation, down more than 1.4 per cent. Vinhomes (VHM) and Novaland (NVL) also decreased.

The HNX-Index on the Ha Noi Stock Exchange (HNX) also settled up on Wednesday. It climbed slightly by 0.5 points, or 0.24 per cent, to 213.06 points.

During the trading day, 74.85 million shares were traded on the northern market, worth over VND1.1 trillion.

Foreign capital continued to lift the market's sentiment, as foreign investors net bought a value of more than VND400 billion on the two main exchanges. Of which, they net bought VND366.25 billion on HoSE and VND43.42 billion on HNX.

Macro & Policies

2. Vietnamese Gov't to prioritize capital market development in 2023

Deputy Prime Minister Le Minh Khai revealed the priority included in the Government's draft resolution on socio-economic development in 2023 at the national conference between the Government and provinces and cities on January 3.

According to Khai, the draft resolution identifies 11 solutions for Vietnam to achieve sustainable development in 2023, focusing on stabilizing economic fundamentals, containing inflation, and boosting growth.

"Monetary policy should be consistent with expansionary fiscal policy and other management tools," Khai said.

In addition to plans to deal with weak banks, Khai expects the government to continue its efforts to promote the healthy and sustainable development of the capital market, including the money, credit, corporate bond, securities, and real estate markets.

Last year, the government clamped down to restore order in the market, resulting in the detection of irregularities in the corporate bond and stock markets committed by Tan Hoang Minh or FLC.

"The ongoing restructuring process is aimed at preventing the risk of market manipulation and ensuring lawful rights and interests of businesses, investors, and people," he added.

A report from the Ministry of Planning and Investment revealed as of December 30, the total volume of corporate bonds issued via private placement was estimated at VND333.4 trillion (US\$14.17 billion), but the figures had been on the decline every quarter.

On the stock market, the Vn-Index benchmarked 1,007.09 on the year's final session, down 4% against the previous month and 33% from late 2021.

The combined market capitalization stood at VND5,200 trillion (\$221 billion), equivalent to 55% of the country's GDP in 2022, while the average

liquidity per session stood at VND20.2 trillion (\$858.4 million), down 24% compared to last year.

The draft resolution also stressed the government's need to tighten the management of commodities regulated by the state administration, especially electricity and petroleum products.

In addition, the Government would promote efficiency in the economic restructuring associated with the revision of the growth model.

"The objective is to enhance labor productivity and economic quality along with its competitiveness, independence, and resilience against external shocks," he said.

Among the main goals, Khai expected the Government to accelerate the disbursement of public funds and the restructuring of state-owned enterprises during the 2021-2025 period.

"It is essential for the Government to effectively utilize state resources for economic development," he asserted.

The draft resolution mapped out the objective to promote innovative production and service sectors with increased application of science and technology, with a share of the digital economy in total GDP of 15%.

In the infrastructure development effort, the Government would speed up the execution of key transport projects that would help boost inter-provincial linkage and socio-economic development in major urban cities.

The resolution added the authorities are set to finalize the legal framework on e-commerce infrastructure and the management of crypto assets and digital currencies.

"Another priority includes the development of the human resource, especially high-quality workforce along with a focus on R&D, application of science

and technology, to enhance productivity and economic competitiveness,” he added.

Hanoi targets GRDP growth of 7% in 2023

Following a record-high economic growth of 8.89% year on year in 2022, the city has set the GRDP growth target of 7% for this year.

In this regard, Hanoi’s authorities expected to continue creating policies to support economic activities while closely monitoring the global and domestic situation to ensure the job security of the local population, especially in rural areas and industrial parks.

In addition, Hanoi would promote craft village development and expand the investment in craft

village industrial clusters, move production activities out of residential areas, and create a favorable legal environment to attract capital into industrial parks.

Other priority for Hanoi includes the development of transport infrastructure, especially highways to boost inter-provincial connections and ring roads to create new growth spaces, along with economic production facilities of industrial parks, shopping malls, hotels, and financial service centers.

The rapid and sustainable development of the city in this context must be based on high technologies, innovation, and digitalization, towards the formation of three pillars: digital government, digital society, and digital economy.

3. Vietnamese GDP grows by over US\$300 billion to rank 37th globally

In line with the latest forecast, the scale of Vietnamese GDP in 2022 moved up four places and represented a rise of US\$45.81 billion compared to 2021.

In fact, Vietnamese GDP in 2001 stood at about US\$41.3 billion, ranking 60th out of 200 countries around the globe and reaching some US\$368 billion in 2021, ranking 41st.

According to the figures, the size of the country’s GDP increased by US\$326.7 billion, jumping 19 notches in the global GDP ranking in the 2001 to 2021 period, representing a nine-fold increase throughout the reviewed period.

With regard to countries specifically in Southeast Asia, Indonesia’s GDP is anticipated to take the lead within the ASEAN region, reaching about US\$1.290

billion, duly ranking 17th in the world, followed by Thailand with US\$534.76 billion, ranking second in Southeast Asia and 26th in the world.

Elsewhere, Malaysia is projected to have GDP of about US\$434.06 billion, ranking third in Southeast Asia and 35th in the world, followed by Singapore with GDP hitting US\$423.63 billion this year.

Vietnamese GDP is therefore predicted to rank fifth in the region this year, ahead of the Philippines, Myanmar, Cambodia, Brunei, Laos, and East Timor.

The Philippines, Myanmar, Cambodia, Brunei, Laos, and East Timor are predicted to record GDP of US\$401.66 billion, US\$59.53 billion, US\$28.33 billion, US\$18.5 billion, US\$16.25 billion, and US\$2.5 billion this year, respectively.

4. Government vows strongest resolve to achieve 2023 socio-economic targets

Son briefed the press on outcomes of the national teleconference between the Government and the 63 cities and provinces, and the Government’s December meeting, which took place earlier the same day.

He highlighted the country’s achievements across spheres in 2022, particularly an 8.02% GDP growth, the highest over the past decade, surpassing the set target of only 6-6.5%, raising the economy’s size to US\$409 billion.

The consumer price index (CPI) last year increased 3.15%, lower than the target set by the National Assembly. State budget collection also exceeded the estimate by 27.8%, while export-import value reached US\$732.5 billion, up 9.5%, with a trade surplus of US\$11.2 billion.

Industrial production expanded by 7.7%, with manufacturing and processing growing 8.1%, remaining an economic driver. With a growth rate of 3.36%, agriculture continued to serve as an economic pillar, helping to ensure national food security.

Last year, 208,300 enterprises were established or resumed their operations, representing a year-on-year increase of 30.3%.

The participants also pointed to challenges and limitations that need to be addressed in 2023 and the following years, such as the great internal and external pressure and the sluggish disbursement of public investment, problems in the implementation of some policies included the socio-economic recovery and development programme, the three

national target programmes, and the planning work, along with risks in stock, government bond and real estate markets.

According to Son, PM Chinh has required ministries, agencies and localities to concertedly implement solutions to ensure the macro-economic stability, control inflation, spur growth and ensure major economic balances, with a focus on the financial and monetary market.

The monetary policy should be rolled out firmly, flexibly and effectively in combination with the expansionary fiscal policy and others, the PM said, urging ministries, agencies and localities to perfect institutions, speed up administrative reform, focus on infrastructure construction and urban development and boost production.

Solutions are needed to effectively mobilise resources from State businesses in such sectors as energy, infrastructure for digital transformation, green transition and transport infrastructure, among others, the leader added.

5. Businesses looking forward to Chinese reopening

China is gradually moving to ease domestic COVID-19 prevention measures, announcing that it will open its borders from January 8 and may fully open its economy moving forward in the second quarter of the year. The move is expected to not only have a positive impact on businesses that export goods to this lucrative market, but also to ease pressure on the supply chain of many manufacturing industries.

Seafood is widely considered to be an industry that is set to greatly benefit from China opening its market. Indeed, seafood exports to this market have still grown over the past two years, despite the tightened quarantine policy. Therefore, the Vietnam Association of Seafood Exporters and Producers (VASEP) expects Chinese consumption demand to continue to rise when travel restrictions are relaxed, with export turnover forecast to increase further over the coming year.

“Some of our experts will enter China to have an assessment and forecast for this market,” says Truong Dinh Hoe, general secretary of the VASEP. “Last year, this market brought in US\$1.6 billion in

export turnover, and the figure for 2023 is predicted to be higher,” he adds.

Not only is China the largest consumption market, but it is also an important link as part of the global supply chain. Therefore, its decision to reopen its market is also expected to help solve bottlenecks which have impacted the supply of raw materials, especially components, machinery and equipment, and textiles in the production chain.

Yutaka Watanabe, general director of Towa Industrial Vietnam, points out that COVID-19 has placed a strain on the process of raw material, primarily because of bottlenecks it created in the supply chain.

“China is still a leading supplier of materials for many factories around the world, meeting the quantity criteria, quality and price. When the price of raw materials is better, the price is also more competitive,” says Watanabe.

However, many businesses with partners operating in the Chinese market say they have not received official documents from their partners regarding market opening, meaning now they are forced to wait.

“For firm that are doing business with the Chinese market, they keep a close watch on this Chinese move. Even recently, there are new regulations on brands and technical quality of goods, businesses have to update and keep up with the regulations,”

says Ly Kim Chi, president of the Ho Chi Minh City Food Association.

According to VNDirect’s forecast, China’s opening will be one the biggest driving force behind the growth of export output of businesses operating in the seafood, textile, and rubber industries. In particular, firms with a large proportion of revenue and market share in this market are the ones that will enjoy the most benefits.

6. Vietnam becomes RoK's top surplus partner for first time

The RoK’s export and import turnover to the Vietnamese market last year reached US\$60.98 billion and US\$26.72 billion, respectively.

A MOTIE official pointed out that among ASEAN member states, Vietnam has emerged as an attractive production base for global companies.

Furthermore, firms from the RoK have consistently poured investment into the Vietnamese market, a factor which has led to both countries becoming each other’s close economic partners and turning the Southeast Asian nation into a top surplus partner of the RoK.

Besides Vietnam, the RoK has also recorded a large trade surplus with other countries, including the United States fetching US\$28.04 billion, Hong Kong (China) US\$ 25.79 billion, India US\$9.98 billion, and Singapore US\$9.86 billion.

Last year saw the RoK’s export turnover hit a record high of US\$683.9 billion, the sixth largest in the world.

However, the RoK’s imports also skyrocketed amid high energy prices caused by the impact of the Russia-Ukraine conflict, thereby making the country rack up a trade deficit of up to US\$47.2 billion.

7. Viet Nam sees strong growth of data centres

In December, VNG Company put into operation a new and international standard data centre called VNG Data Centre in HCM City. The centre has an initial size of 410 server racks and will expand to 1,600 racks.

Earlier, in October, Viettel also launched the Viettel Cloud ecosystem with 13 centres and more than 9,000 racks, and over 60,000sq.m of floor area – the largest data centre infrastructure in Viet Nam.

The group announced that it would invest another VND10 trillion (US\$424.4 million) in Viettel Cloud to expand its scale to 17,000 racks by 2025.

In August the same year, CMC Corporation inaugurated an international standard data centre with a scale of 1,200 racks on an area of 13,000sq.m in HCM City, and an investment of VND1.5 trillion.

Well-known foreign enterprises also participate in building data centres in Viet Nam. For example, in March, Quang Dung Technology Distribution Joint Stock Company under GREENFEED Vietnam Corporation and NTT Global Data Centres Company under Japan’s NTT Group jointly built a Tier III centre in HCM City which is expected to officially come into operation in 2024.

Huy Nguyen, co-founder and CEO of KardiaChain, and former senior technical director of Google told Tuoi tre (Youth) newspaper that it was no coincidence that many businesses invest in data centres because the revenue would be substantial.

The company was currently using the service of a Vietnamese business with a cost of up to \$50,000 each month, he said. According to ResearchAndMarkets, the world's leading market research store, Viet Nam is in the top 10 emerging markets in 2021 for global data centres.

The Vietnamese data centre market stood at \$858 million in 2020 and is forecast to grow at a compounded annual growth rate of nearly 15 per cent until 2026.

The growth in the Vietnamese data centre market is impressive with international standard service delivery capacity, and a large number of organisations and enterprises, according to ResearchAndMarkets.

Statistics show that Viet Nam now has nearly 30 data centres with more than 46 per cent based in the northern region, over 35 per cent in the southern region, and over 18 per cent in central localities.

This rate is different because large data centres are mainly based in ministries and branches in the north. From 2010, the electricity consumption capacity of the centre in Viet Nam has tripled.

Domestic companies expect a data centre system made in Viet Nam will contribute to the country's digital economy.

Tao Duc Thang, chairman and director general of Viettel Group, said it set a target that each Vietnamese citizen, household, organisation, and enterprise would have a cloud-based data store located in Viet Nam, researched, developed and operated by Vietnamese engineers.

Corporate News

8. VIC: Additional capital contribution in VinFast

↓ -1.41%

The Board resolution dated December 29, 2022, the Board of Directors of VINGROUP Joint Stock Company approved the additional purchase of preferred shares issued by VinFast Trading and

Production Joint Stock Company (VinFast). Accordingly, the Company contributed the additional capital in VinFast with total amount of VND 71,515,874,140,000.

9. PNJ: Notice of stock issuance for capital increase

↓ -0.56%

Phu Nhuan Jewelry Joint Stock Company announced the information on a stock issuance to increase its share capital from the owner's capital:

- | | |
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| <ol style="list-style-type: none"> 1. Stock name: Stock of Phu Nhuan Jewelry Joint Stock Company 2. Stock type: common share 3. Par value: VND10,000/share 4. Total issued volume: 246,171,620 shares 5. Outstanding volume: 246,002,061 shares | <ol style="list-style-type: none"> 6. Treasury volume: 169,559 shares 7. Expected issue volume: 82,000,687 shares 8. Total issue value: VND820,006,870,000. 9. Issue ratio: 3:1 10. Financial resource: capital surplus 11. Record date: December 30, 2022 12. Plan to deal with fractional shares: The distributed shares will be rounded down. The fractional shares (if any) will be cancelled. |
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