



VIETNAM DAILY NEWS



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Market Analysis

1. Shares struggle ahead of Tết holiday

The VN-Index sustained the green yesterday, but the market was negative on investors' reluctance ahead of Tết (Lunar New Year) holiday.

On the Hồ Chí Minh Stock Exchange, the VN-Index inched up nearly 0.1 per cent to close at 1,056.39 points. The southern bourse's index rose 0.2 per cent on Wednesday.

The market breadth was negative, however, when the number of losing stocks outnumbered the gaining ones by 240- 162. Another 163 closed flat.

The VN-Index's gain was driven by the growth of several heavyweight stocks at the close (ATC) time such as Vinhomes (VHM), up 1.4 per cent; Vinamilk (VNM), up 0.8 per cent; VPBank (VPB), up 1.4 per cent; and PV Gas (GAS), up 0.8 per cent.

In addition, positive performance of mining and seafood stocks also supported the market with average growth of 4.3 per cent and 3.7 per cent, respectively, according to data tracked by vietstock.vn.

Petro Vietnam Drilling and Well Services (PVD), Petro Vietnam Chemicals and Services (PVC) and seafood processing company Nam Việt Corp (ANV) all hit the ceiling growth of 7 per cent. Vĩnh Hoàn Corp (VHC), Camimex Group (CMX) and Sao Ta Foods (FMC) increased by more than 3 per cent each.

On the dark side, slumps of influential stocks such as Masan Group (MSN), Vietcombank (VCB) and Vietinbank (CTG) pushed the market down.

Liquidity remained low and was almost unchanged compared to the previous session with 506 million shares worth VND8.7 trillion (US\$369 million) being traded.

"The cash flow continued to be cautious with a bit of profit-taking pressure when the VN-Index approached the resistance level of 1,065-1,080," said Phương Phạm, a market analyst at Viet Dragon Securities Co in a note.

According to Phuong, the market will likely continue to suffer from selling pressure and to correct to retest the support of cash flow in the next sessions.

On the Hà Nội Stock Exchange, the HNX-Index rose for a third day this week, up 0.13 per cent to close at 211.94 points. The northern market's index has gained 1.1 per cent this week.

Liquidity remained low and was almost unchanged compared to the previous session with 506 million shares worth VND8.7 trillion (US\$369 million) being traded.

Liquidity slightly increased to 55 million shares worth VND913 billion.

Foreign traders remained net buyers on both exchanges, picking up shares worth VND323 billion. They were responsible for total net buy value of more than VND 1.6 trillion this week.

Macro & Policies

2. Apple, Samsung supplier BOE plans two new factories in Vietnam

The investment may total up to 400 million USD, UK-based Reuters reported.

BOE is in talks to rent dozens of hectares of land in the northern region to add to its relatively small plant in the south that supplies mostly TV screens to the Republic of Korea's Samsung and LG Electronics Inc.

BOE plans to rent up to 100 hectares and use 20% for a plant making remote control systems at a cost of 150 million USD. The rest will be for displays, with BOE spending 250 million USD to build a plant on 50

hectares while suppliers will use the remaining 30 hectares, all by 2025.

Northern Vietnam has in recent years attracted significant investment from electronics giants, becoming a major hub for the production of smartphones, computers and cameras, including flagship goods from Apple and Samsung.

Hon Hai Precision Industry Co Ltd (Foxconn) and China's Luxshare Precision Industry also make or plan to assemble a number of Apple products in the area such as laptop and tablet computers.

3. Domestic investors open 2.6 million accounts in 2022, more than last 6 years combined

By the end of 2022, the number of individual investor accounts in the country had surpassed 6.8 million, equivalent to about 6.8 per cent of the population, VSD said.

Domestic investors opened 98,942 new securities accounts in December, a slight increase compared to the previous month. Individual investors opened 98,785 new accounts and institutional investors opened 157 new accounts. This was the 3rd month in a row that the number of new accounts opened by domestic investors remained below 100,000.

Notably, 2022 was a volatile year for the Vietnamese stock market. For the first time in history, VN-Index surpassed 1,500 points, then the index even dipped below 900 points in mid-November. At the end of 2022, the index decreased by 32.78 per cent compared to the end of 2021, recording the strongest decline in 14 years and also the 2nd sharpest decline in history after 2008.

However, positive signals appeared in the last months of the year as trading started to be more active. According to statistics, the average matching value on HoSE in December reached nearly VND12.1 trillion (US\$516 million), up nearly 23 per cent compared to the previous month. In particular, in

the first half of the month, the market even recorded a trading session with the matching value nearing \$1 billion.

The recovery of liquidity was attributed to a significant contribution from foreign investors' transactions, especially in the first half of the month. In December, foreign investors continued to net buy VND12.8 trillion through order matching channel on HoSE. This trend is continuing in the early days of 2023.

For the whole of 2022, foreign investors net bought up to VND29 trillion in the whole market, of which the net buying value on HoSE reached VND26.7 trillion.

In December, foreign investors opened 253 new accounts, up 17 per cent from the previous month. This is the 3rd month in a row that the number of new accounts opened by foreign investors increased after unexpectedly closing accounts in September. In terms of structure, individual investors opened 225 new accounts while institutional investors opened 28 new accounts in the last month of the year.

As of November 30, 2022, foreign investors have a total of 42,711 accounts.

4. HoSE market capitalisation down VND1.8 quadrillion in 2022

2022 was a year of many fluctuations for the Vietnamese stock market as the VN-Index closed with a decrease of nearly 33 per cent compared to the end of 2021, becoming one of the world's strongest falling indices. The capitalisation value of listed companies also fluctuated strongly compared to the previous year.

According to the HCM Stock Exchange (HoSE), at the end of the last trading session of December 2022, the VN-Index reached 1,007.09 points, down 3.94 per cent compared to November and down 32.78 per cent compared to the end of 2021. VNAllshare reached 970.65 points, down 2.24 per cent compared to November, and down 37.83 per cent compared to the end of 2021; VN-30 reached 1,005.19 points, down 4.20 per cent compared to November and down 34.55 per cent compared to the end of 2021.

Some industries recorded an increase, which is reflected in the following indices – the energy sector (VNENE) increased by 8.37 per cent; healthcare sector (VNHEAL) climbed by 6.23 per cent; financial sector (VNFIN) rose by 2.39 per cent. On the contrary, a number of industries declined such as the real estate industry (VNREAL) down 14.3 per cent; essential consumer goods (VNCONS) down 6.09 per cent; and industry (VNIND) decreased by 2.13 per cent.

The stock market liquidity in December recorded growth with the average trading volume and value of over 807.29 million shares and VND14.08 trillion, increasing by 16.42 per cent and 23.05 per cent, respectively, compared to November.

Total trading volume in the month reached 17.76 billion shares, equivalent to a trading value of

VND309.82 trillion and, up by 16.42 per cent in volume and 23.06 per cent in value, respectively compared to November.

For the whole of 2022, the average trading volume reached 653.96 million shares and average trading value touched VND17 trillion; decreased by 11.3 per cent in volume and 21.24 per cent in value, respectively, compared to the average in 2021.

Along with the sharp decline of the market, the number of enterprises with market capitalisation of more than \$1 billion on HoSE also decreased significantly. By the end of December 2022, on HoSE, there were 37 enterprises with market capitalisation of more than \$1 billion, down by nine enterprises compared to the previous year.

The number of enterprises with a capitalisation of over \$10 billion was only one, which was the Joint Stock Commercial Bank for Foreign Trade of Vietnam (VCB). Meanwhile, this number last year was three enterprises, including Joint Stock Commercial Bank for Foreign Trade of Vietnam (VCB), Vingroup Group (VIC) and Vinhomes Joint Stock Company (VHM).

Notably, Hoa Phat Group (HPG) has dropped out of the list of Top 10 listed companies with the largest market capitalisation on HoSE, with the share price dropping significantly in the past year. According to HoSE statistics, by the end of 2022, the top 10 largest capitalisation stocks on HoSE included Vietcombank (VCB), Vingroup (VIC), Vinhomes (VHM), PetroVietnam Gas JSC (GAS), Bank for Investment and Development of Vietnam (BID), Masan Group (MSN), Vinamilk (VNM), Novaland (NVL), Techcombank (TCB) and Vietinbank (CTG).

5. Vietnam emerges as an attractive alternative location for supply chain diversification

More than 2,600 industry professionals from over 20 countries were surveyed about shipping and supply chain trends for 2023. The findings show that 67 per cent of respondents thought that Vietnam

and India would emerge as functioning container shipping hubs this year and change the existing layout of the global transport industry.

The survey comes amid emerging indications that the two Asian nations are gaining popularity among businesses looking to reduce their reliance on China and diversify their supply chains.

Apple is looking into alternatives to China, such as India, to produce its iPhones. In the meantime, Foxconn and other Apple suppliers are expanding their production facilities in Vietnam. However, it will take time for capacity to be moved out of China. According to the report, the US still depends on China for hundreds of essential products including textiles, chemicals, and electronics.

Co-founder and CEO of Container xChange Christian Roeloffs said, “The overall outlook for the supply chain industry in 2023 remains challenging. Europe is being hit hard with all-time high inflation, China is struggling to cope with the virus, and the US continues to witness transportation challenges and unrest in the labour market. Most of these issues will remain in 2023. Consumer confidence will pick up, but it really depends on whether we witness more disruptions in the coming time.”

The majority of the experts surveyed believe that this year's disruptions will be most heavily influenced by inflation and the recession.

6. State Capital Investment Corporation's profit rises 91 per cent

Addressing a working session to review business and production activities of SCIC and deploy its tasks in 2023, Chairman of the SCIC Members' Council Nguyen Chi Thanh said the corporation's capital business and investment activities faced many difficulties amid the risk of inflation, and the strong fluctuations of the stock and real estate markets.

However, SCIC strived to surpass the business plan set for 2022 and recorded positive results in all aspects of its operations, Thanh said.

As of December 31, 2022, SCIC's revenue hit almost VND10.7 trillion (over \$455.86 million), 51 per cent higher than the figure in 2021, and 35 per cent higher than the plan in 2022.

Thanh said the corporation has so far received 10 out of 14 enterprises with a total book value of

VND8.52 trillion out of the chartered capital of nearly VND13.55 trillion.

SCIC will continue to coordinate with relevant ministries and sectors to sell State capital at businesses.

It will continue to focus on implementing governance measures through its role as a State shareholder, promoting restructuring to improve operational efficiency, and handling problems arising at companies, especially those with large capital scale and complicated financial situations.

Since the beginning of 2022, SCIC has proactively accelerated the selling of State capital. It successfully sold State capital at 26 enterprises with a total value of nearly VND1.68 trillion.

7. Tenants to benefit from Ho Chi Minh City rental market

The average monthly rent for Grade A office buildings in the centre of Ho Chi Minh City, such as the Saigon Center, Diamond Plaza, and Bitexco Financial Tower, has seen a climb of 15-20 per cent since the beginning of last year, to \$57.73 per square

metre. Despite the rise in rents, the capacity of these buildings is consistently 80-85 per cent.

Meanwhile, Grade B office rents remain unchanged at \$33.78 per sq.m/month, with capacity over 90 per

cent, while Grade C has consistently had the highest rates of occupancy at 96 per cent.

According to analysts, the rental market has been controlled by lessors for a particularly long time owing to the lack of available space. Beginning this year, however, as supply grows, the market should see a change as renters begin to gain power over landlords.

Knight Frank Vietnam Property Services noted in recent research that office tenants could dominate contract discussions in 2023 as Ho Chi Minh City builds over 300,000sq.m of extra Grade A and B office space over the next two years. The first projects are anticipated to become functional in the second quarter of 2023, with particular focus on the market entry of two projects in Thu Thiem and one in District 1.

According to Leo Nguyen of Knight Frank, the two sites in Thu Thiem, together with a number of other high-end buildings in the city centre, will contribute to a change in the market that should favour tenants.

Nguyen expects that Grade A office rent in the city has fallen by around \$2 per sq.m/month. Prices should fall to \$55.5 per sq m/month by the end of 2024, while vacancy rates may skyrocket to 20 per cent. Guests are now paying \$33.68 per sq.m/month for Grade B office space, but by this time next year, rents may have fallen to around \$27 per sq.m/month.

Improving experience

The shifting sands of the market have compelled commercial landlords, particularly in Grades A and B, to engage in vigorous competition. Le Viet Hoa, the owner of a network of three office buildings for lease in Districts 1 and 3, said that regardless of how advantageous office leasing activities had been in 2022, the pressure to win clients will rise dramatically this year.

According to Hoa, landlords used to have the power to choose their tenants based on who could meet stringent conditions, such as the requirement of tenants to pay several months' rent in advance. However, the market now demands workplaces offering attractive amenities, contract flexibility, and

comprehensive services, and it is leaving many lessors feeling disconcerted.

"Offices and workspaces will be a factor in companies retaining talent and, more significantly, establishing a pleasant and convenient working environment for staff to work productively," Hoa said. "As a result, when new buildings join the market, it will be the responsibility of property managers in the near future to update the facilities to improve tenant retention."

"In addition to upgrading and maintaining the structure," Hoa continued, "building owners need to consider dropping the rent or offering discounts."

A number of office buildings that are due to open this year have included a variety of competitive features, providing tenants with greater flexibility.

"In order to compete with other buildings due to open at the same time, we are offering various favourable policies, such as exemptions and rent reductions, in the first few months, based on a preliminary assessment of the requirements of tenants," said Hoa.

The Nexus, The Hallmark, and The Crest Tower B are all planned for this year, while The Sun Tower, The Pearl, and IFC One Saigon are set to launch in 2024, according to Cushman & Wakefield (C&W).

So far, the southern part of the city has led the way in terms of renewed supply, but 2023 will be the year that the east emerges with a plentiful amount of Grade A office space. Together with excellent transportation links to the city centre, this will provide ideal circumstances for the east of the city to become a magnet for high-end firms and investment, added C&W.

Nevertheless, in the near future, there will be a number of changing trends in the commercial property market, such as remodelling older buildings to meet environmental requirements, with many historic buildings in desirable locations having already begun the process of refurbishment.

Corporate News

8. VIC: VinFast's EVs grab international media's attention at CES 2023

↓ -0.18%

With a good-looking and sophisticated design, and impressive specifications, VinFast's electric vehicle (EV) duo VF 6 and VF 7, showcased at the Consumer Electronics Show CES 2023 recently held in the US, received positive reviews from the international media.

Driving, a renowned news-site of Canada's automobile industry, wrote that both Torino Design-designed units are good-looking entrants that should generate a lot of interest, as long as they are priced at the right level.

Rather than a conventional set of instruments behind the steering wheel, all the information and functionality is housed in a large, centrally mounted screen. This measures a sizeable 12.9-inches in both VF 6 models and VF 7 Eco; the VF 7 Plus moves up to a 15.0-inch unit.

Both models get a full suite of safety aids, including blindspot monitoring, as well as Level 2 highway-drive assist, lane-centering assist, adaptive cruise control, and emergency lane-keep assist, the news-site added.

With a try of VF 7 at the show, the US car review channel Motor Mount said that although it is a small crossover model, this model is very spacious, and its interior is meticulously cared for from high-quality leather materials to driver-oriented entertainment screen and technology equipment.

The US-based car magazine Carbuzz and Plugavel, a technology and cars website, also expressed their impressions with specifications of the two VinFast EV models.

Plugavel affirmed that VF 6 and VF 7 can fully satisfy the tastes of the European market.

Present at the CES 2023 from January 5-8, the first Vietnamese EV maker displayed four electric SUV models - VF 6, VF 7, VF 8 and VF 9 - which represent the most popular segments from small crossovers to large 5- and 7-seater SUVs.

Among the four models, the VF 8 was recently launched, and the first vehicle shipment arrived in the US in mid-December 2022. Meanwhile, the VF 6, VF 7 and VF 9 are currently under development and will be launched this year.

9. STK: STK: Approving the loan agreement between UNITEX and STK

↑ 6.86%

The Approving the loan agreement between UNITEX and of Century Synthetic Fiber Corporation as follows:

File Attachment

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