



# VIETNAM DAILY NEWS

January 16th, 2023



## Table of content

### Table of content

1. Trading in tight range ahead of Tet holidays
2. US semiconductor manufacturers survey Vietnam opportunities
3. Trade possibilities restored as China softens restrictions
4. RoK construction firms interested in Vietnamese market
5. HCM City an attractive destination for Hong Kong investors: forum
6. Cement businesses anticipate headwinds in 2023
7. Over half of foreign-invested enterprises in the red
8. MSB: Increasing charter capital
9. HAH: Board Resolution

## Market Analysis

### 1. Trading in tight range ahead of Tet holidays

The stock market traded in a narrow range last week, with most industries experiencing a divergence trend. Experts believe that in the period before the Lunar New Year, the index will fluctuate in a narrow level, but investors can still look for opportunities in short-term positions.

The market's benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) ended the week at 1,060.17 points, while the HNX-Index on the Ha Noi Stock Exchange (HNX) closed at 211.26 points.

Both benchmarks gained for the week, with the VN-Index rising 0.8 per cent and the HNX-Index up 0.3 per cent.

Liquidity also did not have a big change, partly reflecting the cautious sentiment of investors in the trading sessions before Tet. Specifically, the average matching volume on HoSE reached nearly 436 million shares per session, down 20.65 per cent over the previous trading week, while the HNX's average matching volume was nearly 51 million shares a session, down 16.52 per cent.

This was also the reason why the VN-Index had no motivation to hit higher levels.

As the Lunar New Year approaches, investors are often worried. However, it is worth noting that in the last 21 years, the VN-Index has increased 15 times and decreased six times during sessions ahead of the festival. Especially, five days before Tet, the average performance is always positive.

Nguyen Anh Khoa, Head of Analysis and Investment Consulting Department of Agriseco Securities Company, said that this will be an opportunity for investors to accumulate leading stocks, especially in the VN30 basket, at low prices.

Following a slight increase in the benchmark index and continued low liquidity levels in recent weeks, Vietcombank Securities Company (VCBS)

believes that the market will continue to struggle and fluctuate in a narrow range before the holidays.

Experts from VCBS recommend short-term investors take advantage of the uptrend to take profits on short-term speculative stocks while limiting the opening of new transactions until the holiday.

BIDV Securities Company (BSC) forecasts that the VN-Index will continue its sideways trend this week, trading in the range of 1,050 to 1,065 points, and may fluctuate more strongly in the sessions close to Tet.

Similarly, Yuanta Securities said that the market may extend the sideways trend and trade in a tight range.

If it breaks away from the sideways trend, the short-term cash flow is still quite weak. Furthermore, the short-term sentiment index is still in the negative territory, indicating that investors are still not ready to invest again and that the market is still diverging.

However, the short-term trend of the general market is still up. As a result, Yuanta advises short-term investors to continue to take advantage of correction sessions to increase the proportion of stocks in their portfolio, but not to exceed 50 per cent.

MB Securities (MBS) said that as the VN-Index gained for two consecutive weeks, the upper limit of 1,064 points is still a strong resistance when there is no support from liquidity.

With a fairly positive breadth, the market is expected to break out of the accumulation zone after the Lunar New Year or remain sideways, but investors will have opportunities with individual stocks.

## Macro & Policies

### 2. US semiconductor manufacturers survey Vietnam opportunities

On January 12, the US Semiconductor Industry Association (SIA) arrived in Vietnam to survey opportunities to invest in the semiconductor production.

According to Deputy Prime Minister Le Minh Khai, the visit is an important starting point for the connection between the Vietnamese government and SIA, promoting the capacity to join the global supply chain of the country.

“The Vietnamese government issued many incentive and support policies to create favourable conditions for investment inflow in term of hi-tech sectors and semiconductor is a priority sector,” DPM Khai said. “Vietnam has also established high-tech centres in Hanoi, Ho Chi Minh City, and Danang with special incentive policies to connect research and development (R&D) activities and invest in hi-tech and innovation projects. Vietnam is a production hub of global groups, such as Intel, Samsung, LG, and Amkor.”

SIA president and CEO John Neuffer said the US semiconductor industry was working to re-balance the global semiconductor production chain, which combines plans to increase key chains from friendly countries.

In the context of other countries advancing fast and US semiconductor businesses seeking investment opportunities, Neuffer said he hopes to cooperate with the Vietnamese government and the country not miss this important opportunity.

He said he believes Vietnam would play an increasingly important role in the US global semiconductor chain in the coming time.

DPM Khai proposed SIA encourage its members to open R&D centres, and science-technology centres in term of the semiconductor sector in Vietnam and establish offices in the National Innovation Centre. He also expects that the association will open training courses and scholarships to improve the capacity of the labour force in this sector.

“The Vietnamese government expects that the association will consult policies to foster the country's semiconductor production, and simultaneously help to connect Vietnam with global semiconductor producers, taking Vietnam to join deeper in the global supply chain,” Khai said.

The government has assigned the Ministry of Planning and Investment to study and build a policy for attracting foreign investment capital in the chip manufacturing. It has asked the MPI to prepare the draft policy and submit it to the government in the first quarter of 2023.

### 3. Trade possibilities restored as China softens restrictions

Thang Van Thong, deputy general manager of Hao Hung Wood Chips, said that the average price of wood chips sold to the Chinese market has risen to \$180 per tonne from \$117 per tonne at the start of 2021. In 2022, the price of free on-board wood chips in Cai Lan port fluctuated according to market conditions, but has been higher than the \$50-60 per tonne pricing at the end of 2021.

“The demand for the Chinese market and the export price of woodchips will continue to rise over the next several years,” Thong said.

According to China's 2021-2025 plan issued in September 2021, the nation will combat the overuse of plastic in packaging and agriculture and encourage the usage of wood-alternative goods. In 2021, Vietnam exported 13.6 million metric tonnes of woodchips, of which 8.8 million metric tonnes were sent to China, representing almost 65 per cent.

China is Vietnam's biggest bilateral economic partner, with trade volume consistently exceeding \$100 billion each year. Nguyen Viet Phong, director general of the Department of Trade and Services under the General Statistics Office, stated that import and export were highlights of 2022 as Vietnam set a record with total import-export turnover of approximately \$732 billion.

“The trade balance maintained a surplus for the seventh year in a row, with nine export goods surpassing tens of billions of US dollars, placing Vietnam among the top countries in terms of international commerce,” Phong said.

Over the last few months, the worldwide market for consumer products slowed significantly. In several key markets, like the United States, the European Union, and Japan, excessive inflation has diminished buying power, which has a direct impact on Vietnam's export orders.

According to Phong, the trade surplus of \$11.2 billion in 2022, even though it seems good in the near term, is in fact a “warning sign that firms have imported less”, which will impact the following production cycle and the manufacturing of export items.

In this context, the fact that China is to open borders this month is anticipated to ease Vietnam's import and export positions, which have slowed due to the global economic struggles. In 2022, China had the greatest import-export turnover with Vietnam, reaching \$177.7 billion, an increase of 6.8 per cent on-year. Imports hit \$58.4 billion, up of 4.5 per cent, and exports reached \$119.3 billion, up 7.2 per cent.

According to a number of local experts, Vietnam offers Chinese businesses the opportunity to lower transportation costs and more securely link the Chinese distribution network to the global market. Chinese investment is now present in the majority of provinces and cities in Vietnam.

However, the majority of such projects are located in provinces with border-gate economic zones, coastal regions, and highly populated cities with strong labour appeal, adequate infrastructure, and advantageous circumstances for export, import, and transit between the two nations.

For example, the China National Technical Import and Export Corporation (CNTIC), one of China's major state-owned firms, chose Vietnam as a long-term investment market in the power and energy sectors. Vietnam is a key market for the corporation, which is eager to develop and invest in significant power production projects using sustainable energy. CNTIC intends to engage in rooftop solar projects based on private power purchase agreements in Vietnam, which has hundreds of industrial parks.

With the Chinese government's relaxation of its pandemic policy, Nguyen Thanh Trung, head of analysis at Thanh Cong Securities, stated, “Chinese investors will show up again and be the key driver to boost foreign cash inflows into Vietnam, including working capital in the stock market and cash flow in other industries, such as real estate.”

China is a factory for the mass manufacturing of numerous groups of industries' commodities, particularly basic items, and its reopening will put many Vietnamese industry groups in competition, Trung added. “The need for energy, oil, and gas is anticipated to rise this year,” he said.

According to the Ministry of Planning and Investment, the total amount of foreign capital registered from China has risen at a compound annual growth rate of 17 per cent since 2015.

China accounts for around 60 per cent of the development potential of this sector. “If China's openness is encouraged, world oil consumption could climb by approximately 60 per cent, causing “commodity prices to soar again,” he added.

#### 4. RoK construction firms interested in Vietnamese market

In its recent article, the newspaper wrote that one of the overseas markets that Korean construction

companies are paying most attention to this year is Viet Nam.

With the National Master Plan to 2030 with a vision to 2045, Viet Nam is striving to become an advanced country by 2045. To this end, it plans to invest in transportation, energy, information and communications technology (ICT), and infrastructure. The scale of the infrastructure industry is also expected to grow at an average annual rate of 9.8 per cent from US\$5.2 billion last year to \$11 billion in 2030.

Currently, construction companies that stand out in Viet Nam such as GS E&C, Daewoo E&C, and Lotte

E&C are strengthening their local presence by conducting large-scale development projects in HCM City in the south and in Ha Noi in the north, the newspaper wrote.

In addition to Ha Noi, Daewoo E&C, the first Korean construction firm in Viet Nam (in 1991), is showing some signs of targeting southern Viet Nam while considering investment expansion in Binh Duong Province near HCM City.

## 5. HCM City an attractive destination for Hong Kong investors: forum

Vo Van Hoan, Vice Chairman of the People's Committee of HCM City, said that strong growth has been seen in the partnership between the city and Hong Kong across all fields, especially economy, trade, investment and tourism.

Amid the unpredictable COVID-19 situation, bilateral trade between Hong Kong and Vietnam still maintained a good growth momentum in 2022. Currently, Hong Kong is one of the major trading partners of Ho Chi Minh City, ranking 8th out of 117 countries and territories with direct investment in this city.

As of the end of 2022, Hong Kong investors run 619 direct investment projects worth 3.23 billion USD in the city, accounting for 5.79% of the total FDI the city attracted in the year, mostly in manufacturing-processing and real estate.

Hoan underlined that HCM City has enjoyed stable growth. Last year, the city's gross regional domestic product (GRDP) expanded 9.03% year on year, making up 22% of the country's GDP and 28% of the State budget. Its per capita GRDP in 2022 reached nearly 7,000 USD, double that of the country's average.

He said that the city is focusing on reforming administrative procedures, promoting digital transformation and improving investment environment to attract more FDI and investors, including those from Hong Kong.

With around 10 million population and the growth of the middle class, Ho Chi Minh City is a huge and potential market for businesses.

Cao Thi Phi Van, Vice Director of the Investment and Trade Promotion Centre of the city, said that the city is not only a promising investment destination but also a gateway for businesses to reach other markets in Southeast Asia.

As the city is calling for investment to many large-scale projects in various fields, including urban infrastructure, innovation and hi-tech agriculture, this is a good time and a chance for foreign investors to invest in the city, she said.

Jonathan Choi, Chairman of the Hong Kong-Vietnam Chamber of Commerce, Chairman of Sunwah Group, Chairman of the Chinese Chamber of Commerce in Hong Kong and Chairman of the Guangdong-Hong Kong-Macau Greater Bay Area Entrepreneurs' Union, noted in his opening remarks that Sunwah Group has been operating in Vietnam since the 1970s and its Vietnam Headquarters is in Ho Chi Minh City, the most dynamic and vibrant city in Vietnam.

"This time I am delighted to lead a business delegation of more than 60 business leaders and industry experts of different sectors from Hong Kong to Vietnam to explore partnership and collaboration. Some of the delegates have been investing in Vietnam, some have not, but they all share the same interest in exploring more investment opportunities in Vietnam. For those who have not visited Vietnam before, I am sure they are all impressed with the charm and abundant opportunities of this country," he said.

The Hong Kong - Ho Chi Minh City Investment & Business Forum and Networking Dinner is an international forum co-organized by the Chinese



General Chamber of Commerce (CGCC), the Guangdong - Hong Kong - Macao Bay Area Entrepreneurs Union (GBA Union), the Hong Kong - Vietnam Chamber of Commerce (HKVCC) and the Investment & Trade Promotion Centre of Ho Chi Minh City (ITPC).

The event aimed to strengthen the investment and cooperation ties between Hong Kong and Vietnam in general and Ho Chi Minh City in particular.

The Business Forum and Networking Dinner in Ho Chi Minh City is part of a business trip to Vietnam from January 8-14 by the Hong Kong delegation of more than 60 entrepreneurs and high-level representatives from various sectors including financial services, manufacturing, real estate, education and training, and many more.

Sunwah Group, with more than 50 years doing business in Vietnam, is the coordinator and main sponsor for the delegation's activities in Hanoi and Ho Chi Minh City. The Investment & Trade Promotion Centre of Ho Chi Minh City (ITPC), the Young Business Association Ho Chi Minh City (YBA)

and IBP Vietnam are supporting organizations for the Ho Chi Minh City activities.

Earlier, the Vietnam - Hong Kong - Greater Bay Area Partnership Business Forum and Networking Luncheon was successfully organized in Hanoi on January 10. The success of both Business Forums in Hanoi and Ho Chi Minh City with the participation of many large associations and enterprises promise to bring in more bilateral cooperation between Vietnam and Hong Kong in the post-COVID-19 era.

Vietnam and Hong Kong (China) have enjoyed fruitful trade and investment partnerships despite the impacts of the COVID-19 pandemic. According to the latest report of Vietnam General Statistics Office, as of October 2022, Hong Kong was the fifth largest investor in Vietnam after the Republic of Korea, Japan, Singapore, Taiwan (China) with 2,133 projects and 28.9 billion USD of total investment capital registered. The main industries that Hong Kong has invested in Vietnam include processing, manufacturing, apparel, services, real estate, hotels and restaurants, and construction.

## 6. Cement businesses anticipate headwinds in 2023

The deputy director of a cement business under the management of the state-owned cement group Vicem said that right from the first quarter of this year, the company needs to scale down its production capacity due to less favourable market conditions.

Economic difficulties have led to a sharp reduction in new construction from both individuals and businesses.

This is not a single entity having to downsize its production, many other cement plants have reported diminished production output in 2023 in the face of dwindling demand in the market.

Several kilns temporarily halted production from the second half of last year, pulling down the whole cement industry's production volume.

Last year was tough for the cement sector as the supply exceeded demand by 40 million tonnes. Consumption in the home market was approximately 63 million tonnes, nearly the same as in 2021, meanwhile, the export volume shed 15 million tonnes on-year, falling to just 30 million tonnes.

Vicem's total sales volume in 2022 came to 27.5 million tonnes, equal to 93 per cent of its full-year projection and down 6.7 per cent on-year. Of this, 21.3 million tonnes of cement was sold in the domestic market. The consumption volume of clinker, including that for export, took a 45.6 per cent plunge to just 2.9 million tonnes.

Vicem's pre-tax profit fell to \$66.6 million, equal to 89.8 per cent of its full-year plan and down 30.5 per cent on-year.

According to Vicem's general director Le Nam Khanh, spiking input costs and declining exports have diminished the company's profits.

For instance, surging prices led to a \$174 million cost overrun on-year with respect to coal expenses alone.

The rising input material costs are forecast to linger in 2023. In this challenging context, Vicem has set its pre-tax profit goal at \$34.8 million this year, down 47.8 per cent from 2022.

Tran Quang Phuc, deputy general director of Vicem Tam Diep Co., Ltd. noted that huge oversupply is a critical issue that is having a significant impact on production and creating a headache for Vicem's management.

Over the past three years, the local cement sector turned out around 105-108 million tonnes annually, of which more than 60 million tonnes were sold in the domestic market.

In 2023, several new cement production lines are expected to come on stream, such as Long Son Cement's production line 4 with an estimated annual capacity of 2.5 million tonnes and Xuan Thanh Cement's production line 3 with a capacity of 4.5 million tonnes. This would push up the country's total cement supply to surpass 120 million tonnes annually against an estimated domestic cement consumption of only 64-65.5 million tonnes.

## 7. Over half of foreign-invested enterprises in the red

The Ministry of Finance has just sent a report to the prime minister outlining the results of an analysis of the financial statements of foreign-invested enterprises (FIEs) in 2022. The report covers more than 26,000 businesses to illustrate the overall financial picture of foreign direct investment (FDI) in Vietnam.

Accordingly, 14,293 FIEs reported losses, accounting for 55 per cent of all businesses with a total value of \$7.2 billion. A total of 16,258 FIEs, or 62 per cent of all businesses, have accumulated losses, an increase of 8 per cent from 2020. Meanwhile, 4,402 enterprises, or 7 per cent of businesses, lost their equity, a rise of 15 per cent from 2020.

FIEs have total assets of up to \$375 billion, 13 per cent higher compared to 2020. The equity of FIEs stood at \$153 billion, an increase of 12.3 per cent. Meanwhile, liabilities amounted to \$222 billion, up 14.7 per cent against 2020.

Although the size of assets increased, the growth rate of liabilities was higher than that of equity. This shows that the expansion of assets came more from debt than from the investor's capital. Growth in

capital for FIEs mainly came in the form of external funding. The profitability indicators in some fields remain negative and have yet to improve.

The amount paid to the state budget by FIEs is not commensurate with the total investment. The number of FIEs reporting losses, accumulated losses, and capital losses tended to increase in both quantity and value.

Foreign investors mainly export processed and assembled goods that are low-tech and labour-intensive with a low localisation rate and little added value.

## Corporate News

### 8. MSB: Increasing charter capital

↑ 0.00%

Vietnam Maritime Commercial Joint Stock Bank has raised its charter capital:

- New charter capital: VND20,000,000,000,000.

### 9. HAH: Board Resolution

↑ 0.30%

On January 10, 2023, Hai An Transport and Stevedoring Joint Stock Company announces the resolution of the BOD as follows:

1. The BOD approved estimated business results in 2022:

- Revenue: VND1,002,228 million
- Revenue: VND3,184,623 million
- Profit after tax: VND827,058 million

2. The BOD approved business plan for 2023:

- Revenue: VND2,698,000 million
- Profit after tax: VND300,000 million.

3. The BOD approved to hold Annual General Meeting 2023:

- Meeting date: expected from March 20, 2022 to March 31, 2022
- Meeting venue: Floor 7, Hai An building, Dinh Vu street, Dong Hai 2 ward, Hai An district, Hai Phong city.



**Research Team:****Tsugami Shoji**

Researcher

[jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)**Disclaimer:**

*Copyright 2015 Japan Securities Co., Ltd (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.*

***Japan Securities Co., Ltd – JSI***

*Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi*

*Tel: (024) 3791 1818*

*Fax: (024) 3791 5805*

*Email: [info@japan-sec.vn](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*