



VIETNAM DAILY NEWS



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Market Analysis

1. Rising tide of optimism lifts markets

Stocks surged on Wednesday as investors hunted bargains amid a bullish sentiment felt across the board.

On the Ho Chi Minh Stock Exchange (HOSE), the VN-Index started off the afternoon rising steadily. It fell slightly at 2:20pm on brief selling pressure but then quickly regained its momentum. It eventually reached its peak of 1,040.55 points at 3pm, up 15.87 points (1.55 per cent) from the previous session.

The exchange was overrun by gainers with 242 stocks on the increase, against 85 faring badly. Among the stocks, 19 hit ceiling prices whereas five sat at the other end.

Despite the optimistic sentiment, HOSE was not hectic on Wednesday as investors traded just 469 million shares on the exchange, equivalent to about VND7.1 trillion (US\$300 million).

The VN30-Index echoed the VN-Index pattern but with a larger gain. It gained 19.47 points (1.92 per cent) to reach 1,034.43 points. In the basket, gainers outnumbered losers by 25 to four. Only one hit ceiling prices whereas none touched the bottom.

The rising tide lifted all boats but not equally. BIDV (BID) saw the biggest boost with a gain of 3.51 per cent in price. Other major stocks benefiting from the optimism included Hoa Phat Group (HPG), VietinBank (CTG), Sacombank (STB), PetroVietnam (GAS), and Vinamilk (VNM).

The securities sector rose strongly on Wednesday on the back of the bargain-hunting. It climbed by 3.57 points (4.57 per cent) to hit 81.79 points. In the sector, SSI securities grew by 3.84 per cent,

followed by VNDirect Securities (VND) and Viet Capital Securities (VCI).

Construction materials was another sector behind the market pickup. In the sector, Hoa Phat Group (HPG) gained 4.5 per cent. Hoa Sen Group (HSG) followed suit with 6.87 per cent and Vicostone (VCS) 0.8 per cent. Heavy buying lifted the sector by 4.02 per cent.

Wholesale was also riding high on Wednesday, buoyed by 23 gaining stocks including Petrolimex (PLX), Digiworld (DGW) and PetroVietnam General Services (PET). Overall, the sector climbed by 2.95 per cent.

Closely correlating with the construction materials sector, construction was the next sector contributing to the market rally. One of the largest gainers in the sector was Lugiaco (LGC), which hit ceiling prices. Vinaconex came next with 6.25 per cent.

In the realty sector, the trio stocks of the Vin family - Vingroup (VIC), Vinhomes (VHM) and Vincom (VRE) - saw mixed results. The first and the third gained 0.19 per cent and 0.37 per cent, respectively, whereas the second lost 0.72 per cent.

The HNX-Index on the Ha Noi Stock Exchange (HNX) followed the bullish trend with a rise of 4.4 points (2.19 per cent), ending at 206.83 points.

Foreign investors withdrew money from the market by net selling a total of around VND299.18 billion worth of shares on the two exchanges. Of which, they net sold VND312.86 billion on HoSE and net bought VND13.68 billion on HNX.

Macro & Policies

2. Retail sales of goods, services up 13% in Jan-Feb

Of the total, the retail sales of goods were estimated at 781.8 trillion VND, up 10.1% year-on-year, of which the revenue from garment and textile rose by 18.4%, food and food stuff 12.5%, and home appliances 4%.

Meanwhile, a decrease of 3.7% was seen in the group of cultural and educational products, the GSO said.

In the period, the revenue from lodging and catering services reached 109.1 trillion VND, a year-on-year rise 31.6%.

Notably, tourism raked in 4.7 trillion VND, a 2.2-fold increase compared to the same period of last year, as various activities to welcome the spring were organised across the nation.

The turnover from other services was valued at 98.6 trillion VND, up 16.2% year-on-year.

Director of the Ministry of Industry and Trade's Domestic Market Department Tran Duy Dong said that the ministry is striving for an 8-9% increase in total retail sales of goods and services this year.

3. Number of newly-registered businesses down 18.3% in February

The figures represent month-on-month decreases of 18.5% in the number of enterprises, 33.8% in capital, and 25.6% in the number of employees; and a year-on-year rise of 21.4% in the number of enterprises; and y-o-y decreases of 23.1% in capital, and 29.6% in the number of labourers.

Therefore, in the first two months of this year, 19,700 businesses with a combined registered capital of 164.7 trillion VND and 119,600 labourers were set up across the country. The figures represented y-o-y decreases of 3%, 40.7% and 20.1%, respectively.

In addition, 3,927 firms resumed operations in the month, down 73.8% m-o-m, and 3.5% y-o-y, bringing the total number in the first two months to 18,200, down 18.6% y-o-y.

On the opposite side, during January-February, 38,800 businesses temporarily ceased operations, a y-o-y rise of 18.5%, while 9,400 were in the dissolution process, up 5.8%, and 3,200 completed dissolution procedures, down 1.6%.

4. Capitalising on semiconductor market

Overall semiconductor market revenue was \$575 billion in 2022, the highest-ever annual total and an increase of 3.2 per cent compared to the 2021 total of \$555 billion.

Sales slowed during the second half of the year, however. Fourth-quarter sales of \$130 billion were 14.7 per cent less than the total from the fourth

quarter of 2021 and 7.7 per cent lower than the total from the third quarter of 2022.

It is estimated to grow at a slower pace of around 6 per cent to \$680 billion by 2025, versus pre-2020 growth of around 8 per cent. The growth is driven by increasing needs for semiconductors due to digitalisation, electrification, AI, the metaverse, and the Internet of Things.

Asia-Pacific remains by far the largest region for semiconductors and possesses a dominant position in semiconductor manufacturing, capturing around 75 per cent of global semiconductor capacity. The region is home to leading players such as TSMC, Samsung, Hynix, Renesas, and SMIC, and Asia-Pacific is expected to capture around two-thirds of the global revenue share by 2025.

Within Asia-Pacific, South Korea, Japan, Taiwan, and China are key semiconductor markets. ASEAN however, is still underrepresented with most existing capacity for semiconductor wafer manufacturing concentrated in Singapore, Malaysia, and Thailand, and for assembly and test in Malaysia, Thailand, Indonesia, and the Philippines.

ASEAN to benefit

Further growth and demand for semiconductors in ASEAN are expected due to a growing downstream electronics assembly industry in this region. This can be attributed to the following main factors, including the favourable macroeconomic environment in ASEAN, diversification from Chinese semiconductor supply chains, and the low-cost supply base advantages

The ASEAN region represents one of the world's most important growth markets, with a combined population of over 660 million. ASEAN countries have an increasingly strong manufacturing foundation. The emerging economies there have long been a destination for global manufacturers seeking abundant low-cost labour.

Singapore, Thailand, and Vietnam also served as a hub for high-value research and development (R&D) and trade-supporting services. ASEAN also stands out as a growing and dynamic domestic market, gaining importance not just for operations but also for demand in the long run.

The increasing geopolitical tensions threaten Chinese semiconductor supply chains. The United States has been tightening export controls with stricter licensing policies, which jolted and paralysed players in China. Additionally, some Chinese players have been placed on a US trade blacklist to create China-free supply chains.

Companies, such as in the electronics industry, adapt to these risks by moving their supply chains

from mainland China to other regions. Since 2018, Apple has reduced its number of Chinese supplier sites by 30 per cent and moved production to Southeast Asia and the Americas.

The US and EU have been trying to further bring back semiconductor manufacturing into their regions with huge incentive packages. However, for the US and EU, the focus is expected to be primarily on wafer manufacturing – whereas the assembly and test part of the semiconductor supply chain is still expected to remain in and be focused on Asia to a large extent.

This is the case due to the higher share of labour costs in the semiconductor backend compared to the front-end. Lower labour costs in countries in Asia were one key reason to build up these parts of the value chain there. Additionally, the know-how in the backend technology and operations has been in Asia for the last decades and, hence, a potential further near-shoring towards EU and US will also be a challenge from a skill perspective.

Among the ASEAN nations, Vietnam possesses unique value propositions to attract semiconductor investment. The country is already part of the global supply chain of prominent semiconductor players such as Samsung and Intel. Continuous industrialisation and economic growth provide an attractive base for semiconductor players to manage their global supply chain risks.

Regarding trade openness, economic growth, and demographic advantages, Vietnam's economy has proven to be resilient and weathered the pandemic crisis well. Its economy is expected to reach close to 7 per cent growth in 2023, one of the highest among Southeast Asia nations. In addition, Vietnam continues to adopt open trade policies.

It maintains diplomatic neutrality amid geopolitical conflicts between China, US, and its allies. It has signed multiple free trade agreements, and foreign direct investment continues to rise, with the manufacturing sector receiving the largest amount of it.

The Vietnamese government has also issued Decision No.667/QĐ-TTg, approving the foreign investment cooperation strategy for this decade, to further enhance the efficiency of foreign investment and position Vietnam as the choice destination for foreign investment in ASEAN.

Vietnam is well-positioned

Moreover, the strong macroeconomic fundamentals are augmented by Vietnam's favourable demographic profiles. Vietnam has one of the largest and youngest workforces in Asia with a working-age population of close to 50 million. The proportion of skilled workers is also on the rise. This differentiates Vietnam against other ASEAN neighbours.

With a solid foundation in electronics and semiconductors, electronics production has contributed to a significant part of Vietnam's manufacturing output and exports, hence a key economic pillar of Vietnam's economy. Today, Vietnam ranks eighth as one of the key electronic exporters globally, and second among ASEAN nations behind Singapore.

Pioneering foreign investment in the electronics sectors in Vietnam includes Samsung, Intel, Panasonic, LG, and Canon. More specifically for the semiconductor sector, notable investments in recent years include Samsung Electronics, which has a total of six production corporations, one sales corporation, and one R&D centre in Vietnam. Samsung's total investment in Vietnam has grown from \$607 million in 2008 to exceed \$20 billion to date.

In 2021, Intel Corporation also announced an additional investment of \$475 million in Intel Products Vietnam, the largest assembly and testing plant in Intel's network. It is expected to continue to evolve to take on more complex technologies and new products to enable Intel to tap new market opportunities, such as with 5G products and core processors.

Vietnam is also putting in more efforts to attract more investment in the high-tech and semiconductor sectors. Decision 667 lays out the strategy for foreign investment cooperation for this decade. One of the objectives is to attract foreign projects that utilise advanced and high technology of Industry 4.0, modern administration, yield high added value, and connect global production and supply/demand chains.

Vietnam's unique value propositions as a stable, geopolitically neutral, low-cost supply base coupled

with favourable government policies would help to attract more high-tech and semiconductor investment. The Ministry of Planning and Investment has also been tasked to draft the mechanisms and policies to attract overseas funding in chip production.

At the same time, the country should prioritise improving education. Based on a culture where learning and education are highly valued, and with a global, well-educated and networked overseas Vietnamese community, the fundamentals are laid out. The Vietnamese government should further foster STEM education from the primary school level onwards, establish academic learning and on-the-job training facilities together with foreign investors, make semiconductors an attractive industry for women, and grow a few lighthouse research institutes by attracting foreign academics with attractive packages.

Attracting, transforming, and upskilling local Vietnamese semiconductor supply chain players would be another strategic imperative for Vietnam. Local supplies for chemicals, spare parts, facilities construction, and maintenance are paramount for a sustainable semiconductor industry in a country.

Since not all parts of the semiconductor supply chain can be covered by local suppliers, and response times are crucial for an industry that works 24/7, international suppliers need to be incentivised to set up local offices and support centres.

The global semiconductor industry has shifted to the “war of technology” phase. While the global supply chain is disrupted due to geopolitical tension, it also creates opportunities for ASEAN, and particularly in Vietnam, as companies are starting to renew their supply chain for further independence from China.

Vietnam should continue to play to its advantages by building on its strong semiconductor capabilities, supported by favourable government policies to attract foreign investment as well as to encourage upskilling local workforce and semiconductor supply companies.

5. Investors seek seaport access improvements

At the launch of the 2023 Whitebook from the European Chamber of Commerce in Vietnam (EuroCham) earlier in February, development of seaport access was among the top discussions.

Hans Kersten, vice chairman of EuroCham's Transportations and Logistics Sector Committee, said they highly appreciate the Ministry of Industry and Trade's plans for improvement of Vietnam's logistics performance index, which has addressed most of the current concerns in the sector.

“However, we want to focus more on the two critical areas of infrastructure access to the main ports and the development of quality distribution and logistics centres,” Weber said.

“Connectivity between Lach Huyen International Gateway Port in the northern port city of Haiphong and beyond should be improved further with focus on inland waterway development, railroads, and highways to the surrounding provinces. The access channel to Go Gia in Cai Mep should also be upgraded to allow larger vessels.”

The sector committee represents dozens of companies interested in Vietnamese seaports and logistics, such as Bolloré Logistics, Maersk, Logwin Air, DHL, FM Logistic, and Dextra Transport, among others.

France's CMA-CGM has meanwhile sent a document to the Vietnamese government, proposing the implementation of maritime and logistics infrastructure. In particular, the company expects support at all levels for the Gemalink phase 2 expansion at Cai Mep-Thi Vai, plans for Lach Huyen International Gateway Seaport, and inland depot projects in southern regions of Vietnam.

CMA-CGM has funded port infrastructure in Vietnam since 1994, under joint ventures with Sowatco of Vietnam and Mitsui&Co of Japan.

Similarly, FM Logistic is expanding here. Last year it set up a 20,000 sq.m urban distribution centre in the southern province of Binh Duong as part of a new strategy for this decade. The French supply chain operator aims to double its revenue to €3 billion (\$3.18 billion) by 2030 by focusing on omnichannel

supply chain services, urban logistics, automation, and sustainability.

Like EuroCham's businesses, other investors are facing challenges in their seaport investment plans. For instance, My Thuy International Port Joint Venture Company, the investor of the an international seaport costing around \$619 million in central Quang Tri province, has suffered from delays since it officially kicked off two years ago because of problems in development of connections to and from Quang Tri Industrial Park. The investor has also not been handed over some land for project implementation.

At a meeting on February 21 with Quang Tri People's Committee, a representative of the company said, “We are completing design documents to submit for approval. However, the current problems include investment resources, annual operating, and maintenance costs.”

My Thuy is one of many seaports in Vietnam facing problems related to access infrastructure. According to the Vietnam Maritime Administration (VMA), Vietnam now has 45 seaports, several inland container depots, and major logistics centres. However, the country still lacks infrastructure connecting such complexes.

Economist Nguyen Duc Kien said the number of true seaports is very few. “We have more berths than ports. Cai Mep-Thi Vai seaport in southern Ba Ria-Vung Tau province has no connecting railroad. And in Haiphong, Lach Huyen International Gateway Seaport has been developed but also lacks a connecting railroad.”

Seaports play an increasing role in a country's economic development. According to the VMA, more than 90 per cent of Vietnam's imports and exports are transported by sea. In 2022, Vietnam recorded around \$732 billion in total imports and exports – the first time Vietnam surpassed the target of \$700 billion. Because of growing trade, other foreign players have engaged in building and exploiting seaports in Vietnam, including PSA from Singapore, APMT from Denmark, Hutchison Port Holding of Hong Kong, Mitsui O.S.K from Japan, and Wanhai Lines from Taiwan.

Mediterranean Shipping Company, the world's largest container shipping company, is also interested in cooperating with Vietnam International Maritime Corporation in developing the \$6 billion Can Gio Transshipment Port in Ho Chi Minh City. A pre-feasibility study of the venture is being carried out and is expected to be submitted to the Ministry of Planning and Investment in the next

month or two. The investors expect to kick off the project next year and complete it in 2027.

More opportunities are there for potential investors. Vietnam is estimated to need funding of around \$13 billion in seaport infrastructure by 2030 to improve the handling of container goods from the current 24 million TEU a year to 30-40 million.

6. Big four banks launch preferential interest rate loan packages

The Big4 banks include BIDV, VietinBank, Vietcombank and Agribank.

Specifically, BIDV has implemented a new loan package for individual borrowers worth VND130 trillion, of which VND30 trillion is for a short-term package and the remaining is for a long-term package.

Under the short-term package, customers will enjoy preferential interest rates from 8 per cent per year for loans of less than 6 months and from 9 per cent per year for loans from 6 months to 12 months.

As for the long-term loan package for housing purchases, the preferential interest rate of 10.3 per cent per year is applied for the first 12 months from the date of disbursement, or 10.9 per cent per year for the first 18 months from the date of loan disbursement.

In addition, the bank has also applied an additional reduction of 0.2-0.4 per cent for home loan customers who meet some conditions such as being paid salary through BIDV accounts, and buying houses in Ha Noi and HCM City.

Besides BIDV, the three other Big4 banks have also announced to reduce lending rates or launch preferential packages to support borrowers.

VietinBank has launched a VND10 trillion package with a preferential interest rate of 7 per cent per year to support small- and medium-sized

enterprises (SMEs) to develop their business in the first half of 2023.

Accordingly, short-term loans with a term of less than six months until June 30 this year will enjoy preferential interest rates from only 7 per cent per year. The incentive package is applicable to SMEs who borrow from VietinBank for the first time or have not been disbursed any loan within the past six months.

Agribank has also announced the application of interest rate support policy for real estate business loans until the end of this year.

Specifically, the interest rate for real estate loans can be adjusted down by up to 3 per cent per year compared to the current lending interest rate but not lower than the 12-month short-term loan interest rate for normal production and business activities in accordance with Agribank's regulations.

At Vietcombank, the bank said from January 1, 2023 to the end of April 30, 2023, interest rates will continue to be reduced by 0.5 per cent per year for individual and corporate customers, except for customers in risky sectors such as real estate and securities.

Besides the group of State-owned banks, many other private banks such as Sacombank, SeABank and ACB have also announced to reduce lending interest rates and have preferential packages to support customers.

7. Viet Nam to remain important link in global supply chains: economist

Speaking at a seminar titled “Global Economic and Financial Outlook Update: Implications for Viet Nam” held by the Ministry of Foreign Affairs and the British bank, he said that Viet Nam's GDP growth rate may hit 7.2 per cent this year and 6.7 per cent in 2024.

The country's economy still faces some macro risks such as inflation, public debt, and confidence recovery in the first half of 2023, but the recovery outlook is positive in the second half, he predicted.

Tim said Viet Nam's inflation in 2023 would be about 6 per cent. The trade balance could be improved, but exports will face global challenges.

Explaining more about the positive and optimistic view on Viet Nam's economy, he said that in 2022, the world faced many uncertainties such as the conflict between Russia and Ukraine, but the country still saw strong growth. However, this year will require more caution.

In 2022, the State Bank of Viet Nam (SBV) focused mainly on maintaining stability. This year, the SBV will switch to promote economic development. There have been messages about banks reducing interest rates and disbursing funds to the infrastructure sector. Therefore, they made conservative forecasts in the first half, but more optimistic ones in the second half of 2023.

Michele Wee, Chief Executive Officer at Standard Chartered Bank Vietnam Ltd, said that Viet Nam has medium- and long-term development outlooks, which helps increase growth potential and attract investment.

“Viet Nam with its bright outlook in the medium and long term, is a key growth market for Standard Chartered. The country has an abundance of opportunities to thrive and we are fully committed to supporting Viet Nam's sustainable growth through a robust and sound long-term strategy. Our desire to be a catalyst for socio-economic development sits at the heart of our business strategy and is reflected in our brand promise, to be here for good,” she added.

Ambassador Giorgio Aliberti, Head of the European Union Delegation to Viet Nam, and many economists attending the seminar agreed that Viet Nam should promote green trade and provide comprehensive support for sustainability goals in the context that accelerating the implementation of commitments to digital transformation and green transformation associated with environmental criteria is a mandatory trend for almost all countries.

They proposed that Vietnamese enterprises take appropriate preparations to catch up with this inevitable trend by innovating their way of thinking, changing governance methods, and building a green export strategy.

Speaking at the event, Assistant to Foreign Minister Nguyen Minh Hang stressed that the promotion of international cooperation to take advantage of the collaboration and support of international partners for socio-economic recovery measures, and for boosting new growth drivers such as green growth and digital transformation is very important to Viet Nam.

Discussing opportunities and challenges for Viet Nam's growth and macro stability and solutions to boost growth drivers, Leelahaphan said the country needs to promote green trade and comprehensively support sustainability goals in the context of accelerating the implementation of commitments to promote digital transformation, green transformation associated with environmental criteria which is a mandatory trend for most countries.

Therefore, Vietnamese enterprises need to take appropriate preparation steps to catch up with this inevitable trend such as renovating thinking, changing management methods and building green export strategies, he added.

On the side of domestic experts, Nguyen Van Nam, former director of the Institute of Trade Studies under the Ministry of Industry and Trade said that in order to assess the economic situation in Viet Nam, both opportunities and challenges must be recognised.

Viet Nam has gone through a development phase and is striving from a middle-income country to a high-income country. To enter this stage, it is not possible to continue using the old policies. The country needs changes, even a breakthrough in policies to bring Viet Nam's economy to succeed in the future.

The seminar attracted more than 150 participants from State agencies, localities, ambassadors, local and foreign firms as well as senior experts from Standard Chartered Bank.

Corporate News

8. TRA: Record date for Annual General Meeting 2023

↑ 0.00%

On February 27, 2023, the Hochiminh Stock Exchange issued Announcement No.284/TB-SGDHCM about the record date of Traphaco Joint Stock Company (stock code: TRA) as follows:

- Ex-right date: March 09, 2023
- Record date: March 10, 2023

- Purpose: to organize the 2023 Annual General Meeting of Shareholders.

- Exercise ratio: 01 share – 01 voting right

- Meeting date: April 14, 2023

- Meeting venue: meeting hall of Hoang Liet factory, 15 Ngoc Hoi street, Hoang Mai district, Ha Noi city.

9. GEX: Gelex in collaboration with Frasers Property Vietnam to develop high-end industrial zones

↑ 2.17%

The goal of bilateral corporation is to develop high-quality industrial zones, meeting the green construction standards in accordance with the extended needs of customers regarding the type of products, including Ready Built Factory (RBF), Ready Built Warehouse (RBW), and Built to Suit (BTS).

The cooperation marks an important milestone, creating opportunities for other plans of both companies in the future, especially the development of high-quality industrial zones. The upcoming projects aim at improving labour productivity, healthcare for workers and improving Viet Nam’s position around the world.

“The collaboration with Frasers Property Vietnam obviously expresses our investment orientation in the real estate, industrial zones and logistics field, to provide stable and long-term cash flow for the businesses,” a Gelex representative said.

Frasers Property Vietnam is an experienced international company specialising in ownership, orientation, and development of diverse products and services in the real estate field. The company is listed on Singapore Stock Exchange and has total assets of S\$40.2 billion as of September 30, 2022.

Gelex Group, founded in 1990, is well-known for two main business fields: industrial production and facility. It is also the owner of prestigious Vietnamese brands such as Viglacera, Cadivi, and Emic.

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