



VIETNAM DAILY NEWS



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Market Analysis

1. Market ends mixed on lingering risk-off mood

Benchmark indices were mixed on Friday with the VN-Index falling for a second day in a row, but both posted a weekly loss.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index declined by 2.26 points, or 0.22 per cent, to 1,045.14 points. It lost 14.79 points on Thursday after soaring more than 22 per cent on Wednesday.

The breadth of the southern market was neutral, while liquidity improved over the previous session. Nearly VND10.3 trillion (US\$436.2 million) was injected into the southern bourse, equivalent to a trading volume of more than 564.9 million shares.

The benchmark pared losses as more large-cap stocks performed well. The VN30-Index rose 0.72 points, or 0.07 per cent, to close the week at 1,047.71 points. Sixteen of the 30 biggest stocks in market capitalisation on HoSE advanced, while 11 stocks went down and three were unchanged.

Banking and real estate industries continued to lead the main trend. Statistics showed that Viecombank (VCB) posted the greatest loss, down 2.2 per cent in market cap. It was followed by Vinhomes (VHM) with a decrease of 2.58 per cent.

Members of the manufacturing sector also contributed to the bearish side. Vinamilk (VHM) slid 2.49 per cent, Hoa Phat Group (HPG) was

down 2.16 per cent, Phu Nhuan Jewelry JSC (PNJ) lost 1.86 per cent, and Masan Group (MSN) was down 0.36 per cent.

Limiting the losses, some pillar stocks witnessed strong performances. Specifically, Vietjet Aviation JSC (VJC) was the biggest gainer, up 6.76 per cent. The low-cost airline's shares soared after it announced on Thursday the first-ever direct flights between Viet Nam and Australia's Queensland state in June.

VPBank (VPB), HDBank (HDB), Vincom Retail (VRE), and Bao Viet Holdings (BVH) all posted gains of at least 1 per cent.

Meanwhile, on the northern exchange, the HNX-Index ended the week higher. It rose by 0.28 points, or 0.14 per cent, to 204.47 points.

During the trading session, more than 49.7 million shares were traded on the Ha Noi Stock Exchange (HNX), worth VND766.73 billion.

While the domestic stock market experienced volatility in recent sessions, leading to withdrawals of local investors, large foreign capital flows continued to be poured into the two main exchanges.

On Friday, foreign investors net bought a large amount of VND624.65 billion on HoSE and VND104.93 billion on HNX.

Macro & Policies

2. Central bank must keep a close on financial market: WB

Carolyn Turk, WB Country Director in Vietnam, said the global economy will likely enter a period of turbulence while it's struggling with slow growth, decreased demand, high inflation and central banks around the world tightening credit.

Turk's comment was made in the aftermath of an event in which three US banks: Silicon Valley Bank (the US's 16th largest bank), Silvergate Bank and Signature Bank, one after another, collapsed in a week. She said the ramifications of such an event will likely follow within a short time and consequences be felt across the global financial market, which commands policymakers to pay attention and plan for necessary interventions.

She said there are many similarities that can be observed between the above-mentioned US banks and the Vietnamese banking system, especially in smaller banks.

It highlighted the importance of a strong grip on the financial sector to ensure the central Government

stays up-to-date with current developments and relevant data, and is able to respond in a timely manner, Turk added.

Vietnam's economic growth is projected to ease to 6.3% in 2023 from a robust 8% last year, as services growth moderates and higher prices and interest rates weigh on households and investors, according to the World Bank's report released on March 13.

Service has become the largest sector of Vietnam's economy, increasing from 40.7% of GDP in 2010 to 44.6% in 2019. The employment share of the sector also rose from 29.6% in 2010 to 35.3% in 2019. As the largest source of employment, it has absorbed a significant portion of the workforce from the agriculture sector.

However, labour productivity and efficiency in Vietnam's service sector remain low compared to other countries, reaching 5,000 USD per worker in 2019 in comparison to 20,900 USD in Malaysia, 9,300 USD in the Philippines and 7,300 USD in Indonesia.

3. Viet Nam's trade with top 11 Asian markets is set to grow significantly

"Clearing the Runway for Intra-Asia Trade" sheds light on trade growth drivers, potential headwinds, and multi-stakeholder action required to unlock the 2030 opportunity.

Trade in just 12 key markets (Australia, China, Hong Kong, Indonesia, Japan, Malaysia, the Philippines, Singapore, South Korea, Taiwan, Thailand, and Viet Nam), known as the Asia 12, accounts for 88 per cent of intra-Asia trade today and could more than double in value from US\$6.4 trillion in 2020 to \$13.5 trillion in 2030.

Viet Nam has rapidly grown into an important regional manufacturing hub. The country is expected to leverage this position further in the coming decade and trade value with the rest of the

Asia 12 is forecast to rise from \$326 billion to \$465 billion by 2030.

"Intra-Asia trade holds incredible potential over the coming decade, built off the immense economic success that key regional economies have accomplished in recent years," said Michelle Ho, president UPS Asia Pacific, Middle East and Africa.

According to the study, four segments have driven the surge in trade among the Asia 12: retail, industrial manufacturing and automotive (IM&A), high-tech, and healthcare. In Viet Nam, these segments accounted for 82 per cent of trade with the rest of Asia in 2020.

The high-tech segment, a key export industry that constitutes 43 per cent of Viet Nam's intra-Asia

trade value, will drive future growth given the rise in digitalisation across the Asia 12. The IM&A segment, meanwhile, accounts for 21 per cent of the country's trade within Asia today, and this is expected to double by 2030 thanks in part to government support to boost the manufacturing sector.

Additionally, Viet Nam's participation in trade deals such as the Regional Comprehensive Economic Cooperation (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) allows businesses to access a wider range of export markets and consumer goods with reduced trade barriers.

The study also pointed out a number of barriers that, unless addressed, may stagnate trade within the Asia 12. Specifically for Viet Nam, lack of progress on logistics infrastructure could constrain its ability to serve centers of demand in rapidly developing economies.

Multi-stakeholder action is required to reduce impediments to regional trade and harness the opportunities to steer intra-Asia trade towards take-off.

Businesses with trade interests in Viet Nam and those in the logistics sector must build resilience against potential headwinds while at the same time be ready to capture opportunities presented by the growth in intra-Asia trade. This includes diversifying supply chains, digitalising completely, and integrating micro, small and medium-sized enterprises into regional supply chains.

“Small businesses are vital to the Vietnamese economy, and one of the many things this report highlights is the importance of making sure our SMB customers are getting the support they need so that the full potential of intra-Asia trade can be realised over the next decade,” said Squall Wang, managing director UPS Vietnam.

“At UPS we are doing that by helping businesses digitalise and simplifying the shipping process,” he said.

Export financing

Viet Nam's exports contributed to 82 per cent of its GDP, indicating how deeply entrenched exports is within the entire nation. Particularly noteworthy is that 35 per cent of Viet Nam's exports is dependent on SME's who have working capital as a key roadblock to their growth aspirations.

Sumit Dutta, founder & CEO of ASEAN Business Partners (ABP), said: “Viet Nam has huge potential to grow exports in many sectors but lack of credit is hampering SME's from expanding.”

Dutta adds that the Vietnamese Government has taken several steps to encourage export-oriented businesses by providing support in the form of loans, credit guarantees, and other financial services. However, there is scope for alternate options.

ABP is working with several multinational companies to bring in the right export financing platform for the exporters. These solutions can meaningfully meet the requirements of SME's in growing ASEAN economy, especially in Viet Nam, said Dutta who is also former CEO of HSBC Bank in Viet Nam.

Le Toan Thang, deputy director of National Start-up Support Center (NSSC) under National Agency for Technology Entrepreneurship and Commercialisation Development (NATEC), Ministry of Science and Technology (MOST), said that Viet Nam innovative start-up enterprises in particular and SMEs in general are in need of trade/export financing through innovative platforms that have been applied globally as well as need of professional consultancy from international experience.

4. Vietnam has massive potential for offshore wind energy

What should Vietnam do to successfully kick-start its offshore wind industry? What should be done to attract the investment needed and provide confidence for the development of the industry? Are there any lessons for Vietnam to learn from

international experiences in offshore wind development?

These questions and more were raised and discussed at the workshop discussing best practices

and policy recommendations for the development of offshore wind power in Vietnam. The seminar was held on March 16 and co-chaired by Nguyen Duc Hien, Vice Chairman of the Vietnam Central Economic Commission, and Nicolai Prytz, Ambassador of Denmark to Vietnam.

Speaking at the event, Prytz said, "Offshore wind is a great dual opportunity for Vietnam as it's an opportunity to deliver cost-efficient energy for economic development and at the same time support Vietnam in achieving its COP 26 commitment to being net-zero by 2050."

As one of the strongest supporters of Vietnam's transformation to a green and sustainable energy sector, Denmark is looking forward to a clear and consistent regulatory framework, essential for the development of the offshore wind industry. This begins with the approval of the National Power Development Plan 8 (PDP 8) and exclusive offshore survey rights.

In recent decades, Vietnam has experienced an average annual GDP growth rate of around 7 per cent, which has led to a significant increase in energy consumption and emissions. It is vital for the country to decouple economic and energy consumption and turn to a more sustainable energy framework by investing in renewable energy.

One of the key recommendations in a report on offshore wind power development, jointly prepared

by the Danish Energy Agency and the World Bank, is that the government should award large-scale demonstration projects to kick-start the sector. It is time for the government to act if the target of generating 7GW annually from offshore wind by 2030 is to be met.

Henrik Scheinemann, co-CEO of Copenhagen Offshore Partners, is confident of Vietnam's ability to establish the industry, adding, "It is critical that Vietnam focus on initiating this proven and highly effective renewable energy industry and learn from other markets to deliver an offshore wind industry that is well-suited to the country's needs and skills."

Vietnam has a number of favourable conditions for the establishment of a thriving offshore wind industry. These include a long coastline, ample wind resources, relatively shallow seabed areas suitable for fixed foundations, and a well-established supply chain that can be used almost immediately or transition quickly to support development.

Since 1991, when Denmark opened the world's first offshore wind farm, it has been a leader and pioneer in offshore wind energy. Today, Denmark is taking the lead in reducing the cost of offshore wind power to make it one of the most competitive forms of renewable energy. This is a great incentive for the rapid and widespread growth of the industry in Vietnam.

5. Foreign direct investment projects go green

One such investment was the new LEGO factory in southern Binh Duong province, which is currently under construction.

LEGO Group said it aims to bring the factory up to the LEED Gold standard, which covers all areas of sustainability including energy, water, and waste. The factory will be designed to accommodate electric vehicles and be geared toward energy-efficient equipment.

The factory will also feature solar panels on its roof and a solar farm in close proximity. Combined, these solar facilities will generate enough energy to meet the factory's full power needs.

LEGO Group also said it had been planting 50,000 trees in three years to compensate for the vegetation that would be removed during construction. The move was part of its effort to ensure the factory has a minimal impact on the environment.

"We are exploring many other initiatives that will make our new site a global lighthouse for sustainable operations," said Preben Elnef, Vice President and Programme Lead for LEGO Group in Vietnam.

DHL Express is another name in the vanguard of green transition in the country.

The world's leading express service provider has inaugurated its latest service centre in Hanoi, which is equipped with a wide range of technologies to minimise carbon footprint and maximise operational efficiencies.

These include green air-conditioning systems utilising variable refrigerant volume technology, helicopter fans, and electric vehicles.

The express service heavyweight said it had repeatedly redefined logistics, from pioneering the first green logistics product to becoming the first logistics company to commit to a zero-emissions target.

Pandora, the world's largest jewellery brand, followed suit with a memorandum of understanding to build a new crafting facility in Binh Duong province. The facility will be constructed in line with the LEED Gold standard and be powered fully by green energy.

EuroCham Chairman Alain Cany said the growing interest in sustainable development among European investors would open up more investments to Vietnam in the short term, given its commitment to net-zero targets by 2050.

He revealed that EuroCham was implementing an investment promotion programme to bring 300 European green-growth-centered firms to Vietnam to seek business opportunities. Their feedback is positive so far.

The chairman also said regarding green transition, Vietnam could get ahead of other regional countries with its policies highly in favour of sustainable development.

The recent report prepared by Vietnam's Association of Foreign Invested Enterprises shows that 53.5% of foreign-invested enterprises in Vietnam have embraced green growth.

However, their green transition is not broad-based but limited to discrete activities such as building a standalone waste treatment plant or an incinerator furnace for waste disposal.

The report calls for more favourable policies to attract FDI flows into green growth, digital transition, and supply chain integration.

It also urges Vietnam to legislate the Global Minimum Corporate Tax, step up administrative reform, and improve infrastructure facilities to redouble the effort.

6. Trade recovers strongly since reopening

The decision, according to economists and policymakers, was a necessity to unshackle trade and industries after a prolonged period of time in which hundreds of factories were forced to close down or reduce production capacity in compliance with strong social distancing rules.

The reopening, which was made possible with a nationwide vaccination programme, has allowed the supply chain to come back, giving a much-needed boost to industries and trade as well as to the country's export sector.

Than Duc Viet, General Director of May 10, one of the country's largest textile companies, said strong social distancing measures during the pandemic significantly disrupted the company's operation and threatened its ability to maintain production at times.

He said the worst part of it was not knowing when his factory's doors could be closed.

"Our approach during the pandemic was to move as much of our operations as possible online while staying flexible to deliver on our promises with international customers," he said.

He said earlier experience in fighting the spread of the COVID-19 virus allowed the company to adapt quickly and effectively to the situation.

Nguyen Thanh Son, president of Hoa Tho Textile Group's worker union, said it was largely thanks to workers' commitment and discipline the group was able to resume production quickly. Hoa Tho Textile reported a net income of over 5 billion VND in 2022.

"While our industry has been struggling with fewer orders compared to the same period last year. We remain confident we won't have to lay off any of our 12,000-strong workforce," he said.

Vietnam's textile remained a key pillar of the economy with the largest number of workers. The sector's contribution to export has jumped from 1.96 billion USD in 2001 to 40.4 billion USD in 2021 or 12% of the country's entire export.

The sector has set a target this year to bring that figure to 44 billion USD, an 8% increase from the previous year.

Cao Huu Hieu, General Director of Vinatex, said by September 2022, the group recorded revenue of 1.18 trillion VND, 24% higher than its quarterly target. However, unfavourable factors have since hit the sector hard.

"By the end of 2022, we were hit especially hard by lower demand and plummeting sales," he said.

He added the situation will likely remain grim in the foreseeable future until purchasing power in large consumer markets such as the US, the EU and China recover.

Minister of Industry and Trade (MoIT) Nguyen Hong Dien said Vietnam's export sector managed to have a successful year, despite numerous difficulties and setbacks, largely caused by international geo-political events.

The country's import-export revenue last year was reported at 732 billion USD, maintaining a trade surplus (11.2 billion USD in 2022) for 17 consecutive years. It has put the Southeast Asia economy among some of the most robust economies in the world.

2022 was also the year Vietnam recorded 39 commodities with export values exceeding the 1 billion USD mark, four more compared to 2021. Among these, 10 commodities broke the 10 billion USD mark.

There has been also improvement in the composition with industrial and processing continuing to lead the chart, accounting for over 86% of the country's total export at 294.5 billion USD in value, a 13.3% year-on-year increase.

Tran Thanh Hai, Deputy Director of MoIT's Agency for Foreign Trade, said Vietnamese businesses' efforts to improve their standing in the global supply chain and seek out new markets have paid off. Hai said the key factor that allowed the country to economically recover since the pandemic was its successful attempt to fight the pandemic.

In addition, a number of key trade agreements including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the European Union–Vietnam Free Trade Agreement (EVFTA), the UK-Vietnam Free Trade Agreement (UKVFTA) and the Regional Comprehensive Economic Partnership (RCEP) have put the country in a prime position to boost the export of many of its products. Export to the above-mentioned markets recorded a 20 % yearly increase last year.

7. Land prices in the southern provinces fall sharply

Many investors borrowed money to invest in property in previous years, hoping to make profits, but instead suffered losses as tightened credit drove up interest rates and hit liquidity.

In 2021, Tran Van Nam from HCM City bought a land plot for VND5 billion (US\$208,000) in the southern province of Dong Nai, hoping to resell it within a year for a profit of hundreds of millions of dong.

But in late 2022, when bank interest rates went up, he had to sell it for a loss of over VND800 million.

At that time, many brokers told him that land plot prices had kept increasing from 2016 to 2021 and it will keep increasing in coming years, and so he bought the land plot hoping for a profit. But he was shocked that he was forced to sell it at a loss, Nam said.

Like Nam, Nguyen Thi Hue, an investor in Binh Duong Province, said that in 2021, she decided to use her savings and borrowed money from bank to buy a 2,000 square metre land plot in Long An Province for VND10 billion (\$416,000).

Some months later, many brokers contacted her and asked if she wanted to sell the land plot at VND12 billion.

But Hue did not do so because she believed that land price would increase further in the future.

However, this year, contrary to her prediction, land prices have fallen sharply, while interest rates have

increased from 9 per cent to over 15 per cent. Hue is nervous as she cannot sell the land to pay debts.

Now, she is calling to sell her land for only VND8 billion, but she still cannot find buyers.

Many investors in land have suffered similar losses.

Loan interest rates increased sharply, raising the costs of many investors who borrow money to buy land. They are then willing to accept a 10-20 per cent loss to sell as soon as possible. This leads to lower land prices, experts said.

Land in Long An, Binh Duong and Dong Nai provinces could see prices fall by 10-15 per cent in the next 12 months, and in farther localities such as Tay Ninh and Dak Nong, the decline could be more than 20 per cent, experts added.

The real estate market has cooled down for the last eight months, especially in the third and fourth quarters of 2022. Investors using financial leverage are most vulnerable to low liquidity, rising interest rates and credit control, especially when these appear at the same time.

Luong Dinh Thuy Van, CEO of investment consultancy Mogin Holdings, said most short-term investors, who hope of getting a huge profit in six to 12 months, racked up losses in 2022.

She sounded a warning: "The property market will not be favourable to cash-strapped investors in 2023 either."

Corporate News

8. NVL: Novaland appoints new CEO

↑ 3.14%

According to the announcement, Yow will now take the role of CEO of Novaland, replacing Nguyen Ngoc Huyen.

With nearly 30 years of experience, Yow has held a variety of senior leadership positions in business strategy, project investment, team development, financial analysis, and planning at domestic and international real estate investment companies.

Under challenging circumstances, Novaland has been focusing on completing key projects, timely property handovers to customers, and flexible construction planning based on current situations.

Novaland is negotiating with credit institutions to arrange sources of funding, while concurrently striving to work with the local authorities to promptly complete the legal procedures for its projects.

The company keeps focused on completing economic urban areas, which contribute to social security in the provinces where Novaland has invested. With all available resources, the company continually strives to balance customers', investors', and stakeholders' interests.

Yow holds an MBA Degree from Hull University in the United Kingdom and is a member of various international finance, banking and construction associations.

He has years of experience in leading the implementation of commercial and residential projects, and integrated urban areas that meet domestic and international standards. He has also held senior positions at global corporations across sectors such as business strategy development, human resources, investment appraisal, finance, and accounting.

Prior to his appointment as CEO of Novaland Group, Yow was CEO of Gamuda Land LLC Vietnam.

9. APH: Approved the result of redemption of preferred shares

↓ -0.14%

The Board resolution dated March 16, 2023, the BOD of An Phat Holdings Joint Stock Company approved the following contents:

1) Approved the result of redemption of preferred shares, recovery and can convert into common shares:

- Stock name: An Phat Holdings Joint Stock Company

- Number of preferred shares expected to be bought: 7,314,880 shares

- Repurchase price: 29,239 dong/share

- Stock type: preferred shares, redeem and can convert into common shares

- Bought volume: 7,314,880 shares

- Ending date: March 09, 2023.

2) Approved the change in Certificate Registration Business: to register the change of the Company's charter capital from VND2,511,991,480,000 to VND2,438,842,680,000, equivalent to 243,884,268 shares.

3) Approved the amendment of the Company's charter with new charter capital.

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