



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares open new week on negative note amid uncertainty

Shares opened this week on a negative note on both major stock exchanges as pessimistic news from the financial market continued to affect investors' psychology.

On the Ho Chi Minh Stock Exchange, the VN-Index gave up more than 22 points, or 2.11 per cent, to close Monday's trade at 1,023.10 points. The southern bourse's index lost nearly 1 per cent last week.

Meanwhile, the HNX-Index on the Ha Noi Stock Exchange decreased 1.39 per cent to end at 201.62 points after losing 1.6 per cent last week.

The market breadth leaned heavily to the sellers with 612 losers and 176 gainers.

Nineteen of the 25 stock industries tracked by vietstock.vn lost, of which 19 posted an average loss of more than 1 per cent. Only one sector – ancillary production – increased by 0.3 per cent on average.

The biggest losers included agricultural production, securities, retail, accommodation and catering services, banking and other financial services with average losses of between 2.6 per cent and 4.1 per cent.

Regarding stocks, the top three banks including Vietcombank (VCB), Vietinbank (CTG) and BIDV

(BID) led the stocks pulling the VN-Index most, down 4.4 per cent, 3.5 per cent and 2.1 per cent, respectively.

Liquidity was modest, with a total of 625 million shares worth over VND10.6 trillion (US\$450 million) being traded on the two exchanges, up nearly 2 per cent in volume but down 4 per cent in value compared to Friday's levels.

According to Viet Dragon Securities Co (VDSC), market movements have not improved despite being supported at 1,045 points of the VN-Index. Under the influence of the structure of exchange-traded funds (ETFs), the level of trading on the market may increase.

“The market signal was disturbed by this restructuring, but in general, the correction is slowing down thanks to the support area of 1,040 – 1,045 points for the VN-Index. It is expected that the market will continue to be supported in this area and recover again in the near future,” Phuong Nguyen, VDSC's market analyst, wrote in a note.

Foreign traders followed the domestic trading pattern on Monday. They sold a net value of VND346 billion in HCM City's market, focusing on steelmaker Hoa Phat Group (HPG), with a net value of VND68 billion and Vingroup (VIC) with VND58 billion. In Ha Noi, foreign investors net bought nearly VND14 billion.

## Macro & Policies

### 2. Interest rates reduce in all markets in wake of central bank's policy rate cut

The SBV on March 15 made its first policy rate cut by 50-100 basis points since October 2020 to support economic growth and stabilise the monetary market.

Accordingly, the discount rate has been reduced from 4.5 per cent per year to 3.5 per cent per year while overnight electronic interbank rate and interest rate for loans to offset capital shortages in clearance between the central bank and commercial banks have been also decreased from 7 per cent per year to 6 per cent per year.

After the SBV's move, interest rates in the inter-bank market have declined significantly. Accordingly, the average overnight interbank lending interest rate on March 15 decreased to around 5 per cent per year from 5.72 per cent on the previous day and 6.22 per cent at the end of the previous week.

Interest rates for one-week, two-week and one-month terms in the inter-bank market dropped sharply to 4.14 per cent, 4.29 per cent and 6.35 per cent per year, respectively. Compared to the end of the previous week, interest rates for the terms decreased by 0.5-1.8 percentage points.

On the OMO channel, the interest rate of winning bids in trading sessions on March 15 and 16 also decreased to 5.5 per cent per year after a long time of staying at 6 per cent per year.

Interest rates listed at commercial banks have also adjusted down after the SBV's move. Four largest State-owned banks - Vietcombank, BIDV, Agribank and VietinBank - have simultaneously cut their rate by 0.2 percentage points to 7.2 per cent per year for long-term deposits since March 15.

Besides the rate cut for long-term deposits, banks have also reduced the rate for short-term deposits. Nam A Bank and DongABank, for example, have adjusted down the rate for deposits with terms of less than six months by 0.5 percentage points to 5.5 per cent per year, far from the SBV's regulated cap of 6 per cent per year since March 17.

After several interest rate reductions made by commercial banks recently, only ABBank currently lists an interest rate of 9.1 per cent per year for 12-month deposits and three banks including BaoVietBank, OceanBank and SCB list a 9 per cent rate for 12-month savings.

The remaining banks' interest rates are all under the threshold of 9 per cent per year for 12-month deposits while the rate of more than 10 per cent per year was popular in the market early this year.

According to Tran Ngoc Bau, CEO of financial data provider Wigroup, the SBV's move shows the SBV has officially made its first steps to resume its loose monetary policy after a long time applying the tightened policy.

The Government has decided to prioritise economic growth as the country's GDP has been showing signs of a slowdown, he said.

Analysts from VNDirect Securities Company forecast deposit interest rates to peak in the first quarter of 2023 and then gradually decrease from the second quarter of 2023.

"We expect six-month and 12-month deposit interest rates to gradually reduce to 6.7 per cent and 7.5 per cent by the end of 2023," the analysts said in a recent report.

#### Liquidity support

To continue reducing market interest rates, Bau suggested the SBV should reduce the remaining policy interest rates such as refinancing rate and actively regulate liquidity in the OMO channel to gradually lower the average interbank interest rate.

The SBV will need to use a combination of other measures, such as expanding OMO liquidity, buying more US dollars and providing special refinancing, to support liquidity for the banking system, Bau said.

In fact, besides the adjustment of the policy rates, notably, the SBV on March 15 also resumed offering the 28-day OMO bid for mortgage loans of valuable papers with an interest rate of 5.5 per cent per year to support longer-term liquidity for commercial banks.

This was the first time since November 2022 that the SBV offered the 28-day bid for mortgage loans of valuable papers. Previously, it offered only 7-day and 14-day bids to support liquidity for commercial banks in the first two months of 2023, after suspending the 91-day bids in mid-December 2022. The move showed the SBV targeted to provide longer-term liquidity for the banking system.

Along with the long-term liquidity injection, the SBV has also continued to stop issuing bills to withdraw cash out of the banking system. Instead, it net injected nearly VND16.1 trillion into the banking system in two sessions on March 15 and 16.

Bau forecast the SBV may have an addition of one or two policy rate cuts in the remaining months of 2023 to support economic growth. However, he noted, the room for the SBV to continue reducing interest rates is not much because Viet Nam previously maintained a low interest rate and increased the rate by only 2 per cent in the past two years.

However, Bau noted, the loosened monetary moves need to be carried out in parallel with small adjustments to minimise adverse impacts on the foreign exchange rate and inflation.

Though inflation is not too high due to low consumption demand, the SBV should still watch the indicator as the promotion of public investment and the looser monetary policy can put pressure on inflation.

Regarding the foreign exchange rate, Bau said, there may be fluctuations in the short term, but the pressure is not great as the SBV can proactively handle it with its available tools.

### 3. Industrial, logistics property attractive to investors: Savills

Main opportunities in the logistics industry include last-mile logistics services and the implementation of a logistics 4.0 system, said Campbell.

Moreover, investors can take advantage of the lack of cold storages in Vietnam to develop new projects, and increase supply for the market, he said, adding that the construction of built-to-suit warehouses to meet special technical requirements is also an attraction for investors.

Jack Harkness, Director of Regional Industrial and Logistics Services at Savills Asia Pacific, stated that the industrial and logistics real estate sector, which

used to receive little attention, is currently developing with increasing demand for emerging products such as last-mile delivery, small warehouses near urban areas to serve consumers and cold storage.

The main markets favoured by investors from all over the world are China, Japan and Australia. However, Harknes predicts that interest is shifting to India and Southeast Asia, which are benefiting from the diversification of production and consumption growth and will emerge strongly in the coming time.

### 4. US businesses exploring investment, business opportunities in Viet Nam

Vu Tu Thanh, the council's representative in Viet Nam, said the body has organised these events for three decades, adding that this is the biggest ever mission in the country.

Streaming giant Netflix, planning to open an office in Viet Nam, and many other companies that already have business or production facilities in Viet Nam

such as Apple, Coca-Cola and PepsiCo as well as those intending to expand their operations in the Southeast Asian nation are among the participants.

According to Thanh, some companies are interested in Viet Nam as a manufacturing hub and provider of services, with its economic growth topping 8 per cent last year.

Among them is SpaceX which is looking to sell its satellite internet services to Viet Nam and other countries in the region.

The mission will also include semiconductors companies, pharmaceutical giants Pfizer and Johnson & Johnson, medical device maker Abbott, financial firms Visa and Citibank, internet and cloud companies Meta and Amazon Web Services, he said.

## 5. Aviation firms ready to welcome Chinese tourists

Responding to VTC News, a representative of the country's national airline, Vietnam Airlines, said that it has prepared resources to welcome visitors from China.

"Early on, we prepared to welcome the recovery of Chinese tourism," a representative of Vietnam Airlines said. "As soon as China eased flight permits and isolation conditions in December last year, Vietnam Airlines reopened flights connecting Ha Noi, HCM City to Guangzhou, Shanghai.

"The airline has increased the frequency of flights connecting Ha Noi, HCM City with Guangzhou and Shanghai, and at the same time resuming the Ha Noi – Beijing route this month."

In the following months, the airline will reopen four routes, including Da Nang and Guangzhou, Shanghai, Chengdu; and Ha Noi and Chengdu.

Vietnam Airlines is also considering a route connecting Ha Noi with Daxing airport, Beijing.

Vietnam Airlines served 8.1 million passengers between China and Viet Nam in 2019, accounting for 19 per cent of the total number of Vietnam Airlines international passengers and in the top three markets with the largest number of passengers.

Similarly, Bamboo Airways have welcomed the return of tourists.

The Chinese market is currently in the airline's priority development plan. From the beginning of December last year, Bamboo Airways launched direct flights connecting Ha Noi - Tianjin, with a frequency of one flight per week.

Bamboo Airways continues to receive many invitations to co-operate in promoting Chinese tourists from destinations in China, such as Macao

and Shanghai, to destinations in Viet Nam, such as Nha Trang, Ha Noi and HCM City.

"Bamboo Airways plans to start operating the charter route Nha Trang - Macao with a frequency of four flights per week and Ha Noi/HCM City – He Kou with a frequency of three flights per week one way from next month," said a representative of Bamboo Airways. "With other destinations, the airline is in the process of negotiating with partners and is expected to launch new routes from May or June, if conditions allow,"

Earlier, Vietjet also said it was preparing a plan to reopen a series of routes to Beijing, Shanghai, Hangzhou, Chengdu, and Chongqing right after China reopened to Vietnam tourism.

A representative of Vietjet said that with direct flights from HCM City, Da Nang and Phu Quoc to Hong Kong (China) and its network of routes connecting throughout Southeast Asia, passengers could choose many flights.

Dr Le Dang Doanh said that China adding Viet Nam to the list of countries that Chinese tours can be conducted would greatly stimulate consumer demand in the aviation, transportation, and accommodation industries, dining and entertainment.

Chinese tourists like the Vietnamese central region and prefer sports activities, entertainment by the sea, cultural services and regional cuisine.

Therefore, Doanh predicted that tourist destinations in the Central region would attract more tourists than other places.

On the other hand, this information also helps airlines and carriers reduce their burden when, in the past, these industries faced many difficulties

because the number of international visitors was not as large as expected.

Agreeing with this view, the leader of a travel business in Ha Noi analysed that the spending of Chinese tourists in Viet Nam was always ranked at a high level.

According to the survey results of international visitors to Viet Nam in 2019 by the General Department of Tourism, Chinese tourists spent an

average of US\$1,022 for a trip, higher than some markets such as Japan, South Korea and Southeast Asian countries.

With this level of spending, revenue from Chinese tourists reached about \$5.9 billion in 2019, accounting for 18 per cent of Viet Nam's total tourist revenue.

## 6. Hoa Binh Province exports first batch of fresh sugarcane to US

Speaking at the event, Vice Chairman of the provincial People's Committee Dinh Con Su said the province will seek ways to boost sugarcane exports, contributing to the development of sugar industry in the locality.

The export batch was the result of over four months of negotiations between Tien Ngan company and a US partner. The company expects to ship between 300-500 tonnes of fresh sugarcane this year, according to its director Nguyen Le Diep.

Director of the provincial Department of Agriculture and Rural Development Nguyen Huy Nhuan said that sugarcane can bring high economic value and has huge potential for expanding exports. The department will create the best condition for local businesses to seek market in the time ahead.

The province first exported fresh sugarcane to Japan in 2020 with 5.7 tonnes and the volume rose to 300 tonnes in 2022, with orders from demanding markets such as the Republic of Korea, the UK and the EU.

## 7. Expanding across borders to close the digital gap

The MIC aims to organise conferences and forums overseas that will focus on investment promotion, digital trade, and Vietnamese digital technology. It will also advise the government to sign digital partnership agreements with other countries, and establish a consulting group to support businesses that expand past our borders. And each month, the ministry will organise at least one event to help digital technology enterprises do business abroad.

Going abroad means competing with the best. This is the way for our businesses to become internationally competitive. It also brings Vietnam's knowledge and digital technology to the world, and means Vietnam can contribute to the development of humanity.

Going abroad means taking on new challenges, expanding the knowledge system, and learning to build Vietnam, all to help improve the nation's standing in the world.

Without doing this, without competition, without conquest, and without revenue from foreign markets, Vietnam cannot become a high-income developed country.

Last year, Vietnamese digital technology enterprises strongly ventured further in foreign markets by investing in business activities, and bringing digital transformation solutions to developed countries. Revenues from overseas markets at Viettel in telecommunications, for example, reached \$3

billion, while FPT's revenues in IT and digital transformation reached \$1 billion.

The world has recognised Viettel's contribution in developing rural telecommunications, closing the digital gap in many countries, from Asia and Africa to Latin America. It has made 5G network equipment and other high-tech products. Elsewhere, Vingroup can make cars to export to the United States. FPT and CMC also provide IT and digital transformation solutions for developed countries like Japan and the US.

Many companies from the first day of establishment have aimed for foreign markets such as NTQ Solutions, SmartOCS, RikkeiSoft, OMI, VMO, and others. There are companies from the very beginning that have set their sights on developing new technologies on par with the world's top tech groups.

These businesses and entrepreneurs have inspired us and made us believe that it can be done. If hundreds of thousands of Vietnamese digital technology enterprises can do it, Vietnam has the opportunity to turn into a tech dragon.

Vietnam's IT and digital technology market is not yet a big one. Spending on IT and digital transformation is not substantial, but the number of businesses operating in this field is considerable.

It is because of that competition that we are able to create quality products and services at low prices and successfully exploit the markets that large digital technology companies are leaving open. This offers up the competitiveness to be able to go abroad.

In technology, there is no place for average products. Quality and low-cost products are suitable for this period of digitalisation, when all countries from rich to poor are accelerating digital transformation in a comprehensive manner.

The opportunity for a country like Vietnam to improve its ranking is now. In a settled world, new opportunities are few. For developing countries there are even less; and the opportunity to go abroad can dwindle. In the next 10-20 years, there will be important transitions - from telecommunications infrastructure to digital infrastructure; from IT to digital technology; from individual software to digital platforms; from processing and assembling to making truly Vietnamese-made products, and lots more.

Digital technology becomes the basic production force; digital talent becomes the basic resource; and digital innovation becomes the fundamental driving force of development. Major tech companies are developing digital technology to solve big problems and meet universal needs, such as AI. Imagine that every Vietnamese civil servant in every field has a virtual assistant at the expert level. How much will the state of Vietnam change? How strong will the country develop? Vietnamese digital tech businesses could find opportunities in this area, for example.

Over the years, Vietnam has only created a few unicorns. Maybe it will not be the Vietnamese way. What if a startup company is worth hundreds of millions of dollars and revenues are only trillions of VND, but it is excellent in its field, and the product and the market is number 1 in the world? They would be our Vietnamese unicorns. If we have many excellent digital tech companies that value hundreds of millions of US dollars, then Vietnam will still become a leading digital technology country.

Whatever is done, domestic companies should always think of the Vietnamese way, based on the characteristics and core strength of the country. They should seek to modernise using the latest technology, and help to solve age-old problems.

They should also aim to create products that are easy to use, that can become cheaper, and can become accessible so that modern digital products can reach everyone.

## Corporate News

### 8. VHM: CapitaLand negotiates to buy \$1.5 billion of assets from Vinhomes

↓ -0.75%

Vinhomes is a part of Vingroup, the country's largest conglomerate, and is the biggest real estate developer in Vietnam with a capitalised value of \$8 billion as of March 17.

The above-mentioned source said CapitaLand is considering buying part of Vinhomes' Ocean Park 3 project, a 294-hectare resort city-style development near the Vietnamese capital city of Hanoi, and another project in the northern city of Haiphong.

CapitaLand Group's CapitaLand Development (CLD) is now developing residential projects, including luxury condominiums, in four cities in Vietnam.

When contacted by Reuters, CLD's representatives did not directly comment on any potential deal with Vinhomes, but said, "Vietnam is one of CLD's core markets. We constantly evaluate investment opportunities to grow our presence in the country."

CLD (Vietnam) oversees and grows CLD's investment and development business in Vietnam, one of CLD's core markets where it has built an extensive presence over 29 years. CLD's (Vietnam) portfolio comprises one retail mall, one Small Office, Home Office project, three integrated developments, and over 13,000 quality homes across 17 residential areas.

Vingroup declined to comment on any discussions with CapitaLand but said that as a listed company,

it would disclose the information if any transactions happen.

The talks come as Vietnam's property sector is struggling with a cash crunch following measures from the government to tighten credit and restrict corporate loans to make the market more stable and healthy.

A deal of that size would mark one of the largest real estate transactions in Southeast Asia in the last few years.

CapitaLand Group, majority owned by Singaporean state investor Temasek Holdings, is operating in 40 countries in retail, office, residential, business park, and data centre development, among other businesses.

According to Vinhomes' unaudited consolidated financial statements for the fourth quarter of 2022 that were released in January, its total consolidated net revenue reached \$1.35 billion, representing an increase of 34 per cent compared to the same period last year thanks to the additional delivery of over 2,200 low-rise units at Vinhomes Ocean Park 2, the Empire.

The consolidated profit before tax was \$543 million and consolidated profit after tax and minority interest was \$386.9 million, representing on-year decreases of 10 per cent and 24 per cent respectively.



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