



VIETNAM DAILY NEWS

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Market Analysis

1. Shares recover on increased demand

Shares bounced back strongly in the afternoon session, driven by increasing demand at the support price levels.

On the Ho Chi Minh Stock Exchange, the VN-Index rose 0.91 per cent to close Tuesday at 1,032.43 points. The index had lost 2.11 per cent on Monday.

Market breadth was positive with 279 rising stocks and 109 losing ones.

Nearly 474.9 million shares worth VND8.3 trillion (US\$352 million) were traded on HCM City's bourse.

The VN-30 Index, tracking the 30 biggest stocks on HoSE, gained 1.03 per cent to close at 1,035.04 points.

In the VN-30 basket, 19 stocks gained while seven lost ground. The biggest gainers included the Vietnam Rubber Group (GVR), Hoa Phat Group (HPG), SSI Securities Inc (SSI), PetroVietnam Gas JSC (GAS), PV Power (POW), Mobile World Group (MWG) and Vinhomes (VHM).

As many as 21 out of 25 industries tracked by vietstock.vn gaining value, of which securities companies were the biggest gainers with an average growth of 2.6 per cent.

Other sectors such as insurance, banking, oil, retail and construction material, and plastics manufacturing also gained substantially.

Bank stocks drove the market rise as the top 10 shares lifting the VN-Index most were credit

institutions. They included Vietnam Prosperity Bank (VPB), BIDV (BID), Asia Commercial Joint Stock Bank (ACB), Vietcombank (VCB), Techcombank (TCB) and Vietinbank (CTG).

Energy stocks also performed positively with gainers such as PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling and Well Services Corporation (PVD), and Drilling Mud Joint Stock Corporation (PVC).

"Investors are trading lightly, intensifying the selling pressure before Fed's monetary policy meeting," said Bao Viet Securities Co.

"There is a high possibility that the index may retreat to 988-1,002 points in the short term. Investors holding short-term positions should close if prices violate trailing-stoploss thresholds," it said.

Regarding the transactions of foreign investors, they continued to be net buyers on both HSX and HNX. In the coming sessions, the market may struggle around 1,020-1,040, said BIDV Securities Co.

Foreign investors net bought VND113.93 billion on HOSE, including Vinhomes (VHM) with VND54.23 billion, Hoa Phat Group (HPG) with VND36.5 billion, Viet Capital Inc (VCI) with VND32.83 billion. Foreign investors were net buyers on HNX with a value of VND7.2 billion.

On the Ha Noi Stock Exchange, the HNX-Index rose 0.74 per cent to end at 203.11 points.

Macro & Policies

2. Real estate firms resume issuing bonds

The decree enables corporate bond issuers to extend coupon payments by up to two years and swap debt for assets provided that they secure prior approval from bondholders.

Some articles of Decree 65/2020 were suspended until December 31 this year. These provisions require professional individual investors to hold a bond portfolio totaling at least VND2 billion for 180 days or longer, and debt-issuing organizations to report their credit ratings and sell their bonds within 30 days.

Luxury Living Furniture Trading Company issued bonds worth VND4.8 trillion on March 13, with an

annual coupon rate of 9%, according to data from the Hanoi Stock Exchange.

Nam An Investment and Trading JSC offered VND4.7 trillion in 18-month bonds with a coupon rate of 13% per year.

Likewise, Dream City Villas Real Estate Trading Company launched a VND2.3 trillion bond issue, with a five-year term and an annual coupon of 6%.

On March 9, Thu Do Investment, Trade, Import and Export JSC and Ha Thanh Trading and Investment JSC issued bonds worth VND40 billion and VND45 billion, respectively, with a coupon of 12% per year.

3. Mong Cai int'l border gate facilitates Vietnam's exports to China

Head of the Mong Cai international border gate management board Tran Bich Ngoc said from January 1-March 18, the total volume of goods through the gate topped 286,700 tonnes, up 154.8% annually.

At present, agro-fisheries products are undergoing customs clearance in all border gates and unofficial openings in Mong Cai city. In two months of this year, over 150,000 tonnes of local goods were exported, up 324.5% year-on-year.

The city has roads, waterway and seaports linking with inter-regional and international economic corridors,

Chairman of the municipal People's Committee Ho Quang Huy said the city is accelerating the first-stage

construction of Van Ninh general port which is expected to be completed in the fourth quarter of 2024. The port will serve as a transshipment point for agricultural products from the south to the north, then to China.

At the same time, the city is also speeding up the construction of an inter-agency checkpoint station linked to a commercial service area at Bac Luan II border gate, he said, adding that several key projects conducive for agro-fisheries export will be launched.

At present, domestic firms are fully tapping digital and information technology, and superior features of e-commerce platforms to increase marketing. They also keep improving the quality of goods from farming to processing and packaging to meet requirements and boost export to China.

4. Vietnamese exports to Thailand, Singapore surge in two-month period

Throughout the reviewed period, despite the total bilateral trade turnover dropping slightly by 6%, mainly due to a decrease in import turnover from the Thai market, Vietnamese exports to Thailand

reached US\$1.2 billion, up 12.4% over the same period from last year.

Furthermore, two-way trade turnover between Vietnam and Singapore increased, with the total import and export turnover between the two countries hitting US\$1.49 billion, up 16.5% on-year.

Of the figure, Vietnamese export turnover to the island city state reached US\$677.7 million, a year-on-year rise of 8.8%.

In general, the country's overall export turnover to ASEAN stood at US\$4.96 billion, accounting for about 10% of the nation's total export turnover.

Thailand and Singapore represent the country's two key markets in the ASEAN region, with the bloc being the nation's fourth largest export market.

In trade relations with the ASEAN market area the country boasts plenty of advantages such as close geographical distance, as well as similar tastes and cultures.

In ASEAN there is the Agreement on Trade in Goods (ATIGA), whilst Vietnam and a number of ASEAN member states have bilateral agreements which aims to facilitate trade.

According to details given by the Ministry of Industry and Trade, the country has many opportunities to expand the export of agricultural

products and food to the bloc. However, most agricultural products and foodstuffs imported into ASEAN member states require Halal certifications which is also considered to be the new standard of quality and hygiene.

In line with this, domestic enterprises should actively participate in trade promotion activities, seek partners, and expand exports to ASEAN, the Ministry of Industry and Trade also recommends that they pay close attention to trade remedies in regional countries.

Regarding activities to promote exports to the bloc, Vu Ba Phu, director of the Trade Promotion Department under the Ministry of Industry and Trade, said that the Department will continue to co-ordinate efforts with localities and industry associations in a bid to strengthen trade promotion activities in the time ahead.

The Ministry of Industry and Trade is also continuing to closely monitor developments in the global market, thereby advising and proposing co-operation frameworks and solutions to simultaneously develop traditional markets and diversify export markets. In addition, it will also continue to help businesses take advantage of signed free trade agreements (FTAs) to effectively exploit markets and further boost exports, Phu added.

5. Pharmaceutical companies urged to invest in R&D, improve competitiveness

According to experts, this will help them expand their shares in the domestic market which remains being dominated by imported drugs and extend their international reach.

Viet Nam's pharmaceutical market has significant potential. The Ministry of Health estimated the market at US\$6.9 billion in 2021 while BMI Research forecast the market to reach \$16.1 billion in 2026 with a compound growth rate of up to 11 per cent.

According to Nguyen Dieu Ha, general secretary and office chief of the Vietnam Pharmaceutical Companies Association (VNPCA), there are 55 foreign-invested pharmaceutical companies in Viet Nam as of the end of 2022, 228 companies meeting

World Health Organisation – Good Manufacturing Practice (WTO-GMP) and 12 meeting high GMP standards of the EU, Japan, PIC/S and TCA.

These figures show that the pharmaceutical industry of Viet Nam has made a significant improvement since 2017 when there were only two companies meeting GMP.

Still, the domestic pharmaceutical market is a playground for foreign pharmaceutical companies. Ha pointed out that domestic drug production only accounted for 46 per cent of the total spending on drugs of local people in the 2015-21 period. Although this rate increased significantly compared

to the rate of 17 per cent in the 2001-11 period, it was still much lower than the world average.

The domestic pharmaceutical industry has not been able to produce specific drugs, only drugs for the treatment of common and chronic diseases. Made-in-Viet Nam pharmaceutical products are mostly anti-infective (32.54 per cent), antipyretic and analgesic (15.5 per cent) and vitamins and minerals (6.55 per cent).

Most essential drugs must still be imported. Domestic GMP-WHO factories mainly produce generic drugs (copies of brand-name drugs).

Le Van Truyen, former deputy minister of Health, said Viet Nam's pharmaceutical industry does not have a strong and modern national R&D centre and lacks international-level clinical trial and biological research centres. In addition, there is no separate industrial park for pharmaceutical production with a complete ecosystem.

Most pharmaceutical companies are of small and medium sizes with limited financial capacity and have not yet formed national-scale pharmaceutical corporations, he said.

Truyen said a majority of domestic pharmaceutical companies lacked resources to exploit the domestic market. The goal of providing 80 per cent of the market demand for pharmaceutical products would be very difficult to achieve if no breakthroughs were made, he said.

Ta Manh Hung, Deputy Director of the ministry's Drug Administration of Viet Nam, said that domestic pharmaceutical producers are mostly of small scale, there are few domestically-produced products, the content of science and technology in products is not high.

Those are limitations of the domestic pharmaceutical industry which are highlighted during the COVID-19 pandemic, he said.

Potentials

As in many other developing countries, Vietnamese spending on medicines is increasing, an inevitable trend when incomes improve along with rapid urbanisation.

According to Ha, each Vietnamese spends an average of \$73 on medicines in 2021, up from just \$6.7 in 2002. With a population of around 100 million, of which, people aged from 65 and over account for 11.9 per cent, the spending on drugs is anticipated to grow at a faster pace, especially after the COVID-19 pandemic which makes people more concerned about health issues.

Under the pharmaceutical industry development programme to 2030 with a vision to 2040 which the Government approved in March, Viet Nam set a goal that by 2025, domestically-produced drugs account for 75 per cent of the market consumption volume and 60 per cent of the value, and by 2030 80 per cent and 70 per cent, respectively.

In addition, Viet Nam aimed to become a high-value pharmaceutical production centre of the region with an export value of \$1 billion.

To achieve these targets, the core issue is that domestic producers must improve their competitiveness in line with the development orientations of the pharmaceutical industry, Truyen said.

Truyen pointed out that drug producers around the world have changed their market access strategies from promoting products to supporting the State agencies in disease control and proactively providing healthcare services. The digital transformation process helps a lot in decision-making, which domestic drug producers could learn from.

Notably, the pharmaceutical industry has increasing requirements for information transparency, including management regulation, registration records and research data. Big organisations also require regulations on data integrity/truthfulness in all stages from testing to production and distribution.

Accordingly, Vietnamese drug producers must pay special attention to transparency to increase competitiveness in both home and foreign markets, Truyen said.

The Government must create an open and favourable legal environment so that local producers could go together for mutual development.

6. HCMC weighs proposal to extend metro line to two neighboring provinces

In 2022, Dong Nai and Binh Duong asked the prime minister for approval to extend the Ben Thanh-Suoi Tien urban railway to Bien Hoa City in Dong Nai and Binh Duong's Di An City.

Under Binh Duong's proposal, the metro line will run to Binh Thang Ward, Di An City, in which phase one will include a 1.8-kilometer section from Suoi Tien Theme Park Station to Binh Thang Station. The project will be invested by Binh Duong and managed by the HCMC Management Authority for Urban Railways.

Phases two and three of the project, with a total length of 25 kilometers starting from Di An to a station at the center of Binh Duong New City, will be connected with the future Bau Bang-Thi Vai-Cai Mep railway.

Dong Nai proposed that the rail line be extended to Bien Hoa 1 Industrial Park only due to concerns over land clearance difficulties and little space for construction of utility services.

Dong Nai prefers building a transit depot in Di An City, which is two kilometers north of Suoi Tien

Theme Park Station, from which there will be two metro lines, with one running to Binh Duong and the other to Dong Nai.

For the metro line to Dong Nai, one option would be to travel across Tan Van Island to Vung Tau T-junction, and the other running along the Cai River to the center of Bien Hoa City.

According to the HCMC portal, the policy of extending the Ben Thanh-Suoi Tien metro line has been included by the Government into the planning scheme. Once put into service, these metro lines will facilitate the transit of residents between HCMC and Dong Nai, Binh Duong provinces, contributing to reducing traffic congestion on the roads of northeastern HCMC.

The 19.7-kilometer metro line connects the landmark Ben Thanh Market and the Suoi Tien Theme Park in Thu Duc City, which is under the jurisdiction of HCMC. There will be three underground and 11 elevated stations along the railway.

7. Middle East, North Africa lucrative markets for fruit, vegetable exports

Nguyen Minh Phuong, director of the ministry's Asia-Africa market department, said the Middle East, which comprises 15 countries and has a population of around 400 million people, has a high per capita income.

They import large volumes of agricultural products, including fruits and vegetables, she said.

Africa too has huge demand for agricultural products, but because of the distances, Vietnamese firms only export to countries in the north of the continent, she said.

Vietnam's exports of fruits and vegetables to the Middle East and North Africa (MENA) have soared from 255.1 million USD in 2019 to 380.3 million USD in 2021, with the main markets being Turkey, the UAE, Egypt, Saudi Arabia, Israel, Iraq, Qatar, Morocco, and Algeria, she said.

But the exports account for only 2.6% of the region's total imports in 2021, she said.

Of the exports to MENA, cashew is the largest item, rising from 167.8 million USD worth in 2019 to 260.8 million USD in 2021 and accounting for 50.2% of its total imports, she said.

“Vietnamese cashew products are available in many supermarkets in the UAE, Turkey, Saudi Arabia, Israel, and Egypt, and companies should continue to promote exports to the region,” she said.

Vietnam also exports coconut products (mature coconut, copra and coconut oil), lemon, almond, macadamia, banana, grapefruit, guava, mango, mangosteen, watermelon, lychee, rambutan, plum, carrot, and radish to the region.

But because of the distance, it is not easy to export fresh fruits, and so Phuong suggested exporting frozen fresh fruits instead.

She said there are challenges in exporting to Africa and the Middle East, including fierce competition from India, Iran, Turkey, Thailand, the Philippines, China, the US, European countries, and South Africa.

To be successful, Vietnamese firms should understand the regulations in each market, including food hygiene and safety and pesticide residue requirements, and labelling in local languages, she said.

Halal certification is required to export to the Middle East, home to a large Muslim population, while products exported to Israel must have Kosher certification, she said.

LuLu, the leading supermarket chain in the UAE, is present in Vietnam and imports many products, and Vietnamese businesses should touch base with it to export their products to the Middle East, she said.

They should also join the ministry’s trade promotion programmes to promote their products in the region, she added.

Dang Phuc Nguyen, general secretary of the Vietnam Fruit and Vegetables Association, said fruit and vegetable exports are expected to rise to 4 billion USD this year from 3.4 billion USD last year as many markets are allowing in Vietnamese fruits and China has reopened its borders.

Durian shipments alone fetched over 420 million USD last year after getting the green light to enter China through the official channel, and this year the figure is expected to top 1 billion USD, he said.

In the first two months of this year fruit and vegetable exports were worth 592 million USD, a 17.8% increase year-on-year.

China remained the major market, accounting for 57.5% of the exports.

Corporate News

8. EIB: Eximbank eyes VND5 trillion in pre-tax profit this year

↓ -1.07%

According to its 2023 business plan, the bank aims to increase its asset value by 13.5% over 2022 to VND210 trillion, cash deposits by 11% to VND165 trillion, outstanding debt by 12.3% to VND146.6 trillion, and pretax-profit by 34.5% to VND5 trillion.

Last year, it sharply cut down on its bond portfolio and prioritized making loans for consumers and businesses, which helped the bank perform better than its 2022 targets.

By the end of 2022, the bank posted over VND185 trillion in asset value, up 11.6% over 2021, and VND148.6 trillion in cash deposits. Its before-tax profit doubled over 2021 and surpassed the full-year target by 48%, at VND3.7 trillion.

Closing the session today, March 20, EIB slid 4.09% against last Friday to VND18,750, extending its losing streak for the second session.

A host of bank and financial service stocks suffered steep drops, dragging the stock market into the red.

On the southern bourse, the VN-Index lost 22.04 points, or 2.11%, against the previous session, at 1,023.1, with decliners outnumbering advancers by 369 to 48.

There were over 567.3 million shares worth VND9.7 trillion traded on the HOSE, with around 91 million shares worth more than VND1.7 trillion transacted in block deals.

Steel stock HPG took the lead by liquidity today, with nearly 23 million shares changing hands.

The HNX-Index of the Hanoi Stock Exchange closed down 2.85 points, or 1.39% lower than the session earlier, at 201.62.

The northern bourse saw 51 winners and 127 losers, with over 54.5 million shares valued at VND800 billion changing hands.

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