



VIETNAM DAILY NEWS



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Market Analysis

1. Shares enter sideways state with low liquidity

Investors are likely to have few opportunities to disburse when the market is entering a sideways state with low liquidity, said brokerages.

On the Ho Chi Minh Stock Exchange, the VN-Index rose 0.16 per cent to close Friday at 1,046.79 points.

The index had risen 0.16 per cent last week.

An average of 502.4 million shares were traded on the southern exchange during each session last week, worth VND8.8 trillion (US\$374 million).

The trend of accumulation is a reasonable trend in the current period because after a period of strong downtrend, the market has experienced a technical recovery phase since the beginning of this year and it is heading towards the balance area to accumulate, said Saigon-Hanoi Securities Co (SHS).

"In the past 6 weeks, VN-Index has changed very little, the trading volume is also decreasing, which are typical signals of the accumulation process," said SHS.

According to SHS, in the short term, there are not many opportunities to disburse when the market is entering a sideways state. Sideways is a state that occurs when securities prices move within a stable range, without forming a specific trend.

With low liquidity, although the risk of volatility is not high, the short-term upside opportunity is insignificant. However, the accumulation period is a good opportunity for medium and long-term investors when good stocks have been discounted to attractive prices after the recent downtrend period.

This analysis group recommend that medium- and long-term investors can continue to gradually disburse to increase their holding proportion to prepare for a new uptrend after this accumulation

period. With good fundamentals, stocks with stable growth potential are moving in the current accumulation state.

From a technical point of view, Vietcombank Securities Co (VCBS) said that with the current situation, investors should closely observe the market at the point range from 1,035 - 1,040. If there is good accumulation and the cash flow increases again, they can disburse money in industry groups such as oil and gas, securities, and real estate. At the same time, it is necessary to keep a careful approach at the moment and limit early disbursement when there is no clear increase in cash flow.

The VN-Index will continue to fluctuate in a narrow range from 1,030 to 1,070 points this week. In the context that the market has not formed a clear uptrend, buying and holding stocks should only be done with a long-term vision, from 6 months to one year.

Meanwhile, short-term trading faces high risks and is only suitable for professional investors. At the same time, portfolio management should still be a top priority. Investors should maintain a moderate proportion of stocks and limiting the use of leverage at the current stage to control risks.

According to Quang Hinh, Head of Macro Policy and Analysis Department of VNDIRECT Securities Joint Stock Company (VNDIRECT), the real estate industry witnessed a positive trading week last week thanks to the news that CapitaLand Group (CapitaLand) - one of Asia's largest diversified real estate groups with headquarters in Singapore, had negotiate to buy Vinhomes' projects. The real estate stock's rally was led by Vinhomes (VHM), up 13 per cent, followed by Novaland (NVL) up 3.5 per cent, Nam Long Group (NLG) up 4.4 per cent and Dat Xanh Group (DXG), up 1.3 per cent.

Macro & Policies

2. Health, vehicles main growth drivers for non-life insurers in 2023

Experts have predicted that the health and vehicle insurance sectors will continue to serve as the primary growth drivers for non-life insurance in Vietnam this year.

Data from the Vietnam Insurance Association reveals that non-life insurance and health insurance comprised the largest proportion of the insurance industry's premium revenue last year, accounting for approximately 33.2%, with revenue of 22.41 trillion VND.

This represented a 24.3% increase from the same period in 2021.

In the meantime, vehicle insurance generated a revenue of 18.1 trillion VND, comprising 26.8% of the overall market revenue and witnessing an 11.9% growth rate over the same period in 2021.

Health and vehicle insurance products are expected to continue to increase this year, especially when the awareness of people and economic organisations about the role of insurance continues to be improved.

Regarding health insurance, the country's ageing population structure and rising middle class are driving the non-life insurance market to develop.

According to analysts of the DSC Securities Company, despite high inflation, rising prices of goods and medical expenses, and increasing costs due to the pandemic's consequences on people's health, the compensation rate is forecast to keep stable under competitive pressure, thereby attracting people to participate.

For vehicle insurance, the potential growth is high as the trend of travelling by car is increasing thanks to the rising demand from the middle class and the Ministry of Transport's direction to limit motorbikes.

According to experts, though the health and vehicle segments' profit margin is quite low at 60% and

62% on average, respectively, most non-life insurers still focus on promoting the segments, which is reflected in the high retention rate, averaging over 80% due to the potential for exploitation.

Vietnam's insurance industry is expected to keep growing this year, buoyed by the country's 6.5% GDP growth forecast.

Under Vietnam's insurance market development strategy for 2030, the average revenue growth rate of the insurance industry in the 2021-25 period is 15% per year and will reach 3-3.3% of GDP in 2025.

The growth rate will be 10% per year in 2026-30 and will reach 3.3-3.5% of GDP in 2030.

In 2023, the Ministry of Finance expects the average growth rate of total assets, total investment, and total revenue of insurance firms to increase by about 15% compared to 2022.

With the Government's development orientations and the new Law on Insurance Business in force from January 1 this year, the growth of most insurance segments is expected to continually depend more on the number of new policies of insurance companies.

The new Law on Insurance Business includes many notable changes, such as insurers being allowed to design and deploy insurance products independently without the Ministry of Finance's approval and removing the ceiling with microinsurance to ensure a balance between premiums and risks.

The new law does not allow insurers to invest in real estate unless they set up other firms, which is expected to support the development of a transparent and efficient insurance market.

However, DSC noted though the new law will have a positive impact, it will not be clear in 2023.

Meanwhile, analysts of SSI Securities Company believe under the new law, insurance companies will further promote microinsurance products.

Bao Viet Insurance Corporation, Military Insurance Corporation, and Post and Telecommunication

Insurance Corporation have so far promoted implementing micro-insurance products related to illness, cancer and accident risks, and educational supports, with low costs.

3. Bamboo Airways to issue nearly one billion shares

The move, to be announced at an Extraordinary General Meeting of Shareholders held on April 10th, would raise the airline's charter capital from the current VND18.5 trillion to VND28.5 trillion.

The proposed share issuance is slated to take place this year, and there will be no restrictions on the transfer of the newly issued shares.

According to Bamboo Airways' Nguyen Ngoc Trong, the share issuance is to continue their restructuring of organisation and debt and to have more capital for operation and development.

Nguyen Manh Quan, the airline's General Director, said they had found a new investor to replace the old shareholders, former Chairman Trinh Van Quyet and other related shareholders.

Bamboo Airways is in the negotiation phase with a new investor. However, Quan did not reveal any further details.

It carries out the procedures for transferring shares from old shareholders to new investors.

In addition to paying the share purchase price, the new investor has also agreed to be responsible for

the payment of principal and interest on previous loans used by the old shareholders.

At the same time, the new investor also supported former Chairman Trinh Van Quyet with a separate amount of money that will be paid into the trading account of Quyet blocked by the Investigation Police Agency.

Bamboo Airways has called for support from several large investors to help the company overcome the current crisis.

For example, Him Lam Joint Stock Company has lent Bamboo Airways VND8 trillion.

On March 17, FLC's Board of Directors approved using its 155 million shares at Bamboo Airways to pay for loans at OCB's Thang Long Branch.

Established on May 31, 2017, Bamboo Airways had an initial charter capital of VND700 billion, 100 per cent owned by FLC Group.

After that, the airline increased its charter capital to VND2.2 trillion, VND7 trillion and VND10.5 trillion and finally, VND18.5 trillion in September 2021. FLC also gradually reduced its ownership to 21.7 per cent.

4. Vietnam works hard to boost exports to Chinese market

Vietnam earned 8.2 billion USD from exports to China in the first two months of 2023, posting a year-on-year increase of 4.2%, the Ministry of Industry and Trade (MoIT) has reported.

China is the main importer of many Vietnamese products. Therefore, China's market re-opening from January 8 brings great expectations to Vietnamese businesses, especially those exporting vegetables, fruits, seafood, fiber, cement, rubber, steel, textiles, and rice.

According to Vietnam Fruit Vegetables Association (VinaFruit) General Secretary Dang Phuc Nguyen, China's restoration of customs clearance is good news for Vietnamese fruit and vegetable exporters, and helps import-export activities between the two countries gradually become bustling again.

However, he also reminded Vietnamese businesses to make careful preparation when resuming their exports to this important market because China has

applied new and strict regulations for imported goods.

To Ngoc Son, deputy head of the MoIT's Asia-Africa Market Department, said Vietnam should concentrate on measures to further promote exports to China through official channels.

He recommended that localities and management agencies focus on mapping out sector-targeted development strategies in parallel with building brands and concentrated and large-scale production and specialised farming areas based on market signals.

Businesses also need to regularly update, get a better understanding of and comply with China's regulations related to quality standards, testing, quarantine, packaging, and traceability; and pay attention to building and protecting their brands, and studying the demand and development trends of the market, Son said.

5. Sugar industry to recover this year

Businesses in the sugar industry will rebound, buoyed by higher sugar prices and anti-dumping measures on some sugar cane products originating from Thailand.

In February, raw sugar futures hovered at the 6-year high of roughly US 22 cents a pound set on February 27.

Specifically, February's average raw sugar price was US 20.23 cents a pound, compared to US 18.87 cents per pound in January and US 18.93 cents in December 2022.

According to the Food and Agriculture Organisation of the United Nations, the average sugar price was US 18.5 cents per pound during the first ten months of 2022.

The Rome-based agency forecast that by 2029, the average sugar price will reach US 21.3 cents but the fact is that the price exceeded the figure in January.

In the international market, raw sugar futures tracked by tradingeconomics.com were traded at US 21.14 cents per pound on Thursday, continuing the

To fully tap opportunities, the MoIT has directed units to comprehensively evaluate China's reopening policy, thus taking solutions to support enterprises.

Localities have been demanded to effectively regulate the customs clearance of import-export goods at the border gates between Vietnam and China, especially for agro-aquaculture products, and promote exports through official channels.

The ministry and relevant state management agencies have enhanced information sharing and set up hotlines to help remove difficulties facing businesses, and support them in taking part in exhibitions in China, said Vu Ba Phu, Director of the MoIT's Trade Promotion Agency.

Vietnam welcomes delegations of Chinese businesses which want to seek trade cooperation opportunities and partners in Vietnam, he affirmed.

rally trend after hitting the bottom at 9 cents per pound in April 2020.

Following the increase of global sugar prices, the prices of Vietnamese sugar advanced 8-10 per cent year-on-year in 2022.

The strong rallies of sugar prices in the first months of 2023 bring bright prospects for sugar producers.

Vietcombank Securities Company (VCBS) reported that sugar production for the whole crop year 2021/22 reached 949,200 tonnes, of which, sugar production from sugarcane was 746,900 tonnes, accounting for 78.6 per cent, a gain of 8.3 per cent over the previous season.

Even though the harvested area of sugarcane decreased slightly by 4 per cent on-year, the sugarcane yield was higher at 64.6 tonnes per hectare. As a result, the sugarcane output for production rose by 11.8 per cent.

The total sugar supply was estimated at 2.8 million tonnes in 2022, while total demand was just 2.1-2.3 million tonnes. Notably, the market share of

domestic sugar was modestly at 27 per cent, due to sharp gains in smuggled sugar, mostly from Thailand, last year.

Despite the oversupply, local sugar prices still advanced significantly thanks to the anti-dumping policy.

Before the anti-dumping tax, Việt Nam's sugar price was close to that of Indonesia and China, half the price of Philippine sugar and about 25 per cent higher than Thailand's sugar.

However, the price of sugar imported from Thailand and originating from Thailand after the anti-dumping tax is estimated at about VNĐ22,000 a kg, 10-15 per cent higher than the price of sugar in China, Indonesia and Viet Nam.

After applying measures against evasion of trade remedies, the amount of some sugar products imported from ASEAN countries, particularly Thailand, Laos and Cambodia, into Việt Nam has dipped markedly.

The total sugar import volume for the whole of 2022, then, declined by 12.6 per cent year-on-year, with the main sources of replacement being Australia and Indonesia.

The buying price of sugarcane from farmers also recovered to an average of VNĐ1.05-1.1 million per tonne due to scarcity of supply. This is a premise to motivate farmers to expand yield areas in the coming years.

The Ministry of Industry and Trade has officially applied anti-dumping and anti-subsidy tax rates of 47.64 per cent for sugar products using Thailand's sugar material and from five ASEAN countries,

including Indonesia, Malaysia, Cambodia, Laos, and Myanmar, since last August.

Sugar imported from the five countries, if proven to be produced from local sugarcane, will not be subject to anti-evasion measures.

VCBS believes that the new tax measures create positive changes for the sugar industry and boost local sugar prices for the long term.

The securities firm expects the price of white sugar to remain high, hovering around VNĐ18,000-18,500 per kg, as sugar demand in the country is forecast to increase slightly to 2.3-2.4 million tonnes a year.

Nevertheless, in the short term, sugar prices may be under pressure due to temporary excess supply in 2022, approximately 6 million tonnes, and a potential increase in import quota by the Government to supplement domestic sugar in 2023.

Quảng Ngãi Sugar JSC forecasts that due to high oil prices, major sugar-producing countries such as Brazil, Thailand and India will switch to using sugarcane to produce ethanol, helping global sugar prices remain high in the first six months of 2023.

In the February report, the Vietnam Sugarcane Association (VSA) said that the country's planting area and output of sugarcane and sugar production in the 2022/23 crop year are likely to increase.

It is expected that the sugarcane area will increase by 3 per cent while the output of processed sugarcane and sugar both increased by over 16 per cent.

6. Vietnam promotes negotiations of FTA with Mercosur

The Ministry of Industry and Trade (MoIT) is taking measures to promote the negotiations of a free trade agreement (FTA) with the Southern Common Market (Mercosur - including Brazil, Argentina, Uruguay, and Paraguay), which is

expected to be a driving force for Vietnam to tap the Latin American market.

In 2022, the South American regional economic bloc posted over 12 billion USD in two-way trade with Vietnam, 9.2% higher than that of the

previous year. The Southeast Asian country shipped goods worth 3.3 billion USD to Mercosur and spent 8.7 billion USD on purchasing products from the region, annual rises of 3.4% and 11.6%, respectively.

Mercosur countries are strong in producing and exporting farm produce, animal feeds, industrial materials, and minerals; while Vietnam's main exports to the bloc are electronic and telecommunication devices, apparel, and footwear. Such a complementary structure of goods without direct competitiveness is a strength of Vietnam in approaching this market.

In addition, the four South American nations have yet to sign any trade agreements with countries whose export structure directly competes with Vietnam. As a result, the access to this market will create a big boost for Vietnamese goods.

According to the ministry's statistics, trade between Vietnam and the Americas, which houses 35 countries, including Mercosur member nations, stood at 153.9 billion USD last year, an annual growth of 10.7%,

Of the total, Vietnam's import and export value hit over 128 billion USD and 25.7 billion USD, up 12.2% and 3% year-on-year, respectively, hence a historic trade surplus of more than 102.5 billion USD.

Ta Hoang Linh, Director of the MoIT's European-American Market Department, said Vietnamese goods can gain a better position in the Americas region and enjoy chances to grow stronger when businesses capitalise on existing FTAs.

In the ministry's scheme, it is key to optimising the 15 existing FTAs and pushing for the negotiation of new deals, including the one with Mercosur.

7. Deputy PM urges SMEs to make innovations

Khai emphasised during his address at the Viet Nam Small and Medium Enterprises (VINASME) event on Thursday that the primary objective should be to drive innovation and boost brand competitiveness.

The conference was attended by almost 400 representatives from the association's over 64,000 members nationwide.

Highlighting the important role of enterprises in promoting economic prosperity and development, Khai said that the business community in Viet Nam developed strongly in recent years, with nearly 900,000 firms, over 25,000 cooperatives and five million business households in operation.

The business community contributed around 60 per cent to the gross domestic product (GDP) and provided jobs for around 30 per cent of the workforce.

SMEs account for 97 per cent of the total number of firms in Viet Nam had made important contributions to economic growth, especially in maintaining and

developing production and business, creating jobs, stabilising people's lives and promoting growth, Khai said.

However, he pointed out that there were limitations in corporate governance, the application of science and technology and the linkage between SMEs.

He pointed out that the unpredictable global economy development coupled with the shift in the global value chain and the trend toward sustainability, global minimum tax issues, and new requirements about green development and climate change adaptation pointed SMEs to new challenges.

Sharing businesses' difficulties and challenges, Khai said that the Government would improve policies and raise solutions to support enterprises, especially creating the most favourable business and investment environment.

The focus should be placed on accelerating the national digital transformation and promoting the development of private enterprises, especially in the

fields of manufacturing, high technology, information and technology to establish domestic and international value chains, Khai said.

He urged VNSME to continue to raise specific solutions to accompany the Government and relevant ministries, agencies and localities to support SMEs to overcome difficulties and promote recovery and growth.

The association should strengthen the role of being a bridge to advocate policies, maintain dialogues with management agencies and enhance relationships with foreign organisations in policy advocacy for SMEs, Khai said.

He urged the association to be more proactive in studying challenges and opportunities from

emerging business models, especially the requirements for sustainable development and green business and provide policy updates and guidance to member businesses and industries.

SMEs should strive to overcome difficulties and challenges and develop specific solutions to expand the scale and improve competitiveness.

“It is important that SMEs strengthen cooperation to create synergy and lift the position of Vietnamese enterprises,” Khai said.

The association’s fourth executive committee was selected at the meeting with 84 members. Nguyen Van Than would remain President of the association for the 2023-28 term.

Corporate News

8. APH: Plan for the bond repurchase before maturity

↑ 1.25%

The Board resolution dated March 23, 2023, the Board of Directors of An Phat Holdings Joint Stock Company approved the plan of bond repurchase before maturity with details as follows:

- Issuer: An Phat Holdings Joint Stock Company
- Bond code: APH-H2124-001
- Bond type: non-convertible bond, secured and without warrant
- Issuance form: private placement
- Par value: VND100,000,000/bond
- Issue price: 100% par value

- Interest rate:
 - + For the first two years: 9.0%/year;
 - + For next years: 11.67%/year
- Total value of issuance (at par value): VND450,000,000,000
- Issue date: April 01, 2021
- Maturity date: April 01, 2024
- Estimated repurchase time: April 03, 2023
- Estimated repurchase value (at par value): VND148,000,000,000.

9. PPC: PPC put into warning status

↓ -4.18%

On March 22, 2023, the Hochiminh Stock Exchange issued a decision to put the shares of Pha Lai Thermal Power Joint Stock Company (stock code: PPC) in warning status as of March 29, 2023.

Reason: the auditor expressed an unqualified opinion on the audited financial statements in 2022. The stock has not met the rule under Point c, Clause 1, Article 37 of the Rules of Listing and Trading of Listed Securities promulgated under Decision No.17/QD-HDTV dated March 31, 2022 by the Members' Council of the Vietnam Stock Exchange.

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