



VIETNAM DAILY NEWS



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Market Analysis

1. Shares make gains on supportive information

Shares posted gains on the first trading day of the week thanks to supportive forecasts as the market is set to enter the annual general meeting (AGM) season.

On the Ho Chi Minh Stock Exchange, the VN-Index inched up 0.24 per cent to close at 1,027.18 points.

Market breadth was positive with 222 rising stocks and 155 losing ones.

Nearly 422 million shares worth VND6.8 trillion (US\$287.2 million) were traded on HCM City's bourse.

BIDV Securities Co (BSC) has built two possible scenarios for the stock market in March. In the first, a gradual recovery is recorded in production and business activities after the slowdown at the beginning of this year, disbursement of public investment accelerated, creating a spillover effect.

The interest rate level shows signs of gradually decreasing to remove difficulties for production, consumption and investment activities. Foreign investors gradually reduce their net withdrawal and return to net buying in the second half of March. All these will help VN-Index create a foundation and return to the accumulation area above 1,050 points.

According to BSC, the market entered the new AGM season, and having more supportive information may also help push up VN-Index.

In a worse scenario, if the US Fed maintains its view of raising interest rates stronger than the market's forecast to control inflation, negative fluctuations from the international market will lead to a net withdrawal of foreign capital, putting

pressure on macro stability. As a result, the VN-Index may return to test the range of 980 – 1,000 points, BSC said.

“VN-Index has a chance to enter a technical recovery after closing above the resistance zone of 1,028-1,033 points. If successfully testing this support zone, the index will test the resistance zone of 1,065-1,075 points,” said Bao Viet Securities Co.

Adventurous investors can consider opening short trading positions in steel, securities, and public investment stocks when VN-Index tests the support zone of 1,028-1,033 points, the company said.

The VN-30 Index, tracking the 30 biggest stocks on HoSE, rose 0.09 per cent to close at 1,014.26 points.

In the VN-30 basket, the biggest gainers included the Vietnam Rubber Group (GVR), Hoa Phat Group (HPG), SSI Securities Inc (SSI), HD Bank (HDB), Mobile World Group (MWG) and Vinhomes (VHM).

Notably, two real estate companies soared 7 per cent, namely Novaland (NVL) and Phat Dat Real Estate (PDR).

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).

On the Ha Noi Stock Exchange, the HNX-Index rose 0.82 per cent to end at 206.56 points.

Macro & Policies

2. Water industry to see multiple M&As

Binh Duong Water Environment JSC (Biwase), a prominent name in the water industry, has approved a plan of acquiring stakes in five companies operating in the water and environmental sanitation sectors in Long An and Quang Binh provinces.

They are DNP - Long An Water Infrastructure Investment Joint-Stock Company, Chau Thanh Urban Construction Joint Stock Company, Can Giuoc Urban Project Joint Stock Company, Bang Tam Water And Environment Corporation and DNP Quang Binh Water Infrastructure Investment Joint Stock Company.

In the above list, there are three companies under the umbrella of DNP holding, formerly known as Dong Nai plastic, namely DNP - Long An Water Infrastructure Investment Joint-Stock Company, DNP Quang Binh Water Infrastructure Investment Joint Stock Company and Chau Thanh Urban Construction Joint Stock Company, with ownership rates of 87.98 per cent, 89.9 per cent, and 96.06 per cent, respectively.

Of them, DNP - Long An Water Infrastructure Investment Joint-Stock Company, having a charter capital of VND786.29 billion, owns Nhi Thanh water plant with a designed capacity of 60,000cu.m per day and night, supplying clean water to many areas in the southern province of Long An.

DNP holding currently has 15 factories producing plastic and clean water, with a total capacity of plastic products of 8,500 tonnes per month and 700,000cu.m of clean water per day.

Thus, Biwase mainly acquires water supply enterprises in DNP holding's ecosystem to expand its operation area towards the southern area.

In 2022, Biwase invested a total of VND294 billion in purchasing shares of two companies, namely Can Tho Water Supply and Sewerage JSC and Can Tho 2 Water Supply JSC. This move has increased the number of Biwase affiliates in the water industry to

four, with total investment reaching VND768 billion, accounting for nearly 8 per cent of Biwase's assets. The company's M&A plan for this year shows its ambition to expand its scale through M&As.

With the ambition to become a leading enterprise in the field of water supply in the South, Biwase continues to acquire companies in the same industry in the southern provinces of Long An, Binh Phuoc and Ben Tre.

Dong Nai Water Supply Joint Stock Company plans to purchase 2.5 million shares of Gia Tan Water Supply Joint Stock Company, at the price of VND4,000 per share, with expected time in the first and second quarters of 2023.

As of December 31, 2022, Dong Nai Water Supply owns 25 per cent of capital in Gia Tan Water Supply, equivalent to an investment value of VND50 billion.

Gia Tan Water Supply was established on November 1, 2016, headquartered in Dong Nai, mainly operating in the field of exploiting and filtering water for daily life, urban and industrial purposes, installation of pumping stations, and construction of water supply pipelines. The legal representative includes Chairman of the Board of Directors Hoang Anh Tuan and General Director Nguyen Van Thien.

Notably, Nguyen Van Thien is also the Chairman of the Board of Directors of Biwase, which owns 31.52 per cent of capital in Gia Tan Water Supply.

Thu Dau Mot Water Joint Stock Company owns 37.42 per cent of charter capital in Biwase, owns 20.9 per cent of capital at Gia Tan Water Supply and owns 12.06 per cent of Dong Nai Water Supply.

Thus, Thu Dau Mot Water is a cross-owner of many water supply enterprises in Dong Nai and Binh Duong, through direct or indirect ownership through Biwase. Thu Dau Mot Water was established in 2013, with the main business being clean water business, and currently has a charter capital of VND200 billion.

It can be seen that Biwase's ambition is also Thu Dau Mot's ambition, which is to dominate the market share of water supply in the southern provinces.

Biwase currently has charter capital of VND1.93 trillion, equity of VND4.53 trillion, and total assets of VND9.99 trillion. In 2022, the company recorded consolidated revenue of VND3.48 trillion,

consolidated profit after tax of VND742.7 billion, equivalent to basic earnings per share of VND3,195.

Thu Dau Mot Water currently has a charter capital of VND1 trillion, equity of VND2 trillion, and total assets of VND2.40 trillion. In 2022, the company achieved consolidated revenue of 478.9 billion, profit after tax of VND220.4 billion, equivalent to basic earnings per share of VND2,028.

3. Central bank grants first credit growth quota for banks in 2023

Among the banks, Maritime Commercial Joint Stock Bank (MSB) has received the highest credit growth quota of 13.5% against 9.5% in 2022. MSB is also the only bank that has been granted a higher credit growth quota compared to 2022.

The remaining banks have received lower credit growth quotas than last year, such as HCM City Development Commercial Joint Stock Bank (HDBank) with 11% (against 15% in 2022), Asia Commercial Joint Stock Bank (ACB) with 9.8% (against 10% in 2022), Vietnam International Commercial Joint Stock Bank (VIB) with 9.5% (against 10% in 2022), Tien Phong Commercial Joint Stock Bank (TPBank) with 9.1% (against 11.5% in 2022), Vietnam Prosperity Commercial Joint Stock Bank (VPBank) and Military Commercial Joint Stock Bank (MB) with the same credit growth quota of 9% (against 15% in 2022).

The SBV said it would regularly monitor and supervise the implementation of the credit growth quota of each bank. Based on the macroeconomic situation, market developments and banks' proposals, the SBV would review and adjust the credit growth target for banks in accordance with the orientation of the Government and the Prime Minister.

According to the SBV, the granting of credit growth quota for each bank is based on a number of basic criteria, such as the bank's rating results, the bank's proportion of outstanding loans to the 100 largest customers, the bank's interest rates, and the bank's participation in supporting weak banks.

The SBV has applied the policy of granting a credit growth quota for each bank since 2011 with an aim

to avoid overheated credit growth. Every year, the SBV usually considers granting the first credit growth limit to banks in the first quarter of the year and then will make adjustments to match the Government's targets.

The SBV said the credit growth target in 2023 would be about 14-15% against 14% in 2022, with flexible adjustments in line with actual developments.

As for interest rates, Nguyen Quoc Hung, General Secretary of the Vietnam Bankers Association (VNBA), told Nguoi Lao Dong (Labourers) Newspaper that commercial banks agreed at a recent meeting to reduce deposit interest rates by about 0.2-0.5 percentage points per year from March 6, 2023.

The reduction in the input cost is aimed at gradually reducing lending rates to support firms and boost economic growth.

This will be the second time commercial banks have agreed to reduce deposit interest rates. At the end of last year, they agreed to lower the deposit interest rate to a maximum of 9.5% per year, including promotions and incentives.

According to firms, lending interest rates have remained too high in recent times, which has caused them to face difficulties in production and business. Due to the rising interest costs, firms' profits have been eroded. Therefore, an interest rate cut at this time is necessary to support firms.

4. HCM City condo supply down in 2023

This volume, experts reported, is lower than that of Hanoi and that of any quarter in HCM City in previous years.

A report from CBRE said that within this supply, the high-end segment will continue to dominate with 75%.

The luxury segment and mid-tier segment, the company reported, shared the same proportion of 12%.

Most future supply will come from subsequent phases of already launched projects, and only six out of 20 expected projects are first-time sales.

According to CBRE, the eastern area is the main development direction of the city, with over 48% of total supply, while the western part of the city is forecasted to be the new highlight, with more than 2,000 units to be launched, most of them in Binh Tan district. Hoc Mon ward is also expected to welcome its first commercial condominium project with a supply of nearly 800 units.

"The first half of 2022 witnessed the recovery of the residential market, and this trend was expected to continue. However, turbulence in the latter half amidst the recovery has affected the recovery speed, as well as market sentiment. CBRE forecasts that difficulties will continue in 2023 with limited supply and low liquidity due to challenging credit accessibility for home buyers. There will be adjustments in the supply with fewer luxury products and the focus will be on high-end and upper mid-end segments. The average primary price will stabilise in 2023-2024," Duong Thuy Dung, executive director of CBRE Vietnam, said.

"When the market can be back to normal will depend on the speed of the macro-economic policy approval, including credit policy, the revised land law and the legal issues resolving to break the deadlock for new supply," she said.

In the last quarter of 2022, only 1,312 new condominium units were launched in HCM City, the lowest new supply within a quarter over the last ten years except for the two pandemic years, bringing total launched units in 2022 to 18,440, equal to the

number in 2020 but only 70% of the pre-COVID-19 level in 2019.

The eastern part of the city continued to lead the market with three newly launched projects and the next phase of one existing project, providing over 1,000 units, making up nearly 81% of the new supply.

CBRE said that besides the licensing issue in recent years, many developers have intentionally delayed their sales plans due to concern that economic recession will affect demand.

The high-end segment remained the leading segment, with over 16,850 units, accounting for 90% of total supply within the year. Remarkably, 93% of total supply in 2022 was launched in the first three quarters and 60% of it came from different phases of a Vinhomes township in District 9.

All newly launched projects in 2022 were developed by major renowned developers with landbank from previous periods.

Q4 2022 recorded 1,155 sold units, down 85% quarter on quarter. The number of units sold is also less than the newly launched units within a quarter for the first time since the pandemic.

The average primary price in Q4 2022 was relatively stable compared to the previous quarter. The luxury segment is the only segment that experienced price growth at 1.4% quarter on quarter, 7.8% year on year, while other segments' primary prices stayed at the same level compared to the previous quarter.

However, sales policy showed a major revision in the last quarter of the year when numerous developers offered more vigorous discount rates than usual. The discounts ranged from 20% to 45%, depending on payment schedules and other promotional schemes. The high discount rates only came from developers under substantial financial pressure, and the projects' legal status is still unclear.

CBRE said average secondary prices started to decrease in Q4, but mainly in projects with many units and a high level of speculation. The price reduction can be up to 20%.

“This price decrease reflects the investors' expected profit adjustment but not the "cut loss" of the whole market yet. Investors that did not use financial

leverage or have no cash flow pressure are still waiting for a better time to sell their assets,” CBRE suggested.

5. Can Gio int'l transit terminal hoped to come into being by 2030

As the cargo volume handled at seaports in HCM City is forecast to be 60 million tonnes higher than their capacity by 2030, the southern metropolis wants to accelerate the construction of this 5.3 billion USD terminal, which is expected to create a breakthrough in sea-based economic activities for not only the city but also the entire Vietnam, according to the Lao dong (Labour) daily.

Bui Hoa An, Deputy Director of the municipal Transport Department, was quoted by the newspaper as saying the cargo volume handled at local seaports stood at over 164.19 million tonnes in 2021. With an annual growth rate of 3.8%, it is forecast to approximate 230 million tonnes by 2030 while the capacity of existing facilities by that time is only 170 million tonnes.

Given this, it is necessary to build a new terminal in Can Gio in the 2021 - 2030 period to cater for the sea freight growth before and after 2030, he reportedly noted.

Pham Anh Tuan, General Director of the Portcoast Consultant Corporation, said the Can Gio international transit terminal is set to have 7.2km of wharves and cover some 570ha. It will be able to handle the world's largest container ships (24,000 twenty-foot equivalent units) at present.

The project will be implemented in seven phases, the first of which is hoped to start in 2024 and become operational in 2027 while the last is set to be put into service in 2045.

The official said that once operational, the terminal will contribute about 9 trillion VND (379.6 million USD) to the budget each year and create 7,000 jobs.

Not only giving a boost to socio-economic development in Can Gio district, it is also expected to help HCM City sustain its role as a logistics centre of the region and Asia and become an international financial hub.

6. Ba Ria-Vung Tau applies high technology in farm economic development

Statistics of the provincial Department of Agriculture and Rural Development show that as of February, the province had 337 farms, including 128 specialising in cultivation, 177 in husbandry, 27 in aquaculture, and five combined ones.

These farms have a total area of 2,490 hectares, create 3,558 regular jobs, and produce a combined annual production value of 2.7 trillion VND (114 million USD). Average income of farm labourers is around 80 million VND per person per year.

Vu Ngoc Dang, deputy head of the Sub-department of Rural Development, said that farm economy has contributed to promoting agricultural and rural

economic restructuring in the direction of rapidly increasing the proportion of commodity production, and creating concentrated areas to facilitate farm produce processing.

However, the lack of production land is hindering the development of farm economy, noted Dang.

Therefore, to further develop this kind of economy, Ba Ria-Vung Tau will issue policies to convert household to farm economy, he said, adding that it will carry out trade promotion programmes for products of local farms, provide assistance in terms of capital and science and technology for them.

7. Vietnam's overseas investments rise sharply in January-February

Of the sum, 109.4 million USD was poured into 10 new projects, a 2.1-fold rise year-on-year. Meanwhile, four other projects increased their capital by nearly 5.7 million USD.

Notably, Vietnamese conglomerate Masan Group's subsidiary The Sherpa received a licence to place 105 million USD in Singapore-based tech firm Trust IQ Pte. Ltd. The project is part of Masan's strategic goal by 2025 to create a consumer - retail - technology ecosystem.

Vietnamese firms invested in 10 sectors abroad, including information-communications, services, wholesale and retail, health care, processing and manufacturing.

Singapore was the biggest recipient of the investments, with a combined capital of 105.5 million USD poured into a new project and another existing one. It was followed by Israel and Laos.

As of February 20, Vietnam counted 1,617 valid overseas projects valued at more than 21.89 billion USD, with 141 by State-invested firms worth some 11.67 billion USD, making up 53.3% of the total.

Laos, Cambodia and Venezuela lured the most Vietnamese investments, mainly in mining, and agriculture, forestry and fishery.

Corporate News

8. TCB: Record date for Annual General Meeting 2023

↑ 1.49%

On March 02, 2023, the Hochiminh Stock Exchange issued Announcement No.320/TB-SGDHCM about the record date of Vietnam Technological and Commercial Joint Stock Bank (stock code: TCB) as follows:

- Ex-right date: March 17, 2023
- Record date: March 20, 2023
- Purpose: to organize the 2023 Annual General Meeting of Shareholders.
- Exercise ratio: 01 share – 01 voting right
- Meeting date: will be notice later
- Meeting venue: will be notice later (in Ha Noi).

9. DXS: Record date for Annual General Meeting 2023

↑ 3.94%

On March 01, 2023, the Hochiminh Stock Exchange issued Announcement No.319/TB-SGDHCM about the record date of Dat Xanh Real Estate Services Joint Stock Company (stock code: DXS) as follows:

- Ex-right date: March 16, 2023
- Record date: March 17, 2023
- Purpose: to organize the 2023 Annual General Meeting of Shareholders.
- Exercise ratio: 01 share – 01 voting right
- Meeting date: will be notice later
- Meeting venue: will be notice later.

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