



VIETNAM DAILY NEWS



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Market Analysis

1. Market reverses on back of steel, bank stocks

Shares rebounded on Wednesday as the risk-averse mood eased and foreign investors came back to the market.

The market's benchmark VN-Index on the southern bourse, Ho Chi Minh Stock Exchange (HoSE), snapped a three-day losing streak to end higher at 1,040.8 points. It lost 5.95 points, or 0.57 per cent, over the previous session.

The breadth of the market returned to a positive zone, as gainers surpassed decliners on HoSE. Liquidity also improved, with both trading volume and value up 7 per cent and 21.6 per cent, respectively, to nearly 576.8 million shares and VND11.43 trillion (US\$487 million).

The index's recovery was driven by gains in large-cap stocks, especially in steel and banking sectors. The VN30-Index, tracking the 30 biggest stocks on the southern bourse, increased by 8.2 points, or 0.79 per cent, to 1,045.24 points.

In the VN30 basket, 20 stocks inched higher while six finished low and four stocks stayed unchanged.

Data compiled by a financial website vietstock.vn showed that Hoa Phat Group (HPG) was the biggest gainer on Wednesday, leading the bull market. The steel producer's shares soared more than 4.5 per cent.

HPG shares jumped for the second day in a row after the company reported a profit after tax of VND383 billion, down 95 per cent year-on-year but escaping losses recorded in the last two quarters.

Other big names contributing to the rallies were Vietcombank (VCB), Techcombank (TCB), BIDV (BID), Lien Viet Post Joint Stock Commercial Bank (LPB), PV GAS (GAS), Vinamilk (VNM). All these ticker symbols climbed at least 1.25 per cent on Wednesday, with LPB even logging the maximum daily rise of 7 per cent.

However, gains were capped due to lingering selling pressure. The property developer duo Vinhomes (VHM) and Vingroup (VIC) experienced great losses of 4.38 per cent and 1.14 per cent, respectively.

On the Ha Noi Stock Exchange (HNX), the HNX-Index also bounced back after losing for two straight days. It declined by 1.15 points, or 0.56 per cent, to close Wednesday at 205.84 points.

During the session, 67.4 million shares were traded on the northern exchange, worth nearly VND955 billion.

Foreign investors also returned to the market as they net bought VND33.26 billion. Of which, they net bought VND47.37 billion on HoSE while net sold a value of VND14.11 billion on HNX.

Macro & Policies

2. Large commercial banks agree to further cut interest rates

Prime Minister Pham Minh Chinh held a meeting with the SBV and state-owned commercial banks on credit growth yesterday in Hanoi, discussing the possibility of further lowering interest rates to prop up the economy.

The four state-owned banks — VietinBank, Vietcombank, BIDV and Agribank — all agreed on this policy. The SBV, the central bank of the nation, will continue to support the liquidity of the banking system to help the banks lower interest rates.

Recently, the Government and the SBV have come up with new policies to address difficulties in the real

estate and corporate bond markets, such as increasing money supply, reducing interest rates and purchasing valuable papers and buying foreign currency to increase foreign exchange reserves.

The SBV has lowered key interest rates twice since the beginning of the year, resulting in a 0.6% reduction in lending rates compared to the end of 2022.

In the last two weeks of March, SBV announced decisions to cut key interest rates. Specifically, the refinancing and rediscount rates were reduced by one percentage point and 0.5 percentage point over the past month, respectively.

3. Banking sector must aid businesses for faster economic recovery: PM

The Government has ordered the State Bank of Vietnam and the banking sector to quickly implement additional policies to help speed up economic recovery and provide support to businesses across the country in a meeting in Ha Noi yesterday, chaired by Prime Minister Pham Minh Chinh.

The Prime Minister said economic development had experienced some setbacks, with a recorded growth lower than last year. To adapt and, more importantly, to move the economy in the right direction, additional support for businesses and citizens must be a top priority.

He said timely policies by the central bank regarding the finance and banking sector have resulted in positive feedback from the business community and citizens, while helping speed up economic recovery and production across all economic sectors.

Looking forward, he stressed the importance of implementing banking policies as tools to efficiently mobilise the country's resources, especially those of land and capital, and to overcome challenges.

"It is with timely and efficient policies that we can mobilise all resources to create momentum for economic growth," PM Chinh said.

He added that public investment must lead the way to gather and support the public sector.

He cited several examples in which recent changes in public investment have allowed and encouraged the private sector to participate in additional economic sectors.

He called for greater efforts by all to persevere and overcome current economic challenges.

"Resources come from creative thinking, momentum comes from innovation, and strength comes from the people," PM Chinh said.

He said that government agencies and ministries must stand side-by-side with businesses in finding solutions to such challenges.

He stressed the importance of investing in affordable housing for middle-income and low-

income groups, saying it has long been neglected and that the pandemic has made it clear there is still much work to be done to improve the situation.

In addition, changes must be made to maintain stability and improve the liquidity of the property market, especially in current credit and finance regulations.

He urged the central and commercial banks to continue implementing additional policies in

support of property developers, such as bringing down current interest rates, which have been reported as unsustainably high by the industry.

In addition, he instructed local governments to look into administrative issues that still hinder many property projects' progress, saying it's equally important to developers for such issues to be resolved promptly.

4. OECD forecasts Vietnam's economic growth at 6.5% this year

The Organisation for Economic Cooperation and Development (OECD) has forecast that Vietnam's economy will grow firmly, with its GDP projected at 6.5% in 2023 and 6.6% next year, according to an economic survey announced at a ceremony in Hanoi on April 26.

This is the first report on Vietnam's economy conducted by the OECD in conjunction with the Asian Development Bank (ADB).

Vietnam has made remarkable economic progress over the past decades, sustaining high growth, said Acting Deputy Director of the OECD's Economic Country Studies Branch Vincent Koen, calling extensive and continued reforms since the 1980s a key to this success.

He said the economy has also proven resilient to shocks, including the COVID-19 pandemic, noting that during the outbreak, Vietnam was outstanding among other Southeast Asian nations in terms of economic growth.

According to the OECD, the openness of Vietnam's economy leaves it exposed to geopolitical

uncertainties and potential supply chain disruptions. Weathering significant challenges ahead, Vietnam needs to make additional efforts to advance structural reforms that will further strengthen market forces.

To reduce dependence on fossil fuels, new investment in coal should be halted and the implementation of a carbon market accelerated. As these reforms will require additional fiscal resources, the tax base should be expanded to enhance government revenues.

The survey suggested Vietnam consider providing targeted financial support to households strongly affected by high energy and food prices, prepare a concrete medium-term fiscal consolidation plan to further enhance revenue, expand the tax base, continue to simplify business regulations, and enhance digital skills.

To guide all economic sectors to a low carbon path, a clear and predictable long-term climate change strategy should be prepared. This strategy should include an energy sector reform which is crucial to upscale investment in renewable strategy, it said.

5. Import-export turnover across northern border soars

The northern border gates have been restored after three years of stagnation, helping Vietnam's import-export turnover with China through the northern border provinces increase by 242% in the first quarter of this year over the same period last year.

The General Department of Customs said that the total import and export turnover with China across the northern border reached nearly 9.3 billion USD in the first quarter of this year, up nearly three times over the same period last year.

In the northern border provinces, most of the border gates that were closed in the last months of last year due to the Chinese implementation of measures to prevent and control the COVID-19 pandemic have now become busy again.

Preliminary statistics from the Lang Son Customs Department showed that border-gate customs units have received and processed 23,985 sets of import and export declarations with a turnover of 622.44 million USD by the end of March 14, an increase of 54.5% over the same period last year.

In which, the number of export goods declarations registered by enterprises with 10,560 sets of declarations, valued at 284.38 million USD, an increase of 348.9% year-on-year.

In Cao Bang, import and export turnover through the locality also grew sharply, up to 60%, reaching 69.5 million USD. Notably, export turnover rose by 214%.

Import and export turnover through Lao Cai international border gate reached nearly 186 million USD in the first three months of this year.

Of this figure, exports reached 92.4 million USD, up 90.1% over the same period last year. Imports reached 93.2 million USD, up 15.2%.

Notably, agricultural products are still the main export products, reaching a turnover of more than 71 million USD, up 63.2% year-on-year and accounting for 76.8% of export turnover.

Similarly, the Mong Cai Border Gate Customs Sub-Department under the Quang Ninh Customs Department revealed statistics that the total import-export turnover hit 504.96 million USD in the past three months; a 102.01% increase in declarations.

Particularly, export goods of border residents grew by 288.96% in declarations and 134.86% in turnover over the same period last year.

In order to have this positive result, the customs offices located in these localities have made great efforts to coordinate with the functional forces to carry out customs procedures, inspect and supervise goods quickly to facilitate business timely delivery to the partner's side.

Some provinces have reached agreements with the neighbouring country's localities to increase the working time of the day to support businesses, said Bui Minh Hai, a representative from the Customs Supervision and Management Department under the General Department of Vietnam Customs, told Vietnam Financial Times (Thoi bao Tai chinh Vietnam).

Despite many positives, it is undeniable that the import and export results with this important partner have not reached the same pace as before.

Part of the cause was determined to be due to side gates, as the openings are still frozen.

Hoang Duc Hau, Deputy Director of the Cao Bang Customs Department, said that the locality had many border gates, but the side border gates and openings still did not have import and export activities, therefore, they could not promote the strengths of a province that has many border gates adjacent to China.

So are Lang Son, Lao Cai and Quang Ninh, although the authorities have created maximum convenience for import and export activities in the area, but in order to further strengthen the customs clearance capacity, many recommended that localities needed to step up exchanges and talks at all levels with the Chinese side to restore side border gates and extend the working time of the functional forces on the Chinese side at border gates.

6. Vietnam's telecoms giants venture further into digital

State-owned MobiFone Corporation saw its parent company's revenue of VND6.63 trillion (\$288.26

million) in the first quarter, meeting 23.1 per cent of the yearly target and down 5.4 per cent on-year.

Its pre-tax profit reached nearly was \$36.7 million, meeting 38.9 per cent of the yearly target and down 27.2 per cent on-year.

MobiFone's parent company state budget contribution also fell 42.6 per cent on-year to \$24.04 million, fulfilling 26.3 per cent of the yearly target.

According to Minister of Information and Communications Nguyen Manh Hung, MobiFone is in a deadlock in terms of growth and new development space.

"There are two major problems occurred with MobiFone. The first is within the internal organisation and the second issue comes from external industry challenges," he said. "Overcoming these two challenges, MobiFone will innovate both from the inside and from the outside. It should consider these two major problems as two important nudges to innovate, and to reinvent themselves."

The minister made the statement when attending the corporation's meeting to celebrate its 30-year anniversary on April 14.

The issues have driven back the company's growth for a year. In 2022, the mobile network operator failed to meet the yearly targets, although it set lower targets than 2021.

The difficulties continue in the first months of 2023 with the poor performance. According to the Commission for the Management of State Capital at Enterprises (CMSC), MobiFone cut its pre-tax profit target for this year by half.

In a move to change the situation and tap into the digital transformation trend in 2023, MobiFone will implement a strategy to promote business in new fields such as digital finance, health, and education.

Strengthening cooperation at home and abroad is key to MobiFone's strategy. For example, it

attended the Mobile World Congress in Spain, signed a cooperation agreement with Nokia, and joined the China visit by the delegation of the CMSC.

Other big telecommunications businesses in Vietnam are in similar situations, growing below the country's GDP growth.

Vietnam Posts and Telecommunications Group (VNPT) made consolidated revenue of \$590.43 million in the first three months of the year, of which the parent company's revenue reached \$413.47 million, or 22.6 per cent of the yearly plan.

The group's before-tax consolidated profit was estimated at \$70 million during the period, of which the parent company's pre-tax profit was \$52.6 million, or 22.9 per cent of the plan, up 3.2 per cent on-year.

VNPT has embraced the digital age. It signed comprehensive cooperation agreements with a number of cities and provinces and cities, and promoting strategic cooperation with a number of private economic groups and local banks such as Vietinbank, Vietnam Airlines, and others.

The group has been deploying the digital government ecosystem for all provinces and cities as well as a digital health ecosystem for nearly 2,000 hospitals, and accessing and providing services via online channels for more than 50,000 small- and medium-sized enterprises.

VNPT also has a policy of converting invoices to electronic invoice from cash registers to meet the requirements of the Ministry of Finance and General Department of Taxation. It standardises mobile subscribers' information in line with the National Population Database, according to the regulations of the Ministry of Information and Communications.

Similarly, Vietnamobile Telecommunications JSC saw first-quarter revenue of \$6.57 million, down 69 per cent on the same period last year.

7. Ninh Binh Province's \$11.7b plan to develop industry, tourism until 2050

Ninh Binh Province has approved a provincial planning scheme for 2021-30, with a long-term vision to 2050, to focus on developing industry, tourism and infrastructure. The plan is expected to require about US\$11.7 billion in capital.

By 2030, Ninh Binh aims to develop effectively, inclusively and sustainably. The industry is expected to be the driving force for growth. At the same time, tourism will become a spearhead economy, creating a driving force to promote the development of other industries and fields.

By 2050, the province aims to transform into a hub of sustainable tourism and a prospective leader in industry and services for the southern region of the Red River Delta.

The goal is to build Ninh Binh into a moderately developed province and a high-quality tourism centre with high competitiveness nationwide.

The northern province has a wealth of natural beauty, rich historical traditions and many scenic attractions, including historic and cultural relics.

Trang An Scenic Landscape Complex has been recognised as a UNESCO World Heritage Site. According to Forbes magazine, Ninh Binh is one of the top 23 vacation destinations in the world for 2023.

The province's economy grew quite well in 2015-20, with a regional gross domestic product (RGDP) of 8.03 per cent per year, higher than the national average.

However, the province also faces some challenges, such as an unreasonable economic structure, under-developed industry, agriculture development that lacks focus on quality and value, low human resources qualifications and labour productivity and underexploited potential in tourism.

A source on baodautu.vn showed Ninh Binh expects to need \$5.27 billion in investment capital in 2021-25 and \$6.4 billion in 2026-30.

To mobilise the necessary investment capital, the province plans to enhance management practices, increase the efficiency of budgetary revenue and expenditures, concentrate resources, and invest with focus and discipline to reduce costs and prevent financial losses.

Key projects

Pham Quang Ngoc, chairman of the provincial People's Committee, has announced plans to attract investment in multi-functional resort complexes to drive development, attract tourists and stimulate high-class real estate projects linked to tourism and healthcare.

Additionally, the province intends to construct a high-tech industrial park with centres for industrial education, creative technology, start-up support, business incubation, and training in tourism-related professions, serving the entire province and surrounding areas.

Ninh Binh also aims to establish a Central Business District (CBD) in the province, focusing on financial services, banking commercial centres and other urban economy services.

In Tam Diep City, a logistics centre will be built to connect the province's North-South and East-West Economic Corridors, facilitating e-commerce and digital economy development from 2021 to 2030. A logistics centre will be constructed in Kim Son District from 2030 to 2050.

Corporate News

8. HPG: Hoa Phat reports business improvement in Q1

↑ 4.51 %

Steel and related products remained the key items, accounting for 94% of the profit.

Its raw steel output in the first three months of the year dipped by half over the same period of 2022 to around 1.2 million tons, while sales of construction steel, billets and hot rolled coils plunged 37% year-on-year to 1.37 million tons.

Though unfavorable business conditions are expected to persist in the second quarter, Hoa Phat said it would continue to expand its operation in agriculture, real estate, and household appliances but refrain from new investments to channel all resources into the Hoa Phat Dung Quat 2 project.

This year, the local steel manufacturer looks to obtain total consolidated revenue of VND150 trillion, down 5% year-on-year, and increase its profit after tax by 5%, at VND8 trillion.

Its stock HPG closed the trading session today, April 26, up 4.51% against the previous session, at VND22,000 per share, and took the lead by liquidity on the Hochiminh Stock Exchange with a matching volume of 26.8 million shares.

With advancers outnumbering decliners by 234 to 135, the VN-Index of the HOSE gained 5.95 points, or 0.57%, over the session earlier, at 1,040.8 points.

More than 576.7 million shares worth VND11.4 trillion were traded on the southern bourse, up 7% in volume and 21% in value day-on-day. Over 145.2 million shares transacted in block deals contributed VND3.9 trillion to the overall value.

On the northern bourse, the HNX-Index added 1.16 points, or 0.57%, from the previous session to 205.84 points, with 90 winners and 72 losers.

Trade on the Hanoi exchange amounted to VND853.4 billion with 62.7 million shares changing hands.

9. VHM: Vinhomes reports three-fold revenue in Q1

↓ -4.38 %

Vietnamese real estate giant Vinhomes JSC reported net revenue of VND29.29 trillion (US\$1.2 million) in the first quarter of 2023, 3.3 times higher than the first quarter of 2022, profit after tax of VND11.92 trillion, 2.5 times higher than last year.

By the end of the first quarter, the company has completed 29 per cent of the full-year revenue plan and nearly 40 per cent of the plan of profit after tax in 2023.

The company's financial income also tripled over the same period last year, reaching nearly VND11.3 trillion.

In the first quarter, the financial expenses of the business increased by nearly 84 per cent to VND877 billion, selling expenses also tripled to VND1 trillion, but administrative expenses were reduced by half, to VND544 billion. Thus the total operating expenses of this enterprise did not increase significantly over the same period last year.

Earnings per share (EPS) reached VND2,723.

As of March 31, 2023, the total assets of Vinhomes reached VND378 trillion, up 4.4 per cent compared to the beginning of the year. Equity also increased by more than 8 per cent, to more than VND160 trillion, of which undistributed profit was nearly VND112 trillion.

In 2023, Vinhomes set a revenue growth target of 60 per cent to reach VND100 trillion. If this goal is achieved, Vinhomes will earn a record-high revenue since its inception. Meanwhile, the profit growth target after tax is somewhat modest, increasing only three per cent to VND30 trillion.

This year, in addition to continuing sales activities of the two mega-cities Vinhomes Ocean Park 2 and Vinhomes Ocean Park 3 and launching new urban

projects, Vinhomes will promote the development of new social housing projects.

After breaking ground for the first two projects in Thanh Hoa and Quang Tri provinces in 2022, the company will continue to open and sell apartments in these two projects and implement other social housing projects, with fully integrated basic facilities such as schools, commercial centres, children's play areas, parks, sports areas.

With the industrial real estate segment, Vinhomes said that it was actively promoting investment to increase the occupancy rate in the Cat Hai project in Hai Phong.

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