



VIETNAM DAILY NEWS



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Market Analysis

1. Market struggles ahead of long holiday

The stock market was mixed on Thursday with the VN-Index unable to keep the recovery trend, as a strong sell-off in large-cap stocks and lower liquidity weighed on sentiment.

On the Ho Chi Minh Stock Exchange (HoSE), the benchmark VN-Index ended the day at 1,039.63 points, a decline of 1.17 points, or 0.11 per cent. The index recouped some losses on Wednesday after falling for three consecutive sessions.

The market's breadth remained positive as there were more stocks going up, of which 177 stocks on the southern bourse inched higher while 144 finished low.

Liquidity, on the other hand, dipped sharply with the trading value down nearly 24 per cent to VND8.7 trillion (US\$370.3 million), equivalent to a trading volume of 511.7 million shares.

The index's loss was due to a stronger selling force pressuring large-cap stocks. The VN30-Index fell 3.7 points, or 0.35 per cent, to 1,041.54 points. Fifteen of the 30 biggest stocks on the VN30 basket slid, while 13 added points and two ended flat.

The top five stocks dominating the bearish trend were Vingroup (VIC), Vinamilk (VNM), PV Gas

(GAS), Vinhomes (VHM), and Hoa Phat Group (HPG), down in a range of 1.04-2.7 per cent.

Another stock in the Vin family, Vincom Retail (VRE), also reported a great loss of more than 1.8 per cent.

The benchmark pared losses as some stocks in the manufacturing sector jumped up. Specifically, Sabeco (SAB), Masan Group (MSN), Petrolimex (PLX), and Petrovietnam Fertiliser & Chemicals Corporation (DPM) all soared at least 1.26 per cent.

The market is about to enter a long holiday, which may explain the investor's risk-off sentiment.

On the contrary, the HNX-Index on the Ha Noi Stock Exchange (HNX) finished slightly higher. It reduced by 0.02 points, or 0.01 per cent, to 205.86 points.

Investors poured more than VND980.8 billion into the northern bourse, equal to a trading volume of 71 million shares.

Meanwhile, foreign investors also fled the market, as they net sold more than VND308 billion on both main exchanges. Of which, they net sold a value of VND298.53 billion on HoSE and VND10.41 billion on HNX.

Macro & Policies

2. Inflation is on decreasing trend: GSO

Along with global trends, Viet Nam's inflation in the first three months of 2023 was decreasing. Therefore, the General Statistics Office (GSO) has forecast that this year's inflation would be controlled under the target set by the National Assembly. However, there are still many challenges to meeting the National Assembly's inflation target of about 4.5 per cent.

GSO director general Nguyen Thi Huong spoke to Vietnam News Agency about this issue.

In the first quarter of 2023, the average core inflation increased by 5.01 per cent compared to the same period in 2022, higher than the average CPI growth. What is the cause of that?

The average core inflation of Viet Nam in the first quarter of 2023 increased by 5.01 per cent, the highest rate in the past 10 years.

In this quarter, the COVID-19 pandemic was still complicated, so consumption of goods in the first months of this year increased compared to the same period last year, leading to higher prices.

Along with that, some support policies of the State have expired since the beginning of 2023, causing commodity prices to increase again.

The high production costs of enterprises due to the high prices of domestic and imported raw materials were also reflected in the prices of consumer goods and services.

At present, Viet Nam's core inflation excludes the prices of 16 commodity groups of food, foodstuffs and energy, and service prices that are managed by the State such as health and education.

Therefore, the core inflation was still higher than CPI although the average domestic petrol price in the first quarter of 2023 decreased by 11.09 per cent compared to the same period last year which was a factor restraining the growth of CPI.

However, Viet Nam's core inflation is following a decreasing trend. The growth of core inflation reduced from 5.21 per cent in January 2023 to 4.96 per cent in February and 4.88 per cent in March.

What solutions does GSO propose to control the growth of core inflation?

GSO recommends that the Government, ministries, sectors and localities should closely monitor price and inflation movements in the world to promptly warn about risks affecting Viet Nam's prices and inflation. Based on those, they should also take appropriate response measures to ensure supply and stabilise domestic prices.

The State Bank of Viet Nam needs to maintain a proactive, flexible and cautious monetary policy, closely coordinating with other fiscal and economic policies to stabilise the macroeconomy.

It is necessary to have flexible adjustments on exchange rates to minimise imported inflation and to keep stability in foreign exchange and money markets.

It should also ensure the supply of credit capital for the economy but not have a subjective manner to inflation risks.

Ministries, sectors and localities need to prepare an adequate supply of goods to meet people's needs for essential consumer goods and services.

At the same time, they proactively take measures to control and stabilise commodity prices, and strictly handle acts of hoarding to hike prices.

Manufacturers should forecast raw material shortages to have imports in a timely manner or actively seek alternative sources to avoid supply disruptions. They should also promote the use of domestic raw materials instead of imports to increase economic autonomy.

Along with that, it is necessary to strengthen communication to provide information about the Government's price management, contributing to stabilising consumer psychology and keeping stability in inflation expectations.

The inflation trend in Viet Nam has shown signs of decreasing since the beginning of the year. Will this trend be maintained to ensure the National Assembly's inflation target of about 4.5 per cent for this year?

Along with the world trend, Viet Nam's inflation in the first three months of this year was also on a downward trend.

The consumer price index (CPI) increased by 4.89 per cent on year in January, 4.31 per cent in February and 3.35 per cent in March.

In the first quarter of 2023, Viet Nam's average CPI increased by 4.18 per cent over the same period last year, not in the group of countries with high inflation.

CPI fluctuations in the past 10 years show that every three years, the CPI growth was high in the first months of the year, then had a decreasing trend until the end of the year. The average CPI for the whole of 2014, 2017 and 2020 were all lower than the average CPI of the first three months of the year.

Specifically, CPI increased by 4.83 per cent compared to the same period last year in the first quarter of 2014, while surging 4.09 per cent for the whole year.

A similar situation happened in 2017 and 2020 with CPI growth at 4.96 per cent in the first quarter of 2017 and 3.53 per cent for 2017, and 5.56 per cent in the first quarter of 2020 and 3.23 per cent for 2020.

Therefore, according to this rule, it is likely that 2023 will also continue the decreasing trend in the following months if there are no abnormal factors.

Is controlling inflation under the target set by the National Assembly a challenge?

Achieving the inflation target for 2023 set by the National Assembly will face many challenges due to the impact of a number of factors.

Prices of raw materials in the world market are still high. Prices of energy and strategic materials are forecast to continue to fluctuate due to the impact of the conflict between Russia and Ukraine.

The recovery of China's economy is likely to affect prices in the world market.

Meanwhile, Viet Nam is a country that imports a lot of raw materials for production, so the high prices of raw materials will put pressure on the prices of domestically produced and consumed goods.

An increase in wages will lead to growth in the prices of goods. Adjusting prices for state-managed services according to the roadmap, such as medical and educational services, will also affect CPI in 2023.

Besides, the pressure of the demand-pull inflation from the support packages and disbursement of public investment for promoting economic growth will push up the prices of goods and services. It also puts pressure on general inflation.

The current low price of live pork may affect the supply from re-herds, pushing pork prices up in the last months of the year because of higher consumer demand during Tet. That will affect the food prices and impact CPI.

In addition, natural disasters and diseases can affect food and foodstuff prices in some localities, which will also increase CPI.

Travel services are also likely to increase sharply in 2023, putting pressure on inflation.

Meanwhile, there are still many factors that will help reduce pressure on prices this year.

Viet Nam has an abundant supply of food and foodstuffs, meeting the needs of domestic consumption and export. That is Viet Nam's advantage, helping to reduce inflationary pressure.

The Government's programmes on macroeconomic stabilisation and inflation control in recent years will help strengthen the confidence of businesses and people in a stable macroeconomic environment, thereby stabilising the economy and inflation expectations.

With the Government's experience in successful price management in recent years and the efforts of businesses and people, GSO believes that this year's

inflation will be controlled to reach the target set by the National Assembly.

3. Deputy PM asks for closer coordination to speed up public investment disbursement

Deputy Prime Minister Tran Hong Ha has asked ministries and central agencies to work closely with localities to remove obstacles for particular projects, thus speeding up public investment disbursement.

Speaking at a meeting with representatives of 17 ministries and central agencies on April 27, Deputy PM Ha underlined the need to strengthen their capacity in directing and managing the disbursement of public investment capital from the stage of preparation to investment decision.

He requested leaders of ministries and central agencies to bear responsible for the whole process from project proposing and verification to implementation.

Particularly, the Ministry of Construction must apply measures to shorten the verification duration for projects, he said.

According to Deputy Minister of Planning and Investment Do Thanh Trung, this year, the total State budget capital assigned to 17 ministries and central agencies is over 111.76 trillion VND (4.76 billion USD). So far, more than 105.13 trillion VND, or 94% of the amount, has been allocated to particular projects.

To date, the 17 ministries and agencies have disbursed 23.74 trillion VND, completing 21.24% of the yearly plan. However, the rate is not equal among the ministries and agencies. While the Ministry of Transport and the Vietnam Academy of Science and Technology posted 24.27% and 19.44%, respectively, the rest showed slow disbursement.

Trung held that the major reasons behind the situation is slow investment procedures. Many ministries pointed to difficulties in ground clearance.

4. Government proposes issuing land price lists annually

Provincial land price lists are currently issued every five years under the 2013 Land Law to provide a basis for calculating land use fees, taxes, land management fees, fines for administrative violations and land clearance compensation rates.

The summary of the enforcement of the 2013 Land Law highlighted that only a few localities could issue land price lists every five years or adjust them when the market prices fluctuated by over 20%. Consequently, the land price lists were not in line with the prevailing market prices.

The Government stated that the current land price lists would remain in use until the end of 2025 to allow provincial-level governments enough time to

prepare for the annual issuance of the new land price lists based on market principles.

The guidelines for issuing the annual land price lists will be specific to areas and land types. It is necessary to update the land price list in line with market movements.

Regarding the regulations on compensation and resettlement, the draft of the amended Land Law specifies that individuals whose land is taken back must be provided with suitable housing to maintain or improve their living conditions.

The draft of the amended Land Law is expected to be reviewed for the second time by the National Assembly during its sitting in May 2023.

5. Land clearance for Long Thanh airport project proposed to be rescheduled

The State Appraisal Council has sent a report to the prime minister on evaluating the adjustment of land revocation, compensation and support for the resettlement project of which the province is the owner.

The project approved by the Government in 2018 has a total cost of over VND22,800 billion.

Dong Nai petitioned to revise down the cost from VND22,800 billion to VND19,200 billion as compensation costs and the resettlement area are lower than the original estimates.

The province also sought the prime minister's approval to extend the project until 2024, instead of 2021 as earlier planned.

The Dong Nai authorities attributed the delay to social distancing, lockdowns and suspension of manufacturing and business induced by the Covid-19 pandemic.

The Long Thanh International Airport project requires a total investment of VND336,630 billion and comes with three phases. In the first phase, one runway, one passenger terminal and supporting facilities with a capacity of 25 million passengers per year will be built.

6. Exporters anxious over EU carbon tax implementation

The carbon tax (CBAM), to be introduced on October 1, not only impacts the complete supply chain of the steel, cement, aluminium, and fertiliser industries, but also the export value of Vietnamese products to the EU market.

In terms of the economy as a whole, the impact of the CBAM is not deemed significant. However, the decrease in export value for each industry and business is not insignificant, increasing the burden on businesses. That is according to survey results published by the Southeast Asian Energy Transition Partnership Programme on April 14.

The survey indicates that the steel industry is likely to lose roughly 4 per cent of its export value. The decrease in demand has resulted in a 0.8 per cent decline in output as well as a decline in market competitiveness. Additionally, the aluminium industry's export value has decreased by more than 4 per cent, while output decreased by roughly 0.4 per cent.

The degree of impact on the cement and fertiliser industries may be slight, because the CBAM will provide affected producers with a direct incentive to reduce emissions.

As yet, no data has been compiled on the pressures on major exporters in terms of the absolute value of exported cement and fertiliser; and Vietnamese groups such as the associations of fertilisers and cement do not have data on the possible effects of the CBAM.

Vietnam's aluminium industry will not be immune to the effects of the CBAM, as the EU is one of its most important markets. In 2022, exports of aluminium products topped \$2.12 billion, with almost 15 per cent going to the EU.

The Vietnam Aluminium Association's chief of staff, Ly Thi Ngan, expressed concern that firms "cannot meet" the CBAM emission standards. There are currently 26 aluminium companies on the list of

manufacturers who conduct greenhouse gas (GHG) inventories and mandatory emission reductions.

“Aluminium electrolysis generates the most GHG emissions, while aluminium smelting is the weakest in terms of emissions,” Ngan said. “Alumina smelting also uses a great deal of energy and produces emissions due to limited technological, financial, and human resources.”

Meanwhile, Luong Duc Long, general secretary of the Vietnam Cement Association, is worried that clinker and cement will “bear a huge carbon tax” when the EU implements the CBAM due to their high emissions. While the cost of energy production continues to rise and renewable energy usage remains low, the cost of energy production also continues to rise.

Long determined that it was challenging to reduce the clinker content because no consumer desired to purchase less clinker cement. In addition, the clinker content of Vietnam’s cement has attained a low global average of 70–75 per cent, making further reductions problematic.

“Enterprises need an incentive mechanism, financial support, and technology conversion as leverage,” said Long. Vietnam has almost 60 cement facilities, but accounts for 57 per cent of CO2 emissions in the manufacturing process, a higher emission rate than 36 per cent of coal-fired and 6 per cent of electric power.

Expert Nguyen Hong Loan stated that emissions are calculated for goods that are not only produced in the production process, but also from input materials and imported materials. “Currently, Vietnamese businesses are only able to provide emission data for the production and processing of products, whereas the CBAM requires emission data for both production inputs,” Loan said.

The CBAM’s specific regulations are still being finalised, but they are likely to be extended to other Vietnamese exports, such as ceramics, cellulose, and paper. The non-economic effects of administrative duties could be reported as being more substantial, Loan added.

7. Bac Giang seeks to boost lychee export to US

The event connected with five locations in the Vietnam Trade Office in the US, the Vietnam Trade Promotion Office in New York and the Vietnamese Entrepreneurs’ Network in the US (VENUSA), and many domestic and foreign enterprises.

Speaking at the event, Director of the department Tran Quang Tan said thanks to favourable weather conditions this year, the province’s total lychee output is estimated at over 180,000 tonnes. Of which, 1,500 tonnes are scheduled to be exported to the US.

As the US is a promising market of Bac Giang, he suggested the Ministry of Industry and Trade’s relevant units assist the province in market information, export-import policies, quality certification, food safety and hygiene, and dealing with technical barriers in Europe and America.

He also proposed the Hanoi Irradiation Centre help Bac Giang irradiate lychees for export to the US.

Vice Chairman of the provincial People’s Committee Phan The Tuan committed the best conditions for domestic and foreign firms to do business, especially in lychee export.

Following the event, Bac Giang will direct departments, agencies and localities to address issues related to production, trade, product quality, and difficulties met by firms, he said.

He wished that the Vietnamese diplomatic agencies and trade offices in the US would help Bac Giang connect with importers of lychee and other local key products.

Corporate News

8. VJC: Vietjet stays firm on international network's expansion, eyeing to become a digital and consumption airline in 2023

↓ -0.11 %

Vietjet Aviation Joint Stock Company (HoSE: VJC) targets to earn a consolidated revenue of over VND50.17 trillion (US\$2.14 billion) and after-tax profit of VND1 trillion (\$42.8 million) in 2023.

Vietjet this year plans to expand its fleet of 87 aircraft (including nine Airbus A330 wide-body aircraft), expecting to operate 139,513 flights with 25.7 million passengers onboard.

These goals were announced at its General Meeting of Shareholders (GMS) held in HCM City on Wednesday.

The GMS set the targets for Vietjet to maintain its position in terms of passenger volume and efficiency in Viet Nam, reaching agreements with aircraft manufacturers Airbus and Boeing to ensure on-time delivery, expanding business activities in ground services, training services, and digital business and optimising operations and financial solutions to cut costs while improving efficiency.

The GMS also agreed on the goals of making Vietjet a leading airline in digital technology, raising capital to meet the development demand, prioritising asset growth, and financial capability improvement, and laying out the foundation for its sustainable development.

The 2022 audited financial statements reported that Vietjet's consolidated revenue reached over

VND40.14 trillion, up 212 per cent year-on-year. The long-term assets increased by over \$200 million in worth.

The airline's total assets surpassed VND68 trillion with the debt-to-equity rate at nearly 1.3 which was considered to be good in the aviation industry. Its payment of direct and indirect taxes, fees and charges to the State budget totalled VND4.35 trillion.

In 2022, Vietjet transported 20.5 million passengers on more than 116,261 flights, up 283 per cent and 186 per cent year-on-year respectively. It led the domestic market in terms of passenger volume.

Vietjet has also brought its widebody Airbus A330 fleet into operation to effectively fly long-range routes to Kazakhstan, India and Australia.

The airline has successfully worked on the tablet check-in project, helping ground operation staff to flexibly process check-in for the passengers, as well as integrating HD Insurance and Galaxy Pay services into the system to offer more options to passengers.

It has also launched the brand-new loyalty programme SkyJoy with endless rewards together with the in-flight POS payment system for ancillary purchases.

9. SSI: SSI targets over \$108 million in pre-tax profits in 2023

↓ -0.94 %

SSI Securities Corporation has set targets of VND6.9 trillion (US\$295.2 million) in consolidated

revenue and VND2.54 trillion (\$108.6 million) in pre-tax profits this year, an increase of 9 per cent and 20 per cent over 2022.

These and other important proposals were approved at the company's annual general meeting of shareholders held in HCM City on Tuesday.

Nguyen Hong Nam, SSI's CEO, said the Vietnamese stock market experienced ups and downs through 2022. The VN-Index from its peak of 1,530 in early January plummeted to a low of 874 in mid-November.

In that context, SSI was unable to avoid disadvantages in the business environment, but the company has managed to achieve impressive results compared to other companies in the same industry, with its net revenue and consolidated pre-tax profit reaching VND6.5 trillion (\$278 million) and VND2.1 trillion (\$89.8 million), respectively, he said.

Entering 2023, major bank failures in the world coupled with problems related to corporate bonds in the domestic market have made investors lose confidence in the market, and this year will be a challenging year for the financial industry

generally and the securities sector particularly, he said.

SSI will make more effort to accomplish the targets and constantly strive to connect partners and investors to investment opportunities in the stock market, he said.

At the meeting, shareholders approved the profit distribution plan for 2022, with a dividend of 10 per cent in cash, with more than VND1.5 trillion (\$64.2 million) to be used for dividend payment.

The meeting also approved a plan to issue 10 million shares under the employee stock option plan (ESOP) in 2023.

SSI will also continue to implement a plan to issue more than 104 million individual shares in the period of 2023-2024 for the purpose of supplementing capital.

Research Team: Tsugami Shoji Researcher jsi@japan-sec.vn

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Japan Securities Co., Ltd – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn