



VIETNAM DAILY NEWS



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Market Analysis

1. Shares mixed, small- and mid-caps attract investors

Shares on the two national stock exchanges moved in opposite directions on Thursday with investors showing interest in small- and mid-cap stocks.

On the Ho Chi Minh Stock Exchange, the VN-Index edged down 0.11 per cent after a three-day rally, closing at 1,057.12 points. Meanwhile, the HNX-Index on the Ha Noi Stock Exchange extended the uptrend to four days in a row, adding 0.24 per cent to close at 214.41 points.

The decline in pillar stocks such as Vietcombank (VCB), PV Gas (GAS), Vinhomes (VHM), Vinamilk (VNM) and Techcombank (TCB) heavily impacted the market at the end of the session, creating significant pressure.

In the VN30 basket which tracks the top 30 shares by market value and liquidity, 16 declined while only 10 advanced and four closed flat.

Despite the challenges, buying activities remained dominant, with nearly 460 advancers compared to 310 losers. Notably, demand for small and medium stocks was high on the two bourses.

The finance-banking group had a rough day, but some stocks such as Vietinbank (CTG), VPBank (VPB), Sacombank (STB), Ho Chi Minh Development Bank (HDB), VNDirect Securities (VND), FPT Securities (FTS), Vietinbank Securities (CTS) and Tan Viet Securities (TVS) performed well.

Conversely, the real estate group showed promise with many shares gaining substantially, including Quoc Cuong Gia Lai (QCG), Hoang Quan Consulting-Trading-Service Real Estate (HQC), Development Investment Construction JSC (DIG) and Sonadezi Long Thanh Shareholding Company (SZL) which all hit the ceiling prices (of 7 per cent).

DXG ranked second in terms of liquidity by the end of the session and was strongly bought by foreign traders.

The market liquidity remained good with the trading value reaching VND13.5 trillion (US\$572 million), up 4 per cent over the previous session.

“Liquidity increased, showing an effort to absorb the supply of cash flow. In more detail, the exciting movements were concentrated in the group of stocks with low prices, while the large-cap group was still cautious before the resistance area of 1,060 points of the VN-Index,” Phuong Nguyen, an analyst at Viet Dragon Securities Co, wrote in a note.

With a somewhat better situation, it is likely that the market will test the supply at 1,060 – 1,065 points in the near future. Therefore, investors can expect a price increase in some stocks with good technical signals, she said.

Foreign investors were net buyers in the two markets after many net-selling streak, picking up shares worth net value of VND140 billion.

Macro & Policies

2. Social housing loan interest rates drop to 4.8%

Prime Minister Pham Minh Chinh on Wednesday approved a decision that lowers the interest rate on loans for social housing buyers from 5 per cent to 4.8 per cent.

This decision is aimed at providing more affordable housing options for low-income households.

The preferential loan interest rate applies to outstanding loans used to buy, hire-purchase, new construction or home renovation or repair.

The decision takes effect from May 10, 2023 to December 31, 2024.

The Bank for Social Policies is responsible for overseeing the implementation of this decision.

Last month, the Government approved the project "investing in the construction of at least one million social housing apartments for low-income workers in industrial parks for 2021-30". The aim is to have around 1,062,200 local apartments ready by 2030, with an estimated 428,000 units to be completed during 2021-25 and a further 634,200 units during 2025-30.

3. Vietnamese firms invest nearly 22 billion USD abroad

Vietnamese investors poured capital into 13 sectors, in which information and communications took the lead with nearly 69% of the total, followed by the agro-forestry-fishery, processing and manufacturing, and mining sectors.

In the first four months of this year, Vietnam saw 41 new projects licensed in 20 countries and territories with a combined investment of 140 million USD, a

decline of 51% compared with that of the same period last year.

Investment adjustments were made at 11 projects, increasing by 13.5 million USD in capital.

Vietnam's foreign investment consisting of both new investments and adjusted ones reached 153.5 million USD in the first four months of this year, a drop of 53.2% year-on-year.

4. Banking sector's digital transformation day to take place next week

The digital transformation day of the banking sector will be held on May 18, the State Bank of Vietnam (SBV) announced at a press conference in Hanoi on May 11.

Hoang Thanh Nhan, Editor-in-chief of Thoi bao Ngan hang (Banking Times) newspaper, said the event aims to review outcomes achieved by the banking industry after two years of implementation of its digital transformation plan until 2025, with a vision for 2030.

It is expected to promote a national digital transformation programme and change the awareness of organisations and individuals about its role in the operation of the industry, she added.

Within the framework of the event, there will be a thematic conference on the application of population data in banking activities - the driving force for digital transformation - and an exhibition displaying outstanding services and products in digital transformation of banks and payment intermediaries.

Pham Anh Tuan, head of the Payment Department under the SBV, said that positive results have been recorded in digital transformation activities of the banking sector.

According to the Ministry of Information and Communications, in 2021, the State Bank of Vietnam ranked first in cyber security readiness and fourth in terms of digital transformation activities. Up to 95%

of credit institutions have been carrying out digital transformation strategies at their units.

In the first three months of this year, non-cash payment transactions increased by 53.51% in quantity compared to the same period of last year while ATM transactions decreased by 2.37% in volume and 4.02% in value, reflecting a shift to electronic payment, Tuan said.

5. Information & communications services revenue hits 47.6 billion USD

The sector posted turnover of over 313 trillion VND (13.2 billion USD) in April, up 6% against March but down 1% year-on-year.

Vietnam, along with Thailand, India, and Cambodia, has led a significant increase in semiconductor chip exports to the US market this year, accounting for more than 10% of US imported chips for seven consecutive months, according to the MIC.

In February 2023, Vietnam's semiconductor chip exports to the US reached 562.5 million USD, up from 321.7 million USD in February 2022. Vietnam ranks third in Asia in terms of semiconductor exports to the US, after Malaysia and Taiwan (China).

Vietnam and Thailand are major players in the semiconductor chip manufacturing market and have seen their trade with the US increase by 75% and 62%, respectively.

These results confirm the success of the US diversifying its electronics supply chain by shifting manufacturers from traditional markets to emerging markets.

The ministry reports that in April 2023, the industry's revenue was estimated to surpass 313 trillion VND, up 6% compared to the previous month. March's revenue stood at 295 trillion VND or down 1% over the same period last year.

The output of postal service in April was estimated at 175 million parcels with an increase of over 20% over the same period last year. Revenue from postal service reached 4.65 trillion VND, up 8% over the same period of 2022.

In the field of national digital transformation and digital government, the proportion of online public services was 51.32%, increased by 0.71% over the previous month with 50.61%.

In the field of digital economy, in March alone, the total number of downloads of mobile applications in the country stood at 280 million, marking an increase of 13% against February. Direct revenue from mobile app transactions was 34.8% year-on-year increase.

6. Vietnam taking stock of industrial park capacities

A May 2 dispatch from the government has requested localities to review and evaluate the occupancy rate of industrial parks (IPs), clusters, economic zones, and high-tech zones, as well as the rate of land use for production and business purposes.

The dispatch was also sent to various relevant ministries as well as people's committees nationwide.

It was issued in the context that a number of localities have requested adjustment of land use

planning targets to 2030 and proposed adjustment of land use plan targets to 2025, focusing on using land for IPs, traffic, energy projects, and high-tech zones, among others.

Bac Giang People’s Council decided to approve draft planning for three IPs – Chau Minh/Bac Ly/Huong Lam IP (CBH), Yen Lu IP expansion, and Quang Chau 2 IP. The three IPs cover nearly 550 hectares in Hiep Hoa, Yen Dung, and Viet Yen districts, which are planned as multi-sector parks with modern infrastructure and technical systems.

The CBH park will attract businesses in forestry, food processing, mechanics, electronic components, packaging, and auxiliary industries with modern and environmentally friendly technology. The expanded Yen Lu and Quang Chau 2 will be developed into multi-sector, high-tech parks.

Meanwhile, in late April, Ho Chi Minh City sought approval of two additional IPs in the city’s IP planning, Pham Van Hai I and Pham Van II, which are also expected to welcome high-tech ventures.

The city has waited for the approval of the two IPs for a long time. Hua Quoc Hung, head of Ho Chi Minh City Export Processing and Industrial Zones Management Authority, said, “The city has had no new IP in a long time, meanwhile the occupancy ratio of existing IPs is considerable.”

In the 2010-2015 period, Ho Chi Minh City was the leader in terms of land for IPs, Hung said. “However, available land has narrowed since. At present, the total area for rent in existing IPs is approximately 300ha only,” he added.

Le Thi Bich Loan, deputy head of the Saigon High-tech Park, said, “Many large investors from the EU, the United States, South Korea, and suppliers of Intel want to invest in our park but we can’t meet their demand. For example, Samsung had plans to hire 100ha but we have had to refuse due to lack of land.”

Bac Giang faces a similar situation. The northern province currently has four IPs at full occupancy. Two others are now completing infrastructure construction. It has also established clusters to beckon more investment.

Hong Sun, chairman of the Korea Chamber of Business in Vietnam, said, “We highly appreciate the government’s effort in improving the investment environment. The global economy currently shows signs of recovery and the government’s policies are promoting efficiency. Thus, we believe that the foreign-invested capital inflow in Vietnam will bounce back very soon.”

For example, LG Display and LG Innotek have plans to expand their operations in Vietnam. LG is increasing its research and development activity in terms of electronic vehicles via establishing a new centre in Danang, Sun added.

7. Tough times for livestock firms

In the first quarter of 2023, Hoa Phat Agricultural Development JSC saw its net revenue shed 2.4 per cent on-year to just over \$69 million with post-tax profit showing a loss of over \$5 million, compared to a loss of \$2.4 million a year ago, making this the largest loss-incurring quarter since the company began operations in 2015.

Hoa Phat Group operates in four segments of agricultural development, animal feed, pig breeding,

cattle breeding and poultry. 2020 was a peak time in the company’s operation, when its revenue surpassed \$456.5 million and post-tax profit reached \$74 million. However, since mid-2021, Hoa Phat Group’s agribusiness revenue has retreated, with last year reaping just \$291 million in revenue and nearly \$1 million in post-tax profit.

BAF Vietnam Agriculture JSC is no exception to the overall trend as its consolidated financial statement

for the first quarter shows the company saw \$35.5 million in revenue and \$170,000 in post-tax profit, down 46.8 per cent and 95.5 per cent on-year, respectively. The company focuses its investment on raising pigs, supplying the market with 280,000 pigs per year, and has attributed its worst-performing quarter since it went public in 2021 to the long-term fall in pork prices.

Truong Sy Ba, chairman of BAF, said, "We are pursuing a sustainability model of consumption that has yet to generate expected results amid market volatilities and pork prices falling far below expectations."

Several other major players in the livestock sector also struggled last quarter as Dabaco Group posted a record loss of \$13.9 million compared to a nearly \$3.4 million loss in the previous quarter. The company supplied a total of 1 million pigs to the market in 2022, and it aims to supply 2.5 million per year by 2025.

Based on the unaudited first quarter financial statement of Nova Consumer, despite posting a 15 per cent hike in revenue, counted post-tax losses of \$330,400, marking the company's first loss-making quarter since conducting its initial public offering last March. Nova counted more than \$565,200 million in profit for the same period last year..

Corporate News

8. HPG: Hoa Phat steel sales hit 457,000 tonnes in April

↑ 0.23 %

The leading steel manufacturer Hoa Phat Group sold nearly 457,000 tonnes of steel in April, of which the volume of hot-rolled coil product reached 239,000 tonnes, the highest since the beginning of the year.

Also in the month, the group produced 525,000 tonnes of raw steel, up 19 per cent month-on-month and down 29 per cent year-on-year. The figure was 1.8 million between January and April, an annual decrease of 39 per cent.

In the four-month period, Hoa Phat's steel sales exceeded 1.8 million tonnes, dropping by 34 per cent against last year. Of the total sales, there were over one million tonnes of construction steel and

721,000 tonnes of hot-rolled coil, both down 34 per cent and 29 per cent year-on-year, respectively.

The group recorded its first-quarter revenue at more than VND26.86 trillion (US\$1.14 billion), a decrease of 39 per cent from 2022, with consolidated profit after tax hitting VND383 billion.

As the market is forecast to remain difficult in the second quarter, the company has planned to focus its resources for the investment in the second Hoa Phat Dung Quat 2 iron and steel production complex project and the restoration of steel production volume in Hai Duong and Quang Ngai.

9. OCB: Plan for increasing charter capital

↑ 1.54 %

The Board resolution dated May 10, 2023, the BOD of Orient Commercial Joint Stock Bank approved the plan for stock issuance to existing shareholders to implement capital increase according to the Resolution of General Meeting of Shareholders dated April 28, 2023. Details are as follows:

- Stock name: Orient Commercial Joint Stock Bank
- Stock type: common share
- Par value: VND10,000/share
- Number of shares issued: 1,369,882,863 shares
- Number of outstanding shares: 1,369,882,863 shares

- Number of treasury stock: 0 share
- Number of shares expected to be issued: 684,941,431 shares
- Total value of issuance (at par value): VND6,849,414,310,000
- Exercise ratio: 50% (02:01) (Those own who 02 shares will receive 01 new share)
- Plan to deal with fractional shares: The distributed shares will be rounded down to units, the fractional shares will be cancelled
- Estimated time of implementation: 2023, being approved by the State Securities Commission of Vietnam (SSC).

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