



VIETNAM DAILY NEWS



May 17th, 2023

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Market Analysis

1. Shares struggle to maintain uptrend

Shares struggled around the reference price range on Tuesday with cautious cash flow and short-term profit-taking pressuring the overall uptrend of the market.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index rose by 0.02 per cent, to 1,065.91 points.

The breadth of the market was negative with 169 gainers and 200 losers. Matching value on the southern bourse reached VNĐ11.3 trillion (US\$481.8 million), equal to a trading volume of more than 681.4 million shares.

Foreign investors net sold a total of VNĐ6 billion on HOSE. This is the 12th net selling session in the last 15 sessions.

The cash flow tended to be cautious and created opportunities for short-term profit-taking pressure, which put pressure on the overall uptrend of the market. The indices closed with less positive patterns along with increasing liquidity, said Việt Dragon Securities Co.

“This shows that the sellers are active again at the high price zone. It is expected that VN-Index will continue to retreat to retest the level of 1,060 points passed in the next session.”

“However, in the meantime, we can expect the market to be supported from 1,060-1,065 points and soon return to an uptrend after that. Therefore, investors can continue to consider holding or waiting for short-term opportunities in stocks with good technical signals and attracting cash flow.”

The VN30-Index posted a fall of 0.12 per cent, to 1,069.64 points. Of the VN30 basket, 13 out of the 30 biggest stocks in market capitalisation on HoSE inched down, while 13 ticker symbols gained and four were flat.

The VN-Index's upward trend was restrained by profit-taking activities of investors and weak sentiment.

The three stocks putting the worst impact on VN-Index were Vingroup (VIC) down 2.8 per cent, VPBank (VPB) losing 1 per cent, and Masan Group (MSN) dropping 1.1 per cent. The three stocks that most bolstered the gain of VN-Index were Vietcombank (VCB) up 1 per cent, Vinhomes (VHM) gaining 1 per cent and Vinamilk (VNM) rising 1 per cent.

The HNX-Index on the Hà Nội Stock Exchange (HNX) ended the trading day at 214.62 points, a rise of 0.14 per cent.

During the session, more than 93 million shares were traded on the northern market, worth VNĐ1.4 trillion.

According to Nguyễn Thị Phương Lam, Director of Analysis Center at Việt Dragon Securities Joint Stock Company, Q1 profit results of more than 1,000 listed organisations, including banks on the three stock exchanges, decreased by more than 16 per cent over the same period of 2022. Only a few industries recorded high profit growth such as industrial parks and offices for rent, tourism and entertainment and aviation groups.

“These industries had been heavily affected by the COVID-19 pandemic, so a recovery in the first quarter of 2023 is reasonable,” she said.

Meanwhile, most of the remaining industry groups showed a negative profit growth, especially retail, financial services, chemicals, auto parts, construction and building materials, with a profit reduction of 60 per cent to 80 per cent year-on-year.

Macro & Policies

2. National power development plan VIII approved

The power development plan VIII for the period 2021-2030, with a vision to 2050, is set to focus on developing electricity sources and transmission lines of 220kV and above, as well as the industrial and service sectors related to renewable energy and transmission line interconnection with neighboring countries.

As per the plan, Vietnam eyes 50% of office buildings and 50% of residential houses in the country using rooftop solar power for self-consumption by 2030.

The plan prioritizes the development of renewable energy and aims for those sources to make up 30.9-39.2% of the total electricity production in 2030.

It also targets achieving a 47% renewable energy ratio as part of Vietnam's commitment to the Just Energy Transition Partnership.

By 2050, the renewable energy ratio is expected to reach 67.5-71.5%.

Renewable energy development looks to reduce greenhouse gas emissions from electricity production to 204-254 million tons by 2030 and around 27-31 million tons by 2050.

The country will also establish two regional centers for renewable energy industries and services by

2030 to facilitate electricity production, transmission and consumption.

Vietnam also aims to develop a renewable energy industrial ecosystem in the northern, south-central and southern regions.

It will foster favorable conditions for electricity generation from renewable energy sources and new energy for export. The target is to achieve an electricity export capacity of 5,000-10,000 MW by 2030.

The total investment in the development of energy sources and transmission lines is estimated at around US\$134.7 billion for the 2021-2030 period and from US\$399.2 billion to US\$523.1 billion for the 2031-2050 period.

Among those, the investment in energy development accounts for US\$364-511 billion, and the money for transmission lines is US\$34.8-38.6 billion.

The Ministry of Industry and Trade has been tasked with finalizing the amended laws on electricity and renewable energy and submitting them to the National Assembly in 2024.

The ministry has also been required to propose direct power purchase policies to the Government.

3. Ample room remains for Vietnamese exports to Africa

The Asian-African Market Department said that trade between Vietnam and Africa increased from 2.52 billion USD in 2010 to 5.5 billion USD in 2022.

Of the total, Vietnam's exports were valued at more than 2.8 billion USD, resulting in a trade surplus of 226.3 million USD.

Vietnam mainly shipped rice (568.6 million USD), phones and component parts (355.6 million USD),

computers and electronic products (210.4 million USD), and footwear (141.8 million USD) to Africa.

Meanwhile, it bought cashew nuts (1.1 billion USD), metals (484.1 million USD), and wood and wood products (114.3 million USD) from this continent.

In the coming time, to facilitate intra-bloc trade, African nations will pour more capital into infrastructure facilities, thus opening up more opportunities for Vietnamese goods to access more

markets, including 15 landlocked countries, in Africa. At present, Vietnam's main export markets in the region are major economies with seaports such as South Africa, Egypt and Nigeria.

Countries around the world are planning to study, negotiate and sign international trade agreements, especially free trade agreements (FTAs), with the African Continental Free Trade Area.

This will help them save time negotiating with individual countries or regions (Africa currently has 55 countries divided into eight economic regions). In fact, African countries have quite similar production structures, mainly primary products such as crude oil, raw agricultural products, minerals, and precious metals, according to the ministry.

Even if the AfCFTA agreement takes effect across the region, the continent still cannot guarantee the supply of machinery, equipment, rice, textiles,

footwear, and processed aquatic products; and still has to depend on imports from foreign countries.

Therefore, there remains huge potential for Vietnam to export its key commodities such as rice, coffee, garment and textiles, footwear, and aquatic products to Africa.

Vietnam can increase its exports of textile, leather and footwear products to Africa by promoting competitive advantages such as low labour costs, good sewing techniques, and high quality products, if the nation or the Association of Southeast Asian Nations (ASEAN) negotiates a trade agreement with the AfCFTA, the ministry said.

The AfCFTA is the world's largest free trade area bringing together the 55 countries of the African Union (AU) and eight Regional Economic Communities (RECs). The overall mandate of the AfCFTA is to create a single continental market with a population of about 1.3 billion people and a combined GDP of approximately 3.4 trillion USD.

4. Vietnam becomes global production centre thanks to boom of foreign investment

Registered capital, disbursement boom

Over the past five years, since Vietnam reviewed its 30-year foreign investment attraction, the FDI flow into the nation has not ceased increasing.

Statistics from the Ministry of Planning and Investment (MPI) show that from January 2018 to April 20, 2023, the registered FDI in Vietnam totaled 180 billion USD, equaling 40.3% of the accumulated investment capital over the last 35 years.

As of April 2023, Vietnam had attracted 37,065 foreign-invested projects with a total registered capital of 445.87 billion USD, with 279.8 billion USD of the total being disbursed.

HSBC, in its report on attracting foreign investment in ASEAN in the middle of last year, highlighted a boom in foreign investment into ASEAN, saying that Vietnam and ASEAN are the two markets receiving the most of foreign investment capital.

Over the last five years, the total FDI disbursement hit 107.47 billion USD, equaling 38.4% of the total disbursed capital over the past 35 years. About 19-20 billion USD of FDI is averagely disbursed every year during the reviewed period. A record of FDI disbursement was set in 2022 with 22.4 billion USD.

The quality of foreign investment into Vietnam has also improved significantly.

Becoming new production centre

According to Minister of Planning and Investment Nguyen Chi Dung, more and more multinationals and big investors have continuously invested in Vietnam.

Economists said that the foreign-invested economic sector has made an important contribution to the added value of industrial products thanks to international economic groups' investment in many large-scale projects which use high technology, and modern services.

Dozens of research and development (R&D) centres, innovation hubs, and technology incubators have been established, making it easier for domestic firms, especially small- and medium-sized enterprises, to connect with foreign businesses, they noted.

When it comes to success economic stories driven by foreign investment, Vietnam is a prominent example, HSBC said, highlighting that Vietnam turned itself into a rising star in global supply chains, gaining substantial global market share in such sectors as textiles, footwear and consumer electronics.

The bank also mentioned large-scale investments of Samsung, Pegatron, Foxconn, Luxshare, and Goertek, stressing that Vietnam is transforming itself into the world's technology factory.

Not long ago, Quanta Computer of Taiwan (China) signed an agreement with the People's Committee of the northern province of Nam Dinh on developing a large-scale computer production project in My Thuan Industrial Park, which is expected to have an investment capital of 120 million USD. This is Quanta's 9th factory globally and the first in Vietnam.

Quanta is a MacBook manufacturing partner of Apple, so the appearance of this corporation in Vietnam means that Apple is continuing to shift its production to the Southeast Asian nation.

Foxconn, another partner of Apple, is also planning to set up a new factory in the central province of Nghe An, to expand its production in Vietnam after it successfully invested in the northern provinces of Bac Ninh and Bac Giang.

Samsung is a good example of the foreign investment scale in Vietnam. So far, the group's total investment in the country has hit 20 billion USD.

Meanwhile, LG's investment in Vietnam totaled 7.5 billion USD in the last five years. The group has continuously added capital to its factories - LG Display, LG Innotek, and LG Electronics.

Foxconn, Pegatron, Winston, Goertek, and Amkor have continuously increased their investment capital in Vietnam, including billions-USD commitments.

According to Christopher J Marriott, CEO of Savills Southeast Asia, Vietnam is considered one of the prominent destinations for high-value industries with production capacity that meets the expectation of international investors and technology corporations.

Last year also marked another important turning point when Lego Group of Denmark officially started construction of a project worth over 1.3 billion USD in Vietnam. Given that Vietnam has committed to cutting emissions to net zero by 2050, Lego's first global carbon-neutral project is seen as a start of green investment in the Southeast Asian nation.

5. HCMC disburses VND8,200 billion in public investment capital

In the first four months of the year, the city's total disbursements were VND2,511 billion, accounting for 6% of the city's 2023 plan for VND41,526 billion or 3.6% of the VND70,500-billion target allocated for the city by the prime minister.

But in May alone, the city has disbursed more than VND5,600 billion to pay compensation for households and organizations affected by the HCMC Beltway No. 3 project.

The city's public investment capital disbursements in the year to May 12 had met 12% of the objective set by the prime minister for HCMC this year. The

city wants to increase the disbursement rate to 28% of the year's target by the end of June.

Of the VND70,500-billion target for public investment approved by the prime minister, VND55,225 billion will come from the city's own budget and VND15,293 billion from the central State budget.

The city has made efforts to accelerate disbursement to meet 95% of the total public investment goal. Therefore, 13 working groups have been established to inspect 38 major projects in the city to make sure their execution is on track.

6. Industrial real estate picture contrasting from north to south

In the first quarter, the northern industrial market welcomed a new supply of about 116 hectares for Tam Duong I Industrial Zone (IZ) located in northern Vinh Phuc province. Meanwhile, no new warehouse supply was recorded in this quarter.



Tam Duong Industrial Park I, source: investvinhphuc.vn

According to Cushman & Wakefield (C&W), currently, many IZ investors are speeding up construction to be able to hand over land to customers. By the end of 2023, it is expected that the market will receive an additional supply of 670ha of industrial land.

The future supply of ready-built factories (RBFs) and ready-built warehouses (RBWs) will continue to be abundant towards 2025, with 1.2 million sq.m of factories and 700,000 sq.m of warehouses entering the market.

Thanks to its favourable location, improved infrastructure, and connectivity, the northern key economic region continues to receive a wave of investment, especially from the electronics and automobile industries. Among the outstanding manufacturers are Goertek, Autoliv, and Xiamen Sunrise Group.

C&W forecast that in the northern market, the demand for industrial real estate will still be maintained thanks to the expansion of manufacturers out of China, but is likely to slow down soon enough. Furthermore, industrial land rents will continue to increase. The RBW rental rates may continue to rise, but at a slower pace depending on market developments.

In the south, meanwhile, the industrial real estate market did not record any new IZ supply in Q1 due to lengthy legal and procedure process. A supply of 82,000 sq.m of factories and 51,500 sq.m of RBW were reported. New supply may slow down in 2023, at nearly 1.1 million sq.m for both RBWs and RBFs, C&W said.

In the short term, the supply of IZ land will continue to be limited, while the supply will continue to increase, but at a slower rate than 2022.

Dong Nai province, a location with a strong track record for manufacturers, also faces difficulties in industrial real estate development.

According to Nguyen Huu Nguyen, director of Dong Nai Department of Planning and Investment, many groups are asking for large-scale land to build a production base, but such land has been exhausted.

“The giant Lego project had to move from Dong Nai to Binh Duong province after it waited three years for land here. These types of issues are a serious challenge for Dong Nai,” Nguyen said. “We have also not paid enough attention to adding value as well as the quality of labour. That is why Dong Nai has numerous immigrants but low quality of labour.”

Currently, Dong Nai has plans to set up another nine IZs alongside the 31 that are already in operation.

Meanwhile, weak infrastructure, planning quality, and ineffective mobilisation of capital are some of the limitations for attracting more investors in to IZs and economic zones in Ca Mau province.

According to the Management Board of Ca Mau Economic Zone, the quality of planning has not been met in the long term due to the fluctuating socioeconomic situation. The province is facing difficulties in mobilising capital to build infrastructure and mostly depends on the budget distribution from the government.

Besides that, the zones have not been able to mobilise other capital sources, such as government bonds and official development assistance. Other formats such as public-private partnerships have not been promoted.

In addition, at present, Ca Mau’s IZs are offering general preferential policies found in the rest of the country, which is deemed inadequate to entice potential investors.

Ca Mau province has three established IZs with a total area of about 662ha. Over the past few years, about 200 delegations of domestic and foreign investors have come to explore opportunities in the province. Among those were the Wealth Power Vietnam Group, Thien Phuc Industrial Park Investment, Tuan Chau Group, B.Grimm Power of Thailand, Infrastructure Investment and Transport JSC, Yat Fung International Holdings, Hong Ha Petroleum, Minh Phu Seafood Corporation, and Indochina International Infrastructure Group.

However, the amount of available land in this province is minimal and cannot meet their demand, authorities said.

According to C&W, in the first months of 2023, challenges from the global economy caused the amount of registered foreign capital and export orders to the south region to decrease. Global economic uncertainties, weakening consumption, and reduced export orders have been affecting the demand for industrial real estate rental in the short term.

7. Viet Nam will run carbon trade exchange in 2028



Viet Nam has a lot of potential in developing carbon trade exchange because forest covers three-quarters of its area. — Photo chinhphu.vn

Viet Nam will officially run a carbon trade exchange in 2028, according to the draft of a project on the development of a carbon market in Viet Nam

conducted by the Ministry of Natural Resources and Environment.

This market will strengthen the activities of connecting and exchanging carbon credits between Viet Nam with regional and international markets.

According to the draft, Viet Nam will pilot the operation of this carbon credit market in 2025.

The project is built on the basis of the Government's Decree 06/2022/ND-CP. This decree details the reduction of greenhouse gas emissions, the protection of the ozone layer and the development of the carbon market.

Accordingly, from now until the end of 2027, Viet Nam will focus on developing regulations on carbon credit management and exchange of greenhouse gas emission quotas and carbon credits.

It will develop regulations on operating the carbon credit market, pilot implementation of the mechanism for exchanging and clearing carbon credits in potential areas in accordance with domestic laws and provisions of international conventions to which Viet Nam is a member.

It will also carry out activities to improve capacity for and awareness on carbon market development.

The operation of the carbon trade exchange contributes to reducing greenhouse gas emissions under previous climate commitments, especially the goal of reducing net zero emissions by 2050 under the 26th United Nations Climate Change Conference of the Parties (COP26).

According to the project, the Ministry of Natural Resources and Environment has the role of presiding over and coordinating with relevant ministries to organise the pilot operation and official operation of the carbon credit trading floor and compile regulations for management, monitoring and supervision of this market.

Nguyen Tuan Quang, deputy director of the Department of Climate Change, Ministry of Natural Resources and Environment, said the ministry has issued Circular No. 17/2022/TT-BTNMT stipulating techniques for measurement, report and assessment of mitigation for greenhouse gas emissions and greenhouse gas inventory in the waste management sector.

The enterprises in the waste sector must perform the responsibility to provide data and information relating to greenhouse gas inventory, implement a greenhouse gas inventory and develop a periodic inventory report every two years from 2024 onwards.

At the same time, these enterprises must develop and implement measures to reduce greenhouse gas emissions in the period from 2023-2025 in accordance with their production and business conditions.

Therefore, enterprises need to develop mitigation measures now to meet the requirements of reducing greenhouse gas emissions from 2026, otherwise it may lead to production stagnation. This is also the basis for businesses to participate in the carbon

market and increase financial resources for reinvestment.

Expert Le Xuan Nghia, former vice chairman of the National Financial Supervisory Commission, the investor of a carbon project in Ha Tinh Province, said that carbon credits are increasingly scarce because few countries still have primary forest or if the countries have this kind of forest it has low carbon absorption capacity.

Viet Nam has a lot of potential because forest covers three-quarters of its area. However, in the past, there was deforestation to plant industrial crops, so the area of primary forest was reduced. Now, the country mainly develops planted forests.

A representative of the General Department of Forestry, Ministry of Agriculture and Rural Development, assessed the great potential of carbon credit market in the future. Now, Viet Nam has about 14.7 million hectares of forest, including more than 10 million hectares of natural forest and 4.5 million hectares of planted forest.

A carbon credit is a kind of permit that represents one tonne of carbon dioxide removed from the atmosphere. They can be purchased by an individual or, more commonly, a company to make up for carbon dioxide emissions that come from industrial production, delivery vehicles or travel.

It was estimated that Viet Nam will be able to sell 57 million carbon credits to international organisations annually. Each of the credits can fetch as much as US\$5.

In 2020, forest reserves in Viet Nam stood around 990 million cu.m and the figure can reach up to 1.25 billion cu.m in the next 10 years. Carbon storage services are now available in 23 cities and provinces nationwide, including Quang Nam.

With a total of 628,000 hectares of forest, the south-central province of Quang Nam can store approximately one million tonnes of carbon every year, meaning one million carbon credits can be put up for sale internationally.

The province has asked for the government's permission to be the first in the country to join the voluntary carbon market. It expects to sell some 6 million carbon credits for about \$30 million by 2025.

Corporate News

8. HVN: Overcome the status of controlled securities

↑ 2.01 %

On May 12, 2023, Viet Nam Airlines JSC (HVN) announced the measure to overcome the status of controlled securities. Accordingly, the company has been restructuring and stabilizing the business activities. Besides, the audit unit need

more time to collect information, review and evaluate the related information to conduct the audit for financial statement. The holding company and consolidated financial statement in 2022 will be disclosed soon.

9. SAB: RECORD DATE FOR CASH DIVIDEND OF 2022

↓ -0.67 %

RECORD DATE FOR CASH DIVIDEND OF 2022 of Saigon Beer – Alcohol – Beverage Corporation as follows:

File Attachment

[20230516_SAB-230516-RECORD-DATE-FOR-CASH-DIVIDEND-OF-2022.pdf](#)

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