



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Stocks fall despite news about rate cuts

Stocks closed on a bearish note on Wednesday despite the State Bank of Vietnam's expansionary stance on policy rates.

On the Ho Chi Minh Stock Exchange (HOSE), the VN-Index started off the afternoon below the reference line and soared above the line at around 1:30pm on short-lived buying force. After reaching its peak at 1:45pm, it quickly lost steam and entered a downward trend toward the end of the session.

VN-Index ended at 1,061.79 points, down 4.06 points (0.38 per cent) compared to the previous session.

HOSE was overrun by decliners with 171 stocks losing points, against 149 gaining. Ten stocks hit ceiling prices whereas one sat at the other end. The exchange was busy with nearly VND11.4 trillion (US\$484 million) worth of shares being traded.

"Announcements about the policy cuts would not lift sentiment in the short term as the move has been well anticipated by investors," said an analyst.

The VN30-Index followed the VN-Index pattern. It lost 6.50 points (0.61 per cent) to end at 1,061.55 points. In the basket, five stocks rose, two stayed unchanged, and 23 fell.

Hoa Phat Group (HPG) led the market slump with a fall of 1.84 per cent. Other stocks weighing down

indices included Techcombank (TCB), BIDV (BID), Vinamilk (VNM), PetroVietnam Gas (GAS), and Vietnam Rubber Group (GVR).

By sector, construction materials lurched downward on Wednesday as it shed 1.54 percentage points on the downbeat sentiment. In the sector, Hoa Sen Group (HSG) dropped by 2.19 per cent, followed by Vicostone (VCS) and Pomina Steel (POM).

Plastics was the next sector dragging down indices as it saw lots of red on the screen. Major decliners included Vietnam Rubber Group (GVR), Duc Giang Chemicals (DGC), and PetroVietnam Camau Fertilizer (DCM).

Upbeat investors put their bullish bets on real estate stocks on Wednesday as they were a bright spot in the market. In the sector, the trio stocks of the Vin family - Vinhomes (VHM), Vingroup (VIC), and Vincome Retail (VRE) - saw mixed results: The first gained 1.49 per cent, the second remained flat, whereas the third lost 0.18 per cent.

The HNX-Index on the Ha Noi Stock Exchange (HNX) bucked the bearish trend with a rise of 0.17 points (0.08 per cent) to end at 215.96 points.

Foreign investors withdrew their money from the market as they net-sold a total of around VND555.56 billion worth of shares on the two exchanges. Of which, they net sold VND569.86 billion on HoSE and net bought VND14.3 billion on HNX.

## Macro & Policies

### 2. SBV to cut policy rates for 3rd time

The State Bank of Vietnam announced on Tuesday it will cut its policy rates again to prop up economic growth.

The bank will cut its refinance rates from 5.5 to 5.0 per cent and its overnight electronic interbank rate from 6.0 to 5.5 per cent to support growth. Its rediscount rate will remain unchanged at 3.5 per cent.

The rate of one-month to under six-month deposits will decrease to 5 per cent, down from 5.5 per cent. The rates on term deposits of six months or longer at credit institutions will be left to their discretion based on supply and demand in the capital market.

The maximum rates on non-term and under-one-month deposits will remain unchanged at 0.5 per cent.

The move, effective from Thursday, is the SVB's third round of rate cuts since early 2023 when it became one of the few central banks to take an expansionary stance to support economic growth.

The central bank said inflation under control, abundant liquidity in the banking system, and stable exchange rates were favourable factors that had given room for the rate cuts.

Pham The Anh, dean of the Faculty of Economics, at National Economics University, believed the rate cuts would help businesses and households have better access to credit, accelerating the country's economic growth.

"SBV's monetary policy has proved to be not only inflation-sensitive but also mindful of business recovery," said Anh.

Nguyen Duc Khanh, head of the Analysis Department, at Pinetree Securities, said the move would incentivise commercial banks to lower their lending rates, improving their costs of capital.

"Lower costs of capital means lower lending rates to businesses and households, good news for the economy," said Khanh.

Do Bao Ngoc, deputy director of CSI Securities, said the policy cuts would have a positive impact on exchange rates, giving fresh impetus to exports.

"We believe SBV would proceed with other lending rate cuts in the next few months to provide a larger stimulus to the economy," said Ngoc.

Economist Le Xuan Nghia, however, said the policy cuts would have little effect on the economy as the velocity of money has already been low, at 0.64 per annum.

He said: "If SVB wants to reduce lending rates, what it has to do is to increase the base money, rather than cutting policy rates."

SVB has injected VND140 trillion (US\$6 billion) into the system to absorb dollars, but Nghia believes the injection was insufficient to support the economy. He said it is the right time for SVB to boost the base money, given the low money supply and credit crunch.

Other experts forecast that interest rates would cool down by between 0.5 to 2.0 percentage points this year on the back of the expansionary stance.

### 3. Capital city fosters industrial development

Data from the Hanoi Statistics Office showed that the industrial production index (IIP) is estimated to

grow by 3.3% last month over the previous month and by 3.6% over the same period last year.

The index in the first four months of 2023 rose by 1.6% over the same period last year.

The labour utilisation index of industrial enterprises in the first four months of the year fell by 3.6% over the same period last year.

The city had 2,900 newly-registered enterprises last month, a year-on-year increase of 15%, raising the figure in the first four months to 10,300, up 13% from the same period last year.

Talking about the 1.6% growth of industrial production, Acting Director of Hanoi's Department of Industry and Trade Tran Thi Phuong Lan said that the reason was due to the city's socio-economic situation, which takes place in a complicated global context.

Facing common difficulties, the capital city's leaders had directed its Department of Industry and Trade and other departments in the area to implement synchronous and drastic solutions to promote economic recovery and development.

Therefore, the macroeconomic situation remained stable, inflation was controlled, and social security was ensured.

The municipal Party Committee, People's Council and People's Committee had focused on directing all levels, branches and localities to promote economic growth, speeding up socio-economic recovery and industrial production from the beginning of the year.

In particular, Hanoi would develop plans to organise fairs and exhibitions, connect businesses in supporting and key industries, so that companies could meet domestic and foreign partners to exchange, deploy and apply scientific and technical advances, connect consumption of machinery products, industrial equipment and proceed to export.

Besides organising specialised fairs of supporting industry products and key industrial products, most recently, the city has also organised a fair of industrial products, machinery and equipment and automation with the participation of domestic and foreign supporting industry enterprises from the

Republic of Korea, Japan, Taiwan (China), Hong Kong (China), and Thailand.

Through fairs and exhibitions, enterprises manufacturing and trading supporting industrial products, machinery and equipment of Hanoi in particular and the whole country, in general, could introduce and promote products, and connect production between enterprises in the supply chain, said Lan.

It would help raise standards of quality and competitiveness of products, meeting customers' needs.

Besides the support of the authorities, now businesses in the capital were also trying to maintain and develop production, said Lan.

Notably, the industrial production index of enterprises in Hanoi last year grew significantly more than in the first quarter of this year, showing that industrial enterprises in the city had gradually stabilised, she added.

Businesses were actively seeking orders in the industrial field. Companies are also searching for new markets while maintaining and keeping the traditional markets.

Besides organising fairs, exhibitions, and trade promotion programmes to promote industrial development, Lan said that the Hanoi Department of Industry and Trade would continue to carefully monitor and grasp the difficulties and problems of enterprises to propose to the competent authorities and especially the Hanoi People's Committee to solve them promptly.

In addition, the city would support businesses in the fields of capital, science and technology, and trade promotion so that companies could continue to promote development and retain labourers.

#### 4. EVN to increase electricity import from China, Laos

The power source in the whole system has no more backup capacity, Nhan noted.

Large power sources including hydro-electricity and thermal power all have decreased, so the available capacity of the national and northern power systems is only about 42,000MW and 19,000MW in the afternoon peak, and 39,200 MW and 18,000MW in the evening peak, respectively.

Therefore, the EVN has to mobilise thermal power sources running on diesel oil (DO) and fuel oil (FO).

It has also implemented many solutions such as working with the Vietnam National Coal - Mineral Industries Holding Corporation Limited (Vinacomin), the Dong Bac Corporation, and the Vietnam Oil and Gas Group (Petrovietnam) to supply coal, gas and oil for power plants.

The group has negotiated with investors of wind and solar power projects that are eligible to generate electricity to the national grid, while coordinating with localities in enhancing economical and efficient use of electricity.

More efforts are being made to add new power sources, including negotiations with investors of transitional renewable energy plants. To date, 15 power purchase contracts have been completed with a total capacity of 1,150MW and a temporary price equal to 50% of the price bracket.

However, as of May 21, the EVN had only added 85MW of electricity from Trung Nam Thuan Nam solar power to the national grid, while other investors were having to finalise relevant legal regulations.

Meanwhile, it is negotiating to buy electricity from China via the 110kV Shengou - Mong Cai line in May, June and July with a capacity of 70MW, and soon completing procedures to sign the power purchase agreement.

The group has also boosted the import of power from Laos through the Nam Kong and Nam San hydropower plant clusters.

#### 5. High-end brands looking to invest in Vietnam

Increasing consumer demand is said to be a motivation for many brands to pour their investment in Vietnam. Luxury brands like Dior, Louis Vuitton, Tiffany & Co., and Berluti have opened shops in Hanoi - where the number of brands is not big but the demand is increasing, Statista reported.

Hoang Dieu Trang, Senior Leasing Manager for Savills Vietnam in Hanoi, said the capital is about to welcome luxury hotels such as Four Seasons, Fairmont, Waldorf Astoria or Ritz Carton, which are expected to create a new luxury shopping complex in the city, thus attracting many high-end brands to join the potential market.

According to Nick Bradstreet, Head of Asia Pacific Retail at Savills, Vietnam is seen as one of the prominent markets for luxury brands along with Singapore and Thailand.

Vietnam's economy is forecast to grow by 6.3% in 2023 despite the global difficult situation, according to a report by the World Bank.

Under the national master plan for 2021 – 2030, Vietnam is targeting an annual average GDP growth of 7% during the period.

By 2050, GDP per capita at current prices will reach about 27,000 –32,000 USD.

Data from the General Statistics Office show that domestic consumption has gradually rebounded with the nation's total revenue from retail sales of goods and services in the last four months, increasing by 26.7% compared to the same period of 2019 - the time before the outbreak of COVID-19.

## 6. Legislators discuss ceiling and floor prices for air tickets

Deputy Tran Van Lam from the northern province of Bac Giang told reporters on the sidelines of the ongoing 5th session of the 15th National Assembly that deputies had been showing great interest in this particular issue.

Regarding the draft Law on Pricing, which has been put on the floor during this NA meeting, Lam said the law favoured the abolishment of the floor price, based on conditions of the current market.

Deputies stressed the importance of regulating domestic airfares. While ideally, the state should not have to intervene but rather leave it to the market to determine prices based on market principles, the domestic air travel market was not yet mature enough.

Lam said there were still monopolies in the market with a number of routes having just one operator. In addition, the state must still reserve the right to intervene in the market in the event of natural disasters and abnormal weather conditions that may distort the rules of supply and demand.

"We have observed over the years while there are many airlines in the domestic markets monopoly has yet to disappear," he said.

"There are routes with numerous operators with fair pricing and competition, while there are routes with just one operator. This is despite the aviation authority's encouragement for other airlines to jump in due to low demand and operational difficulty," he added.

In addition, demand for air travel tends to be heavily seasonal, with demand shooting through the roof during certain times of the year.

Deputies said even when demand is large it would not be easy for airlines to scale up their operations. Without the complete elimination of monopoly in the market, the state must continue to intervene to ensure the rights and benefits of consumers are protected.

Some argued that the floor price was still required to prevent unhealthy competition among airlines, preventing some bigger players from going below cost to eliminate all competition.

Regarding promotional events in which airlines advertised zero dong tickets, deputies said those were few and far between with very limited seats sold, which should be considered a marketing tactic.

## 7. Coffee price hikes, but businesses, farmers yet to benefit much

According to the Department of Industry and Trade of Dak Lak province and coffee exporters, the market has been strongly influenced by the law of supply - demand.

Vietnam is leading the world in Robusta coffee production. However, while the demand for this kind of coffee has increased in recent years, Vietnam's output is decreasing by about 10-15%, causing a shortage of supply.

In addition, the current inflation has pushed up the prices of raw materials and fuels, especially agricultural materials, by two-three times, resulting in a rise in coffee production and processing costs, and selling prices.

The Department of Industry and Trade of Dak Lak province said that in the first four months of 2023, the locality exported about 165,000 tonnes of coffee beans, equal to that of the same period of the previous years. The high coffee price leads to an

increase in the export turnover. However, local farmers and businesses have yet to benefit much from the growth.

Deputy Director of the provincial Department of Industry and Trade Huynh Ngoc Duong said that local coffee enterprises are still weak in terms of capital, human resources, while their capacity to participate in large markets remains limited and linkages between them are not high.

In the coming time, the industry and trade sector will move to help solve limitations facing businesses. In addition, the province will continue to encourage product diversification and deep processing, create conditions for businesses to access loans, and focus on improving the role of relevant associations.

## Corporate News

### 8. ACB: Notice of the record date for dividend payment

↓ -0.79 %

On May 22, 2023, Asia Commercial Joint Stock Bank announced the record dated to pay the cash and stock dividend in 2022 as follows:

- Record date: June 02, 2023
- 1. For cash dividend payment in 2022:
  - a) Exercise ratio: 10% (1,000 dong/share)
  - b) Payment date: June 12, 2023
- 2. For stock dividend payment in 2022:
  - a) Exercise ratio: 100:15 (Those owning 100 shares will receive 15 new shares).
  - b) Plan to deal with fractional shares: The distributed shares will be rounded down. The fractional shares (if any) will be owned by ACB

Union and be used as bonus share for ACB employees.

For example: Shareholder A owns 95 shares. The shareholder A will receive:  $95 \times 0.15 = 14.25$  shares. According to rounding policy, the shareholder A will receive 14 new shares and the fractional shares of 0.25 share will be owned by ACB Union and be used as bonus share for ACB employees.

3. Place of implementation:

+ For deposited securities: Shareholder will implement procedures to receive dividend at the securities company where shareholders opened securities depository account.

+ For undeposited securities: Shareholder will receive dividend at ACBS on working days. Please present shareholder's identity card/citizen identity card and Share ownership certificate when receiving dividend at the Head office.

### 9. BMI: Plan for 2022 cash dividend payment

↓ -1.26 %

The Board resolution dated May 23, 2023, the BOD of Baominh Insurance Corporation approved to pay cash dividend for 2022 as follows:

- Exercise ratio: 5% (500 dong/share)
- Record date: June 07, 2023
- Payment time: June 23, 2023.



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