



VIETNAM DAILY NEWS

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Market Analysis

1. Market lifted by oil and gas stocks

Benchmark indices finished higher yesterday, buoyed by oil and gas stocks, but gains were capped by losses in banking, manufacturing and real estate sectors and outflows of foreign capital.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index finished the day at 1,064.63 points, up 2.84 points, or 0.27 per cent. It lost over 4 points on Wednesday despite positive news that the central bank cut interest rates for the third time.

The market's breadth was negative as decliners outnumbered gainers on the southern exchange. Meanwhile, liquidity was slightly higher than the previous session, of which the trading value on HoSE rose by 2.63 per cent to more than VND11.7 trillion (US\$498.6 million), equal to a trading volume of 669.5 million shares.

The 30 biggest stocks tracker VN30-Index also inched up to 1,062.15 points. It added 0.6 points, or 0.06 per cent, yesterday.

In the VN30 basket, 12 stocks climbed while 15 closed lower. And three stocks traded flat.

The VN-Index escaped the morning course to rebound in the afternoon session after PV Gas (GAS) witnessed a sharp increase of nearly 2.4 per cent.

The strong rally of GAS shares lifted other stocks in the PetroVietnam (PVN) family, including PV Coating (PVB), PetroVietNam Chemical And Services JSC (PVC), PV Drilling (PVD) and PetroVietnam Technical Services Corporation (PVS), with PVB logging the maximum daily gain of 7 per cent.

Many stocks in the group also recouped the morning losses to return to the reference prices or edged up in the last trading minutes.

Also supporting the index, Vietcombank (VCB), Vietnam Rubber Group (GVR), Vinhomes (VHM), and FPT Corporation (FPT) performed well. All the stocks rose in a range of 0.65-4.04 per cent.

However, the index's gain was limited by strong falls in banking, manufacturing and realty stocks. Leading the bearish trend was VPBank (VPB), down 1.03 per cent. It was followed by Sacombank (STB), Vietinbank (CTG), MBBank (MBB), Hoa Phat Group (HPG), and GIC Group (DIG).

The benchmark continued to be under correction pressure at 1,070 - 1,075 points and adjusted to retest the 1,060 point-level, according to Saigon - Hanoi Securities JSC.

On the Ha Noi Stock Exchange (HNX), the HNX-Index rose for the second day in a row. It ended the trading day at 216.78 points, an increase of 0.82 points, or 0.38 per cent.

During the session, more than 94.2 million shares were traded on the northern bourse, worth over VND1.6 trillion.

The market was also weighed by the outflow of foreign capital as foreign investors withdrew a total of nearly VND388 billion on both main exchanges. In particular, they net sold a value of more than VND397 billion on HoSE, while net bought VND9.23 billion on HNX.

Macro & Policies

2. Central bank, 26 bank leaders convene

Information about the meeting has grabbed much attention as it comes amid the SBV's key interest rate cut decision coming into force on the same day and slow credit growth in the year's first quarter.

On May 23, the central bank announced two separate decisions to slash key interest rates further by 50 basis points.

The interest rates for overnight interbank electronic payments and compensatory lending for capital shortfall in offset payments by the central bank to commercial banks will drop to 5.5% per year from 6%.

The refinancing interest rate will be down from 5.5% to 5.0% per year while the rediscount interest rate will remain unchanged at 3.5% per year.

This is the third rate reduction since March in the central bank's monetary easing cycle aimed at boosting slackening economic activity and consumption.

Meanwhile, it issued Directive 02 ordering banks to strengthen inspections on lending activities and debt rescheduling as prescribed by Circular 02/2023.

The circular was issued by the central bank last month, enabling local banks and foreign bank branches to reschedule debt payments and keep debt classification unchanged to support corporate and individual customers having a hard time paying off their consumer loans.

Vietnam's GDP grew some 3.32% year-on-year in the first quarter of 2023, according to the General Statistics Office of Vietnam.

3. ASEAN remains important export market of Vietnam

In the January-April period, Vietnam's exports to ASEAN member countries fell 4.7% year on year, a low level compared to the country's 13% drop of overall export revenue in the period.

Particularly, among the 24 export markets with turnover of over 1 billion USD, six are ASEAN members.

Meanwhile, imports from ASEAN member countries in the first four months of 2023 was 13.360 billion USD, accounting for 13.4% of Vietnam's total imports, down 17.6% year on year, resulting in a trade deficit of 2.51 billion USD, a decrease of 48% compared to the same period last year.

Thailand was the largest market of Vietnam among ASEAN member countries, with two-way trade reaching 6.25 billion USD. Vietnamese products with export revenue of over 10 million USD included telephones and accessories; machineries, equipment and spare parts; transport vehicles; crude oil; computers and electronics.

Thailand was followed by the Philippines with 1.73 billion USD, up 7% year on year, and Indonesia, Cambodia, and Malaysia.

4. Remittances to HCM City to top \$7 billion in 2023

HCM City is likely to receive more than US\$7 billion worth of remittances this year, a 7 per cent increase from 2022, according to the State Bank of Viet Nam.

In the first quarter, the amount exceeded \$2.1 billion, up 19 per cent year-on-year.

Nguyen Duc Lenh, deputy director of the city branch of the State Bank of Vietnam, said remittances from Asia accounted for a major share since the region managed to achieve higher economic growth than many others.

Remittances from the continent were worth \$903 million, up 84 per cent year-on-year and 43 per cent of the total amount.

Remittances from the US, Africa and Oceania decreased because of rising inflation and financial turmoil.

Remittances to the city were growing at 7-10 per cent annually until the past few years before the COVID-19 pandemic and Russia-Ukraine conflict intervened, Lenh said.

Last year, it declined by 6.7 per cent to \$6.8 billion, he said.

Experts called on the city to improve its business climate to attract remittances.

Around 5.3 million ethnic Vietnamese live in 130 countries around the world, two million of them from or having connections with the city, according to the State Commission for Overseas Vietnamese Affairs.

Viet Nam remains in the top 10 countries in terms of remittances, according to the World Bank.

5. Construction of T2 terminal at Cat Bi International Airport to start in Q4

The prime minister emphasised that the construction of the new terminal will contribute to improving the quality of aviation and socioeconomic growth.

He asked Haiphong People's Committee to be proactive in developing a number of facilities to aid the construction, while simultaneously collaborating with the Ministry of Defence to resolve pending issues relating to land clearance and hand over, which should be completed in the third quarter.

He stressed that the city should learn lessons about land clearance from Tan Son Nhat International Airport's third terminal.

"The city and the relevant authorities have to complete the appraisal and approval of the technical design in order to select the contractor. The construction must be started in the fourth quarter

and completed one year later," the prime minister stated.

The passenger terminal T2 will be built by Airports Corporation of Vietnam, which operates all 22 commercial airports in the country. It is set to cost almost \$103 million and be able to handle 5 million passengers a year.

Along with Cat Bi Airport, Haiphong will also have a second, namely Tien Lang Airport. In February 2022, PM Chinh approved a proposal from Haiphong's authorities on developing Tien Lang Airport to boost the city's socioeconomic development.

The prime minister asked the Ministry of Transport to study the Tien Lang Airport construction plan, which has been included in the national airport planning for the 2021-2030 period, with a vision to 2050.

6. E-commerce can be the key for success in logistics

This point is strongly certified in the contrast of cross-border e-commerce and local e-commerce. Statistics from a certain e-commerce platform shows that the goods return rate in cross-border shops is at least double compared to that of local shops. Why? The unbearable speed of cross-border logistics takes away the joy of purchasing.

Another issue is the cold chain. The categories for e-commerce are mainly consumer goods, among which a significant proportion is food. The transportation of food undoubtedly increases the difficulty of logistics. Most food must be transported with a cold chain throughout the entire transportation process; this again highlights the importance of logistics in the e-commerce industry.

So, e-commerce covers only the transaction process of goods, while logistics realises the delivery process of goods and ultimately forms a closed-loop transaction. In this regard, logistics guarantees the transaction of e-commerce and is an important part of it.

On the other hand, in order to better serve the e-commerce industry, the logistics industry is also constantly improving its service level and modern management methods. That is, the e-commerce industry is also constantly changing the logistics industry.

The traditional logistics industry required large-scale and centralised warehouse management, but with the rapid development of e-commerce, decentralised warehousing has become possible.

This has brought online opportunities to many traditional offline sales scenarios.

For example, retail stores located in various street corners, apart from traditional sales methods, can take advantage of the convenience of warehouse and sales integration to offer efficient door-to-door delivery services in online transactions. This has brought incremental development to those shops.

The development of e-commerce has changed the business model of the logistics industry. Traditional logistics has been developing through competition, each constantly expanding its own scale and squeezing the development space of its peers. However, since the rise of e-commerce, its development is much faster than that of logistics.

In this case, logistics companies respond with cooperation. This has formed a networked and mutually beneficial cooperation model within the logistics industry. Each logistics company builds its own core competitiveness and moves towards common development through cooperation with peers.

The development of e-commerce business has also improved the modern management level of the logistics industry. The traditional single management and operation mode of logistics can no longer meet the needs of e-commerce business, so software management systems and corresponding hardware-supporting facilities in the industry have also achieved an upgrade in development.

7. Vietnam remains leading destination for foreign investment inflows: experts

In addition to a common trend of decrease over the globe, unnecessary procedures, tax incentives and low licensing are making investors hesitate.

However, in the long term, Vietnam remains a country with various advantages in investment attraction, Thanh stressed.

Sharing the same view, Michael Kokalari, chief economist at investment fund VinaCapital, said that Vietnam will continue to be a prime destination for FDI, particularly from multinationals looking to produce exports and seeking an alternative and/or additional manufacturing base to China, for the foreseeable future.

According to him, the new global corporate minimum tax (GMT) is unlikely to impede FDI inflows to Vietnam, given the fact that tax incentives are not the primary attraction for setting up a factory in the country

In 2021, over 100 countries, including Vietnam, agreed to the Organisation for Economic Cooperation and Development (OECD)’s proposal for the GMT that will impose a 15% minimum corporate tax rate on income for companies with consolidated incomes above circa 850 million USD starting from 2023. The implementation of this agreement was subsequently delayed to 2024.

Some observers have also noted that planned FDI into Malaysia and Indonesia surged during the last two years, while Vietnam’s registered FDI was essentially flat. However, investments into Malaysia and Indonesia were largely channelled into the production of goods Vietnam does not make, including electric vehicle batteries.

Kokalari said Vietnam had attracted far more than its “fair” share of FDI since the US-China trade tension emerged in 2018.

The economist also mentioned Tim Cook’s visit to India in April, which spawned a plethora of articles

on the intentions of Apple and others to build new factories in the country. But it is important to note that most products of those factories will be sold in the Indian market. In short, new investments to India are not being motivated by the “China 1” investment strategy that has driven FDI inflow into Vietnam over the last decade, particularly at an accelerated pace since the start of the US-China trade tension.

“We do not see India threatening Vietnam’s FDI inflow and continue to believe FDI is likely to remain one of Vietnam’s key growth drivers for years to come. The current wave of new FDI announcements in India should not be viewed as taking investment away from Vietnam,” Kokalari stressed.

Last month, Apple supplier Quanta Computer signed an agreement with the People’s Committee of the northern province of Nam Dinh on developing a large-scale computer factory at My Thuan Industrial Park.

In February, Nam Dinh’s neighbouring province of Thai Binh also granted an investment license to a 260-million-USD factory of Compal, another partner of Apple.

Meanwhile, the US multinational technology company’s leading partner, Foxconn, is also planning to build a project in the central province of Nghe An, after successes of its projects in northern Bac Giang and Bac Ninh provinces.

Corporate News

8. HDB: Notice of bond redemption before maturity

0.00 %

On May 23, 2023, Ho Chi Minh City Development Joint Stock Commercial Bank announces the redemption of bonds before maturity with details as follows:

- Bond code: HDBL2128003

- Expected repurchase volume: 600 bonds

- Total value of repurchase (at par value): VND 600,000,000,000

- Expected repurchase time: June 11, 2023

- Total unpaid interest: VND46,500,000,000

- Total amount of repurchase: VND646,500,000,000.

9. NSC: Resolution on the AGM 2023

↑ 0.43 %

On April 20, 2023, Vietnam National Seed Group Joint Stock Company announced the resolution of annual general meeting 2023 to approve the following contents:

1) The AGM approved the business results in 2022 and 2023

1. Business results in 2022 – Consolidated company:

- Revenue: 1,889,065 million dongs
- Profit before tax: 265,964 million dongs
- Profit after tax: 226,886 million dongs
- Dividend: 40%

1. Consolidated business plan in 2023:

- Revenue: 2,200,000 million dongs
- Profit before tax: 290,000 billion dongs
- Dividend: 30-40%

1. Plan for capital construction investment: 15.8 billion dongs

2) The AGM approved the reports of the Supervisory Board.

3) The AGM approved the separate and consolidated financial statement in 2022 audited by Ernst & Young Vietnam Company Limited.

4) The AGM approved the profit allocation in 2022:

- Profit after corporate income tax of the holding company: 181,157,714,740 dongs
- Estimated appropriation: 127,488,526,415 dongs
- Undistributed remaining profit: 53,669,188,325 dongs

5) The AGM approved the remuneration of the BOD in 2022 and plan for 2023.

6) The AGM approved the selection of the audit unit to conduct the audit of financial statement in 2023.

7) The AGM approved the appointment of Mr. Tran Dinh Long as member of the BOD for the term 2022 – 2026.

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