



# VIETNAM DAILY NEWS



December 12th, 2022

**Table of content**

## **Table of content**

- 1. Shares to move higher this week but cautious sentiment remains**
- 2. Vietnam stands as credible partner for foreign investors**
- 3. Fuel supply enough for Lunar New Year consumption**
- 4. Higher demand drives consumer prices up ahead of Tet**
- 5. Digital tech product exports forecast at US\$136 billion**
- 6. PM's visits to open new cooperation chances with European countries**
- 7. Steel sales plunge to two-year low**
- 8. KBC: KBC plans to buy back 100 million shares**
- 9. VIC: VinFast receives corporate ESG assessment from sustainalytics**

## Market Analysis

### 1. Shares to move higher this week but cautious sentiment remains

VN-Index is forecast to move up to test the 1,030-1,080 point range this week but cautious sentiment still prevails.

On the Ho Chi Minh Stock Exchange, the VN-Index edged up 0.12 per cent to close Friday at 1,051.81 points. Overall, the southern bourse's market index lost 2.6 per cent during the week.

An average of 1 billion shares were traded on the southern market during each session last week, worth 17.4 trillion (US\$738 million).

"The market has not yet exited the state of exploration and dispute near the short-term support area, around 1,040 points. However, the fluctuation range and matching volume are being narrowed significantly," said Viet Dragon Securities.

"This shows that cautious sentiment still prevails and Investors seem to be waiting for clearer signals from the market to make trading decisions. It is likely that VN-Index will still move within the range of 1,030-1,080 points and the recovery span to test the upper boundary may take place in the early sessions of next week.

"Therefore, investors should still observe supply and demand movements to re-evaluate the state of the market. It is possible to consider short-term buying in stocks with good fundamentals when returning to the support zone but need to consider taking profits or restructuring the portfolio in the direction of minimising risk when the market rises to the resistance zone.

"Although the market was supported when it retreated, it was still in a state of exploration of supply and demand. It is expected that this movement will continue in the near future before there is a clearer signal. The range of fluctuation at VN-Index is 1,035-1,080 points, corresponding to the range of 1,035-1,095 points of VN30-Index.

"Therefore, investors should still observe supply and demand movements to re-evaluate the state of the market. It is possible to consider short-term buying in stocks which have good fundamentals, but consider taking profits or restructuring the portfolio in the direction of minimising risk when the market rises to the resistance zone."

The downward trend from September continued to extend to November, causing VN-Index to lose the psychological support level of 1,000 points. With the important support level being penetrated, selling pressure continued to increase, causing the index to continuously plunge and once fell to the lowest level of the year at 873 points. However, this deep discount has strongly triggered bottom-fishing cash flow.

A recent report by TPS Securities said that the reversal of the VN-Index at the end of November helped Viet Nam's stock market keep pace with the recovery trend of the global market.

Entering December, the TPS expects this recovery to continue after the previous period of strong decline because at this stage, the market is receiving positive news such as the Chinese government easing some pandemic control measures, and the exchange rate cooling down and some commercial banks reducing lending interest rates.

Based on the VN-Index's movements, TPS forecast three scenarios for the market in December.

In the positive scenario, if the VN-Index can return above 1,130 points, attracting exciting cash flow again. The target of the indicator in this period is zone 1,131-1,200 points.

In the neutral scenario, VN-Index will move sideways in price channel 1,030-1,130 points with liquidity maintained above the 20-session average.



In the negative scenario, VN-Index is likely to retest the buying power at the psychological level of 1,000 points.

## Macro & Policies

### 2. Vietnam stands as credible partner for foreign investors

In November, the International Finance Corporation completed the disbursement of a loan worth VND3.7 trillion (US\$150 million) to Vietnam Prosperity Commercial Bank (VPBank).

The five-year loan would help VPBank have more resources to address the urgent credit needs of small and medium-sized enterprises (SMEs), women-led businesses, and environmental protection and climate change response projects in the country.

In the context that the world economy and Vietnam are facing several challenges, the disbursement of the \$150 million loan to VPBank affirmed the bank's capacity and reputation in the international arena, noted the IFC.

The Technological and Commercial Securities (TCBS) on December 2 signed an unsecured loan syndication contract worth \$125 million, bringing the total mobilized value of the international capital market to more than \$300 million in the past year.

The above \$125 million syndicated loan is the third successful international capital raised by TCBS in 2022, after a syndicated loan of US\$170 million in April from four leading institutions (Cathay United Bank, CTBC Bank, Taipei Fubon Bank, and Taishin International Bank), and bilateral loan cooperation with HSBC Singapore Bank with a limit of US\$30 million in September.

“The prestige and credit rating of an enterprise is the first condition for international financial institutions to consider a loan,” said Nguyen Tuan Cuong, Deputy General Director of TCBS.

Brook Taylor, CEO of asset management at VinaCapital, said driving factors for Vietnam's growth remain unchanged.

He suggested Vietnam's open economy with strong export capability and growing demand for domestic consumption remains attractive to foreign investors.

Vietnam is on the same pathway as major Asian economies such as South Korea and Japan.

#### Creating favorable business environment

Vice Minister of Planning and Investment Nguyen Thi Bich Ngoc noted the Vietnamese Government always strives to create the best conditions for businesses, including foreign-invested ones.

“The Covid-19 pandemic has been the catalyst for Government agencies and localities to improve the business environment and lay the foundation for investors to settle long-term in Vietnam,” Ngoc said.

According to Ngoc, Vietnam's FDI policy prioritizes projects in high-tech fields with high spillover effects and promotes the development of the digital economy.

Chief Economist of the ASEAN+3 Macroeconomic Research Office (AMRO) Hoe Ee Khor said for Vietnam to maintain the current development pace, its strategy should vie for higher ranks in the global value chain.

In this process, Vietnam should prepare for a possible investment wave, from the infrastructure system and high-quality workforce to the higher capability of local suppliers.

The AMRO's economist expected the Vietnamese Government to further invest in R&D centers and offer more incentives for local firms to enhance their competitiveness.

As of November 2022, the actual FDI to Vietnam rose by 15% year on year to \$19.68 billion, the highest 11-month figure in the past five years, the Foreign Investment Agency under the Ministry of Planning and Investment reported.

The high confidence of foreign investors in Vietnam's outlook has also been reflected through over 1,812 new projects worth \$11.52 billion

committed during the period, up 15% in the number of projects.

Among economic fields, the manufacturing and processing sector attracted the largest FDI, with \$14 billion, accounting for 66.5% of the total, followed by real estate with \$2.76 billion, or 13.1%.

FIA also highlighted the injection of additional funds worth \$9.54 billion into 994 ongoing projects, a year-on-year increase of 23.3% in value and 13.3% in the number of projects.

### 3. Fuel supply enough for Lunar New Year consumption

The country's two oil refineries, Binh Son and Nghi Son, have been in full operation, of which Binh Son has increased its capacity to 112% to ensure adequate fuel supply for the signed contracts with the local wholesalers.

Khanh said that recent weather conditions have been favorable for fuel transportation, especially for fuel ships to enter and leave the port.

Moreover, enterprises have recently imported an adequate volume of fuel in accordance with the requirement of the Ministry of Industry and Trade in quarter four.

Some southern enterprises have completely connected their data source to customs, allowing the re-operation of the Tra Noc and Cai Mep depots to ensure adequate fuel supply in the southeast region and Mekong Delta provinces.

Regarding fuel trading activities, fuel enterprises have registered with the local trade department to start their operations normally from 11 a.m. on the first day of the Lunar New Year. Gas stations will publicly notify consumers of their sales schedules.

The Vietnam Petroleum Association proposed allowing the transport of fuel tankers 24 hours per day to ensure fuel supply for the retailers.

Nguyen Hong Dien, Minister of Industry and Trade, required leaders of the Vietnam National Petroleum Group, the Vietnam Oil and Gas Group, and fuel suppliers to reserve enough fuel volume in accordance with the regulations, as well as strictly abide by the requirements for fuel imports.

“Fuel companies have to ensure adequate fuel supply for the consumer demand of enterprises and local people before, during, and after the Lunar New Year 2023,” Dien emphasized.

### 4. Higher demand drives consumer prices up ahead of Tet

The Ministry of Finance said on December 8 that the domestic market recovered significantly in November after two years of the COVID-19 pandemic, and the consumption demand has risen after that.

The rapid, complex developments of the world situation have also pushed the prices of fuels, materials and some others up, the ministry added.

The finance ministry said it has coordinated with other ministries and agencies in assessing and forecasting the factors impacting inflation, outlining scenarios and price management solutions, and

making reports to the Government, stressing that the price situation remains under control.

Notably, petrol prices have been adjusted in line with global price developments, but stayed lower thanks to the flexible use of the price stabilisation fund, plus the decrease in environmental protection tax.

The supply of essential goods like food and foodstuff has also remained abundant, the ministry said, stressing that production is going on for both domestic and foreign markets.

## 5. Digital tech product exports forecast at US\$136 billion

The fourth national forum on the development of digital technology companies in 2022 began in Hanoi on December 8, with the participation of Deputy Prime Minister Vu Duc Dam and leaders of ministries, departments and localities, together with hundreds of experts, domestic and international technology companies and start-ups in the sector.

Speaking at the opening ceremony, Pham Duc Long, deputy minister of Information and Communications, said that the first forum on the development of digital technology companies was

held in 2019, bringing the Vietnamese digital technology business community into a new phase of digital technology development.

He said over 70,000 tech companies have been established in Vietnam, playing an important role in the country's digital transformation.

The forum is the biggest annual event of Vietnam's digital technology sector, leading and orienting the development of the digital technology sector.

## 6. PM's visits to open new cooperation chances with European countries

Vietnam set up the diplomatic relations with those countries in 1973.

Data from the General Department of Vietnam Customs showed that trade between Vietnam and Luxembourg rose 60% over a year earlier to more than 181.5 million USD in 2021.

As of October, Vietnam's exports to the country topped 101 million USD, up 50% year on year, while imports were 50.1 million USD, a rise of 11%. Vietnam mostly exported garment and footwear products to Luxembourg, while importing fibre and chemicals from the country.

Although Luxembourg is a small country with a population of nearly 500,000, it is the financial centre of Europe, which is a good source of soft loans for developing countries, including Vietnam.

Currently, the Ministry of Industry and Trade (MoIT) is working to connect the business communities, especially as the two countries are important logistics gateways to the ASEAN and EU.

During the PM's visit, the ministry will hold a ceremony to sign a memorandum of understanding between the Trade Promotion Agency and the Luxembourg Chamber of Commerce in building the

database on the business communities of the two countries, aiming to optimise their strengths in finance, aviation transport, tourism and construction.

According to the MoIT's European-American Market Department, among the EU members, the Netherlands is one of the leading trade partners of Vietnam, as it is a gateway to the EU and one of the largest logistics centres in the region. The EU-Vietnam Free Trade Agreement (EVFTA) is expected to bring about new cooperation opportunities between the two countries.

In the recent five years, trade between Vietnam and the Netherlands has increased about 6.3% each year.

The Netherlands is the sixth largest export market of Vietnam and biggest among the EU members, with two-way trade exceeding 9.22 billion USD in the first 10 months of 2022, including Vietnam's exports of over 8.67 billion USD.

The country is running 409 investment projects worth nearly 13.7 billion USD in Vietnam, mostly in agriculture, industry, and food and beverage.



Meanwhile, according to the General Department of Vietnam Customs, Belgium is the sixth largest European trade partner of Vietnam. Before the COVID-19 broke out, two-way trade rose 6-10% each year.

After a fall of 10% in 2020, the growth rate surged to 53.8% in 2021 to 4.29 billion USD, including Vietnam's imports of 3.6 billion USD. In October 2022, Vietnam exported 3.44 billion USD, up 219.9%.

Experts held that Vietnam and Belgium have supplementary goods structures. Vietnam is Belgium's supplier of footwear, garment products, coffee and aquatic products. Meanwhile, Belgium has provided Vietnam with pharmaceuticals, gems, machineries and equipment.

Belgium has high demand for agro-fisheries products and traditional handicrafts, which are Vietnam's strengths.

With the EVFTA serving as foundation, bilateral investment and trade partnership is expected to recover and record new steps forwards, especially that of shared interest such as logistics, agricultural product and food processing, and energy.

Therefore, PM Chinh's trip to attend a summit commemorating the 45th anniversary of the ASEAN-EU relations and to pay official visits to Luxembourg, the Netherlands, and Belgium from December 9 to 16 is expected to result in new partnership opportunities between Vietnam and the three countries.

## 7. Steel sales plunge to two-year low

The country's steel production topped two million tons in October, down 16% month-on-month and 29% year-on-year, while sales stood at around 1.9 million tons, a decline of 29% over the same period in 2021, the lowest since October 2020, the Vietnam Steel Association (VSA) reported.

Last month, Hoa Phat Group posted a year-on-year fall of 43% in raw steel production to 384,000 tons and 30% in sales of steel products to 443,000 tons. Of this, construction steel sales rose 20% over October but dipped 7% against the same period in 2021, while hot rolled coil sales slipped 12%.

Local steelmakers Nam Kim Steel Joint Stock Company and Hoa Sen Group reported the same. According to DSC Securities Joint Stock Company, the former's steel sheet sales plummeted 49% to over 131,000 tons in the third quarter, with exports diving 61% year-on-year.

Meanwhile, the latter saw a 44% slump in steel sales over the third quarter of 2021, at 313,000 tons, resulting from a 76% plunge in export volume and a 32% drop in domestic demand.

Though the VSA perceived the nation's economy in the first 10 months to be stable, with a good macroeconomic balance and inflation under control, its figures demonstrate a gloomy picture of the industry and suggest hardships may linger until the second quarter of 2023.

Bureaucratic hurdles, a credit crunch and soaring inventory have delayed many housing and public investment projects, fueling the fall in domestic steel consumption, as the sector is the main steel buyer on the local market.

## Corporate News

### 8. KBC: KBC plans to buy back 100 million shares

↑ 2.15%

At the meeting, the firm will seek to cancel its previous plan of issuing shares this year to raise chartered capital due to existing stock exchange uncertainties. Instead, the firm will buy back its shares at no higher than VND34,000 per share.

The real estate developer is set to pay a 2022 cash dividend of 20% to its existing shareholders. Each shareholder will receive VND2,000 for each KBC share held. The payment date will be scheduled for 2023.

In 2023, KBC looks to book VND9 trillion in revenue and VND4 trillion in after-tax profit, down 8% and 11%, respectively, against the 2022 targets.

KBC closed up over 2% today, December 9, extending its winning streak for a second straight session.

On the HCMC bourse, the VN-Index maintained its upward spiral, gaining 1.28 points, or 0.12%, from the session earlier, at 1,051.81, with 221 advancers

and 215 decliners. Over 788 million shares worth VND13 trillion changed hands, down 15% in volume and 16% in value against the previous session.

In the VN30 basket, low-cost carrier VJC reported the sharpest rise at 4.2%.

Real estate developer NVL continued to end at its floor price, but took the lead by liquidity on bourse with 56 million shares changing hands. Other housing firms, VIC and VHM, dipped by 3% and 2.3%, respectively.

Many bank stocks made strong gains, with EIB closing up to its upper limit.

The Hanoi exchange closed the day on an upbeat note, with the HNX-Index adding 1.62 points, or 0.75%, from the previous session, at 217, driven by many bluechips.

Construction firm CEO shot up to its ceiling price and became the most actively traded stock with a matching volume of 21.6 million shares..

### 9. VIC: VinFast receives corporate ESG assessment from sustainalytics

↓ -3.00%

VinFast received an overall indicative Corporate ESG Assessment score of 23.3, the top ESG rating (i.e. lowest potential risk) compared with other pure EV companies.

Sustainalytics performed a broad-based Corporate ESG Assessment of VinFast covering seven distinct ESG categories: carbon – product and services; human capital; product governance; business ethics;

carbon-own operations; human rights – supply chain; and corporate governance.

As of July 2022, VinFast received an overall indicative Corporate ESG Assessment that places the company in the “medium risk category” and in the top ten automobile companies with the top ESG rating (i.e. lowest potential risk) compared with other pure EV companies.

Morningstar Sustainalytics is a leading ESG research, ratings and data that works with



hundreds of the world’s leading asset managers and pension funds that incorporate ESG and corporate governance information and assessments into their investment processes.

Thuy Le, Vingroup vice chairwoman and VinFast chairwoman, said, “VinFast

envisions a sustainable future for people and the planet through green, clean and safe mobility. This is a future built on intelligent services, outstanding customer experience, and deep care for the planet and future generations. VinFast is committed to innovative vehicle design, quality, technology, and excellent customer service.”

**Research Team:**            **Tsugami Shoji**    *Researcher*            [jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)

**Disclaimer:**

*Copyright 2015 Japan Securities Co., Ltd (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.*

***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](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*