



VIETNAM DAILY NEWS



December 19th, 2022

Table of content

Table of content

1. Shares forecast to move higher this week on supportive information
2. Viet Nam's new import-export turnover record set
3. Pre-tax profit of 18 SOEs above expectations
4. Domestic real estate market boom unlikely in 2023
5. Drastic measures needed to ward off financial crisis amid cash crunch, experts warn
6. VN-Russia see great potential in industrial cooperation: forum
7. Noi Bai airport expects 80,000 passengers on peak day during Lunar New Year season
8. HDB: Plan for convertible bond private placement to International Market
9. CTD: Decreasing charter capital

Market Analysis

1. Shares forecast to move higher this week on supportive information

Shares are expected to move positively this week thanks to supporting macro information with the VN-Index heading to the resistance area around 1,070 points.

On the Ho Chi Minh Stock Exchange, the VN-Index lost 0.27 per cent, to close Friday at 1,052.48 points.

The index had gained 0.06 per cent last week.

An average of 822.6 million shares worth VND14.2 trillion (US\$601.6 million) were traded during each session on the southern exchange last week.

Forecasting the next trading week, Dinh Quang Hinh, Head of Macroeconomics and Market Strategy Department, VNDirect Securities Company, said that market movements can improve thanks to supportive macro information, such as the State Bank's expansion of credit growth room, the Ministry of Finance submitting to the Government a draft amendment to Decree 65 on corporate bonds.

Hinh forecast that VN-Index might head to the resistance area around 1,070 points next week. If it surpasses this zone, VN-Index will move towards the next resistance, around 1,100 points.

The analysis team of Vietcombank Securities Company (VCBS) has a more cautious forecast.

“From a technical point of view, VN-Index is still struggling to accumulate around 1,050 points. Although the demand has not returned, the VN-Index is still in the recovery wave, so it will need more time to accumulate to return to the uptrend and move to the upper points. If selling pressure suddenly appears, 1,030 points will still be identified as a reliable support level of the market,” VCBS said.

“The market's exploration of supply and demand has not shown signs of ending and may continue

in the near future before there is a specific trend signal,” said Viet Dragon Securities Co.

“Therefore, investors should still observe supply and demand movements to re-evaluate the market's state, and still need to consider taking profits or restructuring the portfolio in the direction of minimising risks when the market moves to the resistance. For a new buying position, priority should be given to some stocks with good fundamentals and active accumulation or move back to accumulation.”

“The market failed to rally around the resistance zone, showing that the selling pressure is still present. However, in general, the market is still in a state of hesitation, it is likely that the sideways will continue in the near future before there is a specific trend signal.

“Therefore, investors should still observe supply and demand movements to re-evaluate the market's state. At the same time, it is necessary to consider taking profit or structuring the portfolio in the direction of minimising risk when the market approaches the resistance zone,” the company said.

Vu Thi Chan Phuong, Vice Chairwoman of the State Securities Commission, said that despite many difficulties, opportunities still exist for the Vietnamese stock market.

According to Phuong, Viet Nam's stock market in 2022 has experienced many fluctuations. The downtrend of the market started in April, but the recovery spans still appeared in May and August and at the end of November.

As of November 30, the VN-Index reached 1,048.42 points, down 30 per cent compared to the end of 2021. Market liquidity also tended to decrease continuously during this period, with the average trading value decreasing from VND26.3

trillion per session in April to VND13,017 billion per session in November.

In the first 11 months of this year, the average trading value reached VND20.6 trillion per session, down 22.7 per cent compared to the average in 2021.

The leaders of the Securities Commission said that the fluctuations in the stock market mainly stem from the cautious sentiment of investors in the face of uncertainties and a less positive outlook on the world economy and politics.

The Securities Commission also pointed to a series of positive factors that may affect the market in 2023.

US inflation has shown signs of cooling down in the past few months, and the Fed is expected to reduce the intensity of interest rate hikes. The pressure on the domestic exchange rate will also gradually decrease and this will be a positive signal for the Vietnamese economy in general and the stock market in particular.

Many international organisations still highly appreciate the results and prospects of Viet Nam's economic development. The IMF's Asian Economic Outlook in October 2022 forecasts Viet Nam's GDP growth to be the highest in ASEAN, reaching 7 per cent in 2022 and 6.2 per cent in 2023.

Macro & Policies

2. Viet Nam's new import-export turnover record set

Thirty-two commodities have recorded export turnover of over \$1 billion, of which six items fetched \$10 billion, data from the customs authority showed.

Viet Nam continues to enjoy a trade surplus that has been maintained since 2012 (except for 2015 when the country suffered a deficit of \$3.55 billion).

In the first 11 months of this year, Viet Nam posted a trade surplus of \$10.68 billion, of which the foreign-invested sector earned \$468.7 billion, up 12.1 per cent year-on-year.

According to the General Statistics Office (GSO), over the years, the US has been the largest export market of Viet Nam, while China is the largest import market.

At the end of November, Viet Nam exported \$101 billion worth of goods to the US, a year on year rise of 17.7 per cent. Meanwhile, it imported \$109.46 billion worth of products from China, up 10 per cent.

Data from the World Trade Organisation showed that in 2006, the Vietnamese economy ranked 50th in the world in terms of export and 44th in imports. The rankings rose to 26th and 23rd, respectively, in 2018. Since then, Viet Nam has been among the world's top 30 countries in the fields.

Among ASEAN countries, Viet Nam ranks the second in both imports and export, only after Singapore in 2021.

In the 2002-21 period, Viet Nam's total import-export revenue reached \$5.14 trillion, with \$4.11 trillion recorded in 10 years from 2012 to 2021.

Factors affecting Viet Nam's exports

Meanwhile, according to a report released by the World Bank (WB) on Wednesday, two drivers of Viet Nam's economic growth – exports and domestic demand – are moderating.

The bank's December report "Vietnam Macro Monitoring" shows that softer external demand has weighed on Viet Nam's exports. Consumer rebound in the post-COVID period seems to recover slowly and tighter domestic financial conditions and rising inflation could affect domestic demand in the future.

Due to weaker external demand, the growth of industrial production in November declined by 5.3 per cent year-on-year, the lowest rate since February 2022. The manufacturing Purchase Manager Index (PMI) also slipped below the 50 benchmark for the first time since October last year.

Retail sales decreased to 17.5 per cent in November from 20.7 per cent in the previous month.

Merchandise exports contracted by 8.4 per cent year-on-year due to weakening external demand and high base effects associated with the rebound in the four quarters of 2021. While total foreign direct investment (FDI) commitment dropped by 1.9 per cent year-on-year, FDI disbursement maintained a robust growth of 4.4 per cent compared with the same period last year.

Consumer Price Index (CPI) inflation reached 4.4 per cent year-on-year in November, up 0.1 per cent compared to a month earlier, with food and housing being two major contributors. Core inflation increased from 4.5 per cent in October to 4.8 per cent in November.

Credit growth fell from 16.5 per cent in October to 15 per cent in November, as domestic financial conditions tightened after the State Bank of Vietnam (SBV) raised key interest rates in September and October. Average overnight interbank interest rate remained high at 5.7 per cent in November.

The SBV announced a 1.5-2 per cent increase of the credit growth cap in early December. The Vietnamese currency, the dong, gained slightly in value in November although its appreciation is one of the smallest compared to major currencies and those of its neighbours.

As of the end of November, the national budget registered a US\$12.1 billion surplus, equivalent to about 3 per cent of GDP.

The WB recommended that Vietnamese monetary authorities consider allowing further flexibility in the exchange rate to absorb changes in the external environment as global financing conditions are expected to remain tight and external demand is weakening.

Fiscal and monetary policy coordination will be critical to ensure price stability in the context of accelerating domestic core inflation, it said, adding that a more prudent and prioritised expenditure strategy is needed to ensure investments in human capital and resilient and green infrastructure to help bolster economic potential and resilience.

3. Pre-tax profit of 18 SOEs above expectations

The total revenue of 19 enterprises and corporations is estimated at VND1.12 quadrillion, equal to 114% of the plan and 133% compared to the figure in 2021.

Some 15 of 19 enterprises saw their total revenue reach or exceed the plan, while 16 completed their responsibility for the State budget.

Some state-owned enterprises with remarkable achievements this year comprise PetroVietnam (PVN), Petrolimex, Vietnam National Chemical Group, Vietnam National Coal and Mineral Industries Group and Vietnam Expressway Corporation.

Meanwhile, Vietnam Electricity suffered a sudden loss of VND31 trillion due to volatile global fuel prices and rising costs of generating and buying electricity.

According to the Commission for the Management of State Capital at Enterprises, Vietnam's economy has been affected by global economic fluctuations and internal risks from financial markets, currency, real estate and corporate bonds.

In 2022, state-owned enterprises and corporations strived to overcome these challenges and recover their production and business activities, contributing to socio-economic development and increasing the state budget's revenue.

4. Domestic real estate market boom unlikely in 2023

Tran Kim Chung, former deputy director of the Central Institute for Economic Management, said that in the context that there is no sudden change in capital source and new policies will not be approved until the end of 2023, the market next year could continue to adjust towards a more substantive direction.

The market expects to have new impetus from the promulgation and amendment of the three laws relating to the property market, namely the Land Law, the Law on Housing, and the Law on Real Estate Business.

Chung said the market boomed in 2019-2021, so a large part of finance is needed in 2022 and 2023 to

pay for the transactions in those two years. But now the financial sources have reduced beyond expectations.

In addition, some businesses have assets frozen due to legal issues, while some other enterprises are having difficulty in finance.

Changes in credit policies relating to interest rates and exchange rates will affect the real estate market, Chung said.

Su Ngoc Khuong, Senior Director of the Investment Consulting Division Savills Vietnam, said that Vietnam's economy and finance will also be significantly affected by the fluctuations in the

world, such as inflation, exchange rates, scarcity of petroleum and socio-political instability in many countries.

The real estate market suffers from these economic impacts. Therefore, Khuong predicted that in 2023, the property market will change quite cautiously.

For market liquidity, the residential segment will maintain stable liquidity. However, the limited supply and absence of affordable products will affect liquidity.

Segments such as industrial and office real estate are still doing well, and businesses will continue to need to expand, he said.

For financial issues, according to Khuong, unfinished projects need to have capital disbursed to continue the construction process, creating new supply for the market.

In addition, investors need additional capital from foreign investment, investment funds or joint ventures to solve complex financial problems.

“It is necessary to have legal support for enterprises developing property projects for a strong recovery in the domestic market. We hope that in the coming

time, these bottlenecks will be removed soon to create a healthier and more favourable business environment for investors as well as solve the problem of housing supply for the majority of people. That helps them own a more reasonably priced house,” he said.

According to the latest forecast from the Finance – Economics – Real Estate Institute of Dat Xanh Services (FERI), the market supply will still be in severe shortage in the short term due to the continued tightening of real estate management. Meanwhile, social housing projects have yet to be implemented. With a cautious mentality, customers have turned to keeping money, leading to a frozen market.

Moreover, the increase in interest rates of loans and limited credit "room" make it difficult for even genuine home buyers to access loans.

The property market expects more advantages from new regulations effective this year to recover next year. They include decrees No 44/2022/ND-CP on developing a database about the real estate market, 42/2022/ND-CP on the provision of online information and public services by the State agencies in the cyber environment, Decree 65/2022/ND-CP on the bond market, and new policies on land under Resolution 18-NQ/TW./.

5. Drastic measures needed to ward off financial crisis amid cash crunch, experts warn

“Cash is the biggest need of businesses right now,” said Dr Can Van Luc, member of the National Monetary and Financial Policy Advisory Council.

He said it is vital to settle all the various scandals involving bond issuances by major property developers and protect investors.

“Appropriate policies must be created based on international practices,” he said at a conference early this week.

Actions like debt rescheduling, tax deferral and increasing access to capital are all needed to resolve the difficulties faced by businesses, he added.

“Raising the credit growth cap [for banks] is one of the important solutions to deal with the problem of capital bottlenecks in the short term.”

Meanwhile, the Ministry of Finance has proposed allowing companies to extend bond maturities by up to two years if approved by bondholders owning more than 65 per cent of an issuance.

Experts said it is more challenging than ever for businesses, especially real estate enterprises, to issue new bonds.

A huge amount of maturing corporate bonds due for payment from now through 2024 is putting great pressure on issuers, mostly property businesses.

According to a report by credit rating agency FiiinGroup, more than VND35 trillion worth of bonds issued by property companies, mainly unlisted, will mature in 2022 and over VND61 trillion in 2023.

Truong Tien Dung, standing vice chairman of the HCM City Food Association, said Vietnamese businesses would continue to face headwinds from rising global inflation and tightening monetary and stock market policies in 2023.

“It is really difficult for enterprises to tap any funding sources right now,” he said.

Food businesses are particularly struggling with global inflation, which has caused the prices of imported fuels, materials and components to surge, he said.

The need for cash is even more urgent since the 2023 Lunar New Year, the country’s biggest festival, falls in January, he said.

The banking sector should consider giving food companies priority in lending so that they can keep prices stable and help control inflation, he said.

Measures

Speaking at a recent meeting, PM Pham Minh Chinh stressed the Government’s determination to reform the bond, real estate and securities markets.

He promised that the rights and interests of the public and businesses would be protected.

The Government has already set up three committees to carry out reforms of liquidity and currency, the property market and corporate bonds.

The PM has instructed the ministry to submit measures to secure the financial market and investors’ rights before December 20.

He exhorted credit institutions to cut costs to be able to reduce loan interest rates for businesses and help spur economic recovery.

Credit will be given to priority sectors such as consumption, investment, exports, industrial property development, and social and workers’ housing development.

In a related move, the central bank recently raised the credit growth target for the domestic banking system by 1.5-2 percentage points from its previous target of 14 per cent, allowing banks to pump an additional VND240 trillion into the economy.

The move comes after property and financial markets faced a credit crunch in recent weeks following increases in the interest rate.

Dao Minh Tu, deputy governor of the central bank, said lenders meeting liquidity requirements and offering low credit interest rates are prioritised for the increase in credit growth quotas this time.

Do Thanh Son, deputy general director of VietinBank, said his bank’s cap has been increased by VND20 trillion and it is focused on reducing costs to cut loan interest rates.

6. VN-Russia see great potential in industrial cooperation: forum

The comment was made at a two-day business dialogue between Viet Nam and Russia which opened in Ha Noi on Thursday. The event was held by the Ministry of Industry and Trade of Vietnam and the Ministry of Industry and Trade of the Russian Federation to promote business and investment cooperation between Vietnamese and Russian enterprises in the industrial sector.

Nearly 70 Russian businesses participated in the event, mostly in the field of pharmaceuticals, medical equipment, mining, oil and gas, machinery and transport equipment, shipbuilding and ship repair, technology and electrical equipment, and information technology.

Opening the ceremony, Deputy Minister of Industry and Trade Dang Hoang An said the

dialogue was an opportunity for ministries and agencies of both countries to grasp the reality of businesses' demand so as to outline suitable solutions for enterprises of both sides.

Deputy Minister An also recalled that the foundation of industrial cooperation between Viet Nam and the Russian Federation was built a century ago. The two countries established the Inter-governmental Committee on Economic, Trade and Scientific-Technical Cooperation in 1992 and the first oil and gas joint venture known as Vietsopetro was born in 1993, and the construction of the Hoa Binh Hydropower Plant was completed in 1994.

Since then, the bilateral cooperation mechanism has been completed with many documents signed between the two countries. The intergovernmental agreements on projects in the oil and gas field, and many cooperation documents were signed at ministerial and local levels in every economic sector. An noted that the above documents were key to enhancing cooperation in the fields of trade, energy, industry and many others.

Data reported by the Ministry of Planning and Investment showed that as of November 2022, the Russian Federation has 164 investment projects in Viet Nam worth US\$965.8 million and ranked 27th out of 141 countries and territories investing in Viet Nam. Meanwhile, Viet Nam has invested in 16 projects in the Russian Federation with a registered capital of more than \$1.6 billion.

Cooperative potential

However, Deputy Minister An emphasised that the above figures remained quite modest given the potential and cooperation relationship between the two countries.

He said Viet Nam's future direction was to produce electricity from renewable energy, and develop domestic industries, renewable energy facilities

with a view to minimising reliance on imports and reducing local production costs.

An proposed both Vietnamese and Russian businesses focus on doing more research on renewable energy. This would be a new direction for bilateral cooperation.

In the industrial sector, Viet Nam would offer priorities to develop and restructure local industry by working towards modernisation. Prioritised industries would be processing and manufacturing industry, electronics, telecommunications, digital technology, new and renewable energy, said An.

Russian Ambassador to Viet Nam Bezdetko Gennady Stepanovich said Viet Nam and Russia had a longstanding and traditional relationship. And the Russian Federation was also a strategic economic partner of Viet Nam for many years.

Affirming the great relations in trade and economics, Ambassador Bezdetko hoped that this dialogue would create great momentum for the cooperation between the two countries' businesses.

Nosov Sergey Sergeyeovich, director of the department of the countries of Asia, Africa, Latin America of the Ministry of Industry and Trade of the Russian Federation, told participants that this forum has shown the interests of the two governments in promoting bilateral relations. This move would generate great impetus for the cooperation relationship between businesses of the two sides.

He hoped that through panel discussions, the two sides would find more solutions to assist businesses in connecting and working effectively and further promote the bilateral relationship and take advantage of the existing potentials so as to bring the two countries' relations to a new high.

The forum concluded Friday in Ha Noi.

7. Noi Bai airport expects 80,000 passengers on peak day during Lunar New Year season

However, the figure is yet to match the highest daily passenger number during the summer of 2022. June 25 saw over 104,000 passengers, nearly 93,000 of whom were domestic travellers, going through the airport.

Leaders of the airport said a host of international airlines plan to resume flights this winter, with good growth projected for the number of international flights to and from Noi Bai during Tet.

It is estimated that there will be 220 international flights carrying some 22,000 passengers landing in and taking off from the airport per day during the peak period. The figures are equal to approximately 70% of those recorded in the same period in 2019 before the breakout of the COVID-19 pandemic.

Noi Bai has already prepared plans to meet the upcoming high demand, under which more check-in counters and security facility will be opened and operated in full capacity, IT advances applied to calculate peak hours of each area, and coordination with transport police enhanced to regulate transport around the airport, among other activities.

According to a recent dispatch, officials, civil servants, public employees and workers of State administrative and socio-political organisations will have seven days off from January 20 (Friday) to January 26 (Thursday) for Tet celebrations. Travelling is expected to surge from several days just before Tet./.

Corporate News

8. HDB: Plan for convertible bond private placement to International Market

↑ 3.28%

The Board resolution dated December 15, 2022, the BOD of Ho Chi Minh City Development Joint Stock Commercial Bank approved the plan to issue the convertible bond in the private placement to International Market with details as follows:

- Bond name: HDBank international convertible bonds
- Issue currency: USD
- Bond type: convertible bond, unsecured and without warrant
- Bond form: book entry
- Par value: USD100,000/bond
- Issue price: 100% par value
- Expected issue volume: maximum 5,000 bonds
- Total value of issue (at par value): USD500,000,000
- Issue market: international market
- Bond term: 05 years 01 day
- Convertible price: the convertible price at the time of conversion is not lower than the Bank's book value per share
- Time of implementation: expected in 2023 and 2024.
- Issue method: private placement.

9. CTD: Decreasing charter capital

↑ 2.35%

Coteccons Construction Joint Stock Company reports the result on the decrease of charter capital as follows:

- Listed company: Coteccons Construction Joint Stock Company
- Stock code: CTD
- Stock type: common share
- Par value: VND10,000/share
- Number of shares issued: 79,255,000 shares
- Number of treasury stock: 5,395,527 shares
- Number of outstanding shares: 73,859,473 shares
- Number of shares registered to decrease: 424,200 shares
- Number of shares after decreasing: 78,830,800 shares
- Number of treasury stock after decreasing: 4,971,327 shares
- Charter capital:
 - + Charter capital before changing: VND792,550,000,000
 - + Charter capital after changing: VND788,308,000,000.

- Reason for decreasing charter capital: due to the cancellation of treasury stock from the buyback of treasury stock from the employees resigned

according to the regulation of stock issuance under ESOP.

Research Team: **Tsugami Shoji** *Researcher* 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

Website: www.japan-sec.vn