



VIETNAM DAILY NEWS



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Table of content

Table of content

- 1. Shares drop for second day despite strong foreign buys**
- 2. Consumer product sales to increase by 7-9% during Tet**
- 3. Business matching event talks up Viet Nam-Indonesia trade potential**
- 4. Viet Nam joins the 'Golden Triangle of Start-ups' in Southeast Asia**
- 5. Low disbursement of public investment sourced from foreign borrowing**
- 6. Viet Nam remains appealing destination for Japanese investors: survey**
- 7. HCMC metro train test-run set for tomorrow**
- 8. PLX: Vietcombank and Petrolimex sign comprehensive cooperation agreement**
- 9. PNJ: Amending the company charter**

Market Analysis

1. Shares drop for second day despite strong foreign buys

Strong buys by foreign traders failed to rescue the VN-Index from another fall on Tuesday, with the benchmark giving up 1.47 per cent to close at 1,023.13 points.

On the Ho Chi Minh Stock Exchange, the VN-Index lost 1.3 per cent on Monday.

The market breadth was negative with 382 stocks declining, 89 rising and 153 closing flat.

Liquidity increased slightly. Nearly 1.1 billion shares worth VND17.5 trillion (US\$705.6 million) were traded, up 9 per cent in both volume and value over Monday's figures.

Foreign investors' investment rescued many stocks in the VN30 group (which tracks the top 30 shares by market value and liquidity), helping cushion the VN30 Index from a steep 3.3 per cent in the morning to just 1.95 per cent by the end of the session.

They were responsible for a total net buy value of nearly VND1.9 trillion (\$76.6 million) on the HCM City's exchange, of which they net bought VND510 billion in the VN30 stocks. Their net buys extended to 21 straight sessions in a row.

Vietnam Power Development (VPD) led foreign traders' buys with a net value of VND781 billion, followed by steelmaker Hoa Phat Group (HPG)

and Sacombank (STB) with a net value of more than VND100 billion each.

Thanks to foreign buys, except for HPG dropping by 5 per cent, VPD gained 5 per cent and STB recovered from a two-day loss to an increase of 0.2 per cent by the end of the session.

On the bright side, some heavyweight stocks climbed and contributed to the VN-Index such as Vinamilk (VNM), Vietinbank (CTG), Vietnam Airlines (HVN) and Eximbank (EIB) with growth of between 1.6 per cent and 4.9 per cent.

"Although there was an upward move, the market continued to fail to overcome the resistance area of 1,065 points of VN-Index. The cash flow was maintained when the market approached this resistance area, and concurrently selling pressure continued to exert pressure," said Phuong Nguyen, a stock analyst at Viet Dragon Securities Co.

On the Ha Noi Stock Exchange, the HNX-Index also declined for a second day, losing 2.22 per cent to end at 207.53 points. It decreased by 0.4 per cent on Monday.

Liquidity increased with 135 million shares worth nearly VND1.8 trillion being traded, up 26 per cent in volume and 13 per cent in value compared to the previous session.

Macro & Policies

2. Consumer product sales to increase by 7-9% during Tet

In its 'Tet 2023: A cautiously optimistic FMCG outlook' report, the company says FMCG sales during the 2023 Lunar New Year are expected to grow by 7-9% from last year.

With inflationary pressure continuing, consumers are feeling the squeeze on their wallets and adapting to the situation in various ways.

The occurrence of two major holidays in a single month (New Year and Lunar New Year) is expected to provide a boost to spending.

Tet is the busiest season of the year in Vietnam, usually generating massive demand for shopping, gifting and travel.

In contrast to the 2022 Tet, when demand for celebratory categories fell because of travel and gathering restrictions, this year's massive momentum in beverage consumption will continue to benefit celebratory FMCG categories like carbonated soft drinks and beer.

But rising consumer concerns about income and job security in recent months are expected to throw a spanner in the works.

In the last several months, as a result of the global economic downturn hitting consumption in export markets, factories in Vietnam, especially those making garment and textile and footwear, have seen foreign orders plummet.

Many have had to either allow workers to begin the Tet holidays early or lay off large numbers of them.

Since the middle of this year, 41,500 workers have been sacked, the Vietnam General Confederation of Labour has reported.

Besides, another 430,000 are at risk of having their working hours reduced or otherwise having their employment interrupted.

Many laid-off workers have returned to their rural communities sooner to spend more time with their families, and this implies two things: working-class consumers will be looking for ways to stretch their dong after Tet and there will be a shift in FMCG purchases from urban to rural areas.

The consumer price index edged up in November by 0.39% from the previous month and 4.37% year-on-year, according to the General Statistics Office.

With consumer prices increasing, conversations about the budget will be more prominent and consumers will pay more attention to price tags before buying.

It will also cause people to start planning for Tet shopping earlier.

Some important questions brands need to answer include how sensitive their targeted shoppers are to price changes and how they will react to price changes depending on their financial confidence.

To respond to the specific settings of 2023 such as the migrant shift from urban to rural and early Tet shopping, it is critical that brands set realistic targets and adjust their distribution plans to cater to this shift.

They need to devise the right pricing and promotion strategies while delivering a context-appropriate message for the upcoming Tet.

3. Business matching event talks up Viet Nam-Indonesia trade potential

Nguyen Tuan, deputy director of the Investment and Trade Promotion Centre of HCM City (ITPC), said statistics from the General Department of Customs showed that trade between the two countries in the first 10 months of this year was worth US\$11.58 billion.

Of this Viet Nam's exports accounted for \$3.78 billion after rising by 22.3 per cent year-on-year.

The export items included computers; electronic products and components; seafood; coffee; chemicals; plastic raw materials; garments and textiles, footwear and raw materials used in the two sectors; and iron and steel.

Computers and electronic products and components were the biggest items.

“It can be seen that Vietnamese goods are gradually asserting their position in the Indonesian market with the export revenue increasing over time.”

However, Viet Nam major export items such as agricultural products, textiles, food, beverages, household appliances, and consumer products did not have a strong presence yet in Indonesia and so there was much room to advance trade ties.

Indonesia had huge demand for consumer items, especially for Halal products, offering opportunities for Vietnamese firms.

The event offered businesses from the two sides useful and valuable information about each other's market as well as the opportunity to find business partners.

Indonesian companies got the chance to connect with import-export businesses in the city, find distribution agents and meet with two modern distribution systems, Satra and Saigon Co.op.

Agustaviano Sofjan, the Indonesian consul general in HCM City, said bilateral trade last year exceeded the \$10-billion goal set by the two countries for 2023 and now they have agreed to a new target of \$15 billion by 2028.

“Next year Indonesia and Viet Nam will be celebrating a decade of their strategic partnership. Much has been achieved, but many more opportunities for cooperation need to be tapped.”

He said nine Indonesian businesses in the food and beverages, plasticware and handicraft sectors took part in the event.

“I hope this business matching event today can expand networking, business exchanges and eventually end up with concrete business deals that benefit both sides.”

The event was organised by ITPC and the consulate to promote bilateral trade.

4. Viet Nam joins the 'Golden Triangle of Start-ups' in Southeast Asia

In his opening remarks at the Vietnam Venture Summit 2022 under the theme “Shifting Global Capital Flows” on Monday, Minister of Planning and Investment Nguyen Chi Dung said global investment trends are changing profoundly as a result of geopolitical uncertainties and risk of recession in many big economies. The shift of capital flows has been taking place strongly among regions and countries, in which there are fewer investment opportunities for both start-ups and investors.

Braving difficulties and challenges, Dung said the Vietnamese Government has always adhered to the goal of stabilising the macro-economy, controlling inflation and ensuring social security, laying solid ground for the country's strong recovery after the pandemic and turning Viet Nam into an attractive investment destination.

In the first 11 months of 2022, the realised capital of foreign direct investment projects in Viet Nam is estimated at nearly US\$20 billion, up 15.1 per cent year-on-year.

Dung said foreign funds committed to investing in Vietnamese start-ups have been also increasing over years, from \$425 million in 2019 to \$815 million in 2020.

“The value reached nearly \$2 billion during 2020-22 which demonstrates the growing attractiveness of Vietnamese start-ups to international and regional investors,” he said, adding Viet Nam attracted nearly \$500 million of investment in innovative start-ups in the first nine months with higher deal values compared to the same period of last year, which is a good sign for Viet Nam's innovative start-up ecosystem.

Vinnie Lauria, founder and CEO of Golden Gate Ventures, affirmed Viet Nam is the third pillar of the “Golden Triangle of Start-ups” in Southeast Asia. The symbiosis of Singapore, Indonesia and Viet Nam will open up the next growth opportunity for Southeast Asia.

Lauria said in the first decade of Southeast Asia's start-up ecosystem, Singapore and Indonesia were the leading growth drivers, with Singapore bringing financial and human capital to the table, and Indonesia bringing a huge domestic market.

“Fast forward to 2022, Viet Nam is the third pillar of this golden triangle, bringing a lethal combination of top tech talent, an inherent Vietnamese culture of entrepreneurship and a fast-growing domestic market. When you put all these elements together, it's not hard to see why more global investors are betting big on Southeast Asia,” he said.

Viet Nam has a number of advantageous factors that make it Southeast Asia's latest crown jewel and an attractive destination including political stability, a young and highly educated workforce, developing infrastructure, digital skills and ability to innovate, and the support of the Government for the start-up ecosystem.

Expected \$5 billion value during 2023-25

Thirty-nine investment funds pledged to invest \$1.5 billion in Viet Nam's start-ups in the 2023-25 period. Total investment value in Vietnamese start-ups is expected to reach \$5 billion during this period.

Vietnam Venture Summit is an annual conference hosted by the Ministry of Planning and Investment, co-organised by the National Innovation Center (NIC) and Golden Gate Ventures to connect Southeast Asia's start-up ecosystem with the global community of venture capitals.

Vietnamese start-ups raised a record \$1.4 billion with 165 transactions in 2021, up 1.6 times from \$894 million and 126 transactions in 2019, which indicated the market has regained momentum after the pandemic-induced decline. According to NIC, the upward trend is forecast to continue in 2023 with GDP forecast to reach 6.7 per cent in 2023.

Viet Nam has become a leading candidate for the shift of capital flows, the NIC said, adding that the country is now at an important turning point in its economic development process. Its stature in the region, the impacts of the COVID-19 pandemic and the strong growth of investment funds have created a favourable context for Viet Nam to hold an outstanding position.

Up to now, Viet Nam has 20 private innovative start-up investment funds established under Decree No. 38/2019/ND-CP in 2019 with total charter capital of more than VND100 billion (\$4.2 billion). Viet Nam's institutional quality and policy-making capacity for Industry 4.0 are highly appreciated internationally.

In the Global Innovation Index (GII) 2022, Viet Nam's institutional rating increased sharply from 83rd place in 2020 and 2021 to 51st place in 2022. Support mechanisms and policies of the Government, ministries and localities have created the necessary premise for the strong development of the innovation ecosystem.

However, according to Minister Nguyen Chi Dung, in addition to developing ecosystem actors, it is necessary to soon form a practical and effective start-up investment environment so that domestic and international investors can invest and withdraw capital proactively, flexibly and transparently.

5. Low disbursement of public investment sourced from foreign borrowing

In order to improve the disbursement rate of this capital, it was proposed that procedures be further simplified and accountability be enhanced, said Truong Hung Long, director of the ministry's Debt Management and External Finance Department.

Although the disbursement rate was accelerated in the second half of this year after having achieved a modest rate of just 9 per cent in the year's first half, Long said that the result was disappointing.

According to the Ministry of Finance, as of November 30, eight out of 13 ministries and agencies proposed lowering the plan of public investment sourced from foreign borrowing by a total of nearly VND3.68 trillion (not excluding VND250 billion of the Ministry of Natural Resource and Environment and VND50 billion of the Ministry of Health which were already approved), and by VND8.8 trillion of 35 out of 59 localities.

The proposed decreased sum totalled more than VND12.4 trillion, or 36.5 per cent of the plan.

Long said that only three ministries and five localities had disbursement rates of more than 50 per cent of the plan, 54 localities and 10 ministries below 50 per cent and notably, six ministries and four localities failed to disburse any public investment sourced from foreign borrowing.

A representative from Ha Noi People's Committee said that the COVID-19 pandemic in early 2022 affected the implementation of public-invested projects.

Long proposed the Government to issue amendments to Decree No 114/2021/ND-CP dated December 16, 2021 about the management and use of official development assistance (ODA) and concessional loans towards further simplifying procedures and enhancing accountability.

Vo Huu Hien, the department's deputy director, said that for public investment sourced from foreign borrowing which failed to be disbursed this year, based on the projects' implementation progress,

ministries, agencies and localities would develop the capital plan for next year if the loan agreements were still valid.

For expired loan agreements, the undisbursed sum would be returned to the lenders and other sources would be arranged to continue to implement the projects.

Hien pointed out reasons for slow disbursement, such as slow site clearance, problems in bidding procedures and adjustments to projects and loan agreements.

Currently, documents for the disbursement of an estimated sum of VND2.8 trillion were now submitted to the State treasury. If this sum was disbursed, the disbursement rate of public investment sourced from foreign borrowings would be around 34-35 per cent of the plan for the full year.

Overall, the disbursement of public investment from all sources was 58.33 per cent as of the end of November, leaving a huge workload for the remaining days of this year.

Minister of Planning and Investment Nguyen Chi Dung said that the disbursement of public investment must be considered a key task to put works into operation and promote socio-economic development.

Ministries, agencies and localities must enhance discipline in the disbursement of public investment, he said, adding that focus must be placed on speeding up site clearance and removing bottlenecks in land and natural resources policies.

Preparations must be geared up to complete investment procedures to ensure readiness and feasibility for early implementation of projects and disbursement of capital from early 2023, he said.

6. Viet Nam remains appealing destination for Japanese investors: survey

This figure is part of a survey on Japanese investment in Asia and Oceania 2022 by the Japan External Trade Organisation (JETRO) in Viet Nam.

In a similar survey in China, the number of Japanese enterprises that have plans to expand their investment in China in the next one to two years is only 33.4 per cent, the lowest level since the survey started in 2007.

In addition, the percentage of Japanese enterprises operating in Viet Nam forecast to be profitable in 2022 is 59.5 per cent, up 5.3 points compared to 2021.

According to JETRO, the main reason for the improving business profits in Viet Nam, in both manufacturing and non-manufacturing sectors, is due to the country's strong socio-economic recovery from the pandemic.

Many firms said business this year improved compared to last year largely due to a strong

recovery after the pandemic, especially in the consumer goods manufacturing industry and the service industry.

However, some businesses said they faced difficulties in purchasing raw materials due to increased labour costs and logistics costs, according to the survey.

Regarding prospects in 2023, 53.6 per cent of surveyed Japanese businesses answered “improved”, the highest in Asia and Oceania.

Meanwhile, 6.9 per cent of surveyed Japanese businesses answered “worse” in terms of business profit prospects compared to 2022.

The survey was conducted in 20 countries and territories in Asia and Oceania and received responses from 603 Japanese enterprises operating in Viet Nam.

7. HCMC metro train test-run set for tomorrow

The test run is set for 10:00 a.m. to 10:30 a.m., the local media reported.

The train is scheduled to depart from Suoi Tien Station, pass through the Vietnam National University-HCMC Station and stop at the Saigon Hi-tech Park Station for five minutes before traveling on to the Thu Duc Station and the Binh Thai Station.

Previously, one of the 17 trains of Metro Line No.1 was moved to the Binh Thai Station for the Japanese

contractor Hitachi to conduct an internal test run on December 16. This test run was intended to check whether the track, overhead catenary system and power supply systems work well.

The 19.7-kilometer metro line has three underground and 11 elevated stations.

The project, which is now 93.01% complete, is expected to be put into commercial service in the last quarter next year.

Corporate News

8. PLX: Vietcombank and Petrolimex sign comprehensive cooperation agreement

↓ -3.45%

Under the agreement, Vietcombank will consider using the products and services offered by the petroleum giant, including fuels and insurance products. In return, Petrolimex will be in favour of those provided by the bank, including international payment, cash flow management, and credit finance.

Additionally, both parties are committed to cooperating closely in non-banking products and services, co-branded cards, and customer experience optimisation.

Vietcombank Chairman Pham Quan Dung underlined the agreement as a push for bilateral

relations, allowing both parties to improve their operation and unlock their full potential.

Petrolimex Chairman Pham Van Thanh asserted that the agreement would lay the groundwork for higher levels of cooperation in the future.

"This is a milestone marking a leap in bilateral relations," said Thanh.

At the signing ceremony, Vietcombank also promised a credit arrangement of VND25 trillion (US\$1 billion) to Petrolimex and its affiliated firms to finance their operation.

9. PNJ: Amending the company charter

↓ -1.34%

The Board resolution dated December 16, 2022, the BOD of Phu Nhuan Jewelry Joint Stock Company approved the following issues:

- To adjust its charter capital from VND2,462,478,600,000 to VND2.461.716.200.000.
- To amend its charter with new charter capital.

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