



VIETNAM DAILY NEWS



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Market Analysis

1. Market faces strong correction after recent rallies

The Vietnamese stock market saw a sharp retreat on Tuesday after recent strong rallies, following the global markets' trend.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) pulled back to finish lower at 1,048.69 points, a decline of 44.98 points, or 4.11 per cent. It gained more than 57 points in the last two sessions.

The market's breadth entered the negative zone as more stocks lost points. Of which, on the southern bourse, 274 stocks edged lower, with 83 hitting the floor prices, whereas 82 stocks advanced.

Liquidity, however, increased over the previous session. Specifically, trading value on HoSE rose more than 12 per cent to VND23.5 trillion (US\$980.5 million), equal to a trading volume of over 1.48 billion shares.

The 30 biggest stock tracker VN30-Index posted a fall of 56.88 points, or 5.12 per cent, to 1,054.06 points. All ticker symbols in the VN30 basket decreased on Tuesday, of which nine stocks registered the maximum daily loss of 7 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index also closed lower, ending an eight-day rally streak. It fell 7.16 points, or 3.26 per cent, to 212.8 points.

During the session, more than 188 million shares were traded on the northern market, worth nearly VND2.74 trillion.

Recent increases in stocks triggered some profit-taking activities, weighing on the market's sentiment.

Statistics showed that banking, real estate and manufacturing sectors continued to lead the downtrend. In the top five stocks dominating the bearish mood, Vietcombank was the biggest loser in market capitalisation with a decline of 5.88 per cent.

It was followed by Vinhomes (VHM), BIDV (BID), VPBank (VPB), and Hoa Phat Group (HPG). All the stocks lost at least 5.2 per cent, of which VPB and HPG even hit the floor prices.

The market was also dragged down by strong falls in Asia stocks. Asian stocks set their sharpest declines in two weeks on Tuesday, after strong US data suggested the Federal Reserve might stick longer with aggressive interest rate hikes.

On Monday, the US stock market also inched lower.

On the other hand, the market received support from foreign cash flows. Foreign investors continued to inject capital into the Vietnamese market as they net bought VND823.71 billion on both main exchanges. Of which, they net bought VND782.16 billion on HoSE and VND41.55 billion on HNX.

Macro & Policies

2. Central bank revises up credit growth limit

With inflationary pressure on its mind, the SBV, the country's central bank, earlier affirmed that it would not let credit growth surpass the 14% target.

In the recent past, the central bank did give extra credit growth quotas to the top four State-owned commercial banks and a couple of banks involved in the restructuring of ailing banks.

Explaining its decision to raise the credit growth limit, the SBV said external factors were less of a concern while liquidity in the banking system had improved.

The central bank requested commercial banks to prioritize lending to sectors such as agriculture, export, supporting industries, and small and medium enterprises.

3. Slower consumption and prospect of growth in 2023

The General Statistics Office (GSO)'s data showed Viet Nam's total retail sales of goods and services in November increased 17.5 per cent year-on-year to an estimated VND514.2 trillion (US\$20.9 billion) after a 17.1 per cent growth a month earlier which was the slowest pace since April.

The latest figure marked the 12th straight month of expansion in the retail sector as consumption continued to rise despite ongoing cost pressure.

Ending November, the total retail sales of goods and services leapt 20.5 per cent year-on-year to VND5.18 quadrillion (\$219 billion) while it decreased 5 per cent in the same period of 2021; if excluding the price factor, the growth rate was just 16.9 per cent (down 6.8 per cent in the same period of 2021).

However, the 11-month figure this year represented a 14.9 per cent increase compared to 11 months of 2019 – the year before the COVID-19 pandemic broke out. According to GSO, the 11-month revenues only reached 82.5 per cent of the estimation under normal conditions from 2020 to the present.

A key driver in 2022

From the end of last year to the beginning of this year, many Government agencies and experts had predicted Viet Nam's growth in 2022 would depend on exports and the disbursement of public investment. Consumption at that time was not

believed to have a strong growth to contribute significantly to the country's recovery with the rationale that after two years of undergoing the pandemic with several lockdowns and decreasing incomes, people would be cautious in spending and prone to save more to be well-prepared for unclear recovery path.

But in reality, Viet Nam's growth this year has relied heavily on consumption and export, partly to disburse foreign direct investment (FDI).

Exports, as expected, have played an important role in Viet Nam's strong recovery this year, with the total import and export turnover of goods in 11 months rising 11.8 per cent on-year to an estimated \$673.8 billion, in which exports increased by 13.4 per cent and imports increased by 10.1 per cent. Trade surplus remained high at \$10.6 billion in the last 11 months.

Disbursement of FDI in 11 months reached nearly \$19.7 billion, up 15.1 per cent over the same period last year.

Meanwhile, the disbursement of State budget investment was slower than expected. Ending November, public investment disbursement reached only 58.3 per cent of the plan assigned by the Prime Minister, lower than the rate of 63.86 per cent recorded in the same period last year, according to the Ministry of Planning and Investment's 11-month report.

Retail trade has become a bright spot in this context, with an average growth of 21.8 per cent in the past 11 months. 'Revenge' consumption has driven up a boom in consumption in response to offset the hostile experience of being forced to 'stay-at-home' during the pandemic.

When the Government relaxed all the pandemic control, retail sales and travel picked up. Passenger transport increased in 11 months increased 48.7 per cent, while the number of international visitors to Viet Nam reached nearly three million, registering 21.1 times higher than last year (but still down 82 per cent compared to pre-pandemic levels).

In addition, recent statistics from the Vietnam National Administration of Tourism revealed that the number of domestic tourists in the first ten months reached nearly 92 million, up three times over the same period last year and surpassing 2019's number.

Current consumption is important to the nation's growth because it is part of aggregate demand. Therefore, changes in consumer behaviour will significantly affect growth.

Behind consumption is also a story of savings – which is an essential source of social investment and growth in the long run. The increased use of domestic resources will reduce the risk of dependence on foreign debts, especially in the context that global instability may result in the devaluation of local currency and the appreciation of the foreign currency (US dollar), which push up the cost of borrowing. This is important in stabilising the country's macroeconomy and balance of payments.

In addition, in the current new context, consumption behaviour also affects the implementation of the national green growth and sustainable development strategy.

Deceleration

However, the question now is whether consumption can maintain this upward momentum and be an important driver for the development next year when there are signs of slowing down in this area.

'Revenge' consumption has been losing its steam.

Domestic tourism is expected to slow its pace as many countries reopened their borders and airlines restored all routes. The middle class in Viet Nam will increase travel abroad, which they could not do at the beginning of the year. The important thing now is how to attract more international visitors to spend in Viet Nam, but this target will unlikely be achieved when nearly three million international visitors came to Viet Nam by the end of November, two million short of the annual target of five million.

The sign of deceleration is reflected in the slower growth in retail, tourism, and transportation compared to the previous months. (The numbers of October and November both decreased compared to the third quarter and the same period last year.)

In the current circumstances, continued implementation of flexible policy to speed up the disbursement of public investment, tackle difficulties for exports and attract more FDI is very important to maintain the growing momentum in the coming year.

Viet Nam has a relatively good savings rate of around 27-28 per cent of GDP but this number is still lower than the total social investment rate of 32-33 per cent of GDP, which means the country still has to rely partly on foreign debt. Therefore, to keep the budget deficit relatively low, the need to balance domestic consumption and savings is also quite important for macroeconomic stability.

Besides, the promotion of consumption behaviours associated with green lifestyle is very meaningful which goes in line with Viet Nam's commitments on COP26 and green and sustainable development strategies. It's also a positive sign that the young Vietnamese generation is doing this rather well with greener lifestyles and green startup ideas.

As consumption is a very important variable in promoting green growth associated with domestic resource mobilisation, so the Government should have a more comprehensive view on consumption and introduce policies and incentives to tie consumption to the country's growth

4. American investors eyeing Vietnam

At the Vietnam-United States Trade Forum in Ho Chi Minh City in mid-November, Susan Burns, US Consul-General in Ho Chi Minh City, said that logistics is one of three sectors in Vietnam in which US businesses see great investment opportunities, following clean energy and health.

Burns pointed out that with strong financial potential and an understanding of US regulations, businesses that decide to invest in logistics in Vietnam have many advantages over domestic groups, with most of Vietnam's businesses in the sector small- and medium-sized.

For instance, the US Federal Maritime Commission's regulations on container shipping to the US are strict. Logistics businesses for the US need to research carefully regulations and operate high professionally to prevent risks of taxes, fees, and penalties at the place of delivery as well as transshipment. Therefore, US businesses that invest in logistics in Vietnam will have many advantages in transporting goods from Vietnam.

US-Vietnam bilateral trade reached nearly \$113 billion in 2021, and the result is expected to be higher in 2022. Vietnam has become a significant link in the global supply chain, playing an important role in the US economy. Vietnam is currently the eighth-largest export market for US agricultural products, while the US is Vietnam's largest export market for agricultural products.

Under Vietnam's service sector commitments to the World Trade Organization, Vietnam has opened certain types of logistic services for foreign investors, previously in some cases with restrictions. For example, foreign investors can establish a 100 per cent foreign-owned company in some stages of logistics in Vietnam such as warehousing service, freight agency, and delivery services. Therefore, these are considered favourable conditions for foreign enterprises to invest in logistics in Vietnam.

A report on the emerging market logistics index released by Agility in February this year ranked the Vietnamese logistics market at 11th out of 50 emerging logistics markets globally. The annual growth rate in the period 2022-2023 of the

Vietnamese logistics market is forecast to reach 5.5 per cent.

According to the World Bank East Asia and Pacific Economic Update for October, Vietnam's economy is expected to grow by 7.2 per cent this year, on the back of a rebound in domestic demand and solid performance by export-oriented manufacturing. The positive growth rate is also a factor attracting foreign investors to Vietnam's logistics sector.

With investment opportunities widening in logistics, some US players in the sector have expressed interest in penetrating the Vietnamese market. In September, Charles R Kaye, director general of US-based Warburg Pincus, had a working meeting with leaders of Binh Duong province to discuss the investment plan for a cross-border e-commerce project in the southern province.

Accordingly, Warburg Pincus and its joint venture partner Becamex IDC plan to build a 75-hectare cross-border e-commerce centre, which includes high-tech factories, warehouses for air freight, cross-border e-commerce goods, bonded warehouses, and so on. At the meeting, Kaye expressed his hope that Binh Duong authorities would create favourable conditions for the group to implement soon the project, which is considered creating a highlight to attract investment in the province.

After that, Binh Duong Department of Industry and Trade worked with World Trade Center Tacoma to co-chair a trade promotion conference in logistics at the end of October. The conference was held in the form of offline and online, seeing with the active participation of many enterprises from the two countries and industries' associations in the province.

The Vietnam Logistics Business Association showed the growth rate of the industry in the domestic market in recent years has reached about 14-16 per cent with a scale of \$40-42 billion per year. Currently, in the field of transportation, warehousing, postal services, and delivery, Vietnam's logistics market is attracting more than 30,000 enterprises. Notably, there are 30 transnational logistics service providers operating

in Vietnam, such as DHL, FedEx, Maersk, Maersk Logistics, and APL Logistics.

5. LG to invest additional \$4 billion in Vietnam

In a meeting with State President Nguyen Xuan Phuc on December 5, vice chairman and CEO of LG Corporation Kwon Bong-seok, said that the corporation will continue to expand its operation in various areas in Vietnam.

The state leader expressed his hope that LG will increase investment in Vietnam, especially in the areas in which it is strong such as vehicles and mobile phone components. He hopes to strengthen cooperation in IT and software training and place LG's biggest manufacturing centre in Vietnam

President Phuc said the country would provide the best environment and infrastructure for investors, including LG.

Entering Vietnam in 1995, LG has invested \$5.3 billion in multiple fields, including cameras, electronics, household appliances, and auto

component production. The corporation currently recruits 27,000 domestic employees, and its member companies generate 70,000 jobs for local people.

The northern city of Haiphong is considered LG's manufacturing hub in Vietnam, with seven facilities in the Trang Due Industrial Zone.

The corporation also established a network of more than 50 satellite suppliers in Trang Due with the total investment capital of \$1 billion.

On the same day, President Phuc received representatives of other large enterprises from South Korea, such as CJ, Lotte, Hyundai Motor, and Daewoo E&C. These representatives wish to invest more in Vietnam, particularly in oil and gas, green growth, the environment, community development, supporting industries, and construction.

6. Petrol and oil imports increased until end of June 2023

The MoIT is directing domestic oil refineries to increase production capacity and state-owned enterprises to increase imports until at least June 2023. The ministry continues to review and promptly update incurred costs (if any) into a formula for calculating the base price of fuel.

In addition, it will continue to inspect, supervise, and handle violations in compliance with the regulations – especially in terms of speculation and the hoarding of products. The ministry has also studied solutions to manage the difficulties in relation to petroleum business capital for specific cases.

On November 21, the MoIT met with the Vietnam Petroleum Association, 35 leading petroleum trading enterprises, and its affiliated agencies to

plan preparations for the petroleum supply in 2023.

At the meeting, Minister of Industry and Trade Nguyen Hong Dien stated that the allocations of total petroleum resources in 2023 should be based on those in 2022 and equivalent to a coefficient of 1.3-1.4 per cent of GDP.

Accordingly, the ministry proposed two scenarios for allocating the minimum total petroleum resources in 2023. In the first, the allocation is forecasted to increase by about 10 per cent compared to 2022, equivalent to 25.9 million cubic metres. In the second scenario, the figure is estimated to grow by 15 per cent or 26.8 million cubic metres.

Petroleum will be allocated monthly or quarterly and adjusted regularly based on data from the management software. The MoIT also suggested that it is necessary to separate the relative output between imports and purchases from domestic refineries. Enterprises that do not have enough capacity will be allowed to combine the figures and import.

Since the beginning of the year, the MoIT has closely monitored the situation of supply, demand, and gasoline prices in the domestic market.

Responding to a shortage of petrol and oil at the end of the first quarter due to the reduction in the capacity of the Nghi Son refinery, on February 24, the MoIT announced an additional import of 2.4 million cubic metres in the second quarter of 2022.

7. Promoting PPP cooperation to develop green agriculture

The expansion of the public-private partnership (PPP) model was essential to developing a green, innovative and value-added sector, while attracting investment capital from the private sector, as well as domestic and foreign enterprises, said Minister of Agriculture and Rural Development Le Minh Hoan.

value based on effective exploitation of scientific and technological resources, innovation, digital transformation and organisation to connect agriculture with the processing industry, markets, exports, and global value chains.

The minister was speaking at a conference on the Partnership for Sustainable Agriculture in Viet Nam (PSAV) with the theme “Adding Green and Value to Agriculture”, held by the Ministry of Agriculture and Rural Development (MARD).

At COP26, Viet Nam also announced a national commitment to be carbon neutral by 2050. The agricultural sector plays an important role in laying the groundwork for this goal and ensuring a sustainable roadmap for national long-term food security.

The Minister of Agriculture and Rural Development said that the new global economy required agricultural products to be produced responsibly, especially in biodiversity conservation and emissions reduction to mitigate and adapt to the impacts of climate change.

Binu Jacob, General Director of Nestle Viet Nam Co., Ltd., said that reducing the use of pesticides while still improving productivity had made great strides, however, this was still not enough.

In light of global challenges facing the agricultural sector, innovation in agriculture needed development, while innovative initiatives needed disseminating to improve productivity and sustainability in the food supply chain.

As food security becomes increasingly important, ensuring a sustainable food supply was an important priority, he said.

With the Strategy for Agriculture and Rural Development to 2030 and a vision to 2050, Viet Nam advocates accelerating agricultural restructuring, transforming from a “production mindset” to an “economic mindset”, towards the “green values” created from “green transformation, green consumption, green economy”.

However, agriculture was also a factor that still accounted for a large proportion of emissions, said the general director.

Along with the goal of maintaining and improving productivity and output, agriculture needs to develop integrated “multi-value” to create added

To deal with these impacts, it was necessary for the participation of all parties, especially the public and private sectors, he added.

Nestle Viet Nam Co., Ltd. continued to co-operate with the MARD and partners to bring sustainable Vietnamese agriculture to reality, he added.

In addition, Nguyen Do Anh Tuan, Director of PSAV Secretariat, Director of International Co-operation Department, Ministry of Agriculture and Rural

Development, signed a Memorandum of Understanding on co-operation with Grow Asia and Syngenta Viet Nam.

This Memorandum of Understanding helps the parties strengthen co-operation in the form of a public-private partnership for Viet Nam's agriculture sector in line with the Strategy for Agriculture and Rural Development.

Corporate News

8. TVB: Tri Viet Securities has new board chairman

↓ -6.90%

Tuan resigned from his post of TVB board chairman the same day. He earlier tendered his resignation, citing health reasons.

Tuan was appointed to the post of TVB board chairman on July 6 this year. He was also a board member of Tri Viet Asset Management Corporation JSC, the parent firm of TVB.

Regarding Tung, he was serving as vice chairman of the TVB board before being elected TVB chairman. He has over 20 years of experience in finance and securities.

Prior to his appointment, Tung had registered to sell two million TVB shares from November 29 to December 18. If the transactions are done, he could earn some VND11.2 billion, adding that his ownership in TVB would decline from 2.48% to 0.69%, or from over 2.77 million TVB shares to around 77,000 shares.

Closing the trading session today, December 6, TVB lost 6.9% over the session earlier at VND5,260.

9. TNH: Winning a new project

↓ -1.41%

On December 02, 2022, Thai Nguyen International Hospital Joint Stock Company won the auction package of land use rights and properties attached to land of Lang Son Provincial General Hospital. Details are as follows:

- Land areas: 10,023.3 m²

- Location: Nhi Thanh street, Tam Thanh ward, Lang Son.

- Purpose of using: medical facilities construction

- Expiry date: 50 years

- Winning price: VND54,050,000,000.

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