



VIETNAM DAILY NEWS



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Market Analysis

1. Shares end week on negative note

The market extended losses on Friday, with many stocks suffering profit-taking pressure.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index lost 0.82 per cent, to 1,055.30 points.

The market's breadth inclined to a negative zone with 306 stocks on the southern market going down while 79 stocks advanced.

The trading value on HoSE reached nearly VND8.2 trillion (US\$347.9 million), equivalent to a trading volume of over 464 million shares.

The index was weighed by rising profit-taking, with many large-cap stocks suffering the downward trend. The 30 biggest stocks tracker VN30-Index plunged 1.05 per cent, to finish Friday at 1,048.74 points.

In the VN30 basket, 20 stocks declined while six stocks inched higher. Most notable losers were Masan Group (MSN), Mobile World Investment (MWG), Vinhomes (VHM), Vincom Retail (VRE) and Hoa Phat Group (HPG).

Decliners affecting the VN-Index most included banking stocks, with losers including Military Bank (MBB), Techcombank (TCB), Bank for Investment and Development of Viet Nam (BID), VietinBank (CTG), Viet Nam International

Commercial JS Bank (VIB), Saigon-Hanoi Commercial JS Bank (SHB), Tien Phong Bank (TPB) and Vietcombank (VCB).

Securities stocks decreased towards the end of the session. VN-Index's loss was significantly broadened as securities stocks declined strongly, such as VNDirect Securities Corporation (VND), Saigon-Hanoi Securities JSC (SHS), Viet Capital Incorporation (VCI), Agribank Securities Corporation (AGR) and APG Securities Joint Stock Company (APG).

Data compiled by a finance website vietstock.vn showed that 22 out of 25 sector indices on the stock market lost ground, including construction, logistics, agriculture, real estate, retail, seafood production, construction materials, securities, rubber production, plastic and chemical production, banking, oil and gas, IT, food and beverage.

Insurance, wholesale, and healthcare were the sectors that posted gains.

The HNX-Index on the Ha Noi Stock Exchange (HNX) also settled lower. The northern market's benchmark closed the day at 208.50 points, a reduction of 1.14 per cent.

During the session, more than 48.7 million shares were traded on HNX, worth nearly VN692 billion.

Macro & Policies

2. Fertiliser prices likely to remain at high level in coming months

According to Phung Ha, general secretary and vice chairman of the Vietnam Fertiliser Association, many experts in the fertiliser and finance world forecast that fertiliser prices are falling, but the possibility of them remaining at a high level remains.

Gas and petrol prices greatly affect the production cost of fertiliser because gas prices account for about 80-90 per cent of the production cost of ammonia - an important input for urea and DAP fertilisers. Therefore, fertiliser prices in the coming months will still fluctuate unpredictably.

According to a survey of some fertiliser companies and trading agents, the current fertiliser price is at VND10.5 million per tonne of Phu My urea fertiliser and VND19 million per tonne for potassium sulphate fertiliser, while DAP fertiliser price ranges from VND17 to VND25.5 million per tonne depending on the type.

Ha said that the fertiliser prices in 2021-2022 increased rapidly by VND1-1.9 million per tonne. However, China has started to open up the market and has not been limited to exporting 29 types of fertiliser, so the supply of fertiliser in the world market has been abundant, and fertiliser prices have also started to cool down.

For fertiliser supply for the winter-spring crop 2022-2023, at present, the production capacity of urea at four factories under the Vietnam Oil and Gas Group (PVN) and the Vietnam Chemical Group (Vinachem) has reached 2.5 million tonnes per year, while the domestic demand is only 1.6-1.8 million tonnes each year.

The domestic supply of phosphate-containing fertiliser and NPK fertiliser is higher than the local demand. However, Viet Nam still has to import about 40 per cent of DAP fertiliser and all potassium fertiliser volume to meet the domestic demand.

Vu Xuan Hong, deputy general director of Lam Thao Fertiliser and Chemical Joint Stock Company, said that to ensure the supply and reasonable price of fertiliser for farmers, the company prepared before the Tet holiday a large volume of raw materials for production within at least three months, such as SA, sulfur, potassium.

Lam Thao expects to meet the supply for the agricultural production of the winter-spring crop 2022-2023 with over 30,000 tonnes of fertilisers of all kinds in store and a production output of nearly 2,000 tonnes of fertiliser per day, Hong said.

According to Hong, to keep stability in fertiliser prices for farmers, Lam Thao has found input materials with good prices, such as SA imported from the Middle East and Africa and urea imported from domestic factories.

With these efforts, the market prices of Lam Thao's fertiliser products are kept stable compared to the fourth quarter of 2022.

Besides that, Lam Thao has had efforts to reduce the cost of transporting fertiliser in the context of higher gasoline prices and handling costs.

Accordingly, the company has diversified forms of transporting fertiliser, including using cheaper transport means such as railway, waterway, and river instead of road transport as before, Hong said.

According to Hoang Van Hong, deputy director of the National Centre for Agricultural Promotion, the centre works closely with localities to guide farmers in using fertilisers reasonably, economically and effectively. It also encourages farmers to increase the use of organic fertilisers.

3. Vietnam's exports to Americas exceed 8 billion USD in January

The United States remains Vietnam's leading trade partner in the region with Vietnam's exports and imports to the market reaching 7.2 billion USD and 8.6 billion USD, respectively. It was followed by Canada with about 3.6 billion USD and 4.5 billion USD, respectively.

Trade between Vietnam and the Americas totalled 153.9 billion USD in 2022, up 10.7% compared to 2021, the MoIT said.

Of which, Vietnam's exports to the market were valued at 128.2 billion USD, an increase of 12.4% year-on-year while imports were worth 25.7 billion USD, up 3%.

Notably, trade with all major markets in the region recorded stable export growth, with an 11%

increase in trade with the US, 6.6% with Brazil, 16.5% with Canada, 7.1% with Mexico, 9% with Chile, and 8.3% with Argentina.

Thanks to free trade agreements (FTAs), such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Vietnam-Chile Free Trade Agreement (VCFTA), Vietnam's exports to four CPTPP member countries in the region, namely Canada, Mexico, Chile and Peru, went up 8.7% compared to 2021 to hit 13.1 billion USD in 2022.

Strong growth was also recorded in the MERCOSUR bloc, known as the Common Market of the South, which includes Brazil, Argentina, Uruguay and Paraguay, with the two-way trade surging by 9.2% to more than 12 billion USD last year.

4. Japanese enterprises accelerate investment in Vietnam

Nakajima cited the survey results of Japanese enterprises investing abroad in the fiscal year 2022. In particular, the proportion of enterprises forecasted to be profitable in doing business in Vietnam in 2022 is 59.5 per cent, up 5.2 per cent compared to the previous year. Meanwhile, up to 53.6 per cent of surveyed enterprises answered they had improved their business profit prospects in 2023 compared to the last year.

"The business profit outlook of Japanese enterprises in Vietnam has recovered strongly after the pandemic," said Nakajima.

Besides this, 60 per cent of Japanese enterprises said they planned to expand their investment in Vietnam in the next one to two years, up 4.7 per cent compared to the previous year and marking the highest among Southeast Asian countries.

"Many Japanese businesses in Vietnam expect the potential to increase revenue thanks to market expansion and export growth. Japanese enterprises also want to expand the production of high-value-added products in Vietnam," said Nakajima.

Nakajima mentioned another survey by JETRO that showed the attractiveness of Vietnam's investment

market ranks second after the US Japanese companies.

The above survey results seem to reflect the current trend of Japanese enterprises in Vietnam. Early this month, Thua Thien-Hue People's Committee of Thua Thien - Hue province issued a plan to hold the groundbreaking ceremony of the AEON Mall Hue project, which is expected to be on February 11, 2023. With the total investment of more than about \$170 million, this will be AEON's large-scale commercial centre in Vietnam.

In addition, Nakajima highlighted that the \$35-million Fujikin Danang Research, Development and Manufacture Centre, funded by Fujikin Incorporated from Japan, was inaugurated in Danang in November 2022.

However, the chief representative of JETRO pointed out some key obstacles for Japan to invest in Vietnam, such as administrative procedures, salary increase problems, input costs, and transport costs.

"These issues may prevent Japanese businesses from making new investments or continuing to do business in Vietnam. We hope that the government works to solve the issues", said Nakajima.

Accordingly, Minister Dung said it was necessary to clarify the issues mentioned by Nakajima. Regarding administrative procedures, it needs to identify if the problem lies in legal regulations or implementation. Even with the increase in input costs, it is also necessary to clarify which items are managed by the state, and which are due to market supply and demand.

The minister suggested that the Japanese side needs to strengthen support for Vietnamese enterprises to improve their capacity because this will help improve the localisation rate, and the rate of on-site purchase of Japanese enterprises.

Dung and Nakajima expect that Japan's investment in Vietnam will increase in the time to come, especially in 2023 as the two countries mark the 50th anniversary of diplomatic relations.

5. HCM City hopeful of getting \$4.5b FDI in 2023

Pham Tuan Anh, deputy head of its Foreign Economic Relations Sub-Department, said last year, despite being the locality worst affected by the COVID-19 pandemic, the city attracted \$3.94 billion, a 5.4 per cent increase from 2021 and the highest among the country's 63 provinces and cities.

Notably, inflows changed direction and, instead of the property sector, went into technology and manufacturing, he said.

The global economy would continue to face challenges this year, and so the city could struggle to increase FDI much from last year, he pointed out.

If the economic situation stabilises and inflation remains under controlled, it could get \$4.1-4.5 billion, he told chinhphu.vn.

As of January 20 FDI for the year was worth \$179 million, or 74 per cent higher year-on-year.

Of this, \$87 million went into 50 new projects, \$55 million was spent on acquiring stakes in other companies and \$37 million went into 20 existing projects.

Singapore ranked first with 12 projects and \$77 million, followed by Taiwan with \$3.2 million and Hong Kong with \$2.2 million.

Anh said the city has difficulty attracting investment, especially in large manufacturing projects, because it has little land left.

So its FDI strategy involves attracting foreign investment not only directly but also into supply chains in the south whose headquarters and R&D, logistics, training and support centres are located in the city and production activities are carried out in neighbouring localities, he added.

6. Software firms assert footprint in billion-dollar markets

On the first day of February, Rikkeisoft announced the establishment of RKTech with an office in Plano city in the US state of Texas with the goal of providing comprehensive and high-value IT services to the world's largest technology market.

Ta Son Tung, chairman of Rikkeisoft said, "With a scale of more than \$1.8 trillion a year, the US is the number-one tech market worldwide. Big tech-

driven businesses in the world are all successful in the US."

"It is a big challenge for Rikkeisoft, but with high aspirations and determination, we believe that within five years, RKTech will reach \$100 million revenue in the US market. Besides this, we will continue to open more offices in Japan and Thailand this year."

Similarly, FPT Software has also expanded its global outreaches through opening more offices abroad such as in Denmark, Thailand, and New York, bringing the total number of offices in its network to over 60 worldwide. After reaching software export revenue of \$800 million in 2022, the company aims to touch the \$1 billion threshold in 2023.

Do Cao Bao, a member of FPT's Board of Directors, said that FPT Software had been continuously expanding its footprints in foreign markets and now had a presence in 26 countries around the world.

Meanwhile, CMC Global, part of CMC Group, also quickly rose into one of the top 3 exporters of software and IT services in the Vietnamese market, with sales revenue surpassing \$56.5 million and having more than 300 partners and customers from international markets.

The company's 2,000-plus employees are working in 10 offices in Vietnam, Japan, Singapore and Thailand.

“CMC aims to become a world-class enterprise with billion-dollar revenue and over 10,000 employees. CMC will be consistent with the direction of acting

as the consultant, providing cutting-edge digital transformation services” said Nguyen Trung Chinh, chairman of CMC.

In 2022, Vietnam's software and IT services industry scored about \$9 billion in revenue, of which software export revenue exceeded \$3.7 billion.

Currently, the total number of human resources in Vietnam's IT industry approximates 300,000 people. The software export business has been vibrant with the participation of a series of Vietnamese enterprises with eminent advantages in quality and price.

According to Nguyen Van Khoa, chairman of Vietnam Software and IT Services Association (VINASA), Vietnam's software and IT services industry has been listed in the top 10 worldwide, and is striving to reach the target of \$50 billion in revenue by 2030, and \$150 billion by 2045.

Minister of Information and Communications Nguyen Manh Hung has also directed VINASA to catch up with the fresh changes to craft a new direction for Vietnamese software and IT service enterprises.

7. Vietnam to have 30 airports by 2030: draft planning

The international airports are Van Don, Cat Bi, Noi Bai, Tho Xuan, Vinh, Phu Bai, Da Nang, Chu Lai, Cam Ranh, Lien Khuong, Long Thanh, Tan Son Nhat, Can Tho, and Phu Quoc.

The 14 airports serving only domestic flights are Lai Chau, Dien Bien, Sa Pa, Na San, Dong Hoi, Quang Tri, Phu Cat, Tuy Hoa, Pleiku, Buon Ma Thuot, Phan Thiet, Rach Gia, Ca Mau, and Con Dao.

Two military airports – Thanh Son and Bien Hoa – will be converted to use for both military and civil purposes.

The draft plan still keeps the Hai Phong International Airport project which was approved in

the Prime Minister's Decision No 640/QĐ-TTg dated April 28, 2011.

By 2050, Vietnam expects to have 33 airports including 14 international airports - Van Don, Hai Phong, Noi Bai, Tho Xuan, Vinh, Phu Bai, Da Nang, Chu Lai, Cam Ranh, Lien Khuong, Long Thanh, Tan Son Nhat, Can Tho and Phu Quoc. There will also be 19 domestic airports, including Lai Chau, Dien Bien, Sa Pa, Cao Bang, Na San, Cat Bi, Dong Hoi, Quang Tri, Phu Cat, Tuy Hoa, Pleiku, Buon Ma Thuot, Phan Thiet, Rach Gia, Ca Mau, Con Dao, Bien Hoa, Thanh Son and the second airport in the southeast, south region of Hanoi.

CAAV will continue to study, survey, and evaluate the possibility of converting some existing military

airports into dual-use facilities including Yen Bai airport in Yen Bai province, and Gia Lam airport in Hanoi. The conversion will be reported to the Prime Minister for consideration when all necessary conditions are met.

In particular, this draft plan reflects CAAV's openness to the new civil airports.

The agency proposes to continue studying, surveying and evaluating the possibility of building airports in provinces that are located in key positions in defense and security and with potential for tourism development but have no military airport. These include Ha Giang, Tuyen Quang, Ha

Tinh, Kon Tum, Quang Ngai, Binh Thuan, Khanh Hoa, Dak Nong and Tay Ninh.

The Transport Engineering Design Incorporated (TEDI) – consultant for the national airport development planning - proposes that the capacity of Long Thanh airport by 2030 is 25 million passengers per year. The capacity of Long Thanh Airport would then increase to 100 million passengers by 2050. The Tan Son Nhat airport is to have a maximum capacity of 50 million passengers yearly.

Bien Hoa airport is expected to handle 5 million passengers yearly by 2030, and up to 10 million passengers by 2050.

Corporate News

8. MSN: Masan Group licensed to invest in Singapore

↓ -0.65%

The investment is worth up to 105 million USD for 25% of share ownership of Trust IQ Pte. Ltd. (TS), a Singapore-based tech company, equivalent to 9,388,756 shares.

The project is part of Masan's strategic goal by 2025 to create a Consumer - Retail - Technology ecosystem.

TS operates primarily in software development, technology and applications on a global scale, which includes the development of comprehensive, accurate credit risk assessment methods based on AI technology and computer science.

Therefore, the investment in TS will accelerate Masan's application of artificial intelligence in retail (Retail AI), and in consumption (Consumer AI).

Specifically, the two sides will work together to build a platform of Retail AI, and Consumer AI;

apply and develop AI and machine learning (ML) technologies into the consumer sector, integrate offline to online contributing to an optimal O2O experience and minimise consumption costs for the Vietnamese.

They will also issue credit cards for mass consumers without requiring proof of income. WinCommerce (the operator of WinMart/WinMart/WIN retail chain) with a high-tech platform from TS will cooperate with domestic financial partners to drive new credit cards usage, towards the goal of universalization of credit access for Vietnamese people.

With the integration of technology pieces from TS into its consumer-retail platform, Masan Group aims to become the leading enterprise meeting daily consumer needs of nearly 100 million Vietnamese consumers on both offline and online platforms.

9. BCM: Sembcorp and Becamex join up develop smart and sustainable IPs

↓ -0.24%

The ceremony took place within the framework of Prime Minister Pham Minh Chinh's visit to Singapore from February 8 to 11, honouring the 50th anniversary of the establishment of diplomatic relations and the 10th anniversary of the strategic partnership between the two countries.

The signing of this MoU once again demonstrates the wishes of the parties in establishing long-term cooperation and the further development of IP projects in Vietnam. The IPs continue to commit to meeting green, smart, and sustainable standards, using 4.0 technology for infrastructure development and management to allow businesses to operate more efficiently.

Also at this event, the approval of the investment policy for the VSIP Nghe An II IP project was also given to Nguyen Van Hung, chairman of the Board of Directors of Becamex IDC Corporation and co-chairman of VSIP Group and Kelvin Teo, CEO of Sembcorp Development and co-chairman of VSIP Group. This project is planned to cover 500 hectares of industrial land in Dien Chau district – belonging to the Southeast Economic Zone in the central province of Nghe An.

VSIP Nghe An II is the second VSIP IP in Nghe An after the first one that was built in 2015 in Hung Nguyen district.

With the total registered foreign direct investment capital of \$744 million, as of December 2022, VSIP Nghe An IP has attracted 32 projects, reached an

occupancy rate of 86.4 per cent, and is expected to attract more than 13,000 local workers.

VSIP is a joint venture between Becamex IDC Industrial Development and Investment Corporation (Vietnam) and a consortium of Singaporean investors led by Sembcorp Development Ltd.

Formed in 1996, the VSIP Group is the leading brand in the industrial real estate industry in Vietnam with a chain of 12 IPs and urban areas located over a total of more than 10,000ha across the country.

VSIP is providing production infrastructure for 882 tenants coming from 30 countries and territories. With a total investment of \$18.4 billion, it creates jobs for 288,300 domestic and foreign workers.

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