VIETNAM DAILY NEWS

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Market Analysis

1. Market falls sharply on strong selling force

The market reversed and fell sharply in Wednesday's trade, with many stocks hitting the floor prices.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index lost 35.21 points, or 3.17 per cent, to 1,075.97 points.

After recovering in the previous session, the index couldn't keep the momentum to end the morning trade with a decline of 4.75 points.

The market's breadth inclined to a negative zone with 271 stocks on the southern market going down, of which 45 registered the biggest intra-day loss of 7 per cent, while 79 stocks advanced.

Liquidity increased strongly over the previous session. Accordingly, the trading value on HoSE jumped to nearly VND35.4 trillion (US$751.5 million), equivalent to a trading volume of over one billion shares.

The index was weighed by rising selling force, with many large-cap stocks locked in the bearish trend. The 30 biggest stocks tracker VN30-Index plunged nearly 37 points, or 3.29 per cent, to finish Wednesday at 1,088.09 points.

In the VN30 basket, 23 stocks declined with one stock hitting the floor price, while seven stocks inched higher.

Data compiled by a finance website vietstock.vn showed that real estate, banking and manufacturing industries continued to influence the general trend. Specifically, Vinhomes led the market's downtrend with a fall of 5.7 per cent.

It was followed by Vietcombank (VCB), Vingroup (VIC), Masan Group (MSN), BIDV (BID) and VPBank (VPB), down in a range of 3-5.91 per cent in market capitalisation.

Other stocks dominating the downtrend were Hoa Phat Group (HPG), Sabeco (SAB), Vietnam Rubber Group (GVR), Vincom Retail (VRE) and Techcombank (TCB), with GVR shares hitting the maximum daily loss of 7 per cent.

The HNX-Index on the Ha Noi Stock Exchange (HNX) also settled lower on Wednesday, ending the six-day gaining streak. The northern market's benchmark closed the day at 216.01 points, a reduction of 6.42 points, or 2.89 per cent.

During the session, more than 131.8 million shares were traded on HNX, worth nearly VND2 trillion.

However, the market was cushioned by the return of foreign investors as they net bought on both main exchanges. Of which, they net bought VND93.35 billion on HoSE and VND39.46 billion on HNX.

Macro & Policies

2. Vietnam's industrial production to rise 6.6% in 2023: S&P Global

Vietnam is predicted to record a rise of 6.6% in industrial production in 2023, according to S&P Global Market Intelligence.

S&P Global noted the Vietnamese manufacturing sector continued to face challenging business conditions in the opening month of 2023. Production and new orders continued to decline. That said, there were some signs of improvement in demand as new business fell at a softer pace, helped by a renewed expansion in new export orders.

The S&P Global Vietnam Manufacturing Purchasing Managers' Index (PMI), released on February 1, posted 47.4 in January, up from 46.4 in December but still pointing to a solid monthly deterioration in the health of the manufacturing sector.

January data signalled a further marked decline in manufacturing production, albeit one that was slightly softer than seen in December. Lower new orders were often behind falling output, with some firms indicating that customers had sufficient stock holdings and so didn't need to purchase at present.

Total new orders were down for the third month running in January as demand conditions remained challenging. That said, there were some signs of improvement, particularly with regards to new export orders which rose for the first time in three months. As such, total new business fell at a modest pace that was the softest in the current period of decline.

The cost of raw materials, alongside falling workloads, meant that some firms lowered their purchasing activity again in January. Some signs of improvement in demand conditions encouraged other manufacturers to expand input buying, so that overall purchasing activity was broadly unchanged. Declines in the purchasing of inputs in previous months, however, led to a reduction in stocks of purchases.

Business confidence improved to a three-month high amid hopes that demand conditions will strengthen over the course of the year, feeding through to growth of output. The relaxation of pandemic restrictions in the mainland China was another factor behind the positive outlook. More than half of the respondents were optimistic that production will rise over the next 12 months, according to S&P Global.

Andrew Harker, Economics Director at S&P Global Market Intelligence, said: "Although demand conditions for Vietnamese manufacturing firms remained challenging at the start of 2023, leading to further declines in output, new orders and employment, there were some more positive signs from the latest PMI survey. One of the main positives in January was a renewed expansion in new export orders, with the decline in total new business softening as a result.

"The loosening of COVID-19 restrictions in Mainland China, plus signs that downturns in Europe and the US may be less severe than feared, provided optimism that growth in Vietnam could be around the corner. Indeed, business confidence improved to a three-month high at the start of the year. S&P Global Market Intelligence is forecasting a rise in industrial production of 6.6% in 2023," he added.

3. Retail sales of goods, services up 20 per cent in January

The office explained that the hike was attributed to the growing consumption demand as Tet (Lunar New Year), the biggest and longest festival in the Southeast Asian nation, fell in the month.

Of the total, the retail sales of goods were VND435.4 trillion, a year-on-year rise of 18.1 per cent, with the biggest increase seen in garments (27 per cent).

The revenue from lodging and catering services reached VND56 trillion, representing a year-on-year rise of 37.3 per cent. Notably, tourism raked in VND2.2 trillion, a surge of up to 113.4 per cent from the corresponding time last year, with the highest increases recorded in localities such as Hai Phong (541.5 per cent), Da Nang (387.1 per cent), Tien Giang (380.2 per cent), Lao Cai (196.3 per cent), Ha Noi (113.8 per cent) and HCM City (98.7 per cent).

The revenue from other services was valued at VND51.2 trillion, up 16.8 per cent year-on-year.

The GSO said the purchasing power during the holiday rose about 8-10 per cent against other months and was equivalent to the same period last year, with the strongest growth seen in food, foodstuffs and essential goods.

Hoang Anh Duong, Deputy General Director of the Market Surveillance Agency under the Ministry of Industry and Trade, said market management forces had intensified inspections and supervision, especially on e-commerce platforms and social networks, while coordinating with other competent agencies in controlling the quality of oil and gas products.

Consumer demand yet to recover after Tet in HCM City

Goods are pouring into wholesale markets and traditional retail markets in HCM City after Tet (Lunar New Year) but demand has been sluggish.

Supermarkets like Co.opmart, MM Mega Market and BigC and convenience stores like Satrafoods and Coopfood too have yet to return to normalcy.

According to Dinh Quang Khoi, head of MM Mega Market's marketing department, said many city dwellers travelled during Tet and are yet to return home.

Besides, people tend to mainly buy vegetables and fruits now since they are fed up with greasy and protein-rich foods they consumed during Tet.

The prices of fresh seafood, including shrimps, crabs and squid are high compared to normal days.

Representatives of wholesale markets said prices were steady and the volume of goods coming into the markets was nearly as much as on normal days but demand was low.

To stimulate demand, retail systems have offered big promotions.

Co.opmart has a promotion on confectionery, milk and dairy products, vegetables, fruits, utensils, chemicals, fashion, and apparel items.

Supply of vegetarian food items has doubled and there are big promotions targeting customers seeking to eat healthy after Tet.

Emart supermarket is offering discounts of up to 50 per cent on more than 500 essential items.

MM Mega Market is offering discounts of 30-50 per cent on nearly 1,000 fresh food items, especially fruit and vegetable products.

4. Garment, footwear exports aim to reach $80b by 2025

Under the development strategy approved by the Government, for the long term, the garment, textile, leather and footwear sectors are still key export industries of the economy.

Of which, the textile, garment, leather and footwear sectors continue to promote investment in the production of materials and auxiliary materials, as well as supporting industries.

They will encourage the production of fabrics from domestically produced yarn to reduce imports, and form a complete supply and value chain in the region.

For the leather and footwear industry, Nguyen Duc Thuan, chairman of Lefaso, said domestic enterprises needed to actively adapt to the requirements of the market and brands on sustainable development standards for products. They must reduce emissions in the production process, and increase the use of solar energy and highly sustainable products.

Also, according to the strategy, Viet Nam's textile and garment industry expects export turnover to reach $50-52 billion in 2025 and $68-70 billion in 2030.

The strategy also states that developing the fashion industry is considered a new direction. Accordingly, this sector will focus on developing designers, and raw material supply, production and distribution systems to form supply chains and create sustainable foundations for the development of Viet Nam's fashion industry as well as fashion centres in Ha Noi and HCM City.

The strategy encourages enterprises to gradually switch their production methods to FOB (free on board) and ODM (original design manufacturer) to add value to products, and build a private brand to improve the competitiveness of the businesses and products.

Materials are the most difficult factor in the textile and garment industry. Therefore, to promote the development of the textile and garment supporting industry, the textile and garment industry strives to have a localisation rate at 51-55 per cent in 2021 - 2025 and 56-60 per cent in 2026-2030.

To achieve this goal, it is necessary to attract investment in the development of supporting industries and the production of raw materials and accessories for the textile and garment industry based on advantages in the free trade agreements Viet Nam has joined.

The projects to develop the supporting industry and the production of raw materials and accessories should be built in regions with a number of textile and garment enterprises to reduce transport charges and production cost and improve competitiveness.

The strategy also mentions the role of State management agencies in encouraging enterprises to invest in producing fiber, yarn, textile and dyeing with advanced technology and connections with domestic garment enterprises.

This approved textile and garment development strategy will help form industrial parks with wastewater treatment areas to attract textile and dyeing projects. Now, the infrastructure for textile, dyeing and fabric production is still limited.

Domestic fabric production only reaches 2 billion metres per year, meeting 25-30 per cent of the demand of the garment industry. Viet Nam's textile and garment industry currently must import 60-70 per cent of the raw materials. Viet Nam has joined many FTAs, creating conditions for textiles and garments to expand export markets with the tariff gradually reducing to zero.

According to Chairman of the Viet Nam Textile and Apparel Association Vu Duc Giang, in the first quarter of 2023, the number of export orders decreased by 25-27 per cent due to the decrease in global purchasing power.

Therefore, businesses can produce lower-value products, and diversify markets and products to keep production and promote growth.

Chairman of Vinatex Le Tien Truong said that many businesses now only ran 70-80 per cent of production capacity due to a reduction in consumer demand. So, Vinatex was now focusing on raw material production more than garment production. The materials were always the first step in greening, creating a foundation for qualified materials as green requirements of the US and Europe.

Vinatex had organised the production of yarn products from recycled materials or organic materials. At the same time, the raw material production factories were equipped with solar power to meet green energy standards.

According to forecasts, the situation of Viet Nam's textile and garment industry in 2023 would be worse than in 2022. Therefore, businesses needed to follow the market's developments to have flexible solutions to ensure efficiency in production and business, as well as promote the export of goods, Truong said.

5. Vietnam develops green agriculture to increase exports to EU

Vietnam is paying attention to mobilising resources to invest in developing green agriculture with an aim to raising the market share of its agricultural exports to the European Union.

Last year, Vietnam's export revenue of agro-fishery-forestry products set a record high of 53.22 billion USD, up 9.3% year-on-year. However, Europe accounted for only 11.3% of its market share.

This is a modest number, although the agricultural sector has optimised many advantages of the EU-Vietnam Free Trade Agreement (EVFTA).

One of the main reasons is said to be the union's high requirements on farm imports, while Vietnam's agricultural production has yet to meet green growth requirements.

According to the World Bank's report, agriculture is the second highest emitter, accounting for 19% of the nation's total gas emissions in 2020. About 48% of the sector's emissions and more than 75% of methane emissions are from rice production.

Therefore, to boost farm exports to the EU, the sector is advised to pay more attention to green growth indicators through making policies and roadmaps to reduce greenhouse gas and methane emissions in accordance with international commitments.

Last year, the Ministry of Agriculture and Rural Development approved an action plan to implement the National Strategy on Green Growth from 2021-2030, which aims to specify goals, tasks and solutions to realise the strategy and the national action plan for green growth.

Under the plan, the ministry will work to develop the agricultural sector in an ecological, organic, circular and low-carbon direction to improve growth quality, added value, competitiveness and sustainable development, while reducing pollution in agricultural production and rural areas, and promoting energy efficiency towards carbon neutralisation by 2050. Specifically, the sector aims for 2.5-3% in annual growth, and 42% in forest coverage.

It will also strive to increase the use of organic fertilisers to 30% of all those consumed, along with 30% of pesticides and at least 30% of farm areas using water-saving systems.

The sector will switch 300,000 hectares of rice to other crops with higher economic and environmental efficiency, while aiming for over 2% of organic farms out of the total farming area.

6. Domestic market to drive tourism recovery in 2023: insider

With stronger tourism growth forecast for this year, the domestic market is expected to give the strongest boost to the recovery of this sector.

Not Chinese travellers or any other sources of international tourists, it is the domestic sector that will remain the "brightest" factor helping Vietnam's tourism continue recovering strongly in 2023, Nguyen Huu Y Yen, General Director of the Saigontourist Travel Service Co. Ltd, said as cited by Thanh nien (Young people) newspaper.

He said before the COVID-19 pandemic broke out, the three biggest sources of foreign visitors to Vietnam were China, Russia, and the Republic of Korea (RoK).

Charter flights from the RoK have been resumed just recently while there haven't been many Chinese tourists, and Russian tourists haven't returned. The European and US markets have begun to bounce back but are unlikely to record a breakthrough in 2023, he pointed out.

Yen expected the number of international tourists in 2023 will return to about 50% of the 2019 level. Meanwhile, in just over six months of 2022, the number of domestic travellers rebounded to over 50% of the pre-pandemic level, and this year's figure will definitely reach 70 - 75%. Outbound tourism will also share the same trend.

The domestic market can regain the 2019 growth in 2024, the Saigontourist CEO predicted.

About 9 million Vietnamese travelled during the recent Lunar New Year holiday, surging 47.5% year on year, statistics show.

Nguyen Trung Khanh, General Director of the Vietnam National Administration of Tourism, expressed his belief that 2023 will be a vibrant year for Vietnamese tourism in terms of both domestic and international markets.

He cited some experts as saying that the world will witness vigorous growth in travel demand this year. As a bright spot in the global tourism map, Vietnam will definitely not be out of this trend.

7. Banks lower saving interest rates right after Tet

At Techcombank, the highest deposit interest rate at the bank is currently 9.2 per cent per year, against 9.5 per cent per year before Tet. To enjoy the 9.2 per cent interest rate, depositors must be a VIP customer with minimum savings of VND3 billion over 12 months. For regular customers, the rate for 6-month deposits at the bank is also down to 8.5 per cent per year from more than 9 per cent before Tet.

At Sacombank, the highest interest rate before Tet was 9.8 per cent per year. However, the highest rate is currently only 9.2 per cent per year, applied to online deposits with terms from 15 to 36 months.

Saigonbank, which was the first bank to list a deposit interest rate of up to 10.5 per cent per year last year, also lowered the savings interest rate. Accordingly, the highest interest rate at the bank is only 9.5 per cent per year, applicable to 13-month deposits, both online and at the counter.

The same move was seen at BaoVietBank. Before Tet, customers could receive the highest interest rates of 9.8 per cent, 10.2 per cent and 10.3 per cent per year for six-month, 13-month and 15-month terms, respectively, under a special savings deposit. However, the programme has ended and the rate of more than 9 per cent is currently only applied on online channels.

Specifically, when depositing through EzSaving/ BAOVIET Pay for a 6-month term, customers can receive the highest interest rate of only 9.3 per cent per year. For terms of 13 and 15 months, the rate is 9.4 per cent and 9.5 per cent, respectively.

Some other banks also lowered their highest interest rates such as DongABank (from 9.85 per cent to 9.5 per cent per year); BacABank (from 9.8 per cent to 9.5 per cent per year); and VietCapitalBank (from 9.5 per cent to 8.9 per cent per year).

At the four biggest banks BIDV, VietinBank, Agribank and Vietcombank, interest rates, in general, have not changed much compared to before Tet. BIDV and VietinBank both are listing the highest interest rate of 8.2 per cent per year while the figure at Agribank is 7.9 per cent and Vietcombank 7.4 per cent.

According to experts, savings at banks declined in the fourth quarter of last year due to the seasonal factor of Tet when firms concentrated capital to produce goods and pay year-end bonuses to employees while individuals also often reserved more cash to spend for Tet. At that time, banks had to increase interest rates to lure deposits to ensure liquidity.

However, after Tet when cash flows into banks again, the banks' liquidity is under less pressure. Therefore, banks also do not need to raise deposits with high interest rates.

According to finance expert Dinh The Hien, cash will continue to flow into banks as the savings rates remain high compared to those of previous years.

Deposit interest rates in the first quarter of 2023 will be commonly at 6.5-7 per cent per year at large-sized and good-quality banks and 8-9 per cent at small-sized banks, Hien forecast, expecting that by the end of the second quarter of 2023, the interest rate will return to the normal level at around 7 per cent per year.

Corporate News

8. NVL: Explanation for the consolidated financial statements in Q4.2022

↑ 2.46%

No Va Land Investment Group Corporation explained has the movements of the consolidated financial statements in Quarter 4/2022 compared to the same period of last year as follows:

Unit: VND

	Q4/2022	Q4/2021	Difference	% increase/ decrease
Profit after tax	239,482,330,158	904,895,468,324	-665,413,138,166	-73.53%

The Company's consolidated profit after tax in Quarter 4/2022 decreased by 73.53% compared to the same period of 2022 mainly due to the decrease in the revenue.

9. FIR: BoD approves to issue shares to the dividend payment

↓ -1.01%

On January 30, 2023, the Board of Directors of First Real Joint Stock Company approved a plan for issuing shares to the dividend payment:

1) Stock name: Stock of First Real Joint Stock Company

2) Stock type: common share

4) Total issued volume: 44,615,015 shares

5) Outstanding volume: 44,615,015 shares

6) Treasury volume: 0 share

7) Expected issue volume: 8,923,003 shares

8) Total issue value: VND89,230,030,000

9) Issue ratio: 20%

10) Financial resource: Undistributed profit after tax.

11) Record date: February 10, 2023

12) Plan to deal with fractional shares: The distributed shares will be rounded down. The fractional shares (if any) will be canceled.

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