



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Market expected to continue struggling this week

Although there are many risks as the global economy is facing uncertainties, the Vietnamese stock market is supported by positive news from policies and orientations of the Government.

After two consecutive weeks of decline, the market recovered last week. However, the small gain in the market and low liquidity showed the caution of the cash flows.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index increased by 0.1 per cent to end last week at 1,059.31 points, while the HNX-Index on the Ha Noi Stock Exchange (HNX) fell 0.42 per cent to 209.95 points.

Both benchmark indices rose last week, of which the former was up 0.4 per cent and the latter added 0.7 per cent.

Dinh Quang Hinh, analyst of VNDirect Securities Corporation, said that the market received some supportive information last week such as some commercial banks actively lowered deposit and lending interest rates.

Moreover, the Government also held a conference to find solutions to remove difficulties for the real estate sector, helping real estate stocks recover in the last sessions of the week.

But cash flow in the stock market, in general, was still weak, reflected in the low liquidity.

The trading value on HoSE decreased by 12.2 per cent compared to the previous trading week to more than VND43.1 trillion (US\$1.8 billion). Meanwhile, the trading value on HNX increased by 13.9 per cent to VND4.85 trillion. Therefore, on average, the trading value in each session only reached VND9.6 trillion on both exchanges.

Analyst Pham Binh Phuong from Mirae Asset Securities Vietnam said that liquidity was likely to

hit the bottom, creating a balance opportunity for the market.

After many weeks of net buying, foreign investors turned to be net sellers on the two exchanges with net sold value of about VND410 billion.

Sacombank (STB)'s shares were sold the most by foreign investors with a value of VND317 billion.

Influencing the market's sentiment last week was the resilient economic data of the US showing that the US labour market remains strong and the inflation is still high.

This raised the possibility of more rate hikes from the US Federal Reserve in the future.

Domestically, investors focused on an online conference solving and promoting the safe, healthy and sustainable development of the real estate market, with the expectation that the Government will soon have synchronous and drastic measures.

In the short term, Saigon - Hanoi Securities JSC (SHS) believes that the signals of interest rate reduction from commercial banks are positive, but the global economy is still struggling, especially the ongoing Russia-Ukraine conflict tends to escalate, causing the price of energy and many basic raw materials to continue to fluctuate unpredictably.

Therefore, the potential of rising inflation and higher interest rates is still a big risk.

Meanwhile, MB Securities Company (MBS) said that the market rebounded slightly last week after falling for two consecutive weeks despite the low liquidity and outflows of foreign capital. The positive point is that the market's breadth inclined to the positive territory with many stock groups reporting good performance.

In addition, the liquidity below the threshold of VND10 trillion shows that the selling pressure is not strong. With the low liquidity, the VN-Index is

likely to remain fluctuating in the range of 1,040 – 1,075 points this week.

## Macro & Policies

### 2. Agricultural sector targets attracting 25 billion USD in FDI by 2030

By the end of 2022, the Ministry of Agriculture and Rural Development approved projects with a total investment of 840 million USD.

The ministry is cooperating with enterprises to propose 14 projects with a total capital of 3.2 billion USD.

In 2023, the sector will focus on green and circular agriculture.

To improve international cooperation and integration in the coming time, the ministry asked agencies to continue to increase the quality of institutional work, especially those relating to foreign trade to ensure Vietnamese laws and regulations' compliance with its international commitments and practices.

Under the country's international agricultural cooperation strategy, the sector aims to raise the

export turnover of agro-forestry-fisheries products to 70 billion USD by 2030.

Vietnam has joined 15 free trade agreements (FTAs) and continues to negotiate new deals with Israel and Canada.

It has signed FTAs with all of its key agro-forestry-fishery export markets, which helps Vietnamese exporters have a competitive advantage in prices in the global market thanks to tax incentives.

In addition, the ministry will continue strengthening activities in market forecasting, policies, and solutions in relations with international partners.

It will also further coordinate with agricultural associations and industries to nominate candidates to join trade associations in Vietnam's major import markets.

### 3. Enterprises accelerate investment to anticipate new opportunities

As 2023 is forecast to be a difficult year driven by increasing inflation and economic recession at the global level, enterprises in Vietnam have actively built scenarios to adapt to market recovery and anticipate new business opportunities.

According to the General Statistics Office (GSO), Vietnam attracted foreign direct investment (FDI) worth 1.69 billion USD as of January 20 this year, down 19.8 per cent annually.

However, in the month, local authorities granted licences for 153 new FDI projects worth 1.2 billion USD, up 48.5 per cent in number and 3.1 times in value.

This is considered a new signal that opens up more chances for businesses in 2023.

Duong Nguyen Thanh, deputy director of Haast Industries Vietnam Co., Ltd, said that the number of

new electronics orders in the world has declined sharply since late 2022, mainly in the consumer electronics sector.

The decrease is affecting Haast's operation and output. However, the factory has taken different measures to ensure flexible adaptation such as strengthening connectivity with existing partners, seeking new customers to maximise production capacity, and increasing the governance capacity and human resources quality to meet high requirements of choosy markets.

Trinh Van Quang, Vina CPK-Project Development Manager, said that his company is investing in building Ba Thiet II industrial park in Binh Xuyen district in the northern province of Vinh Phuc with an area of 308 hectares.

At present, the occupancy rate at the cleared area reaches 100 per cent with many large enterprises

from the Republic of Korea, Japan, the US, Sweden, and Taiwan (China), which operate mainly in high-

tech and environmentally-friendly production and business industries.

#### 4. Vietnam seeks opportunities for machinery and technology co-operation in India

As part of the occasion, the Vietnam Trade Office in India organised a meeting with technology enterprises and startups in the Indian auto-motorcycle part manufacturing industry in order to discuss opportunities for further business co-operation with the nation.

According to the leader, there are many important areas where international co-operation in engineering and technology will bring about fresh changes to make the world more prosperous and safer for future generations.

Upon addressing the opening of the fair, Indian President Droupadi Murmu said that this year's event is not only a celebration of their growth in the engineering and manufacturing sectors, but also a demonstration of Indian co-operation with the most advanced technological achievements in the world.

In line with this, India boasts a lot of potential to enter international markets and it has been persistently moving forward to achieve its net zero emissions target by 2070, she went on to say.

President Murmu said that India has made significant progress in the 48 years since the first IETF, with the engineering industry reaching new heights. Today, it is a strong, multi-level, diversified segment of the Indian industry that plays an important role in driving growth, creating jobs, and boosting exports, he added.

After nearly 50 years, the IETF has gradually asserted itself as a forum and catalyst for transformation in India, particularly as it serves as a bridge for exchanges between reputable B2B businesses, thereby contributing to the goal of turning India into a country with a gross domestic product (GDP) of US\$5 trillion by 2025.

The policies adopted by India over recent times have created added momentum for unprecedented inclusive growth.

IETF 2023 is the largest ever version of the event, with the participation over 400 exhibitors from 45 countries, including more than 100 Indian startups in areas such as logistics, game creation, health care, artificial intelligence, robotics, and automation.

According to President Murmu, India is on a mission to expand its global participation by utilising its superior manufacturing experience, talent, and technological achievements.

As part of the occasion, the organising board of the fair also held conferences, seminars, online trading, and introduction of new technologies in the fields of healthcare, solid and liquid waste, electronics and robotics, advanced construction technology, metallurgy, game creation, logistics, as well as machinery and equipment.

#### 5. National conference seeks ways to remove roadblocks to real estate

In his opening remarks, the leader urged participants to give objective assessments on the situation, analyse reasons behind its problems, and propose targets, tasks and solutions to promote the market in line with guidelines, policies and laws.

market, which is expected to serve as a ground to spur its development, in the spirit of harmonised interests and shared risks between the State, people and businesses.

According to the PM, following the conference, the government will issue a resolution on the real estate

The Ministry of Construction reported that the market faced a supply crunch last year, especially housing for low-income earners. Although the

number of transactions increased against 2021, it still dropped as compared with the pre-pandemic level.

The State Bank of Vietnam said as of December 31, 2022, outstanding credit related to real estate was nearly 800,000 billion VND (33.65 million USD).

Statistics by the Ministry of Finance show that as of October 28, 2022, issued corporate bonds were

valued at 328.9 trillion VND, down 25.2% year-on-year, and decreased quarterly, with real estate firms making up 28.87% of the total.

Real estate businesses have encountered a range of difficulties over the past time, especially in credit access, bond issuance, and capital mobilisation, according to insiders.

## 6. Bac Giang railway station to offer int'l freight transportation services this weekend

The Ministry of Transport said that in implementing the Prime Minister's Directive No. 03/CT- TTg, the transport sector has sped up the implementation of yearly plans and projects since the beginning of this year, including those on international freight transportation services, thus facilitating cross-border export.

Kep station in Bac Giang has seen its infrastructure upgraded after the ministry decided to turn it into an international one, with all items now ready for the first phase of operation.

There will be a fleet of trains running from Kep to Dong Dang station in the border province of Lang Son and then to China's Pingxiang station.

The Kep station's handling capacity is from 80 to 100 carriages or containers per day. Freight

includes electronics and industrial products, construction materials, industrial wood, and ore.

A bonded warehouse is expected to be built at the station to serve the import and export activities of enterprises in Bac Giang and Bac Ninh provinces and neighbouring localities. It specialises in receiving refrigerated containers transported from the South which will then be exported to China.

Currently, the VNR is managing international freight terminals, namely Lao Cai, Yen Vien, Hai Phong, Dong Dang, Giap Bat, and Song Than.

The demand for international freight railway transportation grows 6% annually. Notably, since 2022, about half of the cargo has been transported in containers.

## 7. Water suppliers riding high in 2023

Nguyen Ngoc Diep, Chairman of the Vietnam Water Supply and Sewerage Association (VWSA), reveals that water suppliers are categorised into two groups: one comprising companies that run water distribution systems and the other including those that operate water treatment plants.

Companies in the first group fall under the management of provincial authorities, thereby having a monopoly on water distribution. Their

performance depends solely on the water loss ratios of their systems and the population density of their localities.

Those companies, according to the securities firm SSI, are forecast to have their revenues increase by 8% this year, supported by a 6% rise in total water consumption and a 3% rise in water prices.

For companies of the second group, VWSA estimates the total capacity of their water treatment plants at about 11.5 million cu.m per day, against the total consumption of around 8.6 million cu.m per day in 2023, up 6% year-by-year.

SSI forecast that water usage would continue to rise by 12% annually in Hanoi between 2025 and 2030 and about 8% in HCM City during the period, adding to water suppliers' revenues.

Meanwhile, water suppliers are operating more efficiently thanks to regular system upgrades and the installation of advanced water leak detectors. On such a ground, water loss ratios are expected to fall to 16.5% this year, from 17.5% in 2022, raising their profit margin by 1.1%.

SSI also forecast that water prices would climb by around 5% in Hanoi and HCM City, and by 3% in Binh Dinh province this year. However, the prices would remain unchanged in Hai Phong city and Dong Nai province.

Additionally, price rises would be more evident in industrial parks as a result of the growing demand for basic utilities among FDI investors.

The securities firm VCSC shares this view, saying that water consumption would soar in Binh Duong province as several new industrial parks are expected to come into operation between 2022 and 2025.

Two of the industrial parks are the Industrial Park VSIP III at Tan Uyen district and Cay Truong

Industrial Park in Bau Bang district, which covers an area of 1,000ha each and are expected to give a huge boost to water prices in the province.

SSI believes that M&A activities in 2022 among water suppliers would add to their operational success this year, allowing them to outperform the market's average growth.

For instance, Binh Duong Water Environment JSC took over Can Tho Water Supply - Sewerage JSC and Gia Tan Water Plant to expand its water distribution systems to rural areas in the two provinces, significantly improving its market reach.

However, good news goes only as far. SSI is concerned that the enactment of the Law on Water Resources and Environment in 2023 would incur higher costs to water suppliers because the environmental taxes imposed on them will be recalibrated from capacity-based to output-based taxes.

Such a rise in the environmental taxes would, under SSI estimation, reduce their profit margins by between 0.2 to 0.4%. Fortunately, these slight drops in profits would be overwhelmed by the rise in revenues and water prices, resulting in strong positive growth eventually.

According to the Ministry of Construction, Vietnam had 750 water plants in 2022 with an aggregate capacity of 11.2 million c.m per day. On the demand side, household consumption rose by 5% year-by-year and industrial consumption by about 8%, against an annual rise of 3% in water prices.

## Corporate News

### 8. BID: BIDV – first Vietnamese bank to issue Sustainable Loan Framework

↑ 1.78%

BIDV became the first commercial bank in Viet Nam to announce this comprehensive framework for its customers, creating opportunities for the bank to develop and introduce sustainable financial products to the customers, which follow international standards.

BIDV has promoted sustainable and green growth as a goal in the bank's business strategy for 2021-25 and vision for 2030. BIDV has implemented various action programmes to realise the set goal. As of 31 December, 2022, BIDV is the market leader in green financing with 1,386 customers and projects with a total year-end outstanding loan reaching US\$2.68 billion. Therefore, developing the framework is the next step that enables BIDV to introduce and offer sustainable financial products to the local market.

Le Ngoc Lam, BIDV's CEO, said: "BIDV has developed a strategic vision for green lending, hence always prioritises funds to finance green projects and has achieved positive results. The development and issuance of a Sustainable Loan Framework will help BIDV provide sustainable financial products in accordance with international standards to domestic enterprises, and at the same time serve as a basis for BIDV to strengthen cooperation with international partners in the field of sustainable development in Viet Nam."

BIDV's framework has been developed with advice from the Carbon Trust.

Chris Stephens, the Carbon Trust's Asia and Africa Director, said: "The need for sustainable finance to bridge Viet Nam's climate transition is more urgent than ever. BIDV's Sustainable Loan Framework is a critical first step to mobilise the capital needed for sustainable solutions and drive impactful outcomes in the broader society."

This collaboration between BIDV and the Carbon Trust was made possible under the ASEAN Low Carbon Energy Programme (LCEP), a £15 million development programme funded by the United Kingdom Government.

Ronald Bohlander, Climate Counsellor at the British Embassy Hanoi, said: "The UK is committed to supporting Viet Nam in delivering a green and just energy transition. We are delighted that BIDV is joining the increasing number of forward-thinking financial institutions across the world that is demonstrating their commitment to closing the financing gap for a green economic transition. The UK would like to encourage other Vietnamese banks and stakeholders to consider following in the footsteps of BIDV and be part of a growing coalition helping to deliver on Viet Nam's net zero transition objectives."

### 9. BCE: Report on using capital from the offering

↑ 0.33%

Binh Duong Construction and Civil Engineering Joint Stock Company reports the progress of using capital from the offering with details as follows:

I. Information on stock issuance:

- Stock name: Binh Duong Construction and Civil Engineering Joint Stock Company (BCE)
- Stock type: common share



- Par value: 10,000 dong
- Issued volume: 35,000,000 shares
- Total mobilized proceeds: VND50,156,705,545
- Ending date: February 19, 2021

Total expected proceeds of VND50,000,000,000 from the issuance will be used the following purposes:

2. Current project progress:

II. Plan for using capital from the offering:

1. The progress of using capital according to the plan announced:

No.	Content	Amount (VND)	Using time
1	To pay the construction contract between BCE and Becamex Binh Phuoc	30,000,000,000	Quarter I/2021
2	To pay the construction contract between BCE and Becamex IDC Corp	20,000,000,000	Quarter I/2021
	<b>Total</b>	<b>50,000,000,000</b>	

No.	Content	Approved plan (VND)
1	To pay the construction contract between BCE and Becamex Binh Phuoc	33,500,000,000
2	To pay the construction contract between BCE and Becamex IDC Corp	0
	<b>Total</b>	<b>33,500,000,000</b>

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