



VIETNAM DAILY NEWS



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Market Analysis

1. Shares make strong gains on upbeat sentiment

Shares posted strong gains on the first trading day of the week thanks to a positive market forecast amid a stable macro-economic situation.

On the Ho Chi Minh Stock Exchange, the VN-Index soared 2.58 per cent to close at 1,086.69 points.

Market breadth was positive when the number of rising stocks was nine-fold the falling ones, by 383 against 42.

Nearly 682.3 million shares worth VND11.7 trillion (US\$463.8 million) were traded in HCM City's bourse.

"The next resistance zones are at 1,065-1,075 points and 1,093-1,100 points. Investors with high stock exposure should consider securing profit in parts when the market rallies," said Bao Viet Securities Co.

"Investors who prefer trading and have a high-risk appetite may consider opening long positions when the market retests the support zone of 1,048-1,052 points," the company said.

According to ACB Securities (ACBS), public investment was strong and the domestic real estate market recovered faster than expected. In addition, FDI inflows continue to pour in Viet Nam, as well as credit problems will be solved.

Countries worldwide continue taking measure to control inflation in the first half of 2023 and investor sentiment will improve thanks to the easing of global monetary policy.

Based on these assumptions, ACBS forecasts a 15-20 per cent increase in corporate earnings, while

market valuations could be higher than currently, bringing the VN-Index up to around 1,500 points by the end of 2023.

The VN-30 Index, tracking the 30 biggest stocks on HoSE, rose 3.19 per cent to close at 1,087.36 points.

In the VN-30 basket, the biggest gainers included the Vietnam Rubber Group (GVR), Hoa Phat Group (HPG), Bao Viet Holdings (BVH), FPT Corporation (FPT), PetroVietnam Gas JSC (GAS), SSI Securities Inc (SSI), HD Bank (HDB), Viet Nam International Commercial JS Bank (VIB), Masan Group (MSN), Vietjet (VJC), Mobile World Group (MWG) and Vinhomes (VHM).

Banks drove the market rise when the top 10 shares lifting the VN-Index most were credit institutions. They included Vietnam Prosperity Bank (VPB), BIDV (BID), Asia Commercial Joint Stock Bank (ACB), Vietcombank (VCB), Techcombank (TCB) and Vietinbank (CTG).

Energy stocks also performed positively with gainers such as PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling and Well Services Corporation (PVD) and Drilling Mud Joint Stock Corporation (PVC).

On the Ha Noi Stock Exchange, the HNX-Index rose 2.8 per cent to end at 215.83 points..

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. Thai largest retailer to pour over 1.4 billion USD in Vietnam

Central Retail Corporation (CRC), the largest retailer of Thailand, has announced its biggest investment in Vietnam at 50 billion THB (1.45 billion USD) in the 2023-2027 period to accelerate its market presence in the country.

According to CEO of CRC Yol Phokasub, the firm sees Vietnam as a high-potential market that posted continuous economic growth. With CRC's strong foothold in the country, it has set a five-year roadmap to continue its expansion there, allocating 50 billion baht over a five-year period.

The Vietnamese retail market, valued 49.7 billion USD, is expanding 10-12% each year.

The CRC invested more than 10 billion baht to expand its retail business in Vietnam during 2012-2022. It has more than 340 stores with a total gross floor area exceeding 1.2 million square metres across 40 provinces.

Olivier Langlet, CEO of Central Retail Vietnam, said that the company recorded rapid sales revenue growth in the country, rising from 300 million baht (8.7 million USD) in 2014 to 38.6 billion (1.12 billion USD) in 2021.

He said that Vietnam's economy continues to grow despite uncertainties, with GDP growth expected to increase by 6.7 per cent and 7.2 per cent in 2023 and 2024, respectively, compared with 3.5 per cent a year in Thailand over the next two years. This will make Vietnam Southeast Asia's fastest growing market, he said.

Central Retail Vietnam wants to grow its food business nationwide to reinforce its leading position in Vietnam's hypermarket segment by rebranding and renovating 10 GO! branches and expanding Tops market and Mini go! branches by adding 8-10 outlets to better serve the needs of local consumers, he said.

The company vows to strengthen its fresh food category and the non-food category to drive customer traffic via renovation, in addition to preparing for new branch launches in the future, he underlined.

He said the firm plans to renovate 10-12 branches of Nguyen Kim, an electrical appliance chain, and add 3-5 new branches, including stores in its GO! malls.

3. Fiscal policy forecast to be key driver for Viet Nam's growth in 2023

As global demand is slowing and adversely affecting export countries including Viet Nam, fiscal policy will significantly help support Viet Nam's economic growth in 2023, experts said.

Deputy Minister of Industry and Trade Do Thang Hai said the fall in global import demand for Viet Nam's strong goods would negatively impact the country's exports this year.

According to Hai, the global economy continues to face several challenges, particularly in the world's biggest import markets, such as the US, the EU and Japan.

Besides, global inflation is high and inventories are large, which affects consumer demand for imported products, with the greatest impact on non-essential items.

Reports from the General Statistics Office also showed Viet Nam's manufacturing and processing sector in the first month of 2023 was no longer the country's export growth driver, as the sector's export turnover grew the least compared to agricultural, forestry, fisheries supplies, and mineral fuels groups. In January 2023, the total export value of industrially processed products had declined by

22.7 per cent compared to the same month last year, falling to an estimated US\$21.52 billion.

Viet Capital Securities Joint Stock Company (VCSC) forecast Viet Nam's growth in export and import turnover in 2023 to be downgraded from 7.5 per cent and 8 per cent to 6 per cent and 6.5 per cent, respectively, due to weakening global demand.

Under the context of the gloomy export, VCSC's experts believed the fiscal policy could help Viet Nam reduce negative impacts due to slowing global demand.

Under a 2023 strategy report released recently, VCSC's experts said the supporting factors for Viet Nam's growth in 2023 included a large fiscal room that could help support the country's growth through public investment.

Sharing the same view, experts of BIDV Securities Joint Stock Company (BSC) said the VND792 trillion fiscal policy package, which was the highest level in the country's history, was one of the key drivers boosting the country's GDP growth this year.

According to BSC, in the context of high interest rates and inflation in 2023, the difficult business environment of domestic enterprises will make the disbursement of State budget investment capital one of the strong drivers to promote economic growth.

Recently, in the 2023 stock market prospect report, financial data provider FiinGroup also said public investment disbursement was one of the factors that needed to be monitored as that would help remove the 'bottleneck' of capital in the economy.

According to FiinGroup, the Government's decision to allow the Ministry of Transport to appoint construction contractors in 12 major expressway projects showed the Government's determination to accelerate the disbursement of public investment capital, but it noted it was necessary to pay attention to the progress of site clearance at the projects to be able to evaluate the actual disbursement.

Prime Minister Pham Minh Chinh this month called for management to be enhanced to speed up the progress of major projects, especially key traffic works.

"The disbursement of public investment must be accelerated from the beginning of the year," the PM stressed, adding that the focus must be on the project preparation works and capital allocation.

Agencies and localities were also gearing up for the disbursement of public investment. Ha Noi and HCM City - the country's economic locomotives - recorded the highest disbursement of public investment capital in January, with nearly VND2.7 trillion and more than VND1.63 trillion, respectively, according to the General Statistics Office.

Tourism, FDI

Besides public investment, VCSC's experts expected the recovery of international visitors to Viet Nam would also support the country's growth this year.

According to the Vietnam National Administration of Tourism (VNAT), international visitors to Viet Nam in January 2023 reached more than 871,000 arrivals, an increase of 23.2 per cent compared to December 2022 and 44.2 times higher than last year. According to official statistics, tourism revenue in January 2023 was estimated at VND2.2 trillion, up 113.4 per cent over the same period last year.

Travel experts around the world also forecast 2023 would see strong growth in international travel demand and Viet Nam tourism would not be out of this trend. Therefore, VNAT's General Director Nguyen Trung Khanh believed 2023 would have many breakthroughs in both the number of visitors and revenue, adding in 2023, VNAT and related agencies would actively conduct promotional activities throughout the year such as participating in international events and promoting national tourism on major media channels.

In addition, the reopening of the Chinese economy after a long period of COVID-19 blockade orders would be a positive factor for Viet Nam's exports and tourism.

Besides, public investment and tourism, disbursement of foreign direct investment (FDI) continue to increase and would also help the country's growth in 2023.

VCSC expected disbursed FDI to remain stable and grow by 7-8 per cent per year to reach about US\$24-26 billion in 2023 and 2024. Two supporting factors

for this forecast include feasible research activities for new projects after the disruption caused by the COVID-19 pandemic and multinational companies diversifying their investment activities out of China amid the ongoing trade tensions between the US and China.

In addition, Viet Nam has some basic advantages such as geographical location, competitive labour costs, and a wide range of free trade agreements.

4. Transit-oriented development as a magnet for advancement

Transit-oriented development (TOD) is an urban development model associated with public transport, facilitating an increase in population density. In Hanoi, some urban areas have adopted this model. In particular, Vinhomes Smart City is connected to the future elevated railway system. Large urban areas such as Vinhomes Ocean Park 1, 2, and 3 are connected to each other through a system of elevated roads and ring roads.

David Jackson, general director of Colliers Vietnam, said numerous markets throughout the world have experienced the success of urban chains linked to modern transportation infrastructure.

“Tokyo, Singapore, and Hong Kong have developed urban areas with high densities as well as modern, civilised metropolitan areas with a full range of essential amenities,” Jackson said. “Particularly, these metropolitan chains frequently foster a cosmopolitan which is ideal for dynamic young individuals.”

Cities that implement TOD not only solve the issue of traffic connection, but also greatly profit from a significant price increase. In Japan, land prices have experienced an unprecedented fluctuation when the nation deployed its most successful TOD, namely the Tokyo-Tsukoba railway line. Land prices increased from \$1 per square metre to \$5,000 in many areas of the 18 modern urban centres along the railway line.

The concept of TOD is still relatively new to many in Vietnam. However, it has been incorporated into planning initiatives, such as creating new urban developments around traffic centres.

The trend of suburbanisation is gaining traction in Vietnam. There are more urban areas featuring a range of on-site amenities with convenient access to downtown areas. This has become a criterion for

young people when selecting housing. The urban chain model has been implemented in mega urban projects that share some common points, including covering large area and connecting with the downtown through the key transport system.

In fact, suburban or satellite cities have become popular models in other countries to ease pressures on major cities, such as environmental pollution and traffic congestion. At the same time, these models have created consensus in the process of developing the regions. Some well-known major satellite towns worldwide include Sunbury (satellite of Melbourne), Ulhasnagar (satellite of Mumbai), and Bucheon (satellite of Seoul).

Those cities have one thing in common – the expansion in scale has been accompanied by detailed planning on all aspects of the city, including transportation, logistics, health, education, tourism, hotels, finance, and other industries, to ensure appropriate infrastructure development and create equal employment opportunities across regions.

An enticing magnet

Su Ngoc Khuong, senior director at Savills Vietnam, pointed out the fiscal, monetary, and legal policies that will be in place in the next 3-5 years. “If the tough situation continues into the future, there won’t be much supply. The major cities will gradually lose their allure and competitiveness in comparison with the surrounding areas. Thus, the housing supply will be distributed to satellite cities,” Khuong said.

According to Trang Bui, country head of Cushman & Wakefield Vietnam, nations like Japan, China, Thailand, and Singapore offer valuable lessons for Vietnam to observe. “For Japan, it is the experience of developing the real estate market associated with

logistics when distributing the growth poles. Japan divides its regions equally, which are not too far apart,” Bui said.

Jackson of Colliers Vietnam said that with the urbanisation rate of 41 per cent per year and 50 per cent of the population living in urban areas by 2030, it is an inevitable trend to expand, merge administrative boundaries, or form new satellite towns.

“This helps coastal localities become new destinations for real estate investment when they possess attractive factors such as transport infrastructure, reasonable prices, abundant land funds, and investment incentives,” he said.

Jackson added that the large land bank offers the opportunity to develop more diverse housing projects and more effective investments. “Low land prices encourage developers to build projects in greater quantities and sell them for less money by lowering investment costs per square meter. Therefore, secondary deals are more profitable and have better absorption,” he said.

In the southern market, there are some large suburban projects such as Mizuki Park in Binh Chanh, Dragon City in Nha Be, and T&T Millenia in Long Hau-Long An. With thousands of apartments, town houses, and villas, these mega-projects are expected to accelerate the process of suburbanisation and contribute to attracting more investment in healthcare, education, and commerce,

thereby contributing to the socioeconomic growth of the whole region.

Experts say that location and transportation infrastructure play a key role because they affect the distance and commute times of homebuyers. Meanwhile, the heart of the urban area is considered a growth magnet – a place to nurture the economy with better job opportunities and social security. Therefore, moving between suburbs and downtowns will be an inevitable trend in the world as well as in Vietnam.

Hanoi is deemed to have better infrastructure than the national level. As a result of large traffic projects such as Thang Long, Nhat Tan, Vo Nguyen Giap, the first metro line, and the upcoming Ring Road 4, travelling from downtown to the suburbs of Ha Tay, Vinh Phuc, and Hoa Binh is generally becoming more convenient.

Meanwhile, regional infrastructure projects in Ho Chi Minh City have not been adequately developed, resulting in a slightly lower regional linkage. For example, the route from Ho Chi Minh City to Binh Duong almost entirely follows the National Highway No.13, and Nguyen Thi Dinh and Vo Chi Cong roads from Cat Lai Port to industrial parks in Binh Duong are always overloaded.

Therefore, the transportation infrastructure needs to be developed synchronously to meet the travel and transportation needs of the people of the suburban cities, according to Jackson of Colliers.

5. VN firms told to focus on social, environmental performance to enter German market

Nguyen Ngoc Sang, project manager of the German Business Incubator at the Delegation of German Industry and Commerce in Viet Nam (AHK Vietnam), said in recent years Viet Nam had been a popular investment destination for many countries, especially Germany.

AHK Vietnam was receiving increasing requests from German companies to find suppliers in Viet Nam, he said while speaking at the seminar on enhancing Vietnamese companies' competitiveness in global supply chains through compliance with the German Supply Chain Due Diligence Act.

With its geographical location, Viet Nam is considered the gateway to Southeast Asia, a rapidly growing and dynamic region, according to Sang.

It is attractive to investors thanks to its low labour costs, high labour compliance, strong growth for many years, and open mechanism for attracting investment.

It has signed many trade deals, including the EU-Viet Nam Free Trade Agreement, which gets much attention from European investors, including

German, and enterprises seeking to diversify their supply chains also prefer the country.

According to Nguyen Tuan, deputy director of the Investment and Trade Promotion Centre of HCM City (ITPC), said trade and investment ties between Viet Nam and the EU, especially Germany, have seen robust growth in recent years.

Germany is Viet Nam's largest trading partner in Europe, accounting for more than 19 per cent of its exports and acting as the gateway for Vietnamese goods to enter other European markets.

While productivity and quality standards remain key factors, international business partners are increasingly looking at social and environmental conditions when choosing suppliers.

To ensure exports to demanding markets, Vietnamese enterprises must comply with stringent regulations like the German Supply Chain Due Diligence Act (LkSG).

Lanh Huyen Nhu, project coordinator for Sustainable and Climate Resilient Supply Chains at

AHK Vietnam, said the act, which came into effect in January this year, sought among other things to prevent child and forced labour and ban substances that are hazardous to people and the environment.

"The law requires German companies to establish appropriate and effective risk management for their supply chains and integrate it into all relevant business processes," she said.

Companies in Viet Nam could be indirectly affected by these regulations if they are part of a supply chain of a German company.

According to experts, while due diligence in supply chains and the resulting obligations are not new, these standards are becoming even more relevant, requiring more initiatives from businesses.

Understanding and putting these requirements into practice would lower risks and strengthen their competitiveness in the global supply chain, they said.

The seminar was held by ITPC and AHK Vietnam.

6. Binh Duong: Factories to be moved from residential areas

According to the provincial Department of Industry and Trade, the number of enterprises that need to be moved accounts for 71 per cent of the total number of local industrial production establishments.

The implementation of the scheme aims to prevent and control environmental pollution, noise, fires and explosions in residential areas, and contribute to adjusting the province's urban planning, the department said.

It is also expected to help transform service development models and promote civilised and modern urban areas in Thu Dau Mot, Di An and Thuan An cities.

According to Vice President of the Binh Duong Ceramics Association Vuong Sieu Tin, local

authorities should have appropriate measures to support businesses that are required to relocate, helping them stabilise their production activities after relocation.

The Director of the provincial Department of Industry and Trade Nguyen Thanh Toan said this was a major policy of the locality and it would notify businesses in advance so that they would have time to prepare.

In a recent dialogue with representatives of businesses operating in the area, Chairman of the provincial People's Committee Vo Van Minh said that the locality would prioritise production models applying high technologies associated with environmental protection.

The aim was to create harmony in socio-economic development and green growth, thus contributing to developing Binh Duong as a smart city.

7. Aquaculture towards large commodity production

To deploy a national plan on aquaculture development in the 2021-2030 period, with a vision to 2045, in August 2022, the Prime Minister approved a national programme for aquaculture development in the 2021-2030 period.

The objective is to develop effective and sustainable aquaculture while proactively adapting to climate change; improve productivity, quality, value and competitiveness of aquatic products; and meet the requirements of domestic and export markets, the Nhan dan newspaper reported.

In addition to the above overall goals, the national programme for aquaculture development in the 2021-2030 period also set out many specific goals: By 2030, aquaculture production should reach 7 million tonnes with export revenue of 12 billion USD per year, while the growth rate of aquaculture value is expected to reach an average of more than 4.5% a year. Specifically, in the next eight years, more than 50 aquaculture areas and concentrated seed production areas will receive investment while essential infrastructure will be upgraded to meet production requirements.

Over the years, Vietnam has built a value chain of pangasius. So far, it has been effective and has set the goal that by 2030, Vietnam will actively produce and supply more than 70% of the demand for tiger prawn and whiteleg shrimp and 100% selected brood stock; at the same time, it will improve the quality of breeding aquatic species with high economic value and large volume of commodity products.

Vietnam has also invested in upgrading aquaculture infrastructure, at the same time developing production systems, supplying materials and aquaculture supporting industries.

Currently, the Ministry of Agriculture and Rural Development is developing a decree on a number of policies on fisheries development, according to which mechanisms and policies on infrastructure investment in seed production and aquaculture development. The central budget will invest 100% of funds for building essential infrastructure in concentrated aquaculture areas, marine aquaculture areas, and concentrated aquatic seed production areas for marine aquaculture.

The national programme for aquaculture development in the 2021-2030 period is clearly an important step to develop from small-scale fisheries to large, sustainable commodity production and an indispensable trend when Vietnam is aiming to be one of the leading seafood production and processing centres in the region and world.

Overcoming numerous challenges, 2022 was the second year in which Vietnam's seafood industry implemented this programme, with many positive signals, as all targets have exceeded the set level. In particular, the export value reached a record level in history - reaching the milestone of nearly 11 billion USD, up 23.8% over the same period in 2021.

To date, the marine farming area has reached about 9 million m³ in cages, while aquaculture production has reached 5.19 million tonnes, an increase of 7% compared to 2021 and also an all-time record high.

Corporate News

8. VIC: VinBrain is no longer a subsidiary

↑ 1.12%

VinBrain Joint Stock Company expected to implement the stock offering to raise charter capital, Vingroup will not participate in this capital increase. Accordingly, Vingroup's ownership ratio was diluted and reduced to less than 51%, so

Vingroup is no longer the parent company of VinBrain.

9. LIX: BOD resolution dated February 16, 2023

↑ 0.85%

The Board resolution dated February 16, 2023, the BOD of Lix Detergent Joint Stock Company approved the following issues:

1. Approved the business result in Quarter IV/2022 and 2022:

a. Quarter IV/2022

No.	Content	Unit	Plan in IV/2022	Performance in IV/2022	Performance/Plan
1	Revenue	billions dong	730	724	99%
2	Profit before tax	billions dong	50	60	120%

b. 2022:

No.	Content	Unit	Plan in 2022	Performance in 2022	Performance/Plan
1	Revenue	billions dong	2,900	2,815	97%
2	Profit before tax	billions dong	225	262.8	117%

2. Approved the business plan in Quarter 1/2023:

- Revenue: 650 billion dong
- Profit before tax: 50 billion dong.

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