



VIETNAM DAILY NEWS



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Market Analysis

1. Shares start week on a positive note

Shares had a good start on Monday thanks to increased demand toward the end of the trading session.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index rose 1.13 per cent to close the day at 1,089.29 points. The southern bourse's index decreased 3.6 per cent last week.

Some 527 million shares were traded on the southern bourse, worth VND9.6 trillion (US\$408.9 million).

Market breadth was positive with 219 gainers and 181 losers.

The VN-30 Index, tracking the 30 biggest stocks on HoSE, rose 0.80 per cent to close at 1,094.37 points.

In the VN-30 basket, the biggest gainers included Hoa Phat Group (HPG), Bao Viet Holdings (BVH) and Vietjet (VJC).

Masan Group (MSN), HD Bank (HDB), Mobile World Group (MWG), Sacombank (STB), Vinhomes (VHM) and Viet Nam International Commercial JS Bank (VIB) were among the losers.

In the banking group, all stocks moved up with gainers including Military Bank (MBB), Vietcombank (VCB), Saigon-Hanoi Commercial JS Bank (SHB), Tien Phong Bank (TPB), Bank for Investment and Development of Viet Nam (BID), VietinBank (CTG) and Techcombank (TCB).

Energy stocks also performed positively with gainers such as Viet Nam National Petroleum

Group (PLX), PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling and Well Services Corporation (PVD) and Drilling Mud Joint Stock Corporation (PVC).

The market had a chance to continue recovering in the short term, according to Bui Van Huy – Director of HCM City Branch of DSC Securities.

Huy said that next week VN-Index may continue to correct and accumulate around the zone of 1,050-1,070 points. The recovering trend might still continue, if it is in sync with world stocks and the market has a chance to retest the strong resistance area around 1,150.

If there is a "psychological" factor that breaks the 1,050 zone, the 980-1,000 zone is a strong support for investors to consider both short-term and long-term positions.

As for long-term investors, Huy said that the drop at the end of last year was a very good opportunity to accumulate stocks thanks to the lack of liquidity in the market. In 2023, the market may have declines when there is negative information. The zone of 980-1,000 points acted as a strong support in the medium term and if the price returns to this zone, a long-term accumulation should be considered.

On the Ha Noi Stock Exchange, the HNX-Index lost 0.38 per cent to close at 214.47 points.

Trading value on the northern exchange reached VND733 billion, with a trading volume of 50 million shares.

Macro & Policies

2. Viet Nam's industrial production to rise 6.6 per cent in 2023: S&P Global

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 Viet Nam 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 regard 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 Viet Nam 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 per cent in 2023," he added.

3. Disbursement of public investment to be accelerated in 2023

The National Assembly approved the public investment plan with a total capital of over VND700 trillion (US\$29.85 billion) in 2023, VND140 trillion higher than the plan in 2022 and VND260 trillion higher than 2021.

At the Government's monthly meeting last Thursday, Prime Minister Pham Minh Chinh 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,” he 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.

In January, an estimated VND27 trillion from the State budget was disbursed, including VND4.2 trillion managed by the State, or 3.1 per cent of the annual plan and up 15.7 per cent compared to the same period last year.

The remainder was managed by local authorities, equivalent to 4.2 per cent of the annual plan and a rise of 1.2 per cent over 2022.

According to the Ministry of Finance report, public investment disbursement totalled VND529.28 trillion in 2022, meeting 80.63 per cent of the plan.

Thirteen ministries, centrally-run agencies and 20 localities recorded disbursement rates of over 90 per cent.

Transport ministry prepares for the highest-ever public investment

Minister of Transport Nguyen Van Thang has issued a directive on speeding up the progress of public investment disbursement in 2023.

The public investment assigned to the transport ministry in 2023 was the largest ever, totalling VND94.161 trillion, 2.2 times higher than in 2021 and 1.7 times higher than in 2022.

He urged increased efforts to meet the schedule and ensure the project's quality in the disbursement of public investment, together with transparency and preventing loss and waste during the implementation process.

Ensuring quality was the priority, Thang said: “Special attention must be paid to ensuring the quality of the projects with quality considered a top priority right from the stage of investment preparation.”

Regular reviews and updates must be carried out to promptly detect problems in the implementation and timely raise handling measures.

Capital from stagnant and inefficient projects must be transferred to projects with good disbursement rates and were in capital shortage.

Inspection must be strengthened, especially on key projects and projects under the socio-economic recovery and development programme, including projects of the North-South Expressway, My Thuan – Can Tho Expressway, Bien Hoa – Vung Tau Expressway, Khanh Hoa – Buon Ma Thuot Expressway and Dai Ngai Bridge.

The ministry would work with relevant ministries, agencies and localities to remove difficulties in land clearance and supply sources of raw materials.

4. Positive signs ahead for Vietnamese pangasius exports to US, China

Statistics from the Vietnam Seafood Exporters and Producers (VASEP) show Vietnamese pangasius exports fell 12% to a record low of US\$475 million in 2022. This decline was attributed to the impact of high inflation globally which has led to a fall in the number of orders coming from foreign markets.

Le Hang, communications director of VASEP, pointed out that the early days of the new year saw a number of seafood processors get orders from major markets, with Hung Ca Co., Ltd. now busily preparing for an export order of 21 containers of pangasius fillets. At Vinh Hoan Jsc, nearly 10,000 workers have also returned to the firm as they prepare for their latest export orders.

Industry insiders analysed that China’s recent decision to reopen its border from its three-year hiatus impacted by the COVID-19 pandemic has served to create opportunities for Vietnamese agricultural products, including pangasius, to penetrate the market.

Pangasius exports brought in US\$712 million from China last year, accounting for 40% of Vietnamese seafood exports to the market, said experts, adding that Chinese consumers tend to prefer pangasius over tilapia.

Along with a reduction in freight costs, the move is anticipated to facilitate greater seafood exports to the market in the time ahead.

Furthermore, experts also expressed optimism about demand for pangasius and tilapia in the US market this year, particularly as the ban on Russian whitefish has resulted in a shortage of the product in the demanding market.

Most notably, it is anticipated that the country’s pangasius exports still see an upturn to this market due to the US – China trade conflict and the COVID-19 pandemic limiting China's export of tilapia to the US.

Moreover, with the US gradually getting back on track and the decline in inventories, the market law on supply and demand is likely to stimulate greater orders for pangasius to bounce back after the Lunar New Year (Tet), as well as offering fresh impetus to the recovery of pangasius businesses this year.

5. Retailers flexibly steering through turbulent times

Despite the festive occasion, the consumption of non-essential goods in the first month of 2023 remained stagnant, with analysts believing the situation will linger throughout at least the first half this year.

Despite the unfavourable environment, Mobile World Group (MWG) – the largest consumer electronics retailer in Vietnam – still aims to post positive revenue and net-profit growth in 2023, as well as two-digit growth compared to average level during the 2020-2022 period.

To achieve this goal, the company envisages opening new stores on a selective basis and striving for new shops to generate profit for the parent company within three months after launching.

Simultaneously, all shops in the system will focus on augmenting the sales revenue at existing outlets and controlling their operating costs to boost profits.

Besides this, MWG will optimise its cash flow and slash financial expenses through improved inventory management.

Specifically, the group aims to concentrate investments into seed fields that are deemed as their new growth enablers for the current period, such as

promoting AVAKids products and An Khang drug store chains.

MWG will optimise its cash flow and slash financial expenses through improved inventory management.

Meanwhile, FPT Retail has an ambition to grow into a leading multi-field retailer.

FPT Retail chairwoman Nguyen Bach Diep has set a target to provide a wide assortment of products to satisfy a variety of consumer needs.

Diep believes that the core capacity of any outlet depends on developing the retail chains and doing a smart job with the chain system management, irrespective of whatever products are sold.

In the case of FPT retail, from its core field of technology, the company has engaged in selling drugs via its Long Chau drug store network.

In 2022, the Long Chau brand reached 1,000 shops, with 5 million customers dropping into its shops physically and over 2.5 million customers shopping online to make monthly purchases.

Diep said that current difficulties may linger until the middle of next year, or even until the year-end

period, as consumers further tighten their budgets and concentrate on essential items.

In this situation, FPT Long Chau aims for network expansion, opening 400-500 drug stores this year to act as the growth engine for FPT Retail.

Another retail giant, Masan Group, focused on consolidating its integrated consumer retail platform in 2022 through the launch of the WIN shop system.

Despite the challenging environment last year, the company opened 730 new retail outlets under the WinMart+ and WIN brands.

In 2023 and beyond, the company will focus on digitalising its entire consumer network from production to retail, simultaneously developing an integrated platform with modern and traditional trade formats.

Masan's chairman Nguyen Dang Quang believes that these innovations will benefit consumers, helping them to save on costs while gaining fresh and intriguing experiences.

Opening new outlets and raising revenue continues to be the growth focus for the company in the current period.

Masan aims to open 800-1,200 outlets in 2023, applying mini mart and mini mall models in both urban and rural areas to consolidate their chain's status in consumers' hearts.

The specialists at SSI Research have presented a scenario suggesting that inflation will peak in the first half of 2023 before decelerating in the second half.

With such scenario, spending on handsets and electro-mechanical products is forecast to shed 10 per cent on-year in the first half, then gradually reboot over the remainder of the year.

6. Exports in 2023 and high demands from new generation FTAs

Since the beginning of the year when exporting goods to markets which have signed the EU-Vietnam Free Trade Agreement (EVFTA), Vietnamese enterprises no longer apply the Generalized System of Preferences, but must instead apply the preferential tariff regime according to the commitments under the EVFTA.

This year also marks the fifth year since the nation's implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) with higher requirements on "green" standards for products and goods when exporting to these markets.

The enforcement of free trade agreements (FTAs) represents the implementation of commitments with a focus on the elimination and reduction of import tariffs on goods according to the "road map".

When the nation joins the FTA playground, it is seeking both to have more market opportunities and to affirm its compliance with vital competition in the inevitable existence of an "open" economy.

Tran Thanh Hai, deputy director of the Import-Export Department under the Ministry of Industry and Trade, said, "The competition for us to boost exports is actually a constant competition to be able to innovate ourselves and improve quality as well as best meet the needs of consumers."

However, with a business community made up of more than 96% small and medium-sized enterprises with limited potential, in order to promote technological innovation, investing in production to meet the standards of markets for high value is not easy, he explained.

At a recent trade promotion conference held with the overseas Vietnamese Trade Office system,

Vietnamese Trade Counselor Nguyen Thi Hoang Thuy, in charge of the Vietnam Trade Office in Sweden (concurrently Denmark, Finland, Iceland, Norway, and Latvia), pointed out that Nordic countries are particularly interested in issues involving climate change and environmental protection.

The 2023 budget estimates of these countries feature budget estimates for green investment activities and support for environmental protection.

This will continue to influence Nordic consumption patterns, with increasing trends toward environmentally friendly and recycled green products that continue to be popular in Northern Europe, she said.

Thuy emphasized the need to understand the "European Green Agreement" which features a series of strategies launched to make the EU climate neutral by 2050.

Therefore, Vietnamese enterprises need to understand regulations, as well as market trends in order to ensure all requirements when they want to export to this highly lucrative market.

As one of the country's key export industries, when participating in the global supply chain, the Vietnamese leather and footwear industry needs compliance to meet the high standards of new generation FTAs such as the CPTPP and EVFTA, a factor which will bring both challenges and opportunities to local businesses and workers.

Phan Thi Thanh Xuan, vice chairwoman and general secretary of the Vietnam Leather - Footwear - Handbag Association, stated that the requirements, especially the ones for green production in supply chains, will be a big challenge, so leather and footwear businesses must update information regularly.

Specifically, the EU side has moved to raise the issue of compliance with safe goods standards

when producing for exports to the EU market and this law is updated annually.

Furthermore, the German market will soon move to introduce a new law on increasing consultation in the supply chain for third parties. This is also one of the conditions that Vietnamese businesses must comply with, with a failure to respond resulting in failure for exports to this market.

From the actual operation of organic food exporters, it shows that they must focus on the production and processing of products without using chemicals such as chemical fertilizers, preservatives, pesticides, growth hormones, antibiotics, or genetically modified organisms.

Pham Minh Duc, vice chairman of the Vietnam Organic Association, believes that, along with the efforts of businesses to meet high standards of goods and market access, helping them to better understand markets is an important role of state management agencies.

Although the export potential of organic products is great, the ability of local businesses to access markets remains limited, he went on to say.

"Currently, Vietnam's main export agricultural products such as shrimp products, rice, milk, cashew, pepper, coffee, tea and some special spices are certified organic and exported according to EU and US standards. However, the production output of the organic industry remains limited and currently most of the products are still being exported in the form of raw materials. Most of these businesses have also developed high-end, packaged and branded products, but in fact have not yet penetrated deeply into the end-consumer market," said Duc.

The country's import-export strategy to 2030 has set the target of ensuring sustainable export growth with an average export growth rate of 6% to 7% per year throughout the 2021 to 2030 period.

This year the Ministry of Industry and Trade has sets a target of export growth of approximately 6% compared to 2022, with this being a "modest" goal, but state management agencies insist that it will not easy to achieve this goal.

Amid difficulties and challenges relating to the global economic downturn, there is a need to ensure that standards are met, particularly due to the awareness of consumers in terms of attaching importance to environmental protection, green growth, and sustainable development.

7. Hai Duong targets 400 million USD in FDI in 2023

The northern province of Hai Duong has set a target to attract 400 million USD in foreign direct investment (FDI) in 2023, according to Vice Director of the provincial Department of Planning and Investment Nguyen Duy Hung.

The locality licensed five new FDI projects worth 15.8 million USD in January. Meanwhile, 5.6 million USD was added to three existing projects.

Hung said that the locality will speed up work on the province's master plan in the 2021 – 2030 period, with a vision of 2050 as a basis for building priority criteria to attract investment projects, especially planning of a key industrial zone for large-scale, modern and environmentally friendly investment projects.

It will focus on maximising resources to develop synchronous and modern socio-economic infrastructure networks and accelerate the construction of infrastructure of industrial parks

such as Dai An, Tan Truong, Phuc Dien, An Phat 1, Kim Thanh, and Gia Loc, and other industrial zones and clusters in the area.

The locality will renew investment promotion methods with priority given to investors in the Republic of Korea (RoK), Japan, the US and Europe; speed up administrative reform; and optimise communication channels to approach investors, Hung added.

Last year, as many as 368.1 million USD in FDI was poured into Hai Duong, up 15.3% year-on-year.

The locality is home to 498 foreign-invested projects with a total investment of over 9.2 billion USD from 26 countries and territories. The projects have created jobs for over 220,000 direct workers and thousands of indirect labourers.

Corporate News

8. VIC: Explanation for the Quarter 4.2022 consolidated financial statements

↑ 0.00%

VINGROUP Joint Stock Company has explained the movements of Quarter 4/2022 consolidated financial statements compared to the same period of last year as follows:

The explanation for the movements of over 10%:

- Gross profit increased by 48% compared to the same period of last year mainly due to the effect from real estate activities.
- Financial income decreased by 27% compared to the same period of last year mainly due to the increase in the gain from investments transfer.
- Financial expenses decreased by 20% compared to the same period of last year mainly due to the decrease (loss) in the exchange rate difference.

- Selling expenses increased by 96% compared to the same period of last year due to the Company promoted marketing and sales activities.

- General & administrative expenses decreased by 45% compared to the same period of last year mainly due to the decrease in charity sponsors expenses and provisioning.

- Loss from other activities decreased compared to the same period of last year mainly due to the decrease in contract penalty expenses.

- Current corporate income tax expenses increased mainly due to the increase in real estate transfer activities. Deferred corporate income tax expenses decreased compared to the same period of last year mainly due to the temporary differences in the period.

9. HVN: HVN shares likely to be delisted

↓ -2.02%

On February 01, 2023, the Hochiminh Stock Exchange (HOSE) issued a document announcing the possibility of delisting for the shares of Viet Nam Airlines JSC (HOSE: HVN) due to the Equity was -2,160 billion dong according to the consolidated financial statements in Quarter 1/2022, and the profit after tax of the parent company's shareholders in 2020, 2021 was negative according to the audited consolidated financial statements in 2020 and 2021. In addition,

the Company's profit after tax of parent company's shareholders in 2022 was -10,452.6 billion dongs and the undistributed profit after tax until 12/31/2022 was -34,199.5 billion dongs, Equity was -10,199.2 billion dongs according to the consolidated financial statements in Quarter 4.2022. Because Viet Nam Airlines JSC has suffered a loss in business results for 3 consecutive years 2020, 2021 and 2022, so the shares of Viet Nam Airlines JSC are likely to be delisted if the audited financial statements in 2022 continue to have the business result is negative.

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