



VIETNAM DAILY NEWS



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Market Analysis

1. Shares recover on strong buying force

Shares recovered on Wednesday thanks to strong buying force, bolstering many large-caps.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index rose 0.6 per cent to close the day at 1,072.22 points. The southern bourse's index decreased 2.15 per cent on Tuesday.

Some 569.3 million shares were traded on the southern bourse, worth VND10 trillion (US\$423.7 million).

Market breadth was positive with 210 gainers and 188 losers.

According to Le Duc Khanh, Director of Analysis - Director of Investment Capacity Development, VPS Securities Joint Stock Company, for the stock market, the most difficult period has passed when the VN-Index fell deeply from the peak.

However, in the current context, when interest rates are high, cash flow in the stock market is unlikely to return to the peak like in the 2020-2021 period. Accordingly, during this period and in the first half of 2023, the market is accumulating, causing small fluctuations.

The VN-30 Index, tracking the 30 biggest stocks on HoSE, rose 0.36 per cent to close at 1,073.38 points.

In the VN-30 basket, the biggest gainers included Hoa Phat Group (HPG), Bao Viet Holdings (BVH), FPT Corporation (FPT), PetroVietnam Gas JSC (GAS), SSI Securities Inc (SSI), HD Bank (HDB), and Viet Nam International Commercial JS Bank (VIB).

Masan Group (MSN), Vietjet (VJC), Mobile World Group (MWG), Vinhomes (VHM) were among the losers.

In the banking group, most of the 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 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 gained 0.30 per cent to close at 210.62 points.

Trading value on the northern exchange reached VND865 billion, with a trading volume of 61.5 million shares.

Macro & Policies

2. SBV will continue providing capital for real estate sector

He made the comments on February 8 at the Real Estate Credit Conference presided over by the State Bank of Vietnam (SBV) and the Ministry of Construction.

Tu said that the SBV only provided directives to carefully restrict credit risk in certain high-risk locations and segments of the real estate industry. "For instance, speculation and huge segment business leading to freezes and bubbles, which impact the system," he said.

In essence, the SBV constantly analyses real estate credit trends and implements monetary and credit policies with the objectives of guaranteeing the security of the banking system, contributing to economic growth, and ensuring the market's sustainable development, he said.

Ha Thu Giang, deputy director of the Credit Department for Economic Sectors at the SBV, said that bond purchases in the real estate market originate from a wide range of sources, including listed companies' own equity, advance capital from property investors, capital for issuing stocks and bonds, private investment capital from international investors, and commercial bank capital.

For the banking sector, market trends and company issues have a direct influence on credit quality and macroeconomic stability.

According to the SBV, unsettled real estate credit will reach approximately \$109 billion by the end of 2022, representing a 24.27 per cent annual increase.

This is one of the fastest-growing industries, accounting for 21.2 per cent of all outstanding loans to the economy, the highest level in the last five years.

The real estate business climbed by 11.5 per cent, accounting for 31.28 per cent of the rise, while the client credit balance increased by 31.1 per cent, accounting for 68.72 per cent of the increase.

By section, outstanding home loans accounted for 62.19 per cent, land use rights for 20.66 per cent, industrial and export processing zones 2.67 per cent, meeting houses 0.71 per cent, and others 13.79 per cent.

It is evident that financial institutions continue to provide credit to the real estate sector, notwithstanding rapid expansion and substantial loan balances. In accordance with the rules, credit institutions must make loans for viable projects and lending plans.

In addition, the SBV stressed that it would continue to conduct monetary policy firmly, aggressively, flexibly, and synchronously with fiscal policy and other macroeconomic measures in the future.

In addition, improving the legislative framework on credit and banking operations in line with the existing circumstances is necessary to establish favourable conditions for individuals and companies to obtain credit and eliminate real estate challenges.

In addition, the SBV intends to instruct financial institutions to manage credit risk for the high-end real estate sector, which is experiencing excess supply, trading speculatively, price fixing, and manipulating the market. Additionally, it will manage the extent of credit consolidation for a few big customers, consumers associated with key shareholders, and related individuals of shareholders of credit institutions.

It will also secure the safety of banking operations.

3. Vietnamese aviation market predicted to fully recover by year-end

The Vietnamese aviation market is forecast to fully recover by the end of this year, according to a global outlook for the aviation industry released by the International Air Transport Association (IATA) recently.

According to the association, Vietnam saw a full recovery and recorded strong growth in the domestic aviation market last year, while its international market is expected to reach the level recorded in 2019 by the end of 2023.

This year, the aviation sector is forecast to transport about 80 million passengers and 1.44 million tonnes of cargo, representing a respective year-on-year rise of 45.4% and 15%. Compared to 2019, the increase will be 1% and 14.8%, respectively.

However, experts held that there remain great challenges for the sector, including those in aviation infrastructure, fuel prices, human resources shortage, and Russia-Ukraine conflict.

Data from the Civil Aviation Authority of Vietnam, domestic airports served 9.8 million passengers in January, up 13.8% from the previous month, including 2.3 million international arrivals, a rise of 10%. Of the total, 4.85 million passengers were transported by Vietnamese airlines.

In the month, the airports also handled 112,000 tonnes of cargo, a month-on-month increase of 11.6%.

Experts held that with positive recovery signs right from the beginning of the year, the IATA prediction is reasonable, noting that last year, the market bustled strongly, especially in summer and New Year holidays.

They attributed the growth to efforts of the Government, the Ministry of Transport and the CAAV in removing obstacles and difficulties for the sector, ensuring its stable and sustainable growth, security and safety and a fair business environment.

In its report, the IATA predicted a recovery of 80% and 95% in the number of international passengers and domestic passengers, respectively compared to 2019 before COVID-19 broke out.

The association also gave prediction on the recovery speed of different regions, with the Asia-Pacific region showing the slowest recovery. Revenue from passenger transport activities is projected to rise, and the industry will be profitable again.

4. Vietnam's cement producers strive to deal with excess

By investing in the technological chain of Danish multinational FLSmidth, general director of Xuan Thanh Cement Vu Quang Bac aims to get a licence to enter high-standard markets such as the EU and the United States.

With the completion of the 4.5 million-tonne-per-year production line in October 2022, Xuan Thanh's total cement capacity will far exceed its previous capacity.

Exports may be a solution for Xuan Thanh and other Vietnamese cement makers with a significant export rate, although it is insufficient to deal the present surplus.

Chairman of the Vietnam National Cement Association (VNCA) Nguyen Quang Cung is worried

about the impact of the supply-demand mismatch on producers. The industry's actual production exceeds its intended capacity of 107 million metric tonnes per year, although cement export output is only approximately 35 million MT.

According to the VNCA, the country's total cement consumption in 2022 did not exceed 62.68 million MT. Since the second quarter of 2022, weak domestic demand owing to the downward cycle of the real estate market has driven cement and clinker stocks to around six million tonnes, equal to 25-30 days of output. Under typical consumption circumstances, the inventory level is 15 to 20 days.

Meanwhile, the effect of high raw material costs on Vietnamese cement makers is unfavourable. State-run Vietnam National Coal and Mineral Industries

Group decided to triple the selling price of coal in 2022. In addition, domestic petrol prices grew by an average of 28.01 per cent between 2012 and 2021.

In 2023, many businesses anticipate that exports encounter challenges. Many nations that import cement and clinker use protectionist measures, while freight prices remain high.

Exports of steel, cement, fertiliser, aluminium, power, and hydrogen to Europe will be subject to a carbon border policy beginning in October.

According to a VNCA study in December 2022, the total amount of cement and clinker exported in 2022 was 30.65 million MT, a 33 per cent decrease from 2021. In 2022, total foreign currency earnings from exports of cement and clinker totalled \$1.36 billion, down \$398 million.

China's reopening of its borders might partly reverse the glut, according recent projections. China has been Vietnam's main export market for cement since 2018, accounting for 54 per cent of Vietnam's cement exports in 2021.

The Building Materials Department under the Ministry of Construction projects that in 2023, the demand for cement will reach 100-105 million MT, up 7-10 per cent from 2022, with domestic

consumption accounting for 60-65 million MT and exports totalling 35-40 million.

As the real estate sector remains weak, SSI Research anticipates flat domestic cement consumption in 2023. On a positive note, it is predicted that the value of the public investment plan for 2023 will grow by 25 per cent on year.

In the previous quarter, as cement exports grew 32 per cent compared to the previous quarter, SSI Research saw indications of recovery.

Nonetheless, it noted that when performance is blended with weak use and a decline in export, this results in more competitive pressure in the north and central regions, which are the focus of new cement production initiatives.

Due to potentially less conflict in Ukraine, SSI Research predicts the price of imported coal will likely be low. Oil and liquefied natural gas prices have become steadier, and China intends to boost coal output.

There is a gap, however, between the global and Vietnamese coal price. Consequently, SSI Research anticipates profit recovery of 50-90 per cent for cement businesses in 2023, mostly in the second half.

5. Vietnam registers \$3.6 billion trade surplus in first month of 2023

In January 2023, the merchandise trade balance was projected to have a surplus of \$3.6 billion. The domestic economic sector had a trade deficit of \$1.04 billion, while the foreign-invested sector (including crude oil) had a trade surplus of \$4.64 billion, according to the Ministry of Industry and Trade's (MoIT) January 2023 report on industrial output and trade.

In January, the manufacturing and processing sector was no longer the export growth engine, as the sector's export turnover grew the least compared to agricultural, forestry, fisheries supplies, and mineral fuels groups.

The export volume of the majority of goods produced by the processing industry group fell compared to the same time the previous year. 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 \$21.52 billion.

The MoIT anticipates that the export growth for 2023 will rise by about 6 per cent to \$394 billion, compared to 2022. The country's exports have increased by 10.5 per cent between 2021 and 2022, reaching \$371.33 billion.

Deputy Minister of Industry and Trade Do Thang Hai said at a government news conference last week that the situation for global commerce "could not be improved instantly," as there has been several obstacles since the end of 2022.

According to Hai, one of the most significant issues influencing Vietnam's exports is the fall in global import demand for Vietnam's strong goods. He said there were three main reasons.

Firstly, the global economy continues to face several challenges, particularly in the world's biggest import markets, such as the United States, the EU, and Japan. Despite the recent termination of the strict pandemic strategy in China, there are still several complex circumstances, and the pandemic outlook remains uncertain.

Second, sourcing shocks have increased the price of raw materials, resulting in high manufacturing costs and a decline in the competitiveness of local products.

Thirdly, global inflation is high and inventories are large, which affects consumer demand for imported products, with the greatest impact on non-essential items, which are the primary commodities. Textiles, clothing, and footwear constitute the majority of Vietnam's exports to industrialised nations.

According to Hai, the key factor producing problems and significant hurdles for Vietnam's exports in 2023 is the reduction in global demand.

The expansion of exports in 2023 is contingent on several variables, including the development of the worldwide market, the Russia-Ukraine war, inflation, and economic changes in the world's major import markets.

6. Bac Lieu eyes US\$1 billion in shrimp exports

To realise the goal, the province will expand the areas of high-tech farming and create favourable condition for enterprises and households to boost their production towards sustainable development.

The linkage between farmers and enterprises will be strengthened in line with large-scale production.

Phan Van Sau, director of the provincial Industry and Trade Department, said a lot of local aquatic processing factories had been upgraded to increase their capacity.

To turn Bac Lieu into a shrimp farming centre, the locality is actively supporting businesses in renovating technology to diversify processed products and updating information on market demand and technical barriers. Trade promotion will be strengthened along with training courses for farmers.

The province counts 188 shrimp fry facilities, of which 159 specialise in tiger prawn and 29 in

white-leg shrimp. Besides, there are 33 aquatic processing factories for export with a combined capacity of some 125,000 tonnes each year.

China, the Republic of Korea, the US, the EU and Japan are major importers of Bac Lieu's shrimp.

Over the past decade, the shrimp sector has contributed over VND29.7 trillion (\$1.19 billion) to Bac Lieu's aquatic production value. — VNS

none; white-space: normal; widows: 2; word-spacing: 0px; -webkit-text-stroke-width: 0px; text-decoration-thickness: initial; text-decoration-style: initial; text-decoration-color: initial;">In terms of business results, PG Bank's profit before tax in the fourth quarter was more than VND119 billion, a 107 per cent increase over the same period of 2021.

For the whole of 2022, the bank's profit before tax reached VND 506 billion, up 54 per cent year-on-year and exceeding 24 per cent of its yearly plan.

7. VN's Tourism Industry to bounce back in 2023: HSBC

In its Vietnam at a glance report on tourism to the partial rescue released early this week it said Viet Nam's domestic tourism had been roaring, but international tourism, which historically accounted for 60 per cent of tourism receipts, saw a tepid recovery. That said, there were good reasons to expect a more meaningful recovery, in particular after China's reopening, a 50-80 per cent return of Chinese tourists could be achievable.

Following Viet Nam's re-opening last March, its domestic tourism had been roaring, with Viet Nam easily surpassing its 2022 target of 60m and recording over 100m tourists. Meanwhile, Viet Nam welcomed 3.6m international tourists in 2022, mainly driven by travellers from South Korea (26 per cent) and the US (9 per cent).

However, the rebound of international tourism was only partial, with tourist arrivals reaching 3.6 million, only 20 per cent of 2019's level. This highlights notable room for the services sector to continue to flourish amid a global slowdown of trade in goods demand, according to the report. For 2023, the government is targeting 102m domestic tourists and 8m international visitors, with tourism receipts expected to rise more than 30 per cent, albeit still lower than 2019 levels. Recall that total tourism receipts were as high as 10 per cent of GDP in 2019.

The good news is that mainland China, the largest visitor base for Viet Nam prior to the pandemic, has also recently begun its re-opening process, adding further tailwinds to Viet Nam's burgeoning tourism sector. While the recovery process may be gradual, the impact on tourism Viet Nam's economy will be sizeable on many metrics. For instance, Chinese tourists have on average historically spent more and stayed longer than most Asian peers, though lagging behind European and American peers. Given the proportion of Chinese tourists (30 per cent share), Viet Nam will likely be another main regional beneficiary, just after Thailand, to receive a boost from the return of Chinese tourists. If flight constraints can be solved and visa entry requirements can be eased further, we believe a 50-80 per cent return of Chinese tourists (3 million to 4.5 million) from pre-pandemic level could be achievable.

In addition to China's re-opening, what other possible boosts are there? For one, expansion into new markets will be an area of focus, with various initiatives such as tourism roadshows being conducted to make headway into emerging markets like India, a country with a rising presence in Viet Nam's international tourism.

Just last September, VietJet commenced operating flight routes between Viet Nam's resort island Phu Quoc and India's New Delhi and Mumbai. Other routes have also been launched connecting the two countries' major cities. Indeed, easier travel has also planted the seeds to deeper tourism connections: Indian tourists accounted for 4 per cent of Viet Nam's total tourists in 2022, from just 1 per cent in 2019 (Chart 4).

Another way to facilitate tourism is not just by improving its traditional infrastructure, but also diversifying tourism products. Sports tourism, a subset of tourism included in the tourism industry vision from the Vietnam National Administration of Tourism (VNAT), could also help attract high-spending travellers. For example, Ha Noi has been aiming to become a leading destination for golf tourism. Granted, the relatively nascent market means that there is significant room to improve in terms of the package tour arrangements and coordination among service providers. This, however, provides a good opportunity, with expectations that the number of golf courses in Viet Nam likely to double to 200 by 2025. Alongside other subareas identified such as medical and agricultural tourism, related development projects will be key in supporting the world's interest to travel to Viet Nam.

General tourism facility developments are also encouraging. In particular, the supply of high-end accommodations continues to grow, with the number of 4-5 star accommodations rising 12 per cent per annum on average pre-pandemic, according to VNAT. Post-pandemic, a number of global chains have been looking to actively expand their portfolios in Viet Nam, reflecting the country's attractiveness in areas beyond manufacturing. For example, La Festa Phu Quoc, Curio Collection by Hilton is expected to open in mid-2023, and Marriott

International is also expecting to add up to 9,000 rooms to its current capacity of 3,300 rooms. With government ambitions and various development projects in play, the structural outlook for

international tourism in Viet Nam remains positive, according to the report.

Corporate News

8. CTD: Cotecons - humble giant with big plans in Vietnam

↓ -0.14%

Could you highlight the company's business performance in 2022, and your expectations and plans for this year?

In 2022, the company implemented 65 projects spanning from north to south in Vietnam. Key ventures include Lego, Diamond Crown in the northern port city of Haiphong, and a VinFast factory, among others.

As of now, our total revenues are about \$630 million, fulfilling 97 per cent of our plan, and profits also reached our plan. For 2023, we have conservative figures based on the existing backlog, which is expected to increase by 10-20 per cent compared to last year.

We aimed to be cautious in 2022 and it was not an easy year for the market. We did struggle too, but we managed to achieve a positive business performance. Thanks to such a positive result, we stay competitive to bid for both public and commercial projects.

It is said that Cotecons' bad debt could reach over \$113 million, and Nam Hoi An Casino, SonKim Land, NovaLand, and others lead to an increase in the number of provisions. What is your plan for receivables in these?

These are great customers, and we are proud to have built great projects for them. Not every construction company can complete ventures at such a large scale, but Cotecons has built iconic buildings in major cities.

In terms of risks, some are unpredictable. The pandemic was one example, and 2023 will not be an easy year given market fluctuations. Therefore, all companies will face challenges. We are constantly looking at receivables as well as projects and customers. To date, we have not seen any risks with receivables from these customers, including failure to recover such amounts.

In 2023, we will enhance risk management by taking more steps in the business process before deciding if we are going to join a particular initiative. We used to just look at a project technically to see if we could meet the requirements of the investor, but we now consider the financial health of our clients before deciding if we are going to partner with them.

Vietnam has recently called for more intensive public investment. Have you had any specific strategies or actions?

There are currently many ventures developed on the market and Cotecons has been involved in considerable mega-projects. When it comes to such large projects, Cotecons doesn't go all out to get them – we will analyse its risks, what needs to be prepared, what values it will bring to us in the future, and whether it is in line with our infrastructure development policy.

In the infrastructure development segment, we also have numerous projects underway, but most of those are buildings or residential areas. In the near future, our board will assign dedicated teams in charge of infrastructure development.

At least one rival is facing an internal crisis. Does Cotecons take this type of event as an opportunity in terms of regaining the position of largest construction company by revenue in Vietnam?

Cotecons is often called the largest or a leading construction company, but we would prefer to be mentioned with humility. It is true that we are a big company with 2,000 employees. Most of them are civil engineers, who are doers rather than talkers.

We know what our company's values are and what to do to protect those values. We set strategies to agree with each other on bringing these values to our customers, partners, shareholders, and employees. We absolutely do not believe in the idea

that a single person can do it all, especially in this industry.

A company that keeps comparing itself to others will always find ways to change and not be truly itself. Once again, we know very well what we need

to do and how to do it to build a great company, so we need to be patient and act step by step.

We have defined our direction, and our vision will not change just to go along with people's comparisons. Our whole team share the same vision and stick with it.

9. TPB: Resolution on the dividend payment

↑ 0.82%

The Board of Directors of Tien Phong Commercial Joint Stock Bank approved to pay for the 2023 dividend in cash:

- Record date: February 21, 2023
- Payment date: March 03, 2023
- Dividend pay-out ratio: 25%/ par value (VND2,500/ share)

- Place & procedure of payment:

-Shareholders whose shares have been deposited: at the securities firms where the shares have been deposited.

-Shareholders whose shares have not been deposited: Tien Phong Commercial Joint Stock Bank as from March 03, 2023.

Please submit ID card and Shareholder certificates or the legal authorized letters on receipt of dividend.

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