



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index rises for sixth day in a row

The Vietnamese stock market diverged on Tuesday, but the VN-Index extended its rising streak to the sixth straight day.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index increased 2.04 points to end the trading day at 1,054.29 points, or up 0.19 per cent.

The breadth of the market remained in positive territory with 166 stocks on HoSE inching higher, while 158 stocks went down.

Liquidity continued to rise over the previous session. Specifically, the trading value on the southern exchange advanced by 15.4 per cent to more than VND11.2 trillion (US\$477 million), equivalent to a trading volume of 648.1 million shares.

The VN30-Index, tracking the 30 biggest stocks on HoSE, edged up 2.37 points, or 0.22 per cent, to 1,058.82 points. In the VN30 basket, 12 stocks added points, while 13 slid and five ended flat.

The market's benchmark's rally trend was boosted by pillar stocks, led by Techcombank (TCB) with a gain of nearly 4 per cent.

Also supporting the trend, Vietcombank (VCB), PV Gas (GAS), Mobile World Investment Corporation (MWG) and Masan Group (MSN) performed well, up in a range of 0.88-2.62 per cent.

In addition, the market sentiment improved as the State Bank of Vietnam began collecting feedback from organisations and individuals on the draft circular amending and supplementing a number of articles and suspending the circular on credit institutions' purchase and sale of corporate bonds.

The index pared gains as many pillar stocks, including Vinhomes (VHM), VPBank (VPB) and Hoa Phat Group (HPG), faced sell-offs.

In contrast, on the Ha Noi Stock Exchange (HNX), the HNX-Index dropped by 0.91 points, or 0.44 per cent, to 205.76 points.

During the session, 78.2 million shares were traded on the northern bourse, worth more than VND1.1 trillion.

Meanwhile, foreign investors continued to flock into the market as they net bought nearly VND140 billion on both main exchanges. Of which, they net bought VND130.77 billion on HoSE and VND9.07 billion on HNX.

Macro & Policies

2. New FDI approvals plunge in Q1

Fresh foreign direct investments (FDI) in Vietnam, including newly registered capital, capital increases by operational projects, and capital contributions to and stake acquisitions from companies active in the country, had topped US\$5.4 billion in the year to March 20, making up 61.2% of the year-ago figure, according to the Foreign Investment Agency under the Ministry of Planning and Investment.

Vietnam presented investment certificates to 522 FDI projects during the period, a 62.1% rise against the same period last year. Their combined capital pledges were 5.9% lower, though.

The number of projects registering for capital revision increased 2.6% year-on-year to 228, but their capital plunged 70.3% over the first quarter of 2022 to US\$1.2 billion.

Capital contributions and share purchases by foreign investors also dropped 25.5% at over US\$1.2 billion.

By sector, the processing and manufacturing sector took the lead in investment capital at nearly US\$4 billion, accounting for 73% of the total newly registered capital, decreasing 25% over the same period in 2022.

The real estate sector came in second with US\$766 million, making up 14.1% of the total and plummeting 71.6% against the first three months of 2022.

Among 67 countries and territories investing in Vietnam in the January-March period, Singapore was the biggest investor with around US\$1.7 billion, making up 31% of the total, followed by China with more than US\$552 million and Taiwan with more than US\$477 million.

Investments by Singapore and China slumped by 26.3% and 38.3% over the first quarter of 2022, while Taiwan investments surged 47.5%.

3. Central bank to cut refinance rate in next quarter: UOB

The Singapore-based United Overseas Bank (UOB) anticipates the State Bank of Vietnam (SBV) will cut its refinance rate in the second quarter this year by 100 basis points to 5.00%.

“With the US Fed poised to end its rate hike cycle as soon as May 2023 and that domestic inflation rates are showing some tentative signs of turning, we anticipate that the SBV will cut its refinance rate sometime in the second quarter this year by 100bps to 5.00%,” UOB’s report emphasised.

According to the bank's newly-released report on global economic outlook, that could be a one-off move, and more rate cuts may be on tap if domestic price pressures ease off further, although this is highly uncertain for now.

From September to November last year, the SBV embarked on a flurry of policy moves given

aggressive US Fed interest rate hikes, USD strength, and inflation pressures. It then unexpectedly raised its key interest rates by 100 basis points on 22 September, followed by another round of 100 bps hike a month later on 24 October.

The SBV on 17 October announced the widening of the USD/VND trading bands to +/-5% from +/-3% to allow for greater flexibility for the VND given a strong USD.

On 16 March this year, the SBV unexpectedly lowered its discount rate by 100bps to 3.5% from 4.5% in an attempt to boost economic growth amid global uncertainties. The US and European banking sectors are mired in a crisis of confidence. The SBV also reduced the overnight lending rate in the interbank market by 100bps to 6% and trimmed the cap on the lending interest rates for short-term loans in some sectors to 5% from 5.5%.

According to the UOB, the most important part of the latest policy move was that the SBV left the refinancing rate unchanged at 6%. This signals that the policy stance remains unchanged despite cuts in other interest rates.

As the SBV balances economic growth while ensuring price stability, there will be an increasing bias to shift towards a more accommodating stance ahead.

Experts from UOB forecast Vietnam's GDP growth will reach 6.6% this year in line with the target of 6.5% by the government.

This takes into account the first quarter growth momentum to pick up slightly at 6.45% year over year, largely due to the low base in 2022.

4. Experts call for institutional and policy reforms to unlock Viet Nam's digital future

Phung Anh Tuan, executive vice chairman and secretary general at Viet Nam Association of Financial Investors (VAFI), passed the remarks at the Fintech Revolution Summit in Ha Noi on Monday.

The summit is taking place on Monday and Tuesday in Ha Noi and is attended by BFSI experts, fintech leaders, ministry and central bank authorities, investors and corporates across Viet Nam.

The Vietnamese Government is advocating the development of a digital economy and promoting industrial revolution 4.0, said Tuan.

Many directives have been on promoting non-cash and electronic payments, including Resolution 02, dated January 1, 2019, and Decision 1813, dated October 28, 2021.

The policy and law-making process should reflect the Government's commitments, noted Tuan.

The VAFI representative expects some fintech policy changes, including amendments to some articles and clauses related to payment in prevailing legal documents such as the Law on the State Bank of Viet Nam, Law on Credit Institutions, Law on Prevention of Money Laundering and other relevant legal

documents and decree replacing Decree No 101/2012/ND-CP on non-cash payments.

According to the bank, several external risks continue to weigh on its outlook including the Russia-Ukraine conflict and its impact on energy, food, and commodity prices; global supply chain shifts and disruptions; global monetary policy tightening; and the developments in the global banking sector with its impact on confidence.

Consumer prices are showing tentative signs of turning around, however it is still early to tell whether the trend is sustainable. Of concern is that core inflation remains well above the overall target, which will be a key consideration for the central bank, the bank suggested.

He also recommended developing mechanisms and policies on national digital currency; designing a pilot mechanism for peer-to-peer lending; developing a pilot project (sandbox) for fintech; and developing a pilot project for mobile money.

Market trends

Up to fifty-five per cent of Vietnamese people purchased via online marketplaces, while 93 per cent have at least one banking app installed, said Nagesh Jaladi, VP-Marketplace Solutions at Crayon Data, at the summit.

Market trends

Sixty-six per cent of first-time users shopped online through apps and websites. Seventy-five per cent plan to splurge this year despite inflation negatively impacting categories except for groceries and fuel.

However, he added that banks continue to face multiple challenges in organising and consuming data.

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Nearly 30 per cent of banks can integrate structured customer data to use in AI initiatives.

Only eight per cent of banks can apply predictive insights from their machine-learning models to inform campaign execution and decision-making.

For seamless customer experience, building blocks are needed, including data, algorithms, expertise and partnerships, said Jaladi.

Data and AI platforms aim to transform raw data into consumable outcomes. In addition, algorithms aim to deepen customer engagement and manage risk.

This will create a relevant, unified digital experience and scalable merchant ecosystem.

Vietnamese Government has a programme to get those without a bank to 20 per cent from its current 50-65 per cent.

Technology is coming in to help, said Peter Marini, VP – Of sales for the APAC region at Crayon Data, a Singapore-based company focusing on leveraging artificial intelligence, to Viet Nam News.

"The fact that also here in Viet Nam, mobile penetration is very high, now it means being able to use mobile banking become much easier for those consumers to move from the unbanked to the banked," said Marini.

Once consumers were starting to get engaged in the banking world, Crayon Data could bring its technology to help the mobile banking banks build and extend those services, he added.

5. Foreign investment from ASEAN important to Vietnam: HSBC

Although Vietnam always eyes to attract investors from US and Europe, intra-Asian investors are so important to the country, especially since foreign direct investment (FDI) is slowing down globally due to the COVID-19 pandemic's impacts and geopolitical conflicts.

Among the 10 biggest investors in Vietnam, eight are from Asia.

Assessing Vietnam's investment partners, many economic experts said that FDI into Vietnam mainly comes from Northeast Asian countries and more recently China.

Joonsuk Park, head of International Subsidiary Banking and Wholesale Banking at HSBC Vietnam, said that FDI flows into Vietnam play a quintessential role and contributes to the growth story of the country.

"Foreign Direct Investments have been one of the key catalysts spurring and transforming Vietnam into one of the most open economies in the region," he said.

A study by HSBC showed FDI investors or those regional and global multinational companies operating in Vietnam effectively contribute to over 80% of the total exports out of Vietnam and more

than 25% of local investments. Of those multinational companies, the intra-Asian multinational companies compose the bulk.

The value of attracting the intra-Asian multinationals also translates into Vietnam stepping up not only in the value-add ladder in terms of export products but also concurrently in expanding the depth and breadth of the domestic consumption market.

"These top intra-Asian investors continue to maintain their focus on Vietnam," the HSBC official said.

The annual investment inflows remain steady. Already coming into 2023, HSBC has witnessed interest from several global intra-Asian multinationals engaging across a wide array of sectors including retail, semiconductors, electronics, mobile parts, plastics, renewables, and logistics, looking to either expand or invest newly into the country.

"Replenishing the FDI flow back into Vietnam is of critical importance for both export and the domestic consumption market growth. And the intra-Asian flow cannot be underestimated. The intra-Asian investors have a keen understanding of the Vietnamese market from both a cultural and business practice perspective. The geographical

proximity allows for the ease of travel for those Head Office decision makers,” said Joonsuk Park.

He added that many of the Asian markets themselves are export-oriented and hence

understand the innate advantage of leveraging Vietnam’s rich free trade agreement platform. The growing middle income and wealth story in Vietnam also underpins their efforts to further penetrate the local domestic consumption market.

6. PM orders close coordination to remove obstacles to property market

Prime Minister Pham Minh Chinh has just signed a document requesting more efforts to promote the development of and remove obstacles to the real estate market.

He asked ministries, agencies and People’s Committees of provinces and centrally-run cities to strictly follow the Government’s resolution dated March 11, 2023 on several measures to solve difficulties for and promote the safe, healthy and sustainable development of the market.

The Ministry of Construction (MoC), the Ministry of Finance (MoF), and the State Bank of Vietnam (SBV) must coordinate closely with each other and with relevant agencies to help businesses overcome difficulties and make the market revive.

Real estate enterprises must adjust the product structure and market segments as well as offer more reasonable prices; pay special attention to the development of social housing and houses for workers that are suitable to people's income. Competent authorities need to review housing and real estate projects to work with enterprises on measures to handle legal problems, especially in projects with corporate bonds and bank loans, and

capital mobilised from buyers, the Government leader stressed.

He also urged the MoC to soon complete a project on building at least one million social housing apartments for low-income earners and workers in industrial parks in the 2021-2030 period.

The MoF was asked to carry out harmonious, reasonable and effective measures to support enterprises to restructure bond debts, interest rates, payment terms and conditions in accordance with regulations.

PM Chinh also urged the central bank to soon implement the credit programme worth around 120 trillion VND (5.1 billion USD) to assist commercial banks in providing preferential loans for investors and buyers of projects building social housing and houses for workers, and reconstructing old apartment buildings.

Local People’s Committees were required to soon approve master plans, as well as land use plans and housing development plans and programmes for five years and annually; and organise meetings with each enterprise to help them deal with difficulties.

7. Vietnam’s standard system to be harmonized with int’l standards

According to the Directorate for Standards, Metrology and Quality, Vietnam’s current national standard system with over 13,500 standards in most economic sectors has the harmonization ratio of over 60% with regional and international standards.

Despite a remarkable number of national standards, Vietnam’s Global Quality Infrastructure Index only scored 54, behind many countries such as China, Japan, South Korea, India, Indonesia, Singapore and Malaysia.

Currently, Vietnam’s national standards are built and managed by the 13 ministries; however, the standards were developed with a lack of long-term orientation and consistency between ministries, reported the Vietnam News Agency.

Given that Vietnam is integrating into the world’s economy by joining the WTO, ASEAN and APEC and becoming signatories to new-generation free trade agreements such as CPTPP, EVFTA and RCEP, the enforcement of these treaties may cause Vietnamese businesses’ production, trading and exportation to face many strict regulations on standards and technical specifications in foreign markets.

According to the Vietnam Sanitary and Phytosanitary Notification Authority and Enquiry Point (SPS) under the Ministry of Agriculture and Rural Development, in 2022 alone, Vietnam received nearly 1,000 notices from importing

countries relating to food hygiene and animal inspection, a 10% increase compared to 2021.

The SPS advised raising Vietnam’s harmonization ratio with international standards to respond to trade barriers imposed by the FTA’s member countries and reduce the number of violations.

To meet the Government’s target by 2030, Vietnam needs to expedite issuing the standardization strategy, striving to become a member of the International Organization for Standardization, a full member of the International Electrotechnical Commission in 2025.

The country also needs to complete building a database for the national standard system and integrate its digital infrastructure with ministries, departments and localities.

Corporate News

8. STK: Report on using capital from the issuance

↓ -0.37%

Century Synthetic Fiber Corporation reports the progress of using capital from the issuance with details as follows:

I. Information on stock issuance:

- Stock name: Century Synthetic Fiber Corporation
- Stock type: common share
- Par value: 10,000 dong
- Issued volume: 13,636,881 shares

- Total mobilized proceeds: VND142,100,190,000

- Ending date: September 26, 2022.

II. Plan for using capital from the offering:

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

The proceeds from the offering will be contributed capital in subsidiary.

2) Current progress of using capital: to contribute capital in subsidiary with the amount of VND142,100,190,000.

9. DGW: Information on selling treasury shares

↓ -0.61%

On March 23, 2023, DIGIWORLD CORP announces the purchase of treasury shares as follows:

- Stock symbol: DGW
- Number of treasury stock before trading: 154,469 shares

- Number of shares registered to buy: 2,500 shares

- Purpose: to recover the ESOP shares from resigned employees

- Trading method: to transfer rights via the Vietnam Securities Depository (VSD)

- Expected trading period: from March 2023 to April 2023.

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