VIETNAM DAILY NEWS

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Market Analysis

1. Investors turn caution after GDP data, liquidity falls sharply

Stock markets were mixed on Wednesday with the VN-Index extending its rallies, but gains were capped as investors were more cautious after GSO had revealed data showing that the economy grew modestly in the first quarter.

The market's benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) rose 2.04 points, or 0.19 per cent, to close Wednesday at 1,056.33 points.

The index inched higher, despite the fact that there were more stocks performing poorly, thanks to gains of large-cap stocks, and marked its seven days of the rally.

On the southern bourse, 128 stocks increased while 176 ticker symbols went down.

Liquidity fell sharply compared to Tuesday's trading day, of which the trading value of HoSE dropped by nearly 26 per cent over the previous session to more than VND8.3 trillion (US$353.4 million). The trading volume also reduced by nearly 29 per cent to nearly 461 million shares.

The 30 biggest stocks tracker VN30-Index also ended up. It added 2.63 points, or 0.25 per cent, to 1,061.45 points. In the VN30 basket, 14 stocks jumped, 14 declined and two stayed flat.

Meanwhile, on the northern bourse Ha Noi Stock Exchange (HNX), the HNX-Index slid 0.17 points, or 0.08 per cent, to 205.59 points.

Investors poured VND800.7 billion into the market, equal to a trading volume of nearly 58.1 million shares.

Statistics showed that the banking sector continued to lead the uptrend, buoyed by the State Bank of Vietnam (SBV)'s draft circular amending the Circular 16 on credit institutions' purchase and sale of corporate bonds.

Vietcombank (VCB), Techcombank (TCB), MBBank (MBB) and BIDV (BID) all posted positive performance, up 0.43-1.67 per cent.

Stocks, including Masan Group (MSN), Vinamilk (VNM) and Hoa Phat Group (HPG), also supported the bullish trend with gains of 0.48-1.55 per cent.

However, rallies were capped by losses in other big stocks, such as PV Gas (GAS) down 0.87 per cent and VP Bank (VPB) down 0.48 per cent.

Investors became more cautious after the General Statistics Office of Vietnam (GSO) said that the country's GDP growth was modest in the first quarter. Specifically, GDP grew 3.32 per cent on-year in the first quarter, compared to the growth of 3.21 per cent in the same period last year.

Foreign investors also fled the market, ending the recent net buying trend. Of which, they net sold VND208.12 billion on HoSE and VND4.59 billion on HNX.

Macro & Policies

2. Vietnam posts 3.32% GDP growth in Q1

Vietnam's gross domestic product (GDP) has grown about 3.32% year on year in the first quarter of 2023, according to the General Statistics Office (GSO).

The expansion is only higher than the 3.21% recorded in Q1 of 2020 during the 2011 - 2023 period, the GSO told a press conference on March 29.

In particular, the agro-forestry-fishery sector expanded 2.52% and contributed 8.85% to the GDP growth. Meanwhile, industry and construction contracted 0.4%, leading to a 4.76% decline in the growth, and the service sector increased 6.79% to contribute to 95.91% of the overall expansion.

In the agro-forestry-fishery sector, agriculture saw a year-on-year increase of 2.43% in added value, forestry 3.66%, and fisheries 2.68%.

The added value of construction dropped 0.82% in Q1, the sharpest fall in the first three months of the years since 2011, while that of construction increased 1.95%, only higher than the 0.28% and 1.41% recorded in Q1 of 2011 and 2012 during 2011 - 2023.

The service sector has clearly shown recovery as a result of consumption stimulation policies, the economic reopening since March 15 last year, and overseas tourism promotion, GSO General Director Nguyen Thi Huong said.

Between January and March, the agro-forestry-fishery sector made up 11.66% of the economy, industry and construction 35.47%, the service sector 43.65%, and taxes on goods (excluding subsidies) 9.22%.

Among the 63 provinces and centrally-run cities, 58 posted growth in gross regional domestic product (GRDP) while five saw declines, the GSO noted.

Huong held that amid global economic uncertainties, the positive socio-economic results in Q1 have proved the effectiveness of management and governance policies of the Government, ministries, sectors, and localities.

3. CPI increases 4.18% in Q1

The consumer price index (CPI) in the first quarter of 2023 increased 4.18% year on year, according to the General Statistics Office (GSO) under the Ministry of Planning and Investment.

At a press conference on March 29, GSO Director Nguyen Thi Huong cited a number of major factors behind the rise, including the rising price of housing and construction materials (7.17%), which hiked the CPI in the period up by 1.35 percentage points.

Meanwhile, a 4.41% increase in the price of food and foodstuff due to high demand during the Lunar New Year festival also caused a rise of 0.94 percentage point of the CPI.

At the same time, education service prices surged 10.13% as some localities ended the tuition fee exemption and reduction scheme that aimed to ease people's difficulties during COVID-19 pandemic. This also led to a 0.62-percentage-point rise in CPI in the period.

Factors that kept the CPI back included dropping prices of petrol, gas and post-telecom services.

In March alone, the CPI fell 0.23% from the previous month as prices of food and petrol went down.

4. Government calls for broad-based measures to help realty sector

The Government has recently urged ministries to take measures to help the realty sector get back on track and sustain its healthy growth.

The Ministry of Construction (MOC), the Ministry of Finance (MOF), and the State Bank of Vietnam (SBV) have been urged to make a joint effort to support realty firms facing legal entanglements, especially those involved in corporate bond issuances and bank mortgages.

Realty firms have been called to focus more on developing low-end segments to increase the availability of affordable housing for low-income homebuyers and workers.

MOC has been requested to speed up the drafting of 'The scheme of one million social housing for low-income homebuyers and workers between 2021 and 2030' and submit the scheme to the Prime Minister for approval no later than March.

In addition to the scheme, the ministry has been tasked with executing Decision No.1435, which calls for the removal of obstacles hindering local real estate projects.

Meanwhile, MOF has been assigned the responsibility of implementing Dispatch No.1163, which mandates legal measures to tighten up corporate bond issues. It also requires the ministry to provide assistance to firms in restructuring their bonds.

Decree No.08 is another legal document whose implementation has been assigned to the ministry. The decree centres around some revisions to an earlier decree on privately-placed corporate bonds.

MOF has also been charged with carrying out Decision No.75 to ensure the stable operation of the securities and corporate bond markets. For issues beyond its authority, it is required to report the issues to the Prime Minister.

The PM has called on SBV to accelerate the distribution of the credit package that provides VND120 trillion (US$5.1 billion) of preferential loans to individuals seeking to buy affordable housing and apartments in renovated buildings.

For legally-adequate real estate projects which have a good prospect for sales and have the capability to repay their debts, the PM has requested SBV to facilitate their access to bank loans to boost the sector's recovery.

Credit institutions have been urged to take measures to improve the availability of preferential loans to the economy, especially loans to homebuyers and realty firms.

The PM has also requested local authorities quickly ratify master plans for land use and housing and speed up the project-approving process to create more supply to the realty market.

The authorities have also been urged to implement Decision No.1435, which calls for support to real estate projects stymied by legal, administrative, and financial obstacles.

They have also been tasked with implementing Resolution No.33, which involves measures to ensure a healthy realty market, and submitting quarterly reports on the implementation to the PM.

The PM has also requested MOC to make similar reports on the execution of Resolution No.33 and hand them to the Government on a quarterly basis.

The PM has appointed Deputy Prime Minister Tran Hong Ha to oversee the implementation of the above-mentioned directives in the three ministries and local authorities.

5. Positive real estate signs march ahead

March has seen a flurry of activity in welcoming quality real estate products in Vietnam.

Singaporean group CapitaLand Development, saw all of SOHO@Heritage West Lake booked up after being introduced to the market on March 19.

The Elysian project developed by Gamuda Land is also reportedly being well observed by buyers due to the prestige of the developer, the good location, and high quality of the project.

Domestic groups are also joining the rush. Nam Long Investment JSC said that the business is implementing a series of plans in 2023, in which priority is being given to ventures in large urban areas such as Waterpoint, Mizuki Park, Nam Long Can Tho, Nam Long Dai Phuoc, Akari City, and Izumi City.

Meanwhile, Hung Thinh Land introduced the 9X An Suong project in the northwest of Ho Chi Minh City.

In the southern province of Binh Duong, Phu Dong Group is about to open for sale an apartment project in the affordable segment, called Phu Dong Sky One. The project boasts around 830 apartments in Di An City. In addition, some large real estate enterprises have also started to return to the sales race, such as Vingroup with a new subdivision at Vinhomes Grand Park, Rioland with MT Eastmark City apartments located in Ho Chi Minh City, and Van Phuc Group planning to introduce high-end apartment products in Van Phuc city.

The government's latest actions, effective from March 11, has seemingly gone some way to help improve the outlook. The plan outlined solutions to resolve issues in the real estate market and is expected to address two main obstacles to the market's growth – legal bottlenecks and cash flow issues.

Regarding cash flow, struggling real estate firms will have the option to extend their principal and interest loans, as well as restructure their debt pools.

Projects that meet the market's actual needs, are efficient, and have good liquidity – such as social housing, office spaces for lease, renovation of old apartments, and real estate for production, industry, and tourism – will be prioritised for government support.

Moreover, real estate projects with legal compliance, positive sales prospects, and feasible repayment plans will be given easier access to credit.

Bond market breakthrough

Also in March, just a few days after the issuance of a decree on boosting the bond market, real estate businesses immediately successfully issued many bonds, raising over $520 million.

Within a week, three real estate developers alone mobilised the majority of that figure through the bond channel, demonstrating that the market is again enticing.

According to the Hanoi Stock Exchange, on March 16, Phuong Nam Star Urban Development and Business Investment Corporation successfully issued 46,950 bonds, with total issuance value hitting $204 million. This bond lot has a term of 18 months and matures in September 2024.

At the beginning of March, the company also mortgaged 519 individual housing purchase and sale contracts at Dai An Urban Area Project in northern Hung Yen province, mobilising over $290 million.

On March 13, Luxury Living Furniture Trading announced it had issued domestic bonds with a total value of $208 million. The bonds have a term of 60 months, an interest rate of 9 per cent per year, and maturity after five years.

The next day, another real estate developer, the Dream City Villas, successfully issued bonds with a total value of $100 million with an interest rate of 6 per cent per year.

Real estate expert Tran Khanh Quang said that the State Bank of Vietnam's decision to adjust the credit target will bring positive sentiment to the real estate market.

"With about 1.5-2 per cent of additional credit, the amount of money pumped into the economy is considerable in these difficult times. Therefore, the loosening of credit room and now lowering loan interest rates positively affects businesses in many fields, including real estate," Quang said.

Dr. Nguyen Van Dinh, chairman of the Vietnam Association for Real Estate Realtors, said that in this quarter of the year, the government will continue to focus on amending and handling problems related to investment procedures with residential projects.

"In particular, when the supply of social and affordable housing is brought to the market by timely incentive policies, transactions will be active again because it will hit the real demand. The improvement in liquidity of this segment will spread heat to the whole market, helping real estate recover," said Dinh.

Decelerating for sustainability

However, the three factors of inflation, interest rates, and the global recession threats continue to hinder the recovery of key real estate markets across Asia-Pacific.

"Investors are turning to a defensive status, leading to a wave of running away from high-risk assets. Vietnam also cannot avoid the common trajectory. The market with the lowest liquidation in the last three years has shown no sign of stopping," said David Jackson, general director of Colliers Vietnam.

However, Jackson said each segment recorded a different impact, depicting the trend when the market faced volatility. "The market decelerates and there are still risks, but it also opens up opportunities for sustainable development," Jackson said.

He confirmed that this is a golden time for real estate reorientation associated with socioeconomic development requirements such as settlement of settlement issues, and real estate for production and business.

"Once the foundations of supply and demand, prices, interest rates, and policies are consolidated, the real estate market will create momentum for stable long-term growth and increased resistance to external shocks," he added.

Specifically, high-quality assets with sustainable value such as offices, industrial, logistics, and multi-family housing in the Asia-Pacific region will lead growth prospects in 2023. Correspondingly, the property types belonging to the three segments are also expected to have clear movement in Vietnam over the next few years.

As a highly valued defensive asset, industrial real estate such as factories, warehouses, and logistics is forecast to be the most active in the Vietnamese market this year.

The office for lease segment also recorded that tenants have increasingly serious requirements, showing a change in personnel and workplace organisation strategies in recent times.

Although the traditional office model still prevails in Vietnam, the trend of flexible working is becoming more widely accepted. This poses a requirement to rebuild the workspace in a sustainable and flexible manner while ensuring internal cohesion.

Elsewhere, the retail real estate market in Vietnam is seeing major brands continue their expansion plans. AEON Mall Vietnam in February commenced construction of AEON Hue and also received planning approval for AEON Hoang Mai in Hanoi at the same time.

Meanwhile, Central Retail announced an investment of $800 million in which 25-30 per cent will be for expansion in Vietnam this year, with 5-7 malls to be opened into 2024.

In the condominium and town houses segment, the three dynamics of supply, selling prices, and liquidity will continue to face challenges this year, Jackson of Colliers said. Market sentiment will shift towards transparency, with the mid-range segment at reasonable prices more favoured.

As cities expand, the market in new urban areas and residential areas near industrial zones will be more active. Worker housing and social housing could start to gain more attention from developers, thus easing the housing needs for low- to middle-income people.

From an investment perspective, Jackson believes that the residential market remains enticing to foreign capitals.

"Considering the capital and credit constraints in Vietnam, now is a good time for pension funds or insurance capital and other sovereign wealth funds from Europe, North America, and Asia-Pacific to accelerate their presence in residential projects in Vietnam, where domestic developers play the dominant role," Jackson said.

6. Hai Phong ranks among top localities in FDI attraction

The northern port city of Hai Phong continued ranking among the top localities in attracting foreign direct investment (FDI) in the first quarter of 2023.

As of March 22, the city had lured 385.08 million USD in FDI, equal to 78.89% of the figure in the same period last year, and 17.91% of the yearly plan.

To date, industrial and economic parks in Hai Phong have attracted 468 FDI projects totaling 23.3 billion USD, and 202 domestic-invested projects with combined capital of 296.59 trillion VND (12.6 billion USD).

These figures are the results of continuous efforts and drastic actions by the city's leaders, as well as relevant sectors and units, particularly the Hai Phong Economic Zone Authority (HEZA).

Dialogues with investors and contractors have been held regularly by the authority to help them deal with difficulties and obstacles in production and business activities and to strengthen security and order.

In a regular meeting of the municipal People's Committee on March 27, its Chairman Nguyen Van Tung asked sectors, units and localities to step up the implementation of measures to reform administrative procedures and improve the business and production environment.

7. Japanese banks to provide 300 million USD for Vietnam's renewable energy

Four Japanese banks - the Japan Bank for International Cooperation (JBIC), Mizuho Bank, Joyo Bank, and Shiga Bank - will co-finance a total of 300 million USD in credit lines to power producers using renewable energy in Vietnam to help the growing Southeast Asian country decarbonize, according to the Nikkei Asia.

The banks will provide funds through the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) which will in turn provide subleasing loans, mainly to local businesses.

By indirectly utilizing Vietcombank's credit information, the Japanese banks expect that high-risk loans can be provided swiftly, Nikkei Asia said.

In January, JBIC issued a joint statement related to the Vietnam Climate Finance Framework, which aims to promote Vietnam's decarbonisation in partnership with US and Australian government financial institutions and others. This co-financing by the four Japanese banks is JBIC's first project under this framework.

Vietnam has set a goal of achieving net-zero carbon emissions by 2050. Expanding the introduction of renewable energy is considered a key to reaching the target.

Corporate News

8. PNJ: Contributing capital to establish Golden Trust Fund

↓ -1.03%

On March 28, 2023, the Board of Directors of Phu Nhuan Jewelry Joint Stock Company announced the following decisions:

1. To contribute capital for the establishment of the Golden Trust Fund with the value of 5,000,000,0000 dongs.

2. To approve the ground lease agreement with the Golden Trust Fund to open its office at 52A-52B Nguyen Van Troi, ward 15, Phu Nhuan district, Ho Chi Minh city.

9. NBB: Receiving the dossier of public tender offer from CEE

↑ 6.69%

On March 27, 2023, 577 Investment Corporation received the dossier of registration for public tender offer of NBB shares from CII Engineering and Construction JSC (CEE) with details as follows:

- Number of NBB shares owned by CEE and related parties before trading: 45,001,632 shares (equivalent to 44.93% of total outstanding shares of NBB). Of which: Number of NBB shares owned by CEE before trading: 7,337,100 shares (equivalent to 7.33% of total outstanding shares of NBB)

- Number of NBB shares expected to be bought: 500,000 shares (equivalent to 0.50% of total outstanding shares of NBB)

- Number of NBB shares owned by CEE and related parties before trading: 45,501,632 shares (equivalent to 45.43% of total outstanding shares of NBB). Of which: Number of NBB shares owned by CEE before trading: 7,837,100 shares (equivalent to 7.82% of total outstanding shares of NBB)

- Buying price: VND14,950/share.

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