



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index opens new week on a negative note

The stock market was mixed yesterday, with the VN-Index extending its bearish trend due to persistent selling pressure.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index closed the trading day at 1,065.35 points, a decline of 4.36 points, or 0.41 per cent. It fell for three consecutive sessions.

The market's breadth was negative as 142 stocks increased while 188 stocks slid.

However, liquidity rose sharply over the previous session. The trading value on the southern bourse climbed nearly 40 per cent to VNĐ 15.1 trillion (US\$642.2 million), equivalent to a trading volume of nearly 857.5 million shares.

The VN30-Index, tracking the 30 biggest stocks on HoSE, also finished lower at 1,077.41 points, down 1.47 points or 0.14 per cent. Twenty stocks of the VN30 basket decreased, while five stocks advanced and five stayed flat.

Data compiled by a finance website vietstock.vn showed that banking and real estate industries continued to dominate the market's general trend. Specifically, BIDV (BID) was the biggest loser, leading the downtrend. BID shares dipped nearly 2.1 per cent yesterday.

It was followed by Vietcombank (VCB) and Vingroup (VIC), with both down 1.1 per cent in market capitalisation.

Also weighing investors' mood, Hòa Phát Group (HPG), PV Gas (GAS), and Vinhomes (VHM) posted great losses, down in a range of 1.68-2.36 per cent.

Losses were capped by gains in some large-cap stocks, with Mobile World Investment Corporation (MWG) being the biggest gainer, up 5.13 per cent. Techcombank (TCB) and Kinh Bắc City Development Holding Corporation (KBC) also helped cushion the downtrend as two ticker symbols were up 2.2 per cent and 5.39 per cent, respectively.

Meanwhile, on the Hà Nội Stock Exchange (HNX), the HNX-Index rose 0.4 points, or 0.19 per cent, to end yesterday at 212 points.

Over 161.6 million shares were traded on the northern bourse during the session, worth VNĐ2.2 trillion.

Foreign investors were net sellers on the market after net sold nearly VNĐ290 billion on two main exchanges. Of which, they net sold VNĐ305.22 billion on HoSE, while net buying VNĐ15.29 billion on HNX.

Macro & Policies

2. Bac Ninh ranks third in foreign investment attraction in Q1

In the reviewed period, the province granted licences to 55 new projects, worth 481 million USD, which doubled the number of projects seen in the same period last year and marked a year-on-year increase of 8.5 times in terms of capital.

It also allowed 31 operating projects to raise their capital by more than 83 million USD.

Along with foreign-invested projects, the province also licensed six new domestically-funded ones with capital totalling 1.27 trillion VND (54.3 million USD). The province is now home to 1,534 valid domestically-invested projects capitalised at over 253.8 trillion VND.

Vice Chairman of the provincial People's Committee Ngo Tan Phuong said the province would continue to implement solutions to support foreign and domestic businesses.

It would focus on accelerating site clearance, investing in infrastructure construction of industrial zones and clusters, and fostering investment promotion.

Along with that, the province would develop high-tech industries, and smart manufacturing, and anticipate a new wave of investment in semiconductors and chips; 5G and 6G technology, energy batteries, and ecological agricultural production.

3. Bac Giang earmarks 3.5 billion VND to encourage industry development

The funding will be used to cover technological transfer and the utilisation of cutting-edge machines and science-technology in agro-forestry product processing, food and beverage, support industries in service of garments-textiles, and mechanical and electronic production.

The province will focus on developing typical rural industrial products, improving the management capacity of businesses, raising their awareness of and capacity for clean industrial production, supporting rural industrial facilities in design and packaging, and stepping up the communications work.

This year, it will continue raising the quality and efficiency of industry promotion work with a focus on rural industries based on locally available materials.

The province has boosted the sectors in which it has potential like agro-forestry product processing, handicrafts and construction materials, and urged

and supported organisations and individuals to participate in rural industrial production, with cleaner technologies.

To bring into full play such industry encouragement projects by 2025, Bac Giang will concentrate on some key sectors that have potential, competitive advantages and the capacity to join the global production network and value chain.

The locality will continue supporting garment-textile and leather sectors, with priorities given to high value-added steps, along with others that employ local labourers.

Priorities will also be given to industries that serve agriculture and rural areas, especially agro-forestry-fishery product processing, and more attention will be paid to both traditional and new craft villages, especially in areas where farming land are revoked or those are home to ethnic minority communities.

The industry encouragement work has significantly contributed to accelerate economic and labour restructuring in rural areas towards industrialisation and modernisation, creating jobs, increasing incomes, reducing poverty, raising cultural and social life in rural areas, and building new rural areas.

In 2022, the total funding for the work in Bac Giang amounted to 5.7 billion VND, with industry encouragement projects focusing on agricultural product preservation, agro-forestry product processing, and mechanical and electronic production.

Meanwhile, during the 2019 -2021 period, Bac Giang rolled out 78 projects and supported more than 100 rural industrial facilities to participate in exhibitions, among other activities.

Bac Giang is also building trademarks for local farm produce with an aim of reaching more markets, toward raising the value of agroforestry to produce export by an average of 8% a year to reach about 200 million USD by 2030, according to the provincial People's Committee.

The province now has eight key agricultural products namely Thieu lychee, chicken, pork, citrus fruit, high-quality rice, vegetable, peanuts and fish, 14 typical products and 30 products of good potential. Among them, 40 products have had their trademarks protected. Some have earned

geographical indication protection abroad like Luc Ngan lychee is protected in Japan, the Republic of Korea, Thailand, the US, Australia and Singapore, Chu and Ke dry rice noodle ares protected in Japan, the RoK, Thailand, and Yen The range chicken in Singapore, China and Laos.

Bac Giang also has 60 products with trademarks and 155 One Commune One Product products meeting three-star standards and above.

The provimce aims to speed up the implementation of public investment projects, especially large-scale and key projects in the second quarter of this year, according to the provincial People's Committee.

In March, the province established a number of new industrial complexes with a total investment of more than 1.87 trillion VND (78.2 million USD), according to local authorities.

These new industrial facilities are expected to attract investment in a wide range of sectors, such as electronics, garments and textiles, farm produce processing, supporting industries, and manufacturing.

Under its master plan on improving investment efficiency by 2030, the province will allocate more than 10,000 hectares to industrial development.

4. VND7,100 billion proposed for upgrading Mekong Delta's roads

Of the cost, over VND5,600 billion will be sourced from World Bank loans, cited the Vietnam News Agency.

The project of upgrading National Highway 53 includes upgrading a section passing through Long Ho – Ba Si in Vinh Long and Tra Vinh provinces with a length of 46 kilometers and constructing a 23-kilometer bypass in Vung Liem District, Vinh Long Province. The project will need over VND1,850 billion, of which the reciprocal capital is VND580 billion.

Meanwhile, the project of improving 77 kilometers of National Highway 62 and building an 8-kilometer bypass passing through Tan Thanh Town, Tan Thanh District, Long An Province, will need an

estimated VND2,250 billion, including a loan of VND1,545 billion and reciprocal capital of VND705 billion.

For the 142-kilometer National Highway 91B south of the Hau River, the total investment capital will be VND1,500 billion, of which over VND1,300 billion will be sourced from borrowing.

The above projects aim to shorten travel time, meet the transportation demand, ensure traffic safety and complete the regional road systems, helping to respond to climate change in the Mekong Delta.

Upon completion, a section of National Highway 53 passing through Long Ho – Ba Si will act as a horizontal axis connecting Vinh Long and Tra Vinh

cities, while National Highway 62 in Long An will connect four vertical axes, including National Highway 1, HCMC – Trung Luong Expressway, National Highway N1, N2 and the provincial roads of 829, 831 and 837.

Upon completion, National Highway 91B, south of the Hau River, will connect National Highway 1 with National Highway 60, Can Tho, Soc Trang, Hau Giang and Bac Lieu provinces.

Work on the projects is scheduled to commence this year and last four years.

5. Viet Nam’s banking system shows signs of money surplus

Viet Nam’s banking system is showing signs of returning to a period of money surplus as no bank needs the State Bank of Vietnam's (SBV) capital in the open market operation (OMO) channel and overnight interbank interest rates have dropped sharply.

Though the SBV has offered cheaper interest rates with longer-term loans in the OMO channel, no banks have taken part in the SBV’s offers. April 3 marked the 10th consecutive session that the SBV failed to lend capital on the OMO channel.

The move took place after the SBV decided to reduce several policy interest rates by 0.3 - 0.5 percentage points from the beginning of last week.

Previously, the SBV also increased the term for loans in the OMO channel from seven and 14 days to 28 days after reducing some policy interest rates on March 15.

The fact that banks are not interested in the SBV's lending channel is understandable as the interest rates for the SBV’s loans in the OMO channel have decreased but are still higher than those in the interbank market. Therefore, instead of looking to SBV loans that have a higher capital cost, banks are prioritising borrowing from each other to meet their liquidity needs.

According to the SBV, the average overnight interbank lending interest rate fell to 1.12 per cent on March 20. Though the rate inched up compared to the previous two sessions, it was the lowest overnight interest rate since the middle of July 2022 and was equivalent to the rate in the ‘cheap money’ period from the beginning of 2020 to the middle of 2022.

Similarly, interest rates for one-week, two-week and one-month loans in the interbank market were also at the lowest level in the past eight months.

Interbank interest rates continuously fell in the second half of March as the liquidity of the banking system became more abundant than in the previous period. In fact, in recent statements, SBV leaders have affirmed that the liquidity of the banking system was very abundant when the SBV bought a large amount of US dollars and pushed a corresponding amount of Vietnamese dong into circulation.

According to SBV Governor Nguyen Thi Hong, in the first quarter of 2023, the SBV bought US\$4 billion, which meant injecting a corresponding amount of cash into the market. The injection has helped the liquidity of the banking system remain abundant.

In addition, Hong said, deposits in the banking system have also risen sharply since Lunar New Year.

Commercial banks have lowered their deposit rates further since the SBV’s latest rate cuts came into effect on April 3. Viet Nam’s big four State-owned commercial banks reduced their deposit rates by 0.1-0.3 percentage points per year. Accordingly, interest rates for deposits from one to 11 months range from 4.9 per cent to 5.8 per cent per year, and the rates for deposits of 12 months and longer are set at 7.2 per cent.

At a recent press conference on reviewing banking activities in the first quarter of 2023, Pham Chi Quang, director of the SBV’s Monetary Policy Department, also said liquidity in the banking system is at a large surplus.

"Bank liquidity is in excess. This is demonstrated by two indicators. First, the deposit balance of credit institutions at the SBV far exceeds the required reserve level and this movement has occurred since February this year. Second, the interbank interest rate dropped very sharply, currently the overnight interest rate is only about 0.7-1.2 per cent per year," Quang said.

Quang attributed the excess liquidity in the banking system to low credit growth in the first quarter of 2023 that did not meet expectations.

According to an SBV report, credit of the whole economy in the first quarter of 2023 increased by only 2.06 per cent compared to the end of 2022, the lowest rise in the past three years. With this growth, the whole banking system net lent to the economy only about VND245.6 trillion in the first quarter of this year.

"It cannot be said that banks do not want high credit growth, but credit demand of the economy is very

low, making it difficult for banks to lend," Quang explained.

According to the SBV's deputy governor Dao Minh Tu, credit growth of 2.06 per cent in the first quarter of 2023 did not meet expectations due to various reasons. Specifically, in the first quarter of this year, uncertainties in the domestic and international markets had a significantly adverse impact on firms and many of them faced difficulties, which caused credit demand to slow. In addition, credit growth was low in the first quarter so some projects and investment activities were interrupted by the Lunar New Year holiday.

Normally, credit growth at the beginning of the year is lower than in other quarters. However, it is necessary to continually watch indicators to assess the difficulties of firms and economic sectors to timely take measures, Tu noted.

6. Retail energy pricing in planning

The Ministry of Industry and Trade (MoIT) was tasked with completing the plan to modify the average retail price of electricity and submitting it to the government in accordance with the March resolution by the government at the monthly meeting.

This modification will serve as the foundation for an increase in the retail price of electricity used for daily life and production. Electricity of Vietnam (EVN) recorded a record loss of nearly \$1.55 billion from electricity generation in 2022; if other financial income is excluded, the loss falls to \$1.12 billion.

Previously, at the end of March, the MoIT announced that the cost of electricity production and business increased by 9.27 per cent compared to 2021. Since March 2019, when the average retail price of electricity remained at 8 US cents per kWh, EVN has lost approximately 0.7 US cents per kWh of electricity sold.

If the average retail price of electricity remains unchanged this year, EVN's calculations indicate that the parent company will be in the red by more than \$188 million by June and nearly \$1.19 billion by December.

EVN reported to the MoIT that as a result, ways of generating prices spiked while selling, and output prices were sluggish to adapt. Consequently, EVN will struggle to balance monetary flow to power generating units, mobilise capital, and balance capital. This will impact the availability of electricity and the investment, repair, and maintenance of electrical infrastructure.

"Our nation's electricity prices cannot be comparable to those of developed nations. People, businesses, and the economy cannot withstand excessive prices," said Prime Minister Pham Minh Chinh in February at the conference to promote domestic production and consumption and expand export markets.

The prime minister directed the MoIT to preside over and coordinate with EVN to consider and alter the average power selling price in compliance with

the law, or to order EVN to consider and adapt the average power selling price in line with the law.

7. Garment exports slump in first quarter

Textile and garment export value in the first quarter of 2023 reached US\$7.1 billion, down 17 per cent compared to the same period in 2022, due to the impact of global inflation, according to the General Statistics Office (GSO).

This was the deepest decline in the first quarter since 2009, GSO said.

The global inflation made consumers tighten spending on non-essential products, causing textile and garment exports to major markets such as the US and EU to drop sharply.

There are many forecasts saying that the domestic textile and garment industry's exports growth will slump this year.

Since the fourth quarter of 2022, textile and garment enterprises have had a shortage of export orders, leading to a sharp drop in export turnover and factories operating at below capacity.

Export orders in the second and third quarters are still shrinking, and workers are working reduced hours.

Than Duc Viet, general director of Garment 10 Corporation, said the reduced demand for textiles and garments this year was due to the impact of inflation, pandemic, and geopolitical tensions between Russia and Ukraine. In addition, concerns about financial market instability and a banking crisis have also affected demand.

In the first quarter of this year, exports of May 10 were estimated to decrease by 10 per cent compared to the same period last year.

Product volume in the second quarter is estimated to decrease by 20-30 per cent, and until now, May 10 has not received new orders for production in the third quarter, said Viet.

Viet Thang Jean Co, Ltd (VitaJean), a large garment firm, has also reduced factory capacity, and temporarily closed a high-grade product production line because of a lack of orders.

Pham Van Viet, VitaJean chairman and vice chairman of the HCM City Garment, Embroidery and Knitting Association, said that purchasing power has not recovered in Japan, the US and EU, while it has reduced by about 20-30 per cent in February in the domestic market.

Pham Van Viet said that the prospects of the textile and garment industry in the first half of 2023 are still bleak. From the third quarter of 2023, the market may gradually recover, as the price of input materials decreases, reducing pressure on businesses.

However, all forecasts lack clarity because the conflict between Russia and Ukraine has not cooled down yet.

Coping with the downturn

In this context, textile and garment enterprises have to implement many solutions such as restructuring enterprises, markets and products to maintain production and keep workers while waiting for the market to warm up.

The VitaJean chairman said that besides traditional markets such as the US and EU, his company is trying to boost exports to Australia and Canada, and at the same time, increase domestic consumption to partly compensate for the decline in exports to the traditional markets.

Meanwhile, Than Duc Viet said that May 10 has also restructured its businesses and sustainable development strategies. It also needs to review product position, market, management, technology, and production models to meet customer requirements.

He also said for the domestic market, this business is looking for products to meet the needs of customers in the context of the economic downturn.

For exports, May 10 is seeking new markets besides its traditional markets including the US, Europe and Japan.

Viet Nam's 15 signed free trade agreements (FTAs) bring a lot of opportunities to expand to new export markets, so South Africa, Africa, the Middle East and China are likely to all be huge markets in the future, he said.

The May 10 general director said now is also the time of sustainable development associated with green production.

The world is encouraging green growth, and Viet Nam committed to reduce carbon emissions at COP26. Therefore, May 10 is switching to using green materials and green energy. As it increases the proportion of green products, this business will have many opportunities to promote production and exports in the future.

Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association (Vitas), said that the textile and garment industry last year still exported product worth more than \$42.2 billion, up 8.5 per cent over the same period the previous year.

However, that result mainly came from export growth in the first six months of the year. From the third quarter of 2022, exports began to show signs of weakness due to China's zero-COVID policy and the global recession.

The textile and garment industry's production continued to deteriorate in late 2022 and remained in that situation until the first quarter of 2023.

In 2023, Giang forecasts that the textile and garment business will still have many challenges. The most significant is the trend of increased layoffs and moving the workforce away from big cities.

Meanwhile, domestic enterprises have not been able to meet a number of complex orders.

Foreign markets also have requirements for recycled products and transparency in operations. Those are issues that businesses cannot immediately respond to, especially small and medium sized enterprises.

According to Giang, the most important solution now is to diversify markets, products and brands produced in Viet Nam.

On the other hand, businesses should use more green and recycled products, and have infrastructure investment plans and in-depth strategies to meet the requirements of foreign markets.

In addition, textile and garment enterprises need strategies to respond to the fast changes of the market, such as fast delivery times, competitive prices, stable quality, and transparency in products.

Businesses also need to build connection channels to grasp the challenges and opportunities of the global textile industry, digital technology trends and new policies.

Giang said that large-scale enterprises with production chains of yarn, weaving, dyeing and sewing, will survive, while businesses specialising in processing will face great challenges.

Corporate News

8. VIC: Green taxi services commence in Ha Noi next week

↓ -1.10%

Green and Smart Mobility Joint Stock Company (GSM) announced the launch of Green SM Taxi, an electric taxi service, in Ha Noi starting on April 14, 2023.

This is the first step in bringing the cars to the streets of at least five provinces and cities across Viet Nam this year.

From April 14, 2023, customers in Ha Noi will be able to choose from the following two green and smart taxi services from Green SM Taxi in the first phase: GreenCar, which uses the VinFast VF e34, and GreenCar Luxury, which uses the VinFast VF 8. After VinFast officially hands over VF 5 models to the Vietnamese market, Green SM Taxi will add the VF 5 Plus to the GreenCar fleet.

The Green SM Taxi fleet is easily identified by its unique cyan blue colour, which combines green to represent the environment, and blue, which represents intelligence and technology. With this colour scheme, Green SM Taxi's GreenCar service will deliver customers experience of green and smart mobility. Meanwhile, the GreenCar Luxury service, with its lavish VF 8 model, will be a classy choice for customers preferring private travel and premium services.

With regard to rates, the first kilometer for the GreenCar service is VND20,000. For the next 24km, the rate for VF 5 Plus is VND14,000/km, and for VF e34 is VND15,500/km. From 26km onwards, the fare is VND12,000/km for VF 5 Plus and VND12,500 /km for VF e34. The rate for GreenCar Luxury service is fixed at VND21,000/km for the entire journey.

With competitive rates and excellent service compared to competitors on the market, Green SM Taxi aims to redefine mobility services, thus spreading the green lifestyle trend and accelerating the usage of electric vehicles in daily life.

To book a trip with Green SM Taxi, customers can: (1) contact the hotline directly at +84 1900 2088; (2) directly catch vehicles on the street or at pick-up points; or (3) book a trip at Green SM Taxi app, which can be downloaded on the App Store and Google Play Store. Customers can follow the following link and receive instructions to download and install the Green SM Taxi at: <https://taxixanhsm.page.link/newsletter>

In the first phase, Green SM Taxi will operate 500 VF e34 vehicles and 100 VF 8 vehicles in Ha Noi. Green SM Taxi will be available at all Vincom shopping malls and public places in Hanoi to serve many customers from April 14, 2023.

9. VJC: VJC requests for delay in submitting 2022 financial statements

↓ -0.68%

VPBank On March 31, 2023, VietJet Aviation Joint Stock Company sent documents to HOSE to request

the delay the disclosure of the audited 2022 financial statements until April 10, 2023.

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