



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares manage to stay positive thanks to securities stocks

Stocks managed to end on a positive note on Tuesday, bolstered by the growth of the securities stocks group.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index gained 0.11 per cent to close at 1,055.02 points.

The index had risen 0.09 per cent to close Monday at 1,053.81 points.

Market breadth was positive with 153 decliners and 226 gainers.

Some 540 million shares were traded on the southern exchange, worth VND9.6 trillion (US\$408.4 million).

The VN30-Index, which tracks the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, lost 0.04 per cent to reach 1,064.55 points. In the basket, 14 stocks climbed, three stayed flat and 13 slid.

Securities stocks increased towards the end of the session. VN-Index's gain was significantly boosted as securities stocks rose strongly, such as VNDirect Securities Corporation (VND), Saigon-Hanoi Securities JSC (SHS), Viet Capital Incorporation (VCI), Agribank Securities Corporation (AGR) and APG Securities Joint Stock Company (APG).

“Liquidity dropped, showing that the supply at low prices has not been drastic but the supporting cash flow is still cautious and only helps to support the market,” said Viet Dragon Securities Co.

“With the recovery at the end of the session, it is possible to expect the market's ability to recover in the next session. However, the level of recovery may be modest because the supply is still large when the market recovers to the resistance zone of 1,060 – 1,065 points at VN-Index, while the pressure of supply is still maintained in recent sessions.

“Therefore, investors should observe supply and demand movements in the near future and keep the portfolio proportion at a reasonable level. At the same time, it is still advisable to take advantage of the market's recovery to take short-term profits or sell to minimise risks for the portfolio,” the company said.

The HNX-Index on the Ha Noi Stock Exchange (HNX) rose 0.78 per cent to close Tuesday at 208.25 points.

It had dropped 0.3 per cent to end Monday at 206.63 points.

More than 74.3 million shares were traded on the northern exchange, worth VND1 trillion.

## Macro & Policies

### 2. Steel market may recover by end of this year: VSA

Viet Nam's steel market is likely to recover in the third and fourth quarters of this year thanks to augmented efforts to disburse public investment and credit packages for social housing projects, said Doan Danh Tuan, deputy chairman of Viet Nam Steel Association (VSA).

Viet Nam's economic situation, with more positive signs of development, is also expected to support the growth of the steel market, Tuan said.

He thinks 2023 will be a year with many difficulties and challenges for the industrial sector, but Viet Nam's economy is assessed to have more development potential.

Its GDP growth is expected to reach about 6.5 per cent, while global economic growth is forecast at only about 1.5 per cent, and Southeast Asian countries have an average growth rate of about 5 per cent.

The National Assembly has approved an economic recovery support package worth VND350 trillion for 2022-23, of which about VND114 trillion is for infrastructure development, focusing on key projects such as the North-South expressway, Long Thanh airport and large logistics ports.

In addition, in February, the Government approved a credit package of VND120 trillion to develop social housing projects. These factors will lead to strong growth in steel consumption in the third and fourth quarters of this year.

In the long term, according to VSA, Viet Nam's steel demand will continue to grow from 240kg per capita to 290kg per capita in 2030. Steel demand will be concentrated on alloys or high-quality steel.

VSA said crude steel output in the first two months of the year fell 22 per cent year-on-year to 2.9 million tonnes, and consumption decreased by 10 per cent to 3.1 million tonnes.

Crude steel consumption decreased in the first months of this year, but the association said the market has started to improve.

Tran Dinh Long, chairman of Hoa Phat Group, said the most difficult period of the steel industry has probably passed. The internal resources of Hoa Phat and other steel enterprises are good, but the prospects still depend on the market's needs.

They hope that the Government will promote further public investment activities in the future.

In March 2023, Hoa Phat Group produced 440,000 tonnes of crude steel, up 6 per cent compared to February 2023. Sales volume of billet, construction steel and hot rolled coil reached 500,000 tonnes, up 5 per cent monthly.

Hoa Phat supplied to domestic and foreign markets 282,000 tonnes of high-quality construction steel and hot rolled coil, equivalent to February. Still, the consumption was down 45 per cent over the same period last year.

### 3. Vietnam's green economy expected to reach 300 billion USD by 2050

Vietnam has set a target of increasing its green economy's contribution to GDP from 6.7 billion USD in 2020 to 300 billion USD by 2050, which requires drastic and breakthrough steps, Minister of Planning and Investment Nguyen Chi Dung has said.

Speaking at a conference "Promoting green growth in Vietnam: Roadmap to Success" held in Hanoi on April 18, green growth is increasingly becoming the top priority of economies in the world's complex, unpredictable fluctuations and intertwined challenges.

For Vietnam, green growth towards economic prosperity, environmental sustainability, and social justice is not only an inevitable choice but also an opportunity to become a pioneer in the region.

It also helps Vietnam to catch up with the world's development trend and realise its landmark historic commitment to achieve net-zero emissions by 2050.

The ministry as the national coordinator for green growth, advised the Prime Minister to issue the National Strategy on Green Growth in the 2021-2030 period, with a vision to 2050 and the National Action Plan on Green Growth for the period of 2021-2030.

Vietnam identifies green growth as a long-term option to ensure balance and harmonise the goal of reducing total greenhouse gas emissions and the development and the growing size of its economy, Dung said.

Preliminary research results of Boston Consulting Group (BCG) showed that to accelerate green growth, the transition of the wind and solar power industries alone can contribute 70-80 billion USD to GDP and directly create about 90,000-105,000 jobs.

In addition, the clean hydrogen ecosystem based on renewable energy has the potential to contribute from 40-45 billion USD to GDP annually, create about 40,000-50,000 jobs, and benefit both the domestic market and export potential to developed countries in the world.

At the conference, BCG General Director Jaime Ruiz-Cabrero put forth four key recommendations for Vietnam, including the need to perfect the green strategic institutions and step up the building of the legal framework; strengthening the construction of a stable green financial system, helping to reduce investment capital costs; develop the grid infrastructure system, create a foundation for the development of clean and renewable energy sources; and accelerate the development of clean hydrogen ecosystems.

BCG's research results also showed that Vietnam, with its potential and geo-economic position in the global supply chain, is boasting a great opportunity to transform, catch up, and take shortcuts and be ready for a leap in economic, social, and environmental development.

#### 4. Domestic groups see inherent potential in e-vehicles

Son Ha Group, a multidisciplinary economic group with business lines across civil and industrial products, water, renewable energy, industrial infrastructure and real estate, and more last week launched four Vietnamese-made e-motorcycles.

They include two battery-powered models with a maximum speed of up to 80km per hour and a maximum travel distance of up to 200km per charge. The designs are considered similar to the Honda Vario, Yamaha Exciter, and VinFast Klara.

At the launch event, deputy director general Hoang Manh Tan said, "Currently, the trend of switching from traditional motorbikes to e-bikes is strong in Vietnam, especially in the southern provinces. This is a great opportunity for two-wheeler assemblers and manufacturers."

Tan further explained that younger people around the world are more aware of the effects of environmental pollution and climate change due to fossil fuels released into the environment.

"So, if the government has clear and systematic communication, they will be exposed to new things and are excited instead of being hesitant, and that's why we have developed into the southern market," he said.

Although there have been many domestic groups jumping in this field thus far, Tan said that in order to make an electric vehicle (EV) industry in Vietnam, determination and persistence are vital for the businesses keen to get involved.

"The market is still very open with good products, reasonable prices, and stable features that could be

good enough for the Vietnamese population as well as for export to other ASEAN nations,” added Tan.

In the next 5-10 years, Son Ha hopes to become one of the three largest EV manufacturers and suppliers in Vietnam, accounting for 10-20 per cent of the domestic two-wheeler market share of about 300,000-600,000 vehicles a year.

Son Ha’s production plant in the northern province of Bac Ninh, in Thuan Thanh II Industrial Park, was inaugurated three years ago.

The current top name in Vietnam, VinFast, boasts four e-bike models. The company decided in 2021 to completely focus on electric models rather than balancing that with traditional vehicles.

New names entering the market, from young startups to bigger EV brands, are also attempting to launch models with many technical innovations such as longer distances on a single charge, and allowing faster speeds in certain environments.

They include DAT Bike, which has been involved in manufacturing at a Weaver factory in the southern province of Binh Duong for several years, and Pega, with e-bike models that it claims can compete with big names such as Honda and Yamaha.

Tan of Son Ha Group acknowledges that, according to the government’s plan, all petrol motorcycle production will be stopped by 2040.

“However, I think Vietnam will achieve this sooner for two reasons. Firstly, people will have a greater sense of change and benefits when using EVs; and secondly, at the same time, big companies that produce more gas motorbikes will convert to e-versions. When they switch to EVs, the era of gas cars will end,” Tan said.

According to the Ministry of Industry and Trade, there are currently over three million electric bicycles and electric motorbikes in circulation in Vietnam, and the demand is only rising.

## 5. Food industry has large potential to expand markets

The food industry of Viet Nam has significant potential for rapid expansion in the domestic market and increase international cooperation thanks to efforts to improve competitiveness, Vu Ba Phu, director of the Viet Nam Trade Promotion Agency, said.

The growth in the domestic market is being driven by the increasing incomes of local residents, Phu said, adding that Viet Nam with a population of nearly 100 million people, about 50 per cent of whom are below 35, has a huge demand for food products, such as beverages, milk, oil, flour and starch.

He cited statistics that there are about 5,083 enterprises operating in the food industry, an increase of 83.8 per cent against 2019 – a positive growth after the COVID-19 pandemic. The food industry is one among key industries prioritised by the Government to 2025.

During the past five years, the consumption of food and beverage products in Viet Nam increased on

average 9.68 per cent and 6.66 per cent, respectively.

The vegetable and fruit processing industry which accounts for 24.7 per cent of the food industry’s revenue saw a growth of nearly 205 per cent and is expected to continue expanding rapidly, driven by exports and domestic consumption. Major fruits are mango, banana, dragon fruit, orange, and pineapple.

The food industry also has significant potential to increase international cooperation.

The cooperation with big companies like Lotte Mart, E – Mart, Home Plus and CJ creates an opportunity for Vietnamese firms to bring products to shelves of supermarkets and shopping centres in the Republic of Korea including Coupang and Gmarket and gradually penetrate the e-commerce market in this country.

The major food products of Viet Nam exported to Korea include fresh and frozen octopus and squid.



There are four free trade agreements (FTAs) with the presence of both Viet Nam and the Republic of Korea (RoK), contributing significantly to promoting the expansion of Vietnamese products in the Korean market and vice versa, including the ASEAN – Korea FTA, Viet Nam – Korea FTA, Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

According to a representative from the Korea Trade-Investment Promotion Agency (Kotra), the trade of agro-forestry-fishery products between Viet Nam and the RoK is increasing. The RoK has opened up the agriculture sector based on the FTAs with ASEAN and Viet Nam.

The trade liberalisation process has made the RoK the fourth largest importer of Viet Nam's agro-forestry-fishery products, after the US, China and Australia.

According to Paul Le from Central Retail Viet Nam, RoK enterprises should study the opportunities to

import products from Viet Nam which are not available in the RoK. Some retailers have earned high revenue from importing instant beef and chicken noodles to the RoK.

He pointed out that Viet Nam has a huge source of raw materials while the RoK has the strength in processing technology, providing room for enhancing the cooperation between the two sides.

Pham Thi Dao, deputy director of the Department of Agriculture and Rural Development of Hai Duong Province which has many specialties such as Thanh Ha thieu lychee, Hoa Vang sticky rice, Chi Linh hill chicken, and bean cake, said that local food producers are weak in processing and the production lacks stability and efficiency.

Dao said that policies should be raised to encourage investments in food processing, especially incentives in land and credit. Besides, it was necessary to complete national technical standards for the food industry, she said.

## 6. High occupancy reported on flights to tourist destinations during holidays

Vietnamese will have a five-day weekend holiday next week as the death anniversary of the Hung Kings falls on Saturday, April 29 and Reunification Day (April 30) on Sunday, hence two following days off as a compensation. Therefore, plus International Labor Day on Monday, May 1, they will have a total of five days off.

The reports of local airlines showed that on April 28 and 29, the total number of available seats was over 41,000 for the routes from Hanoi to tourist cities such as Nha Trang, Danang, Hue, Dalat, Phu Quoc, Tuy Hoa, Quy Nhon and Dong Hoi.

Till now, local airlines have recorded a high occupancy rate on many of their flights. On April 29, Hanoi-Hue flights on the route are full while those on the Hanoi-Tuy Hoa route are 93% full and Hanoi-Dong Hoi and Hanoi-Quy Nhon flights are over 96% occupied.

For flights departing from HCMC, the number of available seats is estimated at 40,000. The percentage of seats occupied on flights from HCMC to Quy Nhon, Phu Quoc and Tuy Hoa is over 80%. Meanwhile, bookings of flights to Nha Trang, Danang, Hue, Dalat, Phu Quoc, Tuy Hoa, Quy Nhon and Dong Hoi have also increased.

Return flights from HCMC and Hanoi City also have high occupancy on May 2 and 3, while over 80% of seats have been booked on flights from the tourist destinations of Phu Quoc, Quy Nhon, Hue and Tuy Hoa to the two big cities.

To meet the increasing travel demand of residents, the Civil Aviation Authority of Vietnam requested local carriers to increase the numbers of flights from Hanoi and HCMC to Phu Quoc, Tuy Hoa, Binh Dinh, Cam Ranh and Con Dao for April 28 and 29, and May 2 and 3.

In a related development, the Ministry of Transport could not approve the proposals made by local carriers on revising down the departure and arrival

service fee for this year as the funding for repairing and maintaining airport infrastructure is needed to ensure airport security, according to the ministry.

## 7. Gov't agrees with 2 per cent VAT reduction proposal

The Vietnamese Government has agreed in principle with the Ministry of Finance's proposal of reducing value-added tax (VAT) from 10 per cent to 8 per cent which would be submitted to the National Assembly for approval as early as possible.

The VAT reduction aimed to stimulate consumption demand in line with the current economic context, thereby, promoting production and business to recover and contribute to the State budget and the economy.

In the document sent to the Minister of Finance on Monday, Deputy Prime Minister Le Minh Khai asked the Ministry of Finance to coordinate with relevant ministries and agencies to complete the documents for the approval of a resolution about tax and fee reductions in 2023.

The reduction would be applied till the end of this year, the ministry said.

The resolution must be issued before April 25, Khai said.

Previously, the ministry also raised another option for VAT reduction, which said that 2 per cent reduction would be applied for goods and services which were currently subject to 10 per cent VAT, except for some which enjoyed the reduction in 2022 following the National Assembly's Resolution 43 about fiscal and monetary policies to support socio-economic recovery and development programme.

The Ministry of Finance opts for the option of reducing VAT from 10 per cent to 8 per cent for all goods and services which were currently subject to a VAT rate of 10 per cent.

The exception would cause confusion and push up compliance costs in implementation, which was not suitable in the context that enterprises were struggling to maintain operations and find orders.

It was estimated that the VAT reduction would cause the State budget revenue to shrink by VND35 trillion in the second half of this year, or on average VND5.8 trillion per month.

In 2022, the VAT reductions totalled VND44 trillion following Resolution No 43/2022/QH15 dated January 10, 2022.

## Corporate News

### 8. VPB: Moody's keeps VPBank's ratings unchanged

↓ -0.98 %

The rankings have been maintained since July 2022 although the domestic and global financial markets have faced many difficulties and challenges.

In its latest report, Moody's highly valued the bank's deal to sell its 15% stake to Japan's Sumitomo Mitsui Banking Corporation (SMBC), raising its capital safety rate to 19%, the highest among the Vietnamese banks rated by Moody's.

Moody's said that VPBank's profits are always in the top of the industry, which is considered a strength of the bank in its credit rating profile.

Meanwhile, VPBank's mobilisation capacity and liquidity are considered to be balanced in the current situation, capable of supporting the bank to overcome difficult times when the market is fluctuating.

At the end of 2022, VPBank's charter capital reached over 67 trillion VND (2.85 billion USD), while its capitalised value hit 120 trillion VND, maintaining its position as the private bank with the largest capitalised value in Vietnam.

### 9. FPT: FPT Software opens new office in Nanning, China

↓ -0.25 %

Viet Nam's largest software company has announced its newly opened Nearshore Development Centre in Nanning, Guangxi Province, marking its second office in China.

This development centre assists the firm's expansion strategy and better serves the billion-people market, especially in the automotive industry. Electric vehicles have emerged as a promising solution in various countries. With a massive production scale and favourable government policies, China is attracting several global automotive giants. FPT Software sees this as an opportunity to introduce its ready-made platforms and digital services to support businesses in this industry.

FPT Software has a solid workforce to address the increasing demand in the automotive sector, with more than 3,800 engineers currently supporting the world's leading car manufacturer partners. Its automotive services and solutions also meet international AUTOSAR standards set by automotive industry giants.

"With the new nearshore development centre in Nanning, we aim to enhance our competencies in automotive, manufacturing, and other industries. We will be able to bridge the language barriers and time zone differences and have more in-person engagement with our clients," FPT Software Chairwoman Chu Thi Thanh Ha said.



**Research Team:** Tsugami Shoji    *Researcher*    [jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)

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***Japan Securities Co., Ltd – JSI***

*Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi*

*Tel: (024) 3791 1818*

*Fax: (024) 3791 5805*

*Email: [info@japan-sec.vn](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*