VIETNAM DAILY NEWS

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Market Analysis

1. Shares up with insignificant growth and lower liquidity

Both national stock exchanges closed in positive territory on Thursday, but the growth was insignificant and liquidity continued to decline, indicating an unstable trend.

On the Ho Chi Minh Stock Exchange, the VN-Index inched up 0.03 per cent to close at 1,049.25 points. It decreased 0.6 per cent on Wednesday.

The market breadth was neutral with 179 stocks rising, 176 dropping and 122 closing flat.

Shares in the insurance and real estate sectors had returned to a rather positive position, but other groups such as securities, retail, iron and steel, construction and mining did not recover, weighing on the market.

Divergence continued to happen in many sectors, especially in the VN30 basket, which tracks the top 30 shares by market value and liquidity, with 14 advancers and 13 decliners.

Top contributors to the VN-Index included Vinhomes (VHM), lender BIDV (BID), PV Gas (GAS) and insurer Bao Viet Holdings (BVH). Their growth was less than 1 per cent but also offset the slump of other heavyweight shares which lost value including VPBank (VPB), Masan Group (MSN), Vietcombank (VCB) and Techcombank (TCB). Except VPB which declined 1.8 per cent, others were down by less than 1 per cent.

Many shares of the real estate group closed in the green but most only slightly increasing in price. Nam Long Investment (NLG) was among few gainers in both morning and afternoon session, closing up 1.5 per cent.

Liquidity continued to slide with nearly 374 million shares worth VND6.6 trillion (US$280 million), down over 30 per cent in both volume and value compared to the previous session.

"This indicates that cash flow in general is still cautious when the market rallies," said Phuong Nguyen, a market analyst at Viet Dragon Securities Co.

Phuong reckoned the market will continue to be in dispute around 1,050 points of the VN-Index in the next sessions.

On the Ha Noi Stock Exchange, the HNX-Index increased 0.37 per cent to end at 206.61 points. It lost over 1.1 per cent on Wednesday.

Trading volume and value here increased slightly, however, totalling 76.3 million shares worth VND1.1 trillion, up 18 per cent in volume and 13 per cent in value.

Foreign traders returned to net buyers on the HCM City's bourse but their buys were still weak with a net value of VND53 billion. They were net sellers in Ha Noi but for an insignifcant value of VND466 million.

Macro & Policies

2. Binh Duong seeks to bring the economy back to a strong growth trajectory

In the first quarter of this year, the province's gross domestic product grew 1.2 per cent year-on-year - the lowest quarterly growth in recent years, according to the provincial People's Committee.

During the period, the production of some key industries declined due to high input production costs and a decrease in the number of orders such as furniture, down 69 per cent year-on-year; rubber and plastic-made goods (30 per cent); paper and paper products (25 per cent); leather and related products (15 per cent) and apparel (10 per cent).

Meanwhile, only 28 per cent of enterprises in the province expected an increase in export orders in Q2 compared to Q1; 38.3 per cent said their order would be stable in Q2; 33.1 per cent forecast that the number of export orders would continue to decrease in Q2 and 29 per cent said they would continue to reduce their labour size in Q2.

Deputy director of the provincial Department of Industry and Trade Nguyen Thanh Ha attributed a decrease of 40 per cent in the number of orders in Q2 to the Russia-Ukraine conflict, which had caused oil prices to rise.

Meanwhile, inflation had increased sharply in many countries, and the economic downturn had affected consumer demand in major markets such as the US and Europe, Ha said.

At the same time, the provincial enterprises had to face a serious working capital shortage due to late payment by customers who also faced difficulties. Local firms also found it difficult to get access loans due to a hike in the interest rate and lack of collateral. Besides, the enterprise which did not have a good business plan failed to have export orders.

In a bright spot, Ha said, enterprises that had been operating for a long time still won several orders from traditional customers in the US and the EU. That allowed them to maintain operations and retain employees.

Finding solutions

Director of the provincial Department of Planning and Investment Pham Trong Nhan suggested the Government draw up supporting policies and improve the country's investment and business climate to help local firms overcome their challenges.

Nhan also petitioned the State to support enterprises to adapt to the new situation, stabilise production and business, create a premise for breakthroughs and improve their competitiveness.

The State should have policies to help businesses promote e-commerce, and access information channels to find new export markets besides their traditional ones, Nhan said. He also suggested local units create favourable conditions for the firms, especially small and micro ones to access loans with preferential interest rates.

Secretary of the provincial Party Committee Nguyen Van Loi said this was a very difficult period for local enterprises.

During a meeting with businesses and industry associations on removing economic difficulties in Q1 and finding solutions for Q2, Loi required all levels, branches and state management units to accompany and support removing difficulties for enterprises.

Loi asked these departments and sectors to work together to find the best solutions to support businesses in finance, commerce, and electronic payment and help them get benefits from policies on tax, insurance and other issues under the direction of the Government and ministries and branches.

Banks needed to do their best to create conditions for businesses to access capital and credit packages, he said.

The Provincial People's Committee should direct the departments and branches to urgently implement activities to support businesses and workers such as organising events to connect labour supply and demand to meet the firms' needs of employees.

Assistance in promoting e-commerce, in accessing export information channels to find new markets should be also included, Loi said.

He also emphasised the importance of speeding up the disbursement of public investment capital, and simplifying administrative procedures to contribute to improving the business environment in the locality.

According to Loi, the provincial People's Committee has also drastically implemented solutions to facilitate production and business, attract investment, and accelerate the disbursement of public investment capital to bring the economy back to a strong growth trajectory in the next quarters in 2023.

Data from the provincial Department of Planning and Investment revealed that from the beginning of the year to February 15, the province had 486 newly-established enterprises with a total registered capital of over VND2.88 trillion.

As of February 15, the province was home to 60,172 with a total registered capital of over VND636 trillion.

3. More national-branded firms join top 50 Vietnamese brands

The number of businesses owning national branded products in the list increased sharply from 14 companies in 2018 to 21 in 2022, he said, stressing that their percentage in the top 10 most valuable brands of Vietnam also rose to 60% in 2022 from 20% in 2018.

The results showed the firms' success to catch up with the global trend of investing adequately in branding, contributing to the improvement of the Vietnam National Brand, he held.

Vietnam enjoys the fastest growth in the national brand in the 2020-2022 period, he said, citing a report by Brand Finance showing that the Vietnam National Brand's value increased 29.1% year on year in 2020 to 319 billion USD, 21.6% in 2021 to 388 billion USD, and 11.1% in 2022 to 431 billion USD.

Nancy Elizabeth Snow, Honourary Professor from California State University, Fullerton said that Vietnam is home to an increasing number of reputable businesses. She held that a good brand should not only offer good services and products but also give their promise to customers to win their confidence.

Alex Haigh, Managing Director of Brand Finance Asia-Pacific, said that after 15 years of branding research, Brand Finance realizes that making an interesting story is key to build the brand and national image for Vietnam.

Tran Le Hong, Deputy Director of the National Office of Intellectual Property, advised businesses to increase their awareness of the protection of intellectual property during the process of trademark development, while giving a professional approach to intellectual property rights, especially outside the country.

The Vietnam National Brand Week is taking place from April 17-23 within the framework of the Vietnam National Brand Programme 2023, aiming to mark the Vietnam Trademark Day (April 20), increase the recognition of the Vietnam National Brand and promote products that have won the Vietnam Brand title among the domestic and international communities.

4. Renewable energy policy needed to build momentum

Vietnam's energy transition has got off to an impressive start, with the country developing over 18,500MW of solar PV, and over 4,000MW of onshore wind within the span of a few years. The country now has more wind and solar capacity than any country in the ASEAN region, making it a leader in renewable energy deployment among emerging markets.

Renewable energy has played an important role in mobilising domestic and international investors in Vietnam's power sector in recent years. About $15-18 billion has been pumped into Vietnam's solar sector between 2019 and 2021, with approximately a further $6 billion injected in wind power over the period. This is a time when investments in many other sectors incurred a halt by the pandemic.

With several coal plants in Vietnam having experienced delays, renewable energy has been vital to ensuring that enough power was available to meet the rapid growth in power demand that occurred after the pandemic. In the process, Vietnam has been successful at developing valuable skills and knowledge, creating jobs, and kick-starting new business sectors.

Vietnam's successes widely appreciated

Vietnam is deemed a leading country in Southeast Asia, with a strong policy framework and a good track record of leadership on the energy transition.

The country's policy success, however, is now showing a sign of slowing down as vital incentive policies are still in the making, especially under the circumstances that Vietnam is undergoing a host of adjustments to its grid infrastructure and to its planning process to accommodate higher shares of variable renewables in the future.

While these adjustments take time and have given Vietnam the chance to take a breather from the rapid pace of renewable energy deployment it experienced in 2020-2021, the country needs to soon return to the race to reap more benefits from socioeconomic development.

Domestically, stakeholders are focusing on finding solutions after Feed-in Tariff policy, synchronising the development of power sources, power grids and load demand, while avoiding the FIT "cliff effect", particularly regarding December 2020 benchmark when over 6GW of new solar capacity came online within a matter of weeks to become eligible for preferential tariffs.

Many countries have experienced similar booms in deployment as developers rushed to meet policy deadlines, including Germany in 2011-2012, and Spain in 2008-2009. In all three cases, this surge in solar PV deployment was followed by a lull in project development and a significant decline in investment in the sector.

In Vietnam's case, the phase of policy uncertainty that has been in place since early 2021 has brought new project development to a standstill, undermining much-needed investments in new power generation capacity.

Vietnam is not alone in facing challenges with energy transition

The energy transition and the move towards net-zero economies represents the most rapid and profound transformation of our economies and our societies that humankind has ever experienced.

With solar PV and wind energy now being the cheapest sources for electricity production, the further expansion of renewables will benefit Vietnam's economic development.

These challenges need to be met head-on with a view to preserving policy stability and promoting sustained investments in the country's energy sector. Policymakers and lawmakers need to retain the flexibility to adapt the policy framework over time, and to learn from past experiences.

Adelaide in South Australia, has recently met over 100 per cent of its electricity demand for a period of 10 days from wind and solar alone. Meanwhile, California has also recently supplied over 100 per cent of its needs with both wind and solar, with solar PV representing more than two thirds of the total.

Vietnam's power authority Electricity of Vietnam has realised this, and is now pushing for more renewable energy deployment from wind, solar, and even offshore wind to meet rapidly growing electricity demand.

In this first "market stimulation phase" Vietnam has managed to exceed its renewable energy targets.

Next phase

The next step for Vietnam is to ensure the renewables can be better integrated into the electricity system, that measures are introduced to increase the flexibility of demand, that renewables with more stable output such as offshore wind are expanded, and that more flexible, rapid-response resources such as storage are introduced to improve balancing and provide ancillary services.

For Vietnam to retain its position as front-runner in the ASEAN region, a comprehensive policy and legal framework for the renewable energy sector is required.

This should include establishing an overarching energy transition law, a new policy for rooftop solar both for residential and for commercial and industrial customers, the implementation of rules for bilateral PPAs between buyers and sellers, the introduction of renewable energy auctions, and the launch of a fast-track regime to accelerate investments in offshore wind.

The renewable energy industry is evolving rapidly. Last year, China installed over 87GW of new solar power capacity and 37GW of wind power, while Thailand has recently updated their Feed-in Tariff policy to open up the market to more investment; now it might be unwise for Vietnam to stand still.

5. HCMC govt helps five realty projects out

The HCMC Real Estate Association (HoREA) said on April 18 that the five projects entitled to mobilize capital for off-plan condos had achieved preliminary positive results.

The HCMC authorities allowed the investors of the five property projects, including one foreign company, to raise funds for 50% of the total number of to-be-built homes.

According to HoREA, if radical solutions are applied, around 5,000 apartments will be made available for the market, improving business cash flows.

HCMC now has 156 property projects facing regulatory bottlenecks, which have been delayed for years due to its complexities, said HoREA.

Most of the projects' outstanding issues are related to the land use fee calculations, revised planning and responsibilities of commercial housing project investors.

Earlier, the chairman of the HCMC People's Committee set a target to resolve regulatory issues for 50 real estate projects by the end of this year.

6. Viet Nam must develop organic fertiliser for green agriculture: expert

Along with the rational use of fertiliser, Viet Nam needs to research and develop new generation product lines that meet the demand for organic agricultural production and help increase the productivity and quality of agricultural products. This would help protect the environment and reduce emissions, and many developed countries, such as the US, Japan and South Korea, are already doing so.

Phung Ha, general secretary and vice chairman of the Viet Nam Fertiliser Association, spoke to Viet Nam News Agency about this issue.

Viet Nam's demand for fertiliser for agricultural production now stands at nearly 11 million tonnes a year, nearly seven times higher than 20 years ago. The efficiency in using fertiliser reaches about 50 per cent. What is your opinion on this issue?

In recent years, Viet Nam's agriculture needs about 11 million tonnes of fertiliser per year. The higher fertiliser demand is due to the increasing demand for agricultural products. However, quite a large amount of applied fertiliser is lost to the environment.

According to the Food and Agriculture Organisation (FAO) of the United Nations, Viet Nam is among the top countries using fertiliser in the world.

The average amount of fertiliser used in agriculture is about 145 kilos per ha in the world, while this figure is over 400 kilos per ha in Viet Nam.

So, the amount of fertiliser lost to the environment is also high, such as 40-60 per cent for nitrogen fertiliser and 30-40 per cent for phosphate fertiliser.

This means Viet Nam uses too much fertiliser per hectare. That will make the plants not absorb it, affecting production efficiency.

According to FAO calculations, fertiliser accounts for 40-70 per cent of the production cost of agricultural products, depending on the crop type and season.

In addition, the quality of agricultural products is also affected compared to using a reasonable ratio of chemical fertiliser in combination with organic fertiliser.

Another thing is the negative impact on the environment and climate.

Agricultural production generates about 14 per cent of total global man-made greenhouse gas emissions, including 15 per cent from fertiliser production and use.

Therefore, an amount of fertiliser will be lost to the soil, causing soil degradation or melting and then seeping into ponds, lakes, rivers and streams when fertiliser is overused.

According to experts, the current trend is green agriculture, but to ensure food security, Viet Nam still needs to use a reasonable ratio between chemical fertiliser and organic fertiliser. What do you comment about this issue?

This is a completely correct view. Viet Nam's agriculture has to perform two tasks of ensuring food security and switching to organic and sustainable agriculture.

Therefore, the Prime Minister has issued Decision 300/QD-TTg to approve a national action plan for building a transparent, responsible and sustainable food system by 2030.

The plan has goals of bringing land area for organic agricultural production to at least 2.5 per cent of the total agricultural production area and the amount of organic fertiliser to more than 30 per cent of the supply on the market, doubling that of 2020.

The agriculture sector needs to have many measures to achieve the goal of increasing organic agricultural land area. This area accounts for only 1.4 per cent of the total farming land area.

Many fertiliser enterprises in Viet Nam are implementing the strategy of developing new-generation fertiliser products, including multi-functional and organic fertilisers, for the development of green agriculture. What are solutions to support the businesses?

Currently, many fertiliser manufacturers in Viet Nam are developing many kinds of fertiliser, especially organic fertiliser, to reduce gas emissions.

This contributes to the development of green agriculture, so the Government needs appropriate support policies for them because the enterprises will not gain high profit from investment in the production of organic fertiliser or new-generation fertiliser products.

The first solution is to amend Law 71/2014/QH13, dated November 26, 2014, on amending and supplementing several articles of the tax laws, taking fertiliser from non-value-added taxable items to value-added taxable items. Thereby, fertiliser production projects are deducted value-added tax for input material and equipment.

Besides that, the State should develop science and technology funds or have preferential credit policies for enterprises to research and develop new generation fertiliser products for green agriculture.

In addition, European countries have recommended using fertiliser according to the "4R" principle of using the right rate, right source, right timing and right place to reach efficiency in fertilising crops.

7. Noi Bai Airport expected to handle 580 flights during the five-day holiday

This estimated number of passengers will be 20% more than the same period last year but it is yet to break the record set during last summer's peak season, said a representative of the management of the airport.

To properly serve the travel needs of the people, the airport has strengthened coordination with airlines and ground service units and developed a plan for preparation.

Airport authorities have asked passengers to make use of public transport in a bid to avoid heavy traffic.

Passengers are also advised to strengthen COVID-19 prevention measures, including wearing masks and taking disinfection as suggested by the Ministry of Health.

Corporate News

8. KBC: Plan for bond redemption before maturity

0.00 %

The Board resolution dated April 19, 2023, the BOD of Kinh Bac City Development Holding Corporation approved the record date and the plan for bond redemption before maturity with details as follow:

- Bond code: KBC121020

- Bond type: corporate bond

- Par value: 100,000 dongs/bond

- Number of bonds issued: 15,000,000 bonds

- Number of outstanding bonds: 15,000,000 bonds

- Total value of issuance (at par value): 1,500,000,000,000 dongs

- Term: 24 months

- Issue date: June 24, 2021

- Maturity date: June 24, 2023

- Record date: May 04, 2023

- Repurchase interest rate: 10.8%/year

- Repurchase volume: 7,500,000 bonds, equivalent to VND750,000,000,000 (at par value)

- Exercise ratio: 50% (2:1) (Those who own 02 bonds will be entitled to sell 01 bond).

- Payment date: May 24, 2023

- Number of days to be calculated interest for redeemable bonds: from and including December 24, 2022 to but excluding May 24, 2023 (151 days)

- Repurchase price: 104,468 dongs

- Registration time: from May 11, 2023 to May 15, 2023.

9. NVL: NVL put into warning status

↓ -1.03 %

On April 18, 2023, the Hochiminh Stock Exchange issued a decision to put the shares of No Va Land Investment Group Corporation (stock code: NVL) in warning status as of April 25, 2023.

Reason: The company was late in submitting the audited financial statements in 2022 by more than 15 days compared to the specified time. This is the case of securities being warned under Point g, Clause 1, Article 37 of the Rules of listing and trading of listed securities promulgated with Decision No.17/QD-HDTV dated 03/31/2022 by the Members' Council of the Vietnam Stock Exchange.

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