



VIETNAM DAILY NEWS



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Table of content

Table of content

- 1. Market lifted by central bank's pivot signal: expert**
- 2. Vietnam's economy to grow by 6.6% this year: OECD**
- 3. Some key interest rates fall further early next week**
- 4. State budget revenue up 1.3% in Q1**
- 5. New investment capital in HCMC's industrial parks rises by 21% in Q1**
- 6. UK, the first European country, to join CPTPP**
- 7. Work starts on Viet Nam's first green hydrogen plant**
- 8. HPG: Hoa Phat Group to go all out for Dung Quat 2 project**
- 9. KBC: Approved to borrow capital at subsidiary**

Market Analysis

1. Market lifted by central bank's pivot signal: expert

The Vietnamese stock market logged another weekly gain last week and is expected to trade in a bullish trend in the coming quarters after the State Bank of Vietnam (SBV) signalled a pivot, said an expert.

On the southern bourse, Ho Chi Minh Stock Exchange (HoSE), the VN-Index finished last week at 1,064.64 points, marking the longest gaining streak of nine days since August 2021. Meanwhile, the HNX-Index on the Ha Noi Stock Exchange (HNX) traded at 207.5 points on Friday, which was also the last trading day of the first quarter.

Both benchmarks rose for the second straight week, the former by 1.7 per cent and the latter by 0.86 per cent.

The stock market continued to receive supportive news from SBV last week, said Dinh Quang Hinh, Head of Macroeconomics and Market Strategy Department, VNDirect Securities Company.

A representative of the central bank said at a conference on Friday that as of March 28, the country's credit grew by 11.7 per cent on-year and 2.06 per cent over the end of 2022. And the credit has increased by nearly 1 per cent since March 9.

This showed the return of credit flows.

Moreover, the SBV will soon issue an official document to implement a credit package worth VND120 trillion (US\$5.1 billion) for property investors and home buyers of social housing projects, workers' houses, and renovation and rebuilding of old apartment projects, the representative added.

The central bank is also considering extending and delaying debt payments for businesses and will announce a specific plan within the next 1-2 days.

It had cut the operating interest rates for the second time in a row in less than a month.

Despite the numerous challenges confronting the economy and businesses, the signals from SBV will have a positive impact on the outlook for the economy in general and the stock market in particular in the coming quarters, according to Hinh.

Historical data showed that stocks normally traded in a bull market during the period of monetary easing. Therefore, long-term investors could take advantage of the opportunities presented by correction sessions to increase the proportion of stocks, the expert said.

However, he noted that it takes a quarter of a year for monetary policies to have a positive impact on the market, so the stock market was not expected to increase sharply this week or next month.

For short-term investors, as the VN-Index was approaching the resistance zone of 1,060-1,080 points, they should be cautious and watch market movements in this area, Hinh said.

He also recommended they maintain a moderate proportion of the stock portfolio as well as cash to be able to buy in during corrections while limiting the use of margin loans.

Pham Binh Phuong, an analyst from Mirae Asset Securities Vietnam, said that the persistent recovery helped the benchmark VN-Index overcome the resistance level of 1,060 peaked on March 15, and successfully move away from the bottom of 1,010-1,025 points set since the end of February.

The securities firm expects the index to continue to inch towards the resistance zone of 1,080-1,100 points. Short-term technical signals are at a positive level.

MB Securities Company (MBS) said that the domestic market closed the first quarter with positive signals, from the index to the cash flow.

The VN-Index gained for two consecutive weeks and closed March with an increase of 3.9 per cent. The market liquidity in the last week of March also reached the highest level in five weeks, with an average of more than VND11.7 trillion per session.

Entering April, the market will digest the macro data and business results of the first quarter. Technically, the VN-Index is on an impressive winning run and may test the resistance area between 1,070 and 1,073 points, according to MBS.

Macro & Policies

2. Vietnam's economy to grow by 6.6% this year: OECD

Vietnam's economy will grow by 6.6% this year and at a similar rate in 2024, according to a report released on March 31 by the Organisation for Economic Co-operation and Development (OECD).

The report "The Economic Outlook for Southeast Asia, China and India 2023: Reviving tourism post-pandemic" states that Vietnam's economic growth is driven by foreign investment in the manufacturing sector, especially electronics, machine manufacturing, textiles and footwear, and benefits from China's loosening of COVID-19 prevention and control measures.

At this rate, the OECD believes that Vietnam continues to lead the top five largest economies in Southeast Asia. The Philippines is forecast to reach growth of 5.7% in 2023 and 6.1% in 2024, Indonesia at 4.7% and 5.1%, Malaysia at 4.0% and 4.2%, and Thailand at 3.8% and 3.9% in the same period.

The report says that the end of support programmes after the COVID-19 pandemic will create favourable conditions for Vietnam to improve its public financial situation. However, weaker demand is likely to reduce investment in the Vietnamese economy. The report also recommends the country continue to closely monitor inflation trends.

As tourism was among the sectors most affected by both the COVID-19 pandemic and responses to it, the report highlights the economic impact of tourism in the region and explores how the sector can be reshaped to regain its significant role in Emerging Asia.

The interruption of tourism allowed countries in the region to consider reforms in the sector, including diversifying tourism markets and addressing labour market challenges, while catering to the new needs and preferences of the post-pandemic world, prioritising sustainable and environmentally responsible activities, and accelerating digitalisation.

3. Some key interest rates fall further early next week

The SBV said the forthcoming rate reductions were part of the efforts of the National Assembly and the Government to cope with difficulties faced by businesses and households, and prop up the economic recovery.

The refinancing rate, which the central bank applies to short-term loans for commercial banks, will go down by 50 basis points to 5.5% per year. But the rediscount rate for valuable papers will stay unchanged at 3.5% per year.

The rate for overnight loans in interbank electronic payments and loans made by the central bank in clearing transactions with commercial banks will be kept unchanged at 6% per year.

The maximum interest rate for demand deposits in Vietnamese dong currency and deposits with a term of less than one month will edge down from 1% to

0.5%. The rate cap for deposits with terms ranging from one month to less than six months will be lowered by 50 basis points to 5.5%.

The highest rate for Vietnam dong deposits at people's credit funds and micro-finance organizations will decline from 6.5% to 6% per year.

Banking institutions can decide interest rates for deposits of more than six months depending on market conditions.

The interest rate cap for short-term loans in Vietnamese dong for priority sectors will fall by 50 basis points to 4.5% per year. But at people's credit funds and micro-finance organizations, this rate will be adjusted down from 6% to 5.5% per year.

The rate for deposits in Vietnamese dong will decline by 30 basis points to 0.5% per year at State

Treasury, Deposit Insurance of Vietnam, Vietnam Development Bank, Vietnam Bank for Social Policies, people’s credit funds, and micro-finance organizations. The rate for foreign currency deposits at State Treasury will stay unchanged at 0%.

The SBV said in a statement posted on its website today, March 31, that the SBV has adopted a solid, proactive, flexible and timely approach toward monetary policy and banking operations.

4. State budget revenue up 1.3% in Q1

State budget revenue reached an estimated 491.5 trillion VND (over 20.9 billion USD) in the first quarter of 2023, equivalent to 30.3% of the estimate, and up 1.3% from the same period last year, the Ministry of Finance reported on March 30.

Twenty-eight of the 63 provinces and centrally-run cities nationwide recorded state budget revenue hitting 28% of their yearly estimates.

Twenty-three provinces and centrally-run cities saw the higher revenues than in the same period of 2022, while 40 others reported lower revenues.

Meanwhile, the accumulated expenditure in the first quarter was equivalent to 17.5% of the yearly estimate.

The Ministry of Finance said expenditures in the last three months were carried out as planned, meeting

5. New investment capital in HCMC’s industrial parks rises by 21% in Q1

New foreign investment approvals amounted to around US\$48.8 million, a two-fold increase over the same period last year, according to the HCMC Export Processing and Industrial Zones Authority (HEPZA).

Among those, four projects received new investment certificates with total registered capital of US\$2.17 million, while five projects added US\$46.63 million.

Total domestic investment capital in HCMC’s export processing and industrial zones reached over US\$41.35 million, down 15.8% compared to the same period in 2022.

Monetary policy has been harmonized with fiscal and other macroeconomic policies to harness inflation, and stabilize the macroeconomy and the monetary market so that interest rates could be lowered to support businesses and individuals and thus fuel economic growth.

On March 14, the SBV made two separate decisions to lower interest rates by 0.5 to one percentage point, with effect from March 15.

requirements for socio-economic development, defence, security safeguarding, state management, debt repayment, and implementation of social security tasks.

The ministry said it has directed tax and customs offices to implement tax laws and state budget collection tasks in 2023; fully perform solutions and policies on state budget collection to support businesses and people.

Apart from accelerating administrative reform and digitalisation, and taking drastic measures to help businesses promote production and business activities, tax and customs offices have actively performed inspections to prevent revenue losses.

They have also focused on collecting tax from e-commerce services, and from overseas suppliers without permanent establishments in Vietnam.

The January-March period saw 18 projects put into operation, six under construction, two terminated and one suspended due to a lack of orders and capital.

HCMC will continue measures to attract investment into industrial parks and deal with difficulties in establishing new projects.

HEPZA will organize more dialogues between the management board and businesses to assist them in overcoming difficulties and obstacles in the production process in the second quarter.

6. UK, the first European country, to join CPTPP

The UK announced the conclusion of trade negotiations with all member countries of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) the same day.

With the conclusion, the UK has become the first European country to join the dynamic trade bloc and the first new member since its inception. The UK and CPTPP members will now take the final steps required for the UK to formally sign in 2023.

After an intense round of talks in Viet Nam, negotiations, which began in June 2021, came to a unanimous agreement that the UK has reached the conclusion of its accession process to join the trade bloc.

Accession could mean lower tariffs on some exports to the UK that are not already removed through the UK's bilateral agreements with member countries, including Viet Nam.

As for Viet Nam, the UK's participation will cement the existing UK-Vietnam Free Trade Agreement, upgrading bilateral relations with additional preferential tariffs and deepening one's involvement in the other's supply chains.

At the UK's end, CPTPP will offer opportunities to strengthen its trade ties with the Asia-Pacific region. The deal will also complement and reinforce existing bilateral trade agreements that the country has already signed.

The inclusion of the UK in the deal will allow member countries to diversify their supply chains, remove trade barriers, and encourage more commerce for firms. It will also benefit investors through modern rules that make it easier to do business in the country.

7. Work starts on Viet Nam's first green hydrogen plant

Covering an area of 21ha, the project is expected to become operational after two years, initially producing 24,000 tonnes of green hydrogen and 195,000 tonnes of oxygen a year. It would provide direct jobs for 300-500 local residents.

Tra Vinh Province's People's Committee Chairman Le Van Han said the locality always accompanies investors during the implementation, creating all favourable conditions for the project to be completed on schedule and put into operation soon.

The investment in a green hydrogen factory project in the area helps the province realise its goal of sustainable economic growth, becoming one of the green energy centres in the Mekong Delta region and the whole country.

Speaking at the groundbreaking ceremony, Nguyen Sinh Nhat Tan, deputy minister of Industry and Trade, said Viet Nam is promoting the development of the chemical industry, which includes producing green hydrogen and green ammonia.

He added that the chemical industry has been identified by the Party and State as a priority foundation industry for development.

Hydrogen is an important chemical, widely used in the metallurgical industry, oil refining, semiconductor production, cosmetics and is also a basic raw material for the production of other chemicals serving many industries.

The production of green hydrogen from renewable energy has been oriented for development according to the Strategy for Development of Viet

Nam's chemical industry to 2030, with a vision to 2040.

Corporate News

8. HPG: Hoa Phat Group to go all out for Dung Quat 2 project

↑ 0.00%

The information was announced by Tran Dinh Long, HPG's board chairman, during a general meeting of shareholders organized yesterday, March 30.

The project is slated for completion in early 2025 and expected to help the steelmaker generate extra income of VND80 trillion to VND100 trillion.

"We have the ability to compete domestically and globally with bigger players. HPG would focus on manufacturing high-quality steel products and leave the construction steel market to other firms," Long said.

As the project demands a huge amount of money, the firm would not pay dividends in cash during this period, he added.

Last year, the firm posted over VND142.7 trillion in revenue and VND8.4 trillion in profit after tax. It looks to obtain VND150 trillion in revenue and VND8 trillion in profit this year.

Steel stock HPG closed the trading session today, March 31, at the reference price of VND20,800 and reported a matching volume of more than 27.7 million shares.

The Hochiminh Stock Exchange ended the final session of the week in bullish mood as the VN-Index extended its winning streak to the ninth straight day with a gain of 5.2 points, up 0.49% from Thursday. With 198 winners and 184 losers, the main index now stands at 1,064.64 points.

Trade volume totaled 639.9 million shares valued at around VND11.8 trillion, barely increasing in volume but a 7.12% rise in value over the previous session. There were nearly 65.7 million shares worth over VND1.3 trillion traded in block deals, including 50.2 million SHB shares priced at VND570.4 billion.

Securities stock SSI took the lead by liquidity with nearly 32 million shares changing hands, followed by VND with 29 million shares.

With 82 stocks rising and 75 others dipping, the HNX-Index of the Hanoi Stock Exchange added 1.55 points, or 0.75% from the session earlier, at 207.5.

The northern bourse recorded over 78.3 million shares valued at VND1 trillion changing hands, with securities stock SHS taking the lead with a matching volume of 26.6 million shares.

9. KBC: Approved to borrow capital at subsidiary

↑ 6.83%

The Board resolution dated March 28, 2023, the BOD of Kinh Bac City Development Holding (KBC) Corporation approved the loan agreement as follows:

- Lender: Saigon-Bacgiang Industrial Park Corporation (KBC's subsidiary)

- Borrower: Kinh Bac City Development Holding Corporation

- Total value: VND1,000,000,000,000

- Time: maximum for 2 years

- Collateral: Mortgage.

Research Team: **Tsugami Shoji** *Researcher* 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

Website: www.japan-sec.vn