



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Market rallies on SBV's policy rate cuts

The market rallied yesterday as the State Bank of Vietnam's (SBV) policy rate cuts sent positive vibes to investors.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index started off the session with a fall, steady yet short-lived. It began to rise at around 1.30pm and eventually hit 1,079.28 points, up 14.64 points (1.38 per cent) against the previous session.

HoSE-listed advancers outnumbered decliners by 269 to 73, with 18 stocks hitting ceiling prices whereas two were at rock bottom. HoSE was busy with nearly VND13 trillion (US\$553 million) worth of shares being traded.

"There are good prospects for the market in the short term as SBV has cut its policy rates to stimulate the economy," said an analyst.

The VN30-Index echoed the VN-Index pattern. It gained 15.04 points (1.40 per cent) to close at 1,088.72 points. In the basket, 24 stocks climbed, two stayed unchanged and four fell.

Vingroup (VIC) led the market rally with a gain of 5.45 per cent. Other stocks behind the bullish trend included Vietcombank (VCB), Vinhomes (VHM), Vietinbank (CTG), Techcombank (TCB), and Military Bank (MBB).

Electrical equipment was the sector on the front foot on Monday as it gained 4.07 per cent on the back of the bullish sentiment. In the sector, GELEX Group (GEX) rose by 6.05 per cent, followed by Vietnam Electric Cable (CAV) and SAM Holdings (SAM).

Real estate was the next sector lifting indices as it saw lots of green on the screen. Major gainers included Vinhomes (VHM), Vingroup (VIC), and Vincom (VRE). Analysts believe SBV's policy rate cuts were the key factor behind the investors' optimism.

Upbeat investors also put their bullish bets on banking stocks on Monday as 18 out of 20 listed banks gained points. Notably, Vietcombank (VCB) rose by 1.53 per cent, Vietinbank by 2.57 per cent, and Techcombank (TCB) by 3.35 per cent.

The HNX-Index on the Ha Noi Stock Exchange (HNX) surged Monday, gaining 2.98 points (1.44 per cent) to end at 210.48 points.

Foreign investors withdrew their money from the market as they net-sold a total of around VND305.94 billion worth of shares on the two exchanges. Of which, they net sold VND312.1 billion on HoSE and net bought VND6.16 billion on HNX.

## Macro & Policies

### 2. Vietnam's Purchasing Managers' Index down in March: S&P Global

After having shown signs of recovery in the previous month, the Vietnamese manufacturing sector took a step back in March, according to S&P Global - the world's foremost provider of credit ratings, benchmarks and analytics in the global capital and commodity markets.

In its April 3 news release, S&P Global said that renewed falls were seen in output, new orders and employment amid reports of muted customer demand.

The S&P Global Vietnam Manufacturing Purchasing Managers' Index (PMI) posted 47.7 in March, down from 51.2 in February and below the 50.0 no-change mark for the fourth time in the past five months.

It also cited assessments by firms as saying that the pause in growth seen in March was generally reflective of a relatively subdued demand picture. Both total new business and new export orders fell accordingly. The drop in overall new orders was the fourth in the past five months, while new business from abroad dipped for the first time in three

months. In turn, backlogs of work decreased at the fastest pace since last November.

Despite signs of weakness at the end of the first quarter of the year, manufacturers remained optimistic that output will increase over the coming 12 months. Business sentiment dipped from February, but was still the second-highest in five months amid hopes for demand improvements and stable market conditions. Some firms also pointed to business expansion plans.

"The softening of conditions in March will hopefully be just a blip, however, with firms remaining confident in the year ahead outlook," said Andrew Harker, Economics Director at S&P Global Market Intelligence.

A sustained period of strengthening cost inflation was brought to an end as pricing pressure was dented by fragile demand, while the recovery in supply chains continued apace, he added.

### 3. Fisheries exports estimated at 1.85 billion USD in Q1

Fisheries export value was estimated at 1.85 billion USD in the first quarter (Q1) of this year, a fall of 27% compared to the same period last year due to lower consumption and import demand under the impacts of inflation and economic recession, according to the Vietnam Association of Seafood Exporters and Producers (VASEP).

As of the end of Q1, shrimp exports earned 577 million USD, a year-on-year drop of 40%, while the export of tra and tuna fish brought home 447 million USD and 179 million USD, down 32% and 31%, respectively.

Le Hang, communications director of the VASEP said it's forecasted that aquatic product exports will bounce back from Q2 after several international

programmes were held in the US and EU, helping to attract more buyers.

Regarding to market, Hang noted that China will become Vietnam's biggest seafood importer, but there will be great pressure from other competitors in this huge market.

Over the past time, the Ministry of Trade and Industry, Ministry of Agriculture and Rural Development, and the Ministry of Foreign Affairs have actively organised trade promotion programmes to connect Vietnamese seafood exporters with potential customers in key markets.

Meanwhile, firms in the fisheries sector are looking for more preferential loans and measures to remove

difficulties for both aquaculture farmers and exporters to stabilise material supply sources and boost exports.

#### **4. EVN proposes electricity price hike to combat losses**

In a recent report submitted to the Ministry of Industry and Trade (MoIT) and the Committee for Management of State Capital at Enterprises (CMSC), EVN delivered a bleak picture of its financial balance in 2022 due to high fuel prices and volatile foreign exchange rates.

Despite efforts to save costs by optimising cash flow, mobilising hydroelectric power and reducing high-cost thermal power sources, EVN still recorded a total loss of nearly VND29 trillion in 2022.

Based on the anticipated output of 251.3 billion kWh in 2023, Viet Nam's largest electricity producer foresees a bigger loss of up to over VND64 trillion this year if the electricity prices are not adjusted.

The average retail price of electricity in 2023 will still stay at VND1,864/kWh, which has not been revised since 2019.

A representative of EVN told Lao Dong (Labour) newspaper that for each kWh of electricity sold, EVN would bear a loss of VND197.

Only hydroelectricity sources will bring profits, but hydroelectricity only accounts for 33 per cent of the output in 2023. Meanwhile, coal-fired power, gas turbine, oil-fired power and renewable energy, which comprise 67 per cent of the output, have a higher cost than the current retail price.

Therefore, the group said if the electricity prices are not adjusted upward, the accumulated loss of over VND93 trillion in two years will result in 44.8 per cent of State capital at EVN.

Data from Tien Phong (Pioneer) newspaper revealed EVN incurred a loss of VND11.2 trillion in the first two months of this year.

According to EVN's leaders, while coal and gas prices have been implemented in line with the market mechanism, the retail price of electricity has not

been adjusted in time to the fluctuations of input, which is causing significant financial pressure on EVN.

Potential scenario

Late in 2022, EVN proposed to the Minister of Industry and Trade to consider adjusting the retail price of electricity but was turned down due to inflationary pressure.

In a meeting with EVN in February, Minister of Industry and Trade Nguyen Hong Dien said any adjustment of electricity prices would need to be thoroughly assessed due to its significant impact on inflation, people's lives and the Government's macroeconomic management.

The latest data from the General Statistics Office showed the consumer price index rose 4.18 per cent in the first quarter. Rising electricity costs would impact many industries and challenge the Government's effort to maintain inflation at a comfort zone.

At a recent meeting of the Steering Committee on Price Management, Deputy Minister of Industry Do Thang Hai said electricity prices would inevitably be adjusted in the coming period, requiring the calculation of other commodity prices to make the appropriate modification.

According to economist Dinh Trong Think, an increase in electricity prices in 2023 would be justifiable, but it could not happen in April as suggested by some relevant units. A new retail electricity price plan must be developed, and this process involves a thorough audit and review of the results, which may take a considerable amount of time.

A new price plan would likely happen in the second quarter or the third quarter, Think said and predicted two scenarios, in which the price may

increase to VND2,162/kWh (up 15.9 per cent) or VND2,243/kWh (up 20.3 per cent).

## 5. PM asks for solutions to difficulties in construction projects, real estate market

In official dispatch No 194/CD-TTg, PM Chinh asked ministries, provinces and cities to have drastic, timely and effective solutions to build social houses for workers and people on lower incomes, contributing to social security.

Chairs of provincial and municipal people's committees should consider expressway projects as important works, serving the common interests of the whole country and promoting socio-economic development.

Thus, they must give the highest priority to speed up the progress of traffic projects, especially highways.

Localities must give project investors, contractors, organisations and individuals information about the laws on minerals exploitation, project schedule and scale. They must take responsibility in case the mining licence expires, is not eligible for an extension, or lacks materials.

PM Chinh asked agencies to urgently review and summarise projects that are facing legal procedures related to land prices, land allocation, land lease and land use.

The review must be reported to the Prime Minister quarterly, starting from the second quarter of this year.

He also requested ministries to promulgate guiding documents to remove difficulties related to land.

Provinces and cities should seriously implement the Government's Resolution No 33/NQ-CP on solutions to remove and promote the real estate market, to make it develop safely and sustainably.

The Ministry of Transport urgently develops a plan and takes full responsibility for construction

materials, including soil, stone, and sand for embankments.

It should make a chart of material needs according to projects' schedules up to next year and send it to the Ministry of Natural Resources and Environment and localities as required in the Government office's Notice No 79/TB-VPCP.

The Ministry of Natural Resources and Environment, after summarising all reserves of embankment sand mines and annual exploitation capacity, will urgently issue guiding documents for the work.

The Ministry of Construction will coordinate with other ministries to promote the safe, healthy and sustainable development of the real estate market.

It will submit to the National Assembly (NA) pilot policies to promote social housing development at the NA's meeting in May this year.

The Ministry of Planning and Investment will review the construction situation and submit it to the Government for approval of the decree guiding the Investment Law.

PM Chinh asked the ministry to strengthen inspection and guide localities and enterprises on the law on investment and bidding.

Ministries and localities must actively conduct their assigned duties. In case of any problem, they must report to competent authorities for consideration and decision.

The Government Office must keep a close watch on ministries' and localities' work and promptly report to the Prime Minister.

## 6. Profit margin of chemical enterprises to decrease in 2023

After achieving impressive results in 2022, chemical exports showed signs of slowing down in the first two and a half months of 2023. The export turnover of basic chemicals only reached US\$930 million, down 10.9 per cent year-on-year, due to weak global demand. Chemical export value ranks 12th in total export items of Viet Nam.

VNDirect forecasts that demand from Viet Nam's chemical export markets such as China and the United States will decline further until the end of 2023 due to high inflation expectations and economic recession risks.

For yellow phosphorus, the economic downturn has led to a decline in demand for electronics and semiconductors in 2023. World Semiconductor Trade Statistics forecasts the global semiconductor market will shrink by 4 per cent in 2023 to \$557 billion, the first annual decline since 2019.

Taiwanese chipmaker TSMC, the world's largest contract chipmaker, forecasts that first-quarter revenue will fall 5 per cent year-on-year.

VNDirect believes that the demand for yellow phosphorus - an input material for semiconductor production will decrease in 2023. Experts forecast that the price of yellow phosphorus will reach \$4,500-\$5,000 in 2023 due to weak demand.

For caustic soda, the domestic price of caustic soda is highly dependent on China, as China exports about 40 per cent of Viet Nam's caustic soda needs. The price of caustic soda in China has declined 27 per cent since December 2022 as the caustic soda factory in China returns to operation in 2023 and aluminium demand is weak. Furthermore, reopening China's economy will improve the supply of caustic soda in Viet Nam.

VNDirect forecasts that the price of caustic soda will reach about \$700-800 per tonne in 2023, down

15 per cent year-on-year. Because price contracts are usually signed three months in advance, VNDirect believes that the net profit of caustic soda companies such as South Basic Chemicals JSC (CSV) and Viet Tri Chemical JSC (HVT) in the first half of 2023 will decrease compared to the second half of 2022.

The cost of electricity accounts for 20-30 per cent of the total cost of producing basic chemicals. Experts see that Viet Nam's electricity industry will record rapid growth in electricity consumption in 2022 - 2030.

According to Viet Nam's draft Power Master Plan VIII, electricity demand will increase with a high compound growth rate forecast at 9.2 per cent in 2023-2030. VNDirect believes that the gross profit margin of businesses in the chemical industry will decline in 2023 due to rising electricity costs and lower average selling prices.

"In general, we forecast that the gross profit margin of basic chemical businesses will decrease by 4-6 percentage points year-on-year in 2023," said VNDirect.

During the 2023 General Meeting of Shareholders held on March 29, Duc Giang Chemical Group (DGC) approved a business plan with a consolidated revenue target of VND10.87 trillion in 2023, of which that from yellow phosphorus, the main product of the company, would reach VND4.6 trillion. Profit after tax is estimated at VND3 trillion. Thus, these targets decrease by 24.5 per cent and 50 per cent respectively compared to 2022, the year of high record profit of DGC since its establishment.

However, VNDirect still favours DGC stock as it is Asia's largest exporter of yellow phosphorus and VNDirect expects that DGC's net profit will rebound



in 2024 thanks to recovering demand for other electromagnetic goods.

## 7. New visa policy proposal sent to National Assembly

The Government has officially written to the National Assembly proposing a new policy for changing immigration procedures and e-visa issuance, and lengthening a visa-free stay for foreign visitors.

The proposed policy includes granting e-visas to citizens of all countries and territories, extending the validity of e-visa to up to three months, and increasing the duration of visa-free stay for international tourists to 45 days from the current 15.

If approved, this visa policy would help attract more international tourists to Vietnam and contribute to the recovery and development of tourism.

The proposal, signed by the Minister of Public Security To Lam under the authorization of Prime

Minister Pham Minh Chinh, will be considered in the National Assembly session, expected to be held in May 2023.

After Vietnam resumed international tourism in mid-March 2022, the number of foreign visitors to Vietnam in 2022 increased 6.6 times compared to 2021, which Covid-19 struck and led to travel restrictions. However, it was still low compared to pre-pandemic levels, only equal to 32.6% of the figure in 2019.

The Ministry of Culture, Sports and Tourism, foreign diplomatic representatives in Vietnam, trade associations, foreign businesses, and the Tourism Advisory Council previously suggested a more flexible visa policy to enhance competitiveness and attract international tourists in the future.

## Corporate News

### 8. KBC: Approved the redemption of bonds before maturity

↑ 3.71%

On March 29, 2023, the BOD of Kinh Bac City Development Holding Corporation approved the plan for bond redemption before maturity with details as follow:

- Bond code: KBCH2124003
- Par value: 100,000 dong/bond
- Total value of issuance (at par value): 1,000,000,000,000 dong
- Total value of outstanding (at par value): 1,000,000,000,000 dong
- Term: 36 months
- Issue date: November 11, 2021
- Maturity date: November 11, 2024
- Repurchase time: March 31, 2023
- Repurchase interest rate: 11.4%/year
- Actual interest date: from and including November 11, 2022 to but excluding March 31, 2023.
- Estimated repurchase volume: 10,000,000 bonds
- Total value (at par value): 1,000,000,000,000 dong.

### 9. AAA: Record date for Annual General Meeting 2023

↑ 0.86%

On March 30, 2023, the Hochiminh Stock Exchange issued Announcement No.637/TB-SGDHCM about the record date of An Phat Bioplastics Joint Stock Company (stock code: AAA) as follows:

- Ex-right date: April 10, 2023
- Record date: April 11, 2023
- Purpose: to organize the 2023 Annual General Meeting of Shareholders.
- Exercise ratio: 01 share – 01 voting right
- Meeting date: will be notice later
- Meeting venue: will be notice later..



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