



VIETNAM DAILY NEWS



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Market Analysis

1. Shares rebound on banking, mining stocks

Stocks recovered on Wednesday, bolstered by the growth of the banking and mining stocks groups.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index gained 0.22 per cent to close at 1,080.86 points.

Market breadth was positive with 128 decliners and 250 gainers.

Some 793 million shares were traded on the southern exchange, worth VND12.9 trillion (US\$549.7 million).

“The market continued to struggle in the range of 1,075-1,080 today and ended the session at 1,080.86,” said BIDV Securities Co.

“Regarding the transactions of foreign investors, today they were a net buyer on the HoSE and a slight net seller on the HNX. The resistance at 1,080 is quite large, investors should be careful in the next trading sessions.”

Foreign investors net bought VND225.39 billion on HOSE. They were net sellers on HNX with a value of VND29.31 billion.

The VN30-Index, which tracks the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, gained 0.14 per cent to reach

1,089.83 points. In the basket, 15 stocks climbed, 5 stayed flat and 10 slid.

Banking stocks gained ground with most of the stocks in the basket rising, including Vietinbank (CTG), Asia Commercial Bank (ACB), Tien Phong Bank (TPB), National Commercial Joint Stock Bank (NVB), Vietcombank (VCB), Military Bank (MBB).

Energy stocks also attracted cash flow with gainers such as Viet Nam National Petroleum Group (PLX), Binh Son Refining and Petrochemical Company Limited (BSR), PV Power (POW), PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling and Well Services Corporation (PVD) and Drilling Mud Joint Stock Corporation (PVC).

On a sector basis, 23 out of 25 sector indices on the stock market gained ground, including oil and gas, banking, wholesale, construction, rubber production, IT and logistics, agriculture, real estate, food and beverage, retail, seafood production, construction materials, securities, and plastic and chemical production.

The HNX-Index on the Ha Noi Stock Exchange (HNX) rose 0.88 per cent to close Wednesday at 212.58 points.

More than 118 million shares were traded on the northern exchange, worth VND1.5 trillion.

Macro & Policies

2. Securities companies flock to gain market share

In 2023, VPBank Securities JSC plans to achieve revenue of VND2.5 trillion, 3.2 times higher than in 2022, profit before tax is expected to nearly triple compared to last year, reaching VND1.61 trillion. Notably, bond trading and other activities earned VND1.16 trillion, an increase of 150 per cent, and bond issuance consulting achieved a revenue of nearly VND24 billion.

2022 is a difficult year for most securities companies, but VPBank Securities was an exception. This securities company recorded a revenue of VND776 billion, profit after tax reached VND443 billion, 72 times higher than in 2021. Of which, revenue from bond trading and other activities brought in VND467 billion.

In 2022, VPBank pumped more than VND15 trillion to increase the capital of VPBank Securities with two share offerings, making VPBank the securities company with the largest charter capital in the market. With abundant financial resources from the parent bank, in 2022, the transaction value of investors through this securities company reached more than VND61 trillion, 40 times higher than the same period in 2021, of which the trading value of shares accounted for more than VND36 trillion, the rest was bond trading with a total value of more than VND25 trillion.

This securities company also informed its customers that it would buy all overdue bond contracts of real estate company Novaland. For bond contracts that have been renewed, not yet matured and customers need to liquidate before maturity, liquidation is allowed at the interest rate of the bond contract being held. Transactions should be made before April 6, 2023.

At this year's Annual General Meeting of Shareholders, Chairman of SSI Securities Inc (SSI) Nguyen Duy Hung said that SSI must regain its position as the largest broker in the stock market. In terms of structure, each SSI transaction office is organised as a miniature company with different customer care policies. Policies such as leaving

money overnight to enjoy higher interest rates without term, and weekly and monthly interest calculations, are also offered by SSI to convince investors to keep money in their accounts instead of transferring it to banks.

Recently, SSI launched a loan package of VND5 trillion, unlimited margin loans, interest rates from 9 per cent, and no maturity in 6 months, to attract investors.

However, regaining market share and the position achieved in the past is not simple as other securities companies are eager to participate in this fierce race. In the new Annual General Meeting of Shareholders, BSC Securities also decided to return to the top 10 HOSE brokers list. Previously, BSC had time to enter the rankings but was eliminated from the list due to competition from other players.

Regarding the business plan for 2023, BIDV Securities Co (BSC) also has an ambitious plan with pre-tax profit of VND565 billion, nearly 3.8 times higher than that of 2022.

Talking about the stock brokerage market share race, Nguyen Diep Tung, General Director of FPT Securities Co, said that the market share competition would become more and more fierce in the context that the market was plummeting in both scores and liquidity. The number of securities companies remained the same. Some small securities companies would participate in the competition for market share by cutting trading fees.

"FPTS will not cut trading fees because, in the long run, it is impossible for any company to operate without profit. They will not be able to maintain a large technology system with many utilities; unable to develop new products and services for investors to keep up with the development of the market. Therefore, all major securities companies cannot participate in the zero-fee race, but must compete with better quality products and services," he said.

"With a financial market with a lot of potential like Viet Nam, securities companies who want to go a long way must choose the path of building a new technology system with many utilities to serve the

transactions of more investors, building a team of consultants; improve consulting and service quality," he said.

3. Vietnamese brands aim for Chinese market

Vietnamese businesses have a geographical advantage in accessing China, the world's second-largest market, especially with support from e-commerce platforms, according to the Ministry of Industry and Trade (MoIT).

Nguyen Thi Minh Huyen, deputy head of MoIT's e-commerce and digital economy department, said cross-border trade via the platforms had so far been the fastest and cheapest way to access Chinese consumers.

But she said steps must be taken to ensure the trade's sustainable development.

Huyen's department has been working closely with several e-commerce platforms to connect with partners and consumers in the Chinese market. The focus is on how to best support Vietnamese businesses to link operations with Chinese retailers, brand-building companies and e-commerce firms.

Huyen said feedback from businesses so far had been positive with the vast majority of them getting the hang of how to work with major Chinese e-commerce platforms. Some Vietnamese brands had been successfully marketed and sold widely in China such as Ca phe Sai Gon, Vicosap, Sao Thai Duong cosmetics, Lipo and Tipo snacks.

Nguyen Thi Diem Hang, chairperson of VinaNutriFood, who has been in charge of a Vietnamese national store on JD, one of the largest e-commerce sites in China, said her company had just finished setting up an office in China and officially launched the store on JD.com, a cross-border e-

commerce platform that enables Chinese customers to purchase products from other countries.

She said it had taken a lot longer than previously anticipated due to China's strict social distancing measures, which had just been removed.

According to the ministry, more than 300 Vietnamese businesses have registered their products under the national store on JD.com but so far the store will only approve those that are qualified under Chinese regulations.

Hang said: "The Chinese market has certain standards, on par with the EU and US markets, which demand Vietnamese businesses to improve on safety, quality and packaging," she said, adding it would likely take some time for businesses to catch up.

"Preparing and getting things right on our first attempt is very important. It may take a bit longer but we do not want negative feedback from Chinese consumers, which may result in many Vietnamese brands getting blacklisted in the market."

Huyen added that businesses must take time to learn more about Chinese consumers and the best approach is to partner with Chinese companies that also operate on the same e-commerce platforms.

"We should seek out partners with experience in dealing with Chinese consumers and established customer bases to ensure a smooth introduction of Vietnamese products into the market," she said.

4. Steel fortunes limited by real estate uncertainties

On March 25, steel giant Hoa Phat Group issued its 2022 annual report, noting that it will invest in additional tech infrastructure for the 216-hectare Yen My II Industrial Park expansion in 2023.

The park, located in the northern province of Hung Yen, is one of three that the company currently owns and maintains. The other two are Pho Noi A in Hung Yen and Hoa Mac in the nearby province of Ha Nam.

In the next 10 years, it plans to establish 10 such parks in addition to the current ones, with an emphasis on the development of 300-500ha megacities.

Notwithstanding the progress made in 2022, the iron and steel industry is experiencing a deterioration. According to Tran Dinh Long, chairman of the Board of Directors at Hoa Phat, the company's financial records for the second half of 2022 reflect the company's first consecutive severe losses, with full-year sales down 5 per cent compared to 2021.

Hoa Phat is representative of steel companies that emerged from the market quagmire in 2022 as a result of infrastructure development. Yet, not all firms have sufficient resources or the ability to develop a cash flow solution.

Elsewhere, Tien Len Steel, a local steel producer and distributor, intends to issue shares to current shareholders in order to raise \$47.8 million in 2023.

It also expects to spend \$21.3 million on the An Phuoc residential and commercial project in Long Thanh district of the southern province of Dong Nai, and pump \$1.1 million into the Danang branch building project situated on National Highway 1A in the city's Hoa Vang district.

According to data from the Vietnam Steel Association (VSA), the consumption of certain finished steel products was lower than anticipated during the construction season following the Lunar New Year as a result of a stagnant real estate market, while construction steel consumption is low as a result of a tightening credit system.

In the first two months of this year, building steel sales totalled 1.7 million metric tonnes, a drop of 22.3 per cent compared to the same time last year. In this time, shipments fell by 34.5 per cent to 262,000MT, a reduction of 34.5 per cent compared to the same period in 2022.

Steel is constantly monitored in terms of the nation's economy because of its sensitivity to cash flows and

its relation to the building and manufacturing industries.

According to the General Statistics Office, the consumption index of the whole processing and manufacturing sector declined by 2.9 per cent in the first quarter of 2023 compared to the same time in 2022. During that same period, it had climbed by 6.6 per cent.

Throughout the first three quarters of 2022, steel producers were among the top achievers in the manufacturing sector. Nevertheless, the steel market has seen a fall in demand as a result of economic weakness, while production units continue to stockpile commodities, forcing many steel companies to encounter problems in the latter months of 2022.

Nowadays, the largest consumers of local iron and steel are construction and public projects.

According to the VSA, the uncertainty of the real estate market may further limit domestic steel product demand. More than 90 per cent of domestic steel usage is generated by the building sector.

Yet, KB Securities Vietnam predicted that steel consumption will remain a "major problem in 2023" as the real estate sector continues to be challenging, restricting the availability of new projects. In addition, the fear of inflation and the worldwide economic downturn had a severe impact on the export prospects of steel companies.

"This year's steel industry outlook is buoyed by positive indications such as more stable raw material pricing and China's economic openness," KB wrote. "On the other hand, we anticipate that public investment will be the main factor behind the future increase in steel consumption demand."

Currently, 46.6 per cent of the government's medium-term investment capital allocation plan is allocated to transportation projects. Thus, firms providing steel for these projects will benefit if public funding is disbursed on time, KB Securities added.

5. Digital payments surge in first two months of 2022

Latest data of the State Bank of Vietnam (SBV) showed the volume of cashless transactions increased by 50.1% year-on-year, with QR code transactions posting the strongest surge of 142% in quantity and 50% in value.

Internet-based transactions saw an increase of 90.2% in volume and 10% in value, followed by mobile phone transactions with 60.3% and 13.9%, respectively. POS transactions increased by 36.7% in volume and 29.7% in value.

According to the SBV's Payment Department, there has been notable progress in digital transformation activities in the banking industry when 95% of credit institutions have adopted and implemented digital transformation strategies in their units. Many of the top credit institutions that have embraced

digital transformation have already achieved 90% of customer transactions on digital channels.

For example, VPBank's digital app streamlines banking activities from depositing money, making payments, opening credit cards and borrowing funds online. Sacombank offers "Tap to phone" for contactless payments and TPBank introduces personalised payment features like "Facepay."

These positive outcomes in digital transformation activities within the banking industry show that there is a clear shift towards a more digital future.

Last year, digital payment reported an 85.6% increase in volume and a 31.4% increase in value compared to 2021.

6. MPI assigned to amplify disbursement of public funds

To speed up disbursement, Prime Minister Pham Minh Chinh last week issued Directive No.08/CT-TTg on accelerating allocation and disbursement of such capital to reach 95 per cent of the total yearly plan.

The Ministry of Planning and Investment (MPI) shall coordinate with relevant agencies to summarise projects that have completed investment procedures and are eligible for assignment of medium-term public capital plans for the 2021-2025 period, and report to the prime minister. The MPI will also instruct relevant authorities to carry out assessment of the medium-term public investment plan for the same time period in April.

The MPI will coordinate with the Ministry of Finance to guide implementation of capital between the socioeconomic recovery and development programme and the medium-term public investment plan for the 2021-2025 period, ensuring the disbursement of all capital in 2023.

The MPI is also assigned to monitor the disbursement progress of authorities at all levels and promptly report to the prime minister for the promulgation of flexible and adaptive management solutions.

One of the key reasons behind Directive 08 is that public investment disbursement in some localities is facing difficulties, hindering economic development.

For example, disbursement in Ho Chi Minh City in the first two months of this year was equivalent to only 1 per cent of the total allocated funding (at about \$3 billion), despite documents already being issued to speed it up.

Most of Ho Chi Minh City's public investment is spent on key infrastructure projects or regional links such as Ring Road 3, National Highway No.50, An Phu Intersection, and a connecting road from Tran Quoc Hoan to Cong Hoa streets.

However, in an inspection in March, Ho Chi Minh City Department of Transport and Communications found that the three latter projects were being built too slowly, even though they have been arranged with sufficient capital.

In order to solve the problem, Ho Chi Minh City People's Committee issued an action plan on promoting disbursement of public investment in 2023, highlighting some new solutions and strict sanctions for poor-performing units, including strictly penalising agencies that do not fully report on disbursement.

In the central province of Nghe An, as of March 20, the province has disbursed more than VND282 billion (\$12.26 million) of public investment, equalling 5.06 per cent of the yearly plan. However six districts and 34 units, authorities, or investors have not yet disbursed. In 2023, this province was allocated more than VND9 trillion (\$392.7 million) from the state budget.

However, in contrast to these localities, many others are doing a good job in boosting public capital disbursement.

For example, the A Lu Bridge project in the centre of the northern city of Bac Giang, crossing the Thuong River, is expected to awaken the economy of the city's western area, connecting traffic to Highway 17 and heading past Viet Yen industrial park, with capital of about \$15 million. The project

started in 2022 and is being urgently constructed across three shifts, and is expected to be completed one month earlier than scheduled, before the end of June.

Nong Bang Son, deputy director of Bac Giang's Project Management Unit for construction, said that nearly 80 per cent of the bridge has been built. "To speed up disbursement, the project management board often checks performance and progress every week, then we carry out payment procedures immediately without leaving any residuals," said Son.

In nearby Phu Tho province, it allocated all of 2023's public funding plans in the last month of 2022, with a total amount of almost \$176 million. The province has already disbursed more than 17 per cent of the yearly public allocation, higher than the country's average.

Do Anh Tuan, head of the Project Management Unit for agricultural and rural development projects, said that they urge contractors to overcome difficulties to speed up progress and regularly meet to review progress at the construction site.

"We always monitor and seek updates, measures, and calculations to support contractors at every stage. This minimises the time to complete legal procedures, the contractor can access capital rapidly, and disbursement of public investment capital is regular and continuous," said Tuan.

7. Soft loans for buyers of social homes

From April 1 to the end of June 30, annual interest rates of 8.2% and 8.7% will apply to buyers of social homes and investors of social housing projects, respectively.

According to the Vietnam News Agency, the Government has assigned the SBV to roll out a credit package worth VND120 trillion to promote social housing projects targeting workers and low-income people.

From July onwards, the State Bank of Vietnam (SBV), the central bank, will announce lending rates during the promotional period to commercial banks participating in the loan package every six months.

Commercial banks, including four State-owned commercial banks — Agribank, BIDV, Vietcombank and VietinBank, agreed to deploy the package with lending rates 1.5 to 2 percentage points lower than the average levels on the market.

Organizations and individuals buying social homes in the social housing projects announced by the Ministry of Construction must meet the required conditions.

Accordingly, each home buyer is only entitled to a one-off loan to buy an apartment in the approved projects, and one social housing project can only receive a single loan granted by the bank.

The disbursement period will last until the disbursement of VND120,000 billion is completed, but not later than December 31, 2030.

Investors of social housing projects and individual home buyers will be offered a promotional period of three and five years from the date of disbursement but not later than the lending period as agreed upon in the first loan agreement.

When the promotional periods expire, banks and customers will strike a deal on the lending interest rates, which must be in compliance with the law.

Corporate News

8. SAB: Notice of the holding of Annual General Meeting 2023

↓ -0.84%

Saigon Beer – Alcohol – Beverage Corporation announces the holding of the 2023 Annual General Meeting of Shareholders as follows:

Meeting date: 8:30 am, April 27, 2023

Meeting venue: Grand Ballroom 1, InterContinental Sai Gon hotel, Hai Ba Trung & Le Duan conner, district 1, HCM city .

Meeting participants: All shareholders at the record date: March 27, 2023.

For meeting documents, please visit Company's website: www.sabeco.com.vn

9. VPB: VPBank collaborates with Amazon Web Services to lift digital banking experience

↓ -0.93%

VPBank will use AWS SageMaker and AWS AI Services to improve its analytics capabilities and accelerate the development of banking-financial applications, enhance automation of banking tasks, and drive new digital banking features such as chatbots and digital banking solutions to improve customer service.

The collaboration will also help VPBank optimise costs without having to invest in on-premises infrastructure to scale its digital banking services.

VPBank will also leverage the AWS Training and Certification programmes to develop a workforce proficient in cloud skills. Additionally, AWS will work together with VPBank to support its recruitment events targeted at engineers and developers to strengthen its digital workforce.

Luu Thi Thao, Standing Deputy CEO of VPBank said the collaboration between VPBank and AWS will create great innovations in the bank to satisfy the diverse needs of customers.

Besides, it will also help strengthen the stability of VPBank's core banking system, meeting the highest standards of information security and safety, and helping customers feel more secure every time they conduct a transaction, especially in the digital environment, she added.

VPBank expects that its cooperation with AWS - the world biggest cloud provider - will lift the bank to a new height in technological capacity, helping it better serve customers and become a destination of high skilled human resources.

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