



# VIETNAM DAILY NEWS



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**Table of content**

## **Table of content**

- 1. Shares drop on large-caps' fall**
- 2. Corporate bonds worth 1.1 billion USD issued in March**
- 3. ADB sets moderate 2023 growth outlook for Vietnam**
- 4. Industrial production index fell in Q1**
- 5. Banks tend to be cautious about growth plans in 2023**
- 6. Hard times for seafood exports**
- 7. Ben Tre seeks to boost export to China**
- 8. HDB: HDBank to pay 25% dividend, persist with sustainable growth plans**

## Market Analysis

### 1. Shares drop on large-caps' fall

Shares reversed to drop on Thursday, pressured by the slump of large-cap stocks that were hit strongly during the last minutes of the session.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index lost 0.92 per cent to close at 1,070.91 points. The index had gained 0.22 per cent to close at 1,080.86 points on Wednesday.

Market breadth was neutral with 194 gainers and 209 decliners.

Some 998.7 million shares were traded on the southern exchange, worth VND15.8 trillion (US\$575.2 million).

“VN-Index suddenly dropped at the end of the session after a day of struggling in the range of 1,078-1,080. The index ended the session at 1,070.91, down more than 9 points compared to yesterday,” said BIDV Securities Co.

Market breadth tilted to the negative side. Regarding the transactions of foreign investors, today they were net sellers on the two exchanges of HoSE and HNX. In the next trading sessions, VN-Index may continue to experience shaking sessions, 1,060-1,065 will be the next support area if the index continues to decrease in line with the movement of VN30-Index. It is recommended that investors trade cautiously in the coming sessions, it said.

The VN30-Index, which tracks the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, dropped 1.01 per cent to reach

1,078.86 points. In the basket, 7 stocks climbed, one stayed flat and 22 slid.

Losers in the VN-30 basket included Novaland (NVL), Vinamilk (VNM), Vingroup (VIC), Vietjet (VJC), FPT Corporation (FPT), Bao Viet Holdings (BVH).

Most banking stocks dropped during the trading session. Those slumping included Vietinbank (CTG), Asia Commercial Bank (ACB), (TPB), Vietcombank (VCB), VPBank (VPB), National Commercial Joint Stock Bank (NVB), Military Bank (MBB), Sacombank (STB), Tien Phong Bank (TPB), Techcombank (TCB) and Bank for Investment and Development of Vietnam (BID).

Energy stocks also suffered selling pressure with losers such as Drilling Mud Joint Stock Corporation (PVC), PetroVietnam Drilling and Well Services Corporation (PVD), PetroVietnam Technical Services Corporation (PVS) and PV OIL (OIL).

On a sector basis, 21 out of 25 sector indices on the stock market lost ground, including wholesale, construction, rubber production, IT and logistics, agriculture, real estate, food and beverage, retail, seafood production, and plastic and chemical production.

The HNX-Index on the Ha Noi Stock Exchange (HNX) lost 0.54 per cent to close Thursday at 211.43 points.

Over 149 million shares were traded on the northern exchange, worth VND2 trillion.

## Macro & Policies

### 2. Corporate bonds worth 1.1 billion USD issued in March

According to the Vietnam Bond Market Association (VBMA) that collected data from the Hanoi Stock Exchange (HNX) and the State Securities Commission of Vietnam (SSC), there were 11 issue placements of corporate bonds worth over 26.42 trillion VND (over 1.1 billion USD) in March 2023.

The number was a significant increase compared to the value of 2 trillion VND in February and 110 billion VND in January.

According to VBMA, the total value of bonds bought back before maturity in March 2023 was nearly 14.3

trillion, up 137% over the previous month and up 64% over the same period last year.

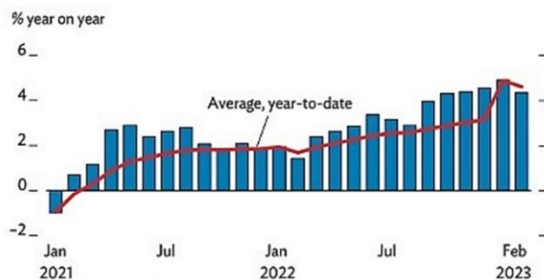
Construction and consuming goods were two groups that recorded the largest repurchase value in the month, reaching 5 trillion VND, accounting for 35% of the total repurchase value, and 3.4 trillion VND, accounting for 24% of the total repurchase value.

In the first three months of this year, the total value of bonds bought back by businesses reached more than 29.86 trillion VND, 63% higher than the figure of the same period last year.

### 3. ADB sets moderate 2023 growth outlook for Vietnam

**Figure 2.32.2 Monthly Inflation**

*Inflation has accelerated since early 2021.*



Sources: General Statistics Office; Haver Analytics.

“Vietnam's economic growth will be constrained in 2023 by the global economic slowdown, continued monetary tightening in advanced economies, and the spillover from global geopolitical tensions,” said Andrew Jeffires, ADB country director for Vietnam.

“However, Vietnam's growth support policy of monetary easing, the reopening of the Chinese economy to global trade, and the large amounts of public investment to be disbursed later this year will help the country counter these headwinds,” he added.

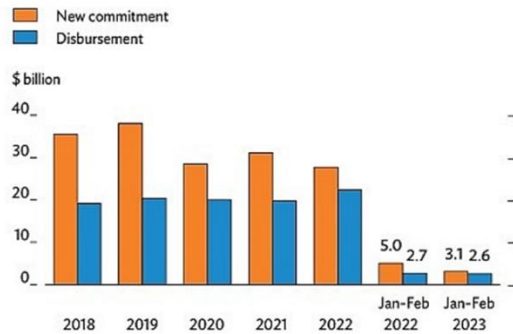
Declining global demand has hit manufacturing, driving the industrial production index down by 6.3 per cent in the first two months of this year relative to the same period last year. Industrial growth is forecast to slow to 7.5 per cent in 2023, contributing 2.7 percentage points to GDP growth. Construction could pick up, however, if major infrastructure projects can be implemented as planned.

Services are expected to expand by 8 per cent in 2023 thanks to revived tourism and associated services. As China is Vietnam's largest tourist market, the country will benefit considerably from its reopening.

China's return will also benefit agriculture. The economic giant could generate significant demand for Vietnam's agricultural exports, as the country already receives 45 per cent of Vietnam's exported fruit and vegetables. The sector is expected to expand by 3.2 per cent this year.

**Figure 2.32.8 Foreign Direct Investment**

Slowing global growth forced down foreign direct investment in the first 2 months of 2023.



Sources: General Statistics Office; Haver Analytics.

Public investment will be the key driver for economic recovery and growth in 2023, with \$30 billion set to be disbursed later this year.

However, Foreign direct investment (FDI) remains hampered by the global slowdown. Newly registered capital and disbursed FDI fell by 38 per cent and 4.9 per cent on-year respectively in the first two months of 2023.

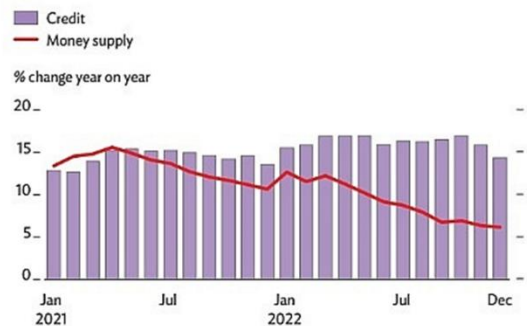
The fiscal deficit in 2023 could exceed its target, which is 4.4 per cent of GDP. In the future, Vietnam is likely to continue its reforms to make financing more sustainable, thereby significantly reducing dependence on sources such as land and oil.

On the demand side, domestic consumption will continue to rebound in 2023. Revived tourism, new public investment, stimulus programmes initiated in January 2022, and a salary increase effective in July 2023 are expected to keep domestic consumption on the rise, although higher inflation may hamper this somewhat. However, retail revenue in the first two months of 2023 was 24.9 per cent higher than in the same period in 2019, albeit partly influenced by the timing of the Lunar New Year.

Weakening global demand will continue to dampen trade this year. Exports in the first two months of 2023 decreased by 10.4 per cent on-year, while imports declined by 16 per cent. Both imports and exports are forecast to shrink by 7 per cent this year and next. Slowing trade could create a deficit that equals 1 per cent of GDP this year before moving back into surplus in 2024.

**Figure 2.32.3 Credit and Money Supply Growth**

Money supply growth slowed last year, but credit growth was maintained.



Sources: State Bank of Viet Nam; Asian Development Bank estimates.

Surprise policy rate cuts make Vietnam the first economy in Southeast Asia to ease its monetary policy. The central bank cut the discount rate from 4.5 to 3.5 per cent, the overnight rate for interbank electronic payments from 7 to 6 per cent, and the interest rate cap on short-term VND loans to priority sectors from 5.5 to 5 per cent. The refinancing rate remains unchanged at 6 per cent.

According to the ADO, external risks to the forecast represent a significant potential downside. The principal external risks are a deeper global economic slowdown, continued monetary tightening by major trade partners, and an escalation of the Russian invasion of Ukraine.

The ADB also sees some policy challenges for Vietnam to manage financial and capital market stress. Financial markets were turbulent last year, and financial fraud hit the corporate bond market. Further risk of contagion may come from banks' exposure to real estate and construction and a high ratio of property as collateral held by banks. Many loan-to-deposit ratios have breached the 85 per cent threshold.

To counter this, the government responded quickly to worsening market conditions. Decree No.65 was passed swiftly in the third quarter of 2022 to strengthen governance in the corporate bond market. Last month, the State Bank of Vietnam proposed a credit scheme worth \$5 billion for social housing to be implemented by four state-owned commercial banks.

Average inflation in the first two months of 2023 rose from 1.7 per cent a year earlier to 4.6 per cent,

and is forecast at 4.5 per cent for the whole of 2023. In the long term, financial reform should continue to reduce dependence on bank finance and enhance transparency in the bond markets, the ADO highlighted.

#### 4. Industrial production index fell in Q1

Among the sectors, the mining industry recorded the highest IIP decrease with 4.4%. The processing and manufacturing industry followed with 2.4%, while the electricity generation and distribution sector saw a decline of 1%.

However, the water supply, waste-water treatment and management activities witnessed an increase in IIP by 7.8%.

Several essential industrial products showed a decrease in IIP during the first quarter of 2023, including automobiles (17.8%), bar and angle steel (15.8%), motorbikes (13.8%), phone components (13.4%), textiles from natural fibres (13.1%), mobile phones (13.1%), casual wear (10.2%), and cement (9.9%).

The decline in production of these key products impacted the IIP and value-added of the industrial sector in the first quarter of the year.

The industry's consumption index also decreased. The consumption index of the processing and manufacturing industry in the first quarter of 2023 decreased by 2.9% year on year.

This led to an estimated inventory of the processing and manufacturing industry in the first quarter, up 19.8% over the same period last year.

That situation showed that enterprises' production and business efficiency was significantly affected.

According to the General Statistics Office (GSO), IIP in the first quarter of 2023 increased in 48 localities but decreased in 15 localities.

Several localities with IIP achieved a relatively high increase due to the increase of IIP in the processing and manufacturing industry; and electricity generation and distribution industry. They included Cao Bang (up 26.8%); Tuyen Quang (22.6%); Hai

Phong (14.8%); Quang Ninh (13.6%); Hai Duong (12.5%); and Nam Dinh (12.3%).

Some localities had low growth rates or reduction in IIP, such as Quang Nam (34.3%); Bac Ninh (18.8%); Vinh Long (16.5%); Soc Trang (15.6%); and Vinh Phuc (8.1%).

The decline in industrial production in the first months of 2023 was due to external and internal factors.

Economic competition and trade wars have been more intense. The Russia-Ukraine conflict has kept the global prices of input fuel, energy and logistics high, affecting the production costs of domestic enterprises.

In addition, inflation is still at a high level. Monetary policy has been tightened, leading to stricter spending in some large consumer markets such as the US and EU. This has caused export orders to decrease, greatly affecting the production of Vietnam's enterprises.

Moreover, the reopening of China has created a lot of pressure on countries with similar export products, including Vietnam.

In the domestic market, purchasing power has resumed, but the recovery has not stimulated production.

Enterprises still have difficulties accessing capital and face high bank interest rates and input costs of raw materials, especially in the processing and manufacturing industry. The absorption capacity of capital has begun to decrease due to the lack of orders.

#### Production and business optimism

The majority of surveyed enterprises have provided positive evaluations about the production and

business situation in the first three months of this year, according to a report on the operation of enterprises in the first quarter of 2023 recently released by GSO.

Specifically, the survey results on business trends of enterprises in the processing and manufacturing industry in the first quarter of 2023 showed that 24.3% of enterprises rated the production and business situation as better than in the fourth quarter of 2022.

About 37.2% of enterprises said that the production and business situation was stable, and 38.5% of enterprises rated it as having difficulties.

For the second quarter of 2023, 44.1% of enterprises expect the trend to be better than the first quarter, while 35.3% of enterprises said that the production and business situation would be stable, and only 20.6% of enterprises have forecast greater difficulties.

In the first quarter of 2023, Vietnam had nearly 34,000 newly registered enterprises with total registered capital of 310.3 trillion VND, down 2% in the number of enterprises and down 34.1% in registered capital compared to the period last year.

The nation had more than 23,000 enterprises returning to operation, down 10% from the same period in 2022, bringing the total number of newly established and resumed enterprises in the first three months of 2023 to nearly 57,000 enterprises, down 5.4% on the year.

During the first three months, the number of enterprises temporarily suspending business was 42,900 enterprises, up 20.1% over the same period last year. About 12,800 enterprises stopped operating and waited for dissolution procedures, up 13.1%, and 4,600 enterprises completed dissolution procedures, up 6.5%.

## 5. Banks tend to be cautious about growth plans in 2023

If last year saw a record high in profit of the banking industry, 2023 seems to be the beginning of a new cycle with a slowdown of growth for the industry.

In a plan submitted to the upcoming AGM, though Vietcombank aims to increase profits by at least 12 per cent compared to the previous year to more than VND41 trillion, the number is low compared to the 2022 result when the bank recorded an accumulated profit of nearly VND37.36 billion, up 35.9 per cent compared to 2021.

NamABank sets a pre-tax profit target of VND2.4 trillion in 2023, an increase of more than 9 per cent compared to the previous year. Meanwhile, in 2022, this bank set a profit target for the whole year to increase by 25 per cent compared to 2021 at VND2.25 trillion and the bank in fact achieved a profit higher than the set target.

VIB targets pre-tax profit in 2023 to reach VND12.2 trillion, up 15.3 per cent over the previous year. The expected profit growth of VIB is equal to just half of 2022.

Eximbank also sets a business plan in 2023 with an estimated pre-tax profit of VND5 trillion, an increase of 35 per cent compared to 2022. In 2022, Eximbank was the bank with the fastest growth in pre-tax profit with VND3.7 trillion, more than 3 times higher than in 2021.

A recent survey by the State Bank of Vietnam also showed commercial banks were more cautious when forecasting their growth this year. According to the survey, only more than half of banks expect their business performance to improve in 2023, but the improvement is lower compared to 2022.

An analysis of SSI Securities Company also forecast the profit growth of banks in 2023 can reach 13.7 per cent, equal to half the growth rate in the 2017-21 period (28 per cent) and higher than the 2014-15 period (11.3 per cent). However, in the negative scenario, the profit growth of banks may reach only about 10 per cent this year, the analysis noted.

Hoang Cong Tuan, chief economist of Military Bank Securities (MBS), said the market will not see banks

set a profit growth target of 30-40 per cent this year. Instead of the high rate, just setting a profit growth target of more than 20 per cent this year is already very impressive.

Experts also forecast the banking industry will continue to face difficulties in 2023 in the context of the less positive outlook of the global economy. Viet Nam is increasingly integrating into the world's economy so it is certain the country will suffer more adverse impacts than previously.

Under the gloomy outlook, banks will have to strengthen provisions, which will cause increased capital cost. Meanwhile, potential bad debt risk is high in the context of production and business difficulties. This makes it difficult for banks' profits this year to maintain the high growth rate as in 2022, the experts explained.

## 6. Hard times for seafood exports

China's reopening is beneficial to Vietnam's fish exporters, as from 2020 China became Vietnam's largest basa export market. The revenue stream from the Chinese market in 2023 is expected to make up for the shortfall from the US and EU where stubborn high inflation has adversely affected purchasing power.

The profit margin from the Chinese market, however, remains low due to the average price for the Chinese market often being 40 per cent lower compared to the US market.

Shrimp and basa fish hold the lion's share in Vietnam's seafood export structure in 2022, at 39.45 per cent and 38.53 per cent, respectively.

In the first two months of 2023, the total export value of basa fish just amounted to \$240 million, down 38 per cent on-year. Analysts at SSI Research assume that the average basa export price this year will be from 20-30 per cent lower than in 2022.

Due to slow export orders and ample supply, basa exporters might incur negative profit this year despite falling aqua feed costs.

For shrimp export, BIDV Securities estimate that the US and EU economies are forecast to be deep in difficulties in 2023, and this will affect shrimp consumption as shrimp products fetch high prices, and Vietnamese shrimp export products charge 10-

15 per cent more than rival countries, such as Ecuador and India.

In February, Vietnam's shrimp export amounted to \$251 million, down 54.9 per cent on-year.

In the first two months of 2023, the total export value of shrimp products reached \$335 million, a 40 per cent dip on-year, with export value to the US market falling 51 per cent, to Japan down 35 per cent, and to the EU down 46 per cent.

Ho Quoc Luc, chairman at Sao Ta Foods JSC, said that southwest localities are about to step up shrimp farming, but have encountered multiple hardships such as unfavourable weather and diseases.

If the shrimp crop is lost, the price will be brought to high levels in the world market, leaving exporters to count losses and face halting operation.

To weather the storm, Sao Ta Foods focuses on improving the price factor through applying cost-saving measures and boosting sale in markets in which it has advantages, such as Japan and Korea, while gradually breaking into the EU market.

In addition, the company aims to finalise developing new farming areas of 230ha in the second quarter of this year, bringing its total number of ponds to 600.

Meanwhile, Nam Viet Corporation (Navico), a large seafood firm based in southern An Giang province, hopes to boost sales to the Chinese market, which is expected to secure 45 per cent growth this year, becoming the company's key growth driver.

Last year, Navico's export revenue to China accounted for 18.5 per cent of the company's total export value.

One of Nam Viet's advantages is having spacious farming area of 850ha, and being self-sufficient in aquafeed, making it immune from rising material cost threats..

## 7. Ben Tre seeks to boost export to China

Addressing the event, Vice Chairman of the provincial People's Committee Nguyen Minh Canh briefed participants on the local strength of agriculture and maritime economy, saying that Ben Tre has paid special heed to developing and improving value chains for its key agricultural products.

Tre in particular, in the Chinese market. He also urged them to expand cooperation in tourism, science and technology.

Canh expressed his hope that the Chinese Consulate General will create favourable conditions for Ben Tre's enterprises to connect with Chinese partners, thus promoting the consumption of products, especially coconut-based products.

Businesses in Ben Tre mentioned the difficulties and challenges facing them and proposed support for them so that they can set up partnerships and sign more consumption contracts with Chinese firms.

He called on Chinese firms to enhance investment in Ben Tre, especially in developing deep processing industries for agro-forestry-aquaculture products, commercial services and eco-tourism.

Chairman of the Ben Tre Business Association Tran Van Duc said that local enterprises are making efforts to export their products to China via official channels.

He suggested the Chinese Consulate General support and facilitate the export of Ben Tre's key products to China via official channels, and provide information related to the Chinese market, industries, policies, and regulations on import and export of goods.

According to the provincial People's Committee, Ben Tre's export turnover to China reached over 360 million USD in 2021-2022, up 18.42% per year, and accounting for 10-15% of the province's total export value.

Local authorities will create the most possible favourable conditions to support Chinese investors and partners to seek cooperation and investment opportunities in Ben Tre, contributing to further strengthening the Vietnam-China comprehensive strategic cooperative partnership in general and the relations between Ben Tre and Chinese partners in particular, he stressed.

The province has so far developed six value chains for its products, including coconut, fruit trees (green-skin pomelo, rambutan, longan), seedlings and ornamental flowers, pigs, cattle, and shrimp.

Consul General of China in HCM City Wei Huaxiang said he hopes the two sides' businesses early connect to promote the export of coconut via official channels; and focus on building brands of agricultural products of Vietnam in general and Ben

Coconut is one of the key crops of Ben Tre, with a total area of over 78,000 ha and an output of about 800 million coconuts per year. The locality has 17,293 ha of coconut meeting organic standards, accounting for 22.2% of the total area.

Ben Tre is home to 180 enterprises and nearly 2,400 production and processing facilities for coconut-based products, such as products made from coconut husks and shells; products made from coconut meat and water.



Each year, local businesses produce nearly 50,000 tonnes of dried coconut meat, hundreds of millions of litres of coconut water, 40 million litres of canned

coconut water, 30,000 tonnes of coconut fiber, and 12,000 tonnes of activated carbon.

## Corporate News

### 8. HDB: HDBank to pay 25% dividend, persist with sustainable growth plans

↓ -0.25%

The Ho Chi Minh City Development Joint Stock Commercial Bank (HDBank, stock code: HDB) will pay a dividend of 25 per cent in cash and shares for 2022, in the process increasing its charter capital to VND29.27 trillion (US\$1.25 billion), according to documents it released on April 4 ahead of its annual general meeting.

The high dividend is thanks to efforts to maintain high growth last year amid the general difficulties that hit the economy.

HDBank's lending portfolio focuses on sectors that are key contributors to economic growth, and so its outstanding loans to the property sector are low, as are its corporate bond holdings.

Thanks to the strategy, HDBank exceeded all business targets, with profit before tax being nearly VND10.27 trillion (US\$435.8 million), a 27.2 per cent rise from 2021 and 105 per cent of the target.

The return on equity and return on assets were 23.5 per cent and 2.1 per cent, both higher than last year.

The bank's standalone NPL ratio was only 1.3 per cent and the consolidated rate was 1.67 per cent, low compared to industry averages.

HDBank owns only VND4.3 trillion (\$183.19 million) worth of corporate bonds, equivalent to just 1.6 per cent of total outstanding loans.

Its capital adequacy ratio, which is stipulated under the Basel II agreements, was 13.4 per cent, among the highest in the sector.

At the end of last year its total assets exceeded VND416 trillion (\$17.7 billion), 7.8 times up from 2012, while deposits and equity were VND260 trillion (\$11.1 billion) and VND39 trillion (\$1.66 billion), up 6.9 and 7.2 times.

Its profit before tax was an all-time high of VND10.27 trillion, 24 times up from 10 years earlier.

HDBank is one of the few banks that consistently pays high dividends.

This year HDBank orients credit growth in association with credit restructuring to improve efficiency and safety and keep consolidated bad debts at below 2 per cent.

It also plans to expand digital products and services and make efforts to improve service quality and the customer experience, besides enhancing the application of the best international standards, especially Basel III.

In 2023 it targets an increase of 25 per cent in total assets to VND520 trillion (\$22.2 billion) and of 25 per cent and 24 per cent in deposits and loans outstanding to VND459.4 trillion (\$19.6 billion) and VND333.6 trillion (\$14.2 billion) (in line with the credit growth targets prescribed by the State Bank of Vietnam).

Considering its good asset quality and high profitability, HDBank targets an increase of 29 per cent in profit before tax to VND13.2 trillion (\$562.8 million).

It targets ROE and ROA of 24.5 per cent and 2.3 per cent in 2023.

Its standalone and consolidated NPL ratios will continue to be kept at below 1.5 per cent and 2 per cent.

With a solid foundation following 10 years of reforms, a leadership comprising experienced entrepreneurs with a good reputation in the international market, HDBank is confident of achieving, even exceeding, its targets.



The AGM will be held on April 26 both online and offline.

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