



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. VN-Index likely to continue fluctuating

The stock market is still consolidating above the support level of 1,060 points. If the level is held and liquidity remains positive, the benchmark VN-Index is likely to head towards 1,080 points, said experts.

Last week, the market fluctuated despite news of another rate cut by the central bank.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) finished the week at 1,063.76 points, while the northern benchmark HNX-Index was at 217.64 points.

For the week, the former slightly fell 0.3 per cent but the latter increased by 1.74 per cent.

Foreign investors net sold more than VND2.2 trillion (US\$93.7 million).

Tien Phong Securities Corporation (TPS) said that the VN-Index marked a weekly loss after gaining for two straight weeks. However, the benchmark stayed above 1,060 points, meaning that the retesting of the downtrend starting from January has been successful and the market has a chance to move towards the target level of 1,080 points.

“The market is currently still consolidating above the support level of 1,060 points. If this level is held and liquidity stays in the positive as it does now, the index is likely to head towards 1,080 points,” said TPS.

Meanwhile, Saigon - Hanoi Stock Exchange (SHS) said that after a good performance week and creating a short-term bullish wave, the market entered a correction zone with two consecutive weeks of almost going sideways.

The VN-Index continued to form a tight small accumulation foundation.

With the current state, SHS said that the VN-Index has almost completed the cumulative correction

foundation and is ready to continue the next uptrend.

If it surpasses the near resistance area of around 1,075 points, the index can expect to move towards the resistance area of 1,100 points and then around 1,150 points, and create a premise for a medium-term bull market.

On the other hand, if the market fails to form a medium-term uptrend, which is beyond the 1,150-point area, SHS believes that the support level of the VN-Index will be around the area of 1,000 - 1,050 points.

“With a tight accumulation base over the past six months, the market has created a good enough accumulation base to form a medium-term wave. In our view, at the moment, the market is moving from a cautious to a more positive state,” said SHS.

From a technical perspective, Vietcombank Securities Company (VCBS) said that the benchmark index ended the week with a red candle, trading around the reference level due to pressure of selling force that was mainly in large-cap stocks.

However, the market is still actively accumulating around the 1,060 - 1,070 point area along with the divergences among stock groups.

With a positive scenario, VCBS forecasts that the VN-Index will continue to fluctuate in the next 1-3 sessions. The securities firm recommended that investors continue to hold onto the market, and may consider disbursing from 20 to 30 per cent for stocks that are tending to accumulate and successfully test the resistance area.

VCBS also said that after the reduction in operating interest rates on May 23, the State Bank of Vietnam (SBV) had a meeting with senior leaders of 26 commercial banks.

Accordingly, commercial banks agreed from May 29 to reduce lending interest rates by 0.5 percentage points for existing outstanding loans to provide financial support to customers amid production and business activities showing signs of slowdown.

“This continues to be a positive signal showing the consistent policy of SBV in reducing borrowing costs of the economy, supporting businesses and people to access capital at low interest rates,” VCBS said.

## Macro & Policies

### 2. Banks asked to bring interest rates down

In an earlier development, the SBV issued directives to reduce the policy interest rate by 0.5%, from a previous 5.5% to 5% a year, as well as the overnight interest rate in interbank electronic payment and compensatory lending interbank from 6% to 5.5% a year. In addition, the refinancing interest rate was also adjusted by half a percentage point, from 5.5% to 5.0% a year.

In another directive, the SBV has instructed commercial banks to allow restructuring repayment and maintain debt groups to support borrowers and businesses.

Failure to comply with the directives in a timely manner will result in severe penalties, according to the SBV. Banks were also told to minimise inconveniences and facilitate problem-solving to support customers.

In an earlier meeting with commercial banks and governmental agencies, Deputy Prime Minister Le Minh Khai stressed the importance of continuing

with cost-cutting measures, reducing deposit rates, promoting economic development and granting businesses easier access to funds.

"Establishing a reasonable and sustainable deposit rate is crucial to our efforts to adjust lending rates," he said.

Businesses and banks must realise they are in this together. Banks will go well when businesses do well, he added.

He said top priorities for the SBV in the near future include the management of credit growth, interest rates, exchange rates and connectivity in the banking sector. Stronger efforts are also required to improve the sector's transparency, the business environment, the macroeconomy, exchange rates and the stability of the commercial banking system.

Khai urged the SBV, governmental ministries and commercial banks to provide timely information to the public and take additional steps to handle cases of harassment, corruption and group interests.

### 3. Air passenger volume soars during first five months

Of the figure, there were 12 million foreigners and 33.4 million local passengers, marking a year-on-year rise of 679.6% and 33.4%, respectively.

In May alone, airports across the country served 9 million passengers, up 3.2% from the previous month.

Between January and May, Vietnamese airlines carried 22.4 million people, a year-on-year increase of 36.9%. Of the total, there were 16.7 million domestic passengers, up 5.7% from 2022.

The volume of foreign passengers reached 5.7 million, an increase of 5,525.1% higher than from the corresponding period last year.

The sudden rise in the number of passengers after more than two years of travel restrictions caused by the COVID-19 pandemic has led to an improvement in the business results of domestic airlines.

National flag carrier Vietnam Airlines saw revenue doubling year-on-year to 23.5 trillion VND (about 1 billion USD) in the first quarter of this year. It still reported a after-tax loss of 37.3 billion VND in the period, but it is a significant improvement compared to a loss of nearly 2.69 trillion VND in the same period last year.

The airline has restored its entire domestic flight network and resumed 90% of the international routes compared to the pre-COVID-19 pandemic.

Meanwhile, during the first three months of 2023, air carrier Vietjet posted revenue of 12.88 trillion VND and after-tax profit of 168 billion VND, increasing by 286% and 320% year-on-year, respectively.

Ancillary revenue, in particular, was reported at 4.31 trillion VND, accounting for more than 33% of the total revenue. The company's consolidated revenue and after-tax profit were almost 12.9 trillion VND and 173 billion VND, respectively.

#### 4. Vietnam's five-month FDI rises sharply nationwide

Of the sum, more than 5.26 billion USD was injected into 962 new projects, representing year-on-year increases of 27.8% in value and 66.4% in value, the agency said.

Among the 82 countries and territories investing in Vietnam during the period, Singapore took the lead with over 2.53 billion USD, making up more than 23.3% of the accumulative figure.

According to the agency, 1,278 transactions of capital contribution for share purchases were recorded in the period with a combined value of nearly 3.32 billion USD, down 5.6% in number of transactions but up 67.2% in value.

Japan and China came second and third with nearly 2.1 billion USD and some 1.61 billion USD, respectively. Other large investors included Taiwan (China), Hong Kong (China), and the Republic of Korea.

Nevertheless, 485 projects registered to adjust their investment with additional capital of nearly 2.28 billion USD, a drop of up to 59.4% from the corresponding time last year.

Foreign investments were poured into 50 out of the 63 cities and provinces, of which Hanoi received the most, with about 1.87 billion USD, accounting for about 17.2% of the sum, followed by the northern province of Bac Giang, and HCM City, Binh Duong, and Dong Nai provinces in the south.

The processing and manufacturing sector was the largest recipient of FDI, with more than 6.64 billion USD, accounting for 61.2% of the total pledges, followed by finance-banking, real estate, and science-technology.

However, HCM City topped the list in the numbers of new and adjusted projects, and capital contribution for share purchases.

#### 5. Fertiliser businesses see profit drop on ailing selling prices and rising costs

##### Urea prices down 30-40%

Fertiliser prices have fallen sharply since the fourth quarter of 2022. Profits of the fertiliser businesses in the fourth quarter of 2022 decreased deeply, with some companies even recording losses, although the profits in the whole year 2022 still grew at high rates. Plunging profits continued in the first quarter of 2023.

revenue and an 85% decrease in profit after tax compared to the same period in 2022, to reach 2.73 trillion VND and 229 billion VND, respectively. This was the lowest profit in the last seven quarters.

In Q1 this year, Petrovietnam Ca Mau Fertiliser Joint Stock Company (DCM) recorded a 33% decrease in

According to DCM, the average selling prices of urea in the first quarter of 2023 decreased by more than 32% year-on-year, and the increase in selling expenses were the two main reasons for the decline in profits.

At the end of the first quarter of 2023, Petrovietnam Fertiliser and Chemicals Corporation (DPM) recorded revenue of 3.29 trillion VND, down 44%; profit after tax reached 262 billion VND, down 87.6% year-on-year.

DPM said that in the first quarter of 2023, the output of fertiliser trading products decreased, especially the selling price of urea decreased by 44%. Besides, the higher gas prices in the same period led to a decrease in the sales of commodities, which resulted in a corresponding fall in profits (gas accounts for a large proportion of the cost of producing ammonia, a key raw material for fertiliser production).

Binh Dien Fertiliser Joint Stock Company (BFC) lost more than 39 billion VND in the first quarter of 2023, while revenue decreased by 48% over the same period last year, reaching only 1.36 trillion VND.

BFC said that in the first quarter of 2023, the company actively reduced selling prices, making gross profits decrease by more than 73%; sales volume fell by more than 85,000 tonnes, equivalent to a drop of 52% over the same period last year. This led to a deep fall in profits, although the company actively reduced administrative expenses and selling expenses, respectively, by 51% and 44%.

General Director of BFC Ngo Van Dong said that in the first quarter of 2023, fertiliser prices fell sharply and quickly, so fertiliser agents only ordered fertiliser products according to actual consumption needs, not storing products in warehouses as before. Therefore, the company's output and selling price did not meet expectations.

Vietnam's fertiliser exports from the beginning of 2023 have been under strong competitive pressure as the supply from Russia and China increases. According to the General Department of Customs, in the first four months of 2023, Vietnam exported over 537,200 tonnes of fertiliser, bringing in 232.16 million USD, down 17% in volume and 43.6% in value over the same period of 2022.

The decrease in demand and the increase in inventories led to a sharp drop in domestic urea

prices. Urea prices in April and May 2023 decreased by 30-40% over the same period last year.

### Careful plan

MB Securities (MBS) said that the policy of restricting the export of fertilisers of Russia and China has been relaxed or is about to expire, causing an increase in fertiliser supply and a decrease in fertiliser prices. Fertiliser prices may decrease and world oil prices also tend to correct.

In that context, fertiliser manufacturing and trading companies have cautiously planned their business for 2023.

Ha Bac Fertilisers and Chemicals Joint Stock Company (DHB) expects that in 2023, revenue will reach 4.6 trillion VND, profit after tax will total 931 billion VND, down 28% and 47.6% respectively, compared to the performance in 2022.

DPM expects to achieve revenue of 17.3 trillion VND in 2023, profit after tax of 2.25 trillion VND, down 8.6% and nearly 60%, respectively, compared to the level in 2022. Considering that market demand tends to decrease, DPM's Phu My Fertiliser plant plans to reduce production output to balance consumption capacity.

MBS predicts that DPM's business results in 2023 may not meet its plan, likely to achieve revenue of only 15.12 billion VND, profit after tax of 2.18 trillion VND.

Binh Dien Fertiliser plans to achieve revenue of 7.48 trillion VND, profit before tax of 220 billion VND, down 12% in revenue but up 18.5% in profit compared to last year's performance.

Analysts say that fertiliser prices will continue to decline in the first months of 2023, but will soon stabilise again due to reduced inventories and increased demand for soil nutrients. When fertiliser prices fall, farmers will buy more fertilisers to supplement soil nutrients after a limited period because of high prices in the previous two years.

## 6. Indian conglomerate Adani Group commits \$10 billion to propel expansion in Vietnam

Driven by an ardent pursuit of progress, Vietnam warmly welcomes partnerships with esteemed allies such as India, recognising the invaluable role of infrastructure development.

PM Chinh expressed great enthusiasm for Indian investments in Vietnam's strategic infrastructure domains, encompassing transportation networks, energy facilities, digital infrastructure, and climate resilience.

Adani lavished praise on Vietnam's far-sighted national development strategies. With a formidable presence across more than 50 countries, the Adani Group stands as India's preeminent conglomerate, renowned for its exemplary operations in port management, logistics, energy, and digital technologies.

He also noted that the Adani Group expressed their keen interest and commitment to investing long-term in Vietnam after thorough research and an evaluation of the opportunities. The total investment is estimated to be around \$10 billion, spanning not only the fields of ports and logistics but also energy and digital technology.

The Indian group aspires to spearhead the creation of eco-friendly port systems and infuse substantial capital, amounting to an estimated \$3 billion, into wind and solar power projects in the nation. Such

investments align seamlessly with Vietnam's well-crafted development strategy.

The PM reaffirmed that the Vietnamese government stands resolute in its determination to expedite investment projects and foster the growth of Indian enterprises within Vietnam's borders.

He also underscored the country's immense potential in terms of maritime transport, the development of vibrant port ecosystems, and the harnessing of renewable energy sources, particularly wind and solar power.

PM Chinh extended a warm welcome to Adani's initial focus on the Lien Chieu Port area in the coastal city of Danang, alongside other renewable energy initiatives.

"The Vietnamese government remains steadfast in its commitment to facilitating the conditions to enable the Adani Group to explore additional ventures within Vietnam, thereby leading the charge in attracting more Indian investors to the country," he said.

"The alignment of Adani's green port initiatives and renewable energy projects with Vietnam's sustainability goals underscores the shared commitment towards a greener and more environmentally conscious future," the PM concluded.

## 7. Hanoi urged to bolster economic growth drivers

They highly valued efforts and achievements by the Hanoi Party organisation, administration, and people which have joined the entire country in stabilising the macro-economy, controlling inflation, boosting growth, guaranteeing major balances,

developing culture, maintaining political stability and social order and safety, consolidating defence - security, and promoting external relations and integration into the world, according to the Government Office's announcement of the

permanent Government members' conclusions made at the meeting.

However, there remains certain shortcomings, difficulties, and challenges to be addressed, they pointed out, elaborating that Hanoi hasn't made any considerable breakthroughs in economic development, especially sustainable and substantive development; the growth pace is slower than expected; while environmental pollution, traffic congestion, and infrastructure overload have yet to be improved remarkably.

They requested that the city should be further aware of its role, position, potential, and importance to national development; identify difficulties, challenges, and weaknesses; strongly bring into play self-reliance, solidarity, and the spirit of thinking big and acting bold so that it can develop comprehensively, fast, and sustainably and deserve its status as the national political - administrative headquarters and a big centre in terms of economy, culture, education - training, science - technology, and international integration of the whole country.

Hanoi should actively grasp the situation; stay ready to respond to any circumstances; improve the capacity of forecasting possible impacts on local economic development; make flexible, timely, and effective policy response; and bolster economic growth drivers (investment, export, consumption). Besides, it needs to seriously implement the Government and the Prime Minister's resolutions and directions on dealing with problems in the monetary, credit, real estate, stock, and corporate bond markets.

The capital needs to improve the management, use, and disbursement of public investment, along with funding for the socio-economic recovery and development programme and the three national target programmes. It should strive to complete the tasks and overfulfill the targets for 2023 so as to create a solid stepping stone for the following years. It is also necessary to mobilise every resource for development, promote public - private partnership, and apply new governance, investment, and management models.

Permanent Government members demanded Hanoi push ahead with administrative reforms; build a system of administrative agencies with strong solidarity, high unanimity, integrity, and democracy that work efficiently and centre on people and enterprises; and develop a contingent of professional, civilised, modern, incorruptible, and devoted cadres and civil servants who work for the sake of the people.

They underlined the importance of quickly devising the Hanoi Capital Planning for 2021 - 2030, with a vision to 2050; and adjusting the general planning for building the city by 2045, with a vision to 2065 that features a reformed mindset and a breakthrough, strategic and long-term vision, capitalises on every distinctive potential, outstanding opportunities and competitive edges, and addresses outstanding problems and weaknesses.

The city was also told to step up the implementation of national digital transformation measures and increase the provision of online public services on the National Public Service Portal.

In addition, Hanoi needs to boost socio-economic development in tandem with preserving and bringing into play traditional cultural values and protecting the environment. Social issues, social welfare policies, job creation, and educational and manpower quality should also be given due attention.

The officials required Hanoi further to guarantee political security as well as social order and safety, step up substantive diplomacy and international integration, enhance disease prevention and public health care, and augment the fight against corruption and other negative phenomena.

Local authorities were also asked to boost the Party and political system building; create a lean, efficient, and effective apparatus; and develop a contingent of moral and capable personnel, especially leaders of agencies, according to the announcement.



## Corporate News

### 8. TPB: Approval for increasing charter capital

↑ 1.07 %

On May 23, 2023, Tien Phong Commercial Joint Stock Bank received the Official Dispatch No.3866/NHNN-TTGSNH dated May 23, 2023

from the State Bank of Vietnam regarding the approval for the increase of the additional charter capital to VND 6,198,899,780,000 for Tien Phong Commercial Joint Stock Bank (TPB) via the share issuance to raise capital from the owner's equity.

### 9. GAS: Shell to deliver first LNG shipment for PV Gas

↓ -1.06 %

PetroVietnam Gas JSC (PV GAS) on May 22 confirmed a purchase with Shell PLC, facilitating the world's leading LNG supplier to transport its first LNG shipment to Viet Nam.

PV GAS issued a tender on April 27 to import LNG for the trial run and commercial operation of the Thi Vai LNG warehouse.

And Shell was selected as the supplier for the first imported LNG shipment to the warehouse.

The signing confirmation is a milestone for developing PV GAS and Viet Nam gas industry. The Thi Vai LNG Warehouse is the largest scale in Viet

Nam with a capacity of phase 1 of 1 million tonnes per year, then expanding to 3-6 million tonnes.

It can receive LNG vessels of up to 100,000 tonnes of LNG ships, with the main phase 1 facility including LNG storage tanks with a capacity of 180,000 m<sup>3</sup> and technological equipment designed according to Vietnamese and international standards and regulations.

The system will supply about 1.4 billion m<sup>3</sup> of gas to Nhon Trach 3 and 4 power plants, industrial customers, and a part of Viet Nam's gas shortage after 2023.

On the stock market, PV Gas' shares dipped 1.06 per cent at 14:25 (local time) on Friday.

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