



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Market extends gain on positive sentiment

The Vietnamese stock market inched higher on Tuesday, extending its rally for the second day in a row. However, gains were capped by strong net selling activities by foreign investors.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) rose 3.07 points, or 0.29 per cent, to close the day at 1,078.05 points. It climbed more than 11.2 points, the biggest intraday gain in two weeks, on Monday thanks to the investor's improving risk appetite.

Tuesday's rally helped push the index closer to the resistance level of 1,080 points, and may further test the zone of 1,085 - 1,090 points, according to ASEAN Securities Company.

Similarly, analysts from Yuanta Securities (Vietnam) Company said that the benchmark was likely to retest the resistance zone of 1,080 - 1,085 points, and the market would continue its uptrend.

The market's sentiment also improved after Monday's consumer price data showed that the country's inflation was under control in May. According to the General Statistics Office (GSO), the May CPI increased by 0.01 per cent over the previous month.

The breadth of the market was in positive territory, with 192 stocks up while 128 traded lower.

During the session, investors poured over VND 16.4 trillion (US\$699.2 million) into the southern market, equivalent to a trading volume of more than 922.9 million shares.

The 30 biggest stocks tracker VN30-Index also closed higher at 1,071.82 points, up 2.05 points, or 0.19 per cent. Thirteen ticker symbols of the VN30 basket climbed, while ten went down and seven ended flat.

Leading the market's bullish trend were the banking, manufacturing, and retail sectors. Specifically, Vietcombank (VCB) posted the greatest increase in market capitalisation, up 1.5 per cent, in the last trading minutes after hitting the session low earlier. VCB shares' strong rebound lifted the general market.

Also supporting the market's positive performance, Masan Group (MSN), Mobile World Investment Corporation (MWG), FPT Corporation (FPT), and Duc Giang Chemicals Co (DGC) posted big gains. The stocks all soared at least 1.08 per cent.

However, selling activities in some stocks weighed on the market, limiting the rallies. Vinhomes (VHM) was the worst performer on Tuesday, with a loss of nearly 1.1 per cent. It was followed by PV Gas (GAS), Vinamilk (VNM), and Vingroup (VIC), down in a range of 0.57-0.96 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index logged a five-session rising streak. It closed the trading day at 221.33 points, up 1.02 points, or 0.46 per cent.

Big foreign capital outflows on Tuesday also pressured sentiment. Accordingly, foreign investors net sold VND516.67 billion on HoSE and VND11.73 billion on HNX.

## Macro & Policies

### 2. Retail sales of consumer goods, services top 22 billion USD in May

The results pushed the total retail sales of consumer goods and services in the first five months of this year to 2.52 quadrillion VND (107.2 billion USD), a year-on-year rise of 12.6%, excluding the 8.3% rise in price, the GSO reported.

It underlined that the result in the first five months of this year was the highest recorded in the same period since 2015, representing a surge of 28.3% over the same time in 2019 before the COVID-19 pandemic broke out.

Specifically, in the January-May period, revenue from retail sales of goods was estimated at 1.99 trillion VND, up 10.7% year on year. Upturn was seen in sales of food and foodstuff (14.6%), garment and textile (11.1%), home appliances (4.8%), transport vehicle excluding automobiles (4.2%), and educational and cultural products (1.9%).

Strong rise was seen in revenue from retail sales of goods in many localities, led by Bac Ninh with 19.6%, Binh Dinh 14.8%, Binh Duong 13.8%, Thanh Hoa 12.1%, and Hai Phong 10.6%.

Meanwhile, revenue from accommodation and food services in the first five months was estimated at 268.3 trillion VND, up 22.1% over the same period last year, and that from other services reached about 253.6 trillion VND.

Vice Director of Department of Planning and Finance under the Ministry of Industry and Trade Nguyen Thuy Hien held that despite the increase, the consuming power of the 100-million-strong market has yet to be fully exploited.

This is one of the reasons why the ministry proposed a reduction of value added tax on a number of goods groups to catalyse consumption, she said, expressing her hope that the cut will help promote goods production, job generation and State budget increase, thus contributing to completing the socio-economic development targets for this year.

Alongside, the ministry will also focus on implementing programmes to promote domestic trade, especially through digital platform and e-commerce, and support local firms to build trademarks, she said.

### 3. Newly established firms decrease 24% in May

These figures were sharply down by 24.2% and 32.9% in the number of newly registered enterprises and the registered capital respectively from the previous month, reflecting a downward trend in the business climate among individuals and enterprises as difficulties and risks facing the economy may last long.

Besides, 33,000 enterprises returned to operation, down 7.4% over the same period last year, bringing the total number of newly established enterprises and those returning to operation in the five months period to nearly 95,000, a fall of 3.7% compared the same period last year. On average, nearly 19,000 businesses were newly established and returned to operation every month.

In the first five months of this year, there were 623 newly established enterprises in the agriculture, forestry and fishery sectors, down 31.8% compared to the same period last year; 14,800 enterprises in industry and construction, down 8.2%; and 46,500 enterprises in the service sector, up 1.4%.

In general, in the period under review, there were 55,200 enterprises temporarily suspending business, up 20.3% over the same period last year; 25,500 halted operating and waited for dissolution procedures, up 34.1%; and 7,300 enterprises completed dissolution procedures, up 6.5%. On average, 17,600 businesses withdrew from the market every month.

Recently, the government issued a resolution dated April 21, 2023, on a number of key policies and solutions to support businesses to proactively adapt, recover quickly and develop sustainably until the end of 2025.

Besides, the central bank's reduction in interest rates is also a positive move to support businesses and stimulate credit demand to help the economy

grow in the coming time along with the Government's fiscal policies.

Many manufacturing enterprises also suggested that, in order to reduce costs for businesses, the government should continue to strengthen simplification and transparency of customs procedures to reduce costs and increase predictability for businesses.

#### **4. Over 20 banks lower deposit rates**

The rate cuts followed the recent State Bank of Vietnam's (SBV) interest rate reductions.

Deposit interest rates are down by 0.5 percentage point for the tenor of less than six months. Meanwhile, the rates for six months and longer have been reduced by 0.2-0.3 percentage point compared to two weeks ago.

The big four State-owned commercial banks — Vietcombank, Agribank, BIDV and VietinBank — have cut the rates for six months and longer by 40 basis points, with the highest rate now standing at 6.8-7%.

Currently, the listed rates at most private banks do not exceed 8% per year. However, some banks such as GPBank, SeABank, ABBank, VietABank and PVCombank now offer the highest deposit interest rates ranging from 8.2% to 8.5% per year.

Since May 28, the interest rate for under-six-month deposits has been capped at 5%.

The average rate over the counter for 6–9-month deposits is 7% and 7.4% for 12-month deposits.

For money deposited online, the average interest rate is 7.4% for 6-9 months and 7.7% for one year.

#### **5. Viet Nam invests over US\$316 million abroad in five months**

Viet Nam invested nearly US\$316.4 million abroad in the first five months of this year, equivalent to 93.5 per cent of the figure recorded in the same period last year, according to the Foreign Investment Agency under the Ministry of Planning and Investment.

Of the total, \$142.7 million was poured into 47 new projects, or 48.6 per cent of the figure in the corresponding period in 2022 while \$173.7 million was added to 16 underway ones, nearly four times the figure of last year's first five months.

Vietnamese investors abroad invested in 13 sectors, especially retail and wholesale, information and communications, finance, banking, agro-forestry-fisheries.

In the January-May period, Vietnamese investments landed in 20 countries and territories, led by Canada with one new and one expanded project worth over \$150.2 million. It was followed by Singapore, Laos, and Cuba.

The agency said that as of May 20, Viet Nam had operated 1,648 valid projects abroad with combined investment of nearly \$22.1 billion, including 141 by State-owned enterprises worth \$11.67 billion, accounting for 52.8 per cent of the country's total.

Vietnamese investment abroad is mostly in mining (31.5 per cent) and agro-forestry-fisheries (15.6 per cent).

Leading destinations for Vietnamese investors has so far been Laos (24.4 per cent), Cambodia (13.3 per cent), and Venezuela (8.3 per cent).

## 6. Ample room remains for Vietnamese exports to Africa

There remains ample room for Vietnamese exports to Africa, as the country accounts for only 0.6 per cent of the continent's total import of US\$600 billion per year, according to the Ministry of Industry and Trade, given opportunities brought about by the African Continental Free Trade Area (AfCFTA) agreement.

The Asian-African Market Department said that trade between Viet Nam and Africa increased from \$2.52 billion in 2010 to \$5.5 billion in 2022.

Of the total, Viet Nam's exports were valued at more than \$2.8 billion, resulting in a trade surplus of \$226.3 million.

Viet Nam mainly shipped rice (\$568.6 million), phones and parts (\$355.6 million), computers and electronic products (\$210.4 million), and footwear (\$141.8 million) to Africa.

Meanwhile, it bought cashew nuts (\$1.1 billion), metals (\$484.1 million), and wood and wood products (\$114.3 million) from this continent.

In the coming time, to facilitate intra-bloc trade, African nations will pour more capital into infrastructure facilities, thus opening up more opportunities for Vietnamese goods to access more markets, including 15 landlocked countries in Africa.

Viet Nam's main regional export markets are significant economies with seaports, such as South Africa, Egypt and Nigeria.

Countries worldwide plan to study, negotiate and sign international trade agreements, especially free

trade agreements (FTAs) with the African Continental Free Trade Area.

This will help them save time negotiating with individual countries or regions (Africa currently has 55 countries divided into eight economic areas). According to the ministry, African countries have similar production structures, mainly primary products such as crude oil, raw agricultural products, minerals, and precious metals.

Even if the AfCFTA agreement takes effect across the region, the continent still cannot guarantee the supply of machinery, equipment, rice, textiles, footwear, and processed aquatic products; and still has to depend on imports from foreign countries.

Therefore, there remains enormous potential for Viet Nam to export its essential commodities such as rice, coffee, garment and textiles, footwear, and aquatic products to Africa.

Viet Nam can increase its exports of textile, leather and footwear products to Africa by promoting competitive advantages such as low labour costs, good sewing techniques, and high-quality products if the nation or the Association of Southeast Asian Nations (ASEAN) negotiates a trade agreement with the AfCFTA, the ministry said.

The AfCFTA is the world's largest free trade area bringing together the 55 countries of the African Union (AU) and eight Regional Economic Communities (RECs). The overall mandate of the AfCFTA is to create a single continental market with a population of about 1.3 billion people and a combined GDP of approximately \$3.4 trillion.

## 7. Improving FDI quality, quantity crucial for Vietnam: Insiders

According to the Foreign Investment Agency under the Ministry of Planning and Investment (MPI), as of May 20, Vietnam had drawn 10.86 billion USD of foreign direct investment (FDI), down 7.3% year on year, including 5.26 billion USD of newly-registered capital, up 27.8%.

Do Nhat Hoang, Director of the agency said that the increase in the amount of newly-registered capital in five months was higher than the 11% recorded in the first four months of this year.

Meanwhile, the number of new projects in the five-month period also surged 66.4% year on year to 962 projects, showing foreign investors' strong confidence in the investment environment of Vietnam, he said.

Data from the agency showed that 7.56 billion USD of FDI was disbursed in the first five months of this year, revealing an improvement compared to that in the beginning of previous years.

Hoang affirmed that the slow-down in FDI attraction is not due to Vietnam's weaker competitiveness but the common trend of the global investment flow.

The application of the global minimum tax from 2024 is also making investors hesitate to make strong investment in Vietnam amid the impacts of the policy, according to the agency.

However, despite the improvement in FDI attraction, a VinaCapital official held that if Vietnam does not promptly enhance its competitiveness, it may be lag behind in the race.

VinaCapital Chief Economist Michael Kokalari underlined two latent risks for Vietnam in drawing FDI inflows – the competition from India, Malaysia and Indonesia, and the influence of the global minimum tax policy.

## Corporate News

### 8. GVR: Holding AGM 2023

↑ 1.10 %

Viet Nam Rubber Group - Joint Stock Company announces the holding of Annual General Meeting 2023 as follows:

- Time: 08:00 AM, June 16, 2023

- Form: Online

- Venue: Viet Nam Rubber Group - Joint Stock Company, 177 Hai Ba Trung, Vo Thi Sau ward, district 3, Ho Chi Minh city.

To see the documents, please visit the website: [www.rubbergroup.vn](http://www.rubbergroup.vn)

### 9. BMC: Signing agreement with AASCS

↑ 1.12 %

On May 29, 2023, Binh Dinh Minerals Joint Stock Company announced the signing of audit

agreement with Southern Auditing and Accounting Financial Consulting Services Company Limited (AASCS) to review and audit the semi-annual financial statement in 2023 and the financial statement in 2023.

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