



VIETNAM DAILY NEWS

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Market Analysis

1. Shares mixed, money flows in blue chips

Shares on the two exchanges moved in opposite directions on Wednesday with cash flowing into blue chips as investors sought opportunities to purchase quality shares at favourable prices.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) inched down 0.27 per cent to close at 1,075.17 points. The southern market's index rose 0.3 per cent on Tuesday.

Meanwhile, on the Ha Noi Stock Exchange (HNX), the HNX-Index extended its rally to six consecutive sessions with a growth of 0.67 per cent to end at 222.81 points.

Buyers had the advantage in market breadth with 564 gainers and 298 losers.

Within the VN30 basket (which tracks the top 30 shares by market value and liquidity on the HCM City's exchange), 19 stocks ended lower while eight gained and three closed flat.

The heightened price volatility has significantly contributed to the increased liquidity in the basket. During this session, liquidity within the VN30 group surged by almost 14 per cent compared to the previous day, reaching VND4.5 trillion (US\$190 million), marking the highest level in the past six sessions.

Overall, market liquidity remained high with the trading volume in HoSE reached 924 million

shares worth VND15.8 trillion. The similar numbers in HNX were 136 million shares worth nearly VND2 trillion.

Despite attempts to recover in the afternoon session, the VN-Index faced selling pressure from large-cap stocks, which hindered its progress. The decline was primarily driven by Vinhomes (VHM, down 2.6 per cent), Vietcombank (VCB, down 0.53 per cent) and Vingroup (VIC, down 0.8 per cent).

Viet Dragon Securities Co's analysts have expressed concerns about the market's challenges as the VN-Index approaches the range of 1,075-1,080 points, anticipating a rise in supply at this level.

"However, a quite good recovering signal showed the cash flow continued to support when the market retreated and tried to absorb the supply," said analyst Phuong Nguyen in a note.

Phuong predicted the market will continued to be supported and aim to test the supply at a higher price range in the near future, with the nearest resistance zone being 1,085-1,100 points.

Foreign traders also moved in opposite directions on the two bourses. They were net sellers for a net value of nearly VND453 billion in HCM City's market but were net buyers on the Ha Noi's bourse with a net buy value of VND21 billion.

Macro & Policies

2. Vietnam's services sector remains a bright spot: HSBC

The report, themed “Vietnam May data: Still a long way to go,” said while Vietnam’s May trade data points to no further deterioration, there is still a long way to see a meaningful rebound in its trade cycle.

Exports slightly fall

According to the report, exports fell 5.8% year on year in May, a slower pace than the market expected, but with lingering broad-based weakness. None of the major categories, including electronics, machinery, textiles/footwear and wooden furniture showed signs of a meaningful rebound.

Data as of April 2023 suggests substantial falling shipments in Vietnam’s three largest exporting destinations - US, China and the EU. In particular, with a hefty share of 30%, Vietnam is particularly sensitive to a US economic slowdown.

Despite exports falling by single-digit, imports declined at a much faster pace of 18.3% year on year. Arguably this is beneficial to Vietnam’s trade surplus, registering at 2.2 billion USD, twice of 2022’s monthly average, the report said.

However, given Vietnam’s import-intensive nature in its manufacturing sector, the extreme weakness in imports signals a sluggish rebound in future exports.

Rosy picture of tourism

“That said, it is not all doom and gloom. Vietnam’s services sector remains a bright spot, partially offsetting some external weakness. However, there is a clear divergence between big-ticket items, such as automotive sales, and tourism-related services – a trend that is occurring in regional peers as well,” the report pointed out.

Encouragingly, Vietnam continues to see a positive influx of tourists. Despite falling slightly from April’s

high, Vietnam welcomed more than 900,000 tourists again, bringing its tourism recovery to around 70% of 2019’s level.

In particular, tourists from China recovered to 35% of 2019’s level – though still slow, the progress is ongoing. Indeed, Vietnam has made good progress to restore direct flights with China, now recovering to 44% of 2019’s level.

Vietnam has received 4.6 million international tourists so far this year, approaching 60% of its annual target of 8 million in 2023. With the approaching summer holidays and potential easing of visa restrictions, which are under considerations by the National Assembly, Vietnam will likely see a punchier boost from international tourism, a much-needed support for its sharply slowing economy.

The proposal includes extensions of e-visa to 90 days (from 30 days) and visa-free stays to 45 days (from 15 days), as well as expanding the list of countries eligible for e-visas, aiming to catch up with regional peers.

“Lastly some good news, inflation has been consistently cooling down,” the report said. “Headline inflation momentum remained flat in May, bringing y-o-y headline inflation to 2.4% y-o-y.”

Although ‘housing and construction materials’ costs rose 1.0% month on month, mainly reflecting a one-month lag of electricity prices hike, significantly lower transport costs (-3% month-on-month) offset some upside risks.

Indeed, moderating inflation is one of the reasons behind the State Bank of Vietnam’s (SBV) third rate cuts recently.

3. Vietnam Airlines Group to provides 7.3 million seats this summer

In the peak period of these months, there will be nearly 500 flights operated by the group per day, 30% greater than usual level.

The busiest routes are those connecting Hanoi and Ho Chi Minh City with popular destinations such as Da Nang, Hue, Quy Nhon, Nha Trang, Da Lat and Phu Quoc as well as linking Vietnam to Japan, the Republic of Korea, Thailand.

The three carriers are recording a rapid increase in bookings, with many flights during the peak travel season already filled having over half of their seats occupied.

They recommended passengers check in online, arrive at the airport two hours before departure for domestic flights and three hours for international flights.

4. HCM City eyes jump in economic growth to 5.87% in Q2

It was only 0.7% in the first quarter.

Speaking at a meeting on May 30, Phan Van Mai, Chairman of the municipal People's Committee, said the city's economic growth in the first half is expected to be 3.55%.

Public spending in the first five months is expected to be worth 10.2 trillion VND (436.4 million USD), up 24% year-on-year, he said.

The global economic decline and high inflation will continue to affect the city's economy across the board, hindering its recovery, he said.

In May, the index of industrial production (IIP) rose by an estimated 1.5% month-on-month and 5.5% year-on-year.

It was up 1.6% year-on-year in the first five months.

The services sector is expected to post the highest growth rate in the second quarter of 7.6%.

Retail sales of consumer goods and services rose by 10% in May and 6.2% in the first five months.

Headwinds ahead

Experts have warned the city would continue to face headwinds for the rest of 2023 due to the impacts of the global recession and inflation.

The city's real estate, stock and bond markets have slumped, they said.

Many firms lack export orders, and the situation is unlikely to improve this year.

Many have also complained that while the central bank has steadily cut rates, bank lending interest rates remain too high.

The country's largest city has lowered its growth target for 2023 to 7.5-8% from 9% last year.

Vietnam's GDP growth slowed to 3.32% in the first quarter, the second lowest rate in 12 years.

5. India to strengthen ties with Vietnam

The two nations have a deeply rooted friendship, as seen during a recent meeting between the prime ministers of both countries at the 49th Expanded G7 Summit in Hiroshima, Japan, according to Sethi during a press conference held yesterday, May 30, in HCMC.

He added that the two countries could enhance the bond amid global economic challenges.

Last year, the Indian Consulate General worked with 29 provinces and cities in Vietnam, ranging from Binh Dinh to Ca Mau. The effort was aimed at

exploring opportunities to expand trade, cultural, education and tourism cooperation between the two countries.

The consulate also organized 20 trade events in 2022, attracting more than 600 Indian companies to HCMC and the provinces of Khanh Hoa, Binh Duong and Dong Nai.

More than 140,000 Indians visited Vietnam during the period, while 34,000 Vietnamese travelers went to India.

As for cultural connection, multiple events were held across Vietnam to promote Indian art, traditional festivals and cuisine, including the Namaste Festival and the International Day of Yoga.

The consulate has planned to hold activities in education and healthcare cooperation with local counterparts in HCMC and the Mekong Delta city of Can Tho.

6. Vietnam projected to become 20th largest global economy

According to the International Monetary Fund (IMF), Vietnam's GDP based on purchasing power parity (PPP) stood in 25th position globally in 2022, ranking just below countries such as Australia, and Poland.

Specifically, Australia's reached approximately \$1.63 trillion, securing 20th position worldwide, while Poland's stood at around \$1.64 trillion, placing it 19th.

The IMF also estimates that by 2023, Vietnam is expected to secure fourth position in Southeast Asia with a forecast GDP PPP of approximately \$1.45 trillion.

Looking further ahead, by 2026, Vietnam is estimated to have surpassed Thailand, propelling it to the second spot in the region with a figure of around \$1.87 trillion.

By 2028, Vietnam's economy is anticipated to have reached approximately \$2.21 trillion, placing it among the top 20 economies globally.

The top 20 economies in 2028, according to the IMF, are predicted to include China, the United States, India, Japan, Germany, Indonesia, Russia,

Brazil, France, the United Kingdom, Turkey, Mexico, Italy, South Korea, Saudi Arabia, Canada, Spain, Egypt, Bangladesh, and Vietnam.

This impressive growth trajectory highlights Vietnam's increasing significance on the global stage. As the country continues to implement economic reforms, attract foreign investments, and foster innovation, it is solidifying its position as a rising power in Southeast Asia.

With a favourable business environment and a young, dynamic workforce, the nation is poised to become a major player in both the regional and global economies.

Vietnam's ascent is also reflected in its standing among its regional counterparts. With a strong focus on attracting foreign direct investment and promoting innovation-driven industries, Vietnam offers a promising business environment for those seeking growth and expansion.

7. Apple retailers set for price competition shake-up

Apple on May 17 announced the expansion of the Apple Store online into Vietnam. Customers throughout the country can now shop direct with Apple and receive a service delivered by dedicated team members ready to share their expertise in Vietnamese.

Meanwhile, in mid-May, eDiGi, Vietnam's foremost premium Apple retailer, announced the closure of its store after five years.

The store entered the market when official Apple products were struggling to compete against smuggled counterparts. Backed by one of Vietnam's top retail companies, IPP Group, eDiGi aimed to carve a niche for itself in Ho Chi Minh City's District 1, Ho Chi Minh City.

The accolades poured in as eDiGi secured the coveted Apple Premium Reseller and Apple Service Provider certifications, becoming the country's pioneering haven for Apple aficionados seeking unrivalled services.

However, eDiGi found itself grappling with a market where affordable prices outweighed immersive shopping experiences, and it struggled to establish a distinct identity that resonated with Vietnamese consumers.

Johnathan Hanh Nguyen, chairman of IPP Group, said that the relentless forces of the market had left them no choice but to bid farewell to eDiGi.

"It was the bitter fruit of unfavourable market conditions, a landscape transformed into a battleground of competition. Yet, the challenges of sourcing Apple's merchandise had become insurmountable, effectively eroding the very essence that had once shrouded eDiGi," he said.

In the past few years, various retailers have tried their hand at establishing "mono" stores that only sell products from one company, ranging from large-scale outlets to more compact establishments. However, these stores found themselves engaged in a fierce price competition rather than competing on the basis of service quality or shopping experience.

Industry insiders believe opening and operating mono stores incur substantial costs without yielding optimal results, and so several retail chains opt out of this investment.

"We receive numerous partnership invitations from manufacturers to develop the mono store model in recent years. However, we have not observed a viable opportunity for success with this model," shared a representative of one retail chain.

The battle for customers extends beyond online price wars, spilling into physical retail stores. Before 2023, major retail chains in Vietnam held a significant market share and utilised a pricing strategy supported by after-sales services and store coverage. But currently, the price discrepancy between these chains has significantly diminished.

Retail chains in proximity often engage in direct price reductions at the store level to entice customers to make their purchases. Another retail chain representative said, "The market has never seen such fierce competition before. Larger retail chains, with extensive store coverage and excellent after-sales service, are offering lower prices than smaller competitors."

In order to stay competitive, retailers have resorted to frequent price adjustments for iPhones in Vietnam. Some retail chains have gone beyond conventional means, utilising adhesive-cutting boards displaying dynamic prices for easy modifications.

Some mobile retailers such as Mobile World Group (MWG), FPT Shop, CellphoneS, and Di Dong Viet have commenced a fierce battle in terms of prices, unleashing a barrage of promotions and deep discounts on a wide range of electronic products, including highly coveted iPhone models.

Nguyen Bach Diep, chairwoman of FPT Retail, even went as far as to claim that iPhone prices in Vietnam are currently the most competitive worldwide.

Contrary to expectations, industry insiders believe that Apple's May launch of its online store in

Vietnam will not place a detrimental impact on local retailers. Instead, it is expected to establish standardised pricing that will serve as a reference point, making it difficult for authorised resellers to justify higher prices.

According to Nguyen Lac Huy, spokesperson for CellphoneS, another authorised Apple reseller, the tech giant’s decision to invest more in the Vietnam reflects the significant growth of the official Apple product market in recent years, and underscores its commitment to the market.

“Apple’s heightened investment and focus on the Vietnamese market will stimulate improved sales and encourage local retailers to enhance their customer experience and refine their service offerings,” Huy said.

Mai Trieu Nguyen, director of Mai Nguyen, a prominent chain of authorised mobile phone retailers, sees it as a potential threat in the future, with the key point being the source of supply.

For instance, with the new online store, Apple is planning to introduce a pre-order initiative for the iPhone 15, ensuring that successful orders will guarantee a 100 per cent availability of stock with clear quantities. In contrast, last year, many domestic authorised resellers boasted about massive pre-orders, only to later face stock shortages, leaving customers disappointed.

“The majority of iPhone buyers are rich, and want to be among the first to own the latest models. Therefore, they prefer to pre-order, and in this segment, whoever has sufficient stock to fulfill orders wins in the market, regardless of price undercutting by competitors with insufficient inventory,” Nguyen said.

A recently published market report by Counterpoint Research on the smartphone industry across Southeast Asia for Q1 indicated a 13 per cent decrease in smartphone shipments within Indonesia, Thailand, Philippines, Vietnam, and Malaysia. Vietnam experienced the most pronounced contraction, plummeting by 30 per cent compared to the same period in 2022.

Corporate News

8. TPB: TPBank pays \$170 million to repurchase premature bonds

↑ 3.73 %

Hanoi Stock Exchange (HNX) has announced the results of early bond redemption transactions of Tien Phong Commercial JSC (HoSE: TPB).

From May 15 to 25, TPBank bought VND4 trillion (US\$170 million) of outstanding bonds.

While the bond TPBL2124003 was issued in 2021 and is expected to expire in 2024, the rest, which are TPBL2225001, TPBL2225002, TPBL2225003, TPBL2225004, and TPBL2225005, were issued in May 2022, and are due in May 2025.

The State Bank of Vietnam (SBV) approved TPBank to expand its charter capital up to nearly VND6.2 trillion through the issuance of common shares to enhance share capital in the equity, following the authorised plan in the Annual General Meeting of Shareholders 2023.

Previously, TPBank's 2023 General Meeting of Shareholders approved the plan to increase charter capital by issuing nearly VND620 million shares to pay dividends to shareholders, equivalent to a rate of 39.19 per cent. The expected release time is in 2023.

9. PDR: Result of bond repurchase before maturity

↑ 0.69 %

On May 29, 2023, Phat Dat Real Estate Development Corp announces the result of the repurchase of bonds before maturity as follows:

File Attachment

[20230531_PDR-230531-Result-of-bond-repurchase-before-maturity.pdf](#)

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