



VIETNAM DAILY NEWS



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Table of content

Table of content

1. Shares extend rally, focusing on retail, food-beverage and seafood
2. Fisheries businesses face tough year in 2023
3. High quality products with clear origins attract consumers
4. HOSE's profit plunges 23 per cent in 2022
5. Idle cash flows may return to the market: experts
6. Brazil is Việt Nam's largest trading partner in Latin America
7. EU relaxes food safety regulation for Vietnamese instant noodles
8. PLX: Petrolimex sets target of raising profit by 42% in 2023
9. YEG: Yeah1 targets growth of 35 per cent in 2023

Market Analysis

1. Shares extend rally, focusing on retail, food-beverage and seafood

Shares extended their rally from last week, concluding Monday in positive territory with a focus on retail, food-drink and seafood processing industries.

On the Ho Chi Minh Stock Exchange, the VN-Index increased 0.77 per cent to close at 1,116.02 points. Meanwhile, the HNX-Index on the Ha Noi Stock Exchange added 0.78 per cent to end at 229.37 points.

Market performance was generally positive with 371 shares gaining, 213 losing and 212 closing flat in the two markets.

The VN30 basket, which tracks the top 30 shares by market value and liquidity on the HCM City's exchange, favoured gainers with 23 shares climbing, only five declining and two closing unchanged.

Although liquidity declined slightly from Friday it maintained a high level with a total of 935 million shares worth VND17.4 trillion (US\$738 million) being traded in the two markets.

Regarding industries, retail, beverage and food and seafood processing led the market gains with an average growth of more than 2 per cent each.

In retail, FPT Digital Retail (FRT) emerged as the top gainer, surging by the daily ceiling of 7 per cent to VND62,100 (\$2.63) – the highest value since mid-March – and high trading volume of nearly three million shares. Since May, FRT value has gained more than 16 per cent.

Another player in the retail industry, Digiworld (DGW), also hit the ceiling price of VND41,000 a

share, marking a one-month growth of nearly 43 per cent. Meanwhile, Mobile World Investment (MWG) jumped 3.9 per cent to VND43,000 a share, reflecting a growth of 15 per cent in the last two weeks.

The surge in retail shares could be attributed to investors' expectation of improved business results in the second quarter, as well as the fact that their share prices were relatively low. The first quarter proved to be a challenging period for retailers, with MWG reporting a profit of just VND21 billion – the lowest since its listing. Meanwhile, FRT even incurred a loss of VND5 billion, marking its worst result since 2020.

However, retail revenues are expected to rebound. Data from the General Statistics Office (GSO) showed the total retail revenue of goods and services in May reached VND2.53 quadrillion, up 12.6 per cent year-on-year, its highest growth rate since 2015.

In food and beverage, big names including Masan Group (MSN), Vinamilk (VNM) and Sabeco (SAB) also increased by between 2.5 per cent and 3.2 per cent.

In seafood processing, high growth was seen in I.D.I International Development and Investment (IDI), Vinh Hoan Corp (VHC), Cuu Long Fish (ACL) and Sao Ta Foods (FMC) with growth of between 1.6 per cent and 3.5 per cent each.

Foreign traders were net buyers on both exchanges but with a modest net value of VND88 billion.

Macro & Policies

2. Fisheries businesses face tough year in 2023

Minh Phu Seafood Group, a leading shrimp producer, suffered a loss for the first time in nearly seven years, as it reported a net loss of 97 billion VND (4.13 million USD) in the first quarter of this year. The firm recorded a net profit of 90 billion in the same period last year.

Meanwhile, Vinh Hoan JSC, one of the largest firms in the tra fish sector, saw a drop of 32% in revenue in the first quarter of this year and a 60% fall in after-tax profit.

This year, the firm aims for 11.5 trillion VND in revenue, and 1 trillion VND of after-tax profit.

At the same time, Nam Viet JSC also reported a year-on-year decrease of 5% in revenue and 55% drop in profit in the first quarter of this year to 92.4 billion VND, which means there is a long way for the firm to go to complete its target of 500 billion VND in profit in 2023.

According to the Ministry of Agriculture and Rural Development, in the first five months of this year, downturn was seen in the export of many products, including fisheries at 28%. Many fisheries products suffer a sharp fall, including tra fish at 40.7% to 690 million USD, and shrimp at 34.4% to 1.22 billion USD.

Nguyen Thi Thanh Hang, an analyst from VNDIRECT Securities JSC, said high inflation coupled with economic recessions in major markets has led to a fall in demands, causing a drop in both export volume and prices of products.

After a successful year in 2022 when the majority of fisheries firm enjoyed a rise between 29-86% in revenue and profit thanks to the rebound of the US market, domestic firms this year are facing a tough year with a gloomy business situation in the first quarter. Some businesses even reported a 74% drop in profit.

MARD Deputy Minister Phung Duc Tien said that in order to complete fisheries export targets for this year, the ministry will continue to direct aquatic farming activities in face of weather developments and markets' demands, while coordinating with coastal localities to combat illegal fishing, and applying measures to increase the quality and competitiveness of Vietnamese farm produce.

Earlier in April, Prime Minister Pham Minh Chinh also chaired a working session with the Vietnam Timber and Forest Product Association and the Vietnam Association of Seafood Exporters and Producers to seek solutions to remove difficulties facing domestic firms and promote export of forestry and fisheries products.

At the working sessions, the PM asked authorised agencies to focus on removing difficulties facing businesses in value added tax (VAT) refund policies, while strengthening trade promotion activities, especially in large and emerging markets, increasing inspections to ensure the origin of fisheries products, and support producers in wastewater treatment.

3. High quality products with clear origins attract consumers

Consumers now not only focus on the quality and price of goods but are increasingly interested in safety and clear origins of the products.

Consumer habits have changed in recent years because the development of supermarkets, trade

centres or genuine agents has helped consumers pay more attention to products with safety, brand, and clear origin and geographical indication. That means the Vietnamese consumption goods market is gradually developing quality.

According to a survey on high-quality Vietnamese goods in 2023 recently announced by The Business Association of High Quality Vietnamese Products, for a number of industries such as food and beverage, consumers pay more attention to the safety of products, and clear information about quality and manufacturers.

The survey on Consumption Habits 2023 of PricewaterhouseCoopers (PwC) also shows that although people are planning to reduce spending and the economy is still facing difficulties, consumers are still willing to pay more for products that are made by reputable companies.

The safe agricultural products weeks of Sơn La Province earlier this month and those similar weeks of other provinces and cities at Big C Thang Long are opportunities for the residents in Hà Nội to enjoy speciality products that meet VietGAP, GlobalGAP, OCOP, organic food safety standards of those localities such as plum, mango, jackfruit, longan and dragon fruits.

According to Nguyễn Thị Bích Vân, communications director of Central Retail Group, the consumers have highly appreciated those products at Central Retail's food retail system (GO!, Big C, Tops Market).

About 60 kinds of agricultural products from Sơn La Province are regularly sold on the shelves of 18 supermarkets GO!, Big C, and Tops Market in the North.

In 2022, the amount of Sơn La's agricultural products in Central Retail's supermarkets increased by 20 times, even some items like cabbage grew by 80 times, she said.

Ma Thị Ninh, director of Yến Dương Cooperative in Bắc Kạn Province, said that the cooperative has always focused on the quality of safe products. Now, it has three OCOP products at the provincial level, ash gourd, sticky rice and vermicelli.

The Yến Dương Cooperative's products are manufactured and processed according to safe processes with traceability stamps. It will continue following this goal in the future.

Similarly, after being granted a geographical indication, the value of Sơn tuyết tea products of Sơn Trà Cooperative in Hồng Thái Commune, Tuyên Quang Province has increased, and it also has attracted more consumers.

Đặng Ngọc Phố, deputy director of the Sơn Trà Cooperative, said that in the past, Hồng Thái Sơn tuyết tea was mainly supplied to the provincial market. Now it is marketed in big cities such as Hà Nội, Hải Phòng and Đà Nẵng.

Acting director of Hà Nội Department of Industry and Trade Trần Thị Phương Lan said the consumers in the capital as well as nationwide prefer speciality products with clear origins, brand, geographical indication and good quality, so they are willing to accept higher prices than similar products in the market.

In the context of deepening integration, many businesses are producing standardised products to encourage consumers to choose Vietnamese products, Lan said.

When the market has fierce competition, transparency of information and origin, and product quality are advantages for businesses in increasing brand value and revenue, and gaining a strong position in the market, she said.

According to Lan, Hà Nội People's Committee has also issued an action plan and implemented solutions to promote organic production and strengthen linkages between the production and supply of goods under chains.

4. HOSE's profit plunges 23 per cent in 2022

Ho Chi Minh Stock Exchange (HOSE)'s total revenue in 2022 reached over VND2.5 trillion, down 23 per cent compared to 2021, HOSE has announced.

HOSE's revenue comes from three main activities, including securities trading activities, service provision activities and financial activities.

According to HOSE, the reason for the sharp decrease in revenue in the past year was mainly due to the drop in revenue from securities trading activities which reached only VND2.3 trillion, down nearly 22 per cent compared to the previous year. Meanwhile, service provision activities recorded an increase of over 10.9 per cent compared to 2021, while revenue from financial activities did not fluctuate much.

HOSE's total expenses in 2022 reached more than VND562 billion, down 20 per cent compared to 2021; in which, the cost of market monitoring still made up the largest proportion in the cost structure of HOSE, accounting for 66.05 per cent, equivalent to VND371.44 billion.

This cost of market monitoring was reduced by 25 per cent compared to the previous year. The cost of tools and equipment, and depreciation of fixed assets accounted for 10.2 per cent of the total cost, equivalent to VND57.54 billion. The cost of salaries and other payables for employees was VND87.27 billion, accounting for 15.5 per cent and the remaining costs made up 8.18 per cent of the cost structure of HOSE in 2022.

In 2022, HOSE achieved a pre-tax profit of VND1.95 trillion, down 23 per cent compared to a record profit of VND2.5 trillion in 2021.

HOSE paid nearly VND1.93 trillion to the State budget in 2022, down about 17.14 per cent compared to 2021.

According to HOSE, 2022 was a year with many fluctuations and difficulties for the Vietnamese stock market. The instability of the world economy, the geopolitical conflict between Russia and Ukraine, the pressure to adjust interest rates to control inflation by the US Federal Reserve (Fed) and

central banks around the world, cases of violations by some individuals and organisations on the domestic stock market, all negatively affected investor sentiment.

The VN-Index as of December 30, 2022, reached 1,007.09 points, down 32.78 per cent compared to the end of 2021. The average transaction value reached nearly VND17.19 trillion, down 21.88 per cent compared to the previous year. Market capitalisation as of December 30, 2022, attained about VND4.02 quadrillion, down 31.19 per cent compared to the end of 2021.

According to Nguyen Thi Viet Ha, acting chairwoman of HOSE, although experiencing many sharp declines, in general, Viet Nam's stock market still maintains stable and safe operation. Most of the companies listed on HOSE recovered and made profits this year.

Foreign investors returned to net buy more than VND26 trillion compared to VND58 trillion in 2021. Strong GDP growth, inflation under control, proper monetary and fiscal policies, improved business and investment environment were the basic factors that create the foundation for long-term growth of Viet Nam's stock market, Ha said.

In 2022, in the context of many difficulties and challenges, HOSE has achieved some results in market organisation and internal governance.

The supervision of information disclosure of listed companies and supervision of unusual transactions have been strengthened by HOSE in order to tighten market discipline. The market has been organised and operated safely and stably, odd-lot securities trading has been successfully implemented, providing additional trading facilities to meet the needs of investors, Ha said.

5. Idle cash flows may return to the market: experts

The central bank's recent policy rate cuts have had a beneficial influence on the market channel, while the market also sees optimism as macro circumstances may progressively improve, said analysts from securities companies.

Last week, the VN-Index on the Ho Chi Minh Stock Exchange (HoSE) closed Friday at 1,107.53 points, up 0.56 per cent. On the Ha Noi Stock Exchange (HNX), the HNX-Index increased 0.36 per cent to end the week at 227.6 points.

Both benchmarks logged another weekly gain, with the former up 1.5 per cent and the latter up 0.7 per cent.

Liquidity rose strongly, with the average trading value of the whole market reaching nearly VND21.3 trillion (US\$90.6 million), an increase of 14.9 per cent over the previous week.

Foreign investors also reduced their net selling value on HoSE to VND483 billion, down by 59.2 per cent from the previous week, while increasing their net buying value on HNX-Index to VND91 billion.

ACB Securities Company (ACBS) said that the State Bank's rate cuts since the beginning of the year could have a favourable influence on the stock market, with the expectation that idle cash flows will shift to the stock channel when deposit interest rates fall.

Low interest rates can also boost the profitability of debt-heavy businesses and encourage corporate development by increasing borrowing to seize opportunities from both the domestic and international markets.

However, ACBS also believes that investors' concerns stem not only from external factors, including the fear of recession due to prolonged high prices, global geopolitical instability, and the shift of foreign investment, but also from internal issues, with the power shortage disrupting production and business activities and remaining short-term risks in the bond market.

There are a large number of corporate bonds maturing in the second and third quarters of 2023.

Experts from ACBS expect a number of important regulations to be considered at the ongoing National Assembly session that will positively affect public investment and industries such as real estate, construction, healthcare, and material supply.

Meanwhile, Saigon - Hanoi Securities JSC (SHS) said that the macro-economic situation is still muted due to the unpredictable geopolitical scenario, a slowdown in global economic growth leading to

drops in export orders, and persistently high inflation.

The positive point is that Viet Nam's interest rates are on a downward trend, and economic organisations such as the World Bank (WB) and the International Monetary Fund (IMF) have revised up their forecasts of global economic growth rates, but still kept them at low levels.

The Government is also actively offering solutions to remove difficulties in the corporate bond and real estate markets. The stock market often reacts early, so it's understandable when the market shifts to an active mode.

The market sees optimism as the macro conditions may gradually improve, said SHS.

According to Viet Dragon Securities (VDSC), despite some corrections in the last session of the week, losses were limited. The liquidity decreased, showing that the supply temporarily cooled down as the index retreated. As a result, the market rebounded towards the session's close, regaining more than half of the points lost in the previous session.

With this supportive move, VDSC forecasts that the VN-Index will likely retest the area of 1,110 – 1,115 points in the next session.

"If the supply in this area shows signs of cooling down, the market can still continue the uptrend, gradually approaching the resistance area around 1,125 points. Investors can hold or capture short-term opportunities in stocks which have good technical signals and attract cash flows. However, it is necessary to consider taking profits at stocks that have increased rapidly to the resistance zone or are under selling pressure at the resistance zone," VDSC recommended.

6. Brazil is Việt Nam's largest trading partner in Latin America

Brazil is Việt Nam's largest trading partner in Latin America and one of the three largest markets of Việt Nam in the Americas market, according to the Việt Nam Trade Office in Brazil.

Brazil is a very large and potential market for Vietnamese goods. This market is not too strict and people's tastes are very diverse.

The General Department of Customs reported that in the first four months of 2023, bilateral trade turnover between Việt Nam and Brazil reached US\$2.32 billion, down 2.4 per cent over the same period in 2022. Of which, Việt Nam's exports to Brazil reached more than \$855 million, up 14 per cent, while Việt Nam's imports from Brazil reached \$1.4 billion, down 10 per cent over the same period in 2022.

According to the Việt Nam Trade Office, Việt Nam's export products to Brazil in the first four months of 2023 included iron and steel, means of transport and spare parts, bags and suitcases, machinery and equipment, textiles, materials of textile, garment and footwear, rubber, seafood, and phones and components.

Meanwhile, Việt Nam's main imported products from Brazil were raw materials and accessories for domestic production, such as corn, machinery, equipment and spare parts, and plastic materials.

Now, enterprises of the two countries mainly carry out trade activities to meet their production and consumption on the domestic markets. The two countries do not have each other's investors, so the trend of investment cooperation in the two countries is necessary to meet the product supply in each country, according to the trade office.

Meanwhile, the trade activities between Việt Nam and Brazil still have many difficulties and challenges. Of which, the geographical distance

between the two countries is far, while the transportation is not convenient, so the logistics have not met the import and export needs of the two sides.

The challenges have also included fierce competition in quality and price from export competitors from China, Thailand, Indonesia, Malaysia, Philippines, and Singapore.

Additionally, Vietnamese businesses, localities and associations have not been proactive and drastic in expanding markets, including Brazil.

In order to promote exports to Brazil, Ngô Xuân Ty, head of the Việt Nam Trade Office in Brazil (concurrently Peru and Bolivia), has suggested that the Ministry of Industry and Trade should propose the Government to promote the development of logistics, helping the businesses reduce transportation costs and facilitate exports. Because the logistics directly affect competition in price and delivery time with export competitors from China, Thailand, Indonesia, Malaysia, the Philippines and Singapore.

At the same time, he has recommended that the ministry proposes the Government to open a flight route connecting Việt Nam with Sao Paulo, Brazil, which is the largest trading gateway of South America.

Meanwhile, the businesses, associations and localities should coordinate with the industry and trade ministry to participate in trade promotion programmes such as fairs, exhibitions, trade promotion conferences in Brazil as well as Peru and Bolivia. The Việt Nam Trade Office in Brazil is working with partners in Santa Cruz, Bolivia's largest economic centre, to boost exports to Bolivia.

The Peruvian market is an open market with great potential. This is an opportunity to increase the export of Vietnamese goods to this market. Local people are very welcome to import goods with good quality and competitive prices, so Vietnamese businesses should have many trade promotion programmes to introduce their products in Peru, Ty said.

In addition, it is necessary to have a close connection between domestic enterprises to build a community of reputable export businesses for expanding the export market.

On the other hand, they need to do better in building reputable brands and produce goods with improved quality and competitive prices, he said.

Currently, increased transport and logistics costs have affected export activities. In addition, the export and consumption of goods have suffered negative impacts from many uncertainties in the global market caused by the Covid-19 pandemic, and the conflict between Russia and Ukraine.

Those factors have affected the production of Việt Nam and also the trade activities between Việt Nam and other countries, including Brazil.

In 2022, the bilateral trade turnover between Việt Nam and Brazil reached \$6.78 billion, up 6.6 per cent compared to 2021.

7. EU relaxes food safety regulation for Vietnamese instant noodles

The EU on June 7 published an amendment to Regulation 2019/1973 regarding emergency measures for controlling food exports into the EU. Accordingly, the EU has officially moved Vietnam's instant noodles from Annex II which requires a Health Certificate (HC) and 20% control at the border gate to Annex 1 which only requires 20% control of the products at EU border gates.

This decision is a recognition of the Vietnamese Ministry of Industry and Trade (MoIT)'s efforts in controlling food safety as well as supporting businesses in solving difficulties.

In January 2022, the EU put Vietnamese instant noodle products under the microscope subject to Regulation 2019/1793 in order to control ethylene oxide (EO) residues. Accordingly, any Vietnamese instant noodle products imported into the EU must

have a Health Certificate (HC) issued by an authorised Vietnamese agency. Only six months later, the EU removed Vietnam's vermicelli and rice products from the list of food safety management.

According to the Vietnamese Trade Counselor in Belgium and the EU Tran Ngoc Quan, the EU's maintenance of the 20% control at border gates requires Vietnam to always keep food safety control for instant noodles.

To improve the quality of Vietnamese products imported into the EU and create conditions for the products to make inroads into this lucrative market, the MoIT has ordered export businesses to well control production supply chains, ensuring strict compliance with the food safety regulations of the union.

Corporate News

8. PLX: Petrolimex sets target of raising profit by 42% in 2023

↓ -0.13 %

According to a document sent to the upcoming annual shareholders' meeting 2023, Petrolimex set its revenue target at 190 trillion VND and the sales volume of petroleum products at 12.95 million cu.m, marking an annual decrease of 38% and 7%, respectively. It also plans to propose a dividend rate of 10% for this year.

Petrolimex said 2023 is considered a pivotal year in the implementation of its 2021-2025 production, trade and investment plan. However, the company continues its business operation while the global economic growth is predicted at about 2%, significantly lower than in 2022 and much lower than the pre-COVID-19 pandemic decade average.

Domestically, Vietnam's GDP is projected to grow by some 6.5%, leading to potential increased consumption of petroleum products. However, the petroleum market is still forecast to face various risks.

To achieve the set targets, Petrolimex is focusing on a set of harmonious measures. Specifically, to ensure supply, it is following signed contracts with two domestic oil refineries, actively seeking sources for import at competitive prices and taxes, and building contingency plans in case domestic refineries fall into troubles.

Petrolimex will continue improving market forecasting, closely control sales activities, and make timely and concerted adjustments related to sourcing, logistics, inventory management, pricing

strategies, and sales policies, in response to any unforeseen factors. The optimisation of cargo transportation routes from warehouses to petrol stations is also being pursued to improve its business efficiency. The calculation of targeted inventory days is being completed to ensure reasonable reserves and efficient resource allocation, thereby enhancing competitiveness.

With business support solutions, Petrolimex will closely follow petroleum trading mechanism according to Document 926/PLX-CSKD dated June 26, 2022. It will continue to enforce strict sales conditions for distributors to mitigate risks and losses. Petrolimex will develop a product strategy that ensures market coverage and effective business operations. Additionally, it will develop operational scenarios and sales strategies for potential uncertainties.

Petrolimex also focuses on developing a selective network of franchisees, expanding the network of petrol stations, especially along highways, main roads, provincial routes, and major cities. It keeps up with new directions in developing petrol stations according to new standards that are modern, convenient and able to enhance customer experience, such as the pilot model of truck service stations. Petrolimex conducts research and development to introduce feasible new services, and enhances the application of technology to optimise operational efficiency and commercial advantages at petrol stations.

9. YEG: Yeah1 targets growth of 35 per cent in 2023

↑ 4.35 %

Yeah1 Group Corporation (YEG) is targeting revenue growth of over 35 per cent to reach VNĐ425 billion (US\$18.2 million) in 2023.

The announcement was made at the company's annual general meeting of shareholders where they also set a target of reaching a profit after tax of VNĐ30 billion (\$1.3 billion), which would be a surge of 21 per cent year-on-year.

To reach the target, Yeah1 will continue to invest and expand their core business segment.

Specifically, the business of television and premium content will be further developed. The company will continue to build and maintain its leading TV channels in Việt Nam by improving content quality and diversifying TV programmes and movies to suit the vast majority of viewers of many age groups, regions and interests.

In 2023 and the following years, Yeah1 will introduce large, attractive and impressive TV shows to Vietnamese audiences.

The other core business is producing and publishing content on social platforms. This business is forecast to further develop in the coming time as the company has diversified digital content across platforms. The corporation has continued to co-operate with producers from foreign markets, bringing content that has been successful in Việt Nam to expand to the markets of regional countries.

Yeah1 said it will continue maintaining and developing the operations of Netlink VN through management consulting, operational

enhancements, customer acquisition strategies, market expansion, and new product development.

Following the initial successes of its shoppertainment business, the Corporation continues to make robust investments to enhance its capabilities in the realm of shoppertainment.

Advertising consultancy and event management services is also a key business, which has been making significant contributions to the corporation's revenue and profitability.

Recognising the need for substantial investment and compliance with international standards in terms of equipment and infrastructure for high-quality program production, Yeah1 has been working with several partners to undertake the construction of a complex studio-filming location to serve the diverse purposes of the corporation. The corporation expects that within the next 18 to 24 months, the project will be completed and serve as a focal point in the corporation's development, a shared home for shareholders and generations of employees, and a platform for achieving even greater accomplishments in the future.

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