



VIETNAM DAILY NEWS



June 15th, 2023

Table of content

Table of content

1. Market reverses after gaining for 3 straight days
2. Vietnam has challenges to overcome on the path to growth
3. Number of passengers through Noi Bai airport on summer days surges
4. Petrovietnam boosts production to help alleviate power shortage
5. Vinacomin to supply 18.7 million tonnes of coal to thermal power plants in H2
6. Vietnam needs to develop coffee value chain: Minister
7. VAMA's May automobile sales drop by 8%
8. HPG: CHPG2308: Decision on initial listing

Market Analysis

1. Market reverses after gaining for 3 straight days

Shares on two main stock exchanges finished lower on Wednesday due to rising selling pressure, but losses were capped on foreign capital inflows and gains of some large-cap stocks.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index ended at the session low of 1,117.42 points, down 5.04 points, or 0.45 per cent.

The index moved close to the resistance level of 1,130 in the early trade, with the number of gainers more than double that of losers. However, it could not keep the bullish trend and dragged down by sell-off activities in the last trading minutes.

Gains in the last three sessions have triggered profit-taking sentiment among some investors.

“The market remains positive and there are some corrections to consolidate the uptrend. So, we think short-term investors still can seize opportunities of the corrections to take profits,” said analyst of Saigon - Hanoi Securities JSC.

The market’s breadth was in negative territory as 246 stocks declined, while 93 stock inched higher.

Meanwhile, liquidity increased over Tuesday session, of which, the trading value on the southern bourse rose nearly 12 per cent to over VND17.13 trillion (US\$728.7 million). The trading volume recorded at nearly 928.6 million shares.

The VN30-Index, tracking the 30 biggest stocks on HoSE, dropped 4.79 points, or 0.43 per cent, to 1,110.6 points.

In the VN30 basket, 17 stocks went down, while 11 ticker symbols performed positively and two finished flat.

Leading the losing trend was Vietnam Rubber Group (GVR), down 2.72 per cent in market cap. It was followed by BIDV (BID), Hoa Phat Group (HPG), Mobile World Investment Corporation (MWG), and Masan Group (MSN). The stocks all fell at least 1 per cent.

Also weighing on the market sentiment, many banking and real estate stocks performed poorly. Popular names in the market like Sacombank (STB), Gelex Group (GEX), Hoa Sen Group (HSG), Novaland (NLG), and DIC Group (DIG) all posted great losses.

However, the benchmark index pared losses thanks to rallies of some pillar stocks, led by Vietinbank (CTG) with an increase of 1.41 per cent. VPBank (VPB), Vinhomes (VHM), PV Gas (GAS) and Sahabank (SHB) also witnessed good performance on Wednesday, up in a range of 0.53-2.45 per cent.

The HNX-Index, representing the northern bourse’s benchmark, also ended the three-day winning streak and close the trading session at 228.91 points, down 1.34 points, or 0.58 per cent.

During the session, nearly 127.3 million shares were traded on the Ha Noi Stock Exchange (HNX), worth more than VND2 trillion.

The market was also cushioned by the inflows of foreign capital. Particularly, foreign investors net bought over VND604 billion on HoSE and VND10.3 billion on HNX.

Macro & Policies

2. Vietnam has challenges to overcome on the path to growth

In 2022, Vietnam's GDP growth revved up to 8.02%, the highest in 15 years, symbolising a strong recovery from the COVID-19 pandemic, while the Government forecasts that in 2023 the economy will continue to grow at an impressive 6.5%.

Despite current economic turbulence, Vietnam has managed to maintain macroeconomic stability and keep its currency robust. However, both external and internal challenges persist.

At the end of May, global ratings agency Fitch affirmed Vietnam's Long-Term Foreign-Currency Issuer Default Rating at 'BB', with a positive outlook, reflecting strong medium-term growth prospects, supported by FDI inflows, favourable demographics and strong external liquidity.

This exceptional growth and looming obstacles were discussed at a conference held in Hanoi on June 13, co-organised by The Asset and Fitch Ratings.

Speaking at the event, Nguyen Nhu Quynh, president of the National Institute of Finance, Ministry of Finance, said: "Vietnam faces many challenges this year, from both internal and external factors.

"On one side, the slowdown of the global economy, the prolonged effects of the COVID-19 pandemic, and the ongoing escalation of the conflict between Russia and Ukraine are having negative impacts on the Vietnamese economy.

"Also weighing on the country's development is persistently high inflation, causing many central banks to tighten monetary policies and hike rates."

FDI surge

Vietnam saw the disbursement of Foreign Direct Investment (FDI) reach a five-year high in 2022. Manufacturing projects are garnering the lion's share with notable investment from companies such as Nike and Lego. It is not just the allure of cheap labour and land, but also Vietnam's green policy path that chimes with these corporations'

philosophies, setting the trend for continued growth.

Sajal Kishore, Head of Asia-Pacific Infrastructure and Project Finance at Fitch Ratings, remains optimistic about the impact of FDI, saying: "FDI is coming in the infrastructure space and Vietnam is clearly benefiting from the supply chain rebalancing that's happening. We see a lot of that coming in the transportation, logistics, and manufacturing sectors. I think that will continue. The challenge there is really around whether these kinds of infrastructure investment projects can really be sustainable on their own."

Speaking at the conference, experts provided opinions on how to sustain this FDI flow, especially as global economic woes are forecast to continue for the foreseeable future.

Alexandre Macarie, Chief Financial Officer at Techcombank, suggested Vietnam focuses on "facilitating investments for investors and cutting bureaucracy, making administrative processes more streamlined.

"[Another solution is] addressing sustainable development issues."

The focal point of this development is how to power the country's future growth while following a sustainable trajectory and meeting net-zero goals.

Muralidharan Ramakrishnan, Head of South & South-East Asia energy and utilities, Fitch Ratings, said: "It's not just about moving away into green energy, but it's also about making it affordable because affordable power will be key to sustain this level of economic growth.

"If they're unable to achieve either of these in terms of maintaining affordability or unable to transition, it's going to have a huge impact on either the cost of financing or impact growth in some other way because it's going to make it more expensive for the population in general."

The green growth path extends into consumption, with businesses taking more notice of environmental, social and governance (ESG) practices and the Government following suit.

“From the government perspective, we are developing policies to promote sustainable consumption. And one of the key areas we are working on is the circular economy,” said Nguyen Anh Duong, Director of the Department for General Economic Issues and Integration Studies at the Central Institute for Economic Management.

Inflation under control

Unlike many other countries, Vietnam maintained a low inflation rate, at 3.15% in 2022. It stood out as the only nation in the Asia Pacific, and one of just four globally, to have its rating upgraded by Moody's.

In addition to a stable economic climate, Vietnam is striving to improve its legal framework to lure green finance. This includes implementing legislation on green banking and green credit, along with the establishment of a carbon trading market, echoing its COP26 commitments to bring net emissions to zero by 2050.

Sustainable growth, however, faces several challenges, including imported inflation and an increasing public debt-to-GDP ratio. Slow disbursement of public investment capital and falling exports also pose difficulties, placing pressure on the economy.

Sectors with high exposure to imports and exports are particularly vulnerable. The banking sector, while more resilient than it was five to ten years ago,

is seeing a rise in non-performing loans, though experts believe this is likely to remain under control. The overall consensus is that after a few challenging quarters, the growth is set to resume.

Challenges loom

Despite the promising picture painted by GDP growth and FDI, there have been setbacks. The equity market concluded 2022 down 32.78%, its worst performance since the 2008 financial crisis. Negative issues linked with the property market have also surfaced, with policy-driven crackdowns leading to heightened risk.

While problems in the property market are a cause for concern, Willie Tanoto, Fitch's Asia-Pacific banks director, is more measured about the knock-on effects for the country's banking sector.

“The banking sector's exposure to the property market is a little on the high side, but it's not terribly high. In ASEAN, on the high end, you have Singapore and Malaysia, where about half the loan portfolio is exposed to the property market. And on the low end, you have Indonesia, the Philippines, and Thailand, which are in the low 20s. Vietnam is just over 30%,” Tanoto explained.

Vietnam's banking sector, while resilient, is grappling with weak asset quality. However, profitability remains strong and the central bank acted promptly to inject liquidity into the system.

Vietnam's economic rise may be filled with turbulence, but the overall trajectory remains upward. As experts agree, the country seems poised to harness its challenges, striving towards a sustainable and green future.

3. Number of passengers through Noi Bai airport on summer days surges

On the first 12 days of June, the airport served over 1 million passengers with more than 7,000 flights, up 3% against the same period last year.

Notably, on June 11 – the first Sunday after the high school entrance exam, over 103,000 passengers on board over 620 flights passed through the airport

Its managers predict that in the peak period this summer, it will serve 109,000 passengers, including nearly 29,000 foreigners, each day, up around 38% compared to that on normal days, and 15% against the same period last year.

The increase is attributed to rises in the number of foreign tourists and international flights.

Noi Bai is making necessary preparations to better serve passengers during the peak time, they added.

4. Petrovietnam boosts production to help alleviate power shortage

The State-owned firm reported that it produced 2.36 billion kWh of electricity in May, up 12% month on month and 85.5% year on year. The five-month output reached 10.12 billion kWh, rising 48% from the same period of 2022.

In May, the Petrovietnam Power Corporation alone turned out 51.5 million kWh per day, 5.9 million kWh more than the average of April. Meanwhile, the Thai Binh 2 thermal power plant boosted operation to its full capacity.

That has helped reduce power shortage in the northern region, it said.

Petrovietnam noted its operation remained safe and stable in the first five months of 2023. Particularly, the manufacturing and supply of such key products as gas, electricity, petrol, and oil posted impressive growth, helping bring down pressure on power supply and guarantee national energy security.

At its regular conference for June, General Director of Petrovietnam Le Manh Hung said prices of crude oil, petrol, and oil products continued to drop in May, affecting the group and its affiliates' performance.

Amid that context, thanks to efforts to increase production to make up for losses caused by declined energy prices, minimise adverse impacts of the macro-situation, and seize opportunities, Petrovietnam has surpassed production and business targets, helping supply strategic commodities such as gas, electricity, fertiliser, petrol, and oil for the economy, he noted.

During January - May, it exploited 4.41 million tonnes of crude oil, 13.8% higher than the five-month target. That comprised 3.66 million tonnes exploited domestically and 751,600 tonnes overseas, rising 16.3% and 2.6% from the respective targets, statistics show.

About 3.44 billion cu.m. of gas was exploited, 21.8% higher than the target.

Meanwhile, Petrovietnam produced 719,500 tonnes of fertiliser, along with 2.92 million tonnes of petrol and oil, up 11.1% and 13.3% from the respective targets.

The group earned 334 trillion VND (14.2 billion USD) in total revenue in the first five months, 20% higher than the target for the period. Its consolidated pre-tax profit reached 21.7 trillion VND, 63% higher than the target and equivalent to 63% of the yearly plan.

Meanwhile, the firm contributed 54.5 trillion VND to the state budget during the period (excluding the contribution by the Nghi Son Refinery & Petrochemical LLC), 45% higher than the five-month target.

Petrovietnam said these results were highly positive compared to the downward trend of global oil prices.

Addressing the meeting, Petrovietnam Chairman Hoang Quoc Vuong said the group needs to exert stronger efforts to fulfill the set targets so as to help tackle difficulties facing the economy.

He asked its affiliates to maintain production growth, particularly in oil and gas exploration and exploitation, petrochemistry, along with gas and power industries; accelerate investment disbursement; step up major and key projects like the Block B - O Mon gas pipeline project, the upgrade and expansion of the Dung Quat oil refinery, and the Nhon Trach 3 and 4 power plants.

Vuong also demanded measures for increasing connectivity of service chains to promote the strength of Petrovietnam's ecosystem while strongly improving the firm's governance system.

5. Vinacomin to supply 18.7 million tonnes of coal to thermal power plants in H2

Hai said that along with 20.98 million tonnes of coal that Vinacomin supplied to the plants in the first six months of this year, the firm's total coal provided for the plants will reach 39.7 million tonnes, up 15% over 2022.

The firm is working hard to implement the directions from the Government, the Prime Minister, the Ministry of Industry and Trade and the Commission for the Management of State Capital at Enterprises (CMSC) to strengthen coal supply for power generation in dry season from May to July.

In May, Vinacomin shipped additional 300,000 tonnes of coal to thermal power plants run by the Vietnam Electricity (EVN).

Hai said that following the request of EVN, Vinacomin will provide additional 10 tonnes of coal to each EVN plants per month apart from the amount stated in their signed contracts.

In June, Vinacomin will provide 30,000 tonnes of coal for the Thai Binh 1 thermal power plant and 20,000 tonnes for the Hai Phong thermal power plant. Meanwhile, it will deliver 300,000 tonnes of coal to Thai Binh 2 thermal power plant, higher than the contracted amount of 140,000 tonnes.

According to Vinacomin, the coal demand for power generation will surge until the end of July and drop in the rainy season before increase again from November.

6. Vietnam needs to develop coffee value chain: Minister

Although Vietnam is the world's second biggest coffee exporter, around 90% of its coffee exports are in the raw form, resulting in low export revenue as well as brand recognition.

Even when the country tops the world in term of coffee export volume, it only stands at the 10th place in term of value.

To increase the value of coffee exports, building a coffee production chain is one of directions to develop the industry sustainably.

The close connectivity from farmers to processing companies will create a coffee production line that ensures high product quality, environmental protection and sustainable development.

Export revenue of coffee is expected to hit a new record this year, exceeding the four billion USD

achieved last year, the Vietnam Coffee Cocoa Association (VICOFA) said.

However, both farmers and exporters said they do not benefit from rising prices of coffee due to rising inflation that has pushed production cost up.

In the first five months of this year, Vietnam's coffee exports were estimated at 882,000 tonnes, worth more than two billion USD.

The country's average export price of coffee is at 2,295 USD per tonne, up 2.4% over the same period last year.

From now until the end of the year, coffee exports will still have good prospects when demand increases while supply is not expected to improve. It is forecast that coffee output this year will decrease by 10%-15%/year due to unfavourable weather.

7. VAMA’s May automobile sales drop by 8%

This is the 2nd month in a row that VAMA's sales have dropped after increasing by 30% and 33% in February and March.

Of the total, there were 14,483 passenger cars, 6,096 commercial vehicles and 147 special-purpose ones, down 8%, 6%, and 16% from April, respectively.

The sales of domestically-assembled vehicles decreased by 9% while the number of imported ones sold dropped by 5% compared to the previous month.

VAMA's members sold a total of 113,527 units in the first five months of this year, a decrease of 36% year-on-year.

Among the non-VAMA members that unveiled their sales, Thanh Cong Group (TC Group) supplied 4,592 units to the market in May while VinFast sold 2,996 electric automobiles during the period.

Toyota topped the list of sellers last month, followed by Hyundai, Kia, Ford, Mazda, Mitsubishi, and Honda with 3,734; 3,575; 2,695; 2,336; 2,311, 1,803 and 1,757 units, respectively.

Experts attributed the decrease in automobile sales in the past two months to economic difficulties which have forced businesses and consumers to reduce their spending.

Corporate News

8. HPG: CHPG2308: Decision on initial listing

↓ -1.28 %

On June 12, 2023, the Hochiminh Stock Exchange issued Decision No.253/QD-SGDHCM to allow KIS Vietnam Securities Corporation to list its covered warrant on the exchange:

I. Issuer of warrant:

1. Company name: KIS Vietnam Securities Corporation
2. Short name: KIS
3. Head office: 180-192 Nguyen Cong Tru, Nguyen Thai Binh ward, district 1, Ho Chi Minh.

II. Security:

1. Security type: covered warrant
2. Warrant name: Warrant.HPG.KIS.M.CA.T.26
3. Warrant code: CHPG2308
4. ISIN code: VN0CHPG23083
5. Underlying security: HPG
6. Issuer of the underlying security: Hoa Phat Group Joint Stock Company
7. Warrant type: call

8. Warrant style: European-style
9. Method of exercise (cash/ transfer of underlying security): cash
10. Duration: 05 months
11. Expiration date: October 30, 2023
12. Conversion ratio: 4:1
13. Exercise price: VND22,111
14. Quantity of the warrants registered for listing: 8,000,000 warrants
15. Official trading date: June 14, 2023..

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