



VIETNAM DAILY NEWS



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Market Analysis

1. Shares rebound after four-day decline

Vietnamese shares rebounded yesterday after a four-day decline, led by large-cap stocks on the two local exchanges.

The benchmark VN Index on the HCM Stock Exchange rose 0.57 per cent to close at 1,111.72 points after falling 1.5 per cent in the previous four trading days.

Investors traded more than 695.6 million shares worth VND13.6 trillion (\$126.4 million) on the southern bourse.

Market breadth was positive, with 298 gainers and 127 losers.

Banks, insurance companies and energy firms were the major stocks that helped push the market up yesterday.

HDBank (HDB), Vietinbank (CTG), and Joint Stock Commercial Bank for Investment and Development of Viet Nam (BID) were the strongest gainers in the banking sector. These stocks advanced between 0.5 per cent and 2.1 per cent.

In the insurance sector, Bao Viet Holdings (BVH), BIDV Insurance Corp (BIC) and Viet Nam National Reinsurance Corp (VNR) rose 0.7 per cent, 5.8 per cent and 0.4 per cent, respectively.

Energy stocks, including PetroVietnam Gas Corp (GAS), PetroVietnam Drilling and Well Service Corp (PVD) and PetroVietnam Technical Services Corp (PVS), also rebounded. GAS was up 1.4 per

cent, PVD added 1.8 per cent and PVS ended up 0.9 per cent.

Gains were also seen in other mid-cap and small-cap stocks.

Real estate and construction stocks draw capital, including Binh Duong Mineral and Construction JSC (KSB) jumping 3.2 per cent and Dream House Investment Corp (DRH) up 4.6 per cent.

Other sectors also advanced, including Gemadept Corp (GMD), Domesco Medical Import Export JSC (DMC) and DHG Pharmaceutical JSC (DHG).

The HNX Index on the Ha Noi Stock Exchange edged up 0.99 per cent to end at 228.77 points.

“Movements during the session were mixed up and down and the liquidity decreased compared to previous sessions. The positive point is that profit-taking pressure has cooled down and there has been no sign of rising pressure on the general market,” said Viet Dragon Securities Co.

“It is expected that the market will need more time to re-test supply and demand around the current level before showing more specific signals.

“Therefore, investors need to slow down and observe supply and demand movements in the near future. At the same time, it is advisable to consider taking profits in stocks that have rocketed recently or are under selling pressure from resistance areas to realise the results,” it said.

Macro & Policies

2. Challenges persist for Viet Nam's growth: WB report

Vietnam's economic growth continued to face challenges which were seen in a slowdown in industrial production and declining exports due to weak external demand and global uncertainties, the World Bank's June edition on Vietnam Macro Monitoring showed.

The industrial production index (IIP) registered a meagre 0.1% year-on-year increase in May, down from 0.5% in April. In contrast, retail sales remained robust, expanding by 11.5% year-on-year, mirroring the growth rate seen in April.

While sales of goods improving from 9.7% year-on-year in April to 10.9% in May, sales of services experienced a significant decline, dropping from 19.2% year-on-year in April to 7.6% in May, reflecting the impact of prevailing uncertainties on consumer spending.

In terms of trade, exports of goods faced a significant setback, declining by 6% compared to the previous year, primarily due to weak external demand. Simultaneously, imports fell by 18.4% year-on-year in May, reflecting the prolonged slowdown in demand for foreign inputs necessary for production and exports.

"If global financial conditions tighten more, external demand may weaken further," the report said.

Amidst these economic challenges, the consumer price index (CPI) inflation showed a decline for the fourth consecutive month. In May, the CPI softened from 2.8% year-on-year in April to 2.4% year-on-year in May, driven by falling global energy prices and a decrease in domestic transport costs. However, core inflation remained elevated at 4.5% year-on-year in May, marginally lower than April's rate of 4.6% year-on-year.

Foreign direct investment (FDI) commitments also slowed down last month due to prevailing global uncertainties, weighing on investor confidence. However, FDI disbursement remained stable at 1.8

billion USD, comparable to the same period the previous year.

To stimulate the economy, the State Bank of Vietnam (SBV) took measures to ease monetary policies. The refinancing interest rate was lowered from 5.5% to 5%, and the overnight lending facility rate was reduced from 6% to 5.5%. This marks the third consecutive rate cut since March 2023.

"However, authorities must remain vigilant to potential pressures on capital flows and the exchange rate resulting from diverging monetary policies between Vietnam and other countries," World Bank's analysts suggested.

Credit growth continued to decelerate, dropping from 9.2% year-on-year in April 2023 to 9% year-on-year in May, reflecting weakening demand.

Moreover, the monthly budget balance recorded a substantial deficit of approximately 2 billion USD in May. This deficit can be attributed to a decrease in revenue collection by 35.8% year-on-year, primarily due to one-off effects from high post-COVID revenue in 2022 related to land sales, property transactions, and value-added tax collections. On the other hand, public expenditure increased by 27.8% year-on-year in May.

The challenges faced by the Vietnamese economy necessitated careful monitoring and proactive measures, the report said, adding potential energy shortages in the Northern region, which began in late May, would require urgent attention to avoid further impact on the economy.

Furthermore, it said accelerating public investment disbursement, particularly for National Target Programmes, would bolster aggregate demand and foster short-term economic growth. Additionally, prioritising investments in digital and green technologies, infrastructure development and human capital would promote sustainable long-term development.

As manufacturing exports had slowed and employment in manufacturing had been affected, it would be important to quickly identify and support impacted workers and families through the social

protection system. Streamlining administrative procedures and removing regulatory hurdles would help promote business activities and investments needed for economic growth, it added.

3. Many foreign investors interested in M&A deals in real estate market: VAR

There has been a surge in the number of foreign investors interested in merger and acquisition (M&A) deals in the Vietnamese real estate market, which is a hope for Vietnamese property developers amid the current capital thirst, according to the latest market research released by the Vietnam Association of Realtors (VAR).

deals and forced them to focus on small and medium-scale ones.

Meanwhile, there are only few domestic real estate developers having the capital capacity for property purchase amid decreased liquidity and high financial cost. Therefore, big deals are expected to come from foreign investors.

According to the research, in early 2022 when monetary policies in Vietnam was loosened strongly with high credit growth and decreased interbank interest rates, M&A activities bustled with a series of large deals.

Data from the VAR showed that the number of foreign investors interested in M&A projects in the Vietnamese real estate sector is increasing sharply, especially those from Singapore, the Republic of Korea, Taiwan (China), Japan and Malaysia. However, the majority of the deals are on the verification and negotiation processes.

In the first quarter of 2022, the total value of M&A transactions was higher than those recorded in a year in the 2019-2021 period, it said.

Along with difficulties during negotiations, there are still some obstacles hindering M&A activities, including legal conditions which prevent many projects from being acquired as they fail to meet the conditions.

Experts held that the real estate market of Vietnam has still been attractive for domestic and foreign investors. However, the difficult economic situation has prevented them from investing in large-scale

4. Shrimp industry needs solutions to achieve export target this year

The shrimp industry needs comprehensive solutions from production of breeding shrimp to processing to achieve this year's 4.3-billion-USD shrimp export target.

VND per kilo, down 38% compared to two months ago.

In the beginning of June, shrimp selling prices plummeted by about 40% compared to April. Meanwhile, the cost of shrimp seed and feed increased. Those factors have caused shrimp farmers in the Mekong Delta to suffer heavy losses.

According to the Association of Seafood Exporters and Producers (VASEP), the decline in selling prices of raw shrimp is due to the plunge in exports. Export orders in the shrimp industry have decreased by 20-50% and inventories have increased. Those factors have forced shrimp processing enterprises to reduce the purchase of raw shrimp.

In the farming ponds of farmers in the coastal provinces of Tien Giang, Tra Vinh, Ben Tre, Soc Trang, Bac Lieu, Ca Mau and Kien Giang, the selling price of shrimp fell from 150,000 VND per kilo in April to 95,000 VND in the beginning of June. The price of white-leg shrimp is now at 65,000-75,000

Shrimp exports in the first five months of 2023 only reached 1.22 billion USD, down 34.4% over the same period last year. The purchasing power of shrimp in the two main markets, the EU and the US, fell sharply due to high inflation. China reopened from January, but the shrimp exports to this market

still decreased by 40% compared to the same period in 2022.

Localities with large shrimp farming areas, such as Ca Mau, Bac Lieu and Soc Trang, have recently seen many factors to make farmers not re-farm shrimp, including the decrease of the shrimp selling prices, prolonged unfavourable weather conditions, diseases in shrimp farms and high production costs.

Vo Quan Huy, chairman of My Thanh Shrimp Association in Soc Trang, told nhadautu.vn that shrimp farmers are currently facing difficulties because input costs, especially the price of shrimp feed, have increased very quickly, but the selling prices of raw shrimp have fallen. That situation has caused farmers to have losses and lack capital to farm shrimp again.

Vo Van Phuc, general director of Vietnam Organic Seafood Joint Stock Company, said that while the selling price of shrimp is falling sharply, input costs such as the price of feed, seed and other materials have continuously increased to 70,000-100,000 VND per kilo. Transport costs are also high due to poor infrastructure.

According to Huy, to remove the difficulties for the shrimp industry, besides the efforts of shrimp farmers, the State needs to have supportive measures in technology application and digital transformation, and increase credit capital for re-production.

There are many establishments supplying shrimp seed, but the quality is not uniform. Therefore, management agencies need to develop standards for shrimp seed suppliers and the suppliers must provide transparent information on the quality of seed, Huy said.

Ho Quoc Luc, chairman of Sao Ta Food Joint Stock Company and former VASEP chairman, said that the most difficult thing in the shrimp industry now is the low selling price and the high production cost of shrimp.

Enterprises now must reduce costs, improve processing levels, diversify products, increase product quality and seek new markets.

Large-scale shrimp farming areas supply only about 10% of the total annual shrimp production, while

90% of total production is supplied by household farmers with small-scale production. Therefore, farmers need support in terms of capital, infrastructure, seed and market information, Luc said.

He also said that stopping the production of seed due to the losses of shrimp farmers will create negative impacts in the shrimp industry's supply chain.

Nguyen Van Truong, chairman and general director of Cafatex Seafood Export Joint Stock Company, said this situation may lead to processing factories lacking raw materials when Vietnam's seafood export market recovers.

The General Department of Fisheries under the Ministry of Agriculture and Rural Development said that to achieve the target of shrimp export turnover of 4.3 billion USD in 2023, the agricultural sector has set a target of cultivating about 750,000 hectares of brackish water shrimp with an output of more than one million tonnes. However, the progress of stocking shrimp has been slower than planned due to market difficulties and unpredictable shrimp prices.

To promote shrimp exports by year end, it is necessary to have measures to stabilise the input prices for shrimp farming, according to experts.

In addition, it is necessary to promulgate mechanisms and policies, especially on capital support, to form regions producing raw materials for processing shrimp feed, which would reduce dependence on imported raw materials.

According to Kim Thu, VASEP's shrimp market expert, the US is still the largest importer of Vietnamese shrimp. Meanwhile, Japan surpassed China to reach the second position with nearly 150 million USD of Vietnamese shrimp import value in the first four months of the year, followed by China and the Republic of Korea importing over 100 million USD of Vietnamese shrimp each.

Northwest European countries also increased their demand for shrimp imports. To stand firm in the European market, shrimp enterprises need to meet its strict requirements on food safety. The EU is Vietnam's fourth largest shrimp importer, accounting for about 14%.

Shrimp is Vietnam's main export seafood product with annual export turnover accounting for over 40% of the national total seafood export turnover.

Vietnam has exported shrimp to 100 countries, including the five largest markets of the US, Japan, China, the EU and the RoK.

5. Agro-forestry-aquatic product exports to rebound in H2

Despite suffering a year-on-year decrease of 11.1% in the first five months of 2023, agro-forestry-aquatic product exports are expected to rebound in the remaining months of this year thanks to recovery momentum in main export markets, insiders said.

The total import and export value of agro-forestry-aquatic products in the first five months of this year was estimated to reach 36.96 billion USD, according to the Ministry of Agriculture and Rural Development (MARD).

Vietnam earned 20.26 billion USD from agro-forestry-aquatic product exports between January and May, down 11.1% year-on-year. The decrease in the revenue was attributable to a sharp decline in orders, resulting in falling export value.

The agricultural sector posted a trade surplus of 3.55 billion USD in the reviewed period, a yearly decrease of 21.1%.

Last year, the country earned 11 billion USD from aquatic product exports but it recorded 3.37 billion USD in the first five months of 2023, down 28.7% compared with the corresponding period of 2022.

Most of Vietnam's aquatic export items suffered a two-digit decline, including shrimp (nearly 36%), tra fish (40%) and tuna (30%).

The wood industry is also in the same situation. After enjoying high growth for many years, the export turnover of wood and wood products reached 5 billion USD between January and May, a year-on-year decline of nearly 30%.

Vietnam targets to rake in 55 billion USD from agro-forestry-fishery exports this year, up 3% against last year's figure. To this end, the agricultural sector has

strived to get more orders from US and European markets as well as exploited free trade agreements to accelerate exports.

Despite difficulties as the demand has decreased globally, positive signs of recovery were seen in Vietnam's major agricultural export markets such as China, Japan and Asia.

High expectations are placed on rice and vegetables and fruits as many localities are entering high season for harvesting such fruits as durian, lychee and jackfruit.

Nguyen Dinh Tung, Chairman of Vina T&T group, said that his group regularly exports mangos, durians and dragon fruits to US, European and Chinese markets.

According to the MARD, fruits and vegetables brought home 600 million USD from exports in May, bringing the five-month figure to 1.97 billion USD, up 39% annually.

The total export turnover of fruits and vegetables this year is expected to hit 4.5 billion USD, surpassing 3.34 billion USD of last year.

The export of Vietnamese durian is expected to continue to soar, reaching 1 billion USD this year due to strong increases in China's purchase.

Rice export also saw positive results as the country shipped abroad nearly 4 million tonnes of rice in the first five months of this year, earning more than 2 billion USD, up 40.8% in quantity compared with the same period last year.

Vietnam is forecast to export about 7 million tonnes of rice worth 4 billion USD in 2023.

6. Foreign suppliers pay taxes of over 300 million USD online

Foreign suppliers have paid more than 7.36 trillion VND (312.8 million USD) worth of taxes through an electronic portal dedicated to them from March 21, 2022, according to the General Department of Taxation (GDT).

Of the total, over 3.9 trillion VND has been collected since the beginning of this year.

According to Director of the GDT's Large Taxpayers Division Nguyen Bang Thang, with the operation of the portal over the past more than one year,

Vietnam has affirmed to be one of the four countries leading ASEAN in terms of applying cross-border tax collection through one portal.

Tax authorities will continue to create maximum favourable conditions for foreign suppliers and domestic organisations so that they can expand operations in Vietnam.

On the other hand, they will apply strict sanctions and handle organisations that intentionally commit tax violations in accordance with law, Thang added.

7. Korean expert upbeat about RoK-Vietnam economic cooperation

President of the Korea Trade-Investment Promotion Agency (KOTRA) Yu Jeong Yeol had an article published on the Economic Daily on June 19, which described Vietnam as a crucial economic partner that the Republic of Korea (RoK) must definitely cooperate with.

The article highlighted the prominent features of Vietnam, such as a young population with half being under 35 years old. Since the late 1980s, Vietnam has achieved high economic growth, averaging around 6% a year thanks to the success of its foreign policy, active integration and openness. Vietnam is attracting attention as a high-potential market based on its advantages in an abundant and young workforce as well as continuous expansion of infrastructure by the Government. This is why leading countries and multinational corporations continue to bet on Vietnam's growth potential, the article said.

The article also mentioned achievements in two-way trade, which had reached an all-time high of 87.7 billion USD on the occasion of the 30th anniversary of RoK-Vietnam diplomatic relations, turning Vietnam into the third largest trade partner of the RoK. Approximately 8,800 Korean companies have been investing in Vietnam, contributing to

trade and economic and industrial ecosystem as well.

According to the article, it can be affirmed that the upcoming Vietnam visit by RoK President Yoon Suk Yeol is a significant opportunity, and all parties should consider orientations of bilateral economic cooperation and strategies for Korean companies to penetrate the Vietnamese market.

The author suggested upgrading the trade structure with Vietnam and strengthening partnerships in the supply chain. The RoK and Vietnam are expanding complementary trade, focusing on intermediate goods and components.

Involvement in projects related to energy and environmental sustainability should also be acknowledged. Vietnam is the first country with which the RoK has signed an agreement on climate change. Furthermore, as government-led projects involving the development of smart cities and smart farms are activated, bilateral cooperation opportunities are expected to expand.

In the field of digital transformation, the article said the demand for cooperation in information and communication technology (ICT) is also growing. Vietnam aims to make a leap forward in future

industries such as health care, educational technology, and big data through innovative technologies like 5G and artificial intelligence (AI). Korean small and medium-sized enterprises and startups have recognised these needs and actively entered the Vietnamese market.

In conclusion, the article said the global economy in the post-pandemic era is rapidly changing, and countries around the world are facing numerous

challenges. In this transitional phase, the RoK and Vietnam need to strengthen their relationship as strategic and comprehensive partners, while also developing a stronger economic bond.

It is hoped that the State visit to Vietnam by the RoK President will present an opportunity for companies and corporations from both countries to explore future cooperation areas and pave the way for new engines of economic growth, the article said.

Corporate News

8. NVL: Notification insider transaction - Diamond Properties

↑ 3.57 %

Notification insider transaction - Diamond Properties of No Va Land Investment Group Corporation as follows:

File Attachment

[20230620 NVL-230620-Notification-Insider-Transaction-Diamond-Properties.pdf](#)

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