



VIETNAM DAILY NEWS



June 5th, 2023

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Market Analysis

1. Shares to keep uptrend this week

Shares are predicted to continue their short-term uptrend thanks to the return of cash flow this week.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) had risen 2.5 per cent last week.

An average of 917.3 million shares were traded on the southern exchange during each session last week, worth 15.6 trillion (US\$664.3 million).

With the positive movement of banking and large-cap groups, the market surpassed 1,080 points and closed with a good gain in the last session of last week.

Liquidity also continued to increase, showing that investors' trading sentiment was more positive although profit-taking still presented in some sectors at the end of the session, said Viet Dragon Securities Co (VDSC).

“With this development, investors can expect the cash flow to continue to support and help the market gradually move to higher price ranges in the near future.”

“It is expected that selling pressure will appear more notably at the resistance zone of 1,100-1,125 points of VN-Index. Therefore, investors can continue to hold or exploit short-term opportunities in stocks with good technical signals and attracting cash flow,” said Viet Dragon Securities Co (VDSC).

The market may be in a state of dispute, but it is expected to keep the short-term uptrend to continue testing the supply at 1,100-1,125 points in the near future. Therefore, investors can expect a short-term uptrend of the market, it said.

At the same time, it is possible to hold or exploit short-term opportunities in stocks with good technical signals and attracting cash flow. However, it is necessary to consider taking profits at stocks that have increased rapidly to the resistance zone or are under selling pressure from the resistance zone, said Viet Dragon Securities Co (VDSC).

The trading movements on the stock market last week showed that the domestic cash flow is gradually returning to the stock market in the context of falling interest rates, said Dinh Quang Hinh, head of the Macroeconomics and Market Strategy Department of VNDIRECT Securities Company (VNDirect).

The VN-INDEX has put one foot past the 1,080 point mark with liquidity touching VND18,000 billion in Friday's trading session, he said.

Next week, the VN-INDEX may retest the 1,080-point mark and if it successfully maintains above this threshold, the Vietnamese stock market will shift its status from sideways to "uptrend".

Therefore, investors need to closely observe the trading movements of the VN-Index this week to confirm whether the market has really entered an uptrend or not. Investors who have successfully disbursed in the previous weeks can continue to hold stocks, and at the same time limit buying stocks that have increased sharply recently because buying at high cost will be risky. The market entered a technical correction, he said.

Last week, the market increased sharply in points with a large contribution from the banking group. Many banking stocks witnessed strong gains in the past week such as: Techcombank (TCB) up 7.7 per cent, MB Bank (MBB) up 6.8 per cent, Vietcombank (VCB) up 3.2 per cent, and BIDV (BID) up 3 per cent.

The securities industry maintained an impressive gain in the context of market liquidity recovering, with VNDirect (VND) up 14.7 per cent, SSI Securities (SSI) up 6.9 per cent, and HCM Securities (HCM) up 3.8 per cent.

On the other side, some large-cap stocks fell such as Vinhomes (VHM) down 2.9 per cent, PetroVietnam Gas (GAS) and Vinamilk (VNM) both down 1.8 per cent and Vincom Retail (VRE) down 2.2 per cent.

Macro & Policies

2. Master plan must reflect Vietnam’s energy commitments: Deputy PM

Ha made the request at a meeting with the national appraisal council for the draft national energy master plan in Hanoi on June 2.

The Deputy PM said the plan should include some new viewpoints and specify important tasks in identifying the relationship and the mechanism for coordination among energy segments (coal, oil and gas, electricity, renewable energy, among others). It also needs to be consistent with other plans such as those on land use and sea space.

The national energy master plan must show a consistent mindset and help implement Vietnam’s commitments on net zero emissions and in the JETP as well as the plans for energy segments, typically the recently approved National Power Development Plan for 2021 - 2030, with a vision to 2050 (Power Plan VIII).

It is also necessary to devise measures for capitalising on fossil fuels such as coal, oil and gas in the most economically efficient manner, he stressed.

Ha demanded the Ministry of Industry and Trade, which drafts the master plan, compile a list of the ongoing key energy projects and potential ones and build criteria in terms of technology and profitability

for selecting new energy or energy transition projects.

He also asked for the draft to be supplemented with the content about investment in researching scientific and technological solutions to convert primary energy sources from fossil fuels to new ones (green hydrogen, green ammonia), and developing new energy sources like nuclear power, geothermal power, wave and tidal energy, and solar thermal energy that could be exploited in the future.

According to the consulting unit, the draft master plan targets sufficient energy supply to serve domestic demand and help reach socio-economic development targets, including annual GDP growth of 7% during 2021 - 2030 and 6.5 - 7.5% during 2031 - 2050. Renewable energy is set to account for 15 - 20% of total primary energy sources by 2030 and 80 - 85% by 2050.

Under the draft plan, Vietnam will develop an independent and self-reliant energy industry and form an energy industry ecosystem based on renewable and new energy. Some clean energy centres are expected to have taken shape by 2030.

3. Almost all banks cut 6-month deposit interest rate to below 8%/year

Out of the total 35 banks, only five banks are keeping their 12-month deposit interest rate at 8-8.2% including VIB (8.2%), BaoVietBank (8.1%), ABBank (8.1%), GPBank (8.02%) and NCB (8%).

Lower interest rates are seen at other banks, including OCB (7.9%); SCB, BVBank and VietABank (7.8%); VietBank, OceanBank, BacABank, PVCombank, LPBank (7.7%).

To six-month deposits, NCB offers the highest interest rate of 7.95% per year, followed by GPBank (7.92%), ABBank (7.8%), SCB (7.75%) and VietBank (7.7%).

Meanwhile, BaoVietBank, Oceanbank, BacABank, VPBank are offering the same rate of 7.5% for six-month deposits.

State-owned commercial banks also simultaneously cut deposit interest rates. Highest interest rates at the Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV), Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank), Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) and Vietnam Bank for Agriculture and Rural Development (AgriBank) were reduced from 7.2%/year to 6.8%/year, applicable for terms of 12

months or above; while the interest rate for deposits with terms of 6-9 months also decreased from 5.8 - 5.9%/year to 5.5%/year.

The current interest rate of many banks has decreased by more than 1%/year compared to the beginning of May. Some banks have even reduced deposit interest rates three or four times within the past month, such as VietBank, OCB, NCB, VietABank, Kienlongbank, Saigonbank and Sacombank.

In the latest developments, Kienlongbank announced the reduced deposit interest rates from June 1.

With a reduction of 1%/year for a term of 6 - 9 months, the interest rate at the bank is down to 6.7 -

6.9% per year. The 12-month term interest rate also decreased by 0.7% per year to 7.1% per year.

The recent interest rate cut shows banks' consensus in their efforts to reduce deposit interest rates, creating conditions for further cut in lending rates to support businesses and people, especially after the State Bank's decision to cut policy interest rates, which takes effects from May 25.

Evaluating the interest rate outlook, in its updated report on June 1, the SSI Securities Corporation predicts that interest rates can drop by another 50-100 basis points from now until the end of the year and will continue to decrease next year.

4. Hanoi's economy on path to recovery

Such efforts paid off as the city's index of industrial production (IIP) expanded 2.1% year-on-year in the first five months of this year. Processing and manufacturing went up 1.7%, electricity production and distribution was up 4.1%, and water supply and waste water treatment rose 8.3%, said Vice Chairman of the municipal People's Committee Nguyen Manh Quyen.

Some sectors like beverage, tobacco and drug production, wood processing, and metal product manufacturing experienced significant year-on-year increases in the five-month period.

More than 13,000 enterprises were established in the city between January and May with a total registered capital of 125.9 trillion VND (5.35 billion USD), up 8% in number and 17% in capital.

Meanwhile, 1,500 businesses registered for dissolution, down 5%, and 12,600 others registered for temporary suspension, up 22%. Some 4,600 firms resumed their operations, a drop of 22%.

Despite the global economic crisis that has affected foreign investment attraction in general, Hanoi still lured nearly 156.4 million USD in May, with 43 new FDI projects worth 13.2 million USD, and 21 others adjusting their capital by 108 million USD. Foreign investment capital contribution and share purchases were valued at 35.2 million USD.

In the five months, the city attracted 1.86 billion USD in foreign investment, with 146 new projects valued at 48 million USD, and 71 others that had their capital adjusted by 200 million USD. A total of 114 foreign investors contributed capital and purchased shares worth 1.61 billion USD.

Notably, Japanese lender Sumitomo Mitsui Banking Corporation (SMBC) has completed a 1.5 billion USD deal to purchase a 15% stake in Vietnam's VPBank in the biggest acquisition ever recorded in Vietnam's banking industry.

Hanoi sees tourism as an economic spearhead. Therefore, it has rolled out various tourism stimulation programmes and built new tours and products, luring both domestic and foreign visitors. At the same time, it has stepped up the communications work to promote local tourism.

The capital city welcomed 1.71 million foreign tourists in the five months, nearly 10 times higher than that recorded in the same period last year, and 8.4 million domestic arrivals, a rise of 31.3% as compared with the same period last year. Total revenues from tourism were estimated at over 37 trillion VND, up 92.4% year on year.

Regarding employment, Hanoi generated jobs for 85,800 labourers, fulfilling 52.9% of the target, but down 11.5% year-on-year. The city decided to

provide unemployment insurance for 30,400 people with funding of 855 billion VND.

The municipal People’s Committee is rolling out solutions with priority to the implementation of key projects and public investment disbursement.

Hanoi has urged investors, contractors, departments, agencies and districts to quickly

handle obstacles in procedures and site clearance, considering those the leading criteria to evaluate the capacity of officials and performance of agencies and localities.

It has also resolved to decentralize administrative procedures, in an attempt to improve investor confidence.

5. Digital payment grows in popularity in Vietnam – Visa

In 2022, 66% of local consumers used online card payments and 70% used online or in-app mobile wallet payments, a sharp rise from 32% in 2021.

Some 77% of consumers believed they could go cashless for three days.

The tendency was attributed to the risk of having money stolen and the growing support for cashless payment methods from local businesses, according to the report.

Meanwhile, 90% of Vietnamese consumers are interested in virtual banking, which has created

enormous potential for the industry, as only 30% of adults currently use digital banking services in Vietnam.

Some 85% of consumers tried home delivery for the first time during Covid-19, with 64% purchasing more medicine and vitamins.

The report suggested businesses could move into areas where consumers plan to increase spending, including groceries, fashion and clothing and domestic travel.

6. Investors urged to build resilient ESG-centered financial ecosystem

Speaking at the Vietnam ESG Investor Conference 2023, Sarah Hooper, consulgeneral of Australia in Ho Chi Minh City, said it was of utmost importance for investors to build a resilient Environmental, Social, and Governance(ESG)-centered financial ecosystem.

“The Australian and Vietnamese governments are committed to growing two way investment - a distinct departure from the approach of prior years when we sought to grow investment at home,” she said.

“We are actively working to shape Australia and Vietnam’s shared region – the Indo-Pacific region – as one that is open, stable and prosperous.

“Now we are partnering for investment in Vietnam recognising the long term benefits that will deliver for our region,” she added.

“Corporations have found that aligning with ESG standards is not just about growth but survival,” according to the event’s organisers.

ESG, a set of standards measuring factors related to sustainable development and corporate impact on society, has been a critical term for businesses and investors in recent years. While ESG has been a concept for some time, the COVID-19 pandemic underscored its significance.

In response, investors are recalibrating their strategies, moving beyond traditional financial metrics to embrace investment trends informed by ESG evaluations, experts noted.

According to a 2022 report by Bloomberg Intelligence, global ESG assets could reach 50 trillion USD by 2025. The trend toward investing in companies adhering to ESG standards is clear.

“These investments can mitigate adverse environmental and societal impacts while generating long-term value for investors,” the report noted.

In this context, the conference aims to foster sustainable investment opportunities in Vietnam, contributing to a resilient ESG-centered financial ecosystem.

The event aims to connect investors with sustainable investment opportunities and help them navigate the country’s financial landscape and regulations.

It also aims to support Vietnamese firms in identifying ESG-compliant international investment opportunities and sustainable financial prospects.

It seeks to help both investors and businesses identify and assess specific risks, opportunities, and trends in Vietnam through an ESG lens.

Craig Martin, executive chairman of Dynam Capital, said: “ESG and stewardship are increasingly important for investors and companies globally, and nowhere is that more relevant than in Vietnam as it reaches a key inflection point in its industrialisation and urbanisation growth.”

Srini Nagarajan, managing director and head of Asia at British International Investment, said the company wanted to support climate finance projects in priority markets such as Vietnam to “create sustainable, productive and inclusive economic growth.”

Experts said in an era of growing environmental and social concerns, ESG standards have emerged

as a game-changer for firms seeking to improve their customer engagement and financial access.

ESG is also the key to gaining competitive advantages as it enhances firms’ internal governance and promotes their public image.

ESG commitments

According to a 2022 PwC report, more than 80% of Vietnamese businesses have made ESG commitments or plan to do so in the near future. This shift is basically driven by the demands of consumers, employees and investors.

Over 60% of companies that have yet to embrace ESG cited a lack of knowledge as the key barrier to ESG commitments, 48% cited financial capability, 46% cited company size, and 28% cited a lack of transparency in ESG data.

As ESG is not free, many companies willing to embrace ESG are finding themselves stuck in a vicious circle – they need funds to adopt ESG, yet without ESG in place, they remain in a weak position to access funds and gain sales.

Experts also noted ESG rules in Vietnam lack coherence, and the allocation of responsibilities among stakeholders is poorly regulated.

This legal incompleteness could discourage foreign investments in the green sector and incur additional costs related to environmental assessment.

They have also called for more regulations for Vietnam’s carbon-neutral commitments in COP26 and more measures to raise the awareness of ESG among companies.

Co-hosted by Raise Partners and Vietcetera, the two-day event attracted more than 400 leaders of multinational corporations from various industries.

7. Vietnam – attractive destination for Italian firms: forum

Lombardia's export revenue to the Southeast Asian nation last year reached 2.5 billion USD, accounting for nearly 40% of the total trade value between the two countries, Cattaneo told the forum.

He noted that Vietnam's renewable energy development strategy will offer golden opportunities to Lombardia firms.

The forum on Vietnam- Lombardia business and investment cooperation was held on May 31 by the Vietnamese Embassy in Italy in coordination with the Italian region and the Italy-Vietnam Chamber of Commerce (CCIV) as part of activities marking the 50th anniversary of diplomatic ties between the two countries, bringing together representatives from more than 100 businesses in Lombardia.

In his remarks, Vietnamese Ambassador to Italy Duong Hai Hung briefed the participants on potential, strengths and dynamic development of the Vietnamese economy, and expressed his hope that Vietnam will be a priority in Lombardia's process of internationalisation, trade and investment promotion, and technical transfer, making itself a model of economic cooperation with Vietnam.

The embassy stands ready to help Italian firms seek cooperation opportunities in Vietnam, he pledged.

Lombardia's Vice President Marco Alparone, who is also councilor for budget and finance of the region, stressed the close friendship between Lombardia and Vietnam, saying the two sides should consolidate and promote the relations in different spheres, with economic cooperation playing the key role.

Lombardia has strengths in industrial production, agricultural processing, energy, finance, banking and services, which would satisfy Vietnam's increasing demand during its cause of industrialisation and modernisation, he said.

During his stay in Lombardia, the Vietnamese ambassador made field trips to some groups and businesses like Copan Spa, Chateaux D'Ax and Exetra Spa, aiming to promote cooperation projects with Vietnam in the time ahead.

He also attended the inaugural ceremony of the new headquarters of the CCIV in Milan.

Corporate News

8. VNM: Vinamilk becomes the first farm and dairy factory in Viet Nam to be carbon neutral

↓ -0.30 %

Dairy firm Vinamilk has been confirmed as the first dairy company in Viet Nam to have a carbon neutral factory and farm in accordance to PAS 2060:2014 standards.

The company officially announced the roadmap to Net Zero 2050 with the action programme "Vinamilk Pathway to Dairy Net Zero 2050" in Nghe An last week.

In which, the roadmap announced by Vinamilk at the event is reducing greenhouse gas emissions by 15 per cent by 2027, cutting and neutralising 55 per cent of emissions by 2035 and reaching the zero net emissions target by 2050.

In Viet Nam, Vinamilk is an enterprise that has been making many positive contributions to the more sustainable development of the dairy industry, while strongly promoting the progress towards Net Zero 2050.

It has announced sustainable development reporting according to international standards since 2012, to accurately assess its advanced practices.

Sustainable development has become one of the four strategic spearheads of Vinamilk in the 2022-26 period strategy.

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