



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index hits more than 5-month high

Benchmark indices extended rallies on risk-on sentiment, with the VN-Index hitting the highest in more than five months. Meanwhile, foreign investors withdrew capital from the southern market.

On the Hồ Chí Minh Stock Exchange (HoSE), the market benchmark VN-Index ended Monday at 1,097.82 points, up 6.98 points, or 0.64 per cent. This is its highest close since January 31.

The index even broke through the level of 1,100 points in the morning trade. Last week, it finished Friday with a big gain of nearly 12.5 points.

VPBank Securities JSC said that the stock market witnessed a strong performance at the end of last week, with banking, stock, and retail industries being the main driving force.

A positive signal for the general market is the strong return of cash flows into large-cap stocks, strengthening the VN-Index rally trend toward the area of 1,100 - 1,200 points.

However, KB Securities Vietnam JSC said that the index will likely face pressure again when approaching the notable resistance zone of around 1,100 points.

The benchmark was lifted by large-cap and banking stocks as the breadth of the market was in negative territory, with losers surpassing gainers on the Hồ Chí Minh bourse.

Liquidity also saw a decline over Friday's session. Of which, both trading value and volume on HoSE fell by 4 per cent and more than 5 per cent to VNĐ17.56 trillion (US\$747.3 million) and 948.36 million shares, respectively.

The VN30-Index, which tracks the 30 biggest stocks by market value and liquidity on HoSE, also increased by 4.12 points, or 0.38 per cent, to close the first session of the week at 1,091.08 points.

In the VN30 basket, 16 stocks inched higher, while nine stocks went down, and five stayed unchanged.

Leading the market's bullish trend today was Vietcombank (VCB), up 3.27 per cent. It was followed by PVGas (GAS), Masan Group (MSN), FPT Corporation (FPT), and Vinhomes (VHM). The stocks climbed in a range of 0.56-2.5 per cent.

Also supporting the sentiment, Đức Giang Chemicals (DGC), Hoa Sen Group (HSG), Nam Kim Group (NKG), Gelex Group (GEX), and Petro Viet Nam Ca Mau Fertiliser JSC (DCM) performed well, up at least 1.75 per cent.

The HNX-Index on the Hà Nội Stock Exchange (HoSE) also edged up to 226.56 points, raising its winning streak to nine days.

On the other hand, foreign capital saw a net outflow from the market. Particularly, foreign investors net sold VNĐ112.76 billion on HoSE, but net bought a value of VNĐ15.37 billion on HNX.

Macro & Policies

2. Vietnam's industrial rents are rising swiftly

Currently, land rents in IPs in Vietnam are roughly 20 per cent less than in Thailand and Indonesia, according to Vu Minh Chi, senior manager of Industrial Services at Colliers Vietnam. "The reason is the quality and diversity of this market is inadequate," remarked Chi.

Land tax has been reduced by 30 per cent this year, and it is proposed that the VAT rate be reduced to 8 per cent to support production enterprises. All showcase the appealing qualities of industrial real estate in Vietnam.

Vietnam is still considered an attractive investment destination. According to the Foreign Investment Agency, the total registered foreign investment capital in Vietnam reached nearly \$8.88 billion in April, representing an increase of 82.1 per cent on-year. The figure includes 750 new projects receiving investment registration certificates, with a total registered capital of more than \$4.1 billion. In addition, 386 projects were registered to modify investment capital, an increase of 19.5 per cent in projects but a decrease of 68.6 per cent in capital over the same time period.

According to Thomas Rooney, senior manager of Industrial Services at Savills Hanoi, it has not been difficult to observe a sharp increase in the number of projects with capital adjustment, which in part, strengthens investor optimism in the Vietnamese

market and continues to prompt decisions to expand current initiatives.

"The fundamental aspects of Vietnam's economy, population, and labour resources are still highly valued. This is also the most compelling argument for investors to enter the market," Rooney said. Currently, labour costs in Vietnam are on the rise, but this rise is not significant and remains average compared to other nations in the region. Vietnam has also invested significantly in infrastructure development, investing 5.8 per cent of its GDP.

"After the pandemic, investors came to Vietnam to survey the market, but they became somewhat hesitant; they wanted to gain a thorough understanding of the market before making any decisions," Rooney explained. The global minimum tax policy will continue to impact foreign direct investment inflows in 2023. This results in a less active market environment. Large corporations have also become wary, contemplating whether to continue investing in light of global economic and political effects.

"Investors need more time," remarked Rooney. In the meantime, Vietnam must address the shortage of skilled labour, ensuring that the quality and quantity of that skilled labour is comparable to that of other regional markets, and enhance its highways, and deepwater and service ports.

3. FDI in Ho Chi Minh City down 13.5% in five months

Of them, 199.8 million USD was poured into 374 new projects, down 2.5% year-on-year.

Singapore took the lead in the number of new projects, with 72 ones valued at 121.5 million USD, accounting for 60.8% of the total newly-registered capital. Japan came next with 32 projects worth 16.5 million USD, or 8.3%, and Hong Kong (China) was

third with 25 projects worth 11.1 million USD, equivalent to 5.6%.

Up to 121 projects received additional capital of 403.3 million USD, marking an annual decrease of 35.3%.

US projects recorded the most adjusted capital with 215.1 million USD, or 53.3% of the total.

Foreign investors spent 541.1 million USD on capital contribution and share purchase in the period, up 9.3% annually. Singapore and Cayman Islands

posted the highest capital contribution, with 53.6% and 11/5% of the total, respectively.

4. Banks to promote online lending through national population database access

Deputy Governor of the State Bank of Vietnam (SBV) Pham Tien Dung said accessing the national population database will help banks to check and authenticate new customer information more easily.

foundation to move towards all banks operating in the digital environment, said economist Le Xuan Nghia.

Commercial banks will promote lending services on their electronic platforms based on this database.

Nguyen Thi Kim Oanh, Vietcombank Deputy General Director, said the development of online lending would solve the needs of people and banks.

The draft amending the Law on Credit Institutions has many regulations specifying banking services via electronic devices.

In the past, the banks were still cautious of online lending because the customer database still had junk information and was not authenticated.

Besides that, several provisions supplemented by the Civil Law and the Law on Electronic Transactions are necessary to complete the legal framework for online lending.

The other problem is the automatic credit appraisal and approval due to data limitations and unclear legal basis. One more thing is to lack of customer information to collect debts.

Online lending, mostly small loans, has been implemented by many banks for a long time. However, this lending form has not been specified in the law. So many banks have carried out online lending with fear that the lending contract will be declared invalid in the case having a legal dispute.

But accessing the national population database and applying the automatic appraisal and approval mechanism is a good opportunity for State-owned joint-stock commercial banks to solve those problems, helping individuals easily get online banking loans with reasonable interest rates, Oanh told *Đau tu* (Investment) newspaper.

In addition, due to a large amount of junk data and virtual accounts, banks are not interested in promoting online lending because of having many risks.

A representative of Techcombank said in the past, the traditional lending process was often carried out through many steps, spending a lot of time and human resources. Now, thanks to the bank's large data on customers and the national population database, the bank hopes to improve the speed of processing lending procedures and enhance risk management.

Since the national population database was formed, the SBV has coordinated with the Ministry of Public Security to verify 25 million customers in the credit information database and focuses on verifying the remaining 26 million customers within the next few months.

Several banks have coordinated with the Police Department for Administrative Management of Social Order (C06) under the Ministry of Public Security to start testing a citizen credit scoring system based on population data.

Owning this huge amount of clean customer data is a golden opportunity for banks to promote digital services and products, especially online lending.

The banks will initially provide unsecured loans for small loans based on the citizen credit scoring system. This solution will promote the retail lending of the banks.

Allowing the banks to access the population database together with completing the legal framework on digital banking is an opportunity for the banking industry to grow strongly in the future. A solid legal corridor and clean database are the

According to a leader of the Bank for Investment and Development of Vietnam (BIDV), the central bank must have official regulations on implementing this solution.

In addition, Oanh from Vietcombank said the Ministry of Public Security needs to update population data promptly to ensure a smooth connection between the banking system with VNeID - the electronic identification application and the citizen credit scoring system not to affect the customer's experience.

According to Oanh, the SBV and other State management agencies must also adjust relevant

legal provisions to create favourable conditions for providing loans in the digital environment.

Ngo Minh Sang, director of individual clients at Viet Capital Bank, said that the legal documents have not kept up with the changes in the market, so it is necessary to change the legal documents soon and to synchronise data.

For example, the tax code is managed by the tax authority, while the bank manages the credit information. The national data must synchronise the information.

5. Government support helps aquaculture industry weather difficulties

According to Hang, the Prime Minister has demanded the State Bank of Vietnam effectively manage credit operations to ensure the suitable provision of credit capital, and continue to reduce interest rates to support businesses, especially those in aquatic export.

The bank has been required to implement supportive and preferential policies, including proposing a credit package worth 10,000 billion VND (over 425.4 million USD) to support businesses operating in forestry and aquatic production and processing industries.

Credit programmes should be prioritised for the fisheries sector, towards creating favourable conditions for businesses involved in the industry to access credit sources serving their production and business activities, thus promoting livelihoods for fishermen.

The Ministry of Industry and Trade has been ordered to focus on trade promotion activities, including continuing negotiations and signing trade agreements with potential partners, in order to expand export markets for Vietnamese aquatic products.

It is also tasked with protecting brands of export-import goods in international markets in the event of trade disputes, and providing guidance on legal mechanisms and regulations to help individuals and businesses comply with legal requirements and international commitments.

The PM has asked the Ministry of Agriculture and Rural Development to closely coordinate with relevant agencies and localities to implement effective measures to fight illegal, unreported and unregulated (IUU) fishing in an attempt to get the European Commission (EC)'s "yellow card" warning against its seafood exports removed.

The ministry is also tasked with exploring and promoting new markets for Vietnam's export activities, and continuing efforts to promote sustainable fisheries management and development.

Meanwhile, the Ministry of Natural Resources and Environment have been required to build land policies to ensure that they are favourable for enterprises to develop in the direction of specialised and large-scale production.

Total agro-forestry-aquatic product exports turnover reached an estimated 20.26 billion USD in the first five months of 2023, down 11.1% year-on-year. The aquaculture sector alone earned 3.47 billion USD, down 25.9%.

China, the US, and Japan remained the top three importers of Vietnamese aquatic products in the period.

The Ministry of Agriculture and Rural Development attributed the situation to the global economic downturn, high inflation rates in some developing countries, and tightened monetary policies in major

markets, saying that businesses are facing difficulties in securing orders.

However, it said that these difficulties are only temporary, adding that the demand for Vietnam's seafood products in major markets has gradually recovered and recorded growth again.

According to Deputy Minister of Agriculture and Rural Development Phung Duc Tien, the export turnover of the sector is expected to enjoy a rebound and achieve growth again from the fourth quarter of this year.

6. Vietnam spends over 2 billion USD on animal feed, material imports in 5 months

The figure marks a year-on-year decrease of 2%.

Animal feed and raw materials from Argentina to Vietnam accounted for 25.8% of the total market shares, followed by India (18.3%) and the US (15.2%).

Compared to the same period last year, the imports from the three countries increased by 3.9%, 130%, and 28.3%, respectively.

MARD recommends that to reduce reliance on imported animal feed, farmers in localities should

make use of available domestic raw materials, produce animal feed by themselves to reduce cost, and find sources of raw materials for animal feed production.

Ministries and agencies were asked to tighten control over the import of meat and by-products, support importers to reduce the costs of products, as well as create favourable conditions for the development of material zones for animal feed production.

7. Mobile Money has nearly 4 million users

Viet Nam had more than 3.9 million people using Mobile Money service by the beginning of last month, an increase of 6.3 per cent compared to March and three times higher compared to the same period last year.

Statistics of the Viet Nam Telecommunications Authority (VNTA) under the Ministry of Information and Communications show that the number of Mobile Money users in rural, mountainous, and remote areas reached more than 2.7 million customers, accounting for 69 per cent of service users.

Currently, there are 9,953 Mobile Money service points nationwide, an increase of 12 per cent compared to March.

The number of units accepting payment via Mobile Money reached 15,326 points, up 0.2 per cent.

The total number of transactions including deposit, withdrawal, money transfer, and payment by Mobile Money is more than 26.1 million transactions, with a total transaction value of more than VND1.7 trillion (US\$71.7 million).

Mobile Money is a service using telecommunications accounts to pay for goods and services of small value.

Unlike conventional e-wallets, Mobile Money provides users with an account attached to mobile subscribers without the need for a bank account.

This account is similar to a telecommunications account, but is allowed to be used to transfer money and pay for legal services and goods in Viet Nam.

Mobile Money service is licensed by the State Bank of Viet Nam to be piloted nationwide for a period of

two years, from November 18, 2021 to November 18 this year.

By co-ordinating to connect network operators with the existing ecosystem, the VNTA will promote Mobile Money service in island districts far from the mainland to increase the number of Mobile Money service points.

Corporate News

8. VCB: Vietcombank permitted to raise capital to \$2.3 billion

↑ 3.27 %

The State Bank of Viet Nam (SBV) just allowed Vietcombank to raise its charter capital from VND47 trillion (US\$2 billion) to VND55 trillion (\$2.3 billion) by issuing shares to pay dividends from the remaining profits of 2019 and 2020.

Previously, the bank's 2022 Annual General Meeting of Shareholders approved the issuance of 856.5 million dividend stocks at a rate of 18.1 per cent.

Once the issuance is completed, its charter capital will increase by nearly VND8.6 trillion to more than VND55.89 trillion, thereby surpassing Vietinbank and BIDV to become the second largest bank, after VPbank.

Vietcombank said that the mobilised capital will be spent on expanding the business scale to meet the economy's requirements, and investing in improving management and operation plans.

The bank also plans to issue a maximum of nearly 2.8 billion shares to pay dividends from the remaining profit of 2021 and the remaining profit accumulated until the end of 2018, which will boost its charter capital up to VND27.6 trillion.

The proposal is accepted by SBV and the Ministry of Finance, and is about to submit to the National Assembly's approval, according to Pham Quang Dung, Chairman of the Board Director of Vietcombank.

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