



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares maintain uptrend with high liquidity

Shares maintained an uptrend on both stock exchanges, fuelled by solid cash inflows. Real estate and construction sectors led the gains.

On the Ho Chi Minh Stock Exchange, the VN-Index extended gains to three days in a row this week, up 0.11 per cent to close Wednesday at 1,109.54 points.

The southern bourse's index gained 1.7 per cent in the last three days and 3.2 per cent this month.

On the Ha Noi Stock Exchange, the HNX-Index increased 0.7 per cent to end at 230.33 per cent. The northern bourse's index has constantly expanded since May 24 and gained 6.7 per cent since then.

The market breadth was positive as the number of advancing stocks exceeded the declining ones, with 519 gainers and 275 losers in the two markets. However, within the VN30 basket (which tracks the top 30 shares by market value and liquidity in HCM City), there were 16 losers, 11 gainers, and three closing flat.

The liquidity of the two exchanges remained at a high level, with the trading volume of the VN-Index reaching one billion shares worth nearly VND18.1 trillion (US\$767 million). Meanwhile, the HNX-Index saw 116.9 million shares worth VND1.9 trillion changing hands.

After the midday break, the VN-Index faced rising profit-taking pressure on large-cap stocks. Nevertheless, the pressure gradually eased

toward the end of the session, allowing the VN-Index to close in positive territory.

This was thanks to the growth of several heavyweight stocks such as steel giant Hoa Phat Group (HPG), Masan Group (MSN), Novaland (NVL) and Investment and Industrial Development Corp (BCM) with gains of between 2.6 per cent and 7 per cent each.

In terms of sectors, realty and construction materials were the best performers, with their indexes increasing by 3.85 per cent and 3.34 per cent, respectively.

Within the building materials industry, several stocks recorded significant gains, including HPG (3.9 per cent), Hoa Sen Group (HSG, 4 per cent), Vicem Ha Tien Cement (HT1, 3.7 per cent) and Pomina Steel (POM, up 7 per cent).

According to Dong A Securities, market liquidity remained at a high level, showing that the market's demand is very strong.

“With savings interest rates falling sharply, the stock channel is an option for many investors when the stock market has an attractive valuation,” they wrote in a note, suggesting investors hold energy (electricity, oil and gas), basic chemicals and infrastructure construction shares groups in the long-term.

Foreign traders concluded the day as net sellers on both exchanges, offloading shares worth net value of VND179 billion.

## Macro & Policies

### 2. Int'l organisations: public investment to propel Vietnam's long-term growth

Andrew Jeffries, Country Director of the Asian Development Bank (ADB) in Vietnam, said with growth-supportive policies through monetary easing and a substantial volume of public investment expected to be disbursed in 2023, Vietnam is expected to cope with current challenges such as the global economic recession and geopolitical tensions.

He forecast that Vietnam's economic growth rate will slightly drop to 6.5% in 2023 and increase to 6.8% in 2024. Public investment will be a key driving force, stimulating the recovery and economic growth in 2023 and 2024, as well as boosting the construction sector and other related economic activities. Along with the swift shift to monetary easing policies in March, the disbursement of public investment is expected to have multidimensional impacts, creating strong growth momentum for the economy.

According to him, the prolonged COVID-19 pandemic since 2021 has exposed structural issues and also posed significant challenges to the Vietnamese economy. The domestic capital market is under pressure. Although the market instability has yet to affect the banking system due to banks' resilience, risks are increasingly present, Andrew said, adding that in the long term, financial sector reforms should be continued to reduce the economy's reliance on bank funding and improve transparency in the capital market.

Meanwhile, Country Director for WB Vietnam Carolyn Turk said unlike many other countries, Vietnam still has room to adopt measures to propel growth. The effective implementation of key public investment projects is a key driver of both short-term and long-term growth. Additionally, fiscal and monetary policies must be synchronous to support the economy and ensure effective macroeconomic stability.

The WB forecast that Vietnam's economic growth in 2023 may reach 6.3%, following a high of 8% in 2022. This decline is attributed to a slowdown in the

service sector's growth, as well as rising prices and interest rates impacting both investors and households. However, the growth is expected to rebound to 6.5% in 2024 as Vietnam's major export markets recover.

She said both domestic and external challenges require the Vietnamese Government to adopt cautious policies based on evidence and data. These policies should include managing the linkage between growth and inflation, and closely monitoring the financial sector. The favourable conditions for a faster global growth recovery may occur sooner than expected, which would boost the export situation and likely contribute to an overall increase in economic growth.

In her opinion, innovation has the potential to achieve promising export turnover. Though accounting for only 9% of the total service export earning and contributing 6.4% of employment in the service sector, the service sector has the highest productivity in the economy.

She suggested that appropriate policies and actions are needed to support small-sized enterprises, remove barriers to trade in services, gradually reduce the use of low technology, overcome the lack of connectivity among other industries and sectors. These measures will help accelerate the growth of this sector.

The immediate task is to remove barriers to trade and foreign investment in the innovative service sector, as well as launch reforms to enhance competitiveness and improve access to finance for domestic enterprises, she said, adding that the Government, along with relevant departments and agencies, should encourage firms to gradually adopt technology and innovation in product development and processes. Efforts should be taken to improve the capacity and skills of the workforce and management officials. Additionally, there should be a greater emphasis on improving the quality of services to further drive growth in sectors where Vietnam has strengths, such as manufacturing and processing.

### 3. EVN strives to ensure stable electricity supply for the north

On June 3-4, director general of National Power Transmission Corporation (EVNNPT) Pham Le Phu inspected the operation of the North-South 500kV transmission system in Ninh Binh, Thanh Hoa, Nghe An, and Ha Tinh provinces.

The transmission line is overloaded

At Ninh Binh power station, Vu Van Loc, the station's director, said that due to the prolonged hot weather, the Ninh Binh section of the transmission line often operates at either full capacity or in an overloaded state.

To ensure power supply in the North during the peak of 2023's dry season, the National Load Dispatch Centre raised the transmission threshold's short-term capacity to 2,600 megavolt amperes (MVA) on the 500kV transmission line at the section of Nho Quan-Nghi Son 2 during peak hours to prioritise the water retention objective of the North's multipurpose hydropower reservoir.

At Thanh Hoa power station, director Lu Thanh Hai said that the management unit operates more than 750km with five substations, which have a total capacity of 1,625MVA. During the prolonged hot weather and rapidly increasing temperatures, Nghi Son town recorded temperatures higher than 40 degrees Celsius, causing the overload situation.

The situation is also similar in Ha Tinh province.

Thus, the leaders of Power Transmission Company 1 (PTC1) and the power stations regularly monitor operations, especially at stations that are operating at full capacity and overload, to find solutions to ensure stability.

#### **Allocating maximum resources for the North-South 500kV transmission line**

At the meeting, representatives of the power stations mentioned difficulties such as the limited backup equipment due to dependence on imported products. In addition, the substation workforce is

small, so there are many limitations when repairing and maintaining equipment during very brief power outages.

Phu acknowledged and greatly appreciated the power stations in Ninh Binh, Thanh Hoa, Nghe An, and Ha Tinh for proactively implementing solutions to ensure safe and stable network operations during the hot weather and operating the power grid at full capacity in this pressure situation.

Phu assessed that the North-South 500kV transmission line from Ha Tinh to Nho Quan plays an important role in ensuring electricity for the North. Therefore, it is necessary to continue to focus on the implementation of solutions to ensure the safe and sustainable operation of the power grid in the summer under the directives of Electricity of Vietnam and EVNNPT.

"We should take advantage of cold weather days and low transmission demand to dispatch units for the maintenance, repair, and replacement of equipment if there is a risk of damage," he said.

He also assigned these units to strengthen operational management and monitoring, especially for the 500kV North-South backbone, and fully review all backup solutions to minimise the occurrence of incidents during periods of high transmission.

PTC1 is required to urgently organise human and material resources to support Ninh Binh, Thanh Hoa, Nghe An, and Ha Tinh to ensure the best possible operation of the 500kV transmission axis, making sure that it is ready in any situation to provide continuous, safe, and stable power during summer.

The unit must assign the task of ensuring electricity supply as the first, highest, and most important priority. Leaders of units have to prioritise dealing with all work related to the operation of power stations and the transmission line.

#### 4. VN remains an attractive retail market: reports

Việt Nam remains an attractive market for retailers as Vietnamese consumers remain optimistic about the economic challenges and are driving premium purchases.

Vietnamese consumers' overall optimism remained one of the highest among countries globally, according to global management consulting firm McKinsey.

McKinsey wrote in a recent article on its website that Vietnamese consumers were optimistic that the country's economy would rebound within two to three months and grow just as or even more strongly than before the COVID-19 pandemic.

There was also a clear intent by consumers to "splurge" and treat themselves, with more than 70 per cent of respondents saying they intend to increase spending on categories of products or services they spent less on over the past year and a half.

It was estimated that more than half of the Vietnamese population would enter the global middle class by 2035, creating more disposable income and fuelling consumption.

However, Vietnamese consumers were also becoming more discerning and value-conscious.

McKinsey analysis showed that Việt Nam's prospects remained strong for the upcoming decade since GDP growth was on the rise again – with year-on-year growth of 2 to 7 per cent expected between 2023 and 2030.

However, the country was facing headwinds at the start of 2023 which were likely to impact the ability of its population to spend.

"More Vietnamese consumers anticipate a reduction in income and savings than consumers in other Asia - Pacific countries, with more than 90 per cent noting price increases, fears of inflation, gas shortages coupled with higher fuel prices, and rising interest rates. These mounting financial pressures and uncertainties are accelerating consumers' shift to more discerning shopping choices."

McKinsey said that Vietnamese consumers were becoming more sophisticated and seemed to be evolving in four ways: they were more value-conscious, preferred omnichannel platforms, had less brand and store loyalty, and looked for purpose in what they bought.

A report by global trend forecasting organisation WGSN also said that Việt Nam was a key growth market in the Asia – Pacific for brands and retailers this year.

WGSN also said that Vietnamese consumers were increasingly having trust in domestic brands and products with 76 per cent said preferring goods of domestic brands to foreign brands, urging brands and businesses to seamlessly blend in-person and online channels by investing in online presence, service discovery 'click and collect' (order online and pick up in store), pay in-store for online orders, and multi-service upgrades.

As Vietnamese consumers were embracing the convenience and ease of digital payments, brands needed to start integrating digital payments and diverse payment methods across channels to reduce problems and increase conversion rates, as the trend of using cash will decrease in the coming years, WGSN said.

#### 5. VN, China to boost cooperation in market surveillance

The meeting was expected to mark a start for cooperation between the Vietnamese Ministry of Industry and Trade (MoIT), the Vietnam Directorate of Market Surveillance (DMS) and the SARM, An said.

Pu Chun, for his part, said that MoIT was the first agency a SARM leader had visited since its establishment in 2018, expressing his willingness and wish to increase cooperation with the MoIT and its DMS, especially in food safety inspection and management.

The cooperation in market surveillance would contribute to facilitating the import of high-quality food and agricultural products from Viet Nam for consumption in China and create a base to strengthen the stable and long-term trade cooperation between the two countries.

Head of the DMS Tran Huu Linh suggested the two sides increase the exchange of information to increase the effectiveness of preventing counterfeit goods, particularly food of unknown origin, amid a boom in e-commerce.

Linh also said that a memorandum of understanding on cooperation between the MoIT and the SAMR should be signed soon to step up the information exchanges.

Statistics by Vietnamese Customs showed that trade between Viet Nam and China reached US\$175.56 billion last year, up 5.47 per cent from 2021, of which Viet Nam's exports were valued at \$57.7 billion, up 3.18 per cent.

Notably, China remained Viet Nam's biggest trade partner, largest exporter and second biggest buyer, after only the US.

In the first four months of this year, the export of agro – forestry – fishery products to China reached \$3.14 billion. Viet Nam imported about \$939.7 million worth of agricultural products from China in the period.

A potential market

Deputy Minister of Agriculture and Rural Development Tran Thanh Nam said that China, with a population of 1.41 billion and average income per capita of \$13,800 in 2022, was a potential market for Vietnamese agricultural products.

Nam, however, said that the demand for cross-border trade between the two countries was huge, putting pressure on the infrastructure system, and urging more attention to invest in upgrading the infrastructure system.

Enterprises from the two countries should enhance cooperation to establish supply chains for agricultural products, Nam said. He pointed out that the cooperation of enterprises between the two sides lacked sustainability. Thus, disruptions easily occurred, adding that the two sides still bought and sold sporadically and did not understand the upcoming demand for goods. "There is no sustainable connection due to the lack of information," he said.

Nam said that the ministry recently worked with Yunnan and Guangxi provinces on the founding of an association of agricultural product enterprises, a bold move towards establishing sustainable supply chains based on an understanding of market supply and demand.

China was a huge market and no longer an easy market, Nam said, urging Vietnamese firms to meet the quality requirements of China to export sustainably.

## 6. HCM City seeks to promote export of mechanical products

The Investment and Trade Promotion Centre of HCM City (ITPC) and HCM City Association of Mechanical-Electrical Enterprises are jointly organising the "HCM City Products Week 2023 - Mechanical and Electrical Devices and Digital Technology" which attracts the participation of over 40 businesses.

Exhibitors are showcasing machinery, electrical equipment, digital technology services and

solutions, logistics services supporting the mechanical engineering and electrical equipment manufacturing industry, and warehouse storage solutions.

According to Tran Phu Lu, ITPC Deputy Director, the products selected by businesses to showcase in the exhibition are reputable and high-quality items with beautiful designs and advanced technology,

which also incorporate digital technology and automation in their applications.

The expo, to go on until June 7, is part of a city trade promotion campaign to help mechanical and electrical businesses promote their brands and products.

Mechanical engineering, machinery, and electrical equipment are key industries and serve as drivers of HCM City's industrial development. Due to the impacts of the global economic downturn, HCM City's export turnover in the first half of 2023 is falling sharply.

In addition to trade promotion activities and market support, the municipal administration is also focusing on resolving difficulties and obstacles facing local businesses related to capital for production and consumption, thus helping businesses boost their export in the second half of the year and next years.

With support from the management authorities, mechanical and electrical businesses are making efforts to meet the criteria for joining supply chains.

According to the Department of Industry under the Ministry of Industry and Trade (MoIT), Vietnam

has around 25,000 mechanical and electrical businesses, accounting for nearly 30% of the total number of processing and manufacturing enterprises in the country.

Data of the General Statistics Office (GSO) shows that in the first quarter of 2023, the export turnover of machinery, equipment, tools and spare parts group reached an estimated 9.85 billion USD, down a 3% year-on-year.

The main importers of Vietnamese machinery, equipment, tools and spare parts in the period were the US (3.99 billion USD), the European Union (1.46 billion USD), China (701 million USD), and Japan (663 million USD).

According to insiders, the shifting of manufacturing workshops from China to Southeast Asian in general and Vietnam in particular is creating a great opportunity for Vietnamese businesses to access investment sources from foreign countries.

Tran Quynh Huong, who is in charge of supply chain management at Source of Asia, said with the presence of multinational companies such as Samsung, Foxconn, and Intel, Vietnam has become a leading country in the export value of electrical and electronic products over the past decade.

## 7. Kien Giang's industrial production value increases by 10% in five months

The industrial production value of the Mekong Delta province of Kien Giang in the first five months reached more than 17.8 trillion VND (758 million USD), making up 36.96% of the yearly target and up 10% compared to the same period last year, the provincial Department of Industry and Trade has revealed.

Director of the Kien Giang Department of Industry and Trade Truong Van Minh said that the province has synchronously implemented solutions to boost industrial production activities and support businesses to recover and bolster production.

Besides, businesses have made great efforts to overcome difficulties, promote production and business, and seek new markets, among others.

Local authorised agencies have regularly monitored market developments, stepped up supply-demand linkages, connected trade and consumption of goods via several distribution channels nationwide, particularly the consumption of One Commune – One Product (OCOP), typical rural industrial and agricultural products.

The province has accomplished the construction of infrastructure at Thanh Loc industrial park in Chau Thanh district (Phase 1) and part of Thuan Yen

industrial park in Ha Tien city, with a total investment of more than 865 billion VND.

These industrial parks have to date attracted 24 registered investment projects, with a total leased land area of more than 95 hectares, and total registered investment capital of over 6.73 trillion VND, of which 17 projects have been put into operation and seven projects are carrying out construction procedures.

Besides, other industrial clusters such as Vinh Hoa Hung Nam in Go Quao district and Ham Ninh in Phu Quoc city have accomplished basic technical infrastructural works and are calling for further investment.

To date, these industrial clusters have attracted four investment projects, with total registered capital of more than 1.35 trillion VND, of which three projects have been put into operation and one project is under construction.

Leaders of the Kien Giang Department of Industry and Trade said that the province has continued to assist businesses in recovering and developing production through supporting policies on

investment, production and business capital from socio-economic recovery programmes in accordance with Resolutions of the National Assembly, the Government and the province, especially in the processing and manufacturing areas to help enterprises have more resources to recover and boost production and business activities.

The province is striving to reach an industrial production value of more than 48.18 trillion VND in 2023, an increase of 8% compared to the figure in 2022.

In the coming time, the province will review the investment and production situation in 2023 of key industrial projects in an attempt to remove difficulties and support businesses to soon increase production capacity, especially investment projects in industrial parks.

The province will also focus on solving difficulties in Thanh Loc industrial park in order to call for and grant investment licences to new projects, creating room for the province's industrial growth in the last months of 2023 and in the coming years.



## Corporate News

### 8. VSH: Result of bond repurchase before maturity

↑ 0.89 %

On May 31, 2023, Vinh Son - Song Hinh Hydropower Joint Stock Company announces the result of the repurchase of bonds before maturity as follows:

Unit: million dong.

No.	Bond code	Par value (VND)	Term	Issue date	Maturity date	Issue volume (at par value)	Outstanding volume (at par value)	Repurchase volume (at par value)	Execution date (at par value)	Remaining volume after the repurchase
1	VSH_BOND_2019_4	1,000	7	04/24/2020	04/24/2027	100,000	17,000	17,000	05/31/2023	0
2	VSH_BOND_2019_5	1,000	7	05/25/2020	06/24/2027	100,000	17,000	17,000	05/31/2023	0
<b>Total</b>						<b>200,000</b>	<b>34,000</b>	<b>34,000</b>		<b>0</b>

### 9. BAF: SSC received the documents of the 2nd bond public offering

↑ 1.26 %

BAF Viet Nam Agriculture Joint Stock Company received the Official Dispatch No.3317/UBCK-

QLCB dated June 05, 2023 from the State Securities Commission of Vietnam (SSC) regarding the approval of the documents of registration for the 2nd bond public offering of BAF Viet Nam Agriculture Joint Stock Company (BAF).

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