



VIETNAM DAILY NEWS

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Table of content

Table of content

1. VN-Index nears seven-week high
2. Positive domestic demand, exports to boost Viet Nam's growth in 2022
3. Rubber industry experiences strong profit growth in 2021
4. PM orders ministries to look into tax reduction on gasoline
5. US to help Vietnam meet key COP26 commitment: climate envoy
6. Vietnamese products increasingly popular in Hong Kong: Official
7. PM orders balance of petrol demand, supply for domestic market
8. PNJ: PNJ wins prestigious JNA award as Manufacturer of the Year
9. HVN: Vietnam Airlines launches flight delay insurance product

Market Analysis

1. VN-Index nears seven-week high

Vietnam's benchmark VN-Index rose 0.59 percent to 1,512.30 points Wednesday, highest in nearly seven weeks.

The index stayed in the green throughout the day and closed nearly nine points higher after losing seven points Tuesday.

Trading value on the Ho Chi Minh Stock Exchange (HoSE), on which the index is based, fell 20.6 percent to VND22.39 trillion (\$980 million). The VN30 basket, comprising the 30 largest capped stocks, saw 21 tickers in the green, with VJC of budget airline Vietjet gaining 3.8 percent after losing for two sessions in a row.

TPB of private TPBank rose 2.7 percent in its third straight gaining session.

BVH of insurance company Bao Viet Holdings rose to the highest in two months with a 2.3 percent increase.

Other gainers included POW of electricity producer Petrovietnam Power Corporation, up 2 percent, and VRE of retail real estate arm Vincom Retail, up 1.2 percent.

Seven blue chip tickers fell, with BID of state-owned lender BIDV and NVL of real estate developer Novaland Group both losing 0.9 percent.

Foreign investors were net buyers to the tune of VND155 billion, with focus on DXG of real estate developer Dat Xanh Group and VJC.

The HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, rose 1.87 percent while the UPCoM-Index for the Unlisted Public Companies Market gained 0.44 percent.

Macro & Policies

2. Positive domestic demand, exports to boost Viet Nam's growth in 2022

A rebound in domestic consumption demand and surge in exports are expected to be drivers for Viet Nam's economic growth in 2022.

Many international organisations have been upbeat about the recovery of the Vietnamese economy. Among them, Fitch Ratings gave the most optimistic view as it expected the country's economy to grow by 7.9 per cent in 2022 and 6.5 per cent in 2023 in its recent report.

Fitch's forecast is higher than the growth target set by the Vietnamese Government (6-6.5 per cent) and other institutions such as the World Bank (5.5 per cent) and the Asian Development Bank (6.5 per cent).

According to Fitch, Viet Nam's recovery is set to gather momentum this year, as domestic demand rebounds and export performance remains strong.

"We expect goods demand growth to decelerate in the developed world in 2022 as activity normalises and services demand picks up. However, Viet Nam's export sector should remain a regional outperformer, benefitting from its cost competitiveness, diversion of trade from China and a variety of key trade agreements," Fitch stated.

In fact, exports have been a major driver of Viet Nam's growth for many years. Despite adverse impacts of the COVID-19 pandemic, Viet Nam's export turnover last year reached more than \$336.3 billion, up 19 per cent over the previous year. As exports grew faster than imports, the country last year had a trade surplus of \$4.08 billion.

According to ADB Principal Country Economist for Vietnam Nguyen Minh Cuong, free trade agreements Viet Nam has signed over the past two years will open up lots of opportunities for the country to access different markets, which will facilitate the development of domestic production of the industry, agriculture and service sectors.

The latest report of London-based information provider IHS Markit also showed the Vietnam Manufacturing Purchasing Managers' Index (PMI)

rose to 53.7 in January 2022 from 52.5 in December 2021. It signals a solid improvement in business conditions that was the most marked since April last year. Both output and new orders increased at a high rate in the opening month of the year as customer demand continued to rise. Experts attributed the improvement in total new orders to foreign enterprises' activities, with the fastest growth rate since November 2018.

Under IHS Markit's report, the companies are also confident in the production outlook for 2022. About 60 per cent of respondents expected an increase in output, reflecting the highest level of optimism in the past three years.

Andrew Harker, Economics director at IHS Markit, said: "Vietnamese manufacturers made a positive start to 2022, with the absence of any widespread restrictions meaning that the sector was able to grow despite relatively high COVID-19 case numbers. Firms were also increasingly confident about the year-ahead outlook."

Besides the positive signals in the country's export and domestic consumption demands, services and tourism are also considered new drivers for the country's growth in 2022 after two years of interruptions.

The Vietnamese Government has announced a roadmap to reopen the tourism industry under new normal conditions from March 15 this year while international flights have also started to resume.

The factors are important for tourism and investment to recover, creating a foundation for economic recovery, experts said.

However, Deputy Minister of Planning and Investment Tran Quoc Phuong noted Viet Nam would have to rely on all fields from industry, agriculture, services and tourism to public investment to revive its economy.

The country therefore would have to drastically implement measures set out in Resolution No. 01/NQ-CP and Resolution No. 11/NQ-CP about

programmes on socio-economic recovery and development to turn the drivers into reality.

3. Rubber industry experiences strong profit growth in 2021

Rubber is one of the industries posting good performance despite many sectors struggling due to the COVID-19 pandemic.

In its fourth-quarter financial statement, Vietnam Rubber Group (GVR), one of the leading rubber companies in Viet Nam, said that its net revenue rose 6.6 per cent year-on-year to VND9.6 trillion (US\$4.2 million). Of which, revenue from producing and trading latex still plays a key role, with a gain of nearly 19 per cent to VND7.46 trillion.

In addition, the wood processing segment also brought back more than VND1 trillion in revenue.

While other business segments recorded growth, the real estate and infrastructure businesses reported a decrease of 47 per cent to VND183 billion.

However, as there was no longer profit from the divestment of member companies and liquidation of rubber plantations, its profit after tax in the fourth quarter of 2021 declined by 44 per cent to nearly VND1.8 trillion.

For 2021, the company's net revenue reached VND26.35 trillion, up nearly 25 per cent compared to 2020. It resulted in a gain of 10 per cent in profit after tax to VND5.6 trillion, completing and exceeding 23 per cent of the plan.

Even though Vietnam Rubber Group had the highest profit last year, Dong Phu Rubber JSC (DPR) was the one with the largest growth in terms of profit.

Despite posting a fall of 3.5 per cent over the same period of 2020 in revenue, the company's profit after tax was still four times higher at VND330 billion thanks to other incomes totalling more than VND229 billion.

Accumulated in 12 months of 2021, Dong Phu Rubber's net revenue reached VND1.2 trillion, up 6.8 per cent on-year, with revenue from the latex

business being VND860 billion, accounting for around 71 per cent of its total revenue.

Revenue from the liquidation of rubber trees reached VND122 billion.

Therefore, its profit after tax jumped 132 per cent to VND491 billion. The company's earnings per share (EPS) was also in the top at VND10,752.

Tabiruco (RTB) is also a business witnessing strong profit growth.

In 2021, its net revenue reached VND889.3 billion, up 32.5 per cent over 2020. With profit before tax up 3 times higher than the yearly target, the company's profit after tax doubled to VND379.6 billion.

Similarly, Baruco (BRR) recorded a rise of 27.2 per cent in net revenue to VND500 billion, resulting in an increase of 34.2 per cent in profit after tax to VND146 billion. With the business results, Baruco exceeds 20.5 per cent of the profit target set for the whole year.

Victory is not for all

On the contrary, Phuoc Hoa Rubber JSC (PHR), also one of the leading producers in the industry, reported a decline of 11 per cent in net revenue of the last quarter of 2021 to nearly VND663 billion, with profit after tax down 40 per cent to VND237.5 billion.

For the whole year, its net revenue still rose by over 19 per cent to VND1.9 trillion.

However, in 2021, as there was no other income, its profit after tax edged down 48.6 per cent year-on-year to VND578 billion.

Another name leaving a huge impact for investors last year was Quang Nam Rubber.

Four years ago, in 2017, the company suddenly reported a loss of nearly VND1.2 trillion, with revenue of only tens of billions of dong.

Since then, it has generated almost no revenue, or only a small amount which was less than VND10 billion.

In both 2020 and 2021, Quang Nam Rubber did not generate revenue, losing VND65 billion and VND50 billion, respectively.

Therefore, accumulated to December 31, 2021, it lost VND1.36 trillion, with equity down to VND167 billion.

Last year, the company also experienced many ups and downs with changing its name and business lines twice.

Of which, in May 2021, the company changed its name from Quang Nam Rubber to Viet Trung Viet Investment and Development JSC, and transformed

its core business from planting and trading rubber to real estate.

Then, at the end of 2021, the company changed its name again to Tay Ba Na Group JSC, but kept its stock symbol of VHG.

Positive outlook in 2022

Vietnam Rubber Group said that the country's rubber industry will benefit from both export volume and value due to tight global supplies, especially in Southeast Asia as the region is severely affected by the weather, leading to a decrease in the production of natural latex.

Therefore, the price of latex is expected to continue to rise sharply.

A report from the Import-Export Department, under the Ministry of Industry and Trade showed that the country's rubber price increased slightly last month.

4. PM orders ministries to look into tax reduction on gasoline

Prime Minister Pham Minh Chinh has instructed the trade and finance ministries to study the possibility of lowering the environmental tax on fuel amid surging prices.

The Ministries of Industry and Trade and Finance need to make a submission on this by February 28, he said.

The environmental tax on the popular RON 95 gasoline is currently VND4,000 per liter (\$0.18) or around 15 percent of its retail price. The ratio is similar for the biofuel E5 RON 92.

It is one of several taxes on gasoline, the others being special consumption tax (8-10 percent), import tax (8 percent) and value-added tax (10 percent), which add up to 42-43 percent of the retail price.

The environmental tax cut will be determined by the Standing Committee of the National Assembly after looking into the proposal from the government.

A reduction in the tax is said to help cool down gas prices, which are now at a historic high.

Nghi Son, one of the country's two refineries, cut production recently due to a cash crunch.

Following a price hike on Monday, the latest in a series, gasoline prices are up 12.8 percent this year.

Following reports of shortages in some places, especially in the south, the government is set to auction 102 million tons of RON 92 gasoline from the national reserves this month to increase supply.

Chinh said since gasoline and diesel are sensitive goods which have a large impact on consumer sentiment, their prices must be strictly regulated in accordance with the laws.

"The Ministry of Industry and Trade must ensure there is no shortage of gasoline and diesel".

5. US to help Vietnam meet key COP26 commitment: climate envoy

The U.S. special presidential envoy for climate, John Kerry, has expressed high appreciation for Vietnam's COP26 commitments and reaffirmed his nation's pledge to assist with this effort.

Kerry's reaffirmation came in talks held with Vietnamese President Nguyen Xuan Phuc in Hanoi, a foreign ministry press release said Wednesday.

Kerry, who is paying a four-day (Feb. 22-25) visit to Vietnam, said the U.S. stood ready to assist Vietnam in reviewing, adjusting its strategy and planning towards the goal of achieving net-zero emissions by 2050, a key commitment announced by Vietnam's leaders at the COP26 meet in the U.K. last November.

Kerry said the U.S. will continue to work closely with Vietnam on specific and timely measures, especially in developing renewable energy and reducing emissions, formulating policies to phase out coal power and developing sustainable infrastructure.

He said the U.S. can help Vietnam in transitioning to a clean energy model, especially through solar energy.

He stressed the importance of this move, given that rising sea levels are likely to severely impact the Mekong Delta and other low-lying areas in Vietnam.

President Phuc said Vietnam considered climate change response an area of strategic cooperation between the two countries. He requested the U.S. to increase financial and technical support to help Vietnam fulfill commitments made at COP26 and to move towards establishing an equitable energy transition partnership with a number of partners, including the U.S.

In an event hosted by the USAID later, Kerry told the media that "President Biden is very committed to helping Vietnam in a big way to transition from coal to new technologies."

Government decisions should help move in that direction, he said.

Vietnam can have a very balanced power sector, combining hydropower, wind power and solar power, he said, adding it also has potential to develop its offshore capacity for wind power.

"Vietnam has a good story to tell about the future."

Kerry also attended a ceremony Wednesday where the Innovation Challenge Fund (ICF) was announced, saying it could play an important role in tackling climate change challenges.

The ICF is part of Vietnam Urban Energy Security, a four-year, \$14 million USAID-funded project that aims at improving frameworks, mobilizing investment and increasing the adoption of innovative solutions for advanced, distributed energy in urban areas.

With a \$2 million allocation, the ICF targets funding 20 pilot projects and/or demonstrations of new products, business models or financing models for advanced urban energy systems in Da Nang and/or HCMC. Successful applicants will receive funding of up to \$100,000.

Kerry also emphasized the important role of the Vietnam Low Emission Energy Program project that the U.S. is funding to the tune of \$36 million. Under this project, USAID will help Vietnam continue its transition to a clean, secure and market-based energy sector by increasing the deployment of advanced energy systems, improving energy sector performance, and increasing competition in the energy sector.

Both Vietnam and the U.S. will attend the COP27 meeting in Egypt this November.

6. Vietnamese products increasingly popular in Hong Kong: Official

Vietnamese products have become more visible in the Hong Kong (China) market thanks to strong trade ties between the two sides, said Vu Thi Thuy, head of the Vietnamese Trade Office in Hong Kong.

Thuy cited statistics from the General Department of Vietnam Customs showing that two-way trade between Viet Nam and Hong Kong rose 18 per cent year on year to US\$13.6 billion in 2021, with Viet Nam's exports valued at \$12 billion, up 15 per cent.

The Hong Kong market accounted for 3.6 per cent of Viet Nam's total export revenue, she noted.

In terms of investment, Thuy said that as of December 20, 2021, Hong Kong was the fifth largest investor in Viet Nam with 2,041 projects worth \$27.83 billion, focusing on processing-manufacturing, garment and textile, service, real estate and construction sectors.

In 2021, 126 new Hong Kong-invested projects were licensed in Viet Nam with total capital of nearly \$1.7 billion, she noted.

Thuy said that despite COVID-19, trade between the two sides remained stable and Viet Nam continued to enjoy a trade surplus in the market. Viet Nam has affirmed its position and production capacity in the global production and supply chains with tighter links with those in Hong Kong.

At the same time, Viet Nam has been among the top 10 biggest trade partners of Hong Kong for many years. In 2021, Viet Nam rose to seventh position, and the second among ASEAN countries.

The ASEAN-Hong Kong free trade agreement, which took effect from 2019, has also contributed to promoting two-way trade which has increased over 10 per cent each year, Thuy said, adding that more and more Vietnamese products have been sold in Hong Kong.

Vietnamese garments, footwear, pork and seafood have become popular among Hong Kong consumers, she said.

According to Thuy, the Regional Comprehensive Economic Partnership (RCEP) has had positive impacts on the Viet Nam-Hong Kong trade and investment cooperation. RCEP, the biggest trade pact in the world, brings together 10 ASEAN member states, along with China, Japan, the Republic of Korea, Australia and New Zealand, covering 30 per cent of the global gross domestic product (GDP) worth \$26.2 trillion. In June 2021, Hong Kong filed a request to join the deal.

Thuy said that in the future, the Vietnamese Consulate General and the Vietnamese Trade Office in Hong Kong plan to implement many activities to promote Vietnamese products in Hong Kong as well as in the region and the world, while helping attract more Hong Kong investors to Viet Nam.

7. PM orders balance of petrol demand, supply for domestic market

Prime Minister Pham Minh Chinh has issued a dispatch requesting the joint efforts of ministries, sectors and localities to ensure a balance between supply and demand of petroleum products.

This request is also necessary to meet the needs of the domestic market and support socio-economic recovery and development.

In the document on Tuesday, he noted that petroleum is a strategic, important and sensitive commodity that affects people's psychology and

directly impacts macro-economic stability, so it must be managed and operated in a scientific and strict manner, in accordance with legal provisions.

He asked the Ministry of Industry and Trade to coordinate with relevant ministries and agencies in managing the balance in the petroleum market to avoid shortages and conducting inspections of supply and distribution units as well as trading stations across the country in order to detect and deal with acts of hoarding petroleum for profit and other violations.

The ministry was required to collaborate with the Committee for Management of State Capital at Enterprises in working with the Viet Nam Oil and Gas Group (Petrovietnam) and related agencies and units to determine the committed output of domestic petrol manufacturing enterprises as a basis for ensuring the imports of petroleum meet market needs.

It should actively cooperate with the Ministry of Information and Communications, the Ministry of Finance and relevant agencies to provide adequate and accurate information on petroleum production, import and distribution, price administration, directions of the Government and the Prime Minister on this issue, as well as related violations and handling measures on mass media.

The Government leader also requested the Ministry of Finance to coordinate with the Ministry of Industry and Trade and relevant agencies in studying and proposing a plan to adjust the tax policy on environmental protection for petroleum products, and asked the People's Committees of provinces and centrally-run cities to closely inspect and supervise the sale of petrol and oil at retail stores in the localities.

Talking to the press on Tuesday, Tran Duy Dong, Director of the Domestic Market Department, Ministry of Industry and Trade, said that to ensure the continuous supply of petroleum to the market, the investment units have boosted the import of petroleum to make up for the shortage of supply from domestic production.

Currently, PV Oil is importing more and expects about 66,000 m3 of petrol to arrive by the end of this month; Petrolimex imports 300,000 m3 of petroleum; Hai Ha Petro imports about 90,000 m3 of oil.

Data from the General Department of Customs showed that petroleum imports of key traders reached 803,000 m3 in the first 15 days of this month, an increase of more than 60 per cent compared to normal. About 600,000 m3 will be imported in the last days of this month.

"With such a supply situation, the local shortage of petroleum will soon be resolved, and the supply and demand for the domestic market will be stable," said the director.

Recently, Deputy Minister of Industry and Trade Nguyen Sinh Nhat Tan signed and sent Document No 764/BCT-KH to the Ministry of Finance and the Ministry of Planning and Investment asking for opinions on the plan to auction RON 92 national reserve gasoline in Viet Nam of 12 storage points of three enterprises, namely Petrolimex, PVOil and Petimex.

Accordingly, the auctioned property is a national reserve shipment consisting of 101,976,121 litres of RON 92 gasoline, which is used to prepare E5 gasoline, at the actual temperature at the storage warehouse according to data as of December 31 last year.

The auction starting price is specified for 1 litre of RON 92 gasoline at the actual temperature at the petroleum storage depot. Other costs will be paid by the purchaser.

According to this document, the starting price is temporarily calculated to determine the reservation based on Decision No 1641/QD-BCT dated August 27 last year of the Ministry of Finance on the minimum selling price of national reserve RON 92 gasoline.

Corporate News

8. PNJ: PNJ wins prestigious JNA award as Manufacturer of the Year

↓ -0.36%

Phu Nhuan Jewelry Joint Stock Company has won the Manufacturer of the Year award at the 2021 Jewellery World Awards.

So far PNJ is the only Vietnamese company to win this prestigious award.

The JWA is among the most respected programmes in the jewellery and gemstone trade that honours companies and individuals that demonstrate innovative thinking and best business practices and excellence. The judging panel included reputable and influential experts from key sectors of the jewellery industry and the World Gold Council.

The Manufacturer of the Year award was chosen based on many rigorous criteria including manufacturing level, production scale, supply capacity and ability to effectively respond to challenges caused by the COVID-19 pandemic to assert its position in the international market. Surpassing hundreds of reputable jewellery firms in Asia and other regions around the world, PNJ has won the award.

PNJ owns a modern production line and constantly invests in upgrades. The company has a team of nearly 100 creative and well-trained designers including those who studied abroad, more than 1,000 skilled artisans and jewellers, along with a team of senior technical experts in the fields of gemstones, precious metals and processing techniques.

PNJ annually launches more than four million products to the market, in which many jewellery masterpieces have proved Viet Nam's jewellery manufacturing skill at the top level in the international market.

PNJ has recently put into operation its second plant in Long An for making premium product lines to serve the domestic and export markets.

PNJ reported positive business results in January with its net revenue rising by 60.2 per cent over the same period last year to reach VND3.48 trillion (US\$152.29 million).

Its net profit was at VND270 billion (\$11.8 million), up 60.7 per cent year-on-year.

9. HVN: Vietnam Airlines launches flight delay insurance product

↑ 0.57%

Vietnam Airlines in cooperation with the Postal Insurance Corporation (PTI) has launched a flight delay insurance product.

FLY PRO is an insurance product exclusively for passengers of Vietnam Airlines on domestic and international flights departing Việt Nam.

Passengers participating in the insurance program will receive maximum protection when the flight is delayed 120 minutes or more.

The compensation is also paid in case the flight must return, lands at another airport, is cancelled

or the delay leads to missing the next flight including on other airlines.

Under the policy, which costs VNĐ60,000 (US\$2.6) per person each way, passengers are insured up to VNĐ1,500,000.

Passengers will be paid within 15 days, and the claim period is up to 1 year.

A representative of Vietnam Airlines said that although ensuring on-time flights was always the airline's top priority, flight delays and cancellations still happened for many reasons

Passengers can buy the flight delay insurance on the Vietnam Airlines website.

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