



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index falls below 1,400 points on strong selling force

The stock market finished lower on Wednesday, extending its long bearish trend, on persistent strong selling pressure.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index fell 21.73 points, or 1.55 per cent, to 1,384.72 points. The index reversed the morning's course as selling force surged in the last minutes of the afternoon session. It fell for the fifth straight session.

The market's breadth remained negative with only 76 stocks on the southern bourse increasing, while 381 stocks declined, of which 99 stocks hit floor prices.

Liquidity was also lower compared to the previous session, with over VNĐ20.5 trillion (US\$893 million) worth of shares, equivalent to a trading volume of more than 688.3 million shares, traded on HoSE.

The market benchmark extended its downtrend due to persistent strong selling force. The VN30-Index, tracking the 30 biggest stocks on HoSE, also posted a loss of 5.11 points, or 0.35 per cent, to 1,435.5 points.

In the VN30 basket, ten stocks climbed, while 16 stocks slid with one stock hitting the maximum daily loss of 7 per cent. And four stocks stayed unchanged.

Data compiled by vietstock.vn showed that PV Gas (GAS) led the bearish trend with a fall of 6.41 per cent. It was followed by Việt Nam Rubber Group (GVR) and Vinhomes (VHM), of which GVR was the one hitting the floor price, while VHM plummeted more than 3 per cent.

The index was also weighed by the negative performance of realty and bank stocks such as Becamex (BCM), Saigon Hanoi Commercial Joint Stock Bank (SHB), VPBank (VPB) and Techcombank, down in a range of 1.5-7 per cent.

On the other hand, there were some stocks moving in the opposite direction with outstanding performance like Masan Group (MSN), up 3.15 per cent, Sabeco (SAB), up 1.84 per cent, and Vietnam Airlines JSC (HVN), up 1.12 per cent.

The HNX-Index on the Hà Nội Stock Exchange (HNX) lost 12.65 points, or 3.22 per cent, to 380.04 points, also marking its fifth consecutive losing session.

During the session, more than 99 million shares were traded on the northern market, worth more than VNĐ2.3 trillion.

Meanwhile, foreign investors continued to be net buyers on both main exchanges, with a total net value of VNĐ460.08 billion. Of which, they net bought a value of VNĐ439.3 billion on HoSE and VNĐ20.78 billion on HNX.

Macro & Policies

2. Enterprises urged to make preparations to take opportunities from RCEP

Experts urged enterprises to make preparations to be able to take opportunities arising from the Regional Comprehensive Economic Partnership (RCEP).

Nguyễn Anh Dương from the Central Institute for Economic Management (CIEM) spoke at a conference about the world's largest trade deal on Tuesday, saying that enterprises needed a strategy to improve their export capacity not only in terms of price but also in quality to meet new requirements in RCEP markets.

“Most Vietnamese enterprises do not have a habit of making preparations for future policy changes,” Dương said, adding only when the regulations were in force, would enterprises find a way to meet them.

“The story is not simply producing and selling what we have but to develop business plans based on the understanding of the market, regulations and tastes,” Dương said.

Dương said the Government should also increase support for enterprises in some aspects that they are unable to do on their own.

For example, in 2012-13, Việt Nam was among the first economies to receive fruit preservation technology transfer from Japan, which paved the way for Vietnamese fruits to enter the Japanese market. It was clear that the Government-level exchange to establish trust between the two sides was important to achieve this success, he added.

Big opportunities

RCEP was not only a trade and investment agreement but also a bridge to link Việt Nam with the regional production network and supply chain, Dương said.

RCEP opened a new chapter in the cooperation of Việt Nam with the region, which would help increase exports, and increase revenue for the economy with the reduction of tariff and non-tariff barriers to facilitate trade.

In the context that Asia was recovering quite quickly after the COVID-19 pandemic, RCEP would help Việt Nam to reduce the risk of “getting out of tune” with the economic recovery process.

Nguyễn Thị Thu Trang, Director of WTO and Integration Centre under the Việt Nam Chamber of Commerce and Industry, said that in the long-term, RCEP would establish a new supply chain in the region and Việt Nam would become an important link, which would bring large opportunities for export expansion.

In addition, when the supply chain was established, there would be less risk for the impositions of trade defence measures, she said.

RCEP, a mega trade deal among 15 Asia-Pacific countries, took effect at the beginning of this year and was paving the way for the creation of the world's largest free trade area with a market altogether accounting for 30 per cent of the world's population and nearly 30 per cent of global GDP.

Currently, 64 per cent of tariff lines have been removed, which would be increased to at least 90 per cent in the next 15-20 years.

The long roadmap for tariff liberation would give time for enterprises to make preparations and take opportunities arising from the trade deal, Trang said.

A recent report by the World Bank revealed that Việt Nam was forecast to enjoy the highest trade and income gains among members of RCEP.

The average trade-weighted tariff imposed by Việt Nam declined from 0.8 per cent to 0.2 per cent while the tariffs faced by the country were reduced from 0.6 per cent to 0.1 per cent between 2000 and 2035.

In the most optimistic scenario, where all benefits were applied, Việt Nam had the highest gains of all RCEP member countries, newswire Vietnam Briefing cited the report as saying. Việt Nam's income levels increased by 4.9 per cent relative to the baseline, higher than other countries, where the income level increased by 2.5 per cent.

Trade also increased the most in this scenario, with exports expanding by 11.4 per cent and imports by 9.2 per cent, relative to the baseline.

All RCEP member countries would see increases in exports and imports. Việt Nam's exports were expected to expand by 11.4 per cent and imports by 9.2 per cent.

According to the WB's report, RCEP also provides an opportunity to promote growth and support recovery after the COVID-19 pandemic.

The WB report said that the simplification of procedures such as customs and rules of origin

would help reduce bureaucracy, allowing more small and medium enterprises (SMEs) to participate. These enterprises account for 98 per cent of the total number of enterprises in Việt Nam, contributing 40 per cent of GDP. Thus, RCEP would offer a chance for Vietnamese SMEs to enhance the value chain.

Việt Nam's economic growth will come from a deeper and more inclusive commitment through RCEP intra-regional trade, common rules of origin and greater openness to goods and services in accessing markets, especially the Chinese market, it said.

3. Fiscal policies work to keep inflation under control

Fiscal policies have worked to promote economic growth and control inflation in the first months of this year, Deputy Minister of Finance Võ Thành Hưng said, adding that close watch would be placed on the market to ensure inflation was within the National Assembly's target.

Hung pointed out that the rapid increases in global commodities prices from the beginning of this year significantly affected the domestic market with skyrocketing food and raw material prices.

US inflation surged to a new four-decade high of 8.5 per cent in March from the same time a year ago, driven by skyrocketing energy and food prices.

In Việt Nam, inflation averaged 1.92 per cent in the first quarter, a moderate increase, Hung said, adding that fiscal policies focused on reducing taxes and fees to support the economy worked to control inflation.

Hung pointed out that the taxes and fees reduced in 2022 would total around VNĐ88-90 trillion.

He added that the ministry was going to propose a Government extension of three, six and nine months to pay land fees and taxes estimated at around VNĐ135 trillion to support enterprises.

To control inflation below four per cent as set by the National Assembly, it was necessary to reduce cost-

push impacts, increase the supply of goods and prevent inflationary psychology, Hung said.

A close watch would be placed on the market developments, especially on necessary goods and services, to timely raise appropriate policies.

It is also important to promote products to increase the supply of goods in the domestic market and ensure market circulation.

According to Nguyễn Minh Cường from the Asian Development Bank (ADB), Việt Nam's inflation will remain under 4 per cent, adding that the Vietnamese Government's ability to control prices remained flexible, such as reducing environmental protection tax on fuel.

Throughout 2022, the biggest risk to inflation is external factors. From 2023, when the economy recovers, the increase in domestic demand would weigh on inflation.

ADB forecast Việt Nam's inflation at 3.8 per cent this year and 4 per cent in 2023.

Meanwhile, Standard Chartered recently forecast Việt Nam's inflation this year to exceed the expected rate of 4 per cent and even climb higher in the following years.

4. Power generation capacity projected to reach 146,000 MW by 2030

Deputy Prime Minister Lê Văn Thành recently took part in an conference with localities regarding the completion of the National Power Development Plan for the 2021-30 period, with a vision to 2045 (PDP VIII).

According to the Government Office's announcement of the Deputy PM's conclusion at the conference, participants reached a consensus that the total capacity of power generation sources should reach 146,000 MW by 2030, with the structure of energy sources aligning with a report from the Ministry of Industry and Trade (MoIT).

The figure is down about 35,000 MW compared to the version submitted on March 26, 2021. The peak capacity in 2030 is estimated at about 93,300 MW.

The conference also highlighted Việt Nam's climate targets, including net zero emissions by 2050 committed at the 26th United Nations Climate Change Conference of the Parties (COP26).

The power sector will focus on green energy transition and clean energy, and cut down on greenhouse gas emissions sources.

The MoIT has been assigned to collect opinions from localities to fine-tune the PDP VIII. It has also been asked to prioritise for each period and address bottlenecks in electricity development.

The Deputy PM requested the ministry to urgently study opinions to finalise the draft PDP VIII for approval by the State Appraisal Council by April 25, 2022.

5. Vietnam plans two-thirds cut in thermal power

Vietnam will reduce coal-fired power supply by two-thirds between 2025 and 2045 and increase renewable power supply to account for more than half of the total.

All localities have expressed agreement with the Ministry of Industry and Trade's latest version - Power Power Development Plan 8 - which was announced earlier this month. The ministry is required to complete its final draft of the plan and submit it to the government by the end of this month, Deputy Prime Minister Le Van Thanh has said.

The plan includes targets to bring down the ratio of coal-fired power supply from 29.3 percent in 2025

to 9.6 percent in 2045, when the country is set to have a total supply of 401,556 megawatts from all sources.

This means coal-fired projects under construction will still be completed, but no new plant will be approved.

Hydropower will also see its ratio reduced from 27.2 percent in 2025 to 9 percent in 2045.

Renewable energy, comprising mostly of wind and solar power, will see its ratio increase from 23.7 percent in 2025 to 59.5 percent by 2045.

6. Bridging the gap between policy and enforcement

Vietnamese economic growth is on the way to recovery and development, but is facing two problems, according to economist Võ Trí Thành.

First, global recovery momentum and economic growth are slowing down.

Specifically, the International Monetary Fund (IMF) previously forecast that global economic growth would reach 4.9 per cent this year, but it has decreased to 4.4 per cent in January and would decline further in the future due to the instability caused by political conflicts, many developed

countries adjusting their monetary policies and the "shrinking" of support packages.

The second problem facing Việt Nam is the risk of macroeconomic instability, especially inflation, that started to appear last year.

When researching and implementing the economic development recovery programme over two years (2022-2023), the Ministry of Planning and Investment calculated that in addition to the positive impact of the support packages on social security, businesses can also face risks such as inflation, budget deficit or public debt.

Accordingly, even if the economic recovery programme is implemented well, the country's growth this year may still decrease compared to the calculation at the beginning of this year; at the same time, inflation is also difficult to control below four per cent as required.

Along with that, the conflict between Russia and Ukraine will have a negative impact on economic growth, with supply chain disruptions and increases in input production costs.

Therefore, the implementation of the economic recovery programme is more important and urgent because the programme is designed to promptly remove the difficulties faced by businesses.

In particular, the implementation of the rapid economic recovery programme and the timely implementation of support packages also give businesses access to favourable and timely support policies.

Phan Đức Hiếu, permanent member of the Economic Committee of the National Assembly, also said that when developing the economic recovery programme, other factors of the COVID-19 pandemic were taken into account, so solutions were foreseen when designing the programme.

One of those solutions was a harmonious combination of fiscal and monetary policies to match macro fluctuations.

Deputy Minister of Planning and Investment Trần Quốc Phương said that since the issuance of Resolution No 11/NQ-CP of the Government on the programme of socio-economic recovery and

development and the implementation of Resolution No 43/ 2022/QH15 of the National Assembly on fiscal and monetary policies to support Resolution 11, a group of mechanisms and policies had been promulgated and were being implemented, especially policies of the Ministry of Finance related to tax exemption and reduction, which are worth about VND9 trillion.

Thành said that the implementation progress had been much better, especially the smooth coordination between the National Assembly and the Government in the development and implementation of the programme.

In order for the economic recovery programme to play its role, it was necessary to immediately solve the problem of implementing monetary and fiscal policies, he said.

In fact, Phan Đức Hiếu said that the Prime Minister was drastic in implementing the economic recovery programme.

This shows that 20 days after the National Assembly passed Resolution 43/2022/QH15 on fiscal and monetary policies to support the programme of socio-economic recovery and development, the Government issued a detailed programme on economic recovery.

"However, besides the policies that have been implemented, many policies are still in the process of being developed and are waiting to be implemented. This will affect the progress and effectiveness of the economic recovery programme, and at the same time, affect the resilience of the business sector," said Hiếu.

Directly affected by policies to support recovery, Nguyễn Đức Thiện, General Director of Việt Nam Electricity's Northern Power Corporation (EVNNPC), also agreed that the policy was right, but if the implementation was not good, the beneficiaries would be disadvantaged and there would be no spillover to the economy.

Lê Mạnh Hùng, Director of the Enterprises Development Department, Ministry of Planning and Investment, admitted that there were many policies that businesses could not access in the previous period, such as tax, credit, and policies for employees.

However, now there had been summative assessments, agencies had partially digitised, removed input conditions, beneficiaries were also clearer and especially the big change in the participation of local government, he added.

"Hopefully the policies implemented in the near future will not have the above problems," said Hùng.

7. COVID deaths in Việt Nam fall to single digits for first time in 9 months

Việt Nam recorded seven COVID-related fatalities on Wednesday, the first time the daily death toll fell to single-digits since July last year. There were also 13,271 new infections recorded nationwide.

The country's COVID caseload since the start of the pandemic now stands at 10,502,590.

All of the new infections were domestic. A total of 10,436 transmissions were detected in the community.

The capital city of Hà Nội recorded the most cases with 1,039.

The other localities reporting new transmissions were Phú Thọ (880), Bắc Giang (586), Gia Lai (561), Quảng Ninh (551), Vĩnh Phúc (518), Yên Bái (506), Nghệ An (504), Tuyên Quang (437), Bắc Kạn (418), Đắk Lắk (415), Lào Cai (404), Thái Nguyên (351), Hải Dương (344), Quảng Bình (340), Thái Bình (273), Lâm Đồng (263), Hưng Yên (258), Bắc Ninh (255), Nam Định (244), Lạng Sơn (231), Bà Rịa - Vũng Tàu (221), Cao Bằng (216), Ninh Bình (207), Hòa Bình (180), Hà Giang (180), HCM City (179), Đắk Nông (172), Hà Tĩnh (169), Quảng Nam (167), Sơn La (163), Lai Châu (154), Bình Phước (150), Hà Nam (143), Bình Dương (136), Đà Nẵng (129), Điện

Biên (119), Bình Định (118), Tây Ninh (114), Vĩnh Long (112), Bến Tre (108), Quảng Trị (108), Quảng Ngãi (104), Cà Mau (72), Hải Phòng (69), Phú Yên (63), Thanh Hóa (55), Thừa Thiên Huế (47), Khánh Hòa (47), Long An (38), Bình Thuận (35), Kiên Giang (20), An Giang (19), Bạc Liêu (18), Sóc Trăng (17), Trà Vinh (17), Cần Thơ (10), Kon Tum (8), Đồng Nai (5), Hậu Giang (3) and Ninh Thuận (1).

The seven fatalities were in Bình Định (1), Cần Thơ (1), Đắk Lắk (1), Đồng Tháp (1), Gia Lai (1), Lạng Sơn (1) and Vĩnh Long (1).

The total number of COVID-related fatalities in Việt Nam is now 42,982, about 0.4 per cent of infections.

According to the Ministry of Health, 896 COVID patients nationwide require oxygen support, with 109 requiring invasive ventilation and three on life support.

A further 2,540 patients were given the all-clear, taking the total number of recoveries to 9,068,234.

More than 210.1 million doses of COVID-19 vaccines have been administered in the country to date, of which 88,820 first doses have been given to children aged 5 to 11.

Corporate News

8. VJC: Vietjet announces direct routes between Việt Nam and India

↓ -0.77%

Vietjet has announced four new services from Việt Nam to India, marking the airline's post-pandemic return and continued expansion in the country with a population of 1.4 billion people.

The announcement ceremony on Tuesday in Hà Nội was attended by chairman the National Assembly of Việt Nam Vương Đình Huệ, Speaker of the Lok Sabha of India Om Birla, and Deputy Prime Minister of Việt Nam Lê Minh Khái. The event was held during the official visit of an Indian Parliament delegation to Việt Nam.

These routes include Hà Nội-Mumbai, HCM City-Mumbai, Phú Quốc-New Delhi and Phú Quốc-Mumbai.

"We are thrilled to continue connecting Việt Nam with India, the country of 1.4 billion population via six direct routes, and reenergise our operations right in the post pandemic environment," said Vietjet Managing Director Đinh Việt Phương.

"With flights of just over five hours per leg, Vietjet's renewed and increased connectivity between the two nations will create many more trade and tourism opportunities between the two countries, helping to boost the economies of both."

"The expansion of Vietjet's flight network into India also reaffirms the airline's ongoing commitment to continuously help travellers save on cost and time," he added.

The direct routes from HCM City and Hà Nội to Mumbai will commence operation on June 2 and June 3, 2022 with a frequency of four weekly return flights and three weekly return flights respectively.

Meanwhile, the Phú Quốc-Mumbai route will operate four round trips per week from September 8, 2022 and the Phú Quốc-New Delhi route will have a frequency of three round trips per week from September 9, 2022.

Prior to the pandemic, Vietjet had operated two direct routes linking Việt Nam's capital city of Hà Nội and the financial hub of HCM City with India's capital city of New Delhi in addition to charter flights from Việt Nam to Bodh Gaya, the Indian Buddhist pilgrimage site.

The two existing services between HCM City/Hà Nội and New Delhi will soon resume, on April 29 and April 30, 2022 respectively, with a frequency of three weekly return flights on each route.

9. VNM: Former National Assembly general secretary to join Vinamilk board

↓ -0.53%

Nguyen Hanh Phuc, the former general secretary of the National Assembly, has been nominated as an independent director on the board of dairy giant Vinamilk.

He is the only new nominee among the 10 directors this year, and has to receive approval from shareholders at the upcoming annual general meeting.

If approved, he will replace Le Thi Bang Tam, who did not seek reelection.

Phuc, 64, was general secretary of the legislature from January 2016 until his retirement last November.

Earlier he had been chairman of the Office of the National Assembly and the chief of staff of the National Electoral Council.

Vinamilk's board has a maximum of 11 members, with at least three being independent directors.

The total remuneration for the directors is expected to be VND25 billion (\$1.09 million) plus other benefits.

The company eyes revenues of VND64 trillion and profits of VND9.77 trillion this year, down 5 percent and 8 percent from 2021.

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