



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares recoup half of Monday's loss on strong bargain hunting

Shares recouped nearly half of their loss on Tuesday as bargain hunters combed large-cap stocks, lifting the overall market.

On the Hồ Chí Minh Stock Exchange, the VN-Index regained more than 30 points, or 2.32 per cent, to close at 1,341.34 points. The southern market's index lost nearly 5 per cent on Monday.

Blue chips led the market growth with 27 out of the top 30 shares by market value and liquidity increasing while only two declined.

Gainers contributing to the VN-Index most included Vietnam Prosperity Bank (VPB), PV Gas (GAS), Vinhomes (VHM), brewer Sabeco (SAB), Vingroup (VIC), Bank for Investment and Development of Vietnam (BID), Vinamilk (VNM) and Vincom Retail (VRE) with growth of between 2.4 per cent and 6.3 per cent each.

Prices of many shares, especially companies with good performance, have dropped to attractive levels, luring bargain hunters.

According to Nguyễn Thành Lâm, analysis director at Maybank Investment Bank, the divergence will be strong in the next period.

“In my opinion, prices of the good stocks with relative big capitalisation are at a reasonable level, even attractive,” Lâm was quoted as saying on bizlive.vn, adding Việt Nam has the ability to control inflation, keep the interest rate stable and

the growth scenario is unlikely to change much, so the market price is not expensive at the current level.

The VN-Index fell from the peak of 1,530 points in early April to 1,310 points on Monday, the lowest since November 2020.

Nearly 728 million shares worth VNĐ21 trillion (US\$913 million) were traded on HCM City's market.

Foreign traders increased buying local shares. They were responsible for net buys worth VNĐ1.04 trillion on Tuesday, nearly five times higher than the net buy value on Monday.

The latest data from the Hồ Chí Minh Stock Exchange (HoSE) showed that since the beginning of April, foreign investors have net bought nearly VNĐ3.3 trillion on this exchange, a sharp contrast to net sell of VNĐ7 trillion in the first quarter of this year and VNĐ75 trillion in the 2020-21 period.

On the Hà Nội Stock Exchange, the HNX-Index also regained 2.27 per cent to close at 345.17 points. The northern market's index has declined for eight consecutive sessions since April 14 with total lost of more than 23 per cent.

More than 99 million shares worth VNĐ2.4 trillion were exchanged here. Foreign investors were net sellers here, however, for a net value of nearly VNĐ23 billion.

## Macro & Policies

### 2. Seafood processors urged to focus on sustainability

Việt Nam's seafood processors are urged to invest in sustainability to increase exports to the EU.

According to Vietrade Deputy Director Lê Hoàng Tài, the EU has remained one of Việt Nam's largest seafood importers for years. Taking effect from 2020, the EU-Việt Nam Free Trade Agreement (EVFTA) has provided Việt Nam with even broader access to the EU market, with all the tariffs on aquatic products eliminated in seven years.

Việt Nam's aquatic exports reached US\$2.4 billion in the first quarter of 2022, up 40 per cent from last year.

Shipments of tra fish to the EU totalled \$28 million in the first two months of this year, up 76 per cent year-on-year, while those of shrimp hit \$159 million, up 66 per cent, on the back of rebounding demand post-pandemic.

Last year, Việt Nam exported over \$1 billion worth of aquatic products to the EU, up 12 per cent against the previous year. The five biggest EU importers included the Netherlands, Germany, Belgium, Italy, and France, together accounting for 72 per cent of the total exports.

At the two-day Việt Nam – EU Business Matching Webinar on Seafood Products 2022 co-hosted by the Việt Nam Trade Promotion Agency (Vietrade) and Trade Offices and Embassies of Việt Nam in EU member states ending on Tuesday, Tài expected through the webinar, the Vietnamese producers

would have better understanding of the EU market and the partnership between the two sides to further accelerate the development of the fishery industry in Việt Nam.

The event is part of this year's national programme on trade promotion which aims to support Vietnamese seafood producers in seeking buyers in the EU.

Trade Counsellor in Sweden, Finland, Iceland and Latvia Lê Hoàng Thúy noted that a wider range of goods and instant food products had been made available at supermarkets in northern Europe. It would be a good opportunity for Vietnamese exporters to boost sales to standardised processing companies capable of supplying highly value added products to the market, she said.

Sustainable fisheries was an emerging trend in the EU, Thúy noted, adding that it would be likely integrated into the management system in the future. This meant the EU would require the use of higher socially and environmentally responsible practices on imported seafood over the years, the official said.

She also highlighted the importance of ensuring quality control management and rules of origin for Vietnamese products as the EU consumers are paying greater attention to health and origin matters of imported foods. She urged domestic firms to label their products with accurate information and focus more on branding and developing products based on consumption trends.

### 3. MoF proposes reduced tax for import petrol

The Ministry of Finance (MoF) has proposed the Government cut the most favoured nation (MFN) tariff for unleaded petrol from the current rate of 20 per cent to 12 per cent.

The Ministry of Finance said that the proposed tariff rate could not significantly reduce domestic petrol prices because Việt Nam now mainly imports petrol from ASEAN and South Korea.

However, the difference of 4 per cent between the MFN tariff rate and the FTA tax rate for petrol is reasonable. It would encourage the domestic enterprises to diversify petroleum supply from other countries such as China, the United States, and countries in the Middle East, avoiding dependence on a few partners, especially if the supply in the world market fluctuates.

At the same time, it would also ensure room to negotiate new FTAs in the future based on the principle of reciprocity.

This proposal on reducing the MFN tariff for petrol is included in the draft of adjusting many kinds of export and import tariffs, consulted by the Ministry of Finance.

The ministry said that it had received recommendations to reduce the preferential import tax rate for petrol products to diversify supply in the context of having many fluctuations in the world petroleum market.

From the beginning of 2022 until now, the world petroleum market has continued to have a complicated performance. Especially, the conflict between Russia and Ukraine in February has strongly affected the petroleum supply on the world market, while the demand for this commodity is increasing because countries worldwide are implementing their economic recovery measures.

In Việt Nam, supply and prices have also changed according to the world petroleum market. The country now has 36 leading petroleum trading enterprises, including three flying fuel trading enterprises and more than 300 petroleum distribution enterprises supplying petrol and oil for the domestic retail system. Of which, the Việt Nam Petroleum, Oil and Gas Group accounts for about 45-50 per cent of the market share, and the remaining key enterprises hold 50-55 per cent of the market.

The petrol and oil supplies for the domestic market are mainly from the Nghi Sơn and Bình Sơn Refinery

and Petrochemical Plants, and the rest are imported mostly from Korea and the ASEAN region with the import tax rates under the FTAs.

At present, unleaded petrol for producing RON92 and RON95 petrol has a tariff of 20 per cent under the MFN and Europe-Việt Nam FTA and 8 per cent under the Việt Nam - South Korea FTA, the ASEAN Trade in Goods Agreement, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and the Vietnam-Eurasian Economic Union FTA.

The petrol imported under the MFN tariff accounts for a negligible proportion of the total petrol consumption on the domestic market.

According to MoF, petrol is a strategic commodity, having a significant impact on the economy. The fluctuation in the price of this commodity would directly affect the price level on the domestic market and the national consumer price index. It also impacts the socio-economic development goals set by the National Assembly and the Government for 2022.

Recent developments show that the world petroleum market will have many unpredictable fluctuations. This is forecast to affect the petrol supply of Việt Nam.

To ensure national energy security in the context of the ongoing pandemic and political conflicts globally, the ministry has proposed reducing the MFN tariff for petrol products to diversify the supply.

#### 4. Ministry of Transport announces 10 new seaports

Ten new ports have been added to the list of Vietnamese seaports, bringing the total number nationwide to 296.

The Ministry of Transport has just issued Decision No 552/QĐ-BGTVT announcing the list of ports belonging to Vietnamese seaports.

Newly-added ports are Nosco port in Quảng Ninh seaport; Long Sơn general port belongs to Nghi Sơn seaport; Hải Hà – Quảng Trị petroleum port; Pacific Petro international petroleum port in Tiền Giang

Province; Tân Cảng Giao Long port in Bến Tre province; Duyên Hải 2 thermal power plant port in Trà Vinh province.

In addition, two ports of Vũng Tàu seaport have also been added, Cái Mép Gemadept - Terminal Link port and Cái Mép general port.

In Hải Phòng, VIMC Đình Vũ wharf and FGG specialised wharf are also added to this list. Some seaport areas have a large number of ports,

including Hải Phòng with 52 berths and Vũng Tàu with 48 berths.

The Việt Nam Maritime Administration said that the port system stretching from the North to the South have been promoting their role as a hub for goods trade in the context of the country's deep integration.

Data from the Việt Nam Maritime Administration has just been released showing that the volume of goods through the seaports maintained its upward momentum in the first three months of this year, reaching nearly 180 million tonnes, up 4 per cent over the same period last year, container cargo maintained a steady increase of 6 per cent over the same period, reaching 6.2 million TEUs (tonne equivalent unit).

## 5. Keeping inflation below 4% will be a challenge: NEU

While Vietnamese economists forecast higher economic growth and inflation for Việt Nam this year, IMF forecast the two at lower rates at a conference in Hà Nội on Monday.

Attending the national conference on the assessment of Việt Nam's economy in 2021 and prospects for 2022, held by the National Economics University (NEU) and the Central Economic Commission, an expert from NEU said: "Keeping inflation below 4 per cent in 2022 is a difficult task."

Tô Trung Thành, head of the Department of Scientific Management of NEU, said economic growth in 2021 declined sharply to 2.58 per cent, the lowest in the last two decades, from 2.91 per cent in 2020, as the first year during the pandemic.

Thành, who is also co-editor of the report named Vietnam Economic Review launched on the same day, said the severe recession in the third quarter of 2021 was due to the spread of the Delta variant while the vaccination rate was still low.

This year, he predicted the Vietnamese economic outlook may face some major challenges, including the new strain of Delta, escalating geopolitical instability and a sharp increase in oil prices, which threaten global recovery, affecting trade and investment in Việt Nam.

Rampant growth in the real estate and stock markets was another challenge for the economy when the credit capital flows have not yet entered the production sector but poured into the asset market, causing financial risks for the banking system with declining credit quality and increasing bad debts; increasing inflationary pressure.

Thành's research team predicted that Việt Nam's economic growth was likely to reach the target of 6.5 per cent in 2022, but the Government's low inflation target of below 4 per cent was "unlikely to be achieved."

The team said the main reason for high inflation came from increasing prices of basic commodities and gasoline, as well as the escalating war between Russia and Ukraine. The report said the high oil price movements in the first months of 2022 created additional challenges to the economy.

As of March 11, 2022, the average price of gasoline increased by 45.2 per cent compared to 2021, experts said it directly added 0.6 per cent to the consumer price index (CPI) and 2.34 per cent to the producer price index (PPI). In case the lower environmental tax was added to the prices of gas, the prices would increase by 41 per cent compared to the average in 2021, and CPI would be 0.5 per cent and PPI of 2.2 per cent higher.

The report said that the driving force for economic growth in 2022 still came from the production of processed and export products. While private sector investment could not recover quickly from the pandemic, the increased public investment will make a large contribution to the growth of 2022, said the report, adding policies that supported social security and employment would also help increase spending levels, contributing to the size of the economy.

Attending the conference, Francois Painchaud, Chief Representative of the International Monetary Fund (IMF), said lots of strict anti-pandemic measures were applied in China, as a large export market and an import market for intermediate materials for the

production process for Việt Nam, which was a difficult factor for the local economy.

Francois Painchaud said geopolitical tensions between Russia and Ukraine had led to an increase in prices of goods, food, and raw materials, leading to higher inflation in many countries because of the sharp increase in commodity prices.

The IMF assessed that the consequences of price increases would likely last until 2023 with a higher rate than what was forecast for most of the economies, adding that in developed economies such as the US or Europe, inflation increased rapidly, at the highest level in the past 40 years.

He said that was why the IMF recently lowered the growth forecast of the world as well as many other countries, including Việt Nam, compared with the forecast in January 2022.

Painchaud appreciated the measures to support the recovery in Việt Nam, saying Việt Nam reopened with very high vaccine coverage and timely economic recovery policies, adding despite many difficulties, the country had had successes in

stabilising the fiscal, external economy and financial market.

This year, IMF forecast Việt Nam's economic growth to be 6 per cent and 7.2 per cent in 2023.

Regarding inflation, it forecast a lower inflation rate than in the NEU's report. Painchaud said the inflation would reach 3.9 per cent, very close to the previously set control target of 4 per cent.

The IMF said in the short term, the local fiscal policy needed to be quick and flexible to support and coordinate with the transformation of the economy.

In NEU's report, it said the Government's policies needed to focus on how to develop the economy sustainably in the context of "living with the pandemic".

At the same time, the report suggested policies needed to give special resources to the business sector, helping them recover and develop after the pandemic, especially those that have great spillover effects on the economy.

## 6. Two northern border gates with China partly resume operation

Two border gates with China in the northern province of Quang Ninh have partly reopened Tuesday after two months of restrictions.

Most goods have been allowed to cross the border again at Bac Lieu 2 Border Gate in Mong Cai Town but cold-preserved products and agriculture produce are still banned as authorities of Mong Cai and Dongxing City discuss a time frame.

But as each container truck takes around 30 minutes to clear, only 20 trucks can cross the border each day, Mong Cai authorities said.

Around 300 trucks carrying cold products are still waiting to cross the border, they added.

At the other border gate, Hoanh Mo, authorities are focusing on returning empty trucks cross-border before allowing the remainder to pass through.

The two border gates were temporarily closed at the end of February as China imposed strict protective measures under its "zero-Covid" policy.

Vietnam shares a nearly 119-kilometer land border with China in Quang Ninh.

China was Vietnam's second biggest export market behind the U.S. in the first quarter with a value of \$13.7 billion, up 9.2 percent year-on-year.

## 7. VN's logistics must keep up with international standards

There has been great pressure on Việt Nam's logistics industry to train, retrain and upgrade

workers' knowledge as well as to keep up-to-date with international standards and measures,

according to the Vietnam Logistics Business Association (VLA).

In a recent survey by VLA, 59 per cent of businesses asked said they need to train their workers on modern quality management systems such as ISO 9001, ISO 14001, ISO 17025, HACCP, and ISO 22000.

Meanwhile, industry experts have said it's high time Việt Nam established its own quality management system that is tailor-made to include small-and-medium-sized businesses, the country's infrastructure characteristics, means of transportation, and energy consumption.

VLA President Lê Duy Hiệp said the Government has started working on an occupational standard for the industry's jobs. Once completed, the standard will be the foundation of the industry's recruitment and training process.

According to a report by World Bank, Việt Nam's logistics industry has made much progress in the last three decades. The country's criteria including customs, infrastructure, and logistical capacity have improved significantly. The Southeast Asian economy's Logistics Performance Index (LPI) ranked 3/10 among the bloc's member countries in 2018, after Singapore and Thailand.

The industry was said to account for 5-6 per cent of the country's GDP by 2025 with a growth rate of 15-20 per cent. Meanwhile, the industry has set an objective to bring costs down by 16-20 per cent and join the world's top 50 in LPI ranking.

In order to realise the vision, it's crucial for the industry to introduce a quality management system and standard, which help ensure the flow of goods to and from the country. Standardisation is said to play an important part in bringing down costs and improving the industry's ability to compete internationally as well as a focus on human resources and a skilled workforce.

The business association advised firms to start building their own quality monitor and control systems, adopt international practices and models, and improve their internal capacity to inspect and adjust operations.

It also placed great importance on communicating with the workforce to raise morale and personal commitment to the success of the organisations. VLA said from now, with the modernisation of logistics, industry workers should expect greater responsibility and demand to perform highly complex tasks.

## Corporate News

### 8. PVD: Record date for 2020 stock dividend payment

↑ 6.90%

On April 20, 2022, the Hochiminh Stock Exchange issued an Announcement No.817/TB-SGDHCM about the record date of Petrovietnam Drilling & Well Service Corporation as follows:

- Ex-right date: April 28, 2022
- Record date: April 29, 2022
- 1. Reason & Purpose: to pay stock dividend for 2020.
- 2. Content:
  - Expected issue volume: 84,225,957 shares
  - Exercise ratio: 10:2 (Those who own 10 shares will receive 02 new shares.)

- Plan to deal with fractional shares: The distributed shares will be rounded down to units, the fractional shares (if any) will be cancelled.

- For example: at the record date, shareholder A owns 106 shares. With 20% performing ratio, the shareholder A will receive:  $106 * 20\% = 21.2$  shares. According to rounding policy, the shareholder A will receive 21 new shares and the fractional shares of 0.2 share will be cancelled.

- Place of payment:

+ Shareholders whose shares have been deposited: at the securities firms where the shares have been deposited.

+ Shareholders whose shares have not been deposited: at Petrovietnam Drilling & Well Service Corporation.

### 9. SSB: SeABank announces profit growth

↑ 2.68%

The Southeast Asia Commercial JS Bank (SeABank) on Monday announced consolidated business results for the first quarter of this year with a pre-tax profit of VNĐ1.3 trillion (US\$56.5 million), up 87.1 per cent compared with the same period last year.

Accordingly, the bank's total assets reached VNĐ231.2 trillion by the end of March 31, an increase of VNĐ19.6 trillion compared to December 31 last year.

The bank successfully offered more than 181.3 million shares to existing shareholders, completing an increase in charter capital to VNĐ16.6 trillion in the first quarter of this year.

At the annual general meeting of shareholders last week, SeABank approved a plan to increase charter capital from VNĐ16.6 trillion to VNĐ22.7 trillion.

Specifically, SeABank plans to issue 321.1 million ordinary shares with a value of VNĐ10,000 per share, of which 211.4 million shares (equivalent to 12.7 per cent) will pay dividends for last year, and issue 109.7 million shares (equivalent to 6.6 per cent) to existing shareholders to increase share capital from equity.

It also plans to issue 59.4 million shares to its employees. In addition, the bank also plans to offer to sell privately to foreign investors or offer to existing shareholders 228.7 million shares.

SeABank aims to grow its total assets by 10 per cent this year. Credit growth is expected to be up to 17 per cent, depending on the approval of the State Bank, equivalent to net growth of VNĐ24 trillion compared to last year.



The bank set a target of pre-tax profit of VNĐ4.9 trillion this year. The bad debt ratio is controlled at below 2 per cent.

SeABank achieved a pre-tax profit of more than VNĐ3.3 trillion last year, up 89 per cent year-on-

year and completing 135 per cent of last year's plan.

Total assets reached more than VNĐ211.7 trillion, up 17.5 per cent compared to 2020.

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