



# VIETNAM DAILY NEWS



June 14th, 2022

**Table of content**

## **Table of content**

- 1. VN-Index hits 3-week low**
- 2. Việt Nam's economic recovery remains strong: WB**
- 3. Big M&A deals forecast in banking industry in 2022**
- 4. Hanoi to build more shopping malls and supermarkets**
- 5. Gasoline prices jump another 2.5 percent**
- 6. Food exporters urged to evolve to tap into large markets**
- 7. Vietnam remains second largest rubber supplier to Chinese market**
- 8. DGC: DGC to pour VND57.3 trillion in two projects in Dak Nong**
- 9. GAS: PV Gas among Forbes Vietnam's list of top 50 listed firms for 10th year**

## Market Analysis

### 1. VN-Index hits 3-week low

Vietnam's benchmark VN-Index plunged 4.44 percent to 1227.04 points Monday, a three-week low, as Asian stocks sank amid worries about inflation and higher U.S. interest rates.

The index closed 57 points lower after losing nearly 24 points on Friday.

Trading on the Ho Chi Minh Stock Exchange (HoSE) increased by 9 percent to VND18.52 trillion, highest in a month.

"It is turning into a Black Monday in Asia," Jeffrey Halley, senior market analyst at OANDA, wrote in a client note, as the Hang Seng Index, KOSPI Composite Index and Nikkei 225 all dropped by more than 3 percent.

The fall came as red-hot inflation reignited worries about even more aggressive U.S. interest rate increases while new mass Covid-19 testing in China sparked concerns of more crippling lockdowns, Reuters reported.

The VN-30 basket, comprising the 30 largest capped stocks in Vietnam, saw 29 tickers in the red.

Seven tickers hit the floor, including PNJ of Phu Nhuan Jewelry, VPB of private lender VPBank and BVH of insurance company Bao Viet Holdings.

MSN of conglomerate Masan Group closed 6.8 percent lower, and MBB of lender MB lost 6.7 percent.

POW of electricity producer Petrovietnam Power Corporation was the only blue chip that bucked the trend with a 1.7 percent rise.

Foreign investors were net sellers to the tune of VND186 billion, mainly selling DGC of Duc Giang Chemicals Group and SSI of leading brokerage SSI Securities Corporation.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 5.9 percent while the UPCoM-Index at the Unlisted Public Companies Market was down by 3.4 percent.

## Macro & Policies

### 2. Việt Nam's economic recovery remains strong: WB

The World Bank (WB) released the June edition of its monthly Vietnam Macro Monitoring on June 13, highlighting that economic recovery remained strong despite heightened global uncertainties.

Industrial production continued a robust expansion of 10.4 per cent year-on-year while retail sales rebounded with growth of 4.2 per cent month-on-month and 22.6 per cent year-on-year, suggesting strong recovery of private consumption.

About 173,000 international visitors arrived in May, about 70 per cent higher than in April and the highest figure since April 2020, yet still less than 16 per cent of pre-pandemic levels.

Sales of consumer services, which were hit harder than the sales of goods last year, experienced a stronger rebound (41 per cent year on year compared to 18.3 per cent year on year, respectively).

The rebound was due to the booming accommodation and catering services, which increased by nearly 70 per cent and were 12.4 per cent higher than its pre-pandemic level three years ago. Travelling also tripled compared to a year ago although it was about 60 per cent lower than its pre-pandemic level.

Amid heightened global uncertainties, export growth slowed and import growth plateaued.

FDI commitments were US\$879 million in May, the lowest level since September 2020, and nearly 50 per cent lower than a year ago. This is the fourth consecutive month of decline, reflecting the heightened economic uncertainties caused by the protracted war in Ukraine and the health-related lockdowns in China.

On the other hand, FDI disbursement remained strong in May, up 8.5 per cent year on year, marking a six-month expanding streak.

CPI inflation edged up from 2.6 per cent in April to 2.9 per cent in May driven by a rise in gasoline and diesel prices, which were 54.5 per cent higher in May than a year ago. Producer price inflation showed signs of easing in May, with both input costs and output prices rising at the slowest rates in three months.

Credit growth remained strong at 16.9 per cent year on year while overnight interbank interest rates dropped sharply from 1.73 per cent in April to 0.33 per cent as of the end of May.

Thanks to strengthening domestic demand, total revenue collection increased by an estimated 29.4 per cent year on year in May, keeping the budget in surplus for the fifth consecutive month.

The WB recommended that Vietnamese authorities should be vigilant about inflation risks associated with continuing rise in prices of fuels and imports, which may dampen the ongoing recovery of domestic demand. Temporary support including targeted transfers should be considered to help poor households weather the price surge.

As the commodity price shock appears to be mainly affecting oil and fuels, with passthrough to transport costs, temporary targeted subsidy for main gasoline and fuel users (such as truckers) could also be considered to alleviate hardship and blunt the inflationary pressures.

Investing in alternative energy production would reduce the economy's dependence on imported fuels in the medium term and promote greener growth.

### 3. Big M&A deals forecast in banking industry in 2022

Việt Nam's merger and acquisitions (M&A) market in 2022 is forecast to include big deals worth billions of dollars in the banking industry.

One of them is related Commercial Joint Stock Bank for Foreign Trade of Việt Nam (Vietcombank). Vietcombank will carry out a private placement of

6.5 per cent of its capital. If successful, the deal will help the bank gain some VNĐ30 trillion, [tinnhanhchungkhoan.vn](http://tinnhanhchungkhoan.vn) reported.

Vietcombank is also expected to participate in restructuring a weak bank in the form of mandatory transfer.

Another notable deal is that Military Commercial Joint Stock Bank (MB) has submitted to its shareholders a plan to receive a mandatory transfer of OceanBank.

MB's vice chairman Luru Trung Thái said the co-operation with OceanBank is both a political task and an opportunity for MB to expand its operational scale. MB will co-ordinate with OceanBank to check their data system before developing a plan to submit to the Government.

OceanBank's representatives have so far announced one of the bank's key tasks in 2022 is to coordinate with MB in carrying out a syndicated loan programme, including retail lending, and develop a number of competitive products to attract customers and increase the bank's brand name in the credit market.

According to analysts, in the first phase, with a large liquidity support from the central bank, MB may not need to immediately pour capital into OceanBank, but it will support OceanBank through sending its senior management personnel to work with them.

With the mandatory transfer of OceanBank, MB will enjoy a number of benefits, including a higher credit growth quota. Therefore, this is a win-win deal for both MB and OceanBank.

Besides Vietcombank and MB, some other banks have been assigned by the Government to study plans to support weak banks including DongABank, CBBank and GPBank.

According to a PricewaterhouseCoopers (PwC)'s recent report on global M&A trends in 2022, despite the market uncertainty, M&A activities are expected to continue to grow strongly thanks to the abundance of capital source and higher demand. In particular, the M&A deals in the banking industry are predicted to boom, with the participation of foreign financial organisations.

Economist Võ Trí Thành said despite the impact of COVID-19, the success of many M&A deals in the banking industry proved that foreign investors highly appreciated the growth potential of the Việt Nam's economy and the banking industry.

If the M&A of finance companies were the spotlight of the market in 2021, this year would see many M&A deals of bank share sales to foreign partners, Thành predicted.

For example, BIDV has so far planned to carry out a private placement of 8.5 per cent of its shares in 2022. If BIDV's offering is successful, the bank will earn about VNĐ14-15 trillion.

Similarly, Ocean Commercial Bank (OCB) is preparing to sell 10 per cent of capital to foreign partners while Saigon Hanoi Commercial Joint Stock Bank (SHB) has also temporarily locked the foreign ownership rate at 10 per cent to find a strategic partner.

Nam A Commercial Joint Stock Bank (NamABank), Saigon Commercial Joint Stock Bank (SCB) and Liên Việt Post Commercial Joint Stock Bank (LienVietPostBank) have also planned to attract more foreign capital.

According to Phạm Văn Thịnh, general director of Deloitte Vietnam, when the pandemic is under control, banking M&As will develop again. Though the bad debts of Vietnamese banks are at risk of increasing due to the pandemic's impacts, banks are still attractive to international investors thanks to their very positive business results and a large market room, especially in consumer credit and retail banking segments.

Warrick Cleine, chairman and CEO of KPMG Vietnam and Cambodia, said Việt Nam's financial industry would continually see many M&A deals because the number of banks in the country was still large while the Government and the State Bank of Việt Nam were gradually restructuring and streamlining the size of the banking system so as to make it grow stronger. Therefore, it would be difficult for weak banks and those under the restructuring to avoid M&As.

#### 4. Hanoi to build more shopping malls and supermarkets

Hanoi will build three shopping malls, ten supermarkets, and 100 convenience stores, with the aim of turning the trade industry into a high-quality and high-value-added trade-service sector.

This is one of the highlights of the Hanoi People's Committee's latest plan to overcome weaknesses in business infrastructure investment and development, which was pointed out at the 2021 city review conference.

The purpose of the plan is to improve the quality of the retail industry, making it consistent with the objective of turning the city into an international trade center for the region and the country.

To accomplish this goal, Hanoi will promote the involvement of the private sector in investment, business management, and exploitation of local markets.

The capital city will support expanding the scale, diversifying types as well as speeding up investment procedures to build a number of trade centers in the western districts, namely Tay Ho and Hoang Mai according to current regulations.

Over the years, the city People's Committee has taken specific solutions to remove obstacles in the development of the commercial infrastructure in the city, including improving the system of markets, trade centers, shopping malls, and convenience stores. However, the results have not met the set goals so far.

Obstacles are mainly related to mechanisms, policies, planning, land, investment capital and incentive mechanisms, and the impact of the Covid-19 pandemic.

In 2021, two markets, two shopping centers, two supermarkets, and 100 convenience stores were put into operation.

#### 5. Gasoline prices jump another 2.5 percent

Vietnam gasoline prices set yet another new record Monday after authorities adjusted them upward for the sixth consecutive time.

The price of popular RON 95 gasoline rose by 2.5 percent to VND32,370 (\$1.39) a liter, while that of biofuel E5 RON 92 was 2.9 percent costlier at VND31,110.

Prices of diesel and kerosene skyrocketed by 9 percent to VND29,020 and VND27,830 a liter.

Only the mazut price fell to VND20,350 a liter, down 2.6 percent.

Pinning gasoline prices down is a focal point at the ongoing meeting of the National Assembly, where many lawmakers called on the government to cut taxes and fees to lower prices.

The environmental tax, a flat VND4,000 a liter on gasoline, has been halved since April 1. Further

reductions are being considered on import, excise, and value-added tax.

On June 8, Minister of Finance Ho Duc Phoc told lawmakers that the country still has room to reduce price tags.

"The Ministry of Finance will evaluate the impact to request further tax cuts from the government and National Assembly," Phoc said.

For the first five months this year, gasoline prices in Vietnam have been adjusted upward for 13 times and are almost 50 percent costlier year-on-year, Deputy Prime Minister Le Minh Khai has said.

On the global market, Brent crude oil prices have surpassed the March peak, reaching \$123.58 a barrel last Wednesday. As of Monday afternoon, they had fallen to over \$120 a barrel.

## 6. Food exporters urged to evolve to tap into large markets

There remains untapped potential for Việt Nam's exports of agricultural and food products to major markets in Asia, Europe and America, but it is important for Vietnamese enterprises to improve the quality of their products, sharpen their competitiveness, and better grasp current international consumption trends, experts have said.

Vũ Anh Sơn, a Vietnamese Trade Counselor in France, told vnbusiness that he failed to find any Vietnamese-branded cashew products in supermarket chains and hypermarkets in France, even though Việt Nam's cashew now accounts for 50 per cent of the French market.

This unsatisfactory performance is attributable to the limited competitive capabilities of domestic enterprises and their focus on exporting or wholesaling agricultural and food products instead of developing brands to increase the added value of their food products.

According to Sơn, increasing the added value of agricultural and food items will help strengthen the competitiveness of Vietnamese firms striving to export. They should also pay attention to current food consumption trends in imported markets, Sơn suggested.

Despite good agricultural and food products the firms can offer for export, they still have insufficient research and understanding about approaching export markets and current food consumption trends in large markets such as Asia and Europe, Sơn added.

For example, currently, European customers have a great demand for nutritious and healthy snacks with a stable and sustainable supply. That will open up opportunities for Vietnamese companies if they can grasp this consumption trend and then diversify their products to meet that demand, Sơn said.

In addition, improving product quality remains a must, experts said.

Nguyễn Trường Thịnh from Lương Quới Coconut Co Bến Tre Province agreed. He said product quality is among the top concerns of international customers.

As consumer demand increases, they require the higher quality of products. Thus, local firms, especially those in the agricultural and food processing sectors, need to apply advanced technologies in their production to ensure the best quality of their products to meet the needs of international customers, he told vnbusiness.

During the first five months of 2022, the country's export value of main agricultural products surpassed US\$9.4 billion, up 10.4 per cent, according to the Ministry of Agriculture and Rural Development (MARD).

Among products and product groups posting a turnover of over \$1 billion were coffee, rice, cashew nuts, fruits and vegetables.

MARD said that it has stepped up bilateral and multilateral cooperation activities. Its units have focused on negotiating and promoting the export of passion fruit and grapefruit to Australia; rambutan, star apple, custard apple, cassava slices, sugar and milk to Thailand; lemon and grapefruit to New Zealand, and bird's nest, feather products and fish meal to China.

Minister of Agriculture and Rural Development Lê Minh Hoan said that his ministry would review and adjust policies to encourage and support businesses to invest in agriculture and develop products in accordance with international standards and practices to serve the export of agricultural products better.

Hoan stressed the need to strictly comply with regulations related to labelling, traceability, geographical indications, quarantine, packaging, quality and types of agricultural products, and business codes.

The ministry will maintain negotiations to remove barriers and increase the export of additional agricultural products to major and potential markets, such as durian, birds' nest, passion fruit,

avocado, grapefruit and coconut to China; longan, grapefruit, and passion fruit to Japan; and shrimp, grapefruit, litchi, rambutan, processed poultry and cattle meat to South Korea.

It is important to invest more in improving the processing and preservation to increase the added value of products.

The ministry will maintain effective implementation of free trade agreements signed with other countries and regions over the world, as well as the coordinate with Vietnamese embassies and trade and agriculture offices to collect and provide information about foreign markets and tastes for local businesses, and help them boost trade promotion, Hoan said.

## 7. Vietnam remains second largest rubber supplier to Chinese market

During the initial four months of the year the nation was the second largest rubber supplier to China with US\$721.51 million, an annual rise of 2.2%, according to the General Administration of China Customs.

Throughout the reviewed period China's rubber import turnover (HS code 4001, 4002, 4003, 4005) reached US\$4.65 billion, up 9.5% on-year.

Most notably, Thailand, Vietnam, Malaysia, Japan, and the Republic of Korea make up the five largest rubber suppliers to China.

During this time, the northern neighbour boosted its import of rubber from a number of markets, including Thailand, Vietnam, Japan, Laos, Myanmar, and the Ivory Coast.

Furthermore, Vietnamese rubber market share as part of China's total import value in the first four months of the year accounted for 15.5%, representing a drop of 16.6% on-year.

During the initial four months of the year the nation stood as the seventh largest supplier of natural rubber to China with US\$70.65 million, down 14.1% over the same period from 2021. Indeed, the natural rubber market share of Vietnam made up 4.7% of China's total imports, an annual drop of 6.8%.

During the course of the four-month period, the nation represented the second largest supplier of a mixture of natural rubber and synthetic rubber to the Chinese market with US\$645.41 million, up 4.1% over the same period from last year.

In line with this, the market share of the country's mixed natural rubber and synthetic rubber of accounted for 34.5% of the total import turnover of natural rubber and synthetic rubber of China, down from 36.3% compared to the first four months of 2021.

## Corporate News

### 8. DGC: DGC to pour VND57.3 trillion in two projects in Dak Nong

↓ -4.09%

At a meeting with leaders of the province, DGC Chairman Dao Huu Huyen said the Duc Giang-Dak Nong fertilizer factory would produce NPK and potassium sulphate fertilizers with a respective capacity of 200,000 and 4,800 tons per year. The factory is expected to be built within 12 months.

As for the aluminum complex project, the Dak Nong government has allowed DGC to survey the location of bauxite mines in Tuy Duc and Dak Song districts and the location for aluminum factories in Thuan Ha and Thuan Hanh communes in Dak Song District.

Under the project, some 14.4 million bauxite ores is expected to be extracted per year and three ore processing factories with a combined annual capacity of 5.8 million tons of ores will be developed.

Once the two projects are in place, they will contribute over VND4.8 trillion to the province's budget.

Speaking at the meeting with DGC, Luu Van Trung, deputy secretary of the Dak Nong Party Committee, said during the execution of the two projects, DGC must ensure environmental protection, social welfare and fair benefits for local residents and the company.

In March, DGC approved a plan to establish Duc Giang-Dak Nong Chemical Co., Ltd in the Tam Thang Industrial Park in Dak Nong with charter capital of VND300 billion.

Closing the session today, June 13, DGC dropped 4.09% over the session earlier to VND121,800 per share.

Regarding stock trading, the VN-Index of the Hochiminh Stock Exchange lost a staggering 57.04 points, or 4.44%, against the previous session at 1,227.04, with only 38 stocks advancing and 458 others declining. The bourse saw nearly 733.5 million shares valued at over VND18.5 trillion changing hands, up 21.63% in volume and 9.24% in value.

In the VN30 basket, only electricity firm POW was traded in the green with a rise of 1.7%, while the remainder plunged.

Facing the same fate, the HNX-Index of the Hanoi exchange fell 18.08 points, or 5.9%, compared to the previous session at 288.37 with winning stocks outnumbering losing ones by 215 to 17.

### 9. GAS: PV Gas among Forbes Vietnam's list of top 50 listed firms for 10th year

↓ -0.59%

The PetroVietnam Gas Joint Stock Corporation (PV GAS) has been named among the top 50 listed companies in 2022 by Forbes Vietnam for the 10th consecutive year.

According to the magazine's statistics, the total profit after tax of the 50 companies reached 193.183 trillion VND (8.32 billion USD), up 10.7 percent against that of those listed last year. Their

revenue, meanwhile, amounted to over 1.192 quadrillion VND.

PV GAS ranked in the top five businesses with the most impressive revenue and profit. Its turnover, profit, and capitalisation were reported at 78.992 trillion VND, 8.672 trillion VND, and 210.534 trillion VND, respectively.



In 2021, PV GAS recorded a 23-percent increase in net revenue from sales and service provision compared to 2020. In 2022, the firm began to import liquefied natural gas (LNG) for energy conversion to compensate for the declining domestic gas supply and promote the development of the LNG market in Vietnam.

Most of the top ten companies in the list are industry leaders or have established competitive advantages in their fields of operation. Along with PV GAS, the Vietnam Oil and Gas Group

(PetroVietnam) also saw two other subsidiaries honoured by Forbes, namely the PetroVietnam Ca Mau Fertilizer JSC and Petrovietnam Fertilizer And Chemicals Corporation.

The list was first established in 2013. PV Gas was among nine firms honoured in all of the ten editions. The others are Bao Viet, DHG Pharma, FPT, Hoa Phat, Masan Group, Refrigeration Electrical Engineering Corporation, Vinamilk and Vietcombank.

**Research Team:**            **Tsugami Shoji**    *Researcher*            [jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)

**Disclaimer:**

*Copyright 2015 Japan Securities Co., Ltd (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.*

***Japan Securities Co., Ltd – JSI***

*Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi*

*Tel: (024) 3791 1818*

*Fax: (024) 3791 5805*

*Email: [info@japan-sec.vn](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*