



# VIETNAM DAILY NEWS



June 2nd, 2022

**Table of content**

## **Table of content**

- 1. VN-Index hits 3-week high**
- 2. HCMC deputy leader expects economy to grow by 6-7 percent**
- 3. HCM City enjoys good economic recovery, development signals**
- 4. Đà Nẵng: trade-business-investment activities in full swing this June**
- 5. Petrol prices surge past VNĐ31,000 a litre for first time**
- 6. Funds keep an eye on blockchain projects for investment opportunities**
- 7. Newly established firms up in first five months**
- 8. VIC: Vingroup collaborates with Intel to develop advanced technologies**
- 9. DGW: First batch of Xiaomi products delivered to Digiworld**

## Market Analysis

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

Vietnam's benchmark VN-Index rose 0.53 percent to 1299.52 points Wednesday, highest in three weeks, continuing its recovery.

The index closed nearly seven points higher after losing over one point Tuesday. It has risen nearly 59 points in the last 10 sessions.

Trading on the Ho Chi Minh Stock Exchange (HoSE) fell marginally to VND16.05 trillion (\$691.78 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 14 tickers gaining.

POW of electricity producer Petrovietnam Power Corporation rose 3 percent to a near four-week high.

GAS of state-owned Petrovietnam Gas gained 2.8 percent, and MSN of conglomerate Masan Group rose 2.3 percent.

Other gainers included PNJ of Phu Nhuan Jewelry, up 2.1 percent, and VCB of state-owned lender Vietcombank, up 2 percent.

Fifteen tickers dropped, with ACB of Asia Commercial Bank losing 1.4 percent and TPB of private TPBank falling 1.1 percent.

Foreign investors were net buyers for the fourth straight session to the tune of VND598 billion, mainly buying DGC of Duc Giang Chemicals Group and VHM of real estate giant Vinhomes.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 0.12 percent while the UPCoM-Index at the Unlisted Public Companies Market was down by 0.37 percent.

## Macro & Policies

### 2. HCMC deputy leader expects economy to grow by 6-7 percent

HCMC deputy chairman Vo Van Hoan expects the city economy to recover quickly from Covid-19 and grow at 6-7 percent this year.

Speaking at a press briefing about the 4th Vietnam Economic Forum, he said in the first quarter the economy grew again after shrinking during the previous two quarters due to the pandemic.

It grew at 1.88 percent.

Last year it had shrunk by 6.78 percent, the first contraction since the initiation of Doi Moi (economic reforms) in 1986.

"It is a good sign for HCMC's development that all manufacturing and business activities have returned to normal," Hoan added.

In May the city's Index of Industrial Production rose by 6.5 percent month-on-month and 9 percent from a year ago. In the first five months it was up 2.6 percent.

Hoan also called for better mechanisms for resolving issues related to the workforce, employment, technology, and capital.

### 3. HCM City enjoys good economic recovery, development signals

Socio-economic recovery and development have been seen in HCM City – the biggest economic hub in southern Việt Nam, with strong growth in production and business activities.

In May, the city's Index of Industrial Production (IIP) rose 6.5 per cent over the previous month and 9 per cent year on year. As a result, the city's IIP in the first five months of this year expanded 2.6 per cent year on year.

Strong rises were seen in many sectors, including processing-manufacturing at 44.8 per cent and rubber and plastic product production 33.1 per cent.

A representative from the city Department of Industry and Trade said that trade and service activities in the city started to recover from several months ago. Despite the strong increase in petrol price, local firms have struggled to overcome difficulties from the rise in material prices towards recovery and development, said the representative.

Statistics showed that total revenue from retail and service activities in the city in May reached VNĐ96.28 trillion (US\$4.15 billion), up 0.8 per cent over April and 10.4 per cent compared to the same period last year. In the first five months of 2022, the

figure hit VNĐ456.15 trillion (\$19.67 billion), a rise of 0.6 per cent year on year.

Local firms attributed the increase to recovery in the number of tourist arrivals after the Government decided to fully open the tourism sector from March, especially during the 31st Southeast Asian Games, and the increase in wedding party bookings. Meanwhile, the expansion of online shopping as well as development of logistics technologies have bolstered trade activities.

#### Exports top \$20b

HCM City's exports were up 7.9 per cent in the first five months of the year to \$20.7 billion, according to its Statistics Office.

Exports of industrial products rose by 11 per cent to more than \$12.6 billion, accounting for 74.9 per cent of total exports.

They included shipments of \$6.85 billion worth of computers, electronic products and components, \$1.8 billion worth of garments and textiles and \$1.13 billion worth of machinery, equipment and accessories.

China remained the city's largest market, buying nearly \$4.37 billion of its exports, up 10.6 per cent year-on-year.

It was followed by the US and Japan at nearly \$3 billion and \$1.1 billion.

The city's imports were up 11.6 per cent to \$28.44 billion.

A number of exporters have reported they have orders for until the end of the year.

Experts said global inventories are currently at very low levels, while demand has gradually recovered after a long time of stagnation due to the impact of the pandemic.

Orders have continued to increase, and exporters are now concerned because raw material prices and freight rates remain high, they added.

Similarly, garment and textile firms have orders for the whole year and are actively producing to fulfil them.

#### 4. Đà Nẵng: trade-business-investment activities in full swing this June

The central city of Đà Nẵng will hold a series of economic, trade, and investment events in June, most importantly the Đà Nẵng investment forum on June 26, said Hồ Kỳ Minh, deputy chairman of the municipal People Committee at a recent press conference.

According to Minh, the forum will introduce the city's potential, advantages and investment opportunities to attract capital in Việt Nam and abroad, particularly foreign direct investment. This is also a chance for local authorities to listen to opinions of businesses and investors to improve the local business and investment climate.

On the sidelines, an exhibition on Đà Nẵng's planning until 2030, inauguration ceremonies of key projects, and field trips to many high-tech sites are scheduled to take place.

Meanwhile, from June 4 to 9, the city will host the 16th Asian route development forum (Routes Asia 2022), the largest and biggest event to promote and connect flight networks in the Asia-Pacific region. The event is expected to draw about 450 delegates from 200 international aviation agencies and organisations from Asia, Europe, the Middle East, and North America.

Also in the summer month, Đà Nẵng will kick off the construction of many major projects such the Long Thành plastic plant, the Nesta Đà Nẵng centre, and the Dana Logistics.

Minh said after five months of 2022, local business, investment, commerce, tourism, culture, and sport activities have resumed in the normal condition.

The June events are expected to create a driving force for the city to bounce back and grow, he stressed.

#### 5. Petrol prices surge past VNĐ31,000 a litre for first time

The retail prices of oil and petrol continued to rise yesterday following the latest adjustment by the Ministry of Industry and Trade and Ministry of Finance with new costs topping a record VNĐ31,000 a litre.

From 3pm, the price of RON95 bio-fuel RON95 was increased by VNĐ921 to a maximum of VNĐ31,578 (US\$1.37) per litre, a new record high, while E5

RON92 surged by VNĐ602 to a maximum of VNĐ30,235 per litre.

The price of diesel oil was upped by VNĐ841 to a maximum of VNĐ26,394 per litre. An increase of VNĐ941 per litre was also seen in the price of kerosene to a maximum of VNĐ25,346.

This is the fifth consecutive increase in petrol prices.

Since the beginning of the year, the retail price of petrol has been adjusted up ten times and down only three times.

Hoàng Văn Cường, a member of the National Assembly Delegation from Hà Nội told Người Lao Động (Workers) Newspaper on the sideline of the National Assembly meeting on Tuesday that consumers would be directly affected by petrol prices increase while the whole economy is also affected because petroleum is an input material.

A strong increase in petrol prices would affect the Government's inflation-control target, therefore, the Government must set up measures to contain the increase in petrol prices, according to Cường.

He said to control the increase in domestic petrol prices, Government should use tax tools. Of which, the environmental protection tax could be reduced by 50 per cent.

"Reducing tax will affect budget revenues, but the Government must accept this solution to stabilise petrol prices, leading to economic recovery and development," Cường said.

Besides that, it is possible to reduce special consumption tax, but that needs to be considered carefully because this kind of tax is related to the regulation of consumers' use of goods.

In addition to price management, Cường said that it is also a very important factor to ensure the supply of petroleum.

He said Việt Nam is an oil and gas exploitation country with refinery and petrochemical plants which need to operate at full capacity to proactively supply and not be dependent on imports. Along with the petrol compulsory reserve and national reserve, it should also have a large volume of petroleum in stock to deal with price risks, he suggested.

A representative of the Ministry of Industry and Trade (MoIT) said that in the past, the MoIT and the Ministry of Finance took VNĐ100-1,500 per litre depending on the kinds of petrol and oil from the oil and petrol stabilisation fund to keep stability in the domestic petrol and oil prices.

The MoIT has expected petrol demand in the second quarter of 2022 to reach about 5.2 million cu.m. Meanwhile, the petrol supply in the second quarter of 2022 has been estimated to be 6.7 million cu.m, including 3.7 million cu.m from domestic production plants of Nghi Sơn and Bình Sơn, imports of 1.5 million cu.m and an inventory of 1.5 million cu.m transferred from the first quarter of 2022.

This supply meets the demand of the second quarter and a part of the demand in the third quarter.

Total petroleum demand for the domestic market this year is estimated to be about 20.6 million cu.m.

## 6. Funds keep an eye on blockchain projects for investment opportunities

The investment capital flow is eyeing blockchain projects, offering significant opportunities for Việt Nam where this technology was booming to have unicorns in the global blockchain market.

Hoài Nam, founder of investment UB Holdings, said that with a friendly environment for blockchain and crypto together with an entrepreneurial spirit, Việt Nam was attractive to foreign investors and it's time for blockchain project developers to show their capacity.

One of the recent notable deals was \$150 million in funding led by crypto exchange Binance for the gaming studio Sky Mavis to help reimburse users

who lost funds during a \$625 million hack of its play-to-earn game Axie Infinity.

2021 witnessed the biggest ever investment of around US\$25 billion pumped into the global blockchain market, representing a whopping rise of nearly 700 per cent.

The non-fungible token (NFT) market alone saw a rise of 13,000 per cent from \$37 million in 2020 to \$4.8 billion in 2021.

The figures showed that investment funds were attaching significant interest to blockchain, Trần

Dinh, CEO of blockchain business advisory company Alpha True, said.

The industry had its ups and downs. The blockchain market had been quiet since the beginning of this year, especially in terms of GameFi (play-to-earn blockchain game).

However, Nguyễn Mạnh Khôi, CEO of Koru Capital, said that the investment flow into the blockchain market in Việt Nam would not lose momentum because a number of domestic and foreign funds were waiting for opportunities to pour money in qualified projects and companies.

Khôi said Việt Nam was an attractive market for investors thanks to the Government's support for technology start-ups, a young population, a good workforce, high Internet coverage and high rate of population knowing about cryptocurrency which was in the top three in the world.

### Legal barrier

The blockchain industry in Việt Nam was facing legal barriers which forced many blockchain start-ups to “go abroad” to Singapore, Cyprus and Europe to open a company.

Statistics of Yield Guild Games showed that as of the beginning of May, there were around 1,000 blockchain game projects were being implemented in Việt Nam, among which Sky Mavis's Axie Infinity was the most notable with a total market capitalisation once hitting \$9.7 billion together with about 10 start-ups with market capitalisation of over \$100 million.

However, most of them were based in foreign countries while the market and human force were mostly in Việt Nam.

Cris Duy Trần, co-founder of FAM Central, said that there was a lack of a clear legal framework for blockchain in Việt Nam, which caused problems in the operation and fundraising process. In comparison, the legal framework of Singapore was more friendly.

This was a type of brain drain as developers came from Việt Nam but the companies were located in other countries, making it difficult for Việt Nam to become a start-up nation.

According to Nguyễn Thành Trung, CEO of Sky Mavis, the fact that blockchain projects often chose Singapore was directly related to the capital flow. Receiving foreign investment in Singapore was much more convenient than calling for capital from Việt Nam, he said, adding that the laws in Singapore were also clear while in Việt Nam, deals with higher value would face bigger problem.

Trung said that a clear legal framework was a plus point for blockchain start-ups. The lack of a legal framework made start-ups feel nervous and force them to operate in a defensive mindset because of not knowing what would happen tomorrow.

Not only in Việt Nam, many countries lacked clear regulations for blockchain, digital assets, NFT or cryptocurrency. Technology changes rapidly and the legal framework must be adjusted to keep pace with its development and ensure its development is on the right track, Huy Nguyễn, co-founder of KardiaChain said.

Huy predicted that with a proper legal framework, blockchain technology would naturally creep into every corner.

According to Deputy Minister of Science and Technology Trần Văn Tùng, blockchain technology has large potential in Việt Nam with a large number of businesses, scientists and engineering pursuing research and application of this technology.

Tùng said that the ministry would review and amend the legal framework of the science and technology industry to create favourable conditions for blockchain research and development as well as spending resources in the development of blockchain applications.

At the Vietnam Blockchain Expoverse in Dubai in March, Nguyễn Ngọc Dung from the Ministry of Planning and Investment said that different countries had different levels of economic and technology development, thus, the application of new technologies would not be the same. She said that start-ups came to Singapore to solve the problem of capital raising then bring money back to Việt Nam to operate the project.

Dung said that the legal framework for international capital raising would be revised, making it easier for start-ups.

## 7. Newly established firms up in first five months

The number of newly-established enterprises in the first five months of the year was 62,961, up 12.9 per cent over the same period in 2021, according to the General Statistics Office (GSO).

This was the highest number ever for the first five months of the year, the GSO said.

In the first five months of this year, newly registered capital reached about VNĐ761 billion, down 2.2 per cent over the same period in 2021.

Meanwhile, 22,108 operating enterprises registered an increase of about VNĐ1.68 trillion, up 72.7 per cent over the same period in 2021.

Therefore, the total registered capital of the economy in the first five months was more than VNĐ2.4 trillion, up 39.5 per cent on the year.

The GSO reported that Việt Nam saw 98,600 newly established enterprises and enterprises resume operations in the first five months of this year, up 25.8 per cent over the same period last year.

The numbers showed a substantial recovery of enterprises in the first five months.

During this period, 45,900 firms temporarily ceased operation, 19,000 were in the dissolution process, and 6,900 completed dissolution procedures.

The GSO said in May, Việt Nam had 13,400 newly established enterprises, down 10.9 per cent compared to the previous month but up 15.2 per cent over the same period last year.

There were 5,207 enterprises resuming operation, down 26 per cent from the previous month and up 6.4 per cent over the same period in 2021.

During the first five months, there were 913 newly-established enterprises in the agriculture, forestry and fishery sectors, up 2.4 per cent over the same period last year; about 16,200 enterprises in the industrial and construction industries, up 5.9 per cent, and 45,900 enterprises in the service sector, up 15.8 per cent.

At the third session of the 15th National Assembly, Deputy Prime Minister Lê Văn Thành said Việt Nam had made very positive changes in its socio-economic development in the fourth quarter of 2021, but the strong impacts of the pandemic meant demand in the economy did not recover strongly in the short term.

Therefore, it is necessary to quickly and efficiently implement the socio-economic development and recovery programmes to return the economy to normal.

The economy initially showed a recovery, while production and business activities have been forecast to prosper. This accelerated economic growth in the second quarter, and the whole year of 2022 will see enhanced economic growth.

### Five-month tax revenue ups 16.5 per cent

The total tax collection in the first five months of this year is estimated at nearly VNĐ673 trillion (US\$28.8 million), equivalent to 57.3 per cent of the projection for the whole year and a year-on-year increase of 16.5 per cent, according to the General Department of Taxation.

Notably, the collection from the manufacturing and business sector, the biggest contributor to the domestic revenue, represents 54.7 per cent of the estimate for the year, up 11.5 per cent from the figure of the last year's corresponding period.

The positive results were attributed to the fact that the economy in the first months of the year maintained a good growth rate, the COVID-19 pandemic was kept under control, while production and business activities were on the recovery. The strengthening of examination and inspection to prevent tax loss and evasion as well as efforts to reduce the tax debt rate also contributed to increasing the revenue for the State.

The general department has ordered organisations under its wings to implement tax support solutions in line with a resolution of the National Assembly which aims to help enterprises and residents quickly resume their production and business.

They were also requested to continue administrative procedure reforms relating to tax and e-invoice nationwide to facilitate taxpayers. The implementation of the second phase of e-invoice will

be promoted across the country, along with the sharing of its information and data in the provision of online public services, it said.



## Corporate News

### 8. VIC: Vingroup collaborates with Intel to develop advanced technologies

↑ 0.63%

These advanced computing systems include 5G enabled smart city and smart building solutions, smart manufacturing processes, cloud services and AI as well as advanced driver assistance systems (ADAS) based on the Mobileye technology.

The collaboration is part of Vingroup’s efforts to work with top-tier global suppliers who can aid with manufacturing development, smart services and electric vehicle initiatives.

Vingroup and Intel will work to explore opportunities for 5G-enabled smart city and smart building solutions, which can be applied to Vinhomes’ Smart City projects. The two sides will also collaborate around creating and deploying smart factory IOT solutions for VinES batteries manufacturing and VinFast electric vehicles manufacturing.

Vingroup and Intel will collectively define and build both an optimized and scalable computing architecture for AI training and inference for Vingroup’s in-vehicle and cloud applications, enabling a specific in-vehicle experience for consumers and an optimized multi-cloud strategy to potentially migrate and deploy open-source in-vehicle and in-building applications. The applications can include high-performance data management systems for ADAS and Infotainment, manufacturing and supply chain management along with enterprise solutions for Vingroup facilities.

Both companies will also work together to define a shared vision of future in-vehicle computing platforms and build scalable in-vehicle computing platforms for ADAS based on the Mobileye technology and infotainment systems that deliver an in-vehicle experience for Vingroup and VinFast customers and create a suite of services that will differentiate them from competitors.

Le Thi Thu Thuy, vice chairwoman of Vingroup, said, “Vingroup has always been a pioneer in bringing consumers smart products and services integrated with world-class technologies, advanced features and outstanding experiences to improve their lives. We work towards realizing this vision through partnerships like this, to create a smarter and more sustainable future for everyone.”

Intel CEO Pat Gelsinger said, “The digitization of everything is contributing to the insatiable need for semiconductors, especially in the automotive sector. Intel has the depth and breadth of software, silicon and platforms, and process with at-scale manufacturing our partners need for their next-generation innovations. This collaboration with Vingroup can help deliver needed technology innovations for safer roads, more sustainable manufacturing and smarter cities.”

Vingroup recently adjusted its orientation and redefined three key groups of activities, namely technology and industry, trade and services, and social enterprise. To develop the technology and industry group, Vingroup focuses on two main strategies: building Vingroup’s technology ecosystem and connecting global intelligence – cooperating with the world’s leading technology partners to accelerate the application of the most advanced and new technologies to Vingroup’s products and services.

## 9. DGW: First batch of Xiaomi products delivered to Digiworld

↑ 0.31%

The Xiaomi mobile phone assembly factory based in the nation is being operated by DBG Technology Co.Ltd in line with the global standards under the strict supervision of leading experts.

Moving forward, it is anticipated that the factory will distribute Xiaomi products to consumers in both Vietnamese and Southeast Asian market.

Henry Wo, representative of DBG Technology, emphasized that partnering with Xiaomi is expected to open up a wealth of opportunities to

export Made in Vietnam products to other important markets throughout the region.

Nguyen Duc Trong, a representative of Digiworld, revealed that the launch of Xiaomi products within the domestic market will contribute to resolving issues relating to supply sources amid ongoing fluctuations in the global market due to the impact of the COVID-19 pandemic.

This move has also helped consumers to secure a stable supply source and affirms the nation's position in the race to manufacture smart devices.

**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)*