



VIETNAM DAILY NEWS



June 21st, 2022

Table of content

Table of content

- 1. VN-Index sinks to 5-week low**
- 2. Inflation to be contained within target this year: central bank**
- 3. Vietnam ranks second in green bond issuance in ASEAN**
- 4. Vietnam's sustainable debt market records fivefold growth**
- 5. PM issues action plan on Mekong Delta development**
- 6. Vietnamese goods gain larger share on domestic market**
- 7. Finance ministry mulls further cut in fuel environment tax**
- 8. HPG: Hoa Phat eyes \$5 bln seaport, industrial complex in central province**
- 9. VNM: Record date for 2021 & 2022 cash dividend payment**

Market Analysis

1. VN-Index sinks to 5-week low

Vietnam's benchmark VN-Index dropped 3.03 percent to 1180.4 points Monday, lowest since May 16, as investors remained insecure of a recovery.

The index closed nearly 37 points lower after losing 19 points on Friday.

Trading on the Ho Chi Minh Stock Exchange (HoSE) fell by 10.9 percent to VND15.44 trillion (\$664.52 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 27 tickers dropped, with five of them hitting floor prices.

GAS of state-owned Petrovietnam Gas, HPG of steelmaker Hoa Phat Group, STB of Ho Chi Minh City-based lender Sacombank, POW of electricity producer Petrovietnam Power Corporation and SSI

of leading brokerage SSI Securities Corporation fell by 6.8-6.9 percent.

Other losers included BID of state-owned lender BIDV, PLX of fuel distributor Petrolimex and MSN of conglomerate Masan Group.

Two blue chips bucked the trend: VNM of dairy giant Vinamilk rose 3.4 percent, and VJC of budget airline Vietjet gained 1.7 percent.

Foreign investors were net sellers to the tune of VND604.62 billion.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 4.33 percent while the UPCoM-Index at the Unlisted Public Companies Market fell by 1.91 percent.

Macro & Policies

2. Inflation to be contained within target this year: central bank

Vietnam will be able to keep inflation under the targeted 4 percent cap this year despite rising prices and a stronger dollar, a central bank official has assured.

There is strong pressure from rising global inflation caused especially by the surging prices of oil and manufacturing inputs due to supply chain disruptions caused by Covid-19 and the ongoing war in Ukraine, Pham Chi Quang, deputy head of the State Bank of Vietnam's currency policy department, said at a recent press briefing.

"However, Vietnam is totally capable of keeping the price rise to 4 percent, and the country has enough currency policy room to stabilize interest and exchange rates to prevent import of inflation."

While other countries have seen their currencies lose quickly, the dong has only been weakened by around 2 percent this year, he said.

Lender HSBC last week cut its inflation forecast for Vietnam from 3.7 percent to 3.5 percent, thanks to stable food supply and weaker than expected impacts of fuel costs.

Inflation was 2.25 percent in the first five months against 1.29 percent in the same period last year.

Standard Chartered expects full-year inflation to be 4.2 percent in 2022 and 5.5 percent in 2023.

Prices rose by 1.8 percent last year, the least in six years.

3. Vietnam ranks second in green bond issuance in ASEAN

Vietnam ranks second in green bond issuance in the Association of Southeast Asian Nations (ASEAN), according to the ASEAN Sustainable Finance – State of the Market 2021 report recently released by Climate Bonds Initiatives (CBI) and HSBC.

According to the report, the sustainable debt market in ASEAN's six largest economies of Singapore, Thailand, Indonesia, Malaysia, the Philippines and Vietnam continued growing rapidly in 2021.

The record high issuance was seen in the green, social and sustainability bond (GSS) segments, reaching US\$24 billion, up 76.5% compared to the US\$13.6 billion in 2021; and sustainability-linked

bonds reaching US\$27.5 billion, up 220% compared to the US\$8.6 billion in 2020.

In Vietnam alone, the total GSS value hit US\$1.5 billion last year, nearly 5 times higher than US\$0.3 billion in 2020. The majority of green bonds and loans in Vietnam in 2021 came from the transportation and energy sectors.

The country is the second largest source of green debt issuance in ASEAN after Singapore.

According to HSBC, Vietnam's bond market grew to over US\$70 billion in 2021. More than 80% of the bonds issued were government bonds, while development banks were the second largest issuer.

4. Vietnam's sustainable debt market records fivefold growth

Vietnam recorded \$1.5 billion in issuance of green, social, and sustainability debt last year, almost five times higher than 2020, according to a report by Climate Bonds Initiative and HSBC.

The country's GSS debt was the fifth highest in ASEAN, but the second largest source of green debt in the region at \$1 billion, most of it from the transport and energy sectors.

The report also highlighted the rapid growth of the GSS debt market in ASEAN, whose value surged to \$24 billion from \$13.6 billion in 2020.

Meanwhile, sustainability-linked debt rose by over three times, from \$8.6 billion in 2020 to \$27.5 billion.

Singapore remained the region's leader with GSS debt issuance of \$13.6 billion, up from 2020's \$4.9 billion.

Growth was mainly driven by the green theme and reflected strong support for green finance from the Singaporean government. It was the largest source of green debt at \$12 billion.

The report said the growth reflected the region's enthusiasm to allocate capital for the response to the Covid-19 pandemic along with facilitating long-term, low carbon, and climate-resilient economic growth.

Vietnam, Thailand and Malaysia all aim to achieve carbon neutrality by 2050, while Indonesia has fast-

tracked its emission goal by 10 years to 2060 or earlier.

Kevin Tan, head of HSBC's Sustainable Finance and Investment in ASEAN, said more companies are aligning climate risk with their business strategies, but "significantly more financing needs to be deployed, to mitigate and adapt to climate change."

Sean Kidney, CEO of Climate Bonds Initiative, praised regional policies' contribution to the rapid growth of GSS debt market, but warned of "a huge gap that needs to be addressed - and quickly."

"High-emission and hard-to-abate sectors must transition from brown-to-green rapidly. That includes activities, assets and projects linked to energy, heavy manufacturing industries and agriculture," he said.

Climate Bonds Initiative is an international organization working to mobilize global capital for climate action. It promotes investment in projects and assets needed for a rapid transition to a low-carbon, climate resilient, and fair economy.

5. PM issues action plan on Mekong Delta development

The Mekong Delta region is expected to develop agricultural centres in association with specialised farming zones and urban areas.

The plans were laid out in Politburo Resolution No. 13 on developing the region until 2030.

Prime Minister Pham Minh Chinh on June 18 signed a Resolution to issue the Government action plan on Resolution No. 13, which covers the socio-economic development and maintenance of security and national defence of the Mekong Delta region until 2030.

The agricultural centres will include one in Can Tho city associated with the development of logistics services in Hau Giang province; centres in Hau Giang and Dong Thap provinces in connection with fresh water aquatic products, fruit and rice; centres in Kien Giang, Ca Mau and Soc Trang in connection with seafood production in coastal areas; and centres in Tien Giang and Ben Tre associated with fruit and crops.

Economic restructuring for the region is to be promoted, in association with shifting the growth model and applying science and technology, innovation and the development of a green and circular economy in line with biodiversity, culture and people of the region.

The resolution also targets to build Can Tho city into a developed centre of the Mekong Delta region and My Tho, Tan An, Long Xuyen, Rach Gia, Ca Mau and Soc Trang into specialised complexes.

It will also develop Phu Quoc in Kien Giang province into a centre of high-quality ecological tourism and service and of national and international sea and island tourism with linkages to major economic centres in the region and the world.

The resolution will focus investment on developing the An Giang border economic zone, issue incentives to develop Dong Thap border economic zone into an economic complex of industry, trade, services, tourism, urban areas and agro-forestry and fisheries

and a centre for economic exchange between countries in the sub-Mekong region.

The Mekong Delta region will get priority to develop socio-economic infrastructure, including the development of infrastructure to adapt to climate change and the development of modern, smart and synchronous information technology infrastructure in association with the growth of economic corridors, promoting connection and integration of urban-industrial economic corridors from Can Tho city to Long An province, along Tien and Hau rivers, along with coastal areas from Long An, Ca Mau provinces to Kien Giang province and along economic border corridors from Long An province to Kien Giang province.

Under the resolution, an expressway system connecting the southeastern region will be completed by 2030 together with a system of seaports and international border gates.

Focus will also be placed on developing digital infrastructure to build the e-government and digital economy.

The resolution sets a target for the Mekong Delta region to achieve an annual average growth rate of 6.5-7 percent during the 2021-2030 period.

It also sets tasks for socio-cultural development and improves the living conditions of local people.

PM Chinh asked ministries, agencies and People's Committees of provinces and cities of the Mekong Delta region to build action plans to implement the resolution before September 30 and regularly supervise and examine the implementation of assigned projects and tasks for annual assessment and reporting to the PM.

The Mekong Delta comprises Can Tho city and the provinces of An Giang, Dong Thap, Long An, Tien Giang, Vinh Long, Ben Tre, Tra Vinh, Soc Trang, Hau Giang, Bac Lieu, Ca Mau and Kien Giang. It is one of the largest and most fertile deltas in Southeast Asia and the world.

The Mekong Delta is the biggest food, fishery and fruit production hub in Vietnam.

6. Vietnamese goods gain larger share on domestic market

Vietnamese goods are benefitting from better quality, diverse designs and competitive prices to establish their place on the domestic and global markets.

Textile and garment makers are among those succeeding in conquering the domestic market. Firms such as Garment 10, Viettien, Duc Giang, Nha Be, Hoa Tho, Hanosimex and TNG have gained a firm foothold, and each recorded annual domestic revenues in hundreds of billions of VND.

Cao Huu Hieu, General Director of the Vietnam National Textile and Garment Group (Vinatex), said 10 years ago, Vietnamese consumers preferred foreign garment products due to their cheap prices, but now many people have selected domestically produced clothing with better quality.

Vinatex, apart from Hanoi, has opened more fashion shopping centres in other localities like Ho Chi Minh City in the south and Da Nang in the central region

to give consumers easier access to quality domestic products, he noted.

A recent study by market research company Nielsen revealed that after the COVID-19 pandemic, 76% of Vietnamese consumers showed a preference for local products, especially branded, quality and healthy items.

This trend is partly attributed to the fact that Vietnamese goods now have higher competitiveness thanks to better quality and reasonable prices. As a result, they are enjoying increasing presence in different distribution channels.

According to the Ministry of Industry and Trade (MoIT), Vietnamese goods make up at least 90% of the products sold in supermarkets, for example 90-93% at Co.opmart, 90-95 percent at Satra, and 95% at Vissan. The rate stands at 60% and above at traditional markets and convenience stores.

Le Viet Nga, Deputy Director of the MoIT's Domestic Market Department, said businesses are now aware that to win consumer trust, they have to improve product quality, boost sci-tech application, and use advanced management measures to reduce production costs, with better quality, designs, and after-sale services.

Many enterprises which have long focused on exports are now paying more attention to the domestic market and offer products that meet high standards for local buyers. They have also managed to develop their own domestic distribution networks in Vietnam.

Businesses are also aware of the need to build and protect their brands, and actively take part in major events promoting Vietnamese goods among

domestic consumers and overseas Vietnamese, Nga said.

She noted that to help enterprises expand their domestic presence, relevant agencies will continue to effectively carry out different programmes and plans to promote trade, develop supporting industries, and assist firms to step up sci-tech application, thereby raising their productivity and competitiveness.

In particular, one of the focuses is encouraging companies to conduct digital transformation by utilising e-commerce, e-payments, and modern logistics methods so they can further engage in domestic and foreign distribution chains. Besides, high-quality Vietnamese goods and services favoured by consumers will also be promoted as national brands, the official added.

7. Finance ministry mulls further cut in fuel environment tax

The Ministry of Finance is again considering halving the environment tax on fuel.

The tax, currently at VND2,000 (9 U.S. cents) on gasoline and VND1,000 on other fuels, could be brought down to VND1,000 and VND300, it informed relevant agencies as it sought feedback from them.

The cut could take effect by early August if approved this month and would cost the government's coffers VND7 trillion (\$301.3 million) this year, it added.

The tax was earlier halved from VND4,000 in April.

At the recent session of the National Assembly, lawmakers also called for cutting special consumption tax, value-added tax and import tax on gasoline, whose price reached a new peak of VND32,370 a liter last Monday.

"The Ministry of Finance will evaluate the impact to request the government and National Assembly for further tax cuts," finance minister Ho Duc Phoc said.

Vuong Dinh Hue, chairman of the National Assembly, said consumers are eagerly awaiting measures to reduce fuel prices.

Cutting profits could also be considered to bring prices down, he added.

Corporate News

8. HPG: Hoa Phat eyes \$5 bln seaport, industrial complex in central province

↓ -6.9%

Steel giant Hoa Phat Group wants to build a seaport and infrastructure for an industrial park for a total VND120 trillion (\$5.16 billion) in the central province of Phu Yen.

The company plans to complete the two projects, Bai Gioc seaport and Hoa Tam industrial park, within three years of receiving construction certificates and the cleared land, it said in a recent meeting with Phu Yen leaders.

Upon completion, the projects would contribute VND6 trillion a year to the provincial budget and create 12,000 jobs.

Phu Yen leaders said these projects are in line with the province's development strategy and will help boost its economy.

Hoa Phat this year has proposed several major projects, including a seaport, a deep-water port, a steel factory, an urban residential area, and an aluminum project in the provinces of Quang Tri, Thua Thien Hue and Dak Nong.

9. VNM: Record date for 2021 & 2022 cash dividend payment

↑ 3.45%

On June 15, 2022, Viet Nam Dairy Products Joint Stock Company announces the record date to pay remaining cash dividend for 2021 and pay first cash dividend for 2022 as follows:

- Record date: July 07, 2022
- 1. Reason and purpose: to pay remaining cash dividend for 2021 and pay first cash dividend for 2022.
- 2. Content:
 - 0. To pay remaining cash dividend for 2021:
 - Exercise ratio: 9.5%/share (950 dongs/share)
 - Payment date: August 19, 2022.
 - 1. To pay first cash dividend for 2022:

- Exercise ratio: 15%/share (1,500 dongs/share)
- Payment date: August 19, 2022.
- Place of implementation:
 - + For deposited securities: Shareholder will implement procedures to receive dividend at the securities company where shareholders opened securities depository account.
 - + For undeposited securities: Shareholder will receive dividend at VNM's head office on working days. Please present shareholder's identity card/citizen identity card and Share ownership certificate when receiving dividend at the Head office.

Research Team:**Tsugami Shoji** *Researcher*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

Website: www.japan-sec.vn