



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index drops despite blue chips' gain

Vietnam's benchmark VN-Index dropped 0.67 percent to 1172.47 points Tuesday, but with 14 blue chips going up.

The index closed nearly eight points lower after losing almost 37 points Monday.

VN-Index is now at the lowest since May 16.

Trading on the Ho Chi Minh Stock Exchange (HoSE) increased by 2 percent to VND15.77 trillion (\$678.89 million).

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

VNM of dairy giant Vinamilk surged 6.8 percent to the highest since April 29.

BID of state-owned lender BIDV gained 2.7 percent, and TPB of private TPBank rose 2.4 percent.

Other gainers included BVH of insurance company Bao Viet Holdings, VCB of state-owned lender Vietcombank and CTG of state-owned lender VietinBank.

Twelve blue chips fell, with POW of electricity producer Petrovietnam Power Corporation plunging 7 percent.

SSI of leading brokerage SSI Securities Corporation dropped 4.7 percent to the lowest since February last year.

Foreign investors were net buyers to the tune of VND379 billion, mainly buying VNM and REE of industrial appliance maker Refrigeration Electrical Engineering Corporation.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 1.23 percent while the UPM-Index at the Unlisted Public Companies Market was down by 0.48 percent.

Macro & Policies

2. Central bank stands ready to pump more foreign currencies to market

The State Bank of Vietnam (SBV) will increase its interference in the foreign currency market and stay ready to pump money to the market more frequently, thus creating favourable conditions for credit institutions to meet the demand for legal foreign currencies of organisations and individuals.

Vice Director of the SBV's Monetary Policy Department Pham Chi Quang said that since the beginning of 2022, the international market has developed complicatedly and unexpectedly, negatively affecting the global economic-financial system.

In this context, central banks have tightened the control over monetary policies and increase operational interest rates to rein in inflation, resulting in strong developments in the financial-monetary market, he noted.

The USD/VND exchange rate has so far increase about 2% over that in the end of 2021.

The SBV has managed the interest rate towards the creation of room for the exchange rates to develop flexibly and absorb shocks from the outside, while interfering in the market to minimise the over-fluctuation of the rates, contributing to stabilising the foreign currency market as well as the macro-economy, and controlling inflation, he said.

Since the beginning of this year, the SBV has sold foreign currencies through suitable methods, meeting the demand of the economy and maintaining the VND liquidity to support the VND interest rate stability, thus assisting the socio-economic recovery and development process, said Quang.

According to the bank, the 2% rise in USD/VND exchange rate since the end of 2021 is suitable to the conditions and development of the domestic and foreign markets as well as the target of the monetary management policy in stabilising the monetary market and macro-economy as well as reining in inflation.

Quang said that in the time to come, the SBV will coordinate with relevant agencies to make concerted management over VND liquidity to ensure the stability of exchange rates, foreign currency market and interest rates. He revealed that in recent years amid the favourable conditions of the market, the SBV has purchased a large amount of foreign currencies.

The official underlined that the selling of foreign currencies more frequently to the market will help satisfy the requirements for foreign currencies to buy necessary products serving domestic production and export, thus stabilising the market and support the economic recovery.

3. Keeping public debt below 60 per cent of GDP by 2030 targeted

Việt Nam is targeting to control public debt below 60 per cent of gross domestic product (GDP) by 2030 to ensure debt safety and national financial security.

The goal was highlighted in the public debt strategy by 2030.

Deputy Minister of Finance Tạ Anh Tuấn said yesterday at a two-day workshop held in Thanh Hoá that the public debt strategy issued on April 14 played an important role in the socio-economic development in the 2021-30 period, which serves as an important basis for continuing sustainable and

efficient public reform management and ensuring debt safety and national financial security.

Under the strategy, public debt would not exceed 60 per cent, government debt 50 per cent and foreign debt 45 per cent of GDP, and the amount for debt repayment would not exceed 25 per cent of the total budget revenue.

The strategy targeted that GDP would expand at an average of seven per cent per year with GDP per capita reaching US\$7,500 by 2030 and a budget deficit at around three per cent of GDP.

The ministry's statistics showed that public debt expansion decreased from an average of 18.1 per cent per year in the 2011-2015 period to 6.7 per cent in 2016-20. Public debt was at 55.9 per cent of unrevised GDP by the end of 2020, compared to the peak of 63.7 per cent in 2016, and 43.1 per cent of revised GDP by the end of 2021.

The structure of public debt had been adjusted in a more sustainable direction with the percentage of external debts falling from 61 per cent of the Government's total debt in 2011 to 33 per cent in 2021.

Debt repayment was always guaranteed on time, which contributed to improving the country's credit rating as S&P recently announced to raise Việt Nam's national credit rating from BB to BB+ with a stable outlook and increasing the fiscal room to strengthen the economy's resilience to macro shocks, the ministry said.

According to Carolyn Turk, World Bank director for Việt Nam, Việt Nam's public debt strategy for 2030 was very important because it related to both fiscal policies as well as public debt management. The strategy also guided the Government's borrowing activities after Việt Nam become a middle-income country with the goal of becoming a high-income country by the end of 2045, which would require a huge investment in infrastructure to maintain economic growth of an average of 5-6 per cent per year in the next 20 years.

She said that attention should be paid to improving the efficiency of local government debt management, pointing out that Việt Nam had not yet developed a medium-term local government debt management strategy and had not assessed risks before borrowing.

Trương Hùng Long, director of the ministry's Department for Debt Management and External Finance, said that Việt Nam had graduated from IDA, the World Bank's concessional finance window, meaning that the country no longer had access to high-preferential capitals as before and Việt Nam would have to rely more on market tools to raise capitals.

Therefore, it is important to have prudent and flexible medium and long-term borrowing and debt payment strategies to limit negative long-term consequences, Long said, adding that shocks like the COVID-19 pandemic always required reserve finance in the short and medium terms.

According to the strategy, the focus would be on enhancing and strengthening the management of finance, budget and public debt, improving the efficiency of loan use, ensuring debt repayment capacity and restructuring debt portfolio as well as enhancing digital transformation in public debt management.

4. Imports from Asia rise more sharply than exports

Vietnam had a trade deficit of some US\$56 billion with Asia in the first five months of 2022 as imports jumped, according to the General Statistics Office.

China and the Republic of Korea were among Vietnam's biggest exporters during the January-May period.

The country shipped goods worth US\$71.4 billion to Asia between January and May, up 13% year-on-year, while spending US\$127.3 billion buying goods from the region, a year-on-year increase of 17.6%.

Two-way trade between Vietnam and Asia reached over US\$198.6 billion, up 16.1% year-on-year,

accounting for nearly 65% of the former's total import-export value in the first five months.

Vietnam's trade with other regions made gains during the five-month period, with an 18.4% increase in trade with the Americas at US\$64.8 billion. In addition, the country's two-way trade with Europe amounted to US\$32.4 billion, up 9.8% year-on-year.

The country's import-export value in May stood at US\$63.5 billion, sending the total value between January and May to US\$306.1 billion, up 16% year-on-year.

Vietnam exported goods worth US\$153.3 billion in the first five months, a 16.7% increase against the same period last year, while spending US\$152.9

billion importing goods, up 15.3% year-on-year. As such, Vietnam enjoyed a trade surplus of US\$434 million during the five-month period.

5. PetroVietnam enjoys fruitful operation outcomes in five months

Despite difficulties in the first five months of this year, the Vietnam Oil and Gas Group (PetroVietnam) managed to increase its production, contributing to ensuring national energy security.

At a recent meeting, PetroVietnam General Director Le Manh Hung noted that the Russia-Ukraine conflicts have exceeded 100 days, causing a disruption in supply chains and pushing up the prices of energy and foods, as well as transportation, materials and equipment, affecting PetroVietnam's operation.

Meanwhile, the reserve of all old oil wells are falling, while the majority of newly-exploited wells are small in scale.

However, with great efforts in maintaining and increasing its production, the firm's May crude oil exploitation reached 0.92 million tonnes, exceeding its target for the month by 18%. The result pushed the production in the first five months of this year to 4.55 million tonnes, surpassing the plan by 22% and completing 52% of its yearly goal.

The production and supply of other products such as gas, electricity and nitrogen were also high, meeting

the market's demand. Petroleum production (excluding the output of Nghi Son Refinery Plant) hit 578,900 tonnes in May and 2.79 million tonnes in the first five months, exceeding the target for the month by 6%, equivalent to 45% of the yearly target. Nitrogen production reached 150,200 tonnes in May and 776,400 tonnes in the first five months, he noted.

Hung underlined that thanks to stable business and production operation, the firm enjoyed positive financial results.

In the first five months of 2022, PetroVietnam's revenue was estimated at VND372.2 trillion (US\$16 billion), exceeding the set target by 63% and fulfilling 67% of the yearly plan, representing a rise of 58% year on year. It paid VND52.8 trillion to the State budget in the period, he added.

Along with speeding up the implementation of major projects, including the Thai Binh 2 thermal power plant which was put into operation on May 12, PetroVietnam also strengthened international cooperation activities in oil and gas activities as well as energy transition and digital transformation, said Hung.

6. Petrol prices in Vietnam set new record

The retail price of biofuel E5 - RON92 recorded an increase of VND185 to VND31,302, equal to US\$1.35, per litre and RON95 rose by VND498 to a new record of VND32,873, equivalent to US\$1.42, per litre, respectively, as of 3:00 p.m. June 21.

According to the latest price adjustments, DO 0,05s-II has reached VND30,019 per litre, marking an increase of VND900 compared to the previous cycle.

Elsewhere, the price of kerosene was posted at VND28,785 per litre, a rise of approximately VND946.

Following the latest price changes, the two ministries decided to stop making use of the petrol price stabilisation fund in order to subsidise prices of petrol and diesel.

However, they both agreed to make use of part of the fund to subsidise mazut prices at VND300 per litre.

7. Pangasius exports likely to rake in US\$2.6 billion this year

With strong recovery momentum, Vietnam's tra fish (pangasius) exports are anticipated to hit US\$2.6 billion this year, according to details given by the Vietnam Association of Seafood Exporters and Producers (VASEP).

This figure represents a rise of 62.5% compared to the target of US\$1.6 billion set at the beginning of the year.

During the opening five months of the year, pangasius export turnover surged 90% to reach US\$1.2 billion against the same period from last year.

China remains the nation's largest pangasius export market with a turnover of US\$317 million, thereby representing a rise of 124% on-year and accounting for 26.5% of total pangasius export turnover.

Despite supply chain disruptions caused by the COVID-19 pandemic in China, pangasius exports to Hong Kong (China) continued to witness three-digit growth.

Furthermore, the export price of pangasius fillets to China ranged between US\$3.15 and US\$3.25 per kilo, marking an increase of US\$0.5 per kilo compared to the same period last year.

Currently, the nation boasts nearly 100 Vietnamese enterprises which are exporting pangasius products to Hong Kong (China) market.

Moreover, the United States made up the second largest consumer of Vietnamese pangasius during the five-month period with turnover reaching US\$310 million, an increase of 131% against the same period from last year, duly accounting for some 26% of total pangasius export turnover.

Most notably, the Food Safety and Inspection Services (FSIS) under the United States Department of Agriculture recently recognised six more Vietnamese pangasius processing factories which are eligible to export products to the US, a move which raises the number of establishments to 19.

Aside from strong exports to both Hong Kong (China) and the US, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) bloc remains a major export market for Vietnamese pangasius.

In line with this, pangasius exports to the CPTPP bloc throughout the opening five months of the year surged by 64% to reach US\$146.5 million on-year, accounting for 12% of total pangasius export turnover.

Moving forward, the VASEP forecasts that frozen pangasius exports to this market in the second quarter will rise by over 35% to US\$110 million compared to the previous quarter.

Corporate News

8. HSG: Hoa Sen Holdings Group plans to sell all HSG shares

↓ -4.07%

Hoa Sen Holdings Group has just registered to sell all 17.74 million HSG shares of Hoa Sen Group, reducing its ownership rate from 3.6 per cent to 0 per cent.

The expected transaction time is from June 23 to July 22 through the method of agreement and order matching.

The deal aims at solving the financial needs of the company.

Lê Phước Vũ, Chairman of Hoa Sen Group and Chairman of Hoa Sen Holdings Group, currently owns 84.3 million HSG shares, equivalent to a holding rate of 17.09 per cent.

On Tuesday morning, HSG shares were traded at VNĐ14,550 per share (US\$0.62 per share), a decline of 71 per cent from the peak of nearly VNĐ50,000 per share in October 2021. It is also the lowest since the end of 2020.

At the 2022 Annual General Meeting of Shareholders, the Chairman of Hoa Sen Group said that difficulties and challenges still existed.

To continue developing, the Board of Directors has set out a strategy to maintain existing strengths, boost Hoa Sen Home chain and restructure the group towards specialisation to optimise efficiency.

In the development strategy, the company said that the Board of Directors has a policy of transforming the operating model. Specifically, the unit will convert one limited company into Hoa Sen Plastic Joint Stock Company to take over all production and business activities of the plastic segment.

In addition, it also established a new company - Hoa Sen Furniture and Building Materials Distribution JSC - to take over all business activities of the distribution, retail segments and Hoa Sen Home.

9. VND: VNDirect expects profits to hit nearly \$70 million in first half of 2022

↑ 0.95%

In the first six months of 2022, VNDirect Securities Corporation's (HoSE: VND) profit before tax is estimated to reach about VNĐ1.62 trillion (US\$69.7 million), an increase of 43 per cent year-on-year, said Nguyễn Vũ Long, Acting General Director of VNDirect.

The result is expected to complete approximately 45 per cent of the business plan in 2022 that was approved by the General Meeting of Shareholders.

VNDirect keeps its parent company's profit plan unchanged despite recent unfavourable conditions on the market.

Accordingly, the General Meeting of Shareholders has approved the parent company's profit after tax

of over VNĐ3.6 trillion, up 32 per cent over last year.

Although the target is quite challenging, the securities firm will strive to achieve it in the second half of 2022.

According to the Acting General Director, the company completed the capital raising in April, increasing equity to over VNĐ14 trillion and is one of the securities companies with the largest capital scale in the market.

It continues to diversify mobilised capital sources by continuing to make more syndicated loans in the foreign market with a value of up to \$300 million. The loans are expected to be implemented in the third and fourth quarters of 2022.

The large capital helps VNDirect continue to expand its business capacity for activities in the capital market, such as consulting services and securities underwriting.

The stock market is facing risks due to macro factors caused by geopolitical conflicts, trade war-related conflicts, disruptions of global supply chains and rising inflation in many economies.

However, in the long term, in the general picture of the whole market, Việt Nam is still a bright spot with a stable macro foundation and strong economic growth prospects in the next cycle.

On Tuesday, VND shares rose 0.95 per cent to VNĐ15,900 per share. The gain ended its long losing streak of seven sessions, with four trades hitting floor prices.

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