



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Stock trading value hits 1.5-year low

Vietnam's benchmark VN-Index rose 1.68 percent to 1,188.88 points Thursday, with trading value plunging to the lowest since December 2020.

The index closed 19.61 points higher after losing 3.2 points Wednesday.

Trading on the Ho Chi Minh Stock Exchange fell by nearly 24 percent to VND10.16 trillion (\$436.9 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 20 tickers gain, led by CTG of lender VietinBank and POW of Petrovietnam Power.

They both hit the ceiling price, closing 6.9-7 percent higher.

GAS of Petrovietnam Gas and SSI of brokerage SSI Securities followed, surging 5 and 4.5 percent, respectively.

Other gainers included PNJ of Phu Nhuan Jewelry, up 4.4 percent, and GVR of Vietnam Rubber Group, up 4.1 percent.

Nine tickers bucked the trend, with VHM of real estate giant Vinhomes losing 2.5 percent.

Two other Vingroup-related tickers, VRE of retail property arm Vincom Retail and VIC of conglomerate Vingroup JSC, fell by 1.1-1.6 percent.

SAB of brewer Sabeco closed 1.7 percent lower, and KDH of property developer Khang Dien lost 1 percent.

Foreign investors were net buyers to the tune of VND352.6 billion, focusing on MWG of electronics retailer Mobile World, STB of HCMC-based lender Sacombank, and CTG.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was up 2.89 percent while the UPCoM-Index at the Unlisted Public Companies Market rose by 1 percent.

## Macro & Policies

### 2. Electricity consumption hits new record amid heatwave

Power consumption soared to an all-time high of 45,528 megawatts at noon Tuesday as people turned on air-conditioners and other devices to beat the searing heat.

It was 6,000 MW higher than last week's average, Nguyen Duc Ninh, director of the National Load Despatch Center, said at a conference Wednesday.

The north led with demand of 22,330 MW.

In Hanoi, consumption was 3 percent up on what was the fourth day of a heatwave.

The temperature rose to 39 degrees Celsius on Tuesday, according to the National Center for Hydrometeorological Forecasting.

### 3. Central bank sold roughly \$7 billion to stabilise forex market

The State Bank of Việt Nam (SBV) sold about US\$7 billion in the first five months of this year to balance the supply and demand sources of the greenback in the domestic forex market, according to the Viet Dragon Securities Corporation (VDSC).

The USD/VNĐ exchange rate listed at Vietcombank has so far this year increased by approximately 2 per cent.

The average rate of commercial banks according to Bloomberg's statistics in the period has increased by about 1.7 per cent. During May and the first half of June alone, the đồng depreciated about 1.0 per cent on the official market.

However, in the context that most currencies have fallen significantly against the US dollar after the Federal Reserve raised interest rates, the đồng has remained relatively stable.

The US Dollar Index has so far this year risen by 9.2 per cent, resulting in the depreciation of many currencies. The Japanese yen has fallen by 16.8 per cent, followed by the British pound (11.5 per cent) and euro (8.5 per cent). The Chinese yuan has also dropped by 6.3 per cent, Indian rupee (5 per cent) and Malaysian Ringgit (6 per cent).

According to VDSC's analysts, the domestic exchange rate might be under higher pressure at some times in the coming months, but the SBV will have enough resources to intervene and rebalance when necessary.

Việt Nam's foreign exchange reserves are currently measured at more than US\$100 billion, equal to 3.1 months of imports, and are forecast to keep rising. The value, which is four times higher than in 2015, will be an important buffer to stabilise the domestic forex market and help the country's economy withstand external shocks.

Though exchange rate management in the remaining months of the year is still a big challenge for the SBV, VDSC's analysts believe that the đồng will not depreciate as strongly as other currencies as in the latest meeting this month, the SBV affirmed to continually manage the exchange rate flexibly and readily cope with greater pressure caused by external uncertainties in the near future.

Under the move, the VDSC's analysts expect the đồng to depreciate only about 2.0-2.5 per cent in 2022, 1 percentage point higher than its forecast at the beginning of this year.

Earlier, Vietcombank Securities Company (VCBS) believed the USD/VNĐ exchange rate will increase by under 2 per cent in 2022.

The State Bank of Vietnam set the daily reference exchange rate for the US dollar at VNĐ23,087 per dollar on Tuesday, down VNĐ5 from the previous day.

With the current trading band of +/-3 per cent, the ceiling rate applicable to commercial banks during the day is VNĐ23,779 per dollar and the floor rate VNĐ22,394 per dollar.

The rates at some commercial banks also dropped.

BIDV listed the buying rate at VNĐ23,100 per dollar and the selling rate at VNĐ23,380 per dollar, both down VNĐ10 from June 20.

Meanwhile, Vietcombank kept both rates unchanged from June 20, listing the buying rate at VNĐ23,070 per dollar, and the selling rate at VNĐ23,380 per dollar.

#### 4. Vietnam emerges as major agricultural supplier to UK following UKVFTA

Vietnam has emerged as a major Southeast Asian supplier of farm produce and aquaculture products to the UK following the UK-Vietnam Free Trade Agreement (UKVFTA) they signed, speakers said at a conference on June 23.

Speaking at “UK Market: Unlocking great potential by leveraging advantages of the UKVFTA”, Oliver Todd, British consul general in HCM City, said Vietnam can replace other countries such as India and Indonesia as a major supplier of agricultural and aquaculture products to his country.

Todd, who is also director of the UK Trade and Investment in Vietnam, said Vietnamese exporters should be well prepared if they want to boost exports to the choosy market. It is important to learn about import demand and standards and requirements for exporting to the British market, he said.

Chris Milliken, vice president of the British Chamber of Commerce in Vietnam (BritCham), said there is ample scope to grow bilateral trade thanks to the trade deal.

“Vietnam and the UK are not competing against each other in any industry; they commercially complement each other.”

He pointed to the FTA as the leading pillar of the joint commitment to deepen bilateral trade, saying it was a mutual agreement to take bilateral trade to the next level.

The bilateral cooperation will include renewable energy, finance, education, high-tech, fintech, and others, he said.

The UK has in recent years focused on developing renewables such as wind and solar power as part of its efforts to adapt to climate change, he said.

He said Vietnam should develop renewable energy, an area in which the UK has strengths.

The UK recently developed an offshore wind project in the country, which will generate enough electricity for 1.6 million homes.

Major UK energy enterprises invest in solar power projects in Vietnam like the Shire Oak International Group, and solar power projects like Enterprize Energy and Mainstream Group.

He also spoke highly of the commitment by Vietnam to achieve net-zero emissions by 2050 to help mitigate climate change at the COP26 last year.

Truong Thi Chi Binh, vice president and general secretary of the Vietnam Association of Supporting Industry Enterprises, said the two countries have great opportunities for cooperation in many fields, especially supporting industries and renewable energy.

Vo Hong Kiet, customer service manager at the British Standards Institute (BSI Group), said Vietnam has the potential to become a major supplier of food and farm produce to the UK.

But Vietnamese exporters face challenges in finding partners and understanding the needs, quality standards and trade procedures in the UK, and also risks related to contracts and payments, he added.

Nguyen Manh Dat, deputy director of the Institute of Food Industry under the Ministry of Industry and Trade, said Vietnamese exporters should do thorough market research to ensure their products are of high quality and competitive in the market.

They must also ensure transparency for their products by developing websites and providing information about products, production lines, output, and trading partners.

Experts said the UK is the second largest economy in Europe with a free trade policy and large demand for agricultural imports.

Although the UKVFTA took effect at a tough time due largely to the COVID-19 pandemic, the two countries were able to achieve bilateral trade of 6.6 billion USD last year, up 17.2% from the previous year, according to figures from Vietnam Customs.

Vietnam's exports to the UK were worth 5.8 billion USD in 2021, up over 16.4%, while the UK's exports topped 849 million USD, up 23.6%.

In the first five months of this year, trade between the two countries reached 2.68 billion USD, equivalent to the same period last year's figure.

As of May, 462 UK direct investment projects with a total registered capital of 4.15 billion USD were approved in Vietnam, accounting for 0.97% of the country's total FDI.

They include 120 projects in the manufacturing and processing sectors with a total investment of nearly 1.6 billion USD, followed by 23 ones in real estate worth a total of 1.04 billion USD.

The signing of the UKVFTA took place in December 2020 in the British capital, London. It came into force on May 1, 2021.

The conference was organised by the Ministry of Industry and Trade, the British Embassy in Vietnam and the British Chamber of Commerce in Vietnam to help Vietnamese enterprises seeking to join the British supply chain.

## 5. Seafood exporters face challenging second half of 2022: conference

Seafood exporters in Vietnam may find the second half of 2022 a challenging period compared to the first due to slowing global economic growth, despite a successful first half of the year, according to a conference held by the Vietnam Association of Seafood Exporters and Producers.

Since the start of 2022, seafood businesses have been focusing on recovering their production, increasing exports and networking with partners after the COVID-stricken year of 2021.

Exports of seafood in the first five months of the year reached 4.7 billion USD, a 42% increase year-on-year.

During the conference held in HCM City on June 22, Truong Dinh Hoe, general secretary of the association, said that export prices grew by up to 15%, and markets grew around the world.

The association has been focusing on helping businesses overcome their difficulties, facilitating trade, educating members on free trade agreements, and calling for more favourable policies.

However, he noted that inflation is occurring around the world, and international transportation fees have increased strongly due to rising petrol prices.

China is also still maintaining its "zero COVID" policies, hindering Vietnam's exports to this traditionally lucrative market.

"While export is expected to reach around \$6 billion in the first half of 2022, we can only strive for 10 billion USD by the end of the year," Hoe said.

Vietnam has still been unable to remove the European Commission's "yellow card", which was issued in 2017 against Vietnamese seafood exports to its market because of insufficient efforts to meet the EC's regulations to prevent, deter and eliminate IUU (Illegal, Unreported and Unregulated) fishing.

Do Ngoc Tai, general director of Ngoc Tri Seafood Processing JSC, said that the first five months of 2022 have been very lucrative for the shrimp industry, with exports increasing by 41% compared to the same period last year.

However, seafood exports are expected to fall for the next few months, only picking up slightly at the end of the year amid holiday demand, due to global inflation, rising petrol prices, and the Russia - Ukraine conflict.

Some markets are still heavily affected by COVID, leading to lower demand, he said.

Rising petrol prices are also hindering fishing trips (including in Vietnam), leading to a drop in raw fish supply, in addition to making fish and shrimp farming more expensive, according to experts at the conference.

Truong Thi Tuyet Hoa, a representative of seafood company Vinh Hoan JSC, said that exporters should look into filling in seafood supply shortages in markets around the world, such as selling

Vietnamese shark catfish to countries with a shortage of pollock supply from Russia.

Exporters have to maintain competitive selling prices and high quality products, she said.

More trade facilitation events and connecting fish farmers to manufacturers to ensure stable supply are also important, Hoa said.

## 6. Reference exchange rate up 4 VND on June 24

The State Bank of Vietnam set the daily reference exchange rate for the US dollar at 23,105 VND/USD on June 24, up 4 VND from the previous day.

With the current trading band of +/-3 percent, the ceiling rate applicable to commercial banks during the day is 23,797 VND/USD and the floor rate 22,412 VND/USD.

The opening-hour rates at some commercial banks rose again.

At 8:30 am, Vietcombank listed the buying rate at 23,080 VND/USD, up 15 VND and the selling rate at 23,390 VND/USD, up 10 VND from June 23.

Meanwhile, BIDV raised the buying rate by 5 VND to 23,110 VND/USD and the selling rate by 15 VND to 23,390 VND/USD.

During the week from June 20-24, the daily reference exchange rate mostly followed an upward trend except for on Tuesday. It ended the week up 13 VND from Monday.

## 7. Vietnam cannot bank solely on renewable energy for net-zero emissions

Experts say an exclusive focus on renewable energy, accounting for 27 percent of total power supply, will not be enough to help Vietnam reach its "net-zero" emissions target by 2050.

Wind and solar power are not the sources of energy that will help Vietnam ensure national security, says Sean Lawlor, an energy expert at the U.S. Embassy in Vietnam.

To achieve the net-zero target, which means to have the amount of carbon added to the atmosphere not exceed the amount removed, Vietnam needs to speed up its energy transition process, which began in 2019, he said.

This means the country needs to transition from coal-fired power sources to liquefied natural gas, biomass, ammoniac or hydrogen power sources, he added.

As of last year, wind and solar power accounted for nearly 27 percent of Vietnam's total energy supply, and their production was nearly 12.3 percent of the total, according to the Ministry of Industry and Trade.

In the first six months of this year, the production ratio increased to 14.8 percent.

While there is agreement that transitioning to cleaner energy is needed, there are hurdles in this path, officials say.

Nguyen Ngoc Hung, head of the energy economics department under the industry ministry's Institute of Energy, said Vietnam has great potential for transitioning from traditional energy sources because there is a variety of renewable energy sources on hand.

However, the country lacks an efficient legal framework to boost the transitioning process and localization of energy technology is low, he said, adding that competition in the market was still at an early stage and lacked synchronization.

Hung said Vietnam badly needs the energy transition as the country faces the major challenges of declining traditional sources like coal and hydropower, but it was not easy to raise the funds needed.

Nguyen Tai Anh, deputy director of Vietnam Electricity (EVN) said he was concerned about the very high costs of transitioning to newer technologies like biomass, ammoniac or hydrogen power.

"There are also many policy challenges for a successful energy transitioning, but cost remains the most important factor."

Deepak Maloo, Asia Pacific regional head with GE Renewable Energy, said every country struggles with the cost of transitioning to cleaner energy.

But technology can help solve the problem, he added.

For instance, Vietnam can partner with companies that have hundreds of years of experience in transitioning from coal-fired power plants to gas-fired ones, he said.

## Corporate News

### 8. GAS: Petrovietnam Gas nears annual profit target in first six months

↑ 5.04%

Petrovietnam Gas (GAS) posted VND6.9 trillion (\$296.79) in post-tax profits in the first six months, or 98 percent of its yearly plan, thanks to rising oil prices.

Revenues were VND54.56 trillion, equivalent to over two-thirds of its business plan. The profits and revenues were 59 and 34 percent higher than last year, respectively.

GAS management attributed growth to rising oil and LPG prices, and market development and cost-reduction plans.

Viet Capital Securities forecast the Brent crude oil price to rise by 20 percent this year to the highest of \$85 a barrel. Prices would also rise on the Organization of the Petroleum Exporting Countries' (OPEC) production cut and lower supply from the U.S.

VnDirect Securities expected GAS' dry gas production to rally on rising demand in the second half of this year.

GAS produced over one million tons of liquefied petroleum gas (LPG), accounting for 70 percent of domestic share. Meanwhile, gas condensate production rose by 85 percent year-on-year.

### 9. MSN: Record date for the first cash dividend payment in 2022

↑ 3.77%

On June 20, 2022, MaSan Group Corporation announces the record date to pay first cash dividend for 2022 as follows:

- Record date: July 05, 2022
- 1. Reason and purpose: to pay first cash dividend for 2022.
- 2. Content:
  - Exercise ratio: 8%/share (800 dongs/share)
  - Payment date: July 13, 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 MSN'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.



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