



VIETNAM DAILY NEWS



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Table of content

Table of content

1. VN-Index goes sideways after two gaining sessions
2. Việt Nam's GDP hits 10-year high of 7.72% in Q2
3. Vietnam's CPI up 2.44% in six months
4. Foreign arrivals surge by 6.8 times in six months
5. Ho Chi Minh City record strong FDI inflows in H1
6. Reference exchange rate up 11 VND on June 30
7. Supply stays ample, fuel prices likely rise in 2nd half of 2022
8. FCN: FECON Group becomes a Vietnamese partner in developing a wind power project with a capacity of 500MW
9. HDG: HDG is about to issue more than 40 million shares to pay dividends

Market Analysis

1. VN-Index goes sideways after two gaining sessions

Vietnam's benchmark VN-Index stayed at 1,218 points Wednesday after posting double-digit gains in two previous sessions.

It dipped by 11 points at some stage but strong buying demand in the last hour of trading pulled it back to the starting price after gaining nearly 33 points in the last two sessions.

Trading on the Ho Chi Minh Stock Exchange fell by 17.9 percent to VND11.84 trillion (\$509.40 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 13 tickers drop.

GVR of Vietnam Rubber Group fell 2.6 percent and BVH of insurance company Bao Viet Holdings dropped 2.3 percent.

Other losers included SAB of brewer Sabeco, PLX of fuel distributor Petrolimex and VRE of retail real estate arm Vincom Retail.

Twelve blue chips gained, with BID of state-owned lender BIDV rising 3.7 percent to the highest this month.

VNM of dairy giant Vinamilk gained 2.1 percent.

Other gainers included HPG of steelmaker Hoa Phat Group, GAS of state-owned Petrovietnam Gas and SSI of leading brokerage SSI Securities Corporation.

Foreign investors were net sellers to the tune of VND34.6 billion, mainly selling DPM of Petrovietnam Fertilizer & Chemicals Corporation and HPG of steelmaker Hoa Phat Group.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 0.54 percent while the UPCoM-Index at the Unlisted Public Companies Market fell 0.15 percent.

Macro & Policies

2. Việt Nam's GDP hits 10-year high of 7.72% in Q2

The Vietnamese economy expanded at 7.72 per cent in the second quarter of this year, the highest rate in the same quarters in the last 10 years, the General Statistics Office (GSO) reported at a press conference on Wednesday.

The figures for the same quarters in the last three years of 2019, 2020 and 2021 were 7.1 per cent, 0.52 per cent and 6.73 per cent, respectively.

In Q2 this year, the agriculture-forestry-fishery sector increased 3.02 per cent, contributing 4.56 per cent to the overall growth of the economy.

The industry and construction sector was up 8.87 per cent, making up 46.85 per cent, while the service sector rose by 8.56 per cent, contributing 48.59 per cent to the general GDP growth, Hương said.

Regarding GDP use, final consumption expenditure increased by 7.32 per cent over the same period last year; accumulated assets rose by 4.57 per cent; exports of goods and services surged 12.33 per cent; and imports of goods and services were up 4.88 per cent.

In the January – June period, the country's GDP grew by 6.42 per cent, higher than the 2.04 per cent and 5.74 per cent growth rates of the same periods in 2020 and 2021, respectively.

According to GSO General Director Nguyễn Thị Hương, the country's socio-economic development in the first six months of 2022 has prospered in most industries and fields, especially the processing and manufacturing industry; retail sales of consumer goods and services; and exports.

In terms of economic structure in the first two quarters, the agriculture-forestry-fishery sector accounted for 11.05 per cent of the country's economy; the industry-construction and service sectors made up 39.3 per cent and 40.63 per cent, respectively, the GSO said.

CPI up 2.96 per cent in Q2

The Consumer Price Index (CPI) in the second quarter of 2022 posted a year-on-year rise of 2.96 per cent.

The office said CPI in June increased by 0.69 per cent month-on-month, up 3.18 per cent against December 2021 and up 3.37 per cent compared to the same period last year.

GSO General Director Nguyễn Thị Hương attributed the increase in CPI in Q2 to the continuous hikes in domestic petrol prices in tandem with world fuel prices, as well as the increase in the price of essential consumer goods and services in line with the price of input materials and transportation costs.

On average, in the first six months, CPI increased by 2.44 per cent over the same period last year; core inflation rose by 1.25 per cent.

The global commodity market continued to face fluctuations in the first half of 2022 and was influenced by economic and political factors, Hương said.

“The world economy recovered, the demand for raw materials for production increased while the supply was interrupted, causing commodity prices on the international market to soar,” she said.

“The tensions between Russia and Ukraine have pushed up the prices of raw materials and fuel and the world is at risk of a global food crisis,” she said.

In the second quarter of 2022, domestic petrol prices increased by 54.92 per cent over the same period last year, causing the overall CPI to increase by 1.98 percentage points. Domestic gas prices increased by 30.99 per cent over the same period last year, causing CPI to increase 0.45 percentage points.

The price of housing maintenance materials in Q2 went up by 7.81 per cent over the same period last year because the prices of cement, iron, steel and sand increased according to the price of input materials, causing the overall CPI to increase 0.16 percentage points.

The domestic price of rice also gained in line with the export prices of rice. In the second quarter, it increased by 1.07 per cent over the same period last year, causing the overall CPI to increase by 0.03 percentage points.

Besides the reasons for the increase in CPI, there are some reasons for the decrease in CPI in the second quarter of 2022, including the average pork prices down 18.6 per cent compared to last year due to the control of African swine fever and the guaranteed supply of pork, reducing CPI by 0.63 percentage points.

The fees of educational services in Q2 dropped by 2.86 per cent because a number of provinces and centrally-run cities exempted and reduced tuition fees from the first semester of the 2021-2022 school year due to the impact of the COVID-19 pandemic, causing CPI to decrease by 0.16 percentage points.

House rent in the second quarter of this year decreased by 12.33 per cent compared to last year because due to the COVID-19 pandemic, many landlords reduced rent to support tenants.

3. Vietnam's CPI up 2.44% in six months

Vietnam's consumer price index (CPI) in the January – June period rose by 2.44% year-on-year while its core inflation edged up 1.25%, the General Statistics Office (GSO) reported at a press conference on June 29.

The CPI was up 2.96% in the second quarter, and 3.37% in June alone, compared to the same periods last year.

GSO General Director Nguyen Thi Huong attributed the CPI hike to the increase in prices of essential consumer goods and services, materials for production and transportation costs.

According to the GSO, the world commodity market in the January – June period continued to witness many fluctuations and was influenced by economic and political factors.

The global economic recovery, the increasing demand for raw materials and fuel for production, and the disruption in supply chains are main reasons behind the sharp surge of commodity prices on the international market.

The GSO said prices of petrol and gas in the second quarter increased by 54.92% and 30.99% over the same period last year, causing the overall CPI to rise by 1.98 and 0.45 percentage points, respectively.

Meanwhile, prices of pork dropped 18.56% percent year-on-year, causing the overall CPI to fall by 0.63 percentage point, it said.

The prices of education services and housing rental, which declined by 2.86% and 12.33%, respectively, also pushed the CPI down.

4. Foreign arrivals surge by 6.8 times in six months

The number of foreign tourists visiting Vietnam in the first two quarters of 2022 increased 6.8 times over the same period of 2021, reaching 602,000, according to the General Statistics Office (GSO).

Visitors coming by air accounted for 87% of the total and 9.4 times that of the same period last year.

In June alone, Vietnam welcomed nearly 237,000 foreign arrivals, up 36.8% compared to the previous

month, and 32.9 times that of the same period last year.

Statistics show that the revenue from accommodation and catering services surged by 20.9% in the first six months, and 80% in June, over the same period last year.

Meanwhile, the travel service revenue in the January – June period surged by 94.4% over the same period last year thanks to the strong recovery of tourism

activities, especially the boom of domestic tourism in the second quarter. Some localities recording high revenues were Khanh Hoa (up 627.8%); Can Tho (183.9%), Hanoi (129.3%); Da Nang (98.5 percent); and Quang Nam (67.8 percent)

Notably, Hanoi served 8.61 million tourists in the reviewed period, earning 25.2 trillion VND (nearly

1.08 billion USD), up three times in both number and revenue against the same period last year.

The tourism sector of Ho Chi Minh City reported that the city welcomed 11 million domestic holiday-makers and 478,000 foreigners in the periods, up 43.1% and 100% year-on-year, respectively.

5. Ho Chi Minh City record strong FDI inflows in H1

Ho Chi Minh City attracted 2.18 billion USD in foreign direct investment (FDI) in the first six months of 2022, a year-on-year increase of 60.07%, according to the municipal Department of Planning and Investment.

From January to June, 291 new projects were granted investment certificates, up 5.43% compared to the same period last year, with total registered capital of 223.75 million USD, down 1.28% against last year.

In addition, 68 projects applied to adjust their investment capital, a decline of 2.86% over the same period, with total additional registered capital reaching 1.37 billion USD, up 205.19% compared to the same period last year.

There were also 1,105 approved transactions in the form of capital contribution and share purchases by foreign investors in the first half, a year-on-year rise

of 9.62%, with the total value of contributed capital reaching over 583.11 million USD, down 15.12% year-on-year.

Between January and June, the southern province of Dong Nai lured more than 321 million USD in FDI, equal to 42% of the amount in the same period last year.

Of which, 99 million USD was poured into 12 new projects and an additional 222.4 million USD in 34 existing projects.

According to the provincial People's Committee, investment in new projects mainly came from the Republic of Korea, Taiwan (China), Japan and China.

Currently, the province has 1,549 valid FDI projects with total registered capital of nearly 32.5 billion USD.

6. Reference exchange rate up 11 VND on June 30

The State Bank of Vietnam set the daily reference exchange rate for the US dollar at 23,110 VND/USD on June 30, up 11 VND from the previous day.

With the current trading band of +/-3 percent, the ceiling rate applicable to commercial banks during the day is 23,803 VND/USD and the floor rate 22,416 VND/USD.

The opening-hour rates at some commercial banks saw increases.

At 8:35am, Vietcombank listed the rates at 23,095 VND/USD (buying) and 23,405 VND/USD (selling), both up 5 VND from June 29.

Meanwhile, BIDV raised both rates by 10 VND from the end of the previous session, listing the buying rate at 23,130 VND/USD and the selling rate at 23,410 VND/USD.

7. Supply stays ample, fuel prices likely rise in 2nd half of 2022

Supply of goods and services for the domestic market during the first half of the year has been ample with a slight uptick observed for a number of commodities, said the Ministry of Industry and Trade (MoIT) during a conference in Hanoi on June 28.

Disruptions caused by the pandemic have been mostly resolved, especially in regard to essential goods including foodstuff, livestock feed and fertiliser even during high-demand seasons. Demand for goods and services has been steadily on the rise, particularly in the travel and hospitality market.

Meanwhile, fuel prices have seen sharp spikes due to geopolitical events around the world and will likely stay volatile for the foreseeable future.

Domestic retail of goods and services in June reached 472 trillion VND (20.3 billion), a 1.4% increase month-on-month, bringing the total figure for the first six months of the year to 2.717 quadrillion VND, an 11.7% from the same period last year.

"Once adjusted for inflation, we recorded a 7.9% increase year-on-year, a significant increase in recent decades,"

June's CPI was reported at 0.69% with CPI-average for the second quarter increasing by 2.96% year-on-year with core inflation average increasing by 1.25% during the first half of the year.

A ministry report said in the second half of the year fuel prices, among other import-reliant

commodities will continue to see price hikes but supply should remain sufficient for domestic demand.

Fuel prices will likely see slight increases in the near future due to Russia's special military operations in Ukraine and EU's sanctions but measures have been taken by major economies to rein in rising global oil prices.

"There is enough fuel for domestic demand at least until the end of the third quarter," said a representative from the Vietnam Petroleum Association.

Earlier, the association asked the MoIT to consider further tax and fee cuts on fuel imports to help bring down domestic prices. The ministry said it has transferred the request to the central government and the National Assembly's Standing Committee for consideration.

The MoIT's deputy-head of the domestic market department Hoang Anh Tuan said fuel security was the ministry's top priority at present. The ministry has been working closely with Vietnam's major refineries including the Binh Son Refinery, which has been running at 100% capacity for several months now. At the same time, Petrolimex, the country's largest fuel trader, has been actively looking for new suppliers to ramp up imports.

Meanwhile, the ministry called for the public to prioritise using make-in-Vietnam products and for trade representative offices and businesses to find new markets and customers in an effort to curb the trade deficit and boost exports.

Corporate News

8. FCN: FECON Group becomes a Vietnamese partner in developing a wind power project with a capacity of 500MW

↓ -1.48%

Corio Generation signed a cooperation agreement for joint development with FECON (HOSE : FCN), one of the leading corporations in construction and infrastructure in Vietnam. Accordingly, the two sides will cooperate in an offshore wind power project with a capacity of 500MW in Ba Ria - Vung Tau province.

Sharing in the signing ceremony that took place in Hanoi on June 22, 2022, the company representative said, this cooperation - represents Corio's commitment to the development of renewable energy in Vietnam.

Corio is a global offshore wind business and the Portfolio Company of Macquarie's Green

Investment Group. The company currently owns one of the largest offshore wind power development portfolios in the world, with more than 20GW.

The proposed 500MW offshore wind power project in Vung Tau, located 25-30km from the coast, is expected to be one of the large-scale offshore wind power projects built in Vietnam, after being approved licensing and approval.

According to analysis by Green Investment Group, once built, the project can provide about 1,250 GWh of clean electricity and reduce more than 600,000 tons of carbon emissions per year.

9. HDG: HDG is about to issue more than 40 million shares to pay dividends

↑ 0.00%

Ha Do Group Joint Stock Company (HOSE : HDG) announced that July 7 is the last registration date to pay the second dividend of 2021 in shares. The ex-rights date is July 6.

Execution ratio is 100:20 (shareholders owning 100 shares will receive 20 new shares). The total number of shares to be issued is 40.8 million shares. Accordingly, the charter capital increased from VND 2,038 billion to VND 2,446 billion.

Previously, HDG paid the first dividend of 2021 in cash at the rate of 10% (1 share received 1,000 VND), paid on April 20, 2022. HDG shares are trading around 57,000 VND/share at the beginning of the session on June 29.

In 2022, HDG is expected to pay dividends at the rate of 25% of charter capital. Management said it has maintained a high dividend for many years.

Currently, the Company focuses on developing new projects and the land fund should retain profits to serve the next development. Dividend will be paid 5% in cash, 20% in shares to serve the next development orientation.

This year, HDG sets a revenue target of VND 3,703 billion, down 5%; profit after tax of VND 1,344 billion, equal to the performance in 2021. According to the Board of Directors of the Company, the real estate segment will bring in revenue of VND 1,800 billion, the energy segment will bring in VND 1,700 billion, and the rest will be the hotel segment, office segment for rent. In the first quarter of 2021, HDG achieved revenue of VND 685 billion and profit after tax of VND 296 billion.

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