



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. VN-Index inches up

Vietnam's benchmark VN-Index rose 0.1 percent to 1,291.35 points Tuesday, turning positive after spending most of the session in the red.

The index closed over one point higher after gaining two points Monday.

Trading on the Ho Chi Minh Stock Exchange rose by 5 percent to VND17.83 trillion (\$769.1 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 17 tickers fall, with TPB of private lender TPBank losing 3.6 percent to the lowest since September.

It was followed by two other lenders, BID of state-owned BIDV and STB of HCMC-based Sacombank, down 1.8 percent and 1.5 percent, respectively.

SSI of leading brokerage SSI Securities closed 2.8 percent lower, while PDR of real estate developer Phat Dat fell 1.5 percent.

Twelve blue chips ended higher, led by two energy stocks.

POW of Petrovietnam Power closed at ceiling price, gaining 6.9 percent to a near two-month high. Its trading volume was the highest since Jan. 13.

PLX of fuel distributor Petrolimex rose 4 percent.

Other winners included BVH of insurance company Bao Viet Holdings, up 3.7 percent, and PNJ of Phu Nhuan Jewelry, up 2.4 percent.

Foreign investors were net buyers to the tune of VND153.45 billion, focusing on VND of brokerage VNDirect Securities and HPG of steelmaker Hoa Phat.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, fell 0.87 percent while the UPCoM-Index at the Unlisted Public Companies Market plunged by 0.22 percent.

## Macro & Policies

### 2. Deposit interest rate forecast to rise by 0.3-0.5 pp in H2 2022

Deposit interest rate in the second half of this year might be adjusted up some 0.3 to 0.5 percentage points, experts forecast.

Banking expert Nguyễn Trí Hiếu told Việt Nam News that savings interest rates in the remaining months of the year will unlikely remain at historic low levels as last year due to a higher capital demand and inflationary pressure as well as a fiercer competition from other investment channels such as real estate and securities to attract idle capital flows.

Sharing the same view, Trần Đức Anh, director of the KBSV Securities Company's Macroeconomics and Market Strategy Division, said interest rates for long term deposits of large-sized banks would increase by about 0.5 percentage points.

The đồng interest rates traded between banks on the interbank market by the end of April declined by 0.5-0.7 percentage points per year, but increased again in early May 2022. Specifically, the interbank interest rates in early May 2022 were 0.1-0.4 percentage points per year higher than the rates at the end of April on short terms of less than one month.

Not only small-sized banks, but large-sized banks, which previously always kept deposit interest rates at very low levels, have recently also adjusted up their rates as a move to increase the competition in attracting depositors.

Techcombank, for example, last week increased savings rate by 0.3-0.45 percentage points per year, lifting the highest rate at the bank to 6.5 per cent per year. The surge was the bank's strongest interest rate adjustment in more than six months. In previous adjustments, Techcombank's rate usually only increased slightly by about 0.1-0.2 percentage points.

Analysts from the Saigon Securities Incorporation (SSI)'s research department also said deposit interest rates were under increasing pressure in the wake of rising inflation and stronger-than-expected credit growth.

Data of the State Bank of Vietnam (SBV) showed total credit supply as of May 20 reached more than VNĐ11 quadrillion, up 7.66 per cent compared to that at the end of 2021 and doubling the figure recorded over the same period last year.

SBV's deputy governor Đào Minh Tú said from the beginning of this year, SBV had guided credit flow towards the production and business sectors as well as prioritised areas, while tightly controlling credit in risky areas.

Particularly, a growth of over 8 per cent was seen in credit for sectors facing difficulties such as tourism and hotels, while a 7.6 per cent increase was recorded in industrial sectors and supporting industries.

The SBV Deputy Governor said as of the end of April, more than VNĐ695 trillion in loans had been given to more than 1.1 million customers.

Thanks to the strong credit growth, many banks have almost reached the credit quota they were granted at the beginning of the year.

Research by SSI showed an unprecedentedly high credit growth rate was recorded in State-owned banks (up 6.4 per cent since the beginning of the year), which is a positive sign of economic recovery.

Therefore, banks could be granted more credit room to facilitate loan expansion. Meanwhile, banks involved in the restructuring of weak credit institutions such as Vietcombank and MB could have the opportunity to grow at a very high level.

### 3. EVN to boost clean energy development

The Electricity of Vietnam (EVN) will invest more in clean energy in the years ahead to meet the rising demand for power in national development.

The group has submitted to the Government its proposal on mechanisms to encourage the development of renewable energy such as wind and solar power along with storage systems.

EVN expects to put into operation around 5,500 MW of electricity from renewables, with 4,000 MW from wind power and 1,500 MW from solar power by 2025, to prevent a shortage of power, especially in northern localities.

The group has also asked the Government for permission to develop offshore wind power in the northern region to increase electricity supply for the region and ensure national power security.

Those proposals by EVN are in line with the Party and Government's policy on encouraging the development of renewables and delivering on Vietnam's commitment at the COP26.

Electricity demand is surging in the context of Vietnam making all-out efforts for socio-economic recovery after the COVID-19 pandemic is put under control.

According to the power development plan in 2022, EVN can ensure sufficient power supply for the central and southern regions. The northern region may face a shortage at some points of time, particularly during severe heat waves.

The northern region accounts for nearly 50 percent of the national power demand, and the region's demand is also expected to increase at a rate higher than the national average.

Meanwhile, there are few new generation sources scheduled to be put into operation in the north this year, while electricity transmission from the central and southern regions is constrained by limited capacity of the transmission network.

To make it worse, coal supply for electricity generation is facing various difficulties.

To help with the development of renewables and implement Vietnam's commitment at the COP26, EVN is pushing ahead cooperation with foreign partners.

During a working trip to the US last mid-May, Chairman of EVN's Member Board Duong Quang Thanh held a working session with Regional Director of the World Bank's Infrastructure Department in the East Asia and Pacific region Ranjit Lamech and WB Country Director for Vietnam Carolyn Turk on collaboration in developing clean energy.

The two sides discussed possibilities of partnership in developing offshore wind power, and considered the use of LNG for the Quang Trach II thermal power plant, and electricity transmission grids integrated with renewables in the future.

In March this year, during a meeting with Norwegian Ambassador Grete Lochen and Finnish Ambassador Keijo Norvanto, EVN General Director Tran Dinh Nhan stressed that Vietnam needs support and assistance from countries and international financial organisations in transforming to a suitable energy structure.

Ambassador Lochen appreciated Vietnam's commitment to achieving net zero emissions by 2050 at COP26. She said Norway will prioritise cooperation with Vietnam in developing renewables, including solar power and offshore wind power. The Norway Government will provide financial support for renewable development in Vietnam, she said.

The Finnish Ambassador also affirmed that Finland is ready to provide all possible support, including financial, for Vietnam in energy transition and realising its COP26 commitment.

Nhan informed the diplomats that renewable energy in Vietnam has developed strongly over the past three years, with total power from those sources now topping 21,000 MW, accounting for one third of the national power capacity. However, most

renewable electricity generation sources are concentrated in the southern region, posing challenges to power distribution.

#### 4. PetroVietnam surpasses oil exploitation by 22 per cent in January-May

The Việt Nam Oil and Gas Group (PetroVietnam) pumped 4.55 million tonnes of crude oil in the first five months of 2022, surpassing the plan by 22 per cent, contributing to ensuring national energy security and national development.

In the period, the group faced numerous difficulties as the Russia-Ukraine conflict has prolonged for more than 100 days, causing disruption to supply chains, pushing up prices of power and materials, as well as transport and production costs.

Besides, existing oil and gas mines have seen big reductions in output while the exploitation of new ones is hindered by regulations.

In such difficult circumstances, PetroVietnam has undertaken a range of measures to maintain output and stable operation, including technical solutions to increase output.

Along with crude oil, the production of other products such as gas, electricity, nitrogen fertilizer and petrol and oil has also been kept at high levels, meeting market's demand. Petrol and oil output, excluding that of the Nghi Sơn Refinery, totalled 2.79 million tonnes in the five-month period, exceeding the five-month target by 8 per cent and achieving 46 per cent of the yearly plan. The output rose 20 per cent from the same period last year.

The group also turned out 776,400 tonnes of nitrogen fertilizer, up 20 per cent year on year and meeting 46 per cent of the yearly plan.

As a result, PetroVietnam earned an estimated VNĐ372.2 trillion (US\$16.05 billion) in revenues in the five-month period, surpassing the five-month revenue plan by 63 per cent, and up 58 per cent from the same period last year.

The group contributed VNĐ52.8 trillion to the State budget, up 59 per cent year on year.

At the same time, PetroVietnam continued to boost international cooperation with foreign partners in oil and gas exploitation, energy transition, digital transformation and technology.

At a recent conference of the group, President and CEO Lê Mạnh Hùng required subsidiaries to continue with efforts to ensure safe and effective production, and keep close monitoring of the international market and macro-economic situation in order to make accurate forecasts serving production-business management in June and the remaining months of the year.

He added that besides the group's own efforts, it would be necessary to improve the institutions, including the Law on Oil and Gas and related legal documents, to facilitate investment, production and business activities in the oil and gas sector.

#### 5. US waives tariffs on solar panels from Việt Nam

The US on Monday announced a two-year tax exemption period on solar panels manufactured in four Southeast Asian countries, including Việt Nam.

The move is aimed to ensure an adequate supply of panel components to cater for the rising demand for solar energy in the US.

The White House emphasised that technology in clean energy would allow households to cut their electricity bills, reduce power supply risks in the country and ease the pressing crisis caused by climate change.

It has set the target of tripling solar energy production by 2024, from 7.5 gigawatts to 22.5

gigawatts, sufficient to provide electricity to 3.3 million families each year.

US President Joe Biden also activated the Defence Production Act (DPA) to boost solar panel production in the US.

## 6. Rumors, manipulation plague Vietnam markets

Vietnam's stock and corporate bond markets are heavily affected by rumors and sophisticated manipulation, which pose the need for more transparent and thorough regulations, a minister has said.

But the market turned bearish in April and has struggled to recover since.

Many tickers have been pushed up to new peaks without improvement in business results, with many companies failing to submit their earnings in time, Minister of Finance Ho Duc Phoc informed the National Assembly in a recent report.

Phoc is also concerned about risks faced by a speeding corporate bond market.

"The stock market is still in an early stage of development and is therefore heavily affected by investor sentiment. Rumors, fears of cash flow and inflation pressure have caused the market to plunge recently."

Many amateurs who fail to meet government criteria have cheated to secure bonds, made possible by the violations of commercial banks and stock brokerages, he said.

Vietnam's benchmark VN-Index hit this year's bottom on May 16, the lowest in 11 months.

One typical example involves property developer Tan Hoang Minh, whose chairman Do Anh Dung was arrested in early April on suspicions of "fraudulent appropriation of assets," he added.

The plunge came after VN-Index increased by nearly 36 percent last year as one of the best performers globally.

Governor of the State Bank of Vietnam Nguyen Thi Hong called for more thorough solutions to prevent future violations.

The number of new stock accounts opened last year alone equaled that of the previous 10 years.

In the long run, the government needs to make the corporate bond market a key capital mobilization channel for the economy, she added.

Phoc said changes will be made to tighten regulations on bond issuances, listed on a dedicated market for corporate bonds.

## 7. Petrol tax reduction could benefit economic development: experts

Việt Nam needs to reduce taxes and fees for petrol and oil products to stabilise the domestic petroleum market and ensure economic growth, according to experts.

The Ministry of Industry and Trade and the Ministry of Finance had a decision to increase by VNĐ602 per litre to VNĐ30,235 for E5-RON92 petrol and VNĐ921 per litre to VNĐ31,578 for RON95 petrol from June 1.

Now, the average price of petrol, one of the economic inputs, has increased by 27.26 per cent from the beginning of the year and nearly 50 per cent on-year in the domestic market. Gas prices have also increased by almost 27 per cent from the beginning of the year.

This record high price puts great pressure on the economy and has negative impacts on people's lives and the production and business of enterprises.

A representative of the Department of Domestic Market under the Ministry of Industry and Trade told VTC News that in the structure of petrol price in Việt Nam at present, taxes and fees account for about 30-32 per cent, equivalent to VNĐ10,000 - 11,000 per litre of petrol.

Thus, the average petrol price in Việt Nam would be about VNĐ20,000 per litre without taxes and fees.

According to the Ministry of Finance, Việt Nam now imposes import, special consumption, environmental protection, and VAT on petrol and gas products. These taxes are common practices throughout the world.

Deputy Minister of Finance Tạ Anh Tuấn said that after recent adjustments, taxes currently account for 29-31 per cent of petrol prices and 13.3 per cent of diesel oil prices, which are at low levels compared to the world average of about 45-60 per cent, excepting countries with large oil reserves.

Following the NA's adoption of a resolution on cutting 50-70 per cent in the environmental protection tax rate on gasoline, oil, and grease, the Finance Ministry has submitted to the Government a proposal on reducing the preferential import tax (MFN) for unleaded petrol from 20 per cent to 12 per cent to help reduce the cost of importing gasoline and diversify import sources.

Chairman of the Việt Nam Petroleum Association Bùi Ngọc Bảo said the reduction of MFN tax from 20 per cent to 12 per cent was not attractive for petroleum businesses to seek new markets.

If the MFN tax rate is reduced to 12 per cent, the difference of 4 per cent between the MFN tax rate and the tax rate on gasoline under the free trade agreement (FTA) is huge. Therefore, they will still prioritise imports from markets such as South Korea and ASEAN with the FTA tax rate of 8 per cent.

Bảo said the MFN tax must be reduced to 8 per cent, equal to the FTA tax rate. With the tax rate, petroleum companies would be interested in diversifying supply.

Meanwhile, according to Trần Hoàng Ngân, a member of the National Assembly, the environmental protection tax has been reduced by 50 per cent, so there is still another 50 per cent that

can be used if the oil price continues rising. In addition, the special consumption tax of 10 per cent for gasoline has not yet been considered to cut.

"Now, petrol is no longer a special commodity but essential. There's no reason Việt Nam needs to levy the special consumption tax on gasoline. Thailand, South Korea, Poland, India and many others have reduced this tax," Ngân said.

He has also said that it is possible to consider reducing value-added tax and import tax for gasoline products.

Tax is important revenue for the national budget, including a large amount from taxes for gasoline, so reducing those taxes can affect the budget. However, petroleum is an input material for many economic sectors. If gasoline prices rise too high, it will increase prices for many other commodities, causing inflation.

Ngân said that it was acceptable for a shortfall in budget revenue from the tax reduction for gasoline to support input costs for businesses, stabilise the macro-economy, and help people overcome difficulties. Meanwhile, if the tax was reduced, it would reduce inflation and budget expenditure, and nurture the collection sources, create the sustainability of the state budget revenue.

Regarding the petrol price hike recently, Deputy Minister of Industry and Trade Đỗ Thắng Hải said at a regular Government press conference on June 4 that the ministry was working hard to ensure petrol supply sources for daily life and production activities and coordinating closely with the Ministry of Finance in managing petrol and oil prices.

From the beginning of the year to June 1, the average price of some petroleum products on the Singapore market increased by 45.86-63.68 per cent.

The ministry would coordinate with other ministries and sectors to review taxes and consider reducing taxes relating to the petrol price structure within the allowable range, Hải said.

Besides the proposal for deeper tax reduction, experts and members of the National Assembly said that tax reduction must be implemented immediately. Many businesses said that the higher price of gasoline forced them to increase their

product and service prices, especially transportation companies.



## Corporate News

### 8. PNJ: Record date for second cash dividend payment in 2021

↑ 2.40%

On June 02, 2022, Phu Nhuan Jewelry Joint Stock Company announces the record date as follows:

- Record date: June 24, 2022
- 1. Reason & Purpose: to pay second cash dividend for 2021.
- 2. Content:
  - Exercise ratio: 6% (600 dongs/share)
  - Paymaent date: July 21, 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 PNJ'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.

### 9. KDC: Confectionery maker KIDO to sell treasury shares

↑ 0.00%

Major food producer KIDO is seeking to sell out its treasury stocks to raise working capital.

The 28 million shares it holds, equivalent to a 10.05-percent stake, are expected to fetch VND1.78 trillion (US\$76.98 million) at the closing price on Monday.

In the last two weeks the price has soared by 27 percent to VND63,500, exceeding securities companies' forecasts.

KIDO's revenues in the first quarter rose by 24 percent to VND2.9 trillion, thanks to an expansion in promotional and manufacturing activities.

But post-tax profits fell 10 percent to VND120 billion due to rising costs of goods sold and management.

KIDO is the leading producer of cooking oil in Vietnam with a 39 percent market share.

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