



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index slips with trade highest in 5 sessions

Vietnam's benchmark VN-Index dropped 0.08 percent to 1173.92 points Wednesday, but with trade highest in five sessions.

The index closed 0.9 points lower after gaining 19.5 points on Tuesday.

Trading on the Ho Chi Minh Stock Exchange (HoSE) increased by 8 percent to VND11.55 trillion (\$494 million), highest since July 6.

The VN-30 basket, comprising the 30 largest capped stocks, saw 16 tickers dropped.

GAS of state-owned Petrovietnam Gas fell 2.7 percent.

PNJ of Phu Nhuan Jewelry lost 1.5 percent, and FPT of IT giant FPT Corporation dropped 1.2 percent.

Nine blue chips gained, with BVH of insurance company Bao Viet Holdings rising 3.8 percent.

CTG of state-owned lender VietinBank gained 3.3 percent.

Foreign investors were net sellers to the tune of VND559.06 billion, mainly selling VCB of state-owned lender Vietcombank and SSI of leading brokerage SSI Securities Corporation.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 0.22 percent while the UPCoM-Index at the Unlisted Public Companies Market was up by 0.36 percent.

Macro & Policies

2. Steel prices drop 8th time in a row

Steel prices have dropped for the eighth time in a row since mid-May with a total decline of nearly 13 percent.

Biggest steelmaker Hoa Phat Group brought its prices of rolled steel and rebar steel down for the eighth time last weekend, bring prices down by VND2.4 million (\$102.61) since mid-May.

Other steelmakers like Viet Nhat, Viet Y, Kyoei and Pomina have also brought down prices in the last two months.

The decline of steel prices came amid weaker demand and falling input prices.

Domestic steel demand in the first five months dropped by 6 percent year-on-year, according to stock brokerage SSI Research.

Steel production in April and May fell by 32 percent year-on-year, it added.

SSI Research said the rising prices of construction materials have delayed infrastructure projects, which could be part of the reason why steel prices have dropped.

Tightened policy on property development has also affected steel prices, it added.

Hot-rolled coil prices have dropped by 15-20 percent in China and the U.S. in the last three months due to declining construction and manufacturing activities.

Prices of coke, one of the input materials for steel, have dropped by 36 percent from its peak in March, while prices of iron ore have fallen 13 percent in the last three months, SSI Research said.

Another brokerage, VNDirect, expects steel consumption to recover next year thanks to public investment and recovery of the residential property market.

3. Grocery chain Bach Hoa Xanh shuts down over 300 outlets

Bach Hoa Xanh seems to have closed over 300 of its stores in recent months amid a comprehensive review to prepare for nationwide expansion next year.

The grocery giant's website says there are 1,824 outlets as of Wednesday morning as against the 2,140 it said it had in an April report.

Customers said in recent weeks many stores had put up signs offering discounts of up to 50 percent, a possible sign they were closing down.

Since its launch in 2015, Bach Hoa Xanh has been one of the fastest growing retail chains in Vietnam.

It surpassed the 1,000-store mark within four years of establishment.

But Nguyen Duc Tai, its chairman, had said earlier there would be no expansion this year to focus on improving efficiency and customer service.

As of May only around half met the necessary requirements to remain in operation, and the company would "handle" the underperforming outlets, he had added.

The company is preparing for nationwide expansion in 2023. Its presence is now predominantly in the south.

It also plans an initial public offering of 20 percent either this year or next.

Bach Hoa Xanh reported revenues of VND10.5 trillion (\$448.76 million) in the first five months of this year, accounting for 17.7 percent of its parent company Mobile World's total sales.

4. UKVFTA opens up fresh opportunities for rice exports to UK market

Tariff quotas set out in the terms of the Vietnam – UK Free Trade Agreement (UKVFTA) as well as 100,000 Vietnamese people residing in the UK are viewed as important factors for promoting local rice exports to this market.

According to the Vietnam Trade Office in the UK, in 2020 the volume of rice imported into the UK expanded by 13.5% from 671,601 tonnes in 2019 to 762,526 tonnes.

Of the figure, rice imported from the nation increased from 1,296 tonnes to 3,396 tonnes during the reviewed period.

As a result, Vietnamese rice exports to the UK in 2020 increased spectacularly by 116% in volume and 106% in value compared to 2019.

Among the Southeast Asian nations exporting rice to the UK, Vietnam boasts the highest average unit price at US\$1,012 per tonne.

Contrary to the reduced supply from Southeast Asia, four countries increased rice exports to the UK in 2021, including the Netherlands with an increase of 22,396 tonnes, Argentina with a rise of 5,194 tonnes, India up 2%, and Pakistan up 1%.

Rice consumers in the UK primarily come from the Asian community, with the second largest being the Indian and Pakistani communities. As a result, the market shares of Indian rice and Pakistani rice

account for a high proportion of 27% and 20%, respectively.

Furthermore, the Vietnam Trade Office in the UK market noted that Vietnamese rice in the UK is mainly sold to the Vietnamese community, as well as parts of the Chinese, Thai, Malaysian, and Filipino communities.

The Trade Office said that Vietnam currently ranks 15th among rice exporters to the UK with a market share of only 0.42%.

Due to this small figure there remains plenty of room for Vietnamese rice in the UK to be expanded, particularly due to the 100,000 people of Vietnamese origin living in the European country and thanks to the tariff quota regulations set out in the UK-Vietnam Free Trade Agreement (UKVFTA).

However, in order to turn this potential into reality, rice growers and rice exporters must thoroughly apply Global Good Agricultural Practice on a large scale, while simultaneously promoting the production of high-quality fragrant rice.

The Department of Crop Production, the Department of Plant Protection, and local administrations with large areas of rice cultivation must implement programmes to support farmers in rice varieties, safe agricultural materials, and rice storage before allowing exports.

5. Vinfast inks framework agreements with int'l partners for EV factory in US

Vietnamese automaker VinFast signed framework agreements on July 13 with Credit Suisse (Singapore) Ltd and Citigroup Global Markets Inc. in an effort to raise at least US\$4 billion to construct an electric vehicle factory in North Carolina in the United States.

Each agreement is worth approximately US\$2 billion and primarily focuses on the construction of an electric vehicle (EV) factory in North Carolina, as well as VinFast's business investment activities in the US market.

VinFast Trading and Investment Pte. Ltd is a Singapore-based subsidiary of Vingroup appointed Credit Suisse (Singapore) Ltd. to be responsible for the issuance of shares and public offering of VinFast and its subsidiaries globally with a minimum scale of US\$2 billion.

Furthermore, the company has also assigned Citigroup Global Markets Inc to become the consultant for the capital mobilization of an additional US\$2 billion to build VinFast's factory in North Carolina.

Under the terms of the plan, VinFast's factory will be located at Triangle Innovation Point industrial park in Chatham county, with the site covering an area of approximately 800 hectares.

It will consist of three main zones, including a production and assembly area for electric cars and electric buses, a battery production area for electric vehicle products, and an ancillary industry area for suppliers.

The factory's initial phase is expected to have a capacity of 150,000 vehicles annually, with the first models being the VF 9, a seven-seat SUV, and the VF 8, a five-seat mid-size SUV.

Le Thi Thu Thuy, vice chairwoman of Vingroup and CEO of Vinfast Global, emphasized that partnering with the world's leading financial institutions clearly demonstrates Vinfast's prestige and its partners' trust in the company's investment plans in the international market. This can be seen through the construction of a factory in North Carolina which will ultimately ensure autonomous production worldwide and generate jobs for local workers moving forward.

Vinfast recently launched a full range of electric vehicles in the segments of A-B-C-D-E at the Consumer Electronics Show (CES 2022), while also announcing that it will stop producing vehicles with internal combustion engines (ICE) by the end of the year.

Through co-operation with Credit Suisse and Citigroup and other international partners on the EV development, VinFast has high hopes of making breakthroughs in the strategy of expanding international markets, as well as bringing high-quality products to customers and helping to create a green and sustainable future.

6. Low foreign demand to hold back Vietnamese textiles

Although textile export was riding high in the first half of the year with a growth of 23 per cent, insiders are pessimistic that the rest of 2022 will match up. Although textile export was riding high in the first half of the year with a growth of 23 per cent, insiders are pessimistic that the rest of 2022 will match up.

Nguyễn Văn Thời, Chairman of the TNG Investment and Trading JSC., was concerned that Fed's benchmark hikes amid high inflation would depress consumption demand in the US.

Similar issues would also hamper export to the European Union.

As the US and EU are two major importers of Vietnamese garments, the falling demand would

drag down their imports, to the detriment of Vietnamese textiles.

"Vietnamese textiles set an export target of US\$43-44 billion this year, but I don't think it would achieve the target," he said.

"Garment export is likely to grow around 5 per cent year-on-year."

He also revealed that previously foreign firms placed orders for Vietnamese garments six months in advance, but now they have to reduce the time window to three months due to the high stock of unsold products caused by low domestic spending.

Thân Đức Việt, General Director of the Garment 10 Corp., claimed that the number of placed orders for

his company's products is large enough to keep it busy until late 2022.

However, there is a risk that foreign firms might reduce or cancel the orders to deal with mounting stock of unsold products. Higher fuel and material costs, coupled with weak demand from abroad, are eroding the company's profit margin.

Factory 8 of the Hồ Gươm Group revealed that it normally received production requests of 300,000-400,000 garments in the past, but from Q2 total production orders reduced to less than 200,000 garments.

"The outlook for garment export is not very bright until year-end. Previously, our partners were always eager to place orders, but now their demand has become lukewarm", said Khương Văn Tài, Director of the factory.

Trần Như Tùng, Chairman of the Thành Công Textile Garment Investment Trading JSC., shares the concern.

He held that demand for Vietnamese garments would drop further in Q4 since the US has begun to implement Uyghur Forced Labor Prevention Act, making firms more cautious about garment imports.

"Firms are uncertain about the future, so they cut down on garment import to avoid risk", he explained.

Vũ Đức Giang, Chairman of the Vietnam Textile and Apparel Association, forecast that global demand for Vietnamese garments would become more volatile in the second half of this year.

High inflation in the US and EU would cause prices to skyrocket, effectively eroding consumers' purchasing power. As weak purchasing power reduces consumer demand, textile firms are likely to feel the pinch over the rest of the year.

To deal with the situation, the chairman recommends that Vietnamese producers seek customers elsewhere and be less dependent on the US and EU markets.

"Vietnamese producers have to find new partners in other markets to fill the demand gap left by those in the US," he added.

The general director of the Garment 10 revealed that his company has to adjust its production plan more frequently to deal with volatile demand.

"Previously, we adjusted the production plan quarterly or monthly, but now we have to do that weekly or daily. We have no other choice because it is the only way to adapt to the volatility", he said.

He recommended that Vietnamese producers go greener to gain ground in highly-demanding markets, thereby offsetting the demand contraction in traditional markets.

He also recommended the producers not shed staff but temporarily shift their production to other products to keep the ball rolling while waiting for demand recovery.

Lastly, he urged the producers to add more value to their existing products to carve out a niche in traditional markets.

7. Việt Nam and China to work together to facilitate trade, expand cooperation

Việt Nam expects China will facilitate customs clearance procedures for Vietnamese products via road and railway borders, especially seasonal fruits and agricultural produce. Việt Nam expects China will facilitate customs clearance procedures for Vietnamese products via road and railway borders, especially seasonal fruits and agricultural produce.

The statement was made during the 14th Meeting of the Việt Nam-China Steering Committee for Bilateral

Cooperation held in China's Guangxi Province yesterday.

At the meeting, Vietnamese Deputy Prime Minister Phạm Bình Minh and Chinese State Councilor and Foreign Minister Wang Yi both highlighted the importance of relations between the two countries in their overall foreign policy. The two officials agreed that the two sides will continue to coordinate with each other, maintain stable relations and achieve positive results.

The two countries also organised exchanges and achieved important results in the COVID-19 prevention and control work.

The economic and investment cooperation between the two sides has continued to develop with Việt Nam maintaining its position as China's large trade partner in ASEAN and the sixth-largest in the world. China continues to be Việt Nam's largest trade partner.

The leaders pointed out problems too, including increasing trade imbalance and goods congestion at border gates with China.

They agreed China should open its markets for Vietnamese agricultural produce more rapidly, and that some economic cooperation projects and non-refundable aid projects in Việt Nam need to be accelerated, even though travel between the two countries is still challenging due to the COVID-19 pandemic.

The two leaders highlighted the need to maintain effective cooperation in such important fields as diplomacy, defence and security, as well as to enhance people-to-people exchanges.

Vietnamese Deputy PM Minh asked China to shorten the quarantine and customs clearance time for products exported to China.

He said he expects China to continue opening the market to Vietnamese fruits, creating favourable conditions for Việt Nam to launch a trade promotion office in Chengdu, Sichuan Province, as well as improving the efficiency of the Việt Nam-China international rail transport route.

It is also expected that China's high-quality investment into areas suitable to Việt Nam's needs and sustainable development strategy will be expanded.

The two sides should also accelerate cooperation in cross-border e-commerce and improve the effectiveness of cooperation in fields including finance, transport, agriculture, environment and education.

Agreeing with the proposals from the Vietnamese side, the Chinese State Councilor and Foreign Minister Wang said that China attaches special

importance to Việt Nam's interest in expanding the export of agricultural produce and fishery products to China.

China is willing to open and upgrade border gates as per the needs of the two sides and continues to expand markets and cooperation with Việt Nam.

China will consider cooperation with Việt Nam in such fields as digital economy, e-commerce, clean energy, emission reduction and recovery of commercial flight routes between the two countries as well as welcome Vietnamese students back to China to study.

Regarding the territorial border, the two sides agreed to coordinate in managing the land border and properly settling arising cases according to three legal documents on the land border between Việt Nam and China.

They also agreed to continue to strictly adhere to the high-level common perception on maintaining peace and stability at sea, including the agreement on basic principles guiding the settlement of sea-related issues.

They also agreed to promote negotiation mechanisms to achieve substantive progress and accelerate the negotiation of a new agreement on fisheries cooperation in the Gulf of Tonkin.

Việt Nam and China will soon sign a cooperation agreement on search and rescue at sea and an agreement to set up a hotline for unscheduled cases of fishing activities at sea.

Vietnamese diplomat Minh emphasised that the two sides need to make efforts to control disagreements well, not take actions to complicate the situation and expand disputes; respect each other's legitimate rights and interests following international law, including the 1982 United Nations Convention on the Law of the Sea (UNCLOS), and jointly maintain peace and stability in the East Sea.

The two sides signed several documents including an agreement on economic and technical cooperation on the provision of grants between the two countries for the fiscal year 2020, and a protocol on phytosanitary requirements for Vietnamese durian exported to China.

Corporate News

8. HTN: Board resolution on cash dividend payment

↑ 0.49%

After more than 15 years of development, Hung Thinh Incons Joint Stock Company (HOSE : HTN) is not only in charge of the construction of projects of Hung Thinh Corporation, but also expanded to become a general contractor for

many other investors. Hanoi Melody Residences project in Southwest Linh Dam is the first project marking the development of HTN , expanding its operations, moving to the North.

9. VIC: VND 30 trillion corporate bonds issued in June

↓ -0.57%

According to a report from the Vietnam Bond Market Association (VBMA), in June 2022, there was one international bond issuance worth \$100 million and 44 individual corporate bond issuances with a total value of US\$100 million. is 30,120 billion VND.

Specifically, as of July 1, 2022, there was one international bond issuance worth 100 million USD by VinGroup Corporation (HOSE : VIC) and 44 private corporate bond issuances in June with the value is 30,120 billion VND.

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