



VIETNAM DAILY NEWS



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Table of content

Table of content

- 1. Stock trading hits 8-session high**
- 2. Vietnam-UK trade expected to reach US\$10 billion**
- 3. Vietnam, Laos to celebrate 60-year diplomatic relationship**
- 4. Vietnam loses \$3 bln a year not recycling plastic: UNDP**
- 5. Fourteen automakers to join Vietnam Motor Show 2022**
- 6. \$2 billion thermal power plant Sông Hậu 1 in Mekong Delta inaugurated**
- 7. Banks hike mortgage interest rates**
- 8. MWG: stops AVAFashion business after half a year of launch**
- 9. VIC: VinFast officially stops selling gasoline cars**

Market Analysis

1. Stock trading hits 8-session high

Vietnam's benchmark VN-Index dropped 0.25 percent to 1179.25 points Friday with trading highest in eight sessions.

The index closed 2.9 points lower after gaining over eight points on Thursday.

Trading on the Ho Chi Minh Stock Exchange (HoSE) increased by nearly 20 percent to VND13.12 trillion (\$559.49 million), highest since July 5.

The VN-30 basket, comprising the 30 largest capped stocks, saw 22 tickers dropped.

BVH of insurance company Bao Viet Holdings fell 2.4 percent.

SSI of leading brokerage SSI Securities Corporation lost 1.9 percent.

Other losers included MWG of electronics retail chain Mobile World, PNJ of Phu Nhuan Jewelry and VJC of budget airline Vietjet.

Six blue chips gained, led by HPG of steelmaker Hoa Phat Group with a 4.5 percent rise.

TPB of private TPBank and VPB of private lender VPBank both rose 0.7 percent.

Foreign investors were net sellers to the tune of VND496.85 billion, mainly selling FUEVFNVD of Dragon Capital Vietfund Management and UIC of Idico Urban & House Development Jsc.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 0.12 percent while the UPCoM-Index at the Unlisted Public Companies Market was up by 0.15 percent.

Macro & Policies

2. Vietnam-UK trade expected to reach US\$10 billion

Trade revenue between Vietnam and the UK is expected to reach US\$10 billion in the next one or two years thanks to strong support from the Vietnam-UK Free Trade Agreement (UKVFTA).

According to the Department of the Europe-America Market under the Ministry of Industry and Trade, last year, import-export turnover between the two countries reached US\$6.6 billion, a 17.2% year-on-year increase and four times higher than the period before establishing the strategic partnership. In 2009, turnover was US\$2.65 billion.

Export and import revenues were US\$5.76 billion and US\$849 million, 16.4% and 23.6% increases, respectively. Trade between Vietnam and the UK has surged mainly thanks to the UKVFTA, which took effect in May 2021.

The UK economy is expected to recover after the COVID-19 pandemic and the British Government lifts travel restrictions from March 18, 2022. Increasing demand for consumer goods in the UK has created more opportunities for Vietnamese exporters. In particular, the UK is the third largest trading partner of Vietnam in Europe, following Germany and the Netherlands.

Total UK direct investment capital into Vietnam by 2021 was US\$4.15 billion, double the amount before establishing the strategic partnership (in 2009, total investment capital of the UK in Vietnam only reached US\$2 billion).

Deputy Minister of Industry and Trade Tran Quoc Khanh, said UKVFTA has become a great lever for Vietnam-UK trade and investment co-operation. In addition, co-operation in the field of energy, especially renewable energy, between Vietnam and the UK has potential to yield results.

At the COP26 Conference held in November 2021, Vietnam made a statement on the goal of achieving net zero emissions by 2050. This statement clearly demonstrated Vietnam's determination to move from traditional fossil fuels to greener and cleaner energy sources, thereby contributing to a reduction of greenhouse gas emissions globally.

Khanh said the ministry and Vietnamese agencies have been actively reviewing and adjusting the National Electricity Development Plan for the period of 2021-30, with a vision to 2045 (Power Plan VIII) with a focus on prioritising the development of clean, environmentally friendly power sources such as onshore and offshore wind power.

To achieve the above goals, Vietnam is studying and proposing to legislate the development of renewable energy, creating a favourable legal corridor to attract investment from the private sector. Vietnam needs the support of international partners and donors in technology as well as preferential capital. This is an opportunity for Vietnam and the UK to strengthen co-operation, he added.

3. Vietnam, Laos to celebrate 60-year diplomatic relationship

Vietnam-Laos relations have scored great achievements in politics, security, defense and economy, foreign affairs minister Bui Thanh Son said Sunday.

In an article commemorating the upcoming 60th anniversary of diplomatic relations, he said September 5, 1962 marked the beginning of a new chapter for both countries.

The two countries then signed the Treaty of Amity and Cooperation in 1977, an important legal and political basis to develop their relationship further, Son said.

He noted that the countries' leaders have held constant exchanges and implemented several cooperation projects, including the construction of a parliament building in Vientiane as a gift from

Vietnam to Laos. The parliament was opened in 2021.

Vietnam and Laos have also cooperated with each other in fighting transnational crimes and maintaining peace at the border as well as promoting exchanges and socio-economic development in border areas, Son wrote.

Bilateral trade between the two countries grew by an average of 10 percent each year from 2016 to 2020. Despite the impacts of Covid-19, trade between the two countries grew 33 percent year-on-year to reach \$1.37 billion. Vietnam has invested

\$5.33 billion in 214 projects, making it the third largest investor in the neighboring country.

In education, thousands of student exchanges have taken place over the years.

Vietnam and Laos have also supported and cooperated with each other on international forums like the U.N., ASEAN, the Asia-Europe Meeting (ASEM) forum or the Greater Mekong Subregion (GMS) forum.

Given current regional and global developments, Vietnam and Laos need to maintain and further strengthen their bilateral relations, Son said.

4. Vietnam loses \$3 bln a year not recycling plastic: UNDP

A Vietnam "wastes" around \$3 billion each year by not recycling plastic waste, a senior United Nations Development Program official said Friday at a conference on solid waste management.

Caitlin Wiesen, UNDP Resident Representative in the country, said Vietnam releases around 19,000 tons of plastic waste a day. In some sea regions, for every three parts of fish netted by fishing activities, there is one part of plastic waste that comes with them, she added.

To help Vietnam utilize solid waste as a potential resource, the Global Environment Facility and the Norwegian government will provide \$2 million to launch a project supporting implementation of the national action plan on marine plastic litter in the context of a green post Covid-19 recovery project.

The project is expected to facilitate a more dynamic and inclusive economy while providing opportunities for long-term sustainable growth and generating new jobs.

It aims to collect up to 220 tons of plastic waste each year in supermarkets and create collection points in large neighborhoods, netting in 20-100 tons of recycled plastic waste a day.

Implemented over the next five years, the project will first be trialed in central Vietnam's Binh Dinh Province for around \$1.2 million. The UNDP will help create material recovery facilities able to process 2-4 tons of plastic waste a day.

The project would also pilot a waste management model in the fisheries sector, in which fishermen will be encouraged to bring back their waste to shore after every journey. Such efforts are expected to prevent around five tons of plastic from entering the sea per month and the goal is to prevent around 1,000 tons of waste from entering the sea per year, Wiesen said.

Nguyen Phi Long, chairman of Binh Dinh, said the growth of tourism and general improvements in living standards have led to an increase in plastic waste.

For example, Quy Nhon, the province's capital town, produces around 300 tons of waste a day, 70 tons of which are plastic waste. Long said he hoped the plastic recycling project would not only protect the environment, but also promote tourism in the region.

5. Fourteen automakers to join Vietnam Motor Show 2022

Fourteen auto brands have to date confirmed their participation in the Vietnam Motor Show 2022 – the largest of its kind in the Southeast Asian country.

These automakers are Audi, Brabus, Honda, Jeep, Lexus, Mercedes-Benz, Mitsubishi Motors, Morgan, MG, RAM, Subaru, Toyota, Volkswagen, and Volvo.

The show is scheduled to take place from October 26-30 in Ho Chi Minh City.

After a two-year absence due to COVID-19, the event will return with a larger scale than in the past.

Supporting industries and manufacturers and importers of motorcycles and yachts will also take part this year.

Besides the exhibition, the Vietnam Motor Show 2022 will also have other activities to amuse visitors.

There will be a seminar on the global trends in electric vehicles and development of Vietnam's automotive industry in the near future.

A workshop on the supply and use of Euro5 fuel to protect the environment is being considered by the organisers.

6. \$2 billion thermal power plant Sông Hậu 1 in Mekong Delta inaugurated

Prime Minister Phạm Minh Chính remarks that the plant's operations will help ensure energy security, one of the biggest concerns of the economy right now.

Prime Minister Phạm Minh Chính on Saturday attended the inauguration ceremony of Sông Hậu 1 Thermal Power Plant Project in Mái Dầm Town, Châu Thành District, the Mekong Delta province of Hậu Giang.

Construction on the US\$2 billion project, invested by the State-owned Việt Nam National Oil and Gas Group (PetroVietnam), started in 2015.

The plant, which has a total capacity of 1,200MW, was put into commercial operation from May 6. To date, it has generated and supplied over two billion kWh of electricity to the national grid (including output in the trial run).

The plant is expected to contribute about 7.2 billion kWh a year to the national grid, thus helping meet the demand of the southwestern region and the National Power System.

Its annual revenue is forecast to reach about VNĐ15-20 trillion (US\$639.5-852.6 million), making an important contribution to PVN's total revenue, as well as the central and local budget revenues.

Speaking at the event, PM Chính said that the inauguration and operation of Sông Hậu 1 Thermal Power Plant are of great significance and lauded the efforts of all technicians, workers, and officials involved in the project.

Overcoming the severe disruptions caused by the COVID-19 pandemic, legal challenges and rising costs of materials and production, the plant's operations will help ensure energy security, one of the biggest concerns of the country right now, as well as contribute to promoting the economic growth in Hậu Giang and the country in the direction of industrialisation.

Prime Minister Phạm Minh Chính (centre) and delegates cut the ribbons to inaugurate the Sông Hậu 1 thermal power plant project on Saturday in Hậu Giang Province. — VNA/VNS Photo Dương Giang

He asked PetroVietnam, from experience learnt from the building of Sông Hậu 1, to continue focusing on solving difficulties in Long Phú 1 thermal power plant (Sóc Trăng Province) and Ô Môn thermal power centre projects (Cần Thơ Province), and Block B gas exploitation.

Currently, Việt Nam's total power capacity has reached over 76,000MW, making it one of the leading countries in Southeast Asia.

On the same day, the Government leader inspected the construction of Sông Hậu 2 Thermal Power Plant project in Mái Dầm Town, and the intersection between Cần Thơ - Cà Mau Expressway and Châu Đốc - Cần Thơ - Sóc Trăng Expressway which run through Hậu Giang Province.

7. Banks hike mortgage interest rates

Several banks have increased mortgage interest rates by up to 1 percentage point amid credit tightening.

In mid-June Vietcombank hiked its from 9.2 percent to 9.8 percent for the first three years.

At least three other banks have increased its rates.

United Overseas Bank has raised its rate from 6.49 percent to 7.69 percent.

Vietnam International Bank has adjusted its rate up by 0.2 percentage points since last month to 8.7 percent.

Bank managements said the pressure of rising deposit interest rates and tightened credit has forced them to hike loan interest rates.

Trinh Bang Vu, director of retail lending at Shinhan Bank, said since there is little room left for lending this year and the State Bank of Vietnam has not increased quotas, banks have to be selective in their loans.

Some lenders like Orient Commercial Bank have not yet increased their mortgage rates, but expect to do so by 0.1-0.2 percentage points in the next few months.

SSI Securities analysts expect home loan interests to continue to rise even if new credit growth quotas are announced.

KB Securities analysts forecast a 0.4-0.7 percentage point increase in rates this year due to inflation.

Corporate News

8. MWG: stops AVAFashion business after half a year of launch

↓ 1.76%

Mobile World Investment JSC (HOSE : MWG) decided to stop AVAFashion business after half a year of trial.

AVAFashion's website has been shut down since June 29, thereby marking the end of the fashion retail chain since its launch in early 2022.

At the time of the launch, CEO Doan Van Hieu Em said, "The intention is to develop AVAFashion in the way of Zara and H&M: Accelerate R&D and design, then outsource. At the same time, AVAFashion will personalize accordingly. more suitable for the body of Vietnamese people than foreign brands ".

However, things do not seem to go smoothly as Vietnamese consumers are still not excited about the new brand of MWG . In addition, The Gioi Di Dong also terminated business with AVAJi jewelry store chain.

In fact, these are the experimental steps of Mobile World in its search for new growth drivers in the

context of the phone and electronics industry reaching maturity.

In addition to AVAFashion and AVAJi, Mobile World has 4 new chains such as TopZone, AVASport, AVAKids, and AVACycle. In particular, TopZone and AVAKids are being highly appreciated by CEO Doan Van Hieu Em and are focusing on expansion. Currently, MWG has 52 TopZone stores and 67 AVAKids stores.

In addition to the new chains, Mobile World is also promoting its An Khang pharmacy network, which recently reached 500 stores. At the Annual General Meeting of Shareholders, Mr. Hieu Em also aspires to achieve the goal of being in the top 3 pharmaceutical segments in Vietnam. " Although the goal is to be in the top 3, the gap is very close compared to the 1st and 2nd positions. In the next few years, An Khang must be first in this pharmaceutical industry ", Mr. Hieu Em shared at the congress.

9. VIC: VinFast officially stops selling gasoline cars

↑ 0.14%

On July 15, 2022, VinFast Trading and Service Company Limited officially announced to stop selling gasoline cars, after the last batch of Lux and Fadil cars were ordered by customers. From now until the end of August 2022, VinFast will focus on

production to hand over cars to contracted customers, and at the same time completely convert to electric vehicle production and business.

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