



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. VN-Index gains on last-minute buying

Vietnam's benchmark VN-Index rose 0.16 percent to 1,178.33 points Tuesday.

The index stayed in the red most of the day, but a late buying surge helped it close 1.84 points higher.

Trading on the Ho Chi Minh Stock Exchange increased by 0.25 percent to VND11.26 trillion (\$480.9 million).

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

PNJ of Phu Nhuan Jewelry dropped 2.6 percent, and HPG of steel giant Hoa Phat closed 2 percent lower.

MWG of electronics retailer Mobile World lost 1.6 percent, and CTG of state-owned lender VietinBank fell 1.3 percent.

Nine blue chips rose, led by three energy tickers with PLX of fuel distributor Petrolimex rising 4.6 percent.

GAS of Petrovietnam Gas surged 4.5 percent, and POW of Petrovietnam Power closed 2.7 percent higher.

Other winners included STB of lender Sacombank, up 1.8 percent, and SAB of brewer Sabeco, up 1.7 percent.

Foreign investors were net sellers to the tune of VND291.03 billion, focusing on HPG, VHM of property giant Vinhomes, and DXG of property company Dat Xanh Group.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 0.07 percent while the UPCoM-Index at the Unlisted Public Companies Market was up by 0.11 percent.

## Macro & Policies

### 2. Laos market favoured by many Vietnamese investors: Trade counsellor

The Lao market remains a top destination for many Vietnamese investors as the two countries are neighbours and Laos recognises most quality certifications from exporting countries, according to Lê Thị Phương Hoa, Vietnamese Trade Counsellor in Laos.

Vegetables are one of the Vietnamese products exported to Laos. Việt Nam's exports to Laos totalled \$594.7 million, up 4 per cent year-on-year. VNA/VNS Photo

The Lao market remains a top destination for many Vietnamese investors as the two countries are neighbours and Laos recognises most quality certifications from exporting countries, according to Lê Thị Phương Hoa, Vietnamese Trade Counsellor in Laos.

In addition, Vietnamese goods exported to Laos are eligible for zero tariffs and vice versa under the ASEAN Trade in Goods Agreement (ATIGA), the Việt Nam – Laos trade agreement and border trade agreements, Hoa said.

Việt Nam and Laos share a borderline of more than 2,300 kilometres running through 10 cities and provinces of each nation. Last year, two-way trade reached US\$1.37 billion, a surge of 33.3 per cent against 2020, data from the Vietnamese Ministry of Industry and Trade showed.

Việt Nam's exports to Laos totalled \$594.7 million, up 4 per cent year-on-year while imports from Laos jumped 69.8 per cent to \$778.2 million.

In the first half of this year, imports from Laos soared 45.3 per cent year-on-year to \$514.6 million. Key imported items included rubber, wood and timber products, fertilisers, vegetables, ores and minerals.

Exports edged down 6 per cent year-on-year to just \$309.4 million during the period. Việt Nam mostly shipped to Laos iron and steel products, vehicles and parts, machinery and components, fertilisers, plastics and vegetables.

Việt Nam has so far invested some \$4.3 billion in 417 projects in Laos, making it the third largest investor there. Laos has given priority to Vietnamese investors in multiple areas, including clean agriculture, and processing and manufacturing.

One of the biggest Việt Nam-funded projects in Laos is Vinamilk Lao-Jagro dairy complex, worth some \$66.4 million, in Xiangkhouang. Vinamilk, Việt Nam's leading milk producer, has recently imported 1,000 Holstein-Friesian dairy cows from the US for its farm in Laos.

The two countries are believed to have huge potential to expand co-operation in electricity and mining. They are striving to raise the bilateral trade by 10 – 15 per cent this year after two years suffering from economic fallout caused by the COVID-19 pandemic.

### 3. EVFTA helps boost Vietnam's cashew nut export to France

Vietnam should fully tap benefits from tariff reduction and exemption brought by the EU – Vietnam Free Trade Agreement (EVFTA) to promote cashew nut export to France, said insiders.

The tax rate for Vietnamese cashew products imported into the EU was cut down to 0% after the EVFTA took effect on August 1, 2020, creating a significant competitive advantage for this commodity.

This reduction is very important because before having the EVFTA, the tariff for Vietnamese cashew nuts ranged from 7% to 12%.

Vietnamese Trade Counselor in France Vu Anh Son said the agreement is a good tool helping Vietnam expand its cashew export to the EU in general and France in particular.

According to Vietnamese Trade Office in France, in 2019-2020, Vietnam's cashew market share in France decreased from 61% to 46%. At supermarkets and hypermarkets, there were almost no Vietnamese-branded cashew products because the domestic enterprises mainly focused on wholesale, not retail.

Experts have warned that Vietnamese cashew nuts have faced competition in the EU market.

Export firms are advised to ensure regulations on origin and food safety, consult lawyers about relevant to laws, and update latest information related to orders and transactions to avoid risks.

Dang Hoang Giang, Secretary General of the Vietnam Cashew Association (Vinacas) has recommended the Ministry of Industry and Trade take measures to concretise cooperation agreements through FTAs, especially EVFTA, thus maximizing profits for local exporters.

Trade promotion agencies should provide more information and forecasts of consumption trends in EU markets, including France; and support Vinacas to expand trade partnerships with EU importers, Giang said.

Vietnam aims to earn US\$3.8 billion from exporting cashew nuts this year, an increase of US\$200 million year-on-year.

The EU is now Vietnam's second-largest cashew export market, accounting for 23% of the volume and 22% of the value.

Last year, Vietnam shipped 135,000 tonnes of cashew nuts worth US\$816 million to the EU, up 16.5% in volume and 7.9% in value compared to 2020.

### 4. Branded Vietnamese rice makes inroads into global market

Vietnamese rice in small bags has recently hit the shelves of Japan, Europe, Canada, and the United States, showing the unrelenting efforts by businesses to increase the value of the product in the international market.

In early July, the initial shipment of ST25 rice, a Vietnamese specialty recognised as the world's best rice, was imported into the Japanese market by Tan Long group to be put on sale.

Nguyen Chau Hong, an overseas Vietnamese national who has been living in Japan for more than

10 years, said that her family now has the chance of tasting Vietnamese rice after years of using round grain rice of Japan or long grain of Thailand.

"I bought a five-kg pack for 2,000 yen, an equivalent to nearly 70,000 VND/kg. Though the price is about 10% higher than the Thai one, I am satisfied because it has the right taste," said Hong.

According to Nguyen Chanh Trung, deputy general director of Tan Long Group, the firm had been negotiating with Japanese partners for a year before its ST25 rice hit the shelves of supermarkets

in Japan. He stated that Japanese people tend to enjoy eating round grain rice, so the long grain rice is just for replenishment. Meanwhile, more than one million people of other Asian communities, including approximately 450,000 Vietnamese, prefer using long grain varieties such as ST25.

“We have yet to set profit targets in this market in the short term because everything is at the beginning. We do not aim to increase output, but the most important thing is to control quality and maintain credibility. In the near future, we will increase the amount of rice packed in one-kg bags besides two-kg and five-kg bags to match the consumption habits of this market. After Japan, we will develop our brand in the Republic of Korea and the US,” Trung expected.

Meanwhile, Vietnamese firm Loc Troi recently announced a shipment of nearly 500 tonnes of rice with its own brand ‘Vietnamese Rice’ was on its way to the European market and would be sold in Carrefour, the largest supermarket chain in the EU, this July.

Assoc. Prof. Dr. Duong Van Chin, former deputy director of the Mekong Delta Rice Institute, who cares about the Vietnamese rice brand, stated that he is happy to see that many businesses have moved to promote Vietnamese rice in high-end markets. According to the expert, Vietnamese long grain rice is highly competitive in terms of price within the global market. Indeed, both ST 25 and Loc Troi 28 have won prizes at global rice contests and should therefore be further marketed globally as they are favoured by consumers in many countries worldwide.

“Vietnam still has many other varieties of fragrant rice such as Nang Thom, Tam Xoan, Seng Cu that can be branded in the lower price segment. The

lower the price, the wider the market, and the important thing is they produce a good profit,” analysed Chin Assoc. Prof.

Le Ba Linh, chairman of Pacific Foods Joint Stock Company, said that each year Vietnam’s rice exports account for approximately 15% of the world’s total, with Vietnamese rice being present in more than 150 countries and territories, although Asia remains the main market.

This growth has led to businesses recently building their brands internationally, partly thanks to the enforcement of free trade agreements (FTAs) which the country has signed with its partners, in an effort to help its rice become more well-known globally.

“In December 2021, Pacific Foods exported 20 tonnes of rice ST25 to Canada. In March and April 2022, it continued to ship its branded rice in small bags in the United States. Recently, the firm marketed ST25 rice in the UK and is negotiating to export larger shipments to this market,” revealed Linh.

Statistics indicate that businesses exported 3.1 million tonnes of rice during the first half of the year, thereby earning US\$1.5 billion, with an average price of US\$484 per tonne. However, experts say that Vietnam needs to ship more batches of US\$1,000 per tonne rice in order to increase the value of its rice.

Nguyen Duy Thuan, general director of Loc Troi group, said the rice is packed in one-kg, five-kg, and 20-kg bags and features the design and trademark of ‘Vietnamese Rice’ which has been registered in numerous target markets.

## 5. Shares eke out a gain on growth of energy stocks

Shares eked out a gain on the Hồ Chí Minh Stock Exchange on Tuesday thanks to strong growth of energy stocks but caution remains in face of selling pressure.

The VN-Index edged up 0.16 per cent to close at 1,178.33 points after falling 0.23 per cent on Monday.

Liquidity remained sluggish with just 532.7 million shares worth VNĐ11.3 trillion (US\$487 million) being traded, almost unchanged compared to Monday's figures and 3 per cent lower than last week's average trading volume and value.

The sharp increase in oil prices overnight helped push up prices of oil and gas stocks and the energy group as a whole.

Three of the top 10 shares lifting the VN-Index most were oil and gas shares. PV Gas (GAS) topped the list with a growth of 4.5 per cent. Petrolimex (PLX) and PV Power (POW) increased 4.6 per cent and 2.7 per cent, respectively. Bình Sơn Refining and Petrochemical (BSR) also gained 4.3 per cent.

Electricity shares also posted big gains with Halcom Vietnam (HID), PetroVietnam Nhơn Trạch 2 JSC (NT2) hitting the ceiling price of 7-per-cent growth. Vĩnh Sơn-Sông Hình Hydropower (VSH) and Vietnam Power Development (VPD) rose respectively 2.9 per cent and 5.3 per cent.

Other big gainers included Vingroup (VIC), up 1.2 per cent; Vinamilk (VNM), up 1.5 per cent; brewer

Sabeco (SAB), up 1.7 per cent; and Sacombank (STB), up 1.8 per cent.

At the other end of spectrum, slump of Vietcombank (VCB), steelmaker Hòa Phát Group (HPG), Masan Group (MSN), Vietinbank (CTG), TienPhongBank (TPB), Vinhomes (VHM) and Mobile World Investment (MWG) dragged the market.

“Profit-taking pressure around the resistance zone of 1,180 points is still causing difficulties for the VN-Index's recovery,” said Phương Phạm, a market analyst at Viet Dragon Securities Co.

She said given the volatile market, the divergence also occurred in the industry groups with selling pressure continuing to hamper gaining momentum of real estate, securities and banking. Steel group dropped sharply after an explosive session.

On the Hà Nội Stock Exchange, the HNX-Index inched down 0.07 per cent to end at 284.43 points.

Liquidity increased slightly here with 63.4 million shares worth VNĐ1.3 trillion being traded.

Foreign traders were net sellers on both exchanges, unloading shares worth a net sell value of VNĐ304 billion. Their sells focused on Hòa Phát Group with a net value of VNĐ72 billion, Vinhomes VNĐ38 billion, realty company Đất Xanh Group (DXG) VNĐ30 billion and Vietcombank VNĐ27 billion.

## 6. PM praises World Bank for support

Prime Minister Phạm Minh Chính hosted a reception in Hà Nội on Monday afternoon for World Bank (WB) Managing Director of Operations Axel van Trotsenburg, during which he affirmed that Việt Nam considered the bank a good friend and important development partner.

He thanked the bank for supporting resources, providing macro-policy advice, making positive contributions to Việt Nam's socio-economic development and realising the Millennium Development Goals and e-Government building.

The Government leader also thanked the WB for supporting the country in postponing the quick repayment of International Development Association (IDA) loans for one more year from July 2020 to July 2021 (worth nearly US\$400 million) to help the Government have more resources, and accompanying the country in difficult times during COVID-19 prevention, recovery and socio-economic development.

He mentioned the recent planning and investment promotion conference in the Mekong Delta, during which six development banks pledged to finance about US\$2.2 billion for the region, with \$450 million expected to come from the WB.

Việt Nam has committed to contributing nearly \$16 million during 2021-2023 in the bank's most significant capital increase in history as it is mobilising \$13 billion to supplement its operation capital, thus demonstrating the country's great responsibility, obligation and effort amid many difficulties and challenges.

He said he appreciated the WB's assistance for Việt Nam in completing the building of the Vietnam Report 2035.

He asked the bank to continue supporting the country in developing strategic infrastructure, promoting sustainable development and green growth, reducing gas emissions and responding to climate change.

Regarding Việt Nam's commitments at the 26th United Nations Climate Change Conference, Chính affirmed that Việt Nam was joining hands with the international community in climate change response with an approach to ensure fairness and justice, identifying it as one of the urgent and important tasks.

It would be also an opportunity to transform the development model and build an energy transition industry, he said.

He asked the WB to continue supporting Việt Nam in climate change adaptation.

Axel said he appreciated the Vietnamese Government's solutions to simultaneously realise its goals in the past and present, as well as overcome challenges.

Over the past years, Việt Nam had also achieved a high growth rate and been an image showing the general development of the entire Asia-Pacific region. The World Bank had learned many lessons from Việt Nam's practice. Việt Nam could share its development and pandemic prevention experience with many other countries while contributing to solving many global issues such as food security, he said.

He emphasised that he would continue to accompany the Vietnamese Government in the upcoming development journey not only in the financial sector but also in solving strategic issues such as improving the health system's capacity, responding to diseases and adapting to climate change.

The World Bank would be ready to send a team of global experts to support the Vietnamese Government in developing the Report 2045, thus contributing to the goal of building the nation into a developed and high-income country by 2045, he added.

## 7. Ministry of Finance to submit petrol tax reduction plan to NA

The Ministry of Finance (MoF) will submit a plan on reducing petrol and oil taxes to the National Assembly for approval at its October meeting.

The Government requested the MoF to report on the plan to reduce the retail price of petrol and oil on July 18.

Specifically, MoF was asked to continue to calculate the plans on cutting excise tax and value-added tax (VAT) for gasoline and also carefully evaluate the impacts of this reduction on the State budget.

In the current structure of petrol and oil retail prices, each litre of gasoline and oil covers four kinds of taxes, including 10 per cent import tax; 10 per cent VAT; an environmental protection tax of VNĐ1,000 per litre; and an excise tax of 10 per cent for RON 95 petrol, 8 per cent for E5 petrol and 7 per cent for E10 petrol. Oil products are exempt from this tax.

Total taxes and other costs for petroleum products in Việt Nam account for 28-35 per cent of the retail price.

According to the Việt Nam Petroleum Association, the price for one litre of RON 95-III gasoline includes VNĐ10,000 of tax and more than VNĐ1,000 in fees. Companies are waiting for a tax reduction for gasoline and oil to support production and economic recovery.

Deputy Prime Minister Lê Minh Khái said that in the near future the situation would remain unpredictable and the pressure from increasing prices on the price index and inflation would be very large.

He directed MoF to calculate carefully. If there is room, the MoF should propose to further reduce VAT and special consumption taxes on gasoline, avoiding a large impact on the consumer price index (CPI).

The MoF also said that it had proposed reducing the most favoured nation (MFN) tariff for unleaded petrol from the current rate of 20 per cent to 10 per cent, instead of 12 per cent as the initial proposal, to bring prices down.

For oil products, the MFN tariff of 7 per cent at present is in accordance with international commitments.

According to the MoF, petroleum is a strategic and essential commodity that is vital to production, business activities and people's social life. The high petrol price and the shortage of petroleum supply at present have put great pressure on the production and business costs of enterprises and people's spending.

Petroleum supply disruption can also delay production and the business activities of enterprises.

The ministry said that, as almost no leaded motor gasoline was imported at the moment, they propose the MFN tariff for the product would remain unchanged.

Experts said that the tax reduction proposal would be the only option to lower domestic fuel prices and it should not wait for approval at the National Assembly session in October. The National Assembly should provide a solution for this special situation.

Nguyễn Ngọc Tú, a lecturer at Hanoi University of Business and Technology, said according to the regulations, this proposal would be submitted to the National Assembly in October and only in November could the reduction of taxes could be implemented.

At that time, the prices of many goods and services might increase further, as gasoline prices would continue to reach new heights. Purchasing power would be exhausted and economic recovery would face many obstacles, he said.



## Corporate News

### 8. VNM: successfully received more than 1,500 dairy cows imported from the US to Green Farm farms

↑ 1.53%

At the beginning of July, 1,550 purebred HF dairy cows imported directly from the US were received and brought into the herd by Vinamilk at Vinamilk Green Farms in Thanh Hoa and Quang Ngai. This dairy herd is part of Vinamilk

's 2,500-year-old import of cows, to strengthen the herd of cows for Vinamilk's Green Farm eco-farm system and Lao-Jagro farm complex in Laos.

### 9. SMC: In turn, steel trading company SMC reported a 90% decrease in profit in the second quarter

↓ -1.06%

In the period of June-June 2022, SMC Trading Investment Joint Stock Company ( HOSE : SMC ) recorded net revenue of VND 6,620 billion, up 11% over the same period. However, net profit dropped sharply by 90% to 47 billion dong. What cast a dark shadow over SMC's business picture?

As a trading company, the deep drop in steel prices has dealt a huge blow to SMC 's business . In

the second quarter of 2022, the profit margin of this steel trading company was only 3.1%, while in the same period up to 11.6%.

Along with that, financial expenses in the period increased nearly 9 times, to 110 billion dong, of which half was interest expense. Selling expenses also increased sharply to 56 billion dong.

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