



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index hits eight-session low

Vietnam's benchmark VN-Index dropped 1.19 percent to 1,181.29 points Tuesday, the lowest since June 22.

The index closed 14.24 points lower after losing over 3 points on Monday.

Trading on the Ho Chi Minh Stock Exchange (HoSE) rose by 37 percent to VND13.81 trillion (\$591.3 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 20 tickers drop.

MSN of conglomerate Masan Group dropped 5.3 percent.

GAS of Petrovietnam Gas lost 5.2 percent, and PNJ of Phu Nhuan Jewelry fell 4.2 percent.

Ten blue chips rose, led by TCB of Techcombank with a 3.9 percent gain.

It was followed by three other lenders, BID of BIDV, MBB of MBBank and STB of Sacombank, up 3.1-3.6 percent.

Foreign investors were net sellers for the third straight session to the tune of VND268.64 billion. They focused on selling VHM of real estate giant Vinhomes, VCB of state-owned lender Vietcombank, and MSN.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, fell 1.16 percent while the UPCoM-Index at the Unlisted Public Companies Market closed 1 percent lower.

Macro & Policies

2. Việt Nam Report announces top 10 technology companies in 2022

HÀ NỘI — The Việt Nam Report JSC officially announced its top 10 prestigious technology companies in 2022 in Hà Nội on Tuesday.

Specifically, the top 10 prestigious information technology - telecommunications companies include Military-run Industry and Telecoms Group (Viettel), FPT Corporation, Việt Nam Posts and Telecommunications Corporation, VNPT Vinaphone Corporation, Mobifone Corporation, CMC Corporation, Hanel Joint Stock Company, Việt Nam Technology & Telecommunication Joint Stock Company, Việt Nam Maritime Communication and Electronics Company, and Hà Nội Telecom Joint Stock Company.

In parallel, the list of Top 10 reputable technology companies providing services, software solutions and system integration comprised FPT-Soft Co. Ltd., Misa Joint Stock Company, FPT Information System Corporation, CMC Technology and Solution Company Limited, Việt Nam Posts and Telecommunications Group, Joint Stock Company For Telecoms And Informatics, Elcom Technology Communications Corporation, Tường Minh Software Solutions Company Limited, FSI Technology Development and Trading Investment Joint Stock Company, HPT Việt Nam Corporation.

The ranking was done objectively, independently and based on the results of assessing the financial capacity of the business, the reputation of the

business in the media and the survey of opinions from several research subjects and related parties conducted last month.

Assessing the overview of the Vietnamese information technology and telecommunications market, Vũ Đăng Vinh, General Director of Việt Nam Report, said that the economic picture in the first months of this year was bright. The COVID-19 pandemic was basically under control, and most businesses' production and business activities had returned to normal.

In the overall growth rate of the whole economy, the information technology industry continued to maintain growth momentum.

The total revenue of the information technology and telecommunications industry reached US\$136.15 billion last year, an increase of 9 per cent compared to 2020.

The number of digital technology enterprises in Việt Nam reached 64,000 last year, a year-on-year growth of 9.5 per cent.

Information technology and telecommunications revenue in the five months of this year is estimated at \$57 billion, up 8.5 per cent over last year. — VNS

3. Agro-forestry-fishery exports on track to surpass yearly target

HÀ NỘI — Việt Nam earned US\$27.88 billion from agro-forestry-fishery exports in the first half of this year (H1), up 14 per cent year-on-year despite the difficulties and impact of the world economic environment, according to the Ministry of Agriculture and Rural Development (MARD).

Of the sum, exports of key farm produce and forestry products reached \$11.37 billion and \$9.1 billion, surging 8.8 per cent and 3 per cent year-on-year, respectively, fishery products hit \$5.8 billion, up 41 per cent annually, while that of livestock reached

\$176 million, down 16 per cent, and production input topped \$1.42 billion, up 65 per cent.

Nine types of goods recorded an export revenue exceeding \$1 billion in the period: coffee, rubber, cashew, fruit and vegetable, rice, tra fish, shrimp, wooden goods, and inputs for production.

Items which saw increases in both export volume and value included coffee, up 22 per cent and 50 per cent respectively; cassava and cassava products (13

per cent and 28 per cent); rubber (9.2 per cent and 12 per cent) and rice (16 per cent and 5 per cent).

During the first six months, the US, China, Japan and South Korea remained the four biggest importers of Vietnamese agro-forestry-fishery goods.

Typically, the US took the lead with a turnover of \$7.61 billion, up 8 per cent year-on-year or equivalent to 27.3 per cent of the country's total export value. MARD said that China ranked second with \$4.97 billion, a yearly hike of 6 per cent or 17.8 per cent of the total.

Also, in the first half, Việt Nam spent about \$22.1 billion on purchasing agro-forestry-fishery products, creating a trade surplus of approximately \$5.75 billion, nearly double the figure posted in the same period last year.

The encouraging outcomes were attributable to mechanisms and policies for trade promotion, negotiations for reopening, and market development to promptly solve problems and then promote the export of agro-forestry-fishery products, said Deputy Minister of Agriculture and Rural Development Phùng Đức Tiến.

Amid the impact of the pandemic and the Russia-Ukraine conflict which disrupted the global agricultural supply chain, MARD and its units have researched and taken advantage of opportunities from FTAs to promote agricultural exports while grasping the situation of production, processing and consumption of agricultural products, Tiến said.

Top priority was also given to solving technical barriers of markets and promoting international cooperation and expanding markets for agricultural and seafood exports, he said.

The efforts have brought good results. The US has approved six additional businesses, bringing the total number of Vietnamese enterprises that have been eligible to process and export pangasius (tra fish) to the market up to 19.

The EU allowed 21 other enterprises, lifting the total number of eligible seafood exporters to 660. Meanwhile, the Eurasian Economic Union approved a total of 77 firms from Việt Nam and China allowed 779 seafood enterprises.

With these positive performances in H1, the ministry expects the country's agro-forestry-fishery exports to reach \$55 billion by the year-end, \$5 billion higher than the Government target.

Significantly, the forestry export turnover will likely reach over \$17 billion by the end of this year, far exceeding the set target of \$16 billion, said Nguyễn Quốc Trị, General Director of Vietnam Administration of Forestry.

To achieve this new goal, the industry will implement solutions to boost key export products which have potentials to increase export value, MARD said, adding that it would regularly provide information on prices, output, and production and supply of agricultural products and suggest solutions to remove the congestion of farm produce at the border gates.

Furthermore, it will continue to negotiate and promote the export of passion fruit and grapefruit to Australia; rambutan, star apple, custard apple, cassava slices, sugar and milk to Thailand; lemon and grapefruit to New Zealand; and bird's nest, feather products and fish meal to China.

Exploring more export opportunities in countries with complementary product structures with Việt Nam, such as Japan, South Korea, India and the EU, and other lucrative outlets like Russia, the Middle East, Africa, and ASEAN will also be included. — VNS

4. 2022 GDP growth prospect: optimistic but also cautious

Better-than-expected economic performance helped Việt Nam's GDP growth in the second quarter of the year reach 7.72 per cent year on year, the

highest since 2011, according to the General Statistics Office.

GDP in the first six months of 2022 jumped 6.42 per cent, higher than the growth rate of 2.04 per cent in the same period of 2020 and the H1 growth rate of 5.74 per cent in 2021.

The country's socio-economic development in the first six months of 2022 prospered in most industries and fields, especially the processing and manufacturing industry, retail sales of consumer goods and services, and exports.

Industrial production grew quite well because production and business activities of enterprises gradually recovered. The industrial production index increased by 8.7 per cent over the same period last year. Total retail sales of consumer goods and services reached VNĐ2.717 quadrillion, up 14.4 per cent compared to the first six months of 2019 - the year before the COVID-19 pandemic.

The lifting of COVID-19 restrictions in the country, reopening borders and international tourism activities have created new vitality in Việt Nam's service sector. The strong recovery of the accommodation and food service industry must be mentioned as it surged 25.92 per cent while art and entertainment activities increased by 14.01 per cent.

In the six-month period, total import and export turnover of goods reached US\$371.17 billion, up 16.4 per cent over the same period last year. Exports rose 17.3 per cent and imports were up 15.5 per cent.

Along with that, the Government's policy of socio-economic recovery and development has created confidence for the people and the business community. From January to June, the country saw 76,200 newly registered enterprises, up 13.6 per cent compared to the same period of the last year.

The average consumer price index in the first six months of this year increased by 2.44 per cent over the same period last year. Domestic prices are still basically under control because the Government has drastically directed ministries, sectors and localities to synchronously implement solutions to stabilise prices and limit negative impacts on socio-economic development.

With such macroeconomic highlights, it seems that the Vietnamese economy is on course to surpass its 2022 growth target of 6.0 - 6.5 per cent. Recently, the

Singapore-based United Overseas Bank (UOB) revised up its 2022 GDP growth forecast for Việt Nam to 7 per cent from 6.5 per cent.

The optimistic projection is based on the strong set of data in the second quarter of 2022 and a historical track record of robust performance in the second half of the year.

Besides that, it is expected that an economic recovery package worth \$15 billion will be implemented and disbursement of public investment will speed up in the rest of the year. The Government plans to fully disburse allocated funds for this year and punish any violations in delays or issues with slow disbursement of public funds.

In addition, despite a drop in total Foreign Direct Investment (FDI) lured in the first five months of this year, FDI disbursement is forecast to continue an upward trend in the period. According to the Ministry of Planning and Investment, up to \$7.71 billion worth of FDI was disbursed from January to May, up 7.8 per cent year on year.

However, it is necessary for us to be vigilant and take a cautious approach as there are still so many difficulties ahead which stem from both the country's internal weaknesses and the external environment.

In the coming months, the world commodity market will likely continue to have many fluctuations and be influenced by economic and political factors. As the supply of raw materials has been significantly interrupted, commodity prices on the international market have tended to increase sharply.

In addition, the war between Russia and Ukraine has pushed up the prices of raw materials, especially fuel. The circulation of goods in some markets will likely be affected, leading to shortages of some items such as food, medicine, fertiliser, medical equipment and information technology equipment in the global supply chain, thereby causing spillover effects on production costs in many industries and fields.

Construction of a number of State budget-funded projects is still slow due to various problems. The shortage of workers still persists in some sectors as a consequence of the pandemic, especially among highly qualified and skilled workers.

On the other hand, global growth prospects have weakened significantly amid the war in Ukraine, amid rising energy, food and commodity prices, soaring inflation and tightening monetary policy stances by major central banks. Many organisations have revised down their global growth forecasts.

According to a United Nations' report on the world economic situation and prospects for 2022 issued on May 18, the world economy is projected to grow by 3.1 per cent in 2022, marking a downward revision of 0.9 percentage points from our previous forecast released in January 2022.

In particular, growth forecasts for the United States, European Union and China –major trading partners of Việt Nam – have been revised downward, with the European Union registering the most significant downward revision. The European Union economy – most directly hit by disruptions in the energy supply from the Russian Federation – is now expected to grow by 2.7 per cent in 2022, down from 3.9 per cent expected in January. The United States economy is expected to grow by 2.6 per cent, while China is expected to grow by 4.5 per cent in 2022.

Economists believe that the broad-based slowdown of the global economy will undermine a full, inclusive and sustainable recovery from the pandemic. This slowdown, and the war in Ukraine – triggering sharp increases in food and fertiliser prices – will hit developing countries particularly hard, exacerbating food insecurity and increasing poverty. Monetary tightening by the developed countries will increase borrowing costs, undermine debt sustainability, and further constrain the fiscal space to support a full recovery of developing country economies.

In its Global Economic Outlook report, dated June 7, 2022, the World Bank (WB) reduced its global growth forecast for 2022 from 4.1 per cent to 2.9 per cent. Meanwhile, on June 8, 2022, the Organization for Economic Co-operation and Development (OECD) forecast that global GDP will grow by 3 per cent in 2022, down sharply from the 4.5 per cent forecast made in December 2021.

Given this global backdrop, we cannot rule out the possibility that the country's economic growth could fail to meet targets and that it will be harder for the Government to take measures to both stabilise the

economy and boost growth. These challenges require the Government to implement fiscal and monetary policies in a wise manner.

Specifically, the Government must be flexible in managing money supply through changing credit limits for commercial banks while curbing interest rate hikes to a level that people and enterprises can absorb.

Though our foreign exchange reserve condition is good enough to maintain FX market stability, we must still follow closely the developments of the forex market to prevent a substantial exchange rate pass-through – the effect of exchange rate changes on domestic prices in an open economy – especially given the country still depends on material imports.

At the same time, we must decrease the pace of price increases by reducing taxes on petroleum, as this is an important input that affects every sector of the economy.

Finally, the investment environment needs to continue being improved to attract FDI and legal mechanisms for public investment disbursement need to continue being fine-tuned to accelerate the process.

*Võ Trí Thành is a former vice-president of the Central Institute for Economic Management (CIEM) and a member of the National Financial and Monetary Policy Advisory Council. The holder of a doctorate in economics from the Australian National University, Thành mainly undertakes research and provides consultation on issues related to macroeconomic policies, trade liberalisation and international economic integration. Other areas of interest include institutional reforms and financial systems.

5. MoF clarifies law on prize electronic games for foreigners

HÀ NỘI — The Ministry of Finance has issued further guidance on the law regarding foreigners and prize electronic games in Việt Nam.

Circular No. 39/2022/TT-BTC guides the implementation of Decree No. 121/2021/NĐ-CP and stipulates the appraisal fee for the grant and extension of business certificates at VNĐ150 million (US\$6,428), while that for the re-grant and adjustment stands at \$5 million.

After the appraisal, the finance ministry will inform enterprises about payment, according to the document.

The businesses are allowed to suspend the use of conventional currencies for management requirements, but they have to inform finance departments and tax agencies at least five days prior, with documentation.

The resumption of the use of the currencies must also be reported to these agencies.

The enterprises must keep a close watch on the currencies, including their format, quantity and type, among others.

According to Decree No. 121/2021/NĐ-CP, which took effect on February 12, 2022, an enterprise doing the business is allowed to organise prize electronic games at only one site licensed by authorised State agencies.

The players permitted at those sites are foreigners and Vietnamese people who reside abroad and legally enter Việt Nam using passports or international travel documents granted by foreign authorised agencies, with valid visas.

All of them must have full capacity for civil conduct in accordance with Vietnamese law and voluntarily comply with the games' rules and regulations in this decree.

To play the games, they must bring along the papers proving that they belong to the permitted group; comply with the game's rules and the regulations of the game organising enterprises; fulfil their tax obligations as stipulated by law, and adhere to relevant legal regulations.

Furthermore, players are not allowed to use the results of prize games to directly make a bet with one another or harm the security, order, or safety of gaming sites. — VNS

6. HCM City consumers favouring cheaper goods amid rising prices

Customers shop in a supermarket in HCM City. Consumers in the city are preferring cheap goods to save money. – Photo baotintuc.vn

HCM CITY – Consumers in HCM City are favouring inexpensive brands due to quickening global inflation, encouraging businesses to invest more in affordable products.

Nguyễn Thị Hồng Diệu, an egg supplier for convenience stores in District 12, told Người Lao Động (The Labourer) Newspaper that due to rising petrol prices jacking up prices of eggs, her income had slowed and she began cutting her family expenses.

“Now I buy just enough food to eat, I stopped buying new clothes and have switched to cheaper, on-sale brands of detergents and shower gel.”

Nguyễn Việt Anh from Bình Thạnh District told Việt Nam News that his income had not recovered from the COVID pandemic, so he was opting for cheaper food brands that may not be as high quality as what he used to buy.

Local businesses have reported that the recent trend of consumers saving money and preferring cheap brands is affecting their sales in the first half of the year.

They are focusing on market research to come up with new product lines to satisfy new demand.

Nguyễn Ngọc An, general director of Vissan, said that the company had been offering sales promotions and making efforts to stimulate customer demand at the cost of profit, but the increase in sales had been low.

“After the COVID-19 pandemic, most consumers’ income has not increased, but since prices are rising, many are switching to cheap brands. Some have even stopped caring a lot about quality and food safety. Food businesses are finding that affordable product lines are selling better than others.”

Food businesses such as Vissan were producing and developing more affordable food products while trying to maintain their quality, and this would require investment in new technologies, he said.

Đinh Quang Khôi, head of MM Mega Market marketing department, said that the supermarket was taking part in HCM City’s massive sales promotion with 447 other businesses, which was providing a great boost to its revenue.

However, this would not persist after the promotion ends July 15, so retail chains should develop their own personal product brands to keep customers and maintain a good relationship with manufacturers amid rising prices, he said.

Võ Hoàng Anh, private label director of Saigon Co.op, said that consumers were getting more price-sensitive and favouring affordable brands.

Retail companies were heavily affected by the drop in customer demand, but their own personal product brands were seeing higher growth compared to the general market, he said. – VNS

7. Deal signed to develop 300,000ha high-quality rice growing area for export

The Department of Agriculture and Rural Development of Kiên Giang Province, Lộc Trời Group and MB Bank sign an agreement to develop a 300,000ha area for growing high-quality rice in the province on July 4. — Photo courtesy of Lộc Trời

KIÊN GIANG — The Kiên Giang Province Department of Agriculture and Rural Development, Lộc Trời Group Joint Stock Company and Military Commercial Joint Stock Bank (MB Bank) on July 4 signed an agreement to grow high-quality rice on an area of 300,000ha at an estimated investment cost of VNĐ12 trillion (US\$513.39 million) in the province.

The department and other provincial agencies will work with Lộc Trời Group to draft annual plans for it.

The land will be granted a planting area code and high-efficiency production models that Lộc Trời uses elsewhere in the Mekong Delta will be adopted here too.

All the rice harvested will be bought by Lộc Trời and its associates for export.

MB Bank will provide credit of up to VNĐ12 trillion for all production activities. The credit agreement is valid until December 31, 2024, after which the parties will decide whether or not to extend it.

Lộc Trời will also consider construction of a modern rice husking and drying mill in Kiên Giang, and build an agricultural information system and an innovation centre together with the province to gradually promote digital transformation in agriculture.

Also at the signing ceremony, Lộc Trời signed a contract to transfer the right to use two rice varieties, OM 18 and OM 5451, to the Kiên Giang Breeding Centre for Agriculture, Forestry and Fishery.

The group will support the centre with training for production, storage and preservation of rice to ensure the quality of seeds delivered to farmers is on par with what it supplies in other localities.

The country’s rice exports were up in both volume and value terms in the first half of the year to 3.5 million tonnes and over \$1.7 billion. — VNS

Corporate News

8. GAS: after-tax profit hits nearly 300 million USD in 6 months

↓ -5.16%

Its before-tax profit reached over 8.67 trillion VND (over 371.3 million USD) in the January - June period, up 87 percent and 56 percent, respectively.

The firm produced and supplied over 1 million tonnes of liquefied petroleum gas (LPG) in the first two quarters of 2022, surpassing 23% of the plan and equal to 99% of that in the same period last year, accounting for about 70% of the wholesale market share of the country.

It also produced and supplied 56,800 tonnes of condensate, up 67% compared to the plan and 85% against the same period in 2021.

Although its production and business in the first six months faced many challenges due to geopolitical impacts from the Russia-Ukraine conflict and the

disruption of global supply chain caused by China's COVID-19 prevention and control policy, PV GAS's financial targets rose by 8-59% over the same period last year.

The firm's total revenue hit 54.56 trillion VND, exceeding the target by 34%, and increasing 34% year-on-year.

PV GAS contributed over 3.6 trillion VND to the State budget in the period, up 70% compared to the set plan in the period and 8% year-on-year.

During this time, attention has been paid to construction investment activities, with progress of projects ensured. The disbursement value for investment activities reached 1.427 trillion VND.

9. KHP: Signing audit contract

↓ -4.23%

On July 04, 2022, Khanh Hoa Power Joint Stock Company signed an audit services agreement with Ecovis AFA Vietnam Auditing – Appraisal and

Consulting Company Limited for the financial statements in 2022.

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