



VIETNAM DAILY NEWS

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Market Analysis

1. Stock market hits 16-month low

Vietnam's benchmark VN-Index dropped 2.68 percent to 1,149.61 points, lowest since February 2021, with foreign investors net sale nearly tripling.

The index closed almost 32 points lower in its third losing session in a row as most major Asian markets were in the red.

Trading on the Ho Chi Minh Stock Exchange (HoSE) fell by 9 percent to VND12.57 trillion (\$538 million).

The VN-30 basket, comprising the 30 largest capped stocks, saw 25 tickers dropped.

Two of them, GAS of state-owned Petrovietnam Gas and VRE of retail real estate arm Vincom Retail, hit the floor with a 7 percent drop.

VIC of biggest private conglomerate Vingroup lost 6.6 percent to hit the lowest since March 2020.

Other losers included PNJ of Phu Nhuan Jewelry, down 5.6 percent, PLX of fuel distributor Petrolimex, down 4.9 percent, and CTG of state-owned lender VietinBank, down 4.3 percent.

Three blue chips gained, led by SAB of brewer Sabeco with a 1.2 percent rise, followed by VJC of budget airline Vietjet, up 1 percent, and BVH of insurance company Bao Viet Holdings, up 0.4 percent.

Foreign investors were net sellers to the tune of VND749 billion, up 270 percent from Tuesday.

They mainly sold the FUEVFNVD of Dragon Capital Vietfund Management, GAS of state-owned Petrovietnam Gas and VCB of state-owned lender Vietcombank.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was down 2.17 percent while the UPCoM-Index at the Unlisted Public Companies Market was down by 1.11 percent.

Macro & Policies

2. HSBC hikes Vietnam growth forecast

Lender HSBC has raised its growth forecast for Vietnam from 6.6 percent to 6.9 percent thanks to the country's broad-based recovery from two years of Covid-19 impacts.

Fading Omicron risks and easing of restrictions have set the basis for Vietnam's return to normalcy, with GDP growth in the second quarter hitting 7.7 percent year-on-year, a regional outperformer, the bank reported Wednesday. Services, which once bore the brunt of an economic hit, have seen a meaningful recovery, while tourism-related and consumer-facing services have largely benefitted from sustained re-openings.

Retail sales overshot 17 percent year-on-year in the second quarter, signalling a return of rebounding household consumption.

Vietnam welcomed 0.5 million visitors in the second quarter, almost five times more than those in the first quarter, taking total tourists to 0.6 million in the first six months.

Manufacturing continues to roar, with industrial production growth accelerated to over 25 percent year-on-year in the second quarter.

This helped export growth hit over 20 percent year-on-year in the second quarter, a third of which came from firm computer and smartphone shipments.

However, the impact of high energy prices is becoming increasingly clear, HSBC said.

Elevated commodity prices have turned the trade balance into a deficit in the second quarter, likely exacerbating the deteriorating current account.

Despite a firm rebound in household consumption, high oil prices would likely take a bite out of residents' wallets, dampening the pace of its continued recovery.

"Given elevated global oil prices, we expect upward pressures to inflation to persist," the report said, adding that inflation could hit 3.5 percent this year and exceed 4 percent from the last quarter this year to the second quarter next year.

With surging energy prices considered, the bank trimmed its Vietnam growth forecast for 2023 from 6.7 percent to 6.3 percent.

Vietnam's GDP expanded by 2.6 percent last year. The government targets 6-6.5 percent this year.

3. Vietnamese take on side gigs as inflation bites

Chau Ngan, 28, ended her shift at a coffee shop in HCMC at 10 p.m. and immediately turned on a laptop to check on her restaurant in Da Nang.

Three months ago she got someone to manage her restaurant and left for HCMC to work as a manager at a coffee shop.

"Costs are skyrocketing, and therefore I need a second job to pay the rent for my restaurant", she says, revealing she has not been breaking even for months.

Rents and ingredients cost her VND30 million (\$1,248) a month while sales are only around VND31 million, and so she needs another job to pay her staff.

She used to have three jobs but quit one of them due to health issues. She now works 18 hours a day.

"I also have to cut my spending. All I am doing now is working and paying debts," she tells VnExpress.

Despite all this, she still had to borrow VND20 million recently for her restaurant.

"If the situation does not improve, I may have to sell it."

Ngan is among many turning to side jobs to keep their head amid the price rise caused by record fuel prices.

Gasoline prices in Vietnam are hovering at nearly VND33,000 a liter, an all-time high, after rising 41 percent this year.

Inflation in the first five months has been 2.25 percent against last year's 1.29 percent, according to the General Statistics Office.

The prices of many food items have jumped by 10-50 percent this year.

The inflation is forcing many to tighten their belts and/or work a second, even third, job.

Viet Thang, an employee at Samsung Vietnam, decided to earn some extra money for his family by working as a driver for a ride hailing firm.

After his eight-hour shift ends at around 5:30 p.m, Thang hits the streets and only returns home by midnight on weekdays and one or two in the morning during weekends.

"Now gasoline prices have surged, and everything has become more expensive," he says, adding that his monthly spending has risen from VND7-8 million to VND8-9 million or even more.

The side gig earns him VND5-6 million a month but takes a toll on his health.

"I cannot say I'm not tired or despondent, but this is what I have to do to make ends meet. I thought about moving back to my hometown but the salary there is low, so I decided to stay here and work."

Duc Cong, an andrologist in HCMC, sacrifices what little rest he used to get to work as a part-time designer.

"I used to sleep five or six hours a night. Now it is three or four," he says.

He is constantly sleepy and tired, and cannot concentrate at work.

But the part-time job fetches him little money and he has to cut his savings to cope with the surging prices.

The government has sought lawmakers' approval for a 25 percent cut in the environment tax on gasoline from August to year-end to bring prices down.

The tax, which was originally VND4,000 a liter, was halved by 50 percent in March. If the latest cut is approved, it will go down to VND1,000.

The Ministry of Finance is also considering reducing the excise and value-added tax on gasoline to bring its prices down further.

But Cong says: "I don't know how long this 'price storm' will last, so it will be better if I am cautious about my health or else I will have to go to hospital and spend more than what I earn."

4. US fastest growing market for Vietnamese rice: ministry

Rice exports to the U.S. surged by 71.3 percent in the first five months, the highest growth rate of any market, the Ministry of Agriculture and Rural Development said.

American consumers like Vietnamese long-grain fragrant rice varieties such as ST25, adjudged the world's best in 2019, and for the last two years the U.S. has been importing it, according to that country's Department of Agriculture.

Vietnamese rice is also gaining popularity in the E.U.

In June, 500 tons of 'Com Vietnam rice' was exported to Germany, the Netherlands and France for the first time.

It was sold at Carrefour in France, the biggest hypermarket chain in Europe.

Rice was among nine agricultural items whose exports in the first five months of this year topped US\$1 billion, with coffee, rubber and cashew being some of the others.

But Vietnamese rice faces challenges since competitors Thailand and India sell their products at lower prices after their currencies depreciated.

Thailand's 5 percent broken rice has seen prices fall by 6 percent from a month ago to \$420-425 per ton.

Prices in India are now at \$355-360 compared to \$418-423 in Vietnam.

Vietnam is forecast to export 6-6.2 million tons of the grain this year, same as the last two years, according to the Vietnam Food Association.

5. Banks to have credit expansion at end-Q3 2022

Banks are forecast to have a credit expansion at the end of the third quarter of 2022, according to Saigon Securities Incorporation.

As demands for bank loans have increased rapidly this year after the pandemic has been controlled, banks have already used up most of their assigned quota this year. The banks have therefore proposed the State Bank of Vietnam (SBV) to appropriately expand their credit growth quota to continually lend to customers.

Under the current regulations, the State Bank of Việt Nam (SBV) sets credit growth limits for each commercial bank at the beginning of the year depending on the bank's health, including capital adequacy ratio, financial strength, risk governance and operational status. This was done to control credit growth of the entire banking system and to ensure money supply and inflation control as targeted by the Government.

Nguyễn Thế Minh, head of Yuanta Vietnam Securities Company's individual customer analysis division, said without capital injection, firms cannot recover, which will cause rising bad debts. Therefore, banks, which have good asset quality, healthy finance and good capital buffers, should be given priority to allocate a higher credit growth quota.

The SBV has also said the extension of the credit growth quota will be implemented at an appropriate time and the adjustment will depend on the financial health of each bank.

According to the SBV's deputy governor Đào Minh Tú, from the beginning of the year when setting the credit growth target at 14 per cent in 2022, the SBV

said it could flexibly adjust the target depending on the actual situation.

As banks said they have all used up their credit growth quota and cannot accelerate lending, Tú said the current situation is also an opportunity for banks to restructure their credit sources, noting the SBV's goal is to direct capital into priority areas and strictly control credit to risky areas.

After a period of overheating growth which caused interest rates and inflation to accelerate in Việt Nam, the SBV decided to control the credit growth ceiling at commercial banks in 2011.

Dr Hồ Quốc Tuấn, a lecturer at the UK's University of Bristol, said very few countries in the world still use a credit growth granting tool like Việt Nam.

According to Tuấn, removing the credit limit is necessary, but not immediately, and should be placed on a roadmap. For instance, the SBV announces within five years it will remove the credit limit. During these five years, the SBV will tell commercial banks how to do a stress test and solve the bank's weaknesses, and deal with weak banks as well, with regulations on checking data and responsibilities. If there is no specific schedule set, no one will do it.

Instead of controlling the credit growth ceiling, the SBV should control credit growth through capital standards according to Basel, combined with modern banking management tools such as periodic checks. This still creates a credit limit for banks, but on a more quantitative, objective and transparent basis, Tuấn said.

Dr Cấn Văn Lực, member of the National Financial and Monetary Policy Advisory Council, said the SBV needs to remove the mechanism of granting credit room and managing credit growth through the capital adequacy ratio (CAR) of banks.

This credit limit granting mechanism should only be a temporary solution for the next one or two years, Lực said.

6. Việt Nam attends Premiere Vision 2022 in Paris

More than 10 Vietnamese outstanding enterprises have attended the Premiere Vision 2022, an essential event for the entire textile industry, which is taking place from July 5-7 at Paris-Nord Villepinte Exhibition Centre in Paris, France.

According to Vietnamese Ambassador to France Đinh Toàn Thắng the participation of Vietnamese businesses in this fair reflected their desire to promote cooperation with France and other countries, in the context that the two governments are resuming trade relations with the world following severe impacts of the COVID-19 pandemic.

According to the ambassador, the Việt Nam-EU Free Trade Agreement (EVFTA) which took effect in August 2020 is an important legal foundation for Vietnamese enterprises in general and of textile ones in particular in conquering the French and EU markets.

Trương Văn Cẩm, vice chairman of the Việt Nam Textile and Apparel Association (VITAS), said with over three million workers, Việt Nam's textile and garment industry is one of the key export industries and has achieved strong growth in recent years with a total turnover of over US\$40 billion per year.

He attributed the achievement to the trade promotion activities and active participation of the industry in trade fairs and exhibitions in many countries, along with the adoption of a variety of solutions.

Although the EU is a large and potential market, it is a choosy one, Cẩm said, adding that attending such events as Premier Vision 2022 will help businesses understand the demand and tastes of European customers.

Executive director of the French Chamber of Commerce and Industry in Việt Nam, Adam Koulaksezian, said joining the fair offers an opportunity for Vietnamese businesses to introduce their products as the world is currently facing supply difficulties after two years of stagnation due to the COVID-19 pandemic.

Premiere Vision is the largest and most prestigious fair of the textile and fashion industry in France, attracting more than 60,000 visitors and 1,200 international exhibitors in five major divisions namely casual wear, office and sports fashion, jeanswear and jackets.

7. Trungnam SMC helps ship super-heavy goods with volume of 2,500 tonnes

Trungnam SMC, one of the leading companies in providing solutions for transporting super-heavy goods in Việt Nam, has cooperated with Roll Group to transport super-huge goods with a volume of up to 2,461 tonnes at the Hyundai Việt Nam shipyard.

According to the firm, super-heavy goods' huge size and weight require absolute high-technical and safety requirements during transportation. Therefore, Trungnam SMC has mobilised experienced personnel and the most modern

specialised equipment to participate in this load-in project.

The SPMT (self-propelled modular transport) equipment was put into use in the process of transporting goods from the ship onto the wharf and then to the final installation position.

Trungnam SMC used 48 SPMT Scheuerle axles in combination with Roll Group's SPMT 48. In total, 96 axles and 7PPU were utilised. The work was carried

out extremely carefully and thoroughly in each operation to ensure absolute safety.

The firm said the safety factor for personnel and goods was a top priority and calculated every detail before implementation. With modern equipment and a team of skilled and experienced engineers, Trungnam SMC cooperated with Roll Group to complete the job safely and on schedule.

As one of the leading companies in providing solutions for transporting super-heavy goods according to specific characteristics, the firm aims to

best ensure safety and cost savings as well as to be a trusted partner to serve customers.

TNSMC is committed to making projects successful, no matter how big or small. This project is another milestone on the company's track record, adding to other projects Trungnam SMC participated in, such as transportation and load-out of a 4,200-ton oil and gas Jacket at PTSC Vung Tau port, transporting wind turbine equipment and transformers in 2022.

TNSMC is committed to becoming the No 1 Transport and Heavylift Trusted partner in the country. — VNS

Corporate News

8. VHC: Increasing in Vinh Hoan Fish Hatchery

↓ -1.60%

On July 04, 2022, the BOD of Vinh Hoan Corporation approved to increase the contribution capital to Vinh Hoan Fish Hatchery Company Limited with total amount of VND50,000,000,000.

Accordingly, the contributed capital of VHC in Vinh Hoan Fish Hatchery Company Limited to VND148,000,000,000, accounting for 98.66% charter capital.

9. VHM: Transferring shares in Vinpearl Landmark 81

↓ -2.31%

Based on Decision dated July 04, 2022, Vinhomes Joint Stock Company implemented the transfer of shares of Vinpearl Landmark 81 Joint Stock Company. After the transfer completes, Vinhomes

Joint Stock Company will no longer own shares and will no longer be the parent company of Vinpearl Landmark 81 Joint Stock Company.

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