



VIETNAM DAILY NEWS

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Market Analysis

1. Market ends lower on stronger sell-off

Indices ended lower on Thursday as stronger risk-off sentiment weighed on the market, with the VN-Index posting the second daily fall.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index declined by 4.43 points, or 0.35 per cent, to 1,252.07 points. It closed the morning trade on a positive note, with a gain of 5.93 points, or 0.47 per cent.

The market's breadth was negative with 319 stocks dropping, while 136 stocks picked up. However, liquidity increased sharply over the previous session, of which matching value on the southern bourse jumped 36 per cent to VND17.3 trillion (US\$737.7 million), equal to a matching volume of 765 million shares.

The benchmark index reversed the morning's course due to rising selling pressure in the afternoon trade that triggered big losses in many large-cap stocks.

The VN30-Index, tracking the 30 biggest stocks on HoSE, was also down 4.82 points, or 0.38 per cent, to 1,272.33 points. In the VN30 basket, 11 stocks edged higher, while 17 slid and two stayed unchanged.

Data compiled by financial website vietstock.vn showed that Novaland (NVL) posted the biggest

fall and led the downtrend. NVL plunged by 2.28 per cent. It was followed by Vinamilk (VNM), Hoa Phat Group (HPG), VPBank (VPB) and MBBank (MBB), down at least 1.47 per cent.

The index was also weighed by the pullback of Vietnam Rubber Group (GVR), Development Investment Construction JSC (DIG) and Techcombank (TCB).

However, losses were capped by rallies in pillar stocks, of which Vietcombank (VCB) was the biggest gainer with an increase of 1.24 per cent. Gains in PV Gas (GAS) and Vingroup (VIC) also weakened the downside risk.

The HNX-Index on the Ha Noi Stock Exchange (HNX) ended the four-day gaining streak on Thursday, down 3.36 points, or 1.11 per cent, to 300.18 points.

During the trade, nearly 128.8 million shares were traded on the northern market, worth nearly VND2.56 trillion.

Meanwhile, foreign investors were net buyers on both main exchanges on Thursday, with a total value of nearly VND130 billion. Specifically, they net bought VND74.43 billion on HoSE and VND55.47 billion on HNX.

Macro & Policies

2. Air passengers reach record number, delays and cancellations increase

The number of air passengers reached nearly 12 million, an increase of more than 40 per cent in July compared to pre-COVID, said the Civil Aviation Administration of Việt Nam (CAAV).

Along with a sharp increase in the number of passengers, flight cancellations and delays also increased rapidly, partly due to subjective errors from airlines, adding the local airports served, of which domestic passengers flew more than 10.5 million times, an increase of nearly 6 per cent compared to June.

CAAV said flight delays and cancellations in the past month had increased dramatically many times, causing frustration in public and affecting the quality of aviation services.

The matter was partly due to many bottlenecks in the airport infrastructure and unusual weather, said CAAV.

In the past month, the proportion of delayed flights accounted for more than 18 per cent of the total number of licensed flights or more than 6,000 flights, an increase of 16 per cent over the same period last year and equivalent to June.

During the month, 41 flights were cancelled due to technical factors and late flights. In July, the on-time rate of flights was only 81 per cent out of the total of more than 33,200 flights.

CAAV has just asked units and airlines to implement practical solutions to reduce the number of delayed and cancelled flights.

At the same time, CAAV required the arrangement and narrowing of the non-aviation counter to maximise the space for flight operations and passengers, especially at large airport terminals such as Tân Sơn Nhất and Nội Bài airports.

For airlines, the authorities requested an increase in night flights to reduce pressure on airports during

daytime hours and to arrange aircraft, equipment and backup supplies for timely maintenance and repair.

In particular, airlines must arrange representatives to handle questions and complaints of passengers at airports regularly to promptly address any issues arising.

Airport authorities must strengthen inspection and supervision of aviation security, safety and quality to promptly handle violations, especially airlines' obligations to passengers when there is a problem of cancelled flights or prolonged delays.

Thanks to the sharp increase in the number of air passengers during the summer peak this year, the business results of Vietnamese airlines have gradually improved.

Vietjet said that in the second quarter of this year, the airline's revenue from domestic passengers increased by more than 30 per cent compared to the period in 2019, so it achieved a consolidated profit after tax of VNĐ181 billion (US\$7.86 million). In the first six months of this year, Vietjet achieved a consolidated profit after tax of VNĐ426 billion.

Although Vietnam Airlines' business results in the second quarter and first half of this year still suffered losses, the losses were reduced by more than 40 per cent compared to the same period last year and in the first quarter.

In the second quarter of 2022, the airline had consolidated losses of VNĐ2.5 trillion. In the year's first half, the total loss was more than VNĐ4.6 trillion.

In July, the airline recorded a profit from passenger transport thanks to the "exploding" domestic passenger volume and forecasts that August's business results would continue to be positive with the peak summer season still going.

Vietnamese airlines are still facing many difficulties, the international flight market has not recovered as planned, and the impact of the Russia-Ukraine conflict, and tensions in the Taiwan Strait are causing issues.

In particular, the high price of jet fuel caused costs to increase. In July, the average jet fuel price reached \$165 per barrel.

3. Seafood exports expected to reach \$3b in Q3

Việt Nam's seafood export value is expected to slow growth to US\$3 billion in the third quarter due to a lack of raw materials and disadvantages in the market in the second half.

At the beginning of the year, farmers released shrimp due to the forecast that the weather would not be too cold. They have expected to early harvest raw shrimp. However, diseases and the quality of shrimp seeds have affected farming results.

According to Hồ Quốc Lực, former chairman of the Việt Nam Association of Seafood Exporters and Producers (VASEP) and also chairman of the Sao Ta Foods Joint Stock Company (FIMEX), there are three reasons for the shortage of raw shrimp, including disease, quality of shrimp varieties and water source.

By the end of this year, the supply of raw shrimp will not be abundant, and prices will remain high, said Lực. This will encourage farmers with the right financial conditions to expand production.

Although output has not increased or increased slightly while the world market prices have not increased, the shrimp export revenue is estimated to surge by 10 per cent over the year.

The higher export value is due to promoting deep-processed products with higher selling price at shrimp processing enterprises. The higher selling price is partly due to a surge in transport costs, said Lực.

Lê Hằng, deputy director of the VASEP.PRO Centre, said that the scarcity of raw materials for shrimp and seafood would continue to affect the export results in the third quarter. The export value in the third quarter would grow slower than in the second and the first quarter to reach about \$3 billion, said Hằng.

After a substantial increase of 39-62 per cent in the first four months of this year, the seafood exports showed signs of cooling from May with a growth rate of 34 per cent. In June, it only increased by 18 per cent.

In July, the growth rate of seafood exports continued to slow down to 14 per cent on the year, earning \$970 million. It was down 4 per cent compared to June 2022, according to Hằng.

The slowdown in exports from May was due to rain earlier every year, causing diseases in farmed shrimp. This decreased shrimp output, while the shrimp in reserve last year was also exhausted.

Shrimp exports in June decreased by 1 per cent on the year. In July, the exports plunged by nearly 13 per cent to reach \$385 million.

In the first seven months, shrimp exports reached \$2.65 billion, up 22 per cent over the same period last year.

Domestic shrimp production and world shrimp demand are forecast to not be positive in the second half of the year.

The shrimp supply from producing countries increased sharply in the first half of this year. The import volume of major markets, such as the US and EU, also increased in the first half, leading to an increase in inventories. Therefore, there was a slowdown in demand in the second half.

Meanwhile, domestic shrimp production is facing difficulties due to weather and high costs, so that raw shrimp will be in short supply in the year's second half.

Meanwhile, pangasius exports slowed down in the second quarter of 2022. But in July, pangasius exports surged by 56 per cent to \$197 million.

The total pangasius exports in the first seven months of this year reached \$1.6 billion, up 79 per cent.

When inflation is too high in many countries and export prices tend to increase, consumers in those countries will tighten their spending and switch to affordable products such as frozen pangasius fillets, fish cakes, and other frozen products, Hăng said.

By the end of July 2022, seafood exports rose by 53 per cent for tuna to \$641 million, 31 per cent for squid and octopus to \$417 million and 16 per cent for other marine fish products to \$1.1 billion.

The higher seafood inventories and inflation affected the US imports from June. This caused the seafood exports to this market to drop by 8 per cent in June and 23 per cent in July.

However, the seafood export to the US in the first seven months reached nearly \$1.5 billion, up 31 per cent over the same period last year, Hăng said.

The seafood exports to the EU still maintained a growth rate of 28 per cent in July and 39 per cent in the first seven months, to \$829 million, compared to the same period in 2021.

Meanwhile, the seafood export value to China in the first seven months grew by 71 per cent to \$1 billion.

4. Fuel prices down but Vietnamese feel inflation pinch

A bowl of beef pho continues to cost VND45,000 (\$1.92) despite gasoline prices falling several times in less than two months, says office worker Hoa.

"They said they have to raise prices because of fuel costs. Now gasoline prices have fallen, but their pho still costs me the same", said Hoa, who works for a garment company in District 6, HCMC.

Vietnam gasoline prices on Thursday dropped 3.6-3.8% to the lowest since Feb. 11 as global rates kept falling.

A liter of popular RON 95 gasoline now costs VND24,660 (\$1.05), down VND940, while that of biofuel E5 RON 95 costs VND23,720, down VND900.

Thursday's was the fifth consecutive downward adjustment made to gasoline prices. Compared to this year's peak on June 21, prices have fallen by 24.22-24.98%.

Hoa finds it increasingly costlier to her favorite breakfast, pho, as their prices have been adjusted upward once or twice since May.

A bowl of pho in Vietnam now costs VND35,000-45,000 on average, up VND10,000 from May.

Pho eateries had blamed their price hike on rising fuel and input costs, but after four consecutive downward adjustments in gasoline prices the noodle soup they serve costs the same.

Restauranters now explain that the raw material costs have yet to fall and are significantly higher than last year.

"A kilogram of beef or chicken has become 20% more expensive in the first seven months. Prices of other ingredients also remain high", said the owner of a pho restaurant on Tran Khac Chan street in HCMC's District 1.

At Pho Cao Van, one of the oldest pho restaurants in HCMC, the owner said prices of noodles, herbs, spices and bones for broth have surged 20-60% from last year.

The prices of coal and gas, two main cooking fuels for pho, have also surged 30% and 3.2% from last year.

"It cost me VND700,000 to buy coal for 20 days last year. Now it's over a million," said Loi, owner of a pho restaurant in Hanoi.

A VnExpress study also found that prices of food and consumer goods have surged by 10-50%, with that of cooking oil and sugar rising the most.

In the first 7 months, food prices have risen by 1.18% year-on-year. In July, dining out services saw the biggest price hike of 15.27%, according to a report by the General Statistic Office.

Prices of raw materials for animal husbandry and construction are yet to stabilize.

For instance, prices of animal feed have surged 40-60% since January, so poultry and meat have become more expensive.

Meanwhile, construction material costs, including that of cement and steel, are 25-50% higher than last

year. In July, construction prices were 7.03% higher than last year, according to the GSO.

Economist Can Van Luc said a buffer period was needed for price adjustments. He called on authorities to investigate and take measures against price manipulators.

In the first seven months, Vietnam's inflation measured by the Consumer Price Index went up 2.54% year-on-year. The country targets to keep inflation under 4 percent every year.

5. Vietnam's export to American market sees sharp rebound

Post-pandemic robust rebound in the American market has ushered in multiple opportunities for Vietnam to expand its export of key products, according to the Ministry of Industry and Trade.

Vietnam's export to the American market jumped by nearly 22% to nearly US\$77 billion in the first seven months of 2022. Of which, shipment to the US was a bright spot, reaching US\$66.7 billion, up 23.7% year-on-year.

In 2021, Vietnam made a hallmark in exporting its goods to the American market in the context of the global COVID-9 crisis, earning 114 billion in total export value, representing a year-on-year increase of 27%. It enjoyed a trade surplus of US\$89 billion with the market in the year.

Exports to the US surpassed US\$96 billion last year, US\$21 billion higher than that reported in 2020, placing the US in the leading position among Vietnam's importers with export turnover far exceeding that to other markets like China, the EU, ASEAN, the Republic of Korea, and Japan.

Many new markets that signed free trade agreements (FTAs) with Vietnam in America such as Canada and Mexico have also increased imports from the Southeast Asian nation.

In January – July, Vietnam's export turnover to Canada and Mexico hit US\$3.23 billion and US\$2.4 billion, up 31.5% and 14.2%, respectively.

Vo Hong Anh, Deputy Director of the MoIT's European - American Market Department, said apart from the US market, Vietnam's exports to other American markets recorded robust growth thanks to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Aquatic products, wooden products, textiles, footwear and farm produce and electronics were among those recording impressive export growth in the American market.

Anh cited shrimp export as an example for effectively tapping CPTPP, saying Vietnam earned over US\$100 million from shipping shrimp to Canada in the first half of 2022, soaring nearly 90% as compared to the same period last year.

According to the MoIT, handsets, computers, and electronic items hold the largest proportion in Vietnam's export structure to the American market, reaching 43.3%; followed by textile, apparel, and footwear products with 25%; wood and wooden items with 8%; and agricultural and agro-aquatic products with 4%.

However, the foreign-invested sector remains a main contributor to Vietnam's total export value to this market.

6. Lack of credit hampers business growth

The lack of credit is one of the biggest challenges companies face as banks have nearly exhausted their credit quotas while funding is needed to boost post-pandemic recovery, business leaders said.

Although textile and garment exports in the first seven months rose 16 percent year-on-year to \$26.5 billion, many companies are struggling to secure enough funds to operate, said Deputy Chairman of the Vietnam Textile and Apparel Association at a meeting between business leaders and Prime Minister Pham Minh Chinh on Thursday.

The seafood industry is facing a similar challenge as animal feed prices have risen by over 20 percent and transportation costs have surged, said Nguyen Hoai Nam, deputy secretary of the Vietnam Association of Seafood Exporters and Producers.

Many banks, however, are not giving out new loans as their credit quotas have nearly been reached, he added.

Companies in the construction and property sectors also struggle to acquire loans as banks limit credit via high interest rates, said Nguyen Quoc Hiep, chairman of the Vietnam Association of Construction Contractors.

Although construction sites have to take care of employees as much as factories do, they are not getting priorities in funding as much as manufacturing firms, he added.

He proposed the State Bank of Vietnam be flexible in providing loans to ensure economic growth.

Vietnam targets to keep credit growth at under 14% this year and will allow banks with high ratings more quotas for the rest of the year.

PM Chinh said companies need to sympathize with banks and the latter need to lower interest rates to fund important projects, including social housing.

7. Vietnam has 4th highest number of weekly Covid cases worldwide: WHO

For the first time in months, Vietnam is among the top four countries with the highest number of recorded Covid-19 cases in a week, the WHO said Wednesday.

Vietnam has been recording over 571,000 new Covid-19 cases a week on average, which is only behind South Korea (713,000 cases), the U.S. (760,000 cases) and Japan (1.4 million cases), according to a World Health Organization report.

But the report did not mention Vietnam among countries with top Covid deaths.

The WHO said the high numbers of recorded cases in Vietnam were partly because of extra data provided by certain localities, which were recorded since February. Over the past week, the northern port city of Hai Phong added another 402,830 cases to its tally and the northern province of Thai Nguyen added another 152,485 cases, the Ministry of Health said.

Vietnam records around 2,000 new Covid-19 cases a day on average over the past week, the ministry added.

There has been a spike in the number of new Covid-19 cases as reported on Thursday, with 6,775 new cases, which is three times that of the average number of new cases recorded in the previous week, the ministry said. However, a data revealed that the spike was the result of Nghe An Province adding another 4,408 new cases to the national database.

Vietnam has recorded over 11.3 million Covid-19 cases so far, with over 43,000 deaths.

The country has lifted all Covid restrictions and life has resumed almost to pre-pandemic normal.

Corporate News

8. DIG acquires shares of a subsidiary in DIC Phuong Nam for more than 225 billion dong

↓ -4.99%

On August 10, the Board of Directors of Construction Investment Development Joint Stock Corporation (HOSE : DIG) approved the Resolution to buy the entire number of shares of DIC Tourism Company Limited (DIC Hospitality) owned at Investment JSC. Southern Development Investment (DIC Phuong Nam).

Specifically, DIC plans to buy back 22.54 million shares of DIC Hospitality, at the price of 10,000 VND/share, equivalent to 43.35% of the actual contributed charter capital of DIC Phuong Nam.

Total value is 225.4 billion VND, payment is made by bank transfer, debt clearing... and will be delayed

until 2023. As of June 30, 2022, DIG owns 78.3% of capital in DIC Hospitality and recorded accepted as a subsidiary.

Regarding business activities, in the second quarter of 2022, DIC recorded revenue of 575 billion dong, down 7% over the same period; net profit is nearly 80 billion dong, up 50%. According to the explanation, although revenue fell, net profit increased thanks to a sudden increase in financial revenue and other profits.

Specifically, gross profit reached 242 billion dong, up 12.4%; financial revenue was 5.5 times higher than the same period last year, to nearly 26 billion dong.

9. KBC advances thousands of billions of dong for leaders and employees to prepare for new projects

↓ -0.79%

Kinh Bac urban area recorded an advance of VND 1,744 billion to employees at the end of the second quarter, a sharp increase compared to the beginning of the year. Enterprises make advances to employees to perform compensation, site clearance, receive land use rights transfer of people in the locality planning to implement the project.

According to the consolidated financial statements of the second quarter, Kinh Bac Urban Development

Corporation (HoSE: KBC) has an advance for employees of up to VND 1,744 billion, a sharp increase compared to VND 903 billion in the first half of the year. Advance payments for employees especially increased sharply in 2021 and the first half of this year, while in previous years it was only about a few tens of billion dong.

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