VIETNAM DAILY NEWS

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Table of content

Table of content

Market Analysis

1. Shares retreat after four-day rally, liquidity declines

Shares were mixed on Tuesday but faced strong divergence, as selling force was cushioned by risk demand in the manufacturing and retail industries.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) slightly increased by 0.49 points, or 0.04 per cent, to 1,274.69 points. It was its third daily gain.

The market's breadth was negative with more stocks declining, while liquidity also decreased over the previous session. Specifically, matching value on HoSE fell by 3.6 per cent to VND13.5 trillion (US$575.2 million), equal to a matching volume of 570 million shares.

The index extended rallies on the back of large-cap stocks, especially in the manufacturing sector, after being pulled back in the morning trade. The VN30-Index, which tracks the 30 biggest stocks on the southern bourse, also settled higher with an increase of 1.31 points, or 0.1 per cent, to 1,295.1 points.

In the VN30 basket, 12 stocks advanced, while 18 slid.

Data compiled by vietstock.vn showed that Hoa Phat Group (HPG) led the uptrend, up 2.29 per cent, followed by Novaland (NVL), Petrolimex (PLX), Mobile World Investment Corporation (MWG), and Sabeco (SAB).

Supporting the bullish sentiment, Masan Group (MSN), Vinamilk (VNM) and CII Bridges & Roads Investment JSC (LGC) also posted positive performance. These stocks were up in a range of 0.4-6.67 per cent.

However, lingering selling pressure weighed on the market with many bank stocks facing a sell-off. Of which, BIDV (BID) lost the most, down 1.22 per cent. The trio stocks in the Vin family also plummeted on Tuesday, while big falls in the international market of oil prices dragged PV Gas (GAS) down.

On the Ha Noi Stock Exchange (HNX), the HNX-Index declined by 0.95 points, or 0.31 per cent, to 303.02 points.

During the session, nearly 80.7 million shares were traded on the northern market, worth over VND1.5 trillion.

Foreign investors flocked into the southern bourse, with net value on both main exchanges of VND527.17 billion. Of which, they net bought VND530.43 billion and net sold VND3.26 billion.

Macro & Policies

2. Grab stops collecting hot weather surcharge

The Việt Nam Competition and Consumer Authority has worked with related parties to research and collect information to clarify the matter of Grab Việt Nam Company Limited applying a hot weather surcharge.

Specifically, Grab has announced the surcharge application to services of GrabBike, GrabFood, GrabMart and GrabExpress in Hà Nội, HCM City and some other areas in Việt Nam from July 6.

The hot weather surcharge is applied when the outdoor temperature in a specific time frame reaches 35 Celsius degrees or higher.

Grab affirmed that 100 per cent of the revenue (after tax) from the surcharge is reserved for Grab's driver partners.

However, due to limitations in system setup, especially in automatically separating and dividing the revenue to account for 100 per cent of the revenue (after tax) from this surcharge to the driver partner, Grab stopped applying the surcharge from July 7.

Grab has completed transferring all revenue from the surcharge of hot weather after deducting value added tax to its driver partners by the end of July 29.

If added directly to the fare, the hot weather surcharge or other fees and surcharges applied by Grab will change the total fare payable by customers, so it must fully inform customers before use according to the provisions of the law on consumer protection.

To maintain a fair and healthy competitive environment and protect the interests of consumers, the Việt Nam Competition and Consumer Authority requested Grab and businesses to review policies, business activities and competition, ensure strict compliance with the provisions of the law on competition and protecting the interests of consumers.

3. Apple suppliers to make Apple Watch and MacBook in Vietnam

Apple Inc's suppliers are in talks to produce Apple Watch and MacBook in Vietnam for the first time, Nikkei Asia reported on Tuesday, citing people familiar with the matter.

Apple's Chinese suppliers Luxshare Precision Industry and iPhone assembler Foxconn have started test production of Apple Watch and MacBook in Northern Vietnam, the report added.

Apple has been shifting some areas of iPhone production from China to other markets, including India, where it started manufacturing iPhone 13 this year, and is also planning to assemble iPad tablets.

India, the world's second-biggest smartphone market, along with countries such as Mexico and Vietnam are becoming increasingly important to contract manufacturers supplying American brands, as they try to diversify production away from China.

Apple, Foxconn and Luxshare Precision did not immediately respond to a Reuters request for comment.

Last week, Taiwanese contract manufacturer Foxconn gave a cautious outlook for the current quarter after posting results that exceeded expectations, citing slowing smartphone demand after a pandemic-fuelled boom.

Like other global manufacturers, Foxconn - formally called Hon Hai Precision Industry Co Ltd - has dealt with a severe shortage of chips that hurt production, as bottlenecks from the pandemic lingered and the Ukraine war further strained logistical channels.

4. Rubber exports surge over seven-month period

Vietnam exported 983,760 tonnes of rubber worth US$1.68 billion during the past 7 months of the year, representing a rise of 7.2% in volume and 9.1% in value compared to the same period from last year, according to statistics released by the General Department of Vietnam Customs.

July alone witnessed the country ship 196,500 tonnes of rubber worth US$318.98 million, up 4.6% in volume and 2.9% in value compared to the previous month.

Most notably, rubber exports in some major markets in July saw robust growth, including India, the Republic of Korea, Turkey, Indonesia, Russia, Canada, and Spain, while exports to other markets such as Taiwan (China), the United States, Sri Lanka, Pakistan, and Japan endured a downward trajectory.

China remained the country's largest rubber consumption market in July, duly accounting for 71.3% of total Vietnamese rubber exports, with 140,040 tonnes worth $220.09 million.

This figure represents a rise of 4.8% in volume and 3.6% in value over the previous month, but a fall of 7.6% in volume and 10.3% in value compared to July of last year.

The average export price of rubber to the Chinese market stood at US$1,572 per tonne, a decline of 1.1% against June and a drop of 3% compared to July of last year.

The nation exported 676,360 tonnes of rubber to China worth US$1.12 billion during the initial seven months of the year, up 5.3% in volume and 7.8% in value against the same period from last year.

Experts assessed that Chinese rubber import demand has bounced back over recent months as the northern neighbour seeks to import a large quantity of rubber latex and preliminarily processed rubber in order to meet the production of rubber products.

During the first half of the year, the Vietnamese market remained the second largest rubber supplier to China, with turnover reaching US$959.67 million, up 10.6% on-year.

The Vietnamese rubber market share in China's total import value during the first half of the year accounted for 14.45%, higher than the figure of 14.37% recorded during last year's corresponding period.

5. Viettel urged to make greater contributions to national development

Prime Minister Pham Minh Chinh on August 16 asked the Viettel Military Industry and Telecoms Group (Viettel) to make greater efforts to contribute further to promoting socio-economic development and building an independent, self-reliant economy with active and effective international integration.

The PM made the request during a working session with leaders of the group, which was connected to Viettel branches in 63 localities nationwide and 10 foreign markets after visiting the firm's hi-tech park

PM Chinh spoke highly of Viettel's achievements in recent times, affirming that the firm has effectively transformed from a military unit into a "dual-use" unit with great contributions to the State budget and the development and application of science and technology in the country, especially in forming a cyber-security industry, ensuring safety for the development of digital government, economy and society.

Viettel's successes are a testament to the successful formation and development of State-owned enterprises (SOEs) during the "Doi moi" (renewal) process of the country, he said, adding that the group has become a model of innovative and effective SOEs.

The Government leader asked Viettel to better implement its commitment to creative vision for people and pioneering in the creation of digital society, stressing the need for the firm to focus on developing a hi-tech defence industrial complex and a civil equipment manufacturing industry, towards turning Vietnam into a developed industrial country.

PM Chinh demanded the group to research and produce electronic chips; effectively and efficiently serve the country's digital transformation; and take the role of leading the digital transformation and the building of national database.

Viettel must continue to invest in strategic infrastructure of telecommunications, remote sensing, logistics development, and e-commerce; and actively join the scheme of green and clean energy transition, and green economic transformation, he added.

Viettel Chairman and General Director Tao Duc Thang reported that the firm has been operating in over 10 countries worldwide with nearly 50,000 officers, soldiers and staff members.

In the first seven months of 2022, the group's consolidated revenue and pre-tax profit hit VND92.9 trillion (nearly US$3.97 billion) and VND31.2 trillion, equivalent to 56.7% and 73.6% of the plans set for the year, respectively. The group contributed VND24.3 trillion to the State budget, equal to 64.8% of the yearly plan.

Viettel was the most influential Vietnamese enterprise in terms of innovation in South Asia and Southeast Asia in 2021. It also held the number-one position in the ranking of Top 50 most valuable brands in Vietnam.

In 2022, it also ranked 18th among the world's most valuable telecommunications firms with a brand value of US$8.7 billion.

Viettel has also significantly contributed to the country's social security, focusing on the fields of education, health care, and sustainable poverty reduction. It has so far contributed about VND15 trillion to social responsibility activities.

6. Textile firms call for favourable policies amid pessimistic prospects

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The Vietnam Textile and Apparel Association (VITAS) said that textile firms came out of the first seven months of the year relatively well.

Textile exports hit US$26.55 billion, up 16.5 per cent year-on-year. Textile trade surplus reached US$11.07 billion, 31 per cent higher than last year. The industry created 1.9 million jobs with an average monthly wage of VNĐ8.5 million.

However, VITAS was concerned that the situation would worsen in the next five months due to three unfavourable factors.

The first factor is the weakening demand of Việt Nam's trade partners.

Specifically, China, Japan and many other countries are tightening their preventive measures against COVID-19, causing trade disruptions.

High inflation in large importers such as the US and EU fuel the situation by eroding consumer buying power, further dragging down textile demand.

It is also worth noting that the Russia-Ukraine conflict will likely grow fiercer in the short term. With the conflict unabated, textile flows to the countries would remain low for several months.

Meanwhile, the recent depreciation of neighbouring currencies against the US dollar is putting Vietnamese exporters at a disadvantage.

The Chinese yuan has depreciated by 5.3 per cent and the Japanese yen by 16 per cent against the US dollar, whereas the Vietnamese đồng by just 1.8 per cent, eroding Vietnamese textiles' price advantages.

On top of that, the US's Uyghur Forced Labour Prevention Act (UFLP) and the EU's plan on carbon fees are expected to set the bar high on cotton. Vietnamese firms thus must overcome more administrative barriers to bring their cotton-derived products to those markets.

The second factor is labour shortages caused by shrinking urban labour forces. It is a burning issue because textiles is a labour-intensive industry.

Given many workers left cities during the pandemic and never returned, and others took early retirement, the industry is expected to remain slack for the rest of 2022.

The last factor is the faltering financial situation of many textile firms amid mounting costs. Notably, input costs have increased by around 25 per cent, and transport costs have tripled since early in the year.

As the firms were drained inside-out during the pandemic, mounting costs are expected to drive them further into economic woes, eroding profits and hampering expansion.

VITAS urged the Government to approve "The Development Strategy for Textile and Footwear Industries to 2030, with a Vision to 2035" to benefit better from free trade agreements (FTAs) as the strategy would pave the way for large industrial parks that meet FTAs standards.

VITAS also called for the abolition of several tariffs on imported goods used to manufacture exports since the tariffs are believed to discourage textile trade.

VITAS also called on tax authorities to process tax refunds faster to save textile firms from unnecessary costs. Many firms borrow money from banks to pay taxes. That means the more delays in tax refunds, the more interest the firms have to pay for their loans.

Additionally, VITAS called for amendments to the Law on Social Insurance to promote labour stability. The association said the current social insurance premium is so high that it encourages early retirement, resulting in volatile labour forces.

VITAS also urged the Government to discuss the facilitation of goods movements with its neighbouring countries to boost trade and keep firms well-informed about the UFLP Act.

7. Banks struggle to recruit personnel for digital transformation

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Banks need high-quality human resources, yet it can be difficult and costly to find qualified staff due to market competition.

Digital transformation has been undertaken by large banks in the past three to five years. Due to competition and the pandemic, numerous banks have expanded their digital transformation over the past two years.

Searches by banks for mid- and high-level positions related to digital banking and digital transformation occupied half of bank jobs from the second half of 2021 to mid-2022.

Some positions that are always in high demand for digital transformation include product owner, project manager, business analyst, solution architect, software developer, application development, data analysis, digital marketing, and digital sales.

Candidates in banking's digital transformation field are limited in terms of quantity and quality. There is a shortage of candidates who have experience utilising advanced technology and many candidates do not satisfy the needs of banks.

It is always difficult to find qualified candidates, not only in banks, but also in other industries such as finance, e-commerce, healthcare, and education.

Since domestic candidates fall short of the standards for adopting cutting-edge technology products and solutions for digital transformation, a substantial amount of cost is spent searching for candidates abroad.

Banks are now able to look for applicants and contact them directly thanks to the development of social networks and information technologies.

Regardless of the candidate's prior experience, banks need people with relevant mindsets and abilities to adapt to the new strategy since their needs for transformation and company development are changing.

In an environment where hiring competition is increasing and both the quality and number of candidates are limited, banks use a variety of channels to attract potential candidates.

They are conducting employer branding programmes, using domestic and international headhunting services and conducting talent roadshow activities to search for mid-level and senior-level candidates as well as overseas Vietnamese, along with using RPO services (Recruitment Process Outsourcing) to attract candidates with potential for digital transformation.

The salary range of the jobs in the digital transformation sector may be 20 – 30 per cent higher than jobs in other sectors.

Banks have always struggled to recruit and retain IT candidates due to their countless job options. It leads to competition between companies in the market to attract candidates and forces banks to offer higher salaries, bonuses, and social welfare policies.

Candidates who are foreigners or overseas Vietnamese often take up key positions or become leaders in IT, data or digital sales and marketing.

The strength of these candidates is that having worked in developed markets around the world on digital transformation leads to methodical mindsets and to be customer-centered.

In the hiring process, banks frequently favour applicants from leading nations in banking, finance, and digital transformation, especially those from the US and Europe.

Corporate News

8. GEG: Japan's largest electricity producer buys 35% of GEG

↑0.67%

According to Mr. Dang Van Thanh - Chairman of TTC Group , the largest electricity producer in Japan, Jera Co, has acquired 35.09% of shares of Gia Lai Electricity JSC (HOSE : GEG).

It is known that Jera Co bought these shares from International Finance Corp. and Singapore-based Armstrong Asset Management for an undisclosed amount, thereby becoming the largest foreign shareholder in GEG .

9. VGC:VGC will advance the 2022 dividend at the rate of 10%, invest in Dominica

↑ 1.52%

Viglacera Corporation - Joint Stock Company (HOSE : VGC) announced to hold the 2022 Extraordinary General Meeting of Shareholders on September 7, in order to approve a partial advance of the 2022 dividend and the investment plan in the Dominican Republic as well as arrange BOD personnel.

Research Team: **Tsugami Shoji** *Researcher* jsi@japan-sec.vn

Disclaimer:

Japan Securities Co., Ltd – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818 *Fax: (024) 3791 5805*

Email: info@japan-sec.vn

Website: www.japan-sec.vn