



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index hits 6-week high

Vietnam's benchmark VN-Index rose 2.07 percent to 1,231.35 points Monday, highest since June 16, as investors' sentiment improved.

The index closed 25 points higher after losing nearly 2 points on Friday.

Trading on the Ho Chi Minh Stock Exchange (HoSE) increased by 7.7 percent to VND16.20 trillion (\$693.58 million), a six-week high, showing rising interests in "buying the dip." All 30 tickers of the VN-30 basket, comprising the largest capped stocks in Vietnam, ended in the green.

SSI of leading brokerage SSI Securities Corporation surged 6.8 percent to the highest since June 13.

HPG of steelmaker Hoa Phat Group rose 6 percent.

CTG of state-owned lender VietinBank gained 5.5 percent to the highest since April 22.

Other gainers included BID of state-owned lender BIDV, VRE of retail real estate arm Vincom Retail and GVR of Vietnam Rubber Group, rising 3.3-4.6 percent.

Foreign investors were net buyers to the tune of VND655 billion, mainly buying SSI and STB of Ho Chi Minh City-based lender Sacombank.

The HNX-Index at the Hanoi Stock Exchange, where mid and small caps list, was up 2.08 percent while the UPCoM-Index at the Unlisted Public Companies Market was up by 0.33 percent.

Macro & Policies

2. Transport sector to go green

HÀ NỘI — Diesel-fueled vehicles will be gradually replaced, with all transport vehicles on the road to be electric or green energy-powered by 2050, under a new action plan

The action plan for green energy transition and reducing carbon and methane emissions in transportation to 2050 was approved under the Prime Minister’s Decision No 876/QĐ-TTg late last week.

The transportation sector will focus on promoting the transition to green energy to achieve zero emission by 2050, according to the plan, with energy transition considered an opportunity for the transport industry to develop sustainably and catch up with global trends and advanced development.

The focus will be on improving energy-use efficiency, and accelerating the transition to green power in fields which are ready in terms of technology and resource to implement the commitments under the Nationally Determined Contribution and Việt Nam’s methane reduction target by 2030.

In the next period, all means of transport, equipment and transport infrastructure will switch to using green energy to achieve the goal of net zero by 2050.

Specifically, the production, assembly, import and transition to electronic road vehicles will be promoted together with the development of the charging infrastructure system.

By 2040, the show, assembly and import of diesel-fueled automobiles and motorbikes will be

reduced. 100 per cent of vehicles on the road will be electricity and green energy-powered by 2050.

For railways, fossil-fueled trains will all be replaced by trains which use electricity and green energy by 2050, while all equipment at train stations will also be converted to green energy.

Việt Nam will also develop policies to encourage investment in developing green inland ports and the production and import of inland waterway vehicles which use electricity and renewable energy.

By 2040, all vehicles operating at airports will use electricity and green energy.

By 2050, all taxis and buses on the road will be electricity and green energy-powered.

According to the Ministry of Industry and Trade, the ministry will raise policies to encourage producing and development of electric and renewable energy-powered vehicles.

The ministry said that priority would be given to developing green transport infrastructure, including charging stations and the conversion of bus stations to green criteria and improving energy efficiency.

Resources to implement the plan will be raised from the State budget, international assistance, private investment, and public-private partnership.

Under the plan, 11 key projects would be developed to build green transport infrastructure, which require a total investment estimated at more than VNĐ3 quadrillion (US\$128 billion).

3. Vietnamese textile industry working on materials traceability for exports

Việt Nam's textile industry is working on adapting to new requests for materials traceability from international markets.

HCM CITY — Việt Nam's textile industry is working on adapting to new requests for materials traceability from international markets.

According to experts in the textile industry, many companies right now are facing great difficulty with the high demand for traceability of raw materials in multiple parts.

If companies want to trade in markets with whom Việt Nam has signed a Free Trade Agreement (FTA), they have to ensure that the materials that are used to make their products are in line with the FTA environmental regulations in the importing countries.

Officials of the textile industry are currently working with the Ministry of Industry and Trade to build industrial compounds with wastewater treatment systems to ensure environmental protection.

Textile companies, especially those who are original design manufacturers (ODM), should carefully research Việt Nam and the importing countries' traceability rules and standards.

ODMs are those that will be responsible for the direct development of the goods, purchasing raw materials, manufacturing the products, and then selling the products to other brands.

Võ Mạnh Hùng, head representative of Cotton Council International (CCI) in Việt Nam, said that cotton traceability is something that every company must account for when bringing their product to the world.

Currently, there are a lot of brands requesting that all their products have to be produced with sustainable cotton materials by 2030.

Trương Văn Cẩm, deputy director of Việt Nam Textile and Apparel Association (VITAS), said that if the industry wants to sustainably develop, companies will have to invest in sustainable

development themselves and bring back economic benefits to the industry.

The industry has significantly contributed to Việt Nam's economic growth and exports.

In particular, in the first half of 2022, the industry's export revenue reached US\$22 billion, up 23 per cent compared to the same period last year.

The textile industry is one of the key manufacturing industries of Việt Nam's economy, accounting for 12 to 16 per cent of the country's total export turnover. This industry also helps to create many jobs for labourers.

Digital transformation

Digital transformation plays an important role in improving the competitiveness of textile and apparel businesses, and businesses need to adopt it, a conference heard in HCM City late last week.

Nguyễn Thị Tuyết Mai, deputy general secretary of the Việt Nam Textile and Apparel Association, said more and more international textile and apparel companies are pursuing green production, which is posing a great challenge to Việt Nam's textile industry.

Vietnamese businesses also need to satisfy transparency requirements related to origin, domestic material use, labour, and environment commitments, she said.

Other experts told the conference that digital transformation is essential for improving businesses' competitiveness, allowing them to meet customers' demands related to quality and transparency.

Businesses should look at investing in technologies such as artificial intelligence and automation to improve production capability, and in training their workforce to use them, they said.

However, Mai said: "80 per cent of businesses in the field are small- to medium-sized, and so they have

limited access to capital needed for digital transformation and green production.”

The conference was held as part of the International Exhibition of Textile and Garments and Fabric and Garment Accessories (SaigonTex & SaigonFabric) being held at the Saigon Exhibition and Convention Centre in District 7 until Saturday.

4. Petrol 'big man' still suffers losses despite soaring oil prices

While receiving the same impact from soaring crude oil prices, the second-quarter profit picture of giants like Petrolimex and PVOil was mixed.

PVOil - a business that accounts for more than 20% of the retail petroleum market share - recorded sales and service revenue that more than doubled in the same period in 2021, reaching more than VND 30,414 billion.

As a result, net profit from business doubled over the same period in 2021, reaching nearly VND 632 billion. PVOil recorded a profit after tax of nearly VND 510 billion, an increase of one and a half times last year. Accumulating 6 months, this unit has a profit of more than 792.6 billion dong, an increase of over 40% compared to 2021.

But the Vietnam National Petroleum Group (Petrolimex) did not have such positive results. Financial index data shows that Petrolimex's selling expenses skyrocketed, over VND 2,570 billion, which "eroded" the group's profits. According to the financial report of the second quarter, net revenue from sales and services of Petrolimex increased by 80%, reaching more than VND 84,367 billion.

During the period, this group recorded a negative net profit of VND 295 billion. After deducting selling, financial and administrative expenses, Petrolimex reported a pre-tax loss of nearly 279 billion dong. Profit after tax was negative nearly 141 billion dong, while the same period last year profit was 1,594 billion dong.

In the first half of the year, the company holds the largest retail market share of petroleum in the country (about 48%) - profit after tax decreased by 87% to 302 billion VND.

Explaining the loss, Petrolimex said it was because crude oil prices were directly affected by the Russia-

Ukraine conflict. Western countries and the US embargo on Russian oil has made the world gasoline price fluctuate abnormally. Accordingly, a barrel of world oil WTI increased by 99.4 USD at the beginning of the second quarter to 122 USD, equivalent to an increase of 23% and then decreased to 105.8 USD at the end of June.

When the world price skyrocketed, this enterprise was forced to import to make up for the shortage of petroleum output from Nghi Son Refinery, to ensure no disruption in supply at difficult times and supply and demand in the future. country.

Another reason is that since July, gasoline prices have adjusted down by a large margin, the company has made provision for devaluation of inventories on a net value basis with inventories as of June 30 of VND 1,259 billion. . If no provision is made, the parent company's profit before tax in 6 months is 295 billion.

In addition to the parent company's unsatisfactory business performance in the first half of the year, a representative of Petrolimex shared that other fields such as petrochemicals, gas, warehouse business... also had low performance.

This year, the group sets a target of consolidated revenue and profit before tax of VND 186,000 billion and VND 3,060 billion, respectively. Thus, in the first half of the year, Petrolimex only achieved 10% of the plan.

Also in the unfavorable business situation, Nam Song Hau Oil and Gas Investment Trading Joint Stock Company (NSH Petro) achieved a revenue increase of 43%, reaching over VND 1,700 billion, But after deducting expenses, a net loss. after tax..., NSH Petro's net loss is 265 billion dong, while in the same period in 2021, it's still 52 billion dong in profit.

With NSH Petro, the company was affected by the high cost of input materials and the sharp increase in interest expense.

From the beginning of the year until now, the domestic gasoline price has undergone 20 price adjustments (including the adjustment on the afternoon of August 1st), of which 13 increases and 7 decreases. Compared to the end of June, each liter of RON 95-III is about VND 7,270 cheaper; E5 RON

92 lowers 6,680 dong; diesel oil decreased by 6,110 dong.

The Ministry of Industry and Trade forecasts that fuel prices in the world market are still very complicated and unpredictable. Gasoline prices may increase again to the threshold of 30,000 - 31,000 VND per liter in the third quarter and decrease to 24,000 VND by the end of the year.

5. Agriculture the brightest sector in Mekong Delta

The agricultural sector has grown but was still not strong enough to revive the region's economy, according to the second annual Mekong Delta Economic Report 2022, released in Cần Thơ yesterday.

CẦN THƠ — The agricultural sector has grown but was still not strong enough to revive the region's economy, according to the second annual Mekong Delta Economic Report 2022, released in Cần Thơ yesterday.

The launch of the report was held by the Vietnam Chamber of Commerce and Industry (VCCI) in Cần Thơ and the Fulbright School of Public Policy and Management (FSPPM) with the participation of experts in the fields of economics, policymaking, agriculture, environment, energy, transport and logistics, aiming to provide information on the economic situation of the Mekong Delta and important issues facing the region.

This is the second year the report has been published, and it remains the only report on an economic region across the country. The theme "Transformation of development models and integrated planning" focuses on the transformation of the agricultural model and assessing the impact of the Mekong Delta Integrated Plan for the 2021-2030 period.

VCCI chairman Phạm Tấn Công said: "The Mekong Delta is known for its rich land and abundant labour resources. The main economic pillar comes from the agricultural industry but it is facing great challenges due to climate change, economic decline, labour

shortages and raw material sources that do not meet export standards."

Công said while the key processing industry relied heavily on raw materials, the region must find an answer for sustainable development if it continues to rely on natural conditions.

Công said: "The business community needs to grasp and approach systematic and synchronous development orientations and strategies."

The report gave an overview of the current status of the global economy "post-COVID-19", the local macroeconomic situation and the economic impacts on the Mekong Delta.

Vũ Thạnh Tú Anh, FSPPM's director, co-editor and head of the research team, said two years of the pandemic had a heavy impact on local economic growth but the biggest bright spot of the Mekong Delta was the agriculture sector.

Anh said the agricultural sector of the Mekong Delta still grew 3.4 per cent, much higher than the national average in 2021, adding the region's agricultural and aquatic exports played a key role in maintaining Việt Nam's trade surplus.

Anh noted that the agricultural competitiveness of the Mekong Delta did not only come from favourable natural conditions for agricultural production, but also from technical improvements to increase productivity and the process of agricultural production and economic restructuring.

Anh said unlike other regions, the average agricultural labour productivity growth rate in the Mekong Delta was very high, up to 9.03 per cent per year, which is more than two times higher than that of the industrial (4.39 per cent) and services sector (3.82 per cent), showing great potential for structural transformation and productivity growth.

Anh said though agricultural development was an important prerequisite for industrial and service development, in the long term, economic growth and prosperity did not come from agriculture but from structural transformation in industry and services. Therefore, clearly identifying and gradually removing bottlenecks hindering the industrial and service development of the Mekong Delta would be necessary for development.

The report also showed the delta was facing a serious lack of investment and labour under the shift from agriculture to industry, adding the matter was created from the economic structural spiral.

In such a context, the report suggested breaking some links of the economic structural spiral in terms of socio-economy and environment to help the Mekong Delta transform its economic development model and raise people's incomes in a sustainable way.

Attending the launch of the report, Caitlin Wiesen, UNDP Resident Representative, said as climate change would transform agriculture in the Delta, adjustment to climate change would inevitably take place through markets as land and housing in some places become more expensive and in other places loses value due to flooding, saline intrusion and other factors.

She said as changing ecosystems result in migration on a large scale, it was important to avoid controlling the movement of populations, and instead facilitate migration to places that can offer good jobs, decent, resilient housing and essential public services through the use of incentives, including the construction of affordable housing in industrial zones and in areas with thriving agriculture sectors.

Wiesen said 41 per cent of the labour force in the region were employees, but a more complete tally of migrants would probably yield a higher figure, adding: "Given that half of the region's labour force works for wages, the creation of productive, sustainable jobs is the key to climate change adaptation that leaves no one behind."

She suggested additional public investment should be accompanied by greater efficiency in planning and implementation, avoiding duplication, delays and cost overruns that have held back infrastructure development in the region.

She added: "It is important to increase the supply of domestic long-term finance, especially ones with advanced technology and capital equipment. There are many useful models on the use of public banks in developing and advanced countries to stimulate private sector lending through partial guarantees, structured finance and even equity stakes in new ventures."

The UNDP also suggested encouraging new models of agricultural transformation in the region which will continue to be a major rice producer and shift into higher value-added commodities, including fish and shellfish, fresh produce for export and for Việt Nam's growing cities in the future.

On the other hand, she said: "The Government will play an important role in stimulating innovation, creating incentives to encourage sustainable practices, regulating the use of pesticides and overuse of chemical fertilisers, building public infrastructure and reducing logistics costs."

Currently, the UNDP has been providing technical assistance and support to provincial authorities and vulnerable communities in coping with the impacts of disasters, climate change, and COVID-19 in the Mekong Delta.

6. Vietnam named among fastest growing travel destinations globally

Vietnam has continuously ranked among the world's fastest growing travel destinations, with a growth rate of between 50% and 75% since the beginning of the year, according to details given by the Vietnam National Administration of Tourism (VNAT).

Statistics compiled by the VNAT reveal that the country welcomed a total of 954,000 international visitors during the past seven months of the year, representing a nine-fold rise compared to the same period from last year, with the average monthly growth rate of 62%.

The leading 10 markets for Vietnamese tourism include nine countries in the Asia-Pacific region, with the United States and the Republic of Korea taking the lead.

Southeast Asia has up to four markets, including Cambodia, Singapore, Thailand, and Malaysia while markets from Europe also saw robust growth rate, with the UK taking the lead, followed by France and Germany.

Most notably, the global search volume for tourist accommodation facilities in the nation in July reached 100 points, thereby representing a 5.9 fold-rise compared to the beginning of March.

The 10 most searched countries for Vietnam tourism were the US, Australia, Singapore, India, Japan, the Republic of Korea, the UK, Malaysia, Germany, and Thailand, respectively.

Furthermore, the number of Vietnamese people searching for tourism in foreign countries in July remains high at 780% in comparison to the same

period from last year, with this continuing to experience an upward trajectory amid global international tourism activities recovering.

Destinations throughout Southeast Asia typically receive the most attention from Vietnamese tourists with up to six countries among the top 10 most searched by Vietnamese tourists, namely Singapore, Thailand, Cambodia, Indonesia, Malaysia, and the Philippine.

The VNAT, the Tourism Development Support Fund, businesses, and airlines have come together to devise a plan to promote destinations in order to quickly recover the international tourist market with a specific focus on markets near Northeast Asia, Southeast Asia and Europe.

Moreover, Vietnamese travel firms are expected to participate in the JATA International Tourism Expo in Japan from September 22 to September 25, which aims to attract Japanese tourists in the coming time.

They are also anticipated to attend the World Travel Market (WTM) in the UK from November 7 to November 9, as well as a number of festivals and programmes to introduce Vietnamese tourism in key markets, including the Republic of Korea, Japan, Taiwan (China), Europe, North America, and Australia.

Moving forward, Vietnamese tourism will be introduced at the ITE HCMC International Travel Expo in Ho Chi Minh City from September 8 to September 10 and the Greater Mekong Subregion's tourism promotion scheme within the framework of the Mekong Tourism Forum (MTF) that will be held in Hoi An, Quang Nam, from October 9 to October 14.

7. Many "big men" want to invest in the food and beverage industry in Vietnam

According to Collier's assessment in March, Vietnam is a bright investment destination for the food and beverage industry compared to neighboring Southeast Asian countries.

On the afternoon of August 1, Ho Chi Minh City Food and Food Association (LTTP), Vietnam Beer Alcohol Beverage Association, Vinexad Company announced the Vietnam International Food and Beverage Exhibition and the International Equipment Exhibition. The 26th Vietnam Food and Beverage Packaging Technology (Vietfood & Beverage-Pack) takes place from August 11 to 13 at the Saigon Exhibition and Convention Center.

The organizers said that this is the first live exhibition in the food and beverage industry to be held in Ho Chi Minh City after two years of being affected by the epidemic.

This year's exhibition attracts 350 businesses (DN) from 18 countries and territories with a scale of 400 booths. In particular, visitors were impressed with the elaborately invested national exhibition area from India, Korea, Singapore, Japan...

Mr. Truong Tien Dung, Standing Vice Chairman of Ho Chi Minh City Food and Drink Association, said that following the policy of the People's Committee of Ho Chi Minh City, the Department of Industry and Trade of Ho Chi Minh City promotes trade and investment promotion, and develops the food processing industry to serve for domestic consumption and world export.

The association cooperates with exhibition organizers not only to help Vietnamese enterprises promote their products, brands, and find new customers, but also an opportunity to expand markets and trade with potential partners in the market international.

Ho Chi Minh City is home to the largest concentration of food processing enterprises in the

country in all types of management with the concentration of manufactured goods reaching over 70%.

"The exhibition is an opportunity for Vietnamese enterprises to promote joint venture production, apply advanced science and technology as well as modern management experiences from foreign partners. In the opposite direction, foreign businesses approach the right goals, build investment cooperation in Vietnam's potential food and beverage production and processing," -Mr. Dung said.

According to Collier's assessment, in March, Vietnam was a bright investment destination for the food and beverage (F&B) industry compared to neighboring Southeast Asian countries. Colliers' market research also shows that many large investors are considering the F&B industry as it is one of the most successful retail segments in Vietnam.

In addition to the positive growth indicators and forecasts of the F&B industry, a parallel supply chain such as the source of raw materials, production machinery, packaging and preservation, payment, digital technology and logistics (logistics)... are very important between the manufacturer and the purchaser.

Accordingly, this year, the number of enterprises participating in the machinery and equipment industry, processing and packaging technology still reaches the same number as in 2019 (accounting for 45% of the total scale), most of which are domestic and imported enterprises. exports with the presence of a number of major machinery brands from Korea and Taiwan.

This shows that exhibitors choosing Vietnam to introduce new technology is a positive signal for the market.

Corporate News

8. POW: Q2 net profit halved

↑ 1.12%

PetroVietnam Power Corporation - Joint Stock Company (HOSE : POW) reported a net profit of 417 billion dong in the second quarter of 2022, down 51% over the same period, according to the newly released consolidated financial statements.

During the period, POW recorded a decrease of 6% in revenue to VND 7.46 trillion. Deducting the cost of goods sold (down 4% to 6.5 thousand billion dong), the Corporation reported a gross profit of 929 billion dong, down 19% over the same period. According to the explanation from POW , COGS fell less than revenue because the accepted price of coal and gas fuel was lower than the actual price paid to the suppliers - Ca Mau and Vung Ang 1 Thermal Power Plants.

Financial income fell sharply by 83%, to more than 62 billion dong. The reason is that in the same period of 2021, POW recorded revenue from

divestment interest at PV Machino, thereby leading to a decrease in financial income in the second quarter of 2022.

Financial expenses increased slightly to 227 billion dong (8%). The company did not record selling expenses in the period, while general and administrative expenses decreased by 15%, to more than 202 billion dong.

Profits from joint ventures and associates increased sharply, 14 times higher than the same period last year, to 22.1 billion dong. Other profit in the period reached nearly 900 million dong, while in the same period the loss was 125 billion dong (due to the cost of troubleshooting the rotor at Vung Ang 1 Thermal Power Plant). All in all, POW posted a net profit of VND417 billion, down 51% y/y.

9. BID: Profit before tax in the second quarter of more than VND 6,570 billion

↑ 4.56%

In the second quarter of 2022, net interest income increased by 13% and provision expenses for credit risks decreased by 25%, which were the factors that helped the Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV , HOSE : BID) to report profit in advance. tax increased by 41% over the same period, reaching over VND 6,570 billion.

BIDV 's net interest income in the quarter increased 13% over the same period, reaching nearly VND 14,619 billion.

During the period, non-credit revenue sources fluctuated unevenly. While profit from forex trading increased by 54%, profit from services (-14%) and profit from other activities (-39%) decreased.

Notably, trading securities trading activities changed from a profit of 122 billion dong in the same period to a loss of more than 64 billion dong. Investment securities trading activities changed from a loss of more than 162 billion dong to a profit of more than 64 billion dong.

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