



VIETNAM DAILY NEWS



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Market Analysis

1. Shares open the week higher on banking sector

Vietnamese shares opened higher on Monday, led by banking and large-cap stocks which were bolstered by continued improvements in investors' sentiment.

On the Ho Chi Minh Stock Exchange, the VN-Index edged up 0.32 per cent to close Monday at 1,256.75 points.

The VN-Index had risen by 3.85 per cent last week.

Some 699 million shares worth VND15.8 trillion (US\$675.5 million) were traded on the southern exchange.

The market's breadth was positive with 271 stocks climbing, of which 75 stocks hit ceiling prices, while 189 stocks declined.

The index's rallies were driven by sharp gains in some large-cap stocks, especially in the banking sector. The VN30-Index, which tracks the 30 biggest stocks on HoSE, jumped 0.36 per cent, to 1,276.70 points.

In the VN-30 index, gainers included Sacombank (STB), HDBank (HDB), ViBank (VIB), VPBank (VPB), Techcombank (TCB) and Military Bank (MBB).

"Given the market's positive movements in the first week of August and escaping the previous strong downtrend, we could still expect the market to gradually reach higher points in the near future," said Viet Dragon Securities Co.

"Correction, if any, is also an opportunity to accumulate stocks at a good price. Therefore, investors could still consider buying opportunities to accumulate stocks with positive accumulation background and attracting cash flow. However, investors should consider taking profits on stocks that have risen rapidly."

"Although slightly back from the reference level, the demand continued to participate when the market corrected and helped VN-Index quickly regain upward momentum, as shown by the pin bar candlestick pattern in the main indices. Liquidity continued to decrease on VN-Index, showing that the supply is still not strong. This will likely create an opportunity for demand to continue to dominate and help the market gain early this week.

"The nearest resistance area that we need to pay attention to is 1,260 for VN-Index and 1,280 for VN30-Index. Therefore, investors may consider buying and accumulating stocks that receive noticeable support around the base prices," Viet Dragon Securities Co said.

On the Ha Noi Stock Exchange, the HNX-Index rose 0.48 per cent to end at 301.33 points.

The northern index had grown 3.91 per cent last week.

Liquidity also increased here with nearly 93.9 million shares worth VND1.9 trillion being exchanged.

Macro & Policies

2. UKVFTA to accelerate Việt Nam's institutional reform

To provide a more favourable playground for enterprises to strengthen and access international markets, Việt Nam is on a path to boost institutional improvement. And it is believed that the United Kingdom-Vietnam Free Trade Agreement (UKVFTA) is accelerating the process, said experts.

As Việt Nam has signed many new free trade agreements (FTAs) with countries or regions that require more stringent standards not only on quality but also on production processes, it is crucial for local enterprises to quickly adapt to new rules.

Therefore, the Government has to make changes to relevant policies to support them.

The reform is building a favourable business environment, reducing transaction expenses for enterprises, especially small and medium enterprises, and attracting quality foreign direct investment (FDI).

And "that is what we have been doing," economist Võ Trí Thành said at a webinar on "Promoting the strengths of businesses - Utilising opportunities from the UKVFTA" launched by Vietnam Economic News.

He also said that high-standard FTAs, including the UKVFTA, were signed at a time when the country was making a strong transition to institutional reform, and the participation in these FTAs would be a catalyst to accelerate the institutional reform process.

"We know that while these high-quality trade contracts relate to standards and fast, strong, and deep market opening, they also have a lot to do with policies, or known as behind-border competition, state-owned enterprises, and intellectual property issues," Thành added.

"In short, it is institutional reform."

Ngô Chung Khanh, deputy head of the Multilateral Trade Policy Department, under the Ministry of Industry and Trade (MoIT), said that the traditional FTAs had never been submitted to the National Assembly.

But when it comes to the new FTAs, it was a different story because these FTAs focus on many other matters besides just trade activities, such as labour problems (like allowing workers to establish their own union at a grassroots level), environmental issues, government procurement, and intellectual property. Particularly, in these markets, as consumers are more demanding, enterprises need to follow consumer protection regulations.

"Previously, we had never had to amend any document because we hadn't committed yet. But when entering the new FTAs, we have to submit to the National Assembly to amend the laws, and then the Government must review and amend some decrees," Khanh said.

"First was the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), then the EU-Vietnam Free Trade Agreement (EUVFTA), and now the UKVFTA. These new generation FTAs create modifications. Combined with what we already have, our policies are more comprehensive.

"As a result, local businesses enjoy more favourable environments, with more transparent and explicit regulations."

Filling the gaps, seizing opportunities

Along with the improvements made by the Government, domestic companies also have to put more efforts in to meet more rigorous requirements and not waste any advantage from the FTAs.

Following Brexit, the UK is seeking new partners through various trade deals. Therefore, if

enterprises are unable to seize opportunities, Việt Nam's current benefits from the FTA may soon come to an end once the UK inks agreements with other nations that provide similar commodities and products as Việt Nam.

"The results after the UKVFTA came into effect are outstanding, but there is still more room for our businesses to exploit," said Khanh.

"For example, under the FTA, we have a quota of exporting 13,000 tonnes of rice, including fragrant rice and normal rice, but so far we have only exported 5,000 tonnes, and about 8,000 tonnes have not been fulfilled.

"This means that enterprises' interest in the UKVFTA is insufficient in comparison to its potential."

"Businesses must be proactive because opportunities are many, but time is limited. As I said, the advantages are merely temporary. If the UK successfully negotiates FTAs with Thailand, the Philippines, and Indonesia, the advantages we are enjoying will no longer exist."

Khanh emphasised the crucial role of local governments in providing information about the agreements, guiding, supporting and promoting firms to access the high-standard market.

"Ministries are a third party in the implementation and coordination of the agreement. But local governments are closest to their local businesses," said Khanh.

"Even with the CPTPP and EVFTA, we have not met our expectations. Our orientation now is how to increase the efficiency of the localities' enforcement."

It is also necessary to innovate promotion activities.

"Instead of holding conferences and seminars, we will create videos that last about 3-5 minutes on each topic and opportunity, according to the opinions of many agencies. If enterprises are interested in any topic, just click to watch," Khanh said, adding that methods should be varied to attract companies' attention.

3. Vietnam to add birthplace info to new passports following visa rejections

Public Security Minister Tô Lâm said information regarding places of birth would be added to Vietnam's new passports to make it convenient for citizens.

In a report sent to National Assembly delegates, Lâm said regarding the fact that certain European countries have refused to grant visa for holders of Vietnam's new passports, authorities have discussed the issues with relevant parties and concluded that the issue was a "technical" one.

The lack of info regarding one's place of birth would breed difficulties for local authorities to verify one's identity, he said.

As such, the Ministry of Public Security has agreed with the Ministry of Foreign Affairs to manually add information regarding one's birthplace into their new passports upon request. In the long run, there would be adjustments to the new passports so that one's place of birth would be included, Lâm added.

He said the new passports do not have information regarding birthplaces because it is not an absolute requirement in accordance with regulations by the International Civil Aviation Organization (ICAO). They are also not included in passports in accordance with Vietnam's Law on Entry and Exit of Vietnamese Citizens.

Previously on July 27, Germany denied visas for holders of Vietnam's new passports because they

lack information regarding places of birth. The decision was followed by Spain on August 1 for the same reason. The Czech Republic on August 2 also said it does not recognize Vietnam's new passports due to the lack of birthplace information.

The Spanish Embassy in Hanoi however on Monday said it would accept Vietnam's new passport following consultation with Spanish authorities. But those who wish to apply for visa need to bring both

their new passports and valid identity cards to verify their places of birth.

Vietnamese new passport, with decorations on its pages and covers, has been in use since July 1 this year. The old, green cover passports will continue to be valid till they expire.

4. MoIT recommends unfinished wind, solar farms negotiate energy prices

The Ministry of Industry and Trade (MoIT) has asked the Prime Minister about the mechanism for ongoing solar power and transitional wind power projects to enjoy the incentive price.

In a recent document sent to the PM, the MoIT suggested investors of those projects negotiate electricity prices and power purchase and sale contracts with Việt Nam Electricity (EVN).

Of a total of 78,121 MW of installed capacity of electricity sources nationwide, there was 16,545 MW of solar power, including 8,904 MW of concentrated solar power and 7,660 MW of rooftop solar power and 4,126 MW of wind power that have been put into operation and have enjoyed the FIT (preferential purchase price) according to the Prime Minister's decision.

However, the MoIT announced there were still many projects or parts of wind and solar power projects that had been implemented in practice but not been able to enjoy the FIT price in time.

Among them, 62 wind power projects with a total capacity of 3,479 MW had signed a power purchase agreement with EVN, but due to the expiration of the FIT price, could not set the electricity price.

At the same time, five projects with a total capacity of 452.62 MW were waiting for a determination of THE electricity price, while several other projects were in progress, said the ministry.

To avoid wasting social investment, the MoIT said: "It is necessary to determine the electricity price mechanism for projects."

Accordingly, the ministry has proposed to the Prime Minister to completely solve the mechanism for the

transition of wind power and solar power projects, remove difficulties for investors, and direct future wind and solar power projects.

Specifically, for transitional projects, the MoIT proposed the PM approve the mechanism reported in Document No. 17 from January 27, in which investors of transitional projects conduct electricity price negotiations and power purchase and sale contracts with EVN within the electricity generation price bracket and guidelines issued by the MoIT.

With the wind and solar power projects to be implemented in the future, the ministry proposed to approve the application of the electricity price negotiation mechanism and power purchase agreement similar to the transitional projects mentioned above, adding that it was to ensure the consistency of the legal corridor with the projects.

As for projects that have been recognised for commercial operation, the ministry proposed the PM issue a document to direct it to have a basis to guide the review of contracts between EVN and investors to harmonise the interests between the seller - the buyer - the electricity consumer and the state.

In addition, the ministry also requested the PM to annul Decision No 13 on the mechanism of solar power development, Decision No 37 and Decision No 39 on the mechanism of wind power development.

It was assigned to coordinate with the Ministry of Justice to prepare a Draft Decision, consult ministries and branches, and submit it to the PM for promulgation in accordance with the law.

Given the above proposals, the MoIT said as the legal basis for the EVN bidding for electricity purchase was unclear, the above proposals would ensure compliance with the law.

The ministry said the bidding mechanism for electricity purchase of projects that have investors and have been implemented in progress had not been regulated in legal documents, including the

Law on Electricity, the Law on Prices, the Law on Bidding, and the Law on Bidding, Law on Property Auction and related guiding documents.

In addition, the MoIT also said that while it was complying with the bidding plan to buy electricity, it received lots of feedback from investors.

Most reacted strongly, expressing disagreement that the bidding for power purchase over several years did not have a solid legal basis, affecting the calculation of cash flow and the ability to pay back the capital and repay the bank debt of implemented projects.

5. Hanoi, Vientiane seek to ramp up investment, trade opportunities

The event is anticipated to draw the participation of leaders from Hanoi, as well as representatives from relevant ministries and 60 enterprises from both cities, along with Lao businesses.

The conference themed “Hanoi – Vientiane: Cooperation for mutual development” aims to celebrate the Vietnam-Laos Friendship and Solidarity Year 2022 and further tighten the relationship that exists between the two parties and peoples.

It will provide information relating to socio-economic development and foreign investment

attraction over recent years, as well as future investment potential and development orientations between the two localities over the coming years.

During the event, a space will be opened to exhibit photos and unique products of Hanoi and Vientiane. The conference is scheduled to run to August 12.

The Hanoi municipal administration has assigned the Hanoi Center for Investment, Trade and Tourism Promotion to co-ordinate efforts alongside relevant agencies to deploy related activities for the event.

6. Apple CEO Tim Cook appreciates Vietnam market potential

In its financial report for the second quarter of 2022, Apple announced a record revenue of US\$ 83 billion, up 2% over the same period last year, despite market fluctuations.

Speaking to analysts after releasing the figure, Cook noted the quarter saw record revenue in developed and emerging markets “with double-digit growth in Brazil, Indonesia and Vietnam, and a new doubling of revenue in India.”

The CEO said that the company continues to execute across some significant geographies with “low penetration of iPhones between Indonesia, Vietnam and India where we did quite well”.

“iPhone tends to be the engine for those markets, particularly at the beginning of creating the market there for Apple products,” he added.

The CEO did not specify the growth rate of each region, but iPhone is the device that has brought in the largest revenue in Vietnam. At The Gioi Di Dong

stores, four iPhone models were among the top 10 smartphones with the highest revenue in the first half. At FPT Shop, iPhone 13 Pro Max was the best seller device that has generated the highest revenue.

During a meeting with Vietnamese Prime Minister Pham Minh Chinh at the Apple Park Campus in California last May, Tim Cook said Apple desires to expand its supply chain in Vietnam.

According to reports, Vietnam has 31 companies that employ 160,000 workers producing and assembling electronic parts and equipment for Apple products.

Apple is shifting more of its production lines from China to countries like Vietnam and India in order to diversify its supply chain and manufacture more products. It has started assembling some AirPods Pro, iPads, and HomePod mini devices in Vietnam.

7. The price of construction sand is high and scarce

In Tien Giang, some construction materials, especially ground leveling and construction sand, are still priced at high levels and are in danger of being scarce.

At this time, the price of sand for construction and concrete pouring is from 280,000 to 300,000 VND/block (depending on type) an increase of about 70,000 VND/block compared to the beginning of this year. Particularly for sand for leveling construction works, the price is also at around 150,000 VND/block (depending on the near and far transportation), an increase of 30,000 - 40,000 VND/block compared to the beginning of the year.

The reason for the high price is that in Tien Giang province, sand mining is not allowed; illegal sand mining activities have been repelled. Most construction material businesses in Tien Giang have to send barges to the provinces of Tra Vinh, Dong Thap, An Giang or the Cambodian border to buy sand, which takes time and increases costs.

In addition, in Tien Giang province, there are many key projects that need sand materials such as: Cho Gao canal project (phase 2), Rach Mieu 2 bridge, expanding and upgrading provincial and district roads ... so sand products are very attractive. Along with cement, brick and sand materials skyrocketing prices, scarcity puts pressure on contractors, even slow progress and loss of works.

Mr. Nguyen Huu Loi, owner of a construction business in Tam Hiep commune, Chau Thanh district, Tien Giang province said: "Sand per block increased by about 70,000 VND. In early 2022, the price was 200,000 - 210,000 VND/block, recently increased to 280,000 - 290,000 VND/block. Not only increasing the price of sand is still scarce, in the Mekong Delta, almost all mining areas are available. Suppliers have increased their purchases of sand from Cambodia. Contractors are disadvantaged, if the works are large, but the price of sand is at this level, the loss will certainly be."

Corporate News

8. FLC: FLC's new chairman resigns as director of securities subsidiary

↓ -3.08%

Le Ba Nguyen, the newly appointed chairman of property developer FLC, has resigned from the board of BOS Securities, a subsidiary linked with many FLC executives.

Nguyen cited "personal reasons" for the decision. His resignation Wednesday came two weeks before the company's annual general meeting.

He became a BOS director in 2019 but does not own any shares in the company.

In July, he was appointed FLC chairman, three months after his brother-in-law and ex-chairman Trinh Van Quyet was arrested for allegedly manipulating the stock market.

BOS's former legal representative, chairwoman Huong Tran Kieu Dung, was arrested along with Quyet.

BOS' revenues and pre-tax profits are set to increase by 10.6 and 10.8 percent year-on-year to VND104 billion and VND41 billion this year, respectively.

9. FMC: Sao Ta sales reached 140 million USD in 7 months, up 15%

↑ 4.14%

Sao Ta's operating segments all recorded growth compared to the same period last year. Sao Ta expects full year sales to increase by more than

15% thanks to an abundant source of goods prepared for the coming months.

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