



VIETNAM DAILY NEWS



September 7th, 2022

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Market Analysis

1. Share stay flat, selling forces trim early gains

Vietnamese shares stayed flat on Tuesday as early gains were trimmed due to increased selling pressure at the end of the trading session.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index remained unchanged at 1,277.40 points. The index had declined 0.25 per cent to close Monday at 1,277.35 points.

Nearly 581.5 million shares were traded on the southern bourse, worth VNĐ14.6 trillion (US\$620 million).

The market's breadth returned to a negative zone with more stocks losing points. There were 191 gainers and 261 losers.

The 30 biggest stocks tracker VN30-Index rose 0.07 per cent, to 1,299.06 points. In the VN30 basket, 19 stocks increased, while nine stocks inched lower. Two stocks finished flat.

The banking group attracted cash flow with gainers being Vietinbank (CTG), Asia Commercial Bank (ACB), Vietnam International bank (VIB) and Tiên Phong Bank (TPB), National Commercial Joint Stock Bank (NVB), Vietcombank (VCB), Military Bank (MBB), Bank for Investment and Development of Vietnam (BID), Techcombank (TCB), VPBank (VPB) and Sacombank (STB).

Energy stocks saw differences in prices, with gainers such as Việt Nam National Petroleum Group (PLX), Bình Sơn Refining and Petrochemical Company Limited (BSR), PV Power (POW). Meanwhile, losers included PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling and Well Services

Corporation (PVD) and Drilling Mud Joint Stock Corporation (PVC).

In general, the cash flow is still cautious under the pressure of the resistance zone. It's expected that the market will continue to struggle and test supply and demand in the next session, said Việt Dragon Securities Co.

However, it's still worth noting that the market might weaken before the resistance zone of 1,280-1,300 points. Therefore, temporary investors should still be cautious and limit chasing.

In the meantime, the portfolio restructure should be considered in the direction of risk reduction, since the pressure from the resistance zone on the market is still present, it said.

"Investors should pay attention to the pressure at the resistance zone of 1,280-1,300 points of VN-Index and should take advantage of the uptrend to restructure the portfolio in the direction of reducing risks," it said.

Regarding the transactions of foreign investors, they were a net seller on the HOSE and a net buyer on the HNX. In the next few sessions, if there is no cash flow factor, the index will probably continue to accumulate around 1,270-1,280 zone, said BIDV Securities Co.

The HNX-Index on the Hà Nội Stock Exchange (HNX) gained 0.15 per cent, to close at 293.27 points.

More than 67.4 million shares were traded on the northern exchange, worth VNĐ1.3 trillion.

Macro & Policies

2. Timber exporters struggle to find new markets

Contrary to full orders at the beginning of the year, Vietnamese wood and wooden furniture enterprises are currently facing many difficulties due to the cancellation of orders by customers because of inflation in countries such as the US and the EU and the sharp increase in input material costs.

In fact, Việt Nam's wood industry is seeing declining sales overseas.

The export value in July was estimated at US\$1.41 billion, down 5.5 per cent against June and down 1.6 per cent year-on-year, according to a report of the General Department of Forestry under the Ministry of Agriculture and Rural Development (MARD).

This was the second month that the export of wood and timber products decelerated.

Earlier, figures from the General Department of Customs showed the export turnover of wood and wood products in June was down nearly 11 per cent year-on-year. Through the first seven months of the year, wood and wood product exports were \$10.4 billion, up just 1.3 per cent year-on-year.

According to market insiders, the wood industry will face a big challenge due to a decrease in export orders in the latter half of this year.

A quick survey on 52 timber businesses conducted by the Việt Nam Timber and Forest Products Association (Vifores) in collaboration with Forest Trends showed that most companies witnessed decreasing revenues in the US, EU and UK markets.

Thirty-three out of 45 firms exporting to the US said their revenues decreased by nearly 40 per cent compared to the first months of this year. A similar trend is seen in the EU and the UK, with two-thirds of the surveyed enterprises reporting revenue drops of over 41 per cent.

Moreover, about 71 per cent of businesses said that orders will continue to decrease towards the end of the year. Under the current market situation, 44 per

cent of businesses expected revenue will fall by about 44 per cent for the whole year.

Phùng Quốc Mẫn, general director of Bảo Hưng Wooden Furniture Export Company, said the number of orders canceled in July was more than 30 per cent. In response to the decline in purchasing power in the EU and the US markets, the business is looking to boost furniture exports to Japan and South Korea, where inflation has had less of an impact than in other countries.

There are also a few businesses that turn to the domestic market in order to maintain production, Mẫn said.

According to the Vifores Chairman Đỗ Xuân Lập, Việt Nam's wood industry is integrating deeply into international markets so high inflation and tightening credit policies in response to rising inflation in major markets is driving down demand for non-essential products including wood and wood products.

"High inflation in major markets such as the US, EU and UK is having a direct negative impact on the production and business activities of wood processing enterprises. They are currently facing many difficulties in terms of capital, labour costs and input materials," Lập said.

Switching or finding new markets is not easy, but this helps wood and wooden furniture manufacturers minimise losses when a series of orders are stretched, reduced, or even canceled by international partners, Mẫn said.

In addition, in order to reduce the import price of raw materials to increase competitiveness, experts said wood businesses should diversify their supply of timber, reducing the proportion of imports from tropical countries and increasing the proportion from low-risk sources.

Việt Nam has become the world's sixth largest exporter of wood and wooden products with more than 4 per cent of the global market, second largest

in Asia, and biggest in the Southeast Asia, putting it under scrutiny from major trading partners.

Besides sourcing locally, Việt Nam also imports raw timber, including from tropical countries. The volume of tropical wood imported annually is around 1.5 million cubic metres, or 30 per cent of total imports, mostly from Africa.

According to statistics from the General Department of Customs, despite the impact of the COVID-19 pandemic, exports of wood and wooden products grew by 17.6 per cent last year to \$14.12 billion.

Vietnamese wood and wood products are present in more than 163 countries.

Việt Nam is targeting \$20 billion in total timber exports by 2025, an increase of more than \$9 billion compared to now.

The value of timber and wood products for domestic consumption will reach \$5 billion in 2025 and over \$6 billion in 2030.

The industry aims to have more than 80 per cent of wood processing and preservation establishments equipped with advanced technology, and all timber and wood products for export and domestic consumption will be made from the legal raw material of timber.

By 2030, the domestic wood processing industry will become an important economic sector and develop a reputable brand for Vietnamese wood products in domestic and export markets.

Việt Nam strives to become one of the leading countries in the world's production, processing, and export of timber and wood products.

Another task of the industry is to develop infrastructure and expand production scale. Specifically, the industry will form five forestry zones with high technology applications to attract investment from wood processing enterprises and enterprises producing auxiliary materials.

Việt Nam will build an international furniture exhibition centre and encourage the development of research centres to design wood products per the needs of consumers.

3. UKVFTA provides opportunity for steel industry to expand exports, switch to decarbonisation

The UK – Việt Nam Free Trade Agreement (UKFTA) was providing significant opportunities for Việt Nam to expand the export of steel and iron products in the UK.

The deal also enhances cooperation with the UK in accelerating the decarbonisation process of the iron and steel industry as Việt Nam was striving to achieve net zero by 2050.

Nguyễn Cảnh Cường, Trade Counsellor at Việt Nam's Embassy to the UK, in an interview with Việt Nam News, said that high-grade steel production using decarbonisation technology was a potential industry in which the two countries could strengthen cooperation. The decarbonisation technology allowed lower power consumption and carbon emissions than traditional production.

Since the UKVFTA came into effect on May 1, 2021, Việt Nam's export of steel and iron products saw a dramatic rise in the context that the UK increased the investigation and application of trade remedies on steel and iron products originating from several other countries.

Statistics of the Ministry of Industry and Trade showed that steel and iron exports of Việt Nam to the UK increased by 1,269 per cent in 2021 over the previous year, one among the fastest growing exports to the UK besides vegetables (82 per cent), pepper (49 per cent), rattan products (56 per cent) and ceramics (32 per cent).

Customs statistics showed that the export of iron and steel products to the UK totalled nearly 419,000 tonnes in 2021, worth more than US\$491 million,

compared to the volume of just 51,851 tonnes and the export value of \$35.88 million recorded in 2020.

Iron and steel products exported to the UK saw rapid growth after the trade deal was put into effect. In the period from January 1 to April 30, 2021 before the trade deal came into force, the iron and steel exports to the UK was just 32,000 tonnes worth more than \$38 million.

The UK Department for International Trade revealed that iron and steel was one among the top five goods imported to the UK from Việt Nam in the four quarters to the end of the first quarter of 2022 with a revenue of £336.8 million (\$390 million) or 7.2 per cent of all UK goods imported from Việt Nam.

Other products in the top five included telecoms and sound equipment (£1.4 billion or 29.7 per cent), clothing (£1.4 billion or 29.7 per cent), footwear (£334.8 million or 7.1 per cent) and furniture (£329.9 million or 7 per cent).

According to the Việt Nam Steel Association, steel and iron products of Việt Nam were mainly exported to ASEAN, the US and China while the export to the UK remained modest. The UK imports of iron and steel totalled \$7.33 billion in 2021, statistics of the United Nations Comtrade database on international trade showed.

Thus, there was still significant room to promote the exportation of steel and iron products to the UK, especially if steel makers could grab the opportunities arising from the UKVFTA, the association said.

The association pointed out that the steel industry of Việt Nam had been witnessing a dramatic change in the structure of export markets since 2021, with exports to major markets like ASEAN and China seeing drops while exports to the US, EU and the UK increased rapidly.

Impressive increases in steel and iron exports to the US, the EU and the UK contributed to allowing steel to enter the club of goods with export turnover of \$10 billion or higher last year. Steel exports hit the milestone of \$10.8 billion in November 2021 and became the product with the fastest growth rate in export, up 129.8 per cent over the same period last year.

Although steel exports slumped from the beginning of this year on weak global demand, the UK and the EU which had free trade deals with Việt Nam, remain spotlight markets.

The latest updates from the General Department of Customs showed that the UK imported nearly 83,500 tonnes of steel and iron, worth \$116.4 million in the first seven months of this year. Steel exports to the EU was estimated at 1.1 million tonnes, up 18.1 per cent in the period.

According to Việt Nam Steel Association, in the context of increasing protectionism, diversifying export markets is vital for the domestic steel industry, in which, the free trade deals like the UKVFTA are providing significant opportunities to expand exports.

However, it is necessary for Vietnamese steel makers to improve technology and renovate production and business methods to be able to expand exports in the UK and the EU which had high requirements for product quality, the association said.

Technology renovation

The Ministry of Industry and Trade in a report to the Government about the proposal to develop a strategy for the steel industry to 2030 with a vision to 2050 pointed out that the competitiveness of the steel industry remains low with heavy dependence on imported materials, together with small production capacity, outdated equipment and technology which are causing energy waste and posing risks to the environment.

The ministry proposed policies be raised to build a strong steel industry which is important to promote the country's development toward industrialisation and modernisation, including policies to encourage renovations in steel production technology.

Green steel, or the manufacturing of steel without the use of fossil fuels, is becoming a trend in the world as the net zero target by 2050 is putting the steel industry under pressure to act.

The steel industry was one of the biggest CO2 emitters. Worldsteel's statistics showed that today, worldwide, on average 1.85 tonnes of CO2 are emitted for every tonne of steel.

Việt Nam should consider moving toward green steel to increase exports sustainably and reduce impacts on the environment if the country is to meet the net zero carbon emissions target by 2050, the steel association said.

Cường from the Việt Nam's Embassy to the UK stressed that Việt Nam could enhance cooperation with the UK in promoting the decarbonisation of the steel industry.

4. Agricultural sector persists US\$50 billion export target

Despite numerous difficulties coming from the domestic and international situation, the agricultural sector has managed to achieve important targets, and it still persists in this year's agro-forestry-fishery export target of US\$50 billion as assigned by the Prime Minister.

So said Deputy Minister of Agriculture and Rural Development Phung Duc Tien at the ministry's regular press briefing on September 5.

Vietnam earned about US\$36.3 billion in agro-forestry-fishery exports in the first eight months of 2022, up 13.1% from a year earlier. Seven groups of products recorded export revenue of over US\$2 billion each, namely coffee, rubber, rice, fruit and vegetables, cashew nut, shrimp, and wood.

The sector has sustained growth and guaranteed food security, helping ensure major balances of the economy, Tien said.

Pointing out certain challenges, he noted the time from now to the year's end is the storm season while there are latent risks of disease outbreaks on crops and livestock, so the sector needs to step up efforts to prevent natural disasters as well as plant and animal diseases.

Besides, global economic and political uncertainties, especially fuel price hikes, will affect the domestic market and strongly drive transportation costs. Credit tightening due to soaring inflation in some

countries, China's enhancement of goods control, and origin fraud charges are also posing challenges to the export of agricultural products, especially timber and wood items, according to the Deputy Minister.

Talking about a growth slowdown in timber and wood product exports, Deputy Director General of the Vietnam Administration of Forestry Tran Quang Bao pointed to the Russia - Ukraine conflict and the COVID-19 pandemic's impacts on import markets, adding businesses are striving to seek new markets to boost domestic sales.

However, overseas shipments of wood pellets have surged by 150 - 200%, especially to Japan and the Republic of Korea, which will partly make up for the growth slowdown in total exports. If the August growth pace is maintained, wood product exports will reach US\$1.3 billion each month from now to the year's end to total US\$16.3 billion in 2022, he said.

Meanwhile, eight-month fishery exports hit US\$7.59 billion. With the current growth trend, if the exports can rake in US\$800 - 900 million monthly, the whole year's shipments are likely to reach US\$10 billion, said Deputy Director General of the Directorate of Fisheries Nguyen Quang Hung.

5. VinFast to hand over initial VF 8 to local customers on September 10

Vinfast Trading and Service Limited Liability Company has unveiled plans to officially hand over the first batch of VF 8 electric vehicles (EVs) to pioneering customers on September 10 at its factory in the northern port city of Hai Phong.

Similar events are expected to take place simultaneously in Hanoi and Ho Chi Minh City. Before handing over the EVs to clients, VinFast has organised tours to visit the VinFast automobile factory in order to help them gain a better insight into the driving experience.

Le Thi Thu Thuy, vice chairwoman of Vingroup and global general director of VinFast, said the first batch of VinFast VF 8 cars will be handed over to the customers on September 10, as opposed to the previous date of November.

Furthermore, VF 9 EV models that have been granted a quality certificate by the Vietnam Register, is expected to be delivered to customers a few months following the handover of VinFast VF8, she added.

Customers who receive the VF 8 will get a special offer of VND480 million while the programme to convert from gasoline cars to EVs will allow customers to save an additional VND30 million.

The firm stated that following the handing over of the first batch of VF 8 EVs to local customers, the next batch will be delivered to customers based in the United States, Canada, and Europe this October and November.

VinFast VF 8 has a five-seater configuration and bears designs of German luxury cars with spacious interior and high-end equipment.

The EV is fully equipped with an 82 kW battery for a maximum capacity of 300 kW, equivalent to 402 horsepower. The car is capable of accelerating from zero to 100 km per hour in 5.5 seconds, while the distance an VF8 can travel on a full charge is 447 km.

The automobile manufacturer moved to adjust the selling price of the VF 8 and VF 9 EV models in Vietnam on July 5 with an increase of VND 51.5 million to VND 64.8 million, respectively, due to the impact of the global supply chain disruption and high costs of raw materials.

Specifically, VinFast VF 8 Eco and VinFast VF 8 Plus are typically sold at VND1.109 billion and VND1.289 billion, respectively, while VinFast VF 9 Eco and VinFast VF 9 Plus are traded at VND1.508 billion and VND1.636 billion, respectively.

6. Vietnam, Russia launch sea transport route to connect with railroad

A ceremony was held on September 6 in order to launch a sea transport service connecting with the rail route in order to help with the transport of goods from Vietnam to Vladivostok port in Russia.

The new maritime route will contribute to facilitate the application of electronic documents through a digital security mechanism, thereby allowing customers and related agencies to track goods and make it possible to conduct clearance customs for goods at the Moscow endpoint.

Upon addressing the event, Oleg Belozеров, chief executive officer and chairman of the Executive Board of the Russian Railways, emphasised that the linkage between the two transport routes will help

to shorten the time and simplify administrative procedures when bringing goods from the nation to the western region of Russia.

In response, Arkady Korostelev, president of FESCO Transportation Group, pointed out that after establishing a direct sea transport route from Vladivostok to the country and vice versa, FESCO has since transported 5,000 containers between the two countries, adding that the group plans to increase the frequency of transport to two ships on the route.

Nguyen Dang Hien, consul general of Vietnam in Vladivostok, underscored the importance of the new route in enhancing import-export activities between

both countries, thereby helping to increase trade turnover moving forward.

The establishment of convenient freight routes is anticipated to reduce the transportation time and help enterprises of the two countries gain easier access each other's markets.

7. 16% of economic recovery package disbursed in 8 months

Vietnam's VND350 trillion (\$14.86 billion) economic recovery package, established to boost growth after two years of Covid-19, has been disbursed by 16% after eight months.

This means VND55 trillion has been provided as subsidy, tax waivers and loans to citizens and businesses as of Sept. 2, according to the Ministry of Planning and Investment.

Of the sum, VND34.97 trillion was disbursed as wavers for value-added tax and environmental tax on fuel.

Besides, VND3.05 trillion has been disbursed as rent support to 4.54 million workers nationwide.

Minister of Planning and Investment Nguyen Chi Dung said the disbursement rate is lower than expected due to complicated procedures and the reluctance of some localities.

VND13.5 billion was provided as loans with an incentive interest rate of 2%.

Lawmakers in June expressed concern about the slow rate of disbursement, to which Deputy Prime Minister Le Minh Khai replied that "prudent implementation is needed to avoid mistakes" since the package is huge.

In the last eight months, the economy went through many challenges but remained on a good recovery track, Dung said.

Vietnam posted a trade surplus of \$3.96 billion in the period, almost the same as last year's total.

Domestic consumption was revived, with revenue from goods and services surging 19% year-on-year.

Nearly 150,000 businesses were registered or resumed operation, up 31% year-on-year.

Obstacles, however, remained, due to fluctuating prices of fuel and manufacturing input, while global economic recovery is slow, Dung said..

Corporate News

8. DIG spends VND 50 billion to set up a company to make industrial real estate

↑ 2.12%

The Board of Directors of Construction Investment and Development Corporation (HOSE : DIG) has approved the capital contribution to establish a member unit with the aim of being the investor of industrial park projects. This can be seen as a sign that DIG wants to encroach on industrial real estate.

Specifically, DIG approved the establishment of DIC Industrial Park & Urban Development Investment One Member Company Limited (DIC -Urbiz) with an expected charter capital of VND 50 billion, including cash and other assets according to the list. item to determine the value of assets contributed as capital of DIG at the time of establishment decision.

The main task of DIC-Urbiz is to implement the procedures to be selected as the investor of the projects of industrial parks, export processing zones, high-tech parks...

In addition, this unit will also manage, invest, exploit and trade projects in industrial parks,

export processing zones, high-tech parks...; performing investment consulting, management consulting... and a number of other tasks assigned by the owner from time to time.

DIG will be liable for debts and other property obligations to the extent of the charter capital of DIC - Urbiz. The head office address is the same as the head office of DIG at 15 Thi Sach, Thang Tam ward, Vung Tau city, Ba Ria - Vung Tau province.

Regarding personnel, Mr. Hoang Van Tang - General Director of DIG - will hold the position of Chairman of the Board of Directors at DIC-Urbiz, representing 80% of DIG 's capital in DIC-Urbiz; Mr. Chu Van Thanh will hold the position of General Director at DIC-Urbiz, representing the remaining 20%.

In addition, DIG also appointed Mr. Mai Van An as Permanent Deputy General Director and Ms. Le Thi Thuy Nga as Deputy General Director, and transferred all personnel from DIC-VEC Branch and DIC Him Lam Branch. about DIC-Urbiz.

9. FCN: In the first half of the third quarter, FECON recorded more quality bidding packages

↑ 2.66%

In the first half of the third quarter of 2022, FECON Joint Stock Company (HOSE : FCN) continued to mark with a series of new bidding packages with a total value of more than VND 250 billion.

In the context of difficulties and challenges facing Vietnamese construction enterprises today: fluctuations in material prices, excessive production costs, outstanding debts, complicated legal procedures as well as credit adjustments. application in the real estate market, etc. FECON

continues to record new bidding packages in the first half of the third quarter of 2022 with a total value of more than VND 250 billion.

In the infrastructure and underground works segment, FECON announced that it won the foundation treatment package worth 111 billion VND under the Nhieu Loc Thi Nghe wastewater treatment plant project in Ho Chi Minh City. Also in this segment, FECON continues to "conquer" foreign markets with the construction package of foundation treatment for Bakheng Water

Treatment and Supply Project in Cambodia. Participating in one of the key projects of the country, FECON undertakes the first bidding package here - Background treatment with Jet Grouting D1800mm technology at the Break-in location of TBM worth 13.2 billion VND. Thus, in addition to the previously implemented CDM technology, FECON continues to bring one of its strengths to the Cambodian market, affirming the advantages of underground construction & ground treatment technology in the potential market. this.

In addition, contributing nearly VND 150 billion in revenue for the third quarter is a series of bidding packages for supply and construction of piles and foundation treatment under projects such as Vinpearl Phu Quoc Shophouse, Dai An urban area,

and Star Bay urban area. , Dong Nai Waterfront project – IZUMI Dong Nai urban area; technical infrastructure bidding package for zone 2.1 under the project of Southern Ma River resort and amusement park project; and experimental pile packages at Vung Ang 2 Ha Tinh Thermal Power Plant Project.

From now until the end of 2022, when the disbursement progress of public investment is promoted, the prices of construction materials and fuel are controlled, and the capital bottleneck for the real estate market is removed, there will be room for improvement. Growth for the construction industry is expected to expand again, construction businesses like FECON are expected to be "easier to breathe" than in the first 6 months of the year.

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