



# VIETNAM DAILY NEWS



November 8th, 2022

**Table of content**

## **Table of content**

- 1. Market extends losing streak on bank, realty stocks**
- 2. Rumors of sharp consumer price rises denied**
- 3. Keeping monetary stability – core task in face of FED interest rate hikes**
- 4. Petrovietnam’s crude oil exploitation accomplishes yearly target**
- 5. Dung Quat oil refinery reports record capacity**
- 6. Wage hike needs to keep up with inflation control**
- 7. Vietnam’s online exports grow strongly**
- 8. SHB: Approved the record date to pay stock dividend for 2021**
- 9. HAX: Board approves the suspension of documents of the share issue**

## Market Analysis

### 1. Market extends losing streak on bank, realty stocks

Benchmark indices lost more than 2 per cent on Monday as banking and real estate industries faced strong selling pressure, with many pillar ticker symbols hitting floor prices.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index ended the trading day at 975.19 points, a decline of 21.96 points, or 2.2 per cent. It had plummeted by 2.94 per cent last week.

The market's breadth was in the negative zone as 306 stocks inched lower, of which 136 stocks registered the maximum daily loss of 7 per cent, while only 40 stocks moved higher.

Liquidity was also lower than the previous session, with trading value on the southern bourse down nearly 18.5 per cent to VND10.6 trillion (US\$424.6 million), equal to a trading volume of over 646.8 million shares.

The index was dragged down by big losses in large-cap stocks, especially in banking and real estate sectors. Accordingly, the VN30-Index, which tracks the 30 biggest stocks on HoSE, plunged 25.07 points, or 2.51 per cent, to 972.85 points.

In the VN30 basket, 20 stocks closed lower with eight hitting floor prices, while only eight advanced. And two stocks stayed flat.

Leading the downtrend was Novaland (NVL), down 7 per cent. It was followed by Techcombank

(TCB) and Vietinbank (CTG), down 7 per cent and nearly 4.7 per cent, respectively.

Other stocks weighing on market sentiment were Hoa Phat Group (HPG), Mobile World Investment Corporation (MWG), MBBank (MBB), Vingroup (VIC) and Vietnam Rubber Group (GVR). These stocks all posted losses in a range of 1.66-7 per cent.

After the business result season, the market is facing unfavourable news such as the central banks hiked interest rates for the second time, forcing securities companies to raise margin lending interest rates.

In general, the market is likely to enter the first stage of looking for the bottom level, said SSI Securities Corporation.

On the Ha Noi Stock Exchange (HNX), the HNX-Index slid by 6 points to 198.56 points, a 2.93 per cent decrease.

During the session, more than 68.5 million shares were traded on the northern bourse, worth VND955.01 billion.

On the other hand, foreign investors were net buyer on both main exchanges. This was also a highlight of yesterday's market. Specifically, they net bought VND521.87 billion on HoSE and VND57.94 points on HNX.

## Macro & Policies

### 2. Rumors of sharp consumer price rises denied

The GSO said in a recent release that rent rose again due to the high demand and some localities increased tuition fees for the 2022-2023 academic year, pushing up the consumer price index (CPI) in October by 0.15% month-on-month. Of the increase, two of 11 groups of goods and services inched down.

According to the report, the CPI in the year through October picked up 2.89% over the same period last year on average due to increases in fuel prices.

Gasoline prices soared by 51.83% in the first half of the year, thereby sending the CPI up by 1.87 percentage points. Other commodity prices also edged up, but they did not impact the CPI as much as gasoline.

In response to inflationary pressure, the Government has carried out price stabilization measures and thus decreased the CPI, keeping it at 2.44%.

“The figure accurately reflected the market prices in the first half of this year,” she said.

The GSO projected that the CPI would continue to rise in the upcoming months due to higher prices of raw materials and fuels. According to the GSO, the CPI will rise by 0.36 percentage point for every 10% hike in fuel prices. Meanwhile, food prices are expected to increase.

The increases, along with the strong consumption demand, will pose a challenge to the National Assembly’s 4% inflation target.

### 3. Keeping monetary stability – core task in face of FED interest rate hikes

Amid the US Federal Reserve (FED)’s continuous increases of interest rates to cope with inflation, the most important task for Vietnam now is to keep macro-economic stability, with monetary stability being the core, some economic experts have said.

Expert Nguyen Tri Hieu said when FED continues to hike interest rates, exchange rates in Vietnam will also go up accordingly. The USD/VND exchange rate has climbed due to the appreciation of the US dollar, which is favourable for export but unfavourable for import.

Expert Dinh Trong Thinh held that facing the FED moves, the first and foremost thing is to keep macro-economic stability, with monetary stability being the core. If the USD/VND exchange rate is maintained at an appropriate level, core inflation will stay low, thus curbing goods price hikes and ensuring that the consumer price index (CPI) will grow at a slow pace from now to the year’s end and even the following years.

To maintain appropriate exchange rates, the State Bank of Vietnam (SBV) has been making interventions through different measures, including selling the US dollar. With relatively abundant forex reserves, the SBV has sufficient resources to intervene in the market to sustain appropriate exchange rates.

In the long term, the US dollar value will become stable soon, Thinh said, noting that appropriate exchange rates will ensure stable core inflation, thus completely enabling the achievement of keeping overall inflation at less than 4% and ensuring economic growth.

The Vietnamese dong’s daily reference exchange rate against the US dollar has soared by 7% compared to the end of 2021, which means the dong has lost its value by 7%. However, the depreciation in comparison with the US dollar is the common trend among currencies in the world, and in fact, the Vietnamese dong is recording less depreciation.

SBV Governor Nguyen Thi Hong said the international situation is causing pressure on not only Vietnam but also all countries around the world. In the recent past, the SBV has made highly proactive and timely response, and thanks to that, the market has seen positive developments and market psychology has been stabilised.

In the time to come, one of the important issues is that the SBV, as well as ministries and sectors, have to stay proactive, increase forecasting and analysis, continually update themselves with new changes so as to ensure proactive governance, and harmoniously coordinate existing policies.

The Prime Minister has ordered public investment be strongly promoted and an expanded and focus-

driven fiscal policy be implemented, which will ease pressure on the banking system's credit, according to Hong.

The SBV will stay persistent in the monetary governance measures aimed at stabilising the macro-economy, but "stable doesn't mean fixed", she said, adding that it will keep a close watch on every development to take appropriate actions.

The central bank will govern foreign exchange rates in a way that concurrently makes room for the rates to fluctuate flexibly and absorb external shocks, and intervenes in the forex market to minimise exchange rates' excessive fluctuations, thereby helping stabilising the forex market, according to the official.

#### 4. Petrovietnam's crude oil exploitation accomplishes yearly target

The Vietnam Oil and Gas Group (Petrovietnam) has fulfilled crudeoil exploitation target set for the whole year, 70 days ahead of schedule.

The information was revealed by Petrovietnam General Director Le Manh Hung at a meeting on November 5.

The group's crude oil output reached 9.03 million tonnes in the first ten months of this year, exceeding the yearly plan by 3%, and equivalent to 99.4% of the figure in the same period last year.

Petrovietnam has also striven to meet the demand in the domestic market, contributing to the efforts of the Ministry of Industry and Trade and other state-owned enterprises to guarantee national oil security in the face of impacts from the world energy crisis.

At the same time, the group has adopted a series of solutions to ensure stable production and business.

Petrovietnam's total revenue in the first ten months of this year was estimated at about 782 trillion VND (around 31.3 billion USD), exceeding the yearly plan by 40%, and up 56% compared to the same period last year. It contributed 112.2 trillion VND to the State budget, surpassing the yearly plan by 74% and equivalent to the figure of the whole year of 2021.

The achievements are attributed to the group's good market forecasting, flexible management and ability to optimise opportunities despite uncertainties in the global petrol market.

#### 5. Dung Quat oil refinery reports record capacity

Dung Quat oil refinery has raised its capacity to 112% to contribute to reducing pressure on domestic petrol and diesel oil supply.

This is the highest capacity of the plant since it was put into operation in 2009, Binh Son Refining and Petrochemical JSC (BSR), which manages and operates the plant, said on November 6.

Based on directions of the Government, the Ministry of Industry and Trade and the Vietnam Oil and Gas Group (Petrovietnam), the BSR has negotiated with oil field owners the possibility of increasing production output and adding more crude oil sources in November and December for the factory.

This is the second time this year the Dung Quat oil refinery has increased its operating capacity.

Previously, on October 18, its capacity was raised from 107% to 109%.

## 6. Wage hike needs to keep up with inflation control

### **Viet Nam is set to increase the base wage from July 2023.**

On October 20, Finance Minister Ho Duc Phoc presented the Government's plan to allocate VND12.5 trillion (US\$509 million) for wage reforms, including a 20.8 per cent increase in the basic wage of civil servants from VND1.49 million (US\$60) to VND1.8 million (\$73.30) from July 1, 2023.

If approved by the National Assembly, this is the second base salary hike since July 1, 2019, after a four-year delay due to the COVID19-pandemic.

The base salary in Viet Nam is the reference for calculating the total salary for civil servants by multiplying it with its corresponding coefficient.

The wage hike is considered an urgent issue as Viet Nam is facing rising inflation pressure due to increases in fuel prices and other commodities as a result of the Russia-Ukraine war.

At the Q&A session of the 15th National Assembly meeting on Saturday, Minister of Home Affairs Pham Thi Thanh Tra agreed it was reasonable to increase the basic wage as it would help create new motivation among civil servants and public employees and keep them in the state sector given the fact that nearly 40,000 civil servants left their jobs, primarily in education and healthcare sectors, during January 1, 2020 to June 30, 2022.

Many National Assembly (NA) deputies also called for a wage hike from January 1, 2023, six months ahead of the Government's proposed schedule, to compensate for the price surges which have increased 4 per cent annually.

"This creates a shift of human resources from the public to the private sector," said Huynh Thanh Phuong, a delegate from Tay Ninh Province.

Earlier on July 1 this year, the minimum wages of employees who work under labour contracts increased by 6 per cent. The increase varies from \$140 to \$202 depending on the living expenses in their particular region.

### **Suitable time for wage hike**

Not only in Viet Nam, workers worldwide are asking for higher wages amid steep inflationary pressure. In some EU countries, there have been strikes and protests due to high energy prices and escalating costs of living.

But while inflation has indeed led to depressed real wages and a substantial squeeze on living standards, there have also been arguments that increases in wages could lead to further inflation – a so-called “wage-inflation spiral”.

The idea suggests higher price inflation makes workers demand higher wages but higher costs will then lead firms to raise prices to protect their profit margins.

This psychology is true in Viet Nam when information on wage hikes often goes along with the worry that prices will go up higher than salary and even before the wage hike takes effect.

Perhaps because of this phenomenon, the Government proposed to increase the base salary for civil servants and public employees from July 1 instead of January 1, 2023.

The Ministry of Finance said in the face of high inflation risk, the reform of salary policy should be

carried out cautiously and in harmony with the objectives of socio-economic management in general.

January is close to the festive season with the New Year and Lunar New Year, so the demand for shopping and buying goods and services increases sharply. If the wage increase is implemented at this time, "it will put more pressure on price management because the psychology of increasing wages is accompanied by price surges, making it difficult to control inflation," the ministry said.

Thus, the Government proposed not to implement Resolution 27 of the National Assembly on the reform of salary policy for civil servants, public employees, the armed forces and workers of enterprises in 2023. Instead, the Government suggested increasing the base salary for civil servants and public employees by 20.8 per cent to VND1.8 million/month from July 1, 2023.

The postponement of wage reform under Resolution 27 after 2023, according to the ministry, is also due to "the global and domestic context being under great inflationary pressure".

In the 2023 state budget estimate, the Government plans to spend about VND60 trillion for salary hikes. Funding is expected to be sourced from increasing budget revenue and annual expenditure saving.

However, according to analysts, the wage hike is only meaningful when the Government takes strong measures to control inflation to avoid a situation in which people receive one more dong but have to spend two because of inflation.

Viet Nam among top countries with real wage hike

As Viet Nam's economy continues to grow despite the pandemic, rising wages will be an unavoidable feature of doing business in the country.

According to the annual Salary Trends Report by data company ECA International, Viet Nam is forecast to see the second highest growth in real wage increase worldwide at 4 per cent in 2023 in comparison with 2022, trailing behind India at 4.6 per cent.

Asia Pacific is only the region predicted to see the average real salary increase — which is nominal wage growth minus the rate of inflation — by 1.3 per cent. That's compared to other regions which will see drops in average real salary of 1.5 per cent for Europe, 0.5 per cent for North and South America, and 0.1 per cent for Africa and the Middle East.

Eight out of the top 10 countries with the highest real salary increases globally are from Asia-Pacific this year, ECA international added.

Within Southeast Asia, Viet Nam, Malaysia and Thailand are expected to see higher rates of real salary growth in 2023 as the post-pandemic economic recovery continues accompanied by falling inflation.

"Overall, workers in many ASEAN locations will see real salary growth in both 2022 and 2023," said Lee Quane, ECA International's regional director. "Workers based in Viet Nam benefitted from having the second highest rate of real salary growth this year in the region and are expected to do so again in 2023."

According to the Government's report at the 4th session of the 15th National Assembly, Viet Nam's GDP is expected to grow 8 per cent in 2022, surpassing the Government's target of 6-6.5 per cent for the whole year, and inflation is kept under 4 per cent.

## 7. Vietnam's online exports grow strongly

Online export is a form of cross-border trade using an e-commerce platform.

From 2020 to 2027, international e-commerce trade will grow over 28% per year, the news site vtv.vn reported, citing data from Zion Market Research.

From September last year to September 2022, Vietnamese firms sold 10 million products via the giant online retailer Amazon, with kitchenware, houseware, garments, health and personal care and home utility products being the best sellers.

Amazon allowed Vietnamese online exporters to gain access to 21 markets worldwide, including Belgium, Sweden and the Middle East, with the U.S. being the biggest buyer, said Gijae Song, chief executive officer of Amazon Global Selling Vietnam.

Earlier, the e-Conomy SEA 2022 report by Google, Temasek and Bain & Company said the scale of Vietnam's e-commerce this year reached US\$14 billion, on par with Malaysia and the Philippines, after Indonesia and Thailand. However, the market will grow to US\$32 billion by 2025, becoming the second-largest e-commerce market in South East Asia.

## Corporate News

### 8. SHB: Approved the record date to pay stock dividend for 2021

↓ -4.89%

The Board resolution dated November 03, 2022, the BOD of Sai Gon – Ha Noi Commercial Joint Stock Bank approved the record date to pay stock dividend for 2021 as follows:

- Record date: November 24, 2022
- Exercise ratio: 15%

### 9. HAX: Board approves the suspension of documents of the share issue

↓ -6.74%

On October 27, 2022, the Board of Directors of Hang Xanh Motors Service Joint Stock Company was unanimous to send an official document to the State Securities Commission to propose to stop reviewing and withdraw the application for the share issue to existing shareholders which was adopted on April 09, 2022.

- Stock: Stock of Hang Xanh Motors Service Joint Stock Company
- Offering volume: 48,971,353 shares
- Issue price: VND12,000/share.



**Research Team:**            **Tsugami Shoji**    *Researcher*            [jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)

**Disclaimer:**

*Copyright 2015 Japan Securities Co., Ltd (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.*

***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](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*