



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares manage to gain but caution persists

The market opened Friday's trading session with a strong rally but the state of dispute continued and prevented the gaining momentum from expanding.

The benchmark VN-Index on the HCM Stock Exchange rose 0.36 per cent to close at 1,129.38 points. It had risen 0.61 per cent to close at 1,125.30 points.

More than 906.6 million shares worth VND18 trillion (US\$765 million) were traded on the southern bourse.

Market breadth was neutral, with 235 gainers and 200 losers.

The HoSE's large-cap tracker VN30-Index also edged higher, closing at 1,126.76 points, up 0.82 per cent. Nineteen of the 15 largest stocks rose, while 15 stocks lost points.

Gainers in the VN-30 basket were Hoa Phat Group (HPG), Masan Group (MSN), Bao Viet Holdings (BVH) and Vinamilk (VNM).

“Despite a favourable start with a good gain at the beginning of the session, the market could not surpass the old peak of 1,125-1,130 points, due to the lack of demand to push prices at banks and large-cap groups,” said Viet Dragon Securities Co.

“The indexes closed with an indecisive candlestick pattern and the liquidity did not increase significantly compared to yesterday, temporarily

showing the cautious sentiment of cash flow at the resistance zone.

“Therefore, it is likely that the market will continue to struggle and explore supply and demand at the beginning of the next session, before having more specific signals. With this scenario, investors need to slow down to assess the supply and demand status and can continue to hold stocks with good accumulation moves.

“However, it is still necessary to consider taking profits at stocks that have increased rapidly to the resistance zone or are under selling pressure from the resistance zone,” it said.

Banking stocks supported the market with gainers such as Sacombank (STB), Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV), VPBank (VPB) and Asia Commercial Bank (ACB).

However, some banks still suffered selling pressure such as Vietcombank (VCB), HDBank (HDB) and Vietinbank (CTG).

Energy stocks, including PetroVietnam Drilling and Well Service Corp (PVD) and PetroVietnam Technical Services Corp (PVS), suffered selling pressure and weighed on the indices.

The HNX Index on the Ha Noi Stock Exchange edged down 0.16 per cent to end at 231.54 points.

More than 122 million shares were traded on the northern exchange, worth VND2 trillion. — VNS

## Macro & Policies

### 2. Fertiliser exports decrease in both volume, value

Fertiliser exports decrease in both volume, value

In May alone, the export volume reached 154,995 tonnes of all kinds, up 17.5% year on year, with a turnover of 56.9 million USD, a rise of 17.4% over that of April but a decrease of 35.2% over the same period last year.

The major market of Vietnamese fertilisers in the period under review was Cambodia which made up 33% of the total export volume and value of the product.

It was followed by the Republic of Korea with 47,838 tonnes with a value of 17.62 million USD, down 16.9% and 62% year on year. Malaysia came third by buying 44,552 tonnes.

Meanwhile, the export of the products to the RCEP (Regional Comprehensive Economic Partnership) countries reached 391,107 tonnes, earning 162.64 million USD, down 16.2% in volume and 42.8% in value. Meanwhile, Vietnam exported 48,442 tonnes of fertilisers worth 16.61 million USD to CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) member countries, a decrease of 47.9% and 63.5%, respectively.

A downturn of 14.5% in volume and 37.6% in value was also seen in the Southeast Asian market to 340,379 million tonnes and 143.63 million USD, according to the department.

Amid the situation, local firms are working to expand export markets, and seeking new market along with traditional ones.

### 3. Car manufacturers get tax extension

The Government just issued Decree No. 36 extending the time limit for paying excise tax on domestically manufactured or assembled cars.

The Decree states the extension of the tax payment deadline applies to amounts arising in the tax period of June, July, August and September this year for automobiles manufactured or assembled in Viet Nam.

The extension period is from the end of the deadline for paying excise tax in accordance with the law on tax administration to the end of November 20 this year.

In case the taxpayer makes an additional declaration of the tax declaration dossier of the extended tax period, leading to an increase in the payable amount and sending it to the tax office before the extended payment time limit expires, the extended amount includes additional tax payable due to additional declarations.

In case taxpayers are eligible for an extension to declare and submit excise tax declarations in accordance with current law, they may delay the payment of the payable excise tax amount arising on the excise tax return declared during the extended period.

In case an enterprise has branches and affiliated units, which declares excise tax separately from the tax agency directly managing the branch or affiliated unit, branches and affiliated units are also subject to the extension of special consumption tax payment.

In case a branch or affiliated unit of an enterprise has no automobile manufacturing or assembly activities, the branch or affiliated unit is not eligible for the extension to pay excise tax.

This decree takes effect from the date of signing (June 21) to the end of December 31 this year.

After the extension period according to this decree, the payment of excise tax on domestically manufactured or assembled automobiles shall comply with current regulations.

According to calculations by the Ministry of Finance, the total amount of special consumption tax on cars manufactured and assembled in the country, extended in four tax periods, is about VND10.4 trillion - VND11.2 trillion (US\$422 million to US\$476 million).

At the same time, the amount of extension for late payment of tax does not affect the estimated state budget revenue this year.

Declared data of domestic automobile manufacturing and assembling enterprises show that the output and the amount of excise tax on

domestically manufactured and assembled cars are gradually decreasing.

This is the fourth time that the special consumption tax on domestically manufactured and assembled cars has been extended to support and restore production and business due to the impact of the COVID-19 pandemic from 2020.

Last year, this policy was also applied to support domestic enterprises, with the amount of tax deferred payment up to VND9.6 trillion (US\$408 million).

The total amount paid into the state budget is VND8.88 trillion (US\$378 million). The remaining amount to be paid into the state budget is VND731 billion (US\$31 million). — VNS.

#### 4. Vietnam's vegetable, fruit exports flourish in second quarter

According to statistics of the General Department of Vietnam Customs, Vietnam's fruit and vegetable export turnover reached more than 1 billion USD in June 2023, raising the figure in the first half of this year to 2.75 billion USD, more than 63% higher than that of the same period last year.

Dang Phuc Nguyen, General Secretary of the Vietnam Fruit and Vegetables Association (Vinafruit), said that the export revenue in June set a record so far thanks to China's opening to many Vietnamese fruits such as durian and grapefruit.

China led the top five importers of Vietnam's vegetables and fruits with exports to the country accounting for more than 63% of Vietnam's total export value.

Vietnam's vegetable and fruit exports to the US decreased by 12% over the same period in 2022 but other major importers - the Republic of Korea, Japan, and the Netherlands - saw increases of 12%, 0.5%, and 70%, respectively.

If the upward trend continues until the end of 2023, Vietnam can hit the export goal of 5 billion USD set by the Ministry of Agriculture and Rural Development for 2025, Nguyen said.

A representative of the Agency of Foreign Trade under the Ministry of Industry and Trade said that China is currently implementing a policy of mainstreaming commercial activities, so Vietnam needs to pay more attention to exporting via official channels.

Vietnam has also built material areas, and granted planting area codes following the requirements of the Chinese market to make Vietnamese products eligible to enter the Chinese market.

Late last year, Vietnamese green-skinned grapefruit received a planting area code for export to China. Recently, sweet potatoes and durian were also granted the codes, which creates more motivation for Vietnam's vegetable and fruit sector to invest in production and export.

Nguyen said that the official export channel to the Chinese market is an opportunity for Vietnam to develop the vegetable and fruit sector in the direction of modernity, sustainability, and close links from production to consumption as well as increase the values and position of Vietnamese fruits and vegetables in the international market.

Ngo Tuong Vy, General Director of Chanh Thu Fruit Export Group Joint Stock Company, said that the company will export 20,000-30,000 tonnes of durian to China in 2023. However, to compete with other exporters from Thailand and the Philippines, Vietnamese businesses and farmers must focus on increasing quality.

Currently, Vietnamese durian has many competitive advantages compared to Thai and Philippine durian. Vietnam's durian output is now increasing to around 1 million tonnes, and harvesting time is almost year-round while Thailand and the Philippines only harvest seasonally. In addition, the shorter shipping distance from Vietnam to China is also an advantage to help Vietnamese durian stay fresh, and the

shipping costs included in the price will be cheaper than those of the competitors.

Phuc from the Vietnam Fruit and Vegetables Association said that the Ministry of Agriculture and Rural Development should continue to negotiate and sign more protocols for products to be exported via official channels such as dragon fruit, mango, watermelon, jackfruit, and rambutan.

The Chinese market is expected to be opened for items such as green-skinned pomelo, fresh coconut, avocado, lemon, pineapple, and star apple. In addition, it is necessary to open up other markets such as the RoK, Japan, Australia, and the US.

## 5. Vietnam's garment enterprises face increasing global competition

According to General Director of the Vietnam National Textile and Garment Group (Vinatex) Cao Huu Hieu, the group has predicted its difficulties of this year since 2022. The group has faced difficulties in two main production fields of yarn and garment.

For yarn production, the difficulties include low demand for yarn in the market, and more competition in the price of yarn after China officially reopened.

Meanwhile, "the garment industry has had only small orders with a few thousand products, and processing price per unit of the garment products has dropped sharply. In addition, delayed delivery by partners has also caused difficulties for businesses in terms of capital and warehousing. Customers also have stricter requirements," Hieu said.

At the recent annual general meeting of shareholders, the leaders of many textile and garment businesses warned that brands in the global market ask them to reduce production costs and have fast delivery. The brands also have many other requirements relating to sustainable and green development, energy saving and reduction of

emissions, while they give just small orders for local businesses.

The requests come from consumer demand in the global market that changes from fast fashion to sustainable fashion, according to the leaders.

Therefore, those factors force businesses to change to participate deeply in the global supply chain. If they do not have investment in high technology, Vietnam's textile and garment industry will not be able to compete with rivals, like Bangladesh and India for the next three years, said Phạm Van Viet, Vice Chairman of the Ho Chi Minh City Textile and Garment Embroidery Association and General Director of Viet Thang Jean.

According to the US Green Building Council, Bangladesh is currently home to the most eco-friendly garment factories in the world. Bangladesh's textile and garment industry received 3.5 billion USD in foreign direct investment in 2021 mainly for green projects.

Bangladeshi textile manufacturers expect the country's textile industry to account for more than 10% of the global market by 2025 with strong development of green garment products, reported Tap chi Doanh nhan (Businessmen Magazine).

In an effort to green the textile and garment industry and gain the target of 100 billion USD in textile and garment exports by 2030, the Indian Government has proposed the establishment of a task force to solve environmental problems in the textile and garment industry. Besides that, there are a series of textile and garment green production programmes.

Local businesses need huge capital to invest in technology renovation and green production processes or build their own brands. It is difficult to do this because up to 70% of enterprises in the garment industry are small and medium sized ones, said Viet.

According to the Vietnam Textile and Apparel Association (VITAS), most manufacturers in the global textile and apparel supply chain, not only Vietnam, are receiving requests to meet green standards from big brands.

If not meeting these requirements, there is a great risk of moving orders from Vietnam to other countries with sustainable textile and garment industries like Bangladesh.

Meanwhile, Vietnam has also committed to reducing emissions to zero by 2050 at COP26. In the FTAs between Vietnam and its partners, there are also strict regulations relating to greening that the businesses need to meet.

The VITAS Sustainability Committee sets targets that by 2023 VITAS' textile and garment enterprises reduce energy consumption by 15% and water consumption by 20%, while two textile and garment industrial parks will improve efficiency in electric consumption and water circulation. By 2030, the textile and garment industry will implement green development and build 30 international brands.

The urgent requirements for this industry are greening and digitisation, but capital is a big challenge for the renovation, according to the association.

As of March 31, 2022, total outstanding loans for the textile and garment industry reached about 150 trillion VND (638.8 million USD), accounting for about 1.5% of the total outstanding loans in the economy, according to the State Bank of Vietnam.

Of which, the loans for green projects of the textile and garment industry by the end of 2022 were still insignificant because few businesses met the strict requirements for green credit loans.

Meanwhile, VITAS estimates that the industry needs a large capital at about 500-600 trillion VND for the green transformation.

Therefore, the industry has proposed the Government to consider reducing interest rates and delay of payment for debt; or having support for the textile and garment enterprises in implementing sustainable development, green transformation and development of a value chain from materials to production and export.

The Power Plan VIII approved on May 15 is also a driving force for local businesses in general and garment enterprises in particular to follow green production.

To solve the challenges, many businesses are actively diversifying markets and products. According to VITAS, they consider increasing exports to a number of potential markets such as the Commonwealth of Independent States (CIS), Latin America, Africa, the Middle East and China.

Meanwhile, many businesses are moving to use more natural and biodegradable materials. Phong Phu Corporation has used environmental impact measuring software at its production facilities to propose the use of materials with low impact on the environment. Vinatex has also deployed yarn management software at its subsidiaries. Viet Thang Jean has applied ozone technology and nanotechnology in dyeing and adjusting fabric colour.

## 6. Steel prices drop for tenth straight month in May

Although the demand for building steel rose by more than 26 per cent in May compared to the previous month, steel prices decreased for the tenth month, and steelmakers expect the struggle to continue.

A monthly report from Viet Nam Steel Association (VSA) showed that construction steel output increased by 14.18 per cent over the previous month to 812,085 tonnes, but decreased by 27.3 per cent year-on-year.

Sales of the products in May increased by 26.08 per cent month-on-month to 927,618 tonnes but were unchanged compared to the same period last year.

Raw material prices tended to increase slightly at the end of May, with the rally extending to June. However, due to weak demand, steel producers had to gradually reduce their prices and implement subsidies.

In the domestic market, as of June 15, some steel manufacturers have lowered their prices by VND100,000 to VND270,000 per tonne for CB240 steel coils, down to about VND13.94 million to VND14.82 million per tonne. They kept the same price for the CB300 rebar as compared to the latest adjustment.

Data compiled by steelonline.vn showed that, during the period, Hoa Phat Group (HPG), the country's largest steel producer, quoted its CB240 steel coils in the northern market at VND13.94-14.82 million per tonne, a decrease of VND100,000.

In the central and southern markets, the prices were at VND14.04 million per tonne and VND14.31 million per tonne, respectively, down VND100,000 and VND200,000.

The company said that the falling costs of input materials and steel billets was the cause of the decline in steel prices.

In the first quarter, Hoa Phat achieved VND26.6 trillion (US\$1.13 billion) in sales, a decrease of nearly 40 per cent over last year. Its consolidated

profit after tax was more than VND383.2 billion, completing 5 per cent of the 2023's plan.

Despite the decline, the results were positive after losing up to VND3.5 trillion in the last two quarters.

The company said that steel production and related products contributed 94 per cent of profit after tax.

The selling prices have been impacted by negative sentiment and sluggish demand across global markets.

The real estate industry shows no signs of optimism as the number of public housing projects under construction is low and the banking system is tightening credit.

The sector has a huge influence on the demand for domestic steel, accounting for some 60 to 65 per cent of the industry's demand.

Since the beginning of 2023, a number of policies supporting the real estate industry have been implemented, but the market needs more time to recover, according to VNDIRECT Securities.

In addition, given attempts to increase exports, Chinese steel businesses are accelerating their price reduction rates to compete, adding pressure on the downtrend of steel prices in the international markets.

The General Administration of Customs of China (GACC) reports that the nation's steel exports in May totalled 8.4 million tonnes, an increase of 7.6 per cent year-on-year, the highest level since September 2016.

Overall, the first five months saw a high increase in steel exports, up 41 per cent to 36.3 million tonnes from the same period last year.

VNDirect said that steel prices have cooled down recently, and the bearish trend is expected to continue through 2023 due to weak demand and lower input materials prices. — VNS

## Corporate News

### 7. VIC: SM Green Taxi offers one million trips in 10 weeks

↓ -0.76 %

Green SM Taxi announced on June 22 that it had made one million trips after launching 10 weeks ago.

Green SM Taxi, owned by Vingroup, started operations on April 14, 2023, in Ha Noi and quickly expanded to HCM City, Hue, Nha Trang, and Da Nang after only a few weeks.

In response to the expectations and needs of users nationwide, Green SM Taxi company has decided to expand to 27 provinces and cities this year. In addition, the company will also provide more products and new services, such as electric motorbikes, thereby continuing to perfect the green and smart mobility ecosystem in Viet Nam.  
— VNS



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