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# February CPI

## Domestic petrol prices follow world oil price rallies

### Petrol and oil prices were adjusted up on February 21, 2022

- The Ministry of Industry and Trade (MOIT) adjusted petrol and oil prices as follows: E5RON92 up VND960/liter; RON95-III up VND960/liter; Diesel Oil DO 0.05S up VND940/liter; Kerosene up VND750/liter; Fuel Oil 180CST 3.5S up VND780/liter. E5RON 92 and RON95-III prices have increased by 8.5% YTD and 7.9% YTD, respectively.
- The MOIT tapped the Petroleum Price Stabilization Fund (BOG) by raising the subsidy provision for E5RON92 biofuel to VND250/liter and RON95-III to VND100/liter to stabilize domestic gasoline and oil prices in the context of surging imported petrol and oil prices. Domestic gasoline prices have continuously set new peaks, and this is the fifth adjustment in a row since early 2022.

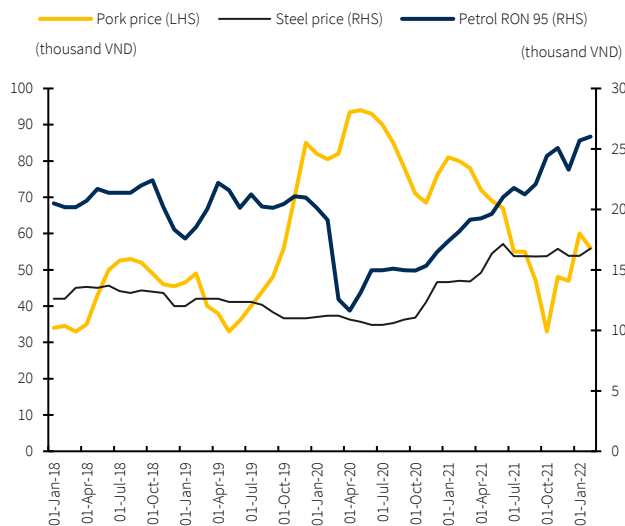
### KBSV believes soaring world oil prices have put pressure on domestic gasoline prices

- Domestic petrol and oil prices should go up in the short term due to: (1) swing fluctuations in global crude oil prices amid escalating Russia-Ukraine tensions; and (2) little room left for the MOIT to continue stabilizing oil and gas prices with only VND800 billion of the BOG left by early 4Q21. Besides, many petroleum trading enterprises had negative stabilization funds. Notably, the funds of Petrolimex (PLX) and PVOIL (OIL), with the leading market shares, were negative by up to hundreds of billions of Vietnamese dong.

### In our estimates, CPI may expand by 0.6–0.7% MoM in February and remain at 3.8% in 2022F

- The uptrend in gasoline prices continues, putting more pressure on Vietnam's inflation. According to the General Statistics Office, a 10% increase in gasoline prices may lead to a 0.34% gain in overall CPI.
- Besides, the prices of steel and construction materials improved by 3.0% YTD and might continue to stay high given the growing steel demand for the urgent implementation of backlogged real estate projects in 2021 for timely handover and the prompt construction of large-scale public investment projects.
- Pork prices are stable at VND55,000/kg due to weak consumption when many businesses, schools, and collective kitchens have not returned to normal after the Lunar New Year, which should tame the CPI. We estimate the February CPI for food and catering services to increase by 0.4% MoM. CPI in February should rise by 0.6–0.7% MoM.
- In 2022, we forecast pork prices to rise to VND60,000–70,000/kg thanks to the growing demand amid dwindling supply resulting from the slow re-herding in late 2021 and early 2022 caused by African swine fever, high bran prices, and low hog prices. However, pork prices are unlikely to approach the 2020 peak thanks to the government's boosted domestic supply. Accordingly, we maintain our 2022F CPI at 3.8%.

Fig 1. Vietnam – Domestic pork, steel, RON95–III prices  
(Thousand VND/kg)



Source: Ministry of Industry and Trade, Hoa Phat Group, Livestock Association, KB Securities Vietnam

Table 1. Vietnam – Estimated February CPI (%)

No.	Groups	Weights (%)	Contribution to overall CPI (%)
1	Food and foodstuff		
	Grains	3.67	0.04
	Foodstuff	21.28	0.21
	Outdoor eating	8.61	0.02
2	Beverages and tobacco	2.73	0.03
3	Clothing and footwear	5.7	0.01
3	Housing, water, electricity, gas and other fuels	5.7	0.01
4	Furniture, household equipment and maintenance	18.82	0.09
5	Health	6.74	0.01
6	Transport	5.39	0.03
7	Communication	9.67	0.25
8	Education	3.14	(0.01)
9	Entertainment	6.17	0.01
10	Miscellaneous goods and services	4.55	0.01
11	Other	3.53	0.01
<b>Total</b>			<b>0.71</b>

Source: KB Securities Vietnam

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### Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

### Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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