

Retail pump prices

Pump prices surge for fourth-consecutive time

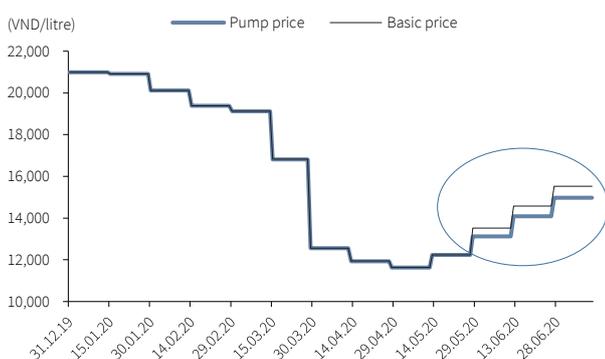
Retail pump prices up another 6% and surge for the fourth-consecutive time

— Retail gasoline pump prices rose again for the fourth-consecutive time in the 15-day repricing calculation from the Ministry of Industry & Trade on June 27. RON95 (premium) prices increased by 5.9% to VND14,970 per litre and E5 RON92 (biofuel) increased by 6.1% to VND14,250 per litre. RON95 prices have now increased by 30% since bottoming out at VND11,930 per litre on April 13. Other fuels also maintained upward momentum, with diesel up by 5.2% to VND12,110, kerosene rising by 4.4% to VND10,030 and fuel oil prices increasing by 5.6% to VND10,900. The 12% surge in average ex-factory prices over the past 15 days explains the surge in retail prices as global petroleum product demand recovers with reopening economies. The government also tapped the Petroleum Price Stabilization Fund for the third time to mitigate the impact on inflation and set the subsidy at VND550 per litre for RON95 (premium) and VND900 per litre for E5RON92 (biofuel).

But possible catalysts from provision reversals now likely over for PLX & OIL

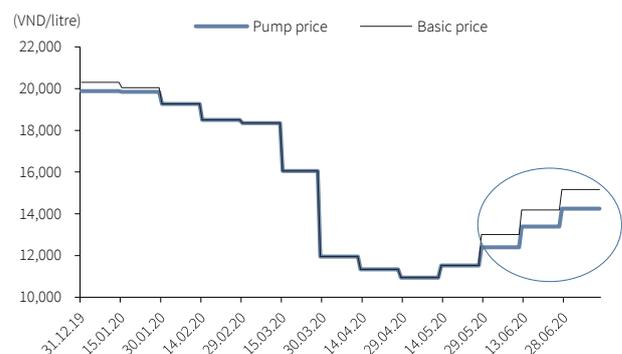
— Possible catalysts for Petrolimex (PLX) and PV Oil (OIL) from provision reversals amid surging pump prices has already largely played out. PLX's management recently announced that it has already reversed 90% or VND1,590 billion of 1Q inventory provisions and the same is also likely for OIL. Both PLX and OIL took provisions against inventory in 1Q when retail pump prices fell below the average cost of inventory at VND1,590 billion for PLX and VND630 billion for OIL. Given retail prices have recovered about half-way from pre-pandemic levels there should little risk for provisions in the coming quarters.

Fig 1. Vietnam – RON95 pump prices (premium), Jan 20–Jun 20 (VND per litre)



Note: Fuel subsidy provided when the basic price is higher than the pump price.
Source: Ministry of Industry & Trade, KB Securities Vietnam

Fig 2. Vietnam –E5 RON92 pump prices (biofuel), Jan 20–Jun 20 (VND per litre)



Note: Fuel subsidy provided when the basic price is higher than the pump price.
Source: Ministry of Industry & Trade, KB Securities Vietnam

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

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+15% or more	+15% to -15%	-15% or more

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(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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