



VIETNAM DAILY NEWS

February 26th , 2021



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Market Analysis

1. Shares recover on the back of banking and energy stocks

Shares bounced back on Thursday on the back of large-caps, banking and energy stocks.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 0.29 per cent to close at 1,165.43 points.

It had lost 1.33 per cent to close Wednesday at 1,162.01 points.

More than 510.4 million shares were traded on the southern bourse, worth VND13.5 trillion (US\$589 million).

Market breadth was neutral with 220 gainers and 214 losers.

“The VN-Index is still in a consolidating span at the 1,160-1,200-point range,” said BIDV Securities Co.

“Liquidity declined compared to the previous session, market band was narrowed and market breadth was positive, showing that investor sentiment is stabilising.

“Foreigners continued to be net sellers on the HoSE while they were net buyers on the HNX.

“BSC recommends mid and long-term investors to open positions in some good fundamental stocks in this short-term consolidating span,” it said.

Foreign investors net sold VND460.80 billion on HOSE, including dairy firm Vinamilk (VNM) (VND233.40 billion), Vietnam National Petroleum Group (PLX) (VND47.4 billion), and real estate company Khang Dien House (KDH) (VND36.2 billion). They were net buyers on the HNX with the value of VND10.44 billion.

The oil and gas sector index gained 2.4 per cent, becoming one of the best-performing sectors in Viet Nam on Thursday, data on vietstock.vn showed.

Vietnamese oil and gas stocks grew well, including PetroVietnam Gas JSC (GAS), Viet Nam National Petroleum Group (PLX), PetroVietnam Drilling & Well Services Corporation (PVD), PetroVietnam Power Corp (POW), and PetroVietnam Technical Services (PVS).

Besides the petroleum industry, financial stocks also performed well with the banking and industry indices rising 0.3 per cent and 0.3 per cent, with gainers including Vietcombank (VCB), Military Bank (MBB), HDBank (HDB), Bao Viet Securities Co (BVS), MB Securities Co (MBS), Ho Chi Minh City Securities Corporation (HCM), Saigon-Hanoi Securities Co (SHS) and VNDirect Securities Co (VND).

The large-cap tracker VN30-Index gained 0.23 per cent to stay at 1,169.82 points.

Fourteen of the 30 large-cap stocks in the VN30 basket increased while thirteen lost ground.

On the Ha Noi Stock Exchange, the HNX-Index rallied 3.49 per cent to end Thursday at 246.20 points.

The northern market index had dropped 0.38 per cent to end Wednesday at 237.89 points.

More than 115.4 million shares were traded on the northern market, worth VND1.9 trillion..

Macro & Policies

2. New Zealand & Vietnam boost agricultural cooperation

The flourishing agriculture relationship between New Zealand and Vietnam was lifted to a new height with the signing of an agriculture cooperation arrangement at the first New Zealand – Vietnam High-Level Dialogue on Agriculture Cooperation on February 24.

The dialogue was held virtually by Chief Executive of the New Zealand Ministry for Primary Industries, Ray Smith, and Deputy Minister of Agriculture and Rural Development (MARD) Le Quoc Doanh.

At the event, the two sides voiced their commitment to the two countries' deepening agriculture and trade relationship.

Smith and Doanh affirmed that the Strategic Partnership, which was jointly announced by Prime Ministers in July last year, has created a solid foundation for increasing bilateral agricultural cooperation and connections between the two countries.

Speaking at the dialogue, Smith emphasised that this is a valuable opportunity to consider what both sides can do together as they build resilience and vitality back into their agriculture economies following COVID-19.

The Agriculture Cooperation Arrangement will enable both sides to advance their key agricultural interests in enhancing bilateral trade, reducing agricultural greenhouse gas emissions, promoting food safety, utilising agriculture research and technology, and in rural development.

Speaking at the ceremony, Doanh said that agriculture was critical to the economic wellbeing of our countries.

Both nations were strong agriculture producers and exporters, with complementary products, he said, adding that the establishment of the New Zealand – Vietnam Agricultural Dialogue and the signing of the Agriculture Cooperation Arrangement would boost their connections, cooperation and two-way trade, in line with what the two Prime Ministers

highlighted during last years' Strategic Partnership dialogue.

The New Zealand Ministry for Primary Industries is already supporting agriculture cooperation with MARD with activities in plant health, veterinary epidemiology and electronic certification. These activities complement New Zealand's ongoing development programme, which has a number of agriculture projects including the premium fruit development project in the Mekong Delta province of Tien Giang, the rural dam safety project in central Vietnam, and the safe vegetables project in Binh Dinh province.

Smith said that New Zealand has developed one of the most efficient agriculture sectors in the world, with a reputation for cutting-edge research and technology, robust and safe agricultural practices, and delicious and high-quality products.

He expressed his hope that the newly signed cooperation arrangement will help build value and expand investment opportunities between the two countries.

"We recognise that increased trade is not just about exporting more products, it's about an exchange of knowledge, expertise, technology, services, and investment. This two-way exchange benefits both of us," he said.

He said New Zealand also looked forward to doing more to assist the MARD's greenhouse gas inventory capability through the Global Research Alliance on Agricultural Greenhouse Gases.

The two officials confirmed their shared commitment to finalising new fruit access for each other this year so consumers can enjoy New Zealand strawberries and squash in Vietnam and Vietnamese limes and pomelos in New Zealand.

Vietnam is New Zealand's 14th largest trading partner, with two-way trade valued at 2 billion NZD, at year-end September 2020. While COVID-19 has posed some challenges, Vietnam remains a promising market for New Zealand and vice versa due to robust demand for key agricultural products.

3. Vietnam lures 5.46 billion USD in foreign investment

As much as 5.46 billion USD worth of foreign direct investment (FDI) was injected into Vietnam as of February 20, equivalent to 84.4 percent of the figure recorded in the same time last year, according to the Ministry of Planning and Investment.

As many as 126 foreign projects were granted investment licences with total registered capital of 3.31 billion USD, a year-on-year fall of 33.9 percent.

Meanwhile, 115 existing projects adjusted their investment capital with a total additional sum of 1.61 billion USD, or 2.5 times higher than the same time last year.

Capital contributions and shares purchases by foreign investors stood at 543.1 million USD, down 34.4 percent.

Foreign investors pumped capital in 17 sectors, with processing and manufacturing holding the lead with over 3 billion USD or 55.7 percent, followed by power production and distribution with 1.44 billion USD (26.5 percent), real estate 485 million USD, and science-technology nearly 153 million USD.

Japan topped the list of 46 countries and territories landing investment in Vietnam, with 1.64 billion USD, equivalent to nearly 30 percent of the total. Singapore came second with 1.07 billion USD (19.6 percent), and the Republic of Korea third with 1.05 billion USD (19.3 percent).

The ministry said the southern province of Can Tho lured the lion's share of FDI with 1.31 billion USD, accounting for 24.2 percent of the total. Hai Phong city was the runner-up since it attracted nearly 918 million USD, or 16.8 percent. Bac Giang came third with nearly 573 million USD (10.5 percent).

So far this year, the foreign-invested sector has earned 38.07 billion USD from exports, up 34 percent year-on-year, and making up 76.1 percent of the nation's total export turnover. At the same time, it spent 31.6 billion USD on imports, up 31.2 percent year-on-year, and accounting for 66.6 percent of the country's total import value. That resulted in a trade surplus of nearly 6.5 billion USD.

4. Hanoi-HCM City is world's second busiest domestic air route

The route carried a total of 1.085 million throughout in February, in comparison to 1.02 million passengers in January. It is ranked second globally, with 1.085 million passengers in February, just behind the Jeju-Seoul Gimpo route in the Republic of Korea, according to a report released in February by OAG, a global travel data provider headquartered in the UK

The on-time performance (OTP) of Vietnamese airlines in February reached 94.6%, an annual rise of 9.3%. In contrast, the on-time performance of airlines from the United States and Europe was only around 80%.

Throughout the Lunar New Year, known locally as Tet, between January 19 and February 18, local

airlines conducted a total of 20,944 flights, an increase of 7.4% compared to the previous period.

Most notably, 6,725 flights were operated by Vietnam Airlines, with Vietjet Air operating 7,881 flights. In addition, Bamboo Airways launched 4,008 flights, 1,640 flights were operated by Jetstar Pacific, 172 flights were run by Vietravel Airlines; and 518 flights were operated by the Vietnam Air Services Company (VASCO).

To ensure the safety of flights, passengers, airport staff, and crew members are the top priority of domestic airlines. The strong performance of the Vietnamese aviation industry represents a bright spot due to the novel coronavirus (COVID-19) pandemic seriously impacting the global aviation sector over the past year..

5. New generation FTAs: a driving force behind Vietnamese economic growth

According to data collected by the Ministry of Agriculture and Rural Development, the country's raw cashew output last year stood at over 333,000 tonnes, 10% higher than seen in 2019. Export turnover reached a figure of US\$11 billion, making up 8.2% of the local agricultural sector's overall export turnover.

Furthermore, the export volume also saw a sharp increase due to growing demand and the enforcement of major FTAs, thereby meeting global demand amid the complications of the novel coronavirus (COVID-19) pandemic.

Tran Van Hiep, a representative of My An Company Limited, says that after the enforcement of the EU-Vietnam Free Trade Agreement (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), his company's exports exceeded the target set in the previous year. Although the COVID-19 pandemic has still had a huge impact globally, his business still believes that the export situation will see a better performance ahead in 2021.

"By the end of the first quarter and the second quarter of 2021, coinciding with the cashew crop in Vietnam, Cambodia as well as Africa, the purchase and sale of raw cashew nuts as well as the output of cashew will see high increases. At that time, sales will be brisk as foreign companies will increase their purchases from Vietnam," states Hiep.

According to numerous economic experts, within the framework of further international integration,

the country's keen participation in FTAs will provide excellent opportunities for the nation to turn these agreements into a driving force to push forward further economic growth. Along with the opportunities gained from signing up to the FTAs, seeing local businesses dominating new markets internationally will not be an easy task.

Due to these difficulties, local firms must strive to meet a range of higher standards on quality, labour, environmental issues, and sustainable development, all in accordance to the requirements of importers.

Moving forward, domestic companies have no other choice but to enhance their capacity to compete with foreign competitors, thereby changing their way of thinking in the new context, while also taking competitive pressure as a driving force for innovation and development.

Tran Tuan Anh, head of the Party Central Committee's Economic Commission and Minister of Industry and Trade, says that FTAs and new-generation FTAs require local enterprises to take the initiative. In addition, they will also see closer co-ordination between the State economic and private business sectors as this will ultimately see the country enjoy the full range of benefits from FTAs, he notes.

6. Growing concern over overload on Vietnam stock market

The frequent overload of orders forcing the stock exchange to halt market trading is causing frustration among investors.

Insiders have said that the trading halts, which occurred on the Vietnamese stock exchanges recently, aim to correct an order imbalance as a result of a technical glitch or due to regulatory concerns. When a trading halt is in effect, open

orders may be cancelled and options still may be exercised.

Both before and after the Tet holiday, the overload occurred multiple times on both the Ho Chi Minh City and Hanoi stock exchanges whenever liquidity in a trading session hit around VND14-17 trillion (US\$608-738 million).

From one trader's experience, she said at a trading session on February 19, when she and other investors placed an order at 1pm, but until 2:48pm, the system notified their placement was expired while the transaction period had not ended.

"Orders for purchasing stocks after 1:30 pm or 2pm in the past month were often delayed in process and not submitted to the stock exchanges," she continued.

"Investors were left to watch their stocks going up or down in price and do nothing," a number of investors complained, while saying a lack of solutions to resolve the matter substantially from the Ministry of Finance or the State Securities Commission of Vietnam (SSC) only makes the matter worse.

"We are now forced to live with a faulty system and bear all the risks when we could not sell or buy stocks in case of system overload," she stressed.

"Investors will not accept losing money in such way or any apology from the authorities when the situation remains unchanged," she added.

Previously, the SSC attributed the overload issue on the Ho Chi Minh Stock Exchange to the transaction processing capacity of the stock exchange that limits

the number of transactions per day, while a recent surge of orders has exceeded the expectation of the market.

To ensure the smooth operation of the stock market, the SSC requested related agencies to optimize the transaction process by increasing the minimum trading lot from 10 to 100 shares, starting from January 4, 2021.

The SSC also urged securities firms to prevent their internal errors or limit automatic transaction.

For mid-term, the HoSE is tasked with upgrading the transaction backup system to ensure the safety of the system until the new IT system for the stock market with support from the Korea Exchange (KRX), South Korea's bourse operator, is put into operation.

Data from the General Statistics Office (GSO) revealed the amount of capital poured into Vietnam stock market surged 20% in 2020 to VND383.6 trillion (US\$16.64 billion). The average transaction value in the stock market is estimated at VND7.05 trillion (US\$304.8 million) per session, up 51.5% year-on-year.

Meanwhile, the number of new investors soared by 109% in 2020 against the previous year..

7. Denmark prioritises supporting Vietnam in green energy development

Denmark prioritises helping Vietnam's energy sector with green development and transformation, Danish Ambassador to Vietnam Kim Højlund Christensen affirmed on February 24.

He was speaking at an online signing ceremony of Memoranda of Understanding on cooperation in the supply of pile foundations and logistics ports for the La Gan offshore wind power project in the south central province of Binh Thuan.

Collaboration in projects like La Gan will contribute to expanding and enhancing cooperation between the two countries in sharing information, and improving the capacity of experts and employees, especially in the offshore wind power supply chain, the ambassador said.

The La Gan wind power project, with an estimated capacity of nearly 3.5 GW, is being developed by Copenhagen Infrastructure Partners (CIP), Asiapetro and Novasia.

It is expected to generate electricity for over 7 million households each year.

According to the BVG Associates, the project will create over 45,000 full-time equivalent (FTE) jobs and contribute over 4.4 billion USD to the economy during the course of the project.

The total rate of locally-made components will account for about 45 percent of the supply chain of the project.

As the project will be carried out for many years, more opportunities will be given to Vietnamese contractors to join the supply chain.

Since the signing of a memorandum of understanding with the provincial People's Committee in July 2020, the project has achieved

significant progress, including preparing for a field survey and approving survey license.

With a total investment of 10 billion USD, it is also one of the first large-scale offshore wind power projects in Vietnam..

Corporate News

8. HVN: Vietnam Airlines plans to spend big on Long Thanh International Airport

↑ 0.69%

The Vietnam Airlines Corporation has said it is planning to invest nearly 10 trillion VND (434.78 million USD) in Long Thanh International Airport, which is now under construction in the southern province of Dong Nai.

Vietnam Airlines Chairman Dang Ngoc Hoa said that, in its development strategy for 2021-2030, the corporation and its member units will set aside resources to participate in the building and operation of infrastructure at the Long Thanh airport, providing full services in air transport for itself and other carriers.

Services include providing aviation fuel, ground technical services, meals, cargo terminal services, aviation logistics, waiting room services, and duty-free sales, which it has already been providing at many major airports via subsidiaries or affiliates.

Hoa said that 30 percent of the total investment in these services at the Long Thanh airport will come from Vietnam Airlines, with the remainder from loans.

The corporation and its members will directly invest in infrastructure construction or cooperate with the Airports Corporation of Vietnam (ACV) to set up joint stock or limited liability companies to carry out the work.

Director of the Civil Aviation Authority of Vietnam (CAAV) Dinh Viet Thang said the proposal is reasonable since the services suggested are associated with transport services.

He noted, however, that the corporation will have to participate in the tender process.

The first phase of the Long Thanh International Airport, from 2020 to 2025, will receive over 109 trillion VND (4.66 billion USD) in investment and will feature one runway, one passenger terminal, and associated facilities capable of catering to 25 million passengers and handling 1.2 million tonnes of cargo annually.

9. PLX: Japanese energy firm to hold 11 percent stake of Petrolimex

↑ 1.92%

Japan's ENEOS Corporation said it has registered to buy 25 million treasury stocks of the Vietnam National Petroleum Group (Petrolimex).

It previously acquired 13 million treasury shares of Petrolimex, or a stake of 1 percent, from August 27 to September 14, 2020.

A representative said the JX Nippon Oil and Energy Vietnam Co. Ltd., an affiliate of the ENEOS Corporation, currently holds more than 103.5 million Petrolimex shares, equivalent to an 8 percent stake.

Once this latest purchase is completed, the corporation will hold about 11 percent of Petrolimex. Meanwhile, Petrolimex still has 50 million treasury shares.

Earlier, Petrolimex announced it would divest the State holding to 51 percent during 2020 and 2021.

Petrolimex earned consolidated revenue of 123 trillion VND (5.34 billion USD) last year, surpassing the plan by 1 percent. After-tax profit stood at 1.23 trillion VND, down 74 percent year-on-year.

PLX was honoured by Forbes Vietnam last year as the biggest earner for the fourth consecutive year, one of the top 50 listed companies, and one of the 50 leading brands in Vietnam.

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