



# VIETNAM DAILY NEWS



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Table of content

## Table of content

1. Shares surge on strong cash inflows
2. Việt Nam's automobile imports slow in January
3. Demand for laptops booms as people study and work from home
4. Manufacturing output returns to growth in February
5. Number of businesses leaving market down over 80% in February
6. Banks provide packages to aid enterprises amid 3rd Covid-19 outbreak
7. Indian supply recovery may hamper growth of Vietnam shrimp exports in 2021
8. FPT: FPT Digital established
9. VIC: SSC receives the results of public offering of bonds

## Market Analysis

### 1. Shares surge on strong cash inflows

Viet Nam's stock market edged higher on Monday as investors flocked into oil and gas, construction and banking stocks.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) finished the first trading day of the new month at 1,186.17 points, up 1.51 per cent. The gain ended last week's downward trend. The index decreased by 0.43 per cent last week.

Tran Xuan Bach, a senior analyst from Bao Viet Securities Co., wrote in a daily report to customers that the market's trend is expected to continue sideways with alternating up and down sessions. And the index might test the resistance territory of 1,175 - 1,185 points during first sessions of this week.

At the end of the session, 358 stocks climbed, of which 35 stocks hit the maximum daily gain, while only 85 stocks declined. And 60 stocks stayed steady.

High liquidity in the market was the main force for the gain Monday. Nearly 643.4 million shares were traded on the southern bourse, worth over VND16 trillion. In the morning session alone, over VND10.2 trillion was poured into the market.

However, the strong cash inflows once again created an overload on HoSE in Monday's afternoon session.

Big stocks across all sectors posted good performance on Monday with the VN30-Index rising by 1.55 per cent to 1,191.83 points. Of the

VN30 basket, 27 stocks climbed, while only three stocks declined.

Top five stocks influencing the market's trend were in gas and oil, construction and banking sectors including PetroVietnam Gas JSC (GAS), up 2.91 per cent, Vinhomes JSC (VHM), up 1.38 per cent, Vietcombank (VCB), up 1.02 per cent, Techcombank (TCB), up 2.42 per cent and Viet Nam International Commercial Joint Stock Bank (VIB), up 6.93 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index rose 1.26 per cent to 252.37 points. The HNX30-Index increased by 2.69 per cent to 375.25 points.

During the session, more than 126.97 million shares were traded on the northern bourse, worth over VND2.2 trillion.

Meanwhile, foreign investors were net sellers on both exchanges, with the net value of VND209.29 billion on the HoSE and VND17.12 billion on the HNX.

On the macro-economic front, Viet Nam's consumer price index (CPI) in February increased by 1.52 per cent over the previous month, the highest gain of the index in February since 2013, according to data from General Statistics Office of Viet Nam (GSO).

The industrial production index in February, meanwhile, is estimated to tumble against the previous month.

## Macro & Policies

### 2. Việt Nam's automobile imports slow in January

The main markets are Thailand with 4,341 units, China (1,463 units) and Indonesia (1,437 units), accounting for 87 per cent of the country's total imported cars.

Nine-seater passenger vehicles or passenger cars of under nine seats are 5,203 units worth nearly \$102 million, accounting for 62.4 per cent.

The number of vehicles with less than nine seats imported dropped by 27.4 per cent in January or a decrease of 1,965 units compared to December 2020.

For transport vehicles, the import volume stood at 2,230 units worth \$60.6 million, down 48.6 per cent in volume and 40.9 per cent in value compared to December. January also saw an import volume of 907 special use vehicles valued at \$50 million. Of this figure, 736 units were imported from China via the northern border gate of Lạng Sơn of Việt Nam, accounting for 81 per cent of the total number of this type imported into the country.

For auto components and spare parts, the report said value reached \$385 million, a \$142 million drop compared to \$527 million in December last year.

The main markets supplying auto components for Việt Nam are South Korea, China, Thailand, India, Indonesia, Germany, and Malaysia. In which, imports from South Korea reached \$114 million; China (\$73.3 million), Thailand (\$59.4 million), Japan (\$58 million), India (\$23.3 million) and Indonesia (\$15 million).

Auto parts and spare parts imports reached \$344 million, accounting for 89 per cent of the total import value of auto parts and spare parts of the country in the past month.

Fourth largest market in Southeast Asia

Việt Nam's localisation rate for passenger cars of under nine seats is 7–10 per cent, much lower than the target of 35–45 per cent set for the car industry 20 years ago.

Việt Nam's automobile market currently ranks fourth in Southeast Asia in sales volume and domestic production capacity, according to ASEAN Automotive Federation (AAF).

With nearly 300,000 cars sold in 2020, Việt Nam overtook the Philippines to become the fourth largest automobile market in Southeast Asia.

The AAF compiled the data provided by automobile associations from countries in the region, except for Timor Leste, Laos and Cambodia.

In 2020, the region posted a combined sales volume of new vehicles at 2,453,808, down 29 per cent year-on-year due to impacts of COVID-19.

Brunei became the only ASEAN member country to post an increase in car sales from January to November last year.

It said economic activities across the region were severely disrupted by business and social lockdowns imposed to help curb the spread of the COVID-19 pandemic. The automobile industry was one of the worst-affected markets in the region last year.

Motor vehicles sold in ASEAN declined 29 per cent to 2.45 million units from January till November 2020 from 3.46 million units in the previous year.

### 3. Demand for laptops booms as people study and work from home

Parents in HCM City and elsewhere said while earlier they had been content to have just one common laptop at home or have their children use

smartphones, they now have to buy laptops for their children's online classes.

Nguyễn Đình of the city's Bình Thạnh District said he decided to buy a laptop for his son because he could not let his son share his constantly, but most shops had run out of those priced at below VNĐ 10 million (US\$434).

Lê Hoàng Thành, head of FPT Shop's laptop product line, said sales rose 150 per cent in February.

Lê Trí Công, director of Trí Công Informatics Commerce and Service said sales of desktops and used laptops have also increased as people look for cheap computers for their children.

Laptops priced at VNĐ10-12 million (\$434-520 million) have been the most popular followed by brands like Dell, HP, Acer, and Asus that cost VNĐ16-20 million.

With online classes depending on videos, sellers also reported a spike in demand for webcams.

Many retailers said certain laptop brands are understocked amid the rising demand, but supply is hampered by COVID-19.

But despite the demand, prices have remained relatively steady, with many retailers even offering promotions such as discounts and free programmes.

#### **4. Manufacturing output returns to growth in February**

The Vietnam Manufacturing Purchasing Managers' Index (PMI) ticked up to 51.6 in February from 51.3 in January, signaling a modest improvement in business conditions, according to Nikkei and IHS Markit.

The health of the sector has now strengthened in three successive months. A reading below the 50 neutral mark indicates no change from the previous month, while a reading below 50 indicates contractions and above 50 points to an expansion.

Sustained growth of new orders was recorded, helping to drive the improvement in overall business conditions. New work has now increased in six successive months. Total new orders were supported by a return to growth of new export business amid some signs of improving international demand.

Rising new orders was the main factor behind a return to growth of manufacturing production. The slight increase was also partly attributed to efforts to build stocks of finished goods. These efforts were successful in bringing an end to a four-month sequence of falling post-production inventories.

Employment increased for the second time in three months as firms responded to rises in demand and production requirements. This enhanced capacity meant that firms were able to keep on top of workloads and reduced outstanding business again.

A renewed expansion of buying activity was also recorded, but stocks of purchases continued to fall amid the use of inputs to support production.

Problems securing raw materials also contributed to falling stocks of purchases. Suppliers' delivery times lengthened sharply again. Difficulties sourcing goods from abroad due to a lack of shipping containers and global demand for materials outpacing supply continued to cause longer lead times.

These imbalances led to a further sharp increase in input costs in February. Although the rate of inflation eased to a three-month low, the rise in input prices was still faster than the average seen across the ten-year survey so far.

Manufacturers responded to higher input costs by raising their own selling prices accordingly. That said, the rate of inflation was modest and the slowest since last November.

Business confidence continued to wane in February, dropping for the third month running to the lowest since August 2020. Sentiment was hit by concerns over the ongoing impact of the Covid-19 pandemic. That said, firms remained optimistic on balance, with hopes that the pandemic will be brought under control over the coming year supporting confidence.

“Renewed increases in output, employment and purchasing activity are all welcome signs, but a

recent increase in Covid-19 cases sounds a note of caution. In fact, confidence among firms slumped to the lowest since August 2020, the last time a significant outbreak of the pandemic was seen," said Andrew Harker, associate director at IHS Markit, which compiles the survey.

"Previously, Vietnam has proved successful in quickly suppressing the virus, and should this be the case again we will hopefully see the manufacturing sector remain in growth territory. IHS Markit currently forecasts a rise in industrial production of 6.8% this year."

## 5. Number of businesses leaving market down over 80% in February

The February number of enterprises temporarily leaving market declined by 80.1% against last month to nearly 3,600, while those waiting to complete the dissolution process also decreased by 53.5%.

"These are positive signs for the economy amid the current serious Covid-19 situation that is having negative impacts on enterprises' operation," stated the General Statistics Office (GSO) in its monthly-report.

While the number of new business formation last month declined by 20.3% against January to 8,038, for which the statistics agency attributed the decline to the week-long Tet holiday in February, the total number in the first two months rose by 4% year-on-year to 18.100 with registered capital of a combined VND334.8 trillion (US\$14.53 billion), up 52.2%.

Average registered capital per newborn enterprise was VND18.5 billion (US\$803,000) during this period, up 46.4% year-on-year.

The government-run office informed that 11,000 enterprises resumed operations in the period, a decline of 7.6% inter-annually, bringing the total number of newly-registered and reinstated enterprises in the two-month period to 29,200.

The GSO added that the number of laborers hired by newly-established enterprises in the first two months of this year was 172,800, up 9.7% against the same period last year.

### Consumer spending rises 5.49%

The long Tet holiday break and the Covid-19 outbreak in a number of cities/provinces in

February led to a decline of 5.4% month-on-month on the total retail sales of consumer goods and services to VND439.7 trillion (US\$19.07 billion).

However, total consumer spending in the first two months remained positive with a growth rate of 5.49% year-on-year to VND904.5 trillion (US\$39.24 billion).

### 8-year high cost of living

The consumer price index (CPI), the main gauge of inflation expanded by 1.52% against the previous month, the highest rise in a second month in the last eight years.

The end of the electricity charge subsidy scheme from Vietnam Electricity (EVN), the country's sole power distributor, and higher food and transportation costs during the Tet holiday were seen as major factors leading to higher CPI growth, stated the GSO.

However, the CPI for the first two months declined by 0.14% year-on-year, leading to a modest growth of the core inflation by 0.64%.

The expansion of CPI in February was mainly thanks to a growth of 4% year-on-year in prices of housing and construction materials, contributing to 0.75% of the overall growth, followed by food and catering services (1.61%), and transportation (1.55%).

While the international gold prices as of February 24 declined by 2.7% against the previous month, as investors became more optimistic with global economic outlook, domestic gold prices continued the upward trend by an increase of 0.25% month-on-month in February.



## 6. Banks provide packages to aid enterprises amid 3rd Covid-19 outbreak

While the third Covid-19 outbreak is again putting the business community under severe stress, major banks, including BIDV, Vietcombank, Vietinbank and Agribank are providing financial packages to help customers overcome such difficulties.

BIDV has announced a credit aid package with preferential interest rates worth VND10 trillion (US\$430.3 million) from February 24-September 30 for small and medium enterprises (SMEs)

Under the program, customers seeking loans of up to three months would be entitled for interest rates from 3.8-5.5% per annum while loans of three to six months would enjoy interest rates of 4-6%; and 4.5-6.5% for loans of up to nine months.

The lender previously offered short and mid-term credit support for SMEs worth over VND100 trillion (US\$4.3 billion), while stepping up efforts to assist local enterprises in domestic and international transactions via its iBank app.

Another state-owned bank, Vietcombank, estimated 105,000 customers would participate in its supporting programs from February 22-May 22 with outstanding loan worth VND350 trillion (US\$15.05 billion), or 40% of Vietcombank's total outstanding loan.

For enterprises, Vietcombank would cut 10% of the interest payment for those severely affected by the pandemic, and 5% for those being hurt in a lesser extent.

Meanwhile, the bank is offering a reduction of 0.2% in interest rates per year for individual customers seeking loans for business purpose.

“In 2021, Vietcombank is committed to further providing support for both enterprises and the people,” said the bank’s Chairman of Board Nghiem Xuan Thanh, adding the bank’s target this year is to

ensure efficient business performance and sharing difficulties with the society.

With a similar view, Chairman of Board of VietinBank Le Duc Tho stressed the bank plans to assess the impact level of customers to provide supportive measures accordingly.

“Vietinbank aims to further reduce its interest rates for businesses and individual customers,” he noted.

### Central bank to keep low-interest rate environment

Nguyen Tuan Anh, director of the Credit Department for Economic Sectors of the State Bank of Vietnam (SBV), said the pandemic situation in Vietnam and worldwide have impacted almost all economic sectors.

“It is, therefore, necessary to delay the roadmap for reducing the ratio of short-term capital for medium- and long-term loans at banks, so that lenders are in better position to provide capital for customers affected by the pandemic,” said Tuan Anh.

A report from Viet Dragon Securities Company suggested while the inflation rate in 2021 could expand by 3.5% year-on-year, lower than the government's target of 4%, lending rates may further be reduced to aid economic recovery.

SSI Securities Corporation noted the recent Covid-19 outbreak could weaken credit demand, as such, interest rates are likely to stay unchanged and even go down in case the pandemic situation becomes worse.

Banking expert Can Van Luc said the government's priority is to maintain stable interest rate environment as part of the overall efforts to minimize impacts of Covid-19 on the macro-economy.

## 7. Indian supply recovery may hamper growth of Vietnam shrimp exports in 2021

A recovery in Indian supply after Covid-19 may hamper growth of Vietnamese shrimp exports in

2021, according to SSI securities corporation (SSI Research).

Major shrimp exporting countries like India, Ecuador and Thailand suffered heavily from the impacts of Covid-19 last year, Indian shrimp production was estimated to drop by more than 20% in 2020, according to Undercurrent News.

Due to the short cycle of shrimp farming (only 3-4 months), the competition between Vietnam and India in the US and EU, which currently contributes 37% of the export value of Vietnamese shrimp, is predicted to become more intense in the second half of 2021.

The Vietnam Association of Seafood Exporters and Producers forecast that the country's seafood exports can grow 10% year-on-year and reach US\$9.4 billion in 2021 which is higher than the average rate of 6.8% in 2016-2019. Shrimp exports are expected to increase 15% compared to 2020, with a revenue of US\$4.4 billion in 2021.

Consumption of seafood in the US and EU could increase when the vaccination against Covid-19 becomes widespread in these two markets in the

second half of this year, then encouraging more consumers go out for eating at restaurants instead of staying home.

Vietnam managed to partly avoid impacts of the pandemic thanks to the effective pandemic control work, leading growth in shrimp export turnover in 2020 of up to 11% compared to 2019. For Vietnamese pangasius, it is estimated that a recovery in both output and average selling price will drive export growth for the whole year of 2021.

SSI Research has forecast that Aquaculture Stewardship Council (ASC) certified exporters may see more opportunities to expand in the EU market benefiting from the EU-Vietnam Free Trade Agreement which took effect last year. Average selling price can increase as demand surges, helping them improve gross margin.

However, it will be difficult for shrimp exporters to record the growth level of 2020, according to SSI Research.

## Corporate News

### 8. FPT: FPT Digital established

↑ 2.23%

This is the ninth member company of FPT Corporation and was established with the aim of perfecting the digital transformation service ecosystem for corporate customers.

Its digital transformation consulting service covers three areas including comprehensive digital transformation consulting, digital human resource development consulting and information technology system development consulting.

Hoàng Việt Anh, FPT's deputy general director, will be chairman of FPT Digital and Trần Huy Bảo Giang, FPT director on digital transformation, will be its general director.

FPT expects the establishment of FPT Digital to boost revenue in digital transformation consulting, create momentum for the development of technology consulting services.

### 9. VIC: SSC receives the results of public offering of bonds

↓ -0.46%

Vingroup Joint Stock Company received Official Document No.512/UBCK-QLCB dated February 19, 2021 by the State Securities Commission regarding the results of the 1st public offering of bonds.

Accordingly, in the 1st public offering, Vingroup Joint Stock Company successfully distributed 15,150,000 bonds (with a par value of 100,000 dongs/bond).



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