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Market Analysis

1. Analysts send mixed notes on market trend this week

With the market experiencing strong volatility last week, analysts from securities firms are having difficulties forecasting movements this week.

While some expected that cash flows might stay in the market and gradually balance to prepare for the next rally, some analysts predict cash flows will weaken and the market might fall to lower levels to seek new demand.

The market benchmark VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) finished last week at 1,168.69 points, up 0.01 per cent, after turbulent sessions. The index kept falling in the morning and bouncing back later in some early sessions of the week.

For the week, the VN-Index rose 0.02 per cent.

With the index nearly sideways in the last session, analysts from Việt Dragon Securities Corporation (VDS) said the market almost reached a balanced territory to prepare for a bullish period.

Meanwhile, BOS Securities Corporation (ART) assessed that technically, the VN-Index had received support from strong demand at the 1,155 - 1,160 points level in the last trading session. However, technical indicators still showed weaker cash flows while signs of a bull market are nowhere to be seen.

The securities firm expects the VN-Index might successfully test the 1,170 points level early this week before confirming the return of a rally.

According to Phú Hưng Securities Corporation, on the technical front, the VN-Index will bounce back. Transaction volumes decline but remain higher than the average of 10 and 20 trading days, which means cash flows will stay in the market. Technical indicators showed recovery is the market's main trend in the short-term, the firm added.

Analysts at Sài Gòn - Hà Nội Securities JSC (SHS) said the market rose in the first two sessions of last week to test the psychological resistance level of 1,200 points again. But the effort of buyers failed as selling pressure persisted.

The frequent overload of orders during trading hours on HoSE last week also affected transactions, making investors' sentiment turn negative.

The short-term trend of this week is unpredictable with the market falling deeper to find new demand.

Last week, the market's liquidity in both southern and northern exchanges was higher than the week before and higher than the 20-week moving average.

Utilities stocks posted the biggest gain last week with an increase of 3.4 per cent in market capitalisation. Of which, some outstanding stocks were PetroVietnam Gas JSC (GAS), up 3.6 per cent and PetroVietnam Power Corporation (POW), up 6.7 per cent.

Other sectors witnessing good performance were materials, consumer services and industry.

Meanwhile, consumer products stocks reported the biggest loss of 1.2 per cent in market capitalisation with Masan Group Corporation (MSN) down 1.2 per cent, Việt Nam Dairy Products JSC (VNM) down 1.7 per cent and Saigon Beer - Alcohol - Beverage Corporation (SAB) down 5.4 per cent.

Banking, pharmaceutical and healthcare, and information technology (IT) stocks also fell 0.3 - 1 per cent.

Foreign investors fled from the market last week, with a net sell value of over VNĐ3.08 trillion, equivalent to 82.7 million shares.

Macro & Policies

2. Steel, mechanical firms in struggle for survival amid COVID-19

Vietnamese steel and mechanical enterprises have felt a critical impact from the COVID-19 pandemic, with a gloomy market and sharply declining orders, and are in need of further support from the Government.

A wide range of steel companies reported sluggish manufacturing and low transaction numbers due to project delays as a result of social distancing measures.

The Vietnam Steel Association (VSA) said that steel consumption has fallen as the construction sector has cooled, while the transportation of goods and materials to northern localities like Hai Duong, Hai Phong, Hung Yen, and Quang Ninh has faced challenges from new virus epicentres in Hai Duong and Quang Ninh.

Preparations for pandemic prevention and control and the arrangement of logistics at steel plants, particularly the Hoa Phat steel complex in Kinh Mon district, Hai Duong province, are costly and have affected production.

Meanwhile, Chairman of the Vietnam Association of Mechanical Industries Dao Phan Long said auto makers are manufacturing at a moderate pace as they have received fewer orders than previously but are paying more for transportation.

In a bid to remove bottlenecks facing local manufacturers, VSA recommended that the State Bank of Vietnam and commercial banks provide credit support to companies, such as extending payment deadlines or cutting loan interest rates.

Along with helping business owners with quarantine costs for foreign experts, Long suggested the Government create the conditions necessary for companies to bid on domestic projects so they can expand markets and gain more orders during these tough times.

General Director of Hyundai Thanh Cong, Le Ngoc Duc, said registration fees on locally-manufactured and assembled cars should be cut until the end of this year.

Car sales plummeted 35 percent when COVID-19 hit Vietnam during the first half of 2020, he added, but sales then bounced back in the second half following a Government move to halve registration fees.

Most recently, the Ministry of Finance recommended the Government consider allowing the cost of COVID-19 prevention and control to be deductible for tax purposes.

It is evaluating measures introduced and studying suitable tax and fiscal solutions to carry out the Government's dual task of pandemic prevention and control and economic recovery while ensuring balance in the macro-economy.

3. Vietnam could welcome vaccinated foreign tourists starting July: experts

Nguyen Huu Tho, chairman of Vietnam Tourism Association (VTA), said Vietnam has been one of the most successful countries in containing Covid-19 outbreaks, creating favorable conditions for the tourism industry to open up to international markets since the beginning of the third quarter.

He cited Thailand, which plans to open its doors to foreign tourists already vaccinated against the coronavirus from July 1, and Singapore, which is ready to do the same.

"Vietnam should prepare to receive international visitors from July to help the heavily-hit tourism industry recover as 95 percent of inbound travel firms have suspended operation," Tho told a meeting Wednesday.

"Promoting domestic tourism could bring in revenue but cannot save the tourism industry. The roadmap to opening up the international market is the only solution," he added.

Nguyen Thi Khanh, chairwoman of Ho Chi Minh City Tourism Association, said it is necessary to prepare a set of criteria for picking up foreign passengers as soon as possible, as many countries do not require isolation of vaccinated tourists or those carrying Covid-19 negative certificates.

"The industry should aim at international markets that have responded effectively to the pandemic."

Vu The Binh, VTA deputy chairman, said opening of international markets could meet with difficulties and public opposition for fears of causing further Covid-19 outbreaks.

However, Binh affirmed Vietnam should avoid lagging behind other economies that recognize vaccine passports, proving a bearer's Covid-19 vaccination status.

Vietnam has been struggling with its latest Covid-19 outbreak that began on Jan. 28 after a 55-day clean streak, with 879 community transmissions recorded. So far, the outbreak situation in the

country is basically under control, with many localities resuming non-essential services.

While the production of domestic vaccines is underway, the government has speeded up foreign procurement to inoculate prioritized groups.

Vietnam recorded a 79 percent decline year-on-year in the number of foreign visitors in 2020 due to travel restrictions amid the pandemic as the country received 3.83 million foreign tourists against a record 18 million in 2019, according to official data.

The government has closed national borders and canceled all international flights since March 25 with only Vietnamese repatriates, foreign experts and highly-skilled workers allowed in with stringent conditions.

The government recently green-lighted the resumption of commercial flights to seven Asian destinations, mainland China, Japan, South Korea, Taiwan, Laos, Cambodia, and Thailand, but Vietnamese carriers are still not allowed to operate inbound flights.

4. HCMC sets higher FDI target for this year

At a meeting presided over by municipal chairman Nguyen Thanh Phong on March 4, Mai said the department had set out regulations on the process for authorities to work with residents and enterprises and deal with their complaints, the local media reported.

The department has also set seven other targets, comprising establishing more than 40,000 new enterprises, being in the top five provinces with the highest Provincial Competitiveness Index, reaching a satisfaction rate of over 91% among local residents, addressing all the residents' complaints, handling 98% of procedures in a timely manner, handling all online documents of administrative agencies and 100% use of electronic tools at work among officials.

City chairman Phong said the city's growth rate reached only 1.39% last year due to Covid-19. This year, the city will carry out specific plans to build the single-tier government structure and improve the investment environment.

The city must take drastic measures to create a favorable investment environment. The biggest obstacle is investment and business registration procedures, Phong said, adding that improving the investment environment is a must and the municipal Department of Planning and Investment will play a decisive role.

He agreed with the eight targets of the department and ordered adding a target of digital transformation and making the administrative reform target more detailed.

The municipal chairman also asked the department to remove the obstacles facing long-stalled projects, including a commercial center project of the Saigon Trading Group, the Phan Dinh Phung Indoor Stadium and an international commercial center on Le Loi Street.

Besides administrative procedures, the city's infrastructure also needs to be developed, Phong noted, saying that the Government had allowed the

city to change the use purposes of some 30,000 hectares of agricultural land, but only 1,000 hectares will be used for the purpose of industrial production.

Over the past five years, the city has had no new industrial parks, so Phong asked the Department of Planning and Investment to review all industrial parks and export processing zones in the city to ascertain which ones can attract more foreign investment. The department should work out specific solutions to help develop the city's economy

by applying hi-tech and minimizing sectors using many laborers.

The department had earlier reported that it had licensed nearly 42,000 new enterprises with total registered capital of nearly VND 1,170 trillion last year. In addition, 13,800 enterprises suspended their operations and nearly 6,000 firms completed dissolution procedures.

Moreover, some 10,600 companies resumed their operations.

5. Viet Nam, Slovenia eye cooperation potential in mechanical engineering

Commitments in the EU-Viet Nam Free Trade Agreement (EVFTA) regarding tax reduction for Vietnamese and Slovenian products will help the two countries expand the market share in each other country as well as other EU markets, thus motivating bilateral trade growth, Phu said.

He underlined the need for both sides to increase trade exchange activities right after COVID-19 is controlled globally, and make full use of benefits from the EVFTA by abiding by regulations on origin.

He stressed that the Trade Promotion Agency is willing to coordinate and create optimal conditions for businesses of both sides to explore effective and long-term partnership opportunities.

Phu said that the EVFTA has been opening up doors for Viet Nam to promote economic cooperation with many markets around the world, including Slovenia.

The EU is now one of the leading trade partners of Viet Nam with two-way trade reaching US\$49.6 billion in 2020, with Viet Nam's exports of \$34.9 billion.

This year, the deal is expected to continue fuelling the economic growth of Viet Nam as well as trade ties between Viet Nam and the EU.

Izidor Krive, Vice President, Chamber of Commerce and Industry of Slovenia, said Viet Nam and Slovenia share abundant potential for collaboration in the field of industrial machinery, equipment and automation as well as logistics solutions in garment and textiles and the food industry which are booming in Viet Nam.

Meanwhile, Le Dung, Vietnamese Ambassador in Austria and Slovenia, said that since the EVFTA took effect on August 1, 2020, Viet Nam has seen positive signs in trade with the EU and Slovenia.

The diplomat expressed his belief that after COVID-19 is controlled in Europe, the investment flow will rise. The 97-million strong market of Viet Nam could become a gateway for investors to enter a 660-million-strong ASEAN market, he said.

Slovenian businesses affirmed that Viet Nam is a promising market thanks to its political stability, low-cost workforce and developed infrastructure system.

At the event, jointly held by the Office of Commercial Affairs at the Vietnamese Embassy in Austria and Slovenia and the Chamber of Commerce and Industry of Slovenia, 21 Vietnamese firms and 12 Slovenian companies sought cooperation opportunities in each other's market and introduced their products and services.

6. Banks plan to attract foreign capital

The shareholders of Viet Capital Bank have approved the plan to issue additional shares of up to a maximum of VND1 trillion (\$43.5 million) in the first quarter.

At the same time, the bank has just closed the list of shareholders whose written opinions will be requested on the plan to set the maximum foreign ownership limit at 30 per cent to attract additional foreign capital while improving financial capacity and competitiveness.

Nam A Bank is implementing a plan to increase its charter capital to VND7 trillion (\$304.35 million), including a plan to issue 57 million shares, equivalent to VND570 billion (\$24.8 million), to pay dividends at the rate of 12.4878 per cent and offer for sale 143 million individual shares, equivalent to VND1.43 trillion (\$62.17 million).

In addition, the bank is also completing the application to list shares on the Ho Chi Minh City Stock Exchange (HSX), instead of trading on the UpCom where it is traded at around VND14,200 (62 US cents).

Orient Commercial Bank (OCB) said that the bank plans to sell another 10 per cent of its shares to foreign investors after completing the deal to sell a 15 per cent to Aozora Bank from Japan in June 2020.

Sacombank (SCB) also said that they continue to improve their financial capacity and competitiveness. Accordingly, the bank has

submitted to an extraordinary general meeting a plan to increase charter capital by VND5 trillion (\$217.4 million) at the end of 2020. The move has increased its charter capital from VND15.23 trillion to VND20.23 trillion (\$662.17-879.57 million).

Previously, Sacombank also announced that it was negotiating with foreign strategic partners to sell part of its capital in order to improve its financial potential after completing the restructuring and listing on the stock exchange.

According to the provisions of Decree No.01/2014/ND-CP, the ownership ratio of a foreign strategic investor must not exceed 20 per cent of the charter capital of a Vietnamese credit institution, and the total share ownership ratio of foreign investors in a domestic credit institution must not exceed 30 per cent of capital.

Currently, many Vietnamese banks are looking to fill up their foreign ownership rooms. At restructuring banks or the three zero-dong banks, foreign partners can buy 100 per cent of the capital with the consent of the government.

On the other hand, according to the EU-Vietnam Free Trade Agreement (EVFTA), European banks will be able to increase their shareholding rate in two Vietnamese banks to up to 49 per cent without waiting for a decision to increase the foreign ownership limit. This commitment does not apply to the four state-run banks of BIDV, VietinBank, Vietcombank, and Agribank.

7. Malaysia's Tenaga makes foray into Vietnamese solar market

In a filing to Bursa Malaysia today, TNB said this acquisition extends TNB's collaboration with Sunseap, beyond the Malaysia and Singapore cross-border partnership, to capture the rapid growth in the Vietnamese renewable energy market, as reported by The Malaysian Reserve.

The acquired project has secured the Feed-in Tariff (FiT) 2 rates in Vietnam. Having achieved commercial operation date in December 2020, all five plants are under 20-year Power Purchase

Agreements (PPAs) with EVN to supply clean energy to the national grid.

Sunseap currently holds a 90 per cent stake in the projects, which will be reduced to 51 per cent upon completion of the 39 per cent stake acquisition by TNB Renewables slated for the first quarter of this year. Sun Times Energy JSC, an existing shareholder of the project, will continue to own 10 per cent equity interest in the project, according to TNB.

“This acquisition will serve as a beachhead for TNB to establish a local presence in Vietnam and expand into the rapidly growing renewable energy and utility market in Vietnam. This acquisition builds on our earlier Malaysia-Singapore cross-border

collaboration with Sunseap and demonstrates our commitment in transforming TNB into a regional renewable energy and utility player,” said TNB's president and CEO Datuk Ir. Baharin Din.

Corporate News

8. EIB: Eximbank targets 60 pct profit growth

↓ -0.54%

In its business plan for 2021 circulated to shareholders, the bank said it expects deposits and total assets to increase by 10 percent to VND148 trillion and VND177 trillion.

Non-performing loans will be kept at below 2.5 percent and loans outstanding will increase by 15 percent to VND117 trillion.

In 2020, it was the only lender in Vietnam to see outstanding loans fall (by 10 percent). Its non-performing loans jumped from 1.71 percent to 2.52 percent.

But its pre-tax profit rose by over 20 percent to VND1.34 trillion as it managed to cut operating costs.

Last year, the bank postponed its annual meeting of shareholders four times, twice due to a lack of quorum.

At the end of the year, strategic shareholder Sumitomo Mitsui Banking Corporation called on the lender's board of directors to go through a no-confidence vote at the annual shareholders meeting to reduce the number of members to 5-7 from nine.

9. MWG: Mobile World won't be bought out: chairman

↓ -0.45%

Answering a question from a shareholder about whether the company could be bought out amid the increasing recent purchases of MWG shares by foreign investors, Nguyen Duc Tai said he does not worry about that due to certain reasons.

The founding members and employees own around 40 percent of the company's shares while the rest is mostly held by organizations and investment funds, he said.

If someone could take over the company but lack a good management team it will be like "biting your own tongue," he said.

"I think the capability of the management team is the soul of a company," he said, adding that a company with a few thousand outlets which lacks

good management would eventually disappear as shown by other, even bigger companies in the past.

Asked about rumors that employees buy from unauthorized suppliers and sell at the company's grocery chain Bach Hoa Xanh, he said the management needs to make sure that workers earn enough and enjoy their work to prevent corruption, and Mobile World does both.

The company has no plans at the moment to take its subsidiaries public, he clarified.

Mobile World reported post-tax profits of VND3.92 trillion (\$169.2 million) last year, up 2 percent from 2019.

It has 4,059 outlets, including 1,020 opened last year.

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