



VIETNAM DAILY NEWS



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Market Analysis

1. Market continues last week's rally on banking sector

Viet Nam's stock market finished higher on Monday, but foreign investors kept fleeing from the market.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) closed Monday's trade at 1,184.56 points, up 0.25 per cent, equivalent to three points. The index continued last week's rally thanks to gains in banking, materials and oil and gas stocks.

Last week, the index rose by 1.1 per cent.

The market's breadth was positive with 270 stocks rising, while 195 stocks dropped and 50 stocks stayed unchanged. Domestic investors poured over VND15.1 trillion into HoSE, equivalent to 676.96 million shares traded.

Analysts from Bao Viet Securities Co. expect that the market will encounter correction in some sessions but might bounce back later this week.

"The VN-Index will continue to hover around territory limited by the upper bound of 1,185 - 1,200 points and the lower bound of 1,150 - 1,155 points," the analysts wrote in a daily report to customers.

They recommended that investors should hold 50 per cent of stocks in their portfolios. And after buying at the support levels of 1,150 - 1,155 points, investors can consider to open short positions to reduce stock's proportion in their portfolio once the market approaches the strong resistance territory of 1,185 - 1,200 points.

The VN30-Index also increased by 0.26 per cent, equivalent to 3.05 points, to 1,190.86 points.

Stocks from the banking sector still dominated the market's trend.

Three in top five stocks influencing the market's rally were in the banking sector, including MBBank (MBB), up 2.3 per cent, Vietcombank (VCB), up 0.52 per cent, and Asia Commercial Bank (ACB), up 1.67 per cent. The other two stocks were Viet Nam National Petroleum Group (Petrolimex, PLX) and Masan Group Corporation (MSN).

The gain of the index was capped by materials, real estate and banking sectors.

Viet Nam Rubber Group JSC (GVR) posted the biggest loss of 1.94 per cent. JSC Bank For Investment And Development of Viet Nam (BID), Saigon Beer - Alcohol - Beverage Corporation (SAB), Sacombank (STB) and Vincom Retail JSC (VRE) declined 0.58 - 1.94 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index rose 0.47 per cent to 275.19 points, while the HNX30-Index reversed the morning course to end lower at 392.77 points.

The HNX-Index increased by 5.4 per cent last week.

More than 141.3 million shares were traded on the northern bourse, worth VND2.15 trillion.

In general, the market liquidity was high with a total trading volume of over 838.3 million shares on both exchanges, worth nearly VND17.26 trillion.

However, foreign investors still fled the market as they net sold a value of VND410.16 billion on HoSE and a value of VND889.38 million on HNX..

Macro & Policies

2. Vietnam rapid suppression of Covid-19 outbreak helps maintain positive economic outlook: WB

The rapid suppression of the new Covid-19 outbreak in late January 2021 in the northern province of Hai Duong, the epicenter, has helped maintain Vietnam's positive outlook for economic recovery in 2021 with an estimated GDP growth of 6.5%.

However, “special attention should be paid to how the Covid-19 vaccinations will be rolled out domestically and globally as they will impact the pace of Vietnam's economic growth,” stated the World Bank (WB) in a note, adding further fiscal and monetary policy interventions may be needed to support recovery of private demand.

The Ministry of Finance's proposal for a second round of tax and land rental fees payment deferrals is being discussed by the government. The total size of the package was estimated at VND115 trillion (US\$ 5 billion). If approved and implemented well, it is expected to help businesses and households maintain their economic activities, particularly in tourism, which remains depressed, stated the WB.

Retail sales pick up

Despite the new Covid-19 outbreak, retail sales in February grew by 0.3% month-on-month and by 8.3% year-on-year due to higher consumption demand associated with the Tet holidays.

“While lower than pre-Covid-19 performance, this growth suggests that the government's targeted response to the outbreak mitigated the spillover of the negative impacts of anti-Covid stringency measures on economic activities to provinces outside the epicenter,” noted the WB.

First trade deficit in 10 months

While textiles and apparel, footwear and phones contributed to lower exports, computers, electronics and optical products, machinery, metal and metal products, and furniture maintained robust growth. Foreign-owned exporters, who dominate high-technology product manufacturing, appeared to be more dynamic as their exports

dropped by only 1.0% (year-on-year), compared to a 15.1%-fall in exports of domestic firms.

In January 2021, imports of phones, computers, electronics and their parts, and machinery accounted for half of total imports from China and grew by over 75% year-on-year. This reflects both Vietnam's heavy reliance on imported inputs in manufacturing and the continuation of trade diversification due to trade tensions between US and China, which have yet to be resolved.

Foreign direct investment (FDI) inflows rebound

After a sub-par performance in January 2021, the country attracted US\$3.4 billion of FDI in February, which was 70.4% higher than in the previous month, and tripled the value of FDI observed in February 2020.

The recent increase in FDI amid the Covid-19 pandemic was primarily driven by higher greenfield investments (265.7% year-on-year) and expansion (273% year-on-year). Major projects included the O Mon II thermal power plant worth US\$1.31 billion in Can Tho, and an OLED panel module plant worth US\$750 million in Hai Phong.

Domestic prices pick up

The Consumer Price Index (CPI) grew by 1.3% (month-on-month) and 0.7% (year-on-year) in February. This acceleration in prices increase followed months of deceleration. It reflects the one-time adjustment in electricity tariffs (up by 10%) and stronger consumer demand, particularly for food products during the Tet holidays. Food prices were 0.3% higher than in the previous month, and 1.2% higher than in February of 2020.

Credit growth remained at 12.0% (year-on-year) during February 2021, in line with the rate observed in recent months. This rate of expansion is only one or two percentage points below the rates observed prior to the Covid-19 crisis, reflecting the rebound in the real economy and the accommodative monetary policy followed by the State Bank of Vietnam.

State budget revenue collection improves

In the first two month of 2021, the government collected VND286.7 trillion (US\$12.46 billion) of revenues, which is 0.6% higher than the same

period last year. This good performance – the first time that government total revenue is increasing since the beginning of the Covid-19 crisis a year ago reflects the ongoing recovery and the elimination of most tax incentives that were adopted in last April.

3. Vietnam's exports warm up

Total export turnover reached US\$48.55 billion

At Saigon 3 Garment Joint Stock Company in the first days of March, more than 850 workers are still diligently fulfilling the orders signed from the end of last year. Mr. Pham Xuan Hong, CEO of the company, said that stagnancy in trade in the early stage of the Covid-19 pandemic had been overcome by enterprises and the governments of countries around the world through the strong development of platforms for the digital economy. In Vietnam, last year, the digitization of e-commerce platforms between Vietnam and other countries was implemented urgently by authorities. Thanks to that, the company still managed to maintain revenue. By the end of last year, each employee of the company received a bonus of about VND30 million per person for the Lunar New Year, equivalent to 2.5 months' salary.

At Dien Quang Lamp Joint Stock Company, Vietnam Dairy Products Joint Stock Company, Cat Thai Production and Trade Co., Ltd., and Binh Minh Plastic Joint Stock Company, the working atmosphere at factories and the production lines was fairly vibrant. The representative of Cat Thai Production and Trade Co., Ltd. Shared that from the beginning of this year to now, his company has maintained steady production, including on Tet holidays. The company has already completed and transferred many export orders to partners in Malaysia, Singapore, China, and the US.

The Trade Commissioner in Australia said that Vietnam's export turnover to Australia in January reached nearly \$392 million, an increase of 62.08 percent. Particularly, leading the export turnover is the group of raw plastic materials, with the highest increase of more than 900 percent. The group of electrical wires and cables soared by 329.68 percent, toys and toy parts surged by 218.11 percent, and seafood climbed by 106.09 percent. The groups of wood and wood products and textiles and footwear increased by 62.72 percent and 72.47

percent, respectively. The group of agricultural products, vegetables, and fruits alone shot up 37.16 percent.

Many trade commissioners in the European market also said that goods exported to the main markets of Europe, such as the UK, France, Germany, Denmark, and Sweden, had also warmed up after being interrupted for a short time. For instance, in Sweden, in January alone, the export turnover reached about \$132 million, up 99.94 percent compared to the same period last year. The seafood group saw an impressive increase with more than 1,767 percent, followed by iron and steel products with more than 488 percent. Mobile phones, accessories, and ceramics ranked third with the same increase of above 202 percent. Other key export groups, such as textiles, footwear, toys, sports equipment, bamboo, and rattan products, also posted high increases from 44 percent to more than 145 percent.

According to statistics by the General Department of Vietnam Customs, from the beginning of this year until now, the total export turnover of the whole country hit \$48.55 billion, an increase of nearly 23 percent compared to the same period last year. Previously, in January, export turnover had impressive growth, touching \$27.7 billion, up 50.5 percent year-on-year. The main export markets of Vietnamese goods are still the US, Europe, Japan, South Korea, China, and countries in the ASEAN.

Digital connectivity opens the way for enterprises to export

The Ministry of Industry and Trade (MoIT) established and quickly put into operation an e-commerce trading floor with export markets. In the short term, the ministry joined hands with the EU to set up a Vietnam-EU e-commerce trading floor. According to Mr. Do Thang Hai, Deputy Minister of the MoIT, the EU27 is the second-largest import market in the world, accounting for 14.9 percent of total global imports. Although this is the second-

largest export market of Vietnam, the country only accounts for about 2 percent of the total imports of the EU. Therefore, the opportunities for Vietnam's exports to grow, especially for the group of agricultural, forestry, and aquatic products, to enter this market are huge.

As for the remaining markets, trade offices have promoted the establishment of an information website to promptly update the developments of consumer demand in those markets. At the same time, for enterprises wishing to connect with partners, trade commissioners will directly support the connection.

In another perspective, Mr. Tran Duy Dong, Deputy Minister of Planning and Investment, shared that in the framework of the program to support the digital transformation of enterprises in the period of 2021-2025, more than 500 enterprises had been supported by the ministry and the US Agency for International Development (USAID) to digitize production and business activities. Accordingly, enterprises were not only supported with cognitive

transformation, but also with the digitization of business activities, management processes, technology processes, production, and comprehensive digital transformation to create new products, services, and models. From now to 2025, the ministry would coordinate with relevant units to support at least 100,000 enterprises to implement digital transformation. Of these, priority will be given to the group of processing and manufacturing enterprises.

According to economists, the signed free trade agreements have given Vietnam the highest preferential commitment. Up to 99 percent of tariff lines on goods imported from Vietnam will be removed immediately or will be eliminated in 7-10 years. This advantage, along with the efforts to digitize the economy that the Government has been implementing, not only brings opportunities for export growth but also helps domestic enterprises to promote restructuring and improve competitiveness through product quality, traceability, and packaging, step by step bringing Vietnamese goods deeper into global supply chains.

4. Vietnam trade with UAE skyrocket

Citing data from the General Department of Vietnam Customs, the total export turnover between the two sides in the first two months reached \$809 million, up 58 per cent compared to the same period last year.

In particular, Vietnam's export turnover to the UAE reached nearly \$737 million, up nearly 60 per cent. Imports reached \$72 million, up 44 per cent.

According to the Ministry of Industry and Trade, the UAE is one of the 10 largest export partners of Vietnam globally, as well as the largest export partner of Vietnam in the Middle East and Africa. Vietnam has always been running a trade surplus towards this market.

Specifically, phones and accessories are still the main export items of Vietnam to the UAE, reaching \$551 million, up nearly 108 per cent over the same period last year, and accounting for two-thirds of the total export turnover.

All agricultural and aquatic products have positive growth. Of this, cashew nuts reached \$10.3 million,

nearly six times as much as same period last year; seafood reached \$10.6 million, up 18 per cent; and vegetables and fruits reached \$7.5 million, up 12 per cent. These are all key export commodities of Vietnam, with high added value as well as sustainability in exports.

Meanwhile, due to the influence of COVID-19, the turnover of goods such as footwear and textiles decreased, reaching \$14 million and \$11 million, down 23 and 11 per cent, respectively.

Regarding the structure of imported goods, most of Vietnam's main imports from the UAE have grown well. Of this, plastic raw materials, a major import item, reached \$41.8 million, up 66 per cent over the same period last year. Animal feed and raw materials reached \$8.7 million, up 9 per cent. Among imported products, only petroleum products saw a decrease in turnover, reaching only \$2.5 million in the first two months.

According to the Vietnam Trade Office in the UAE, the UAE is considered a gateway to penetrate the Middle East and Africa, Vietnamese goods exported

to this market will have more opportunities to export goods to other countries.

5. German, Vietnamese firms to jointly build water treatment plant in Long An

The project will provide clean water for production and daily life of local people, given that the Mekong Delta has been severely affected by drought and saltwater intrusion.

The water treatment plant will be built on an area of 71.5ha in Duc Hoa District, Long An at an estimated cost of nearly VND5 trillion (nearly US\$218 million).

Its first phase is expected to be completed in the first quarter of 2023 with a designed capacity of 200,000 cu.m per day and night. The second phase, scheduled to finish by 2025, will have a capacity of 300,000 cu.m per day and night. Its total capacity can reach 1.2 million cu.m per day and night once all stages of investment are completed.

The framework agreement was signed in Leipzig, the German state of Sachsen, late last week by Aone Deutschland chairman Christophe Hug and AquaOne chairman Do Thi Kim Lien in the presence of Mayor of Leipzig Burkhard Jung and Vietnamese Ambassador to Germany Nguyen Minh Vu.

Speaking at the signing event, Mayor Jung highlighted the development of the relations between the two countries in various areas, such as

culture, sports and economics, saying the deal signing translates the strategic partnership between the two countries into reality.

Ambassador Vu expressed his delight at the growing ties between Viet Nam and Germany in general, and between HCM City and Leipzig city in particular. With the EU-Viet Nam Free Trade Agreement (EVFTA) which took effect last year, and the EU-Viet Nam Investment Protection Agreement (EVIPA) which will enter into force in the near future, cooperation in economics, trade and investment between enterprises of the two sides will grow further, he said.

Lien said the Vam Co Dong River Surface Water Treatment Plant will apply advanced technologies in managing, operating and monitoring clean water production and supply.

Hug, meanwhile, said his corporation wants to share the latest technologies in water treatment with developing countries, in order to not only provide benefits for people but also fulfil its commitment to promoting sustainable and environmentally-friendly development.

6. Binh Dinh proposes US\$17.5-million sustainable fisheries development project

The investment capital includes \$7.11 million from the World Bank, \$3.28 million of reciprocal capital, and other capital sources.

The project comprises three components: investment in infrastructure and equipment for fisheries development; improving the management capacity and the value of fishery products; project management. The goal of the project is to complete the infrastructure of Tam Quan Fishing Port in Hoai Nhon Town to meet the standard of grade-II fishing port following the previous planning; create a storm shelter and the logistics service area for fishing at

Tam Quan Fishing Port; enhance the capacity to monitor and support cruise surveillance equipment for fishermen; support the management, construction, and development of the chain of fishing, processing, and consuming tuna.

According to the Management Board of agriculture and rural development projects in Binh Dinh Province, the sustainable fisheries development project in the province mainly focuses on investing in Tam Quan Fishing Port, with a total capital of about \$10 million. This is the only fishing port of a fleet of about 2,100 offshore fishing vessels, with a

total capacity of 1.1 million CV of Hoai Nhon Town. Currently, Tam Quan Fishing Port is facing accretion and serious overload. The province has proposed

many years to the central ministries to invest in this fishing port, but so far it has not found the capital source.

7. Hanoi, Quang Ninh seek to attract tourists after pandemic

As of March 14, Hanoi went 26 straight days without fresh locally-transmitted Covid-19 cases and Quang Ninh has seen no new patients for a month.

The Hanoi government has assigned the municipal Tourism, Trade and Investment Promotion Center to coordinate with other relevant agencies, tourism and aviation firms and localities to hold a program to promote tourism and introduce the city's culture and cuisine.

The program will be organized from April 16 to 18 at Ly Thai To Statue Square, Bat Giac House area, Le Thach and Le Lai streets and the Hanoi Children's Palace in Hoan Kiem District.

As part of the program, Hanoi's tourism products, its tourism products in collaboration with other localities and its culinary culture will be showcased.

The program is aimed at encouraging local residents to visit the tourist sites in the city, such as 36 ancient streets, Son Tay, Ba Vi, Huong Son, Soc Son and Dong

Anh as well as those in other localities to boost domestic tourism.

As for Quang Ninh, on March 11, the province resumed the operations of interprovincial passenger transport vehicles, except for those to and from Hai Duong Province. It also reopened tourism facilities and encouraged tourists from other parts of the country to visit.

According to the provincial government, it will hold many events in March and April to promote tourism, including a ceremony to announce nine national precious objects, a program named "Hello summer in Halong", and other tourism promotion programs in potential markets including Hanoi, Thai Nguyen and HCMC.

The province expected to hold some 150 tourism activities this year, focusing on cultural events at historical monuments such as Yen Tu and Bach Dang and tourism and sports events at key tourist sites such as Halong, Cam Pha and Mong Cai.

Corporate News

8. HPG: Hoa Phat's steel pipe sales up 8.6 percent in Jan-Feb

↑ 0.11%

Leading steel manufacturer Hoa Phat Group sold over 93,200 tonnes of steel pipes in the first two months of 2021, a year-on-year increase of 8.6 percent and giving it the leading market share in Vietnam.

Hoa Phat posted solid growth in steel sales in all three regions in the first two months, especially in the central and Central Highlands regions, with respective growth rates of 29 percent and 25 percent. Sales in the north accounted for 45 percent of its total.

High-quality steel pipe products from Hoa Phat were exported to the US, Australia, Canada, and Hong Kong (China) during February.

In addition to finished steel pipes, the Hoa Phat Steel Pipe Co., a subsidiary of the Hoa Phat Group, also provided 10,000 tonnes of galvanised steel coil, which is the material used for producing steel pipes, purlin, mechanical accessories, and railings.

The Hoa Phat Steel Sheet Co., meanwhile, also recorded impressive sales growth of over 42,000 tonnes in the first two months, a 91 percent rise over the same period last year.

The company signed contracts to export corrugated steel products to Europe, the US, and Canada.

Hoa Phat expects to sell 920,000 tonnes of steel pipe and 330,000 tonnes of corrugated steel products in 2021, up 12 percent and 200 percent against 2020.

9. FLC: FLC and Trinh Van Quyet increase stake in Bamboo Airways to nearly 90 per cent

↑ 6.96%

Along with this, Trinh Van Quyet, chairman of FLC Group cum chairman of Bamboo Airways, contributed an additional VND1.738 trillion (\$75.57 million) and FLC Group contributed VND550 billion (\$23.9 million).

After the capital hike, Trinh Van Quyet and FLC Group are still the two largest shareholders of Bamboo Airways, where FLC Group and related personnel and member companies hold nearly 90 per cent of Bamboo Airways' stake.

In 2020, Bamboo Airways' pre-tax profit surpassed VND400 billion (\$17.4 million), an increase of nearly 34 per cent on-year, ranking Bamboo Airways among a few number of airlines to make profit worldwide.

Additional financial resources provide an essential launching pad for Bamboo Airways' drastic

expansion of operations in 2021, including increasing the fleet size to at least 50 aircraft, carrying the process of renovating the airline into a 5-star carrier and comprehensive digitisation.

The fledgeling airline also aims to expand its domestic flight network to connect all provinces and cities nationwide, along with restoring the international flight network after getting government allowance.

In 2020, Bamboo Airways' pre-tax profit surpassed VND400 billion (\$17.4 million), an increase of nearly 34 per cent on-year, ranking it among the few airlines across the world to make a profit.

After auditing, FLC Group recorded a pre-tax profit of over VND421 billion (\$18.3 million) and after-tax profit of nearly VND308 billion (\$13.4 million), up 43 and 68 per cent, respectively, compared to the cumulative profit for the whole year recorded in the previous fourth-quarter financial statement.

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