



VIETNAM DAILY NEWS



March 24th, 2021

Table of content

Table of content

1. Shares correct as large-caps falter
2. US stimulus package will be a boon for Vietnam's exports
3. CPTPP benefits Vietnam-Canada trade ties: experts
4. Bangladeshi newspaper analyses Vietnam apparel sector's advantages
5. Landscape of outbound Vietnamese investment ventures
6. Vietnam's largest deep seaport Gemalink to reach 80 per cent capacity this year
7. Travel firms introduce flexible products, services to attract customers
8. PIT: PIT still in the warning status
9. SAB: SABECO cementing its sustainability journey in Vietnam

Market Analysis

1. Shares correct as large-caps falter

Viet Nam's stock market ended on a negative note on Tuesday as large-caps stocks simultaneously dropped putting negative pressure on the market.

On the Ho Chi Minh Stock Exchange (HoSE), the benchmark VN-Index lost 0.92 per cent to close at 1,183.45 points.

The southern market index had increased 0.03 per cent to close Monday at 1,194.43 points.

The market's breadth turned negative as 359 stocks declined while 110 stocks increased and 41 stocks ended flat.

Nearly 684 million shares were traded on the southern market, worth over VND15.4 trillion (US\$665.5 million).

Multiple large-cap stocks lost ground such as Bao Viet Holdings (BVH), Hoa Phat Group (HPG), Masan Group (MSN), Vingroup (VIC), Vinamilk (VNM), Vincom Retail (VRE), PVPower (POW), Vinhomes (VHM) and Mobile World Group (MWG).

Many big bank stocks also suffered from selling pressure, including Sacombank (STB), VPBank (VPB), Techcombank (TCB), Military Bank (MBB) and Bank for Investment and Development of Viet Nam (BID).

"VN-Index lost the 1,190-point landmark right from the opening and remained in the red throughout the session," said BIDV Securities Co.

"Foreigners were net sellers on the HoSE and net buyers on the HNX. Besides, market breadth

remained negative with increased liquidity compared to the previous session. According to our assessment, VN-Index may continue correcting in the coming sessions," it said.

Foreign investors net sold VND288.24 billion on HOSE, including Vinamilk (VNM) (VND187.5 billion), Vietinbank (CTG) (VND76.6 billion) and Vietcombank (VCB) (VND31.8 billion). They were net buyers on the HNX with a value of VND8.47 billion.

The VN30 Index, which tracks the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, lost 0.96 per cent to close at 1,186.98 points.

Twenty-six of 30 biggest stocks in market value decreased while three rose.

On the Ha Noi Stock Exchange (HNX), the HNX-Index lost 0.91 per cent to touch 272.34 points.

It had lost 1.03 per cent to end Monday at 274.84 points.

On the northern bourse, nearly 180 million shares were traded, worth over VND2.7 trillion.

"The current trend of the VN-Index this week is still very difficult to successfully conquer the historical peak of around 1,200 points," said Bao Viet Securities Co.

"Rumors about Q1 business results of companies may appear and trigger a wide divergence among stocks in the current period," it said.

Macro & Policies

2. US stimulus package will be a boon for Vietnam's exports

The US latest stimulus package and Covid-19 vaccine rollout worldwide will likely provide support to Vietnam's export expansion this year, which has been consistent with continued economic recovery as a result of improving external demand in the first two months of 2021, according to Viet Dragon Securities Company (VDSC).

On March 11, US President Joe Biden signed the US\$1.9 trillion stimulus package, which includes measures ranging from stimulus checks to child tax credits, jobless benefits, vaccine-distribution funds, healthcare subsidies and restaurant aid. A major point in the plan contains a direct payment to most Americans, amounting to US\$410 billion.

"With money flooding into the world's biggest economy, we think the US stimulus package will give a further boost to Vietnam's exports in the upcoming time," noted the securities firm in a report.

"As the low base effect dissipates in the subsequent months, we expect export growth to be around 13-15% in 2021, which would be the largest expansion since 2017," it added.

According to the OECD, the US economy is expected to grow 6.5% in 2021 and 4.0% in 2022.

In February, Vietnam's exports fell slightly by 3.8% year-on-year, while imports rose by 9.8%, resulting in a trade deficit of US\$460 million.

A fall in exports, however, is expected to be short-lived given its association with the one-week long break in Tet holiday, stated the VDSC.

In general, Vietnam's trade growth remained robust in the first two months of 2021. Of which, exports increased by 23.7% year-on-year and imports recorded a faster growth of 25.5%.

The trade surplus in the January – February period came in at US\$1.6 billion, slightly below a surplus of US\$1.9 billion in the same period last year.

During the period, exports of tech products surged by 32.5% year-on-year and took up 36.3% of total exports. Apart from tech products, mechanical and furniture products' exports continued to gain momentum after growing impressively in 2020.

Meanwhile, mechanical and furniture products' exports jumped 77.2% and 40.3% year-on-year, respectively.

"Strong exports of these categories indicated an expansion of Vietnam's manufacturing activity to serve the recovery of external demand," it added.

On the other hand, demand for clothing and footwear remained sluggish as the world is still in partial lockdown. Textile and leather products only registered a slight increase in exports (+0.9% year-on-year in the first two months of 2021).

By key markets, the largest export and import growth in Jan-Feb were both with China. Exports to China were up 46.1% year-on-year and imports rose 65.9%, giving place to a trade deficit with that country of US\$7.4 billion in the two months.

This was nearly double the trade deficit with China of US\$3.8 billion in the same period last year.

Vietnam also reported significant improvements in trade with Western countries in Jan-Feb, with notable mention of the US (up 34.8%), UK (23.6%) and the EU (17.6%).

On the other hand, Vietnam's export growth with other Asian countries remained relatively weak. Its exports to ASEAN and Korea increased by 3.9% and 7.1% year-on-year, respectively. In contrast, exports to Japan decreased by 4.9% year-on-year in the first two months.

3. CPTPP benefits Vietnam-Canada trade ties: experts

Vietnam and Canada have enjoyed robust trade ties thanks to opportunities brought by the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) that took effect in Vietnam from January 14, 2019, heard a conference held in Hanoi on March 23.

Bilateral trade in goods totaled 8.9 billion USD in 2020, up 12 percent year-on-year and 37 percent from two years ago despite critical impacts from the COVID-19 pandemic.

Vietnam's shipments to the American country rose nearly 16 percent in 2020, with a considerable increase seen in exports of mobile phones, footwear, furniture and garment.

Vietnam and Canada will reap further benefits when more countries participate in the trade pact.

According to Canadian Ambassador to Vietnam Deborah Paul, CPTPP has improved the accessibility for trade and service activities between the two nations consolidated a common set of rules, reduced costs for trade activities, and helped better competitive edge of Vietnamese and Canadian products in both markets.

Vietnam has been the biggest trade partner of Canada in the Association of Southeast Asian Nations (ASEAN) since 2015. Meanwhile, the nation is the second biggest importer of Canadian agricultural products and seafood such as cereal products, nuts, fish, crustaceans, fruits, beef, pork and dairy products.

CPTPP establishes duty-free access for trade in goods between the two countries, while helping Vietnamese consumers purchase high-quality products from Canada at reasonable prices.

President of the Vietnam Chamber of Commerce and Industry (VCCI) Vu Tien Loc described Vietnam-Canada trade ties as one of the most successful models brought by CPTPP thanks to sustained efforts made by businesses of both countries in setting up market development rules.

The two nations have seen remarkable achievements in their import-export activities, and the trade pact plays an important role, Loc said.

Canada has abolished 94 percent of tax lines for Vietnamese exports, while the Southeast Asian country has removed nearly 66 percent of tax lines for imports from Canada. Additionally, non-tariff barriers have been improved in a transparent manner, facilitating trade flows between the two nations.

Without the COVID-19 pandemic, CPTPP could bring larger benefits to Vietnam-Canada trade, Loc stressed.

“Maybe we have to live with COVID-19 in the near future, at least. We are lucky to have CPTPP, which allows us to bolster trade with the world in this tough time”, he said.

4. Bangladeshi newspaper analyses Vietnam apparel sector's advantages

The Bangladeshi newspaper The Daily Star has recently published an article highlighting advantages of the Vietnamese garment-textile sector, including low lead time, quality fabric, upmarket focus.

The article took an instance in the EU in 2020 cited by the Bangladeshi Centre for Policy Dialogue (CPD) in a research last month. Accordingly, against every 100 kilogrammes of t-shirts, Vietnam managed to fetch 2,157.9 USD last year, whereas it was 1,091.5 USD for Bangladesh. In 2019, the rates were going at 2,099.7 USD and 1,097.5 USD, respectively.

In explanation of these figures, Khondaker Golam Moazzem, the CPD's research director, said the quality of Vietnamese fabrics being substantially better and a section of its people having a taste for high-end products.

The use of a higher quality of fabric guarantees Vietnamese manufacturers better prices from buyers, he explained, adding that the country has a higher number of upscale product brands and retailers.

This result from a better country image, a higher ranking in the ease of doing business index of the World Bank, and the inclination towards compliance, human rights, and environmental protection practices, he said.

AK Azad, managing director of Ha-Meem Group, one of the leading local garment exporters in Bangladesh, said Vietnam makes good use of its highly available, top quality raw materials and has low lead time. Vietnam ships garments to the EU in 30 days, while it takes longer for other countries, including Bangladesh.

According to KM Rezaul Hasanat, chairman and chief executive officer of Viyellatex Group, another top local garment exporter, Vietnam is strong in manufacturing outerwear for people living in cold climates alongside high-quality blazers and woven formal shirts and trousers in the EU and US markets. The nation also produces a lot of sportswear, and their prices are very high. Almost all globally renowned sports garment brands and retailers source products from Vietnam.

Bangladesh is a leading garment producer in the world and is one of the rivals of Vietnam in this field.

5. Landscape of outbound Vietnamese investment ventures

A few days ago, Hanoi-based dairy firm VitaDairy officially announced its ownership of a dairy farm in the Australian state of Tasmania.

Nguyen Thi Ha, the company's general director, said that their new dairy farm in Australia breeds about 1,000 dairy cattle and the company is starting to transport milk from there to Vietnam to feed production needs.

Ha added that although they have only made the official announcement about the acquisition now, this \$10 million purchase took place in 2020 and the company had finalised procedures with the Ministry of Planning and Investment (MPI).

In December 2020 alone, five new outbound investment projects got investment certificates and three existing projects asked for capital addition with a total committed value reaching \$99.65 million, more than double compared to similar period in 2019.

Unlike before, when local firms breaking into global markets mainly engaged in telecommunications, mining, agro-forestry, and fisheries, now their engagement is more diverse, with the dairy industry proving fairly attractive to local investors. Leading players in this field are Vinamilk, Nutifood, and particularly TH Group.

After landing a mega-project valued at \$2.7 billion in Moscow (Russia) in early 2018, in 2019 TH Group bought two farms in Australia valued at more than \$88.5 million to not only breed dairy cows and

produce milk items, but also plant cotton, sunflowers, and process fruit juice.

In the same year, two other local firms – IMG Investment JSC and ADPG Investment Development JSC – landed a \$38 million project in Australia to build housing blocks for sale and for lease.

Australia remained one of the favoured destinations of Vietnamese investors, attracting \$101.8 million of capital last year.

Aside from Australia, Cuba and Germany have also been appealing to Vietnamese investors. For instance, last year, local firms landed four projects worth nearly \$93 million in total registered capital in Germany.

Despite not having sizeable ventures, 2019-2020 were fairly upbeat in terms of Vietnam's outbound investment.

Notably, in 2020 despite the drastic impacts of COVID-19, local corporate investors poured more than \$590 million abroad, signifying a 16.1 per cent jump on-year.

In December 2020 alone, five new outbound investment projects received investment certificates and three existing projects requested permission to expand capital with a total committed value of \$99.65 million, more than double compared to 2019.

The latest figures from the MPI, however, show that in the first two months of 2021, five projects received investment certificates for outbound investment with the total capital value amounting to \$21.64 million, down 28.6 per cent on-year.

In general, by the end of February 2021, Vietnam had 1,406 valid cumulative outbound investment projects with a total committed value surpassing \$21.4 billion.

6. Vietnam's largest deep seaport Gemalink to reach 80 per cent capacity this year

These plans were shared during Prime Minister Nguyen Xuan Phuc's inspection trip to Gemalink Port in the southern province of Ba Ria-Vung Tau last Saturday.

controlling stake of the port, this will contribute to the long-term national security and sustainable interests for Vietnam.

According to the representative of Gemalink, under Gemadep JSC (HSX: GMD), the port welcomed its first commercial vessel in January and is slated to be operational in May in 2021. It will begin to exploit 80 per cent of the designed capacity and kick off the second phase this year.

In a presentation to the PM, Gemalink's leaders expressed hope that the government and relevant ministries will create the necessary conditions for the second phase of Gemalink to expand the length of its pier and raise the capacity to accommodate the world's largest vessels up to 250,000 DWT in the near future.

Beginning construction in February 2019, Gemalink is the biggest seaport in the Cai Mep-Thi Vai complex and one of the world's 19 largest deep sea ports with the capability to receive the world's largest ships (up to 200,000 DWT) today. Gemalink has a total investment capital of \$520 million with the first phase of \$330 million and the second phase of \$190 million.

Gemalink's leaders also proposed the government and relevant ministries to complete traffic infrastructure to connect the port with Cai Mep-Thi Vai seaport complex, expressways, and Phuoc An Bridge. Hopefully, a railway route will be completed soon to connect the port with the national railway system linking Laos, Cambodia, and Thailand.

The port's handling capacity in the first phase is 1.5 million TEU per year, which will increase to 2.4 million TEU for the whole project. In the first phase, the port has 800m of main berth, allowing the simultaneous reception of two mother ships, as well as 230m of feeder/barge berth, on an area of 33 hectares. Gemalink Port is equipped with the most modern technology available today, with six STS cranes and 18 RTG cranes.

PM Phuc also paid a visit to Cai Mep International Terminal (CMIT) and Tan Cang-Cai Mep International Terminal (TCIT). He was pleased about the progress of the Cai Mep-Thi Vai seaport complex, especially the fast growth of Gemalink, CMIT, and TCIT during the impact of the COVID-19 pandemic on the economy. The three ports recorded an annual growth rate of 22 per cent.

Gemalink is developed by the hands and minds of Vietnamese. Phu Xuan Consultation and Construction is building the port under the supervision of the world's leading consultancy firms Royal Haskoning and Portcoast Consultant Corporation. Meanwhile, other large joint venture port development projects are designed and constructed by foreign companies.

The government leader has asked relevant ministries, agencies, and the southern province of Ba Ria-Vung Tau to develop the seaport and logistics system at the Cai Mep-Thi Vai port complex to meet regional standards by 2030 towards becoming a world-class seaport hub in the world by 2045.

The project is jointly invested by two major corporations in the maritime and port operation sector, Gemadep JSC (75 per cent) and CMA-CGM Group (25 per cent). As Gemadep holds the

To facilitate the goal, the prime minister told relevant ministries and agencies to improve infrastructure at the Cai Mep-Thi Vai complex, begin the construction of the Bien Hoa-Vung Tau expressway and Phuoc An Bridge to facilitate the transportation of goods for import and export.

In addition, the PM also directed enhancing logistics infrastructure, including establishing a goods distribution centre linking Long Thanh International Airport and the Cai Mep-Thi Vai complex. He

assigned the Ministry of Finance to set up a centre to facilitate customs clearance at the Cai Mep-Thi Vai complex and attract more vessels and financial brokers to the port.

7. Travel firms introduce flexible products, services to attract customers

Doan Thi Thanh Tra, director of marketing and communications at Saigontourist, said before the Lunar New Year holiday, the company had introduced one-day and half-day tours for tourists visiting HCMC and some destinations in Ba Ria-Vung Tau and Tien Giang provinces.

The company offered these tours at low prices of VND299,000 per tourist and also received good feedback from customers.

Moreover, tour operators and online tourism agents have also introduced varied combos of services. At present, customers can buy combos to any destination, even some resorts that had earlier been reserved for special customers.

The prices of these combos are also competitive. Many combos for three days and two nights including air fares, three-star hotel rooms and breakfasts for customers from HCMC to Danang, Phu Quoc and Dalat, cost only over VND2 million per customer.

The number of customers booking hotel rooms and tours has increased gradually over the past few weeks.

According to some hotels in Phu Quoc, Ba Ria-Vung Tau, Phan Thiet and Nha Trang, room bookings have been higher over the weekends.

Lai Minh Duy, general director of TST Tourist, said the company has seen some 700 customers over the

past few days. The number of bookings for the upcoming periods is also promising.

Cao Thi Ngoc Lan, director of Vietttours, echoed the view, saying that the company has received many groups of meetings, incentives, conferences and exhibitions tourists and is working on prices for large groups.

The demand for travel among local people has been high and the outlook for the upcoming summer holiday is positive. Employees of the company are working day and night to offer competitive prices for customers, Lan added.

This weekend, Ben Thanh Tourist announced that it had received large groups of tourists. The revenue from bookings on the website iVIVU.com can sometime even reach tens of billions of Vietnamese dong a day.

According to a survey by the Vietnam Tourism Advisory Board, many customers are ready to travel.

Specifically, 30.6% of the respondents said they would travel this month and the next. The peak period, chosen by 53.3% of the respondents, is from May to September. Only 5.9% said they would travel after receiving the Covid-19 vaccine.

In addition, Vietnamese tourists are focusing more on safety and incentives as 87% of the respondents said they preferred promotional service prices.

Corporate News

8. PIT: PIT still in the warning status

↓ -0.75%

On August 20, 2020, the Hochiminh Stock Exchange (HOSE) issued Decision No.480/QD-SGDHCM to change the stock of Petrolimex International Trading Joint Stock Company (stock code: PIT) from the supervision status to the warning status as from August 24, 2020 because the profit after tax of shareholders of parent company of PIT in the first six months of 2020 was 675 million dong and the accumulated loss until June 30, 2020 was 20.12 billion dong. This is the case of securities changed from the supervision status to the warning status according to the Listing Regulations on the Hochiminh Stock Exchange attached to Decision No.85/QD-SGDHCM dated March 19, 2018.

On March 11, 2021, HOSE received the 2020 audited financial statements from PIT. Accordingly, the profit after tax of shareholders of parent company of PIT in the semi-annual consolidated financial statements was 1.8 billion dong, the undistributed profit after tax at December 31, 2020 was -18.9 billion dong. The Company has not yet overcome the cause of the warning situation. Therefore, HOSE decided to remain the warning status for PIT.

9. SAB: SABECO cementing its sustainability journey in Vietnam

↓ -0.56%

Vietnam's beer and beverage sectors encountered mounting hardships in 2020 due to the impacts of the prolonged pandemic as well as from regulations which impose tougher sanctions on drink-drivers.

Nevertheless, SABECO is still on track towards long-term sustainable development after upgrading its existing facilities as a part of a wider campaign in Vietnam which aims to ensure maximum operational consistency and efficiency.

SABECO has adopted a sustainable development model to guide its long-term strategy and its quest to continue bringing pride to Vietnam, through an approach referred to as the company's 4C commitment – consumption, conservation, country, and culture.

For environmental protection, SABECO has applied rigorous requirements to all raw materials. Particularly, ingredients that affect product quality and food hygiene and safety such as barley malt, hops, cans, ends, bottles, and corks are purchased directly from suppliers, ensuring that quality control of raw materials is assured before re-distributing to breweries.

Auxiliary ingredients, which do not affect product quality or food safety and hygiene, are purchased by breweries in accordance with the list of suppliers, brands, and other requirements approved by the firm.

Technical requirements of raw materials have also been issued based on Vietnam's applicable laws, regulations, and standards, and reference information from specialised organisations in the food and beverage industry.

Specialised laboratories have been set up with a full range of modern equipment to fully analyse the technical requirements of input materials such as Skalar malt analyser, HPLC, GC, and Trumac nitrogen analyser. All inputs have been subject to qualified certification issued by the Quality Control Department before being put into use. This qualified certification takes into account the supplier, the country/origin of production under the approved list, and requirements of quality, food safety and the environment under current regulations.

Moreover, SABECO has conducted relevant risk management for the corporation's supply chain, which periodically reviews suppliers at their

manufacturing sites to ensure process compliance agreed among the parties.

At the same time, SABECO is making steps towards reducing the volume of water and excessive energy consumption at its breweries as part of its industry-leading sustainability ambitions. By applying technology and upgrading its existing brewing capacity, it has been reducing energy and water consumption year by year, in parallel to becoming a pioneer in installing rooftop solar panels at its production facilities.

SABECO has also launched a programme to recycle the majority of the residual products from the brewing process, comprising of spent grain, surplus yeast, and materials like glass, cardboard, aluminium, plastic, and paper. The methodology, called the Sabeco Waste Hierarchy, gives top priority to preventing the creation of waste in the first place.

When waste is created the system aims to find a means to re-use it, or if that is not possible then to

recycle or find alternative methods of recovery – and, only after all other avenues have been exhausted, to dispose of it via landfill.

Remarking on SABECO's contribution to Vietnam's sustainable development, Nguyen Van Viet, chairman of the Vietnam Beer-Alcohol-Beverage Association said, "The personnel at the sector's top players like SABECO possess very good management skills. They have a good grip on advanced management such as environmental management, and the latest methods."

SABECO's network includes 26 subsidiaries and 18 associates and joint ventures, with more than 145,000 product consumption channels spanning across the country.

For the last three years, it has offered a brand portfolio consisting of some of the most well-loved beer brands in Vietnam, including Bia Saigon Special, Bia Saigon Export, Bia Saigon Lager, Bia Saigon Gold, Bia Lac Viet, Bia Saigon Chill, and Bia 333.

Research Team: **Tsugami Shoji** *Researcher* jsi@japan-sec.vn

Disclaimer:

Copyright 2015 Japan Securities Incorporated (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.

Japan Securities Incorporated – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn