



VIETNAM DAILY NEWS



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Market Analysis

1. Stocks finish higher while foreign investors continue to flee market

Markets edged higher on Monday as many big stocks across all sectors made gains. Foreign investors were still net sellers.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) closed Monday at 1,175.68 points, up 1.16 per cent. During the session, 392 stocks rose while 83 stocks decreased.

The market liquidity was still high with local investors pouring over VND14.49 trillion into the southern market, equivalent to a trading volume of nearly 660.55 million shares.

Monday's gain was opposite to forecasts from securities firms like Bao Viet Securities Co.

Analysts from Bao Viet expected that the market might face correction earlier this week before bouncing back at the end of the week.

The 30 large-cap stock tracker VN30-Index also posted a rise of 1.1 per cent to 1,180.07 points. Twenty-nine of the 30 biggest stocks in market capitalisation in the VN30 basket rose while only one stock declined.

Stocks in all sectors recovered from last week's volatile trend with the VN-Index losing 2.67 per cent for the week.

Stocks from banking, real estate, construction, materials, utilities, logistics, retail and information technology sectors all posted good performance.

Of which, top five stocks dominating the market's trend were from the bank and materials segment. These stocks included Vietinbank (CTG), up 2.43 per cent, Viet Nam Dairy Products JSC (Vinamilk, VNM), up 1.64 per cent, VPBank (VPB), up 2.53 per

cent, Viet Nam Rubber Group - JSC (GVR), up 2.01 per cent, and MBBank (MBB), up 2.73 per cent.

Meanwhile, Viet Nam National Petroleum Group (Petrolimex, PLX) post the biggest loss. Followed by Kinh Bac City Development Share Holding Corporation (KBC) and Becamex Infrastructure Development JSC (IJC).

On the Ha Noi Stock Exchange (HNX), the HNX-Index gained 1.92 per cent to 276.16 per cent on the rise of the biggest stocks.

The HNX30-Index, tracking the 30 large-cap stocks in market capitalisation on the HNX, rose 2.58 per cent to finish Monday at 406.64 points.

More than 178.19 million shares were traded on the northern exchange, worth nearly VND2.72 trillion.

On the other hand, foreign investors continued to flee the market. They net sold a total value of VND180.15 billion, of which VND153.64 billion on HoSE, VND19.93 billion on HNX and VND6.58 billion on UPCOM.

In the global market, shares were mixed in Asia and the EU while rising in the US.

Nikkei 225 index increased 0.71 per cent, Shanghai index rose 0.5 per cent while ASX 200 and Kospi index slid 0.16 per cent and 0.36 per cent, respectively. S&P 500 index climbed 1.66 per cent and Nasdaq index was up 1.24 per cent.

Regarding the vessel stuck in the Suez Canal, a statement from the Suez Canal Authority on Monday said that the cargo ship blocking the canal was partially freed.

Macro & Policies

2. March CPI inches up 1.16 percent, lowest yearly rise in 5 years

The Consumer Price Index (CPI) in March inched up 1.16 percent from the same period last year, the lowest rise since 2016, according to the General Statistics Office (GSO).

Compared to the previous month, the March CPI slid 0.27 percent on the back of abundant supply and weaker demand after the Tet (Lunar New Year) holiday ended, said GSO Director General Nguyen Thi Huong on March 29.

The average CPI of the first quarter rose by 0.29 percent, the lowest increase for Q1 recorded in the last 20 years, while Q1's core inflation picked up 0.67 percent.

Huong attributed the Q1's CPI increase to the rice price which surged 8.55 percent year-on-year from January-March as a result of rising global price and high demand for premium rice during the Tet holiday.

The prices of several main groups of goods and services also moved upward, pushing up the costs of catering services by 2.08 percent year-on-year.

The cost of education services rose 4.49 percent due to the latest raise in school fees under a roadmap set in Decree 86/2015/ND-CP dated October 2, 2015.

Meanwhile, the government's activation of aid packages for people and businesses affected by COVID-19 was among factors helping ease the pressure on Q1's CPI, according to the GSO official. The Vietnam Electricity (EVN)'s power bill cut in the second and fourth quarters of last year caused the electricity price to decline 7.18 percent in January, which contributed to a CPI decrease of 0.24 percentage points during the period.

The average petrol and oil prices in Q1 also fell by 9.54 percent year-on-year, making the three-month CPI to drop 0.34 percentage points. The resurgence of COVID-19 in early 2021 has weakened travel demand, causing airfares, train fares and holiday packages costs to decrease by 24.28 percent, 10.03 percent and 4 percent, respectively.

Domestic gold price in March was down 2.97 percent month-on-month but up 16.84 percent year-on-year, making the average gold price in Q1 increase 23.27 percent.

3. Vietnam-EU to debut e-commerce site for businesses

An e-commerce site will make debut soon for businesses of Vietnam and the EU to better exploit opportunities of export to each other's market after the EU-Vietnam Free Trade Agreement (EVFTA) took effect.

This is a cooperation program to support businesses exploiting EVFTA through an e-commerce platform jointly launched by the Vietnam Institute of Digital Economy and Management Science (VIDEM) and the Vietnam e-Commerce and Digital Economy Agency (IDEA) under the Ministry of Industry and Trade and Kim Nam Group.

Speaking at the launching ceremony of the cooperation program on March 26 in Hanoi, Deputy Minister of Industry and Trade Cao Quoc Hung emphasized: "The cooperation program is expected

to be the first step in the roadmap to support small and medium enterprises and business households, helping them improve capacity and increase opportunities to access international markets."

The e-commerce site is hoped to provide the Vietnamese business community with essential information as well as international partners about agreements and policies related to international trade activities.

"The implementation of the e-commerce site will contribute to building a complete digital ecosystem through digital solutions to help businesses conveniently connect and do transactions on a single platform (digital payment, logistics, e-invoice, digital signature)," Nguyen Kim Hung, Director of the VIDEM said.

The site aims to build a national database on capacity profiles, and provide transparent information about the origin of Vietnamese enterprises' products and services.

In the first two months of 2021, Vietnam exported US\$13.8 billion worth of goods to the EU, up 33.5% against the same period of 2020. Its imports to the EU was estimated at more than US\$2.2 billion, up 2.3% compared to the same period of last year.

Vietnam's main exports to the EU are telephone sets, electronic products, footwear, textiles and clothing, coffee, rice, seafood, and furniture.

Its key imports from the EU are high tech products, including electrical machinery and equipment, aircraft, vehicles, and pharmaceutical products.

4. Seafood enterprises are 'stressed' with the price of ships going to the US

Specifically, according to Vasep, in addition to the skyrocketing production costs at the beginning of the year, sea freight is a hot issue for Vietnamese seafood exporters. Many seafood exporters said that the price of ships on the European route has just cooled down, the route to the US is very stressful. Currently, most of the shipping lines' free space for frozen goods to the US is limited because shipping lines give priority to dry goods because the freight rate is more favorable.

As reflected by a pangasius exporting enterprise in Can Tho, the freight for the US route, the seafood company like "fish is on the cutting board", booking a trip is happy even though the freight rate is unknown because Carriers quote very late and effective only from 10-15 days.

Even, the enterprise has "booked" the place, but for some reason it cannot export as scheduled, it will lose more than 1,500 USD / container.

Vasep said that most recently, MSC announced that starting April will cut all frozen goods to the US. This will increase the load on another line, which has been overloaded for months. In addition, many

shipping lines do not allow reservations, but if you wait until the date of shipment to book a flight, there is no room to book.

In fact, according to Vasep, if you only look at the increased export value over the same period, you should not be happy because the composition of the export price, the shipping freight has increased and accounted for a large proportion in it. Therefore, the difficulties, the burden from the shipping charges are "on" on seafood businesses.

Earlier, in early January, many shippers in the seafood, plastic and wood industries said that over the past several months, empty container rents increased, from an initial level of less than \$ 1,000 per 40-foot container to \$ 8,000, even 10,000 USD / 40 feet container goes to the UK market.

Even an Indian business in the Vietnam – Singapore industrial park specializing in the production of export yarn announced its factory closure in December 2020 on the grounds that shipping rates were too high, affecting exports and production costs in Vietnam are not as cheap as before.

5. Vietnamese enterprises invest in textile materials for local and export demand

Though Vietnam is the third largest exporter of textiles and clothing in the world, second only to China and India, the country's textile industry is highly dependent on China's raw materials. Due to the sudden public health incident, some factories in China have postponed production, so the supply chain of Vietnam's textile and garment industry is seriously affected.

In the middle of March, Song Hong Garment and Textile Company kicked off construction of its factory in Nghia Phong Commune in the Northern Province of Nam Dinh with 40 sewing and weaving production lines in the area of nearly 75,000 square meter with investment totaling VND600 billion (US\$ 26,034,523). The factory scheduled to come into operation in November is expected to help increase the company's revenue to VND5.5 trillion.

Beforehand, VND180 billion Trung Quy weaving and dyeing facility with annual production capacity of about 2 million meters of all kinds of fabrics had been operated in Hai Son Industrial Park in the Mekong Delta Province of Long An before Tet holiday (the Lunar New Year).

Simultaneously, Nghe Tinh Textile Company was greenlighted to operate a OE yarn manufacturing facility to meet demand of the textile industry producing 18,720 tons of thread yarn per year. The VND600 billion plant was built in Nam Hong Industrial Park in the Central Province of Ha Tinh's Hong Linh Town.

Leaders of these above-mentioned enterprises said that they will help ease their own shortage of materials as well as provide materials for other companies. Moreover, these facilities have come into operation at the time when free trade agreements (FTAs) and the EU-Vietnam Free Trade Agreement (EVFTA) came into effect; therefore, Vietnam is eligible for preferential export and import tariffs for complying with EVFTA's rule of origin.

In addition to locally-invested factories, Foreign Direct Investment-invested fabric projects have been completed and come into operation, including Hong Kong Texhong Textile knitting plant in Texhong Hai Ha Industrial Park in the Northern Province of Quang Ninh with the total investment of US\$214 million.

According to the Vietnam Textile and Apparel Association (Vitas), Vietnam is the third largest exporter of textiles and clothing in the world, it is still heavily dependent on imported materials. Specifically, in 2020, the textile and garment sector achieved revenue of U\$35 billion; yet, it spent nearly \$20 billion on imported materials including \$12 billion on fabrics. Therefore, newly-built factories both help Vietnam to enjoy FTA's preferential tariff and create more employment for local laborers.

Vitas Chairman Vu Duc Giang said that the industry is facing big environmental challenges required by importers. When it comes to the industry's revenue this year, Chairman Giang said that Vietnam can achieve around \$37 billion - \$38 billion as the development of the coronavirus pandemic has still been complicated in the world.

Mentioning material production, the leader of Vitas said that these newly-built factories have been reducing the shortage of material; however, he noted that enterprises should well study rules and road map for tariff cuts on many goods to most take advantage of FTA.

For long-term strategy, Vitas petitioned the Government to approve the industry development strategic plan by 2030 with the vision to 2035 for assisting enterprises. Additionally, the government should establish big textile industrial zones with centralized wastewater treatment plants to lure investment in weaving and dyeing to meet the sectors' demand, said Chairman Giang.

6. Viet Nam has highest rate of new digital service consumers in SEA

This is an important forum for telecommunications managers and experts to promote the development of services in the Vietnamese market. The theme of this year is developing 5G and broadband infrastructure to enhance the digital transformation process in Viet Nam.

The report "e-Conomy SEA 2020", which is conducted by Google, Temasek and Bain & Company, showed that Viet Nam's digital economy reached a total value of US\$14 billion last year, \$2 billion higher than that of the same period of the previous year.

Out of the total number of digital service users in Viet Nam, new users account for 41 per cent. This turned Viet Nam into a country with the highest rate of new digital service consumers in the region.

Statistics from the General Statistics Office said that Viet Nam was one of the three Asian countries with positive growth with the size of the economy is more than \$343 billion. Singapore reached \$337.5 billion and Malaysia reached \$336.3. billion.

The Vietnamese Government has defined one of the pillars of the digital economy as the telecommunications infrastructure, including both mobile and fixed broadband infrastructure.

The development of broadband infrastructure has paved the way for all other economic sectors to grow within the past two to three years.

The total number of fixed broadband subscribers in Viet Nam exceeded 17.2 million, the total number of mobile broadband subscribers reached nearly 69.5 million by the end of last month, reported the Viet Nam Telecommunications Authority.

However, in order to contribute to the realisation of the national digital transformation project by 2030 and further promote the digital economy, telecommunication investment and exploitation activities in Viet Nam, it still needs a lot of innovation.

Assessing the development of Viet Nam's telecommunications market, Tran Duc Lai, chairman of the Radio and Electronics Association of Viet Nam, said this year, operators had deployed 5G and achieved very positive results.

The country will test 5G on a large scale and even with Make-in-Viet Nam devices from this year.

Speaking at the opening session, Phan Tam, Deputy Minister of Information and Communications, said that we were entering a digital age and digital society.

The world would continue to witness great changes in the next 10 years, he said, adding that it was a transition from the real world to the virtual world and the transformation of all socio-economic activities into a digital environment.

Data would become an important resource for each country and strong development of connection of all things, he added.

The deputy minister said telecommunications infrastructure was becoming the fundamental infrastructure for the digital economy, digital society and digital government. Mobile and fixed broadband infrastructure would contribute greatly to the development of the country.

A study by the National Institute of Information and Communications Strategy said that the contribution of 5G to the national GDP growth is forecast to reach 7.34 per cent by 2025.

The socio-economic development strategy for the 2021-2030 period and the socio-economic development plan for the 2021-2025 period have repeatedly mentioned digital transformation, telecommunications, digital technology, digital government, and digital skills.

Science, technology, innovation and digital transformation are some of the strategic breakthroughs of the next 10 years to help Viet Nam develop and be among the top middle-income countries by 2030 and high-income industrial countries in 2045.

In that context, the Ministry of Information and Communications is determined to keep pace with the world and be proactive in deploying commercialisation of 5G in Viet Nam.

Also speaking at the event, Michael Jiang, Huawei Viet Nam CTO, said there had been more than 140 carriers in 61 countries around the world deploying 5G networks. The 5th generation mobile network had around 260 million users worldwide.

The current Vietnamese network operators were using most of the indoor networks. That raises many costs, such as construction, procurement of home equipment, site rental costs, electricity costs for the station's cooling and air conditioning system, said Jiang.

The optimal solution for Vietnamese network operators was to switch to outdoor solutions. These were devices that are hung directly on poles so there is no need to build stations, reducing air-conditioning costs, he added.

According to Huawei's estimate, with a network of 30,000 stations, the outdoor solution could help Vietnamese operators save operating costs of up to US\$133 million per year.

7. FDI capital exceeds US\$10 billion in Q1 2021

The realized FDI capital was estimated at \$4.1 billion, up 6.5 percent over the same period last year.

Among the FDI projects, there were 234 newly-licensed projects, with a total registered capital of \$7.2 billion, an increase of more than 30 percent compared to the same period last year. Besides, there were 161 projects registered to adjust investment capital for an additional capital of \$2.1 billion, an increase of more than 97 percent year-on-year. There were 734 times of capital contribution and share purchases, with a total value of \$805.3 million, down nearly 59 percent over the same period.

Noticeably, the average size of newly-licensed projects and capital-adjusted projects both increased sharply over the same period. The three largest investment projects accounted for nearly 72 percent of the total newly-registered capital in the first three months of this year. Leading in the investment scale was the Long An I and II LNG-to-power plant projects, with a total registered capital of over \$3.1 billion. The goal of the project is to generate, transmit, and distribute electricity in Long An Province.

The O Mon II thermal power plant project followed with a total registered capital of over \$1.31 billion. The project aims to build a thermal power plant to supply power to the regional grid and the national power system in Can Tho by a Japanese enterprise. The LG Display Hai Phong project of a Korean enterprise ranked third with an additional investment capital of \$750 million.

FDI enterprises have invested in 17 fields. Of which, the processing and manufacturing industry was in

the first place, with a total investment capital of nearly \$5 billion, accounting for nearly 50 percent of total registered investment capital. The field of electricity generation and distribution was the runner-up, with a total investment capital of \$3.9 billion, accounting for 38.9 percent. The real estate sector came in third, with a total registered capital of \$600 million.

More than 55 countries and territories had invested in Vietnam in the first quarter of the year, led by Singapore, with a total investment of nearly \$4.6 billion, accounting for nearly 46 percent of the total FDI capital in Vietnam.

Japan chased after with nearly \$2.1 billion, accounting for nearly 21 percent. South Korea ranked third with a total registered investment capital of nearly 1.2 billion, accounting for nearly 12 percent.

Long An was the province, leading in FDI attraction among 63 provinces and cities, with a total registered investment capital of \$3.2 billion, accounting for more than 32 percent of total registered investment capital. Can Tho City was next, with a total registered capital of nearly \$1.3 billion, accounting for more than 13 percent. Hai Phong City stood in third place with \$946 million, accounting for more than 9 percent.

Thus, by March 20, Vietnam has attracted 33,294 valid FDI projects, with a total registered capital of \$393.3 billion. Accumulated realized capital was estimated at \$236.96 billion, accounting for nearly 60 percent of total valid registered investment capital. Import and export turnover of the FDI sector continued to increase in the first three months of the year, with a surplus of about \$2.1 billion.

Corporate News

8. SMC: SMC lifts profit target on steel industry's positive outlook

↓ -1.19%

On March 19, the Board of Directors of SMC approved the adjustment to increase 2021's profit after tax target to VND300 billion, an announcement published on its official website showed.

Earlier, the company made a cautious target of just VND160 billion, down 49 per cent over the result of 2020. The move suggested that SMC is optimistic about the industry outlook in 2021.

Another peer also increased its revenue and profit targets for 2021. Nam Kim Steel JSC (NKG) set a target of VND16 trillion in net revenue and VND600 billion in profit after tax, up 38 per and 103 per cent over the same period of 2019, respectively.

Right after the news, SMC shares hit the biggest daily gain to VND29,650 a share on March 22, up 52.1 per cent against the beginning of the year.

On Wednesday, SMC shares traded at VND28,500 a share, down 2.73 per cent, while NKG stayed flat to finish the day at VND21,700.

Brighter steel industry outlook

In 2020, the price of hot rolled coil (HRC) on the global market surged and even broke over US\$700 a ton, pushing up the domestic price. As all of the company's main businesses need HRC, steel product prices rose dramatically in the last months of 2020.

The HRC price continued its rally since the beginning of the year on stronger demand from China. The most-active May HRC future contract on Shanghai Future Exchange was 5,130 yuan/ton (US\$784.37 a ton) on Thursday.

According to a steel industry report released in mid-January by SSI Research, the driving forces of domestic steel demand include infrastructure investment and FDI inflows, which also help promote civil construction activities along with infrastructure and FDI projects.

Export demand is still positive. SSI Research estimated a single-digit growth in Viet Nam's steel exports. However, as the world supply becomes more stable, foreign sales are likely to face intense competition in export markets.

Many other securities firms expect a bright outlook for Viet Nam's steel industry.

Mirae Asset Securities (Viet Nam) Limited Liability Company (MiraeAsset) projected the country's steel production to increase by 15.7 per cent in 2021, three times higher than its expectation of world steel production.

Meanwhile, Vietcombank Securities Company Ltd (VCBS) has assessed that local steel demand will continue to grow on the recovery of real estate, as well as momentum from public investments.

9. MWG: MWG's profit up 18 per cent

↑ 0.08%

A monthly report published on MWG's website showed in February, the company's net revenue rose 34 per cent from the same period last year to VND10.67 trillion, leading to an increase of 73 per cent in profit after tax to VND505 billion.

In the first two months of 2021, MWG posted a climb of 6 per cent year-on-year to more than VND21.7 trillion in net revenue. Profit after tax in the same period was VND999 billion, 18 per cent higher than that of last year.

In the report, MWG said the accumulated data of the first two months of 2021 doesn't precisely describe precisely the company's business activities due to the Tet (Lunar New Year) holiday.

Revenue from online transactions rose 34 per cent year-on-year to nearly VND1.64 billion, accounting for about 8 per cent of its total revenue.

Sales of household appliances, laptops, and watches posted growth during the period, while sales of mobile phones and refrigerator were unchanged compared to last year. Sales of

electronic products fell due to weaker demand during Tet.

Many MWG stores had to close or limit the number of customers in stores during this period due to the outbreak of new COVID-19 cases in the peak shopping season started from the end of January to February 10, the company stated in the report.

On the Ho Chi Minh Stock Exchange (HoSE), MWG shares finished last Friday at VND130,000, up 0.93 per cent.

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