



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN-Index surges to above 1,210 points, foreign cash flows reverse

Viet Nam's stock market rose on Thursday, marking the fifth consecutive gaining session. Meanwhile, foreign investors returned to be net buyers in the market.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) increased by 24.66 points, equivalent to 2.07 per cent, to close Thursday's trade at 1,216.1 points. This is the highest level since March 18.

The market breadth remained positive as 334 stocks climbed while 106 stocks slid and 47 stocks ended flat.

The gain of the index was widely expected by market analysts from securities firms.

"The VN-Index is heading to test the strong resistance level of 1,200 - 1,210 points in the next sessions. This is still the territory making the market face correction pressure once it hits this level," Tran Xuan Bach, a senior stock analyst from Bao Viet Securities, said.

"As the market gained for the third consecutive session to a near peak of 1,200 points, strong fluctuations were unavoidable," analysts from MB Securities wrote in a report to customers on Wednesday.

"In general, the market's trend is still led by blue-chip stocks and the possibility of break over the resistance territory of 1,200 points is really high," the firm added.

The market liquidity on Thursday was still high, with a trading amount of over 672.83 million shares, worth nearly VND19.5 billion.

The VN30-Index also rose 29.92 points, equivalent to 2.5 per cent, to 1,226.16 points. Of the 30 biggest stocks in market capitalisation, 19 stocks in the VN30 basket increased, while only one declined.

Shares across all sectors posted positive performance, with real estate and bank stocks still dominating the market trend.

Of which, Vingroup JSC (VIC) was the biggest gainer in market capitalisation, up 4.33 per cent. Followed by Vietcombank (VCB) and Hoa Phat Group JSC with their shares up 2.22 per cent and 2.63 per cent, respectively.

Stocks of Vinhomes JSC (VHM), Viet Nam Dairy Products JSC (Vinamilk, VNM) and JSC Bank For Investment And Development of Viet Nam (BID) were also in the top ten stocks influencing the market's rally. These stocks rose around 1.75 - 2.64 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index finished higher, up 2 per cent, equivalent to over 5.7 points, to 292.4 points. The HNX30-Index, tracking the 30 large-cap stocks in northern market, rose 3.47 per cent to 436.26 points.

In Thursday's trade, local investors poured nearly VND3.32 billion into the market, with a trading volume of over 190.57 million shares.

Meanwhile, foreign investors returned to a net buy of VND25.61 billion in the market. They net bought a value of VND45.26 billion on the southern bourse, while net selling a value of VND11.05 billion on HNX and VND8.6 billion on UPCOM.

## Macro & Policies

### 2. Hanoi receives first vaccine batch under Covax amid global supply shortage

The 811,200 doses have been transferred to the National Institute of Hygiene and Epidemiology (NIHE) for storage, awaiting the Health Ministry's instructions on distribution.

Vietnam had been promised 30 million doses of the AstraZeneca vaccine under Covax, a global mechanism for developing, manufacturing and procuring Covid-19 vaccine candidates that help member countries access vaccines as they become available.

The original plan was to deliver 1.37 million doses on March 25. But a lack of supply has meant that just 811,200 doses were made available in the first batch.

India, the world's biggest vaccine maker, has put a temporary hold on exports of AstraZeneca's vaccine being manufactured by the Serum Institute of India (SII), as the country focuses on meeting rising domestic demand.

The Serum Institute was due to deliver 90 million vaccine doses to Covax over March and April.

Rana Flowers, UNICEF's representative in Vietnam, said earlier that the production capability problems have led to delivery delays to all Covax-participating countries, not just Vietnam.

"However, Covax guarantees to give Vietnam over four million vaccine doses by the end of May despite the supply shortage. The remaining batches are scheduled to arrive in the country by the year-end or early 2022," she added.

Vietnamese officials have asked the private sector to step in after the Covax supplies were slashed. The country also wants to cooperate with India and Russia to develop Covid-19 vaccines and asked for China's help to inoculate prioritized groups, Health Minister Nguyen Thanh Long said Wednesday.

In February, Vietnam received about 117,000 AstraZeneca vaccine doses of the 30 million doses it has ordered from the producer, and started its mass vaccination campaign on March 8.

Over 50,000 Vietnamese, mainly frontline workers in the Covid-19 fight, have received their first Covid-19 vaccine shots.

### 3. Vietnamese manufacturing sector grows stronger

The sector saw stronger rises in employment and purchasing activity in March, while business confidence surged to a 20-month high.

On a less positive note, disruption to supply chains led to strengthening inflationary pressures. Input costs and output prices rose at the fastest rates in just over three and four years, respectively.

The Vietnam Manufacturing Purchasing Managers' Index (PMI) rose to 53.6 in March, up from 51.6 in February, signaling a vast improvement in the health of the manufacturing sector. Business conditions strengthened to the greatest extent in 27 months.

Signs of improving customer demand and success in keeping the Covid-19 pandemic under control

supported rises in new orders and output last month.

New business increased for the seventh straight month, and at the fastest pace since July 2019. In some cases, clients had expanded their order sizes over the month. There were also signs of improvement in international demand conditions, leading to the greatest increase in new business from abroad since November 2018.

Production rose at a much faster pace than in February, with the rate of growth hitting a 20-month high.

Higher new orders and expanded production requirements encouraged Vietnamese

manufacturers to increase their staffing levels and purchasing activity in March.

Employment rose at a modest pace, but was the strongest since June 2019. Similarly, input buying increased to the greatest extent in 20 months.

Difficulties sourcing raw materials remained, with suppliers' delivery times continuing to lengthen. Issues with the importing of items, material shortages and a lack of shipping containers all contributed to longer lead times.

Stocks of finished goods also rose due to a combination of higher production and issues with the delivery of orders.

Shortages of raw materials, often due to the Covid-19 pandemic, led to a sharp and accelerated increase in input costs in March.

Output prices, meanwhile, increased at the sharpest pace in just over four years as manufacturers passed on higher input costs to their customers.

"The Vietnamese manufacturing sector saw growth step up a level in March, with production rising at the fastest pace in 20 months, according to the latest PMI data. Based on the historical relationship between the PMI and official numbers, the latest figures suggest manufacturing production saw double-digit growth year-on-year in the first quarter," said Andrew Harker, economics director at IHS Markit.

"Particularly encouraging in the latest set of figures was the strength in export orders as international demand shows signs of improvement. Hopes that these trends will continue and that the pandemic will come to an end supported the greatest business confidence since mid-2019. The sector therefore looks well set to make further progress in the second quarter," Harker added.

#### 4. Export orders for wood products soar as industry understands power of internet

Nguyen Ha Ngoc Diep, its deputy general director, said, "This year, we have set an export target of \$17 million, up 15 per cent from 2020, but we already achieved nearly 50 per cent of it by the end of February."

Tran Lam Son, deputy general director of Thien Minh Production-Trading and Export and Import Co., Ltd., said his company has export orders for until the end of May.

Nguyen Van Sang, CEO of Furnist Furniture Company, said: "We have orders for until the middle of the year, and 30 per cent higher than in the same period last year.

"Orders for furniture exports have risen significantly this year, especially from the US. Besides, we have also focused on developing new models and looking for new markets."

The company's furniture exports last year were worth \$5 million, he added.

Nguyen Chanh Phuong, deputy chairman of the Handicraft and Wood Industry Association of HCM

City, said despite the impacts of the Covid-19 pandemic wood and forestry product exports increased by 16.4 per cent last year to \$13.17 billion, and they are expected to top \$14 billion this year.

According to the Vietnam Administration of Forestry, exports were estimated to be \$3.94 billion in the first quarter of this year, with the US, Japan, China, the EU, and South Korea being the biggest markets.

Many wood processing companies have invested in production technology, improved product quality, effectively exploit online marketing and sales channels so they still received abundant export orders despite Covid-19, Phuong said.

HAWA launched HOPE (HAWA Online Platform for Exhibition) last year to connect furniture suppliers with global buyers at a time when many trade fairs and exhibitions were postponed or cancelled due to Covid, he said.

It offers 3D images of showrooms, factories and workshops, a 3D product catalogue, social apps to

enable 24/7 interaction between exhibitors and visitors, digital marketing, life events, and others.

Diep said: “As people were stuck at home due to the pandemic, the demand for home furniture increased, as did the number of customers shopping online.”

“Many large foreign buyers have increased sourcing from Vietnamese firms due to the US-China trade war and confidence in the quality of Vietnamese products,” she said.

Thanks to this and getting on board HOPE, her company has found many new customers, she said.

Pham Thi Hong Quang, general director of Viet Source Handicraft Co., Ltd, said investing in online channels is very important.

Online marketing helps prevent spending hundreds of thousands of dollars a year to take part in fairs and exhibitions in other countries and offers great efficiency, she said.

Her company enjoyed a 40 per cent rise in sales last year thanks to transforming its marketing methods and proactively changing production to meet the requirements of purchasing systems, she said, adding that it expected to sustain that growth this year and find many new customers on HOPE.

Son, who is also a member of HAWA's executive board, said: “Three years ago, when international buyers visited furniture producing countries in Asia, they chose to visit China first and then Viet Nam.

“But now they do opposite and come to Viet Nam first.”

He explained that it is because Vietnamese firms have made great strides in terms of design and sales methods by actively marketing their products.

“The global furniture and wooden products market is worth \$400-500 billion annually, but Viet Nam has a very modest market share, and so opportunities to boost exports are aplenty,” he said.

Duong Thi Minh Tue, a member of the HAWA executive board, said, “To sustain exports, firms must routinely make efforts to retain customers and look for new markets.”

March and April are the peak order period and major furniture fairs are held in Asia, but the pandemic has caused them to be cancelled, and businesses need to make the most of trade promotion channels, both online to offline, to reach buyers, she added.

## 5. Canned seafood exports surge 42% in Jan-Feb

Exports of canned seafood accounted for nearly 6% of the country's total seafood exports from January to February, according to the Vietnam Association of Seafood Exporters and Producers (VASEP).

The country's key canned seafood products included tuna, which accounted for 66% of the total, crab (13%), mackerel scad (8%), catfish (2%) and shrimp (1.6%).

Vietnamese canned seafood was exported to 55 countries and territories around the world in the first two months of the year. The 10 biggest markets imported Vietnamese canned seafood worth US\$45 million, accounting for 84% of the total. Canned seafood exports to the United States soared 60% year-on-year and accounted for 40% of the total.

There were 28 enterprises exporting Vietnamese canned seafood in January and February. The 10 biggest exporters exported Vietnamese canned seafood worth US\$44.5 million, accounting for 83% of the total. The three biggest exporters were Highland Dragon, Pataya and Viet Cuong Canned Food, accounting for 19.4%, 14% and 10% of the total, respectively.

Data of VASEP showed that Vietnam exported canned seafood worth over US\$331 million to 90 countries and territories in 2020. The 10 biggest importers comprising the United States, Thailand, Germany, Egypt, Canada, Japan, France, Israel, Hong Kong and Jordan accounted for 73% of the total, with the United States being the biggest importer, accounting for 38%.



Most of the 10 biggest importers, except Germany, have increased imports of Vietnamese canned seafood. VASEP predicted that Vietnam's canned

seafood exports will maintain the growth momentum this year.

## 6. Plenty of room remains for growth of consumer credit market: Insiders

Though Vietnam's outstanding consumer credit almost tripled over the last decade, its share of total outstanding loans is yet to keep pace with that of its regional nations. There is plenty room for improvement in the time to come, industry insiders have said.

According to the State Bank of Vietnam, total outstanding consumer credit stood at 1.8 quadrillion VND (78 billion USD) as of the end of 2020, accounting for about 20 percent of Vietnam's total outstanding loans.

Consumer credit has grown at an annual average of 20 percent over the last five years and 2.5-fold since 2012.

The consumer credit market has seen enormous development over the last 10 years, according to Dr Can Van Luc, a member of the National Fiscal and Monetary Policy Advisory Council.

The sector has provided the economy with more capital to expand consumption, boost domestic production, and prevent loan-sharking, he said, adding that it has also helped develop cashless payments and financial inclusion.

It has provided a necessary push to the production of consumer goods, economist Le Xuan Nghia said. Though domestic consumption is yet to be the main contributor to economic growth, in the long run, it should be turned into a major growth engine, he added.

Data from the BIDV Training and Research Institute shows that, excluding real estate loans, consumer credit only represents around 8.7 percent of the country's total outstanding loans, far below the 15-35 percent seen in regional countries such as

Malaysia, China, Thailand, Indonesia, and the Republic of Korea.

Consumer credit even accounts for as much as 40-47 percent of total outstanding loans in some countries, he said, emphasising the need for solutions to further expand consumer credit in a bid to stimulate the domestic market.

Despite the market posting robust growth in recent years, it fails to match the potential in Vietnam with its population of nearly 100 million people, 60 percent of whom are low- and middle-income earners. Annual growth should be double or triple the current rate, according to FE Credit CEO and Vice Chairman Kalidas Ghose.

There are five major opportunities for the market to thrive in the time to come, Luc said, with the first being the economy's bright outlook. Vietnam's GDP growth is forecast at 6.5-7 percent annually and income per capita is likely to rise 6 percent each year between 2021 and 2030.

Secondly, the government's continued implementation of aid packages for people and businesses affected by COVID-19 is driving up consumption demand, providing room for the expansion of consumer credit.

Thirdly, lenders are paying more attention to developing retail banking and individual borrowers, and fourthly, there has been a major change in the way people shop over recent years, coupled with Vietnam's rising middle class.

Finally, the ongoing digital transformation process has facilitated the creation of a wide range of new products for the consumer credit market, providing customers with a better experience.

## 7. Textile and apparel exports looking at significant recovery in 2021

According to statistics from the General Department of Vietnam Customs, Vietnam's total textile and apparel export value stood at \$35.2 billion, down nearly \$4 billion on-year due to the COVID-19 outbreak affecting Vietnam's major export markets, including the US, EU, and Japan.

However, the industry is forecasted to recover strongly this year as a vaccination scheme is being implemented across high-consumption countries for fashion products. In fact, successful control of the pandemic will accelerate market rebound, prompting demand for personal expenditure.

Le Tien Truong, deputy chairman of the Vietnam Textile and Apparel Association (Vitas), predicted that textile export turnover will likely achieve \$39 billion, equal to that of 2019. The market is showing more positive signals from June due to current vaccination programmes working towards global immunity.

Truong added that the main commodity group from June will be autumn and winter clothing, which is generally high-value, helping to revive the sector.

Recent figures by the Vietnam General Department of Customs show that textile and apparel exports in January-February maintained growth momentum by hitting nearly \$6 billion, up 7.7 per cent compared to the same period in 2020. Notably, the export volume to the US, Vietnam's largest consumer, expanded by 8 per cent, accounting for 41 per cent of the industry's total exports. Enterprises expect that the figure will continue to increase in the

forthcoming time as the \$1.9 trillion aid package disbursed by the US administration for businesses and residents will stimulate the appetite for fashion products.

Data from TNG Investment and Trading JSC showed that the revenue in January increased by 24 per cent and the accumulated profit in the first two months exceeded the same period in the previous year by 14 per cent. A company representative reported that the company has signed contracts until June.

Le Ngoc Thanh, deputy director of Vinatex's Nam Dinh spinning branch, said that the production and sale of yarn had been gradually improving since December 2020, despite the high price of cotton. The firm has signed a contract to produce yarn until the end of April. Thanh added that the profit is expected to hit over VND5 billion (\$217,390) in the first quarter. If the market remains stable, the profit may be 1-2 times higher than in the previous quarter.

According to Tran Thi Kim Chi, general director of Phu Bai Spinning JSC, the enterprise has received orders until May and has even had to decline further orders.

Chi noted that as the market was beset by fluctuations due to the pandemic, her firm needed to balance the price of exported goods and cotton, maintaining production and ensuring business efficiency. The company's revenue in the first quarter is estimated at VND192 billion (\$8.35 million) and in the next quarter may reach VND218.5 billion (\$9.5 billion).

## Corporate News

### 8. MSN: Masan Group targets \$3.98-4.4 billion net revenues in 2021

↓ -0.22%

MSN targets an earnings before interest, taxes, depreciation, and amortisation (EBITDA) margin of 15-20 per cent and NPAT margin of 3-5 per cent due to a positive EBITDA margin for VinCommerce (VCM) and an improving EBITDA margin for Masan MEATLife (MML).

The company and its two subsidiaries, Masan Consumer Holdings (HNX-UPCoM: MCH), and Masan MEATLife (HNX-UPCoM: MML), held their annual general meeting on April 1 in Sapa, Lao Cai Province.

The Masan management presented a transformative development plan and key directive actions for 2021 – 25 at a pivotal time after 25 years when the company continues to write new chapters in its journey of “serving consumers.”

Dany Le, CEO of Masan Group Corporation, shared the strategic roadmap to build the Point of Life (POL) foundation, aiming to bring more benefits to consumers, manufacturers, and small and medium-sized enterprises.

By modernising general trade retail, accelerating offline-to-online integrated commerce between modern trade retail and e-commerce platforms, and at the same time driving financial inclusion across Viet Nam, Masan aims to serve 30 – 50 million consumers on one single platform (one-stop shop) to meet consumers' everyday essential needs, he said.

In 2020 Masan established The CrownX, the leading integrated consumer-retail platform that currently consolidates Masan's interests in MCH and VCM.

MCH is one of the largest branded consumer goods company in Viet Nam with a focus on power brands and innovation, while VCM is the country's largest modern trade grocery retailer with a nation-wide network.

The acquisition of VCM has already delivered significant synergies to MML's businesses, as MEATDeli products are now available at more than 1,200 VinMart+ minimarkets.

High-quality products from manufacturers and farmers will be distributed widely and efficiently, cutting intermediary costs, and reaching consumers faster, and retailers are offered partnership and support to increase their profits.

The CrownX targets achieving \$8 billion in net revenues by 2025, \$3 billion from MCH and \$5 billion from VCM, owning the 25 top consumer brands, serving 30-50 million loyal customers, and generating 10 per cent of its revenues online, he added.

Last year MSN's consolidated net revenues were VND77.2 trillion (\$3.34 billion), 106.7 per cent up from 2019, and the net profit attributable was VND1.23 trillion (\$53.4 million).

MCH reached a significant milestone as net revenues hit \$1 billion for the first time in 2020, while net revenues and EBITDA grew by 27.2 per cent and 22.4 per cent.

MML's net revenues were VND16.1 trillion (\$698.4 million), 16.8 per cent higher than in 2019, while the EBITDA margin was 11.7 per cent.

### 9. HVN: Vietnam Airlines to reopen some international air routes

↑ 3.52%

- The reopening of these international air routes will be implemented in a safe manner to



contribute to the recovery of the country's economy and tourism amid the Covid-19 pandemic, according to the carrier.

- The airline will re-launch the Hanoi-Seoul flights on Thursdays, while the Hanoi-Tokyo flights will run on April 3, 8, 11, 16, 23, 27 and 29.
- The flights linking Hanoi and Sydney will run on Saturdays, while the HCMC-Sydney air route will have two weekly flights on Thursdays and Sundays, the local media reported.
- As regulated in many countries, the flights from Vietnam are only allowed to transport

Vietnamese passengers for the purposes of studying, working and visiting relatives, and foreign passengers who are returning to their countries from Vietnam.

- Apart from transporting passengers to Vietnam from other countries in line with the Government's entry regulations, Vietnam Airlines is still operating some repatriation flights.
- Besides, the carrier is planning to launch some full-package flights from Japan, South Korea and Taiwan.

**Research Team:****Tsugami Shoji**

Researcher

[jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)**Disclaimer:**

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***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](mailto:info@japan-sec.vn)

Website: [www.japan-sec.vn](http://www.japan-sec.vn)