



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Market reverses course, but losses capped by gains in real estate stocks

Viet Nam's stock market edged lower on Tuesday as selling pressure reappeared in many sectors.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE), fell 4.12 points, or 0.33 per cent, to 1,248.33 points.

Despite the market breadth turning negative with 113 stocks increasing while 312 stocks declined, the market's liquidity was higher than yesterday. Domestic investor poured VND23.47 trillion into the southern bourse, equivalent to a trading volume of nearly 1.03 billion shares.

Analysts from Bao Viet Securities Company remain optimistic about the market's bullish trend.

"The VN-Index is expected to continue to gain points and head towards the resistance territory of 1,275 - 1,300 points in the short-term," Tran Xuan Bach, a senior stock analyst from Bao Viet, said.

"The market will witness a strong division between stock lines, as well as fluctuations and corrections when the index is approaching the resistance levels to the next highs.

"Local cash inflows are still the main driving force for the market during this period. Large-cap stocks, especially leading stocks, will alternately rise to support the market."

The 30 large-cap tracker VN30-Index also closed lower, down 0.07 per cent to 1,277.35 points. Seven of the 30 biggest stocks in market

capitalisation climbed, while twenty stocks declined and three stayed unchanged.

Big stocks from most sectors including banking, materials, utilities, information technology, transportation and logistics posted poor performance.

Of the top five stocks weighing the market's trend, three were from banking sectors, one from materials and one from utilities.

These stocks were Vietcombank (VCB), JSC Bank For Investment And Development of Viet Nam (BID), Vietinbank (CTG), Hoa Phat Group (HPG) and PetroVietnam Gas JSC (GAS).

However, the losses were capped by gains in the real estate and construction sector. Of which, Vingroup JSC (VIC) was still the biggest gainer in market capitalisation, up 6.59 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index lost 1.13 per cent to close Tuesday at 292.19 points. The index was weighed by large-cap stocks as the HNX30-Index, which tracks the 30 biggest stocks on the northern market, slid 2.26 per cent to 441.71 points.

During the session, nearly 232.6 million shares were traded on HNX, worth over VND4.03 billion.

Foreign investors returned to be net buyers on both exchanges, as they net bought a value of VND126.79 billion on HoSE and a value of VND59.26 billion on HNX.

## Macro & Policies

### 2. Coming U.S. Economic Boom Seen Boosting Vietnam Most in Asia

A surging U.S. economy on the back of massive stimulus and pent-up demand will benefit exporters in Asia, with Vietnam receiving the biggest windfall, according to Bloomberg Economics.

If the U.S. growth rate accelerates to 7.7% in 2021 as forecast by Bloomberg Economics, up from the 3.5% seen late last year, that would add more than 1 percentage point to Vietnam's expansion, research by Chief Asia Economist Chang Shu showed Tuesday. China will also see a significant gain of around 0.6 percentage points.

"U.S. growth upgrades are good news for Asian exporters," Shu wrote, noting that the U.S. buys more than 10% of Asia's exports on average. In addition to the increase in direct demand, "there are also likely to be significant indirect spillovers" with Asian firms entwined in a web of supply chains to the U.S.

The projection from Bloomberg Economics factors in an estimated \$1.7 trillion of extra savings by American consumers and wealth effects from higher asset prices. As a result, it is significantly higher than the consensus forecast of 5.8% as of April 8, which compares with 3.8% in November.

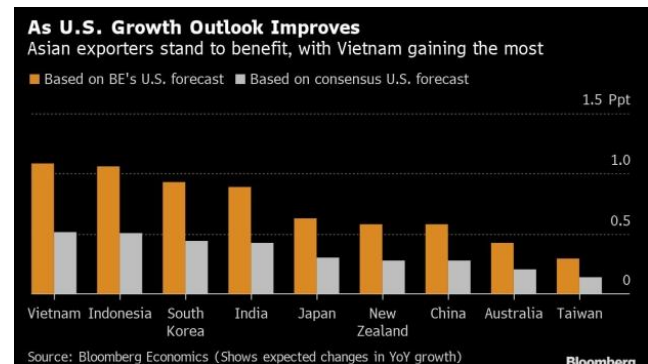
Still, Shu's research showed that even that more modest upgrade would give a bump to growth in

Asian economies ranging from 0.14 to 0.52 percentage points, with China's growth expected to be lifted by around 0.3 percentage points.

A key factor determining the extent of spillovers will be the composition of U.S. spending.

"The greater the share that goes to services, the less punch the U.S. consumer splurge will pack for Asian exporters," Shu wrote.

U.S. personal spending on goods rebounded sharply in the second half of last year at the expense of services consumption, but as reopening allows people to go out again, that could be a potential damper on the expected spillover to Asia's exporters, according to Bloomberg Economics.



### 3. Good control of pandemic will accelerate credit growth: Insiders

Credit growth will expand significantly from Quarter 2 and exceed the State Bank of Vietnam (SBV)'s target of 12 percent for the year as a whole if the pandemic is brought under good control and the vaccination campaign proves effective, according to insiders.

Expecting domestic recovery in its strategic investment report for 2021, the VNDirect Securities Corporation forecast that this year credit growth would top 13 percent and interest rates could fall 20-50 percentage points in the context of loose monetary policy and low inflationary pressure.

According to Can Van Luc, BIDV chief economist, 10-15 percent growth is suitable, given that risks await commercial banks in the time ahead despite the economic recovery.

Potential bad debts are on the rise, which will eat into the bank's profit, he stressed.

Meanwhile, the SBV's Department of Credit for Economic Sectors forecast strong credit growth from Quarter 2, which could be higher than the SBV's target of 12 percent, especially in the fields of industrial production, exports, trade and tourism.

Good domestic consumption, rosy exports, strong FDI attraction and disbursement of public investment will drive credit growth, it said.

Head of the department Nguyen Tuan Anh revealed that as of the end of March, credit growth was up by 2.3 percent compared to the end of 2020 and higher than the figure in the same period last year, when credit growth in the economy inched up less than 1 percent.

From the outset of this year, the SBV was prudent in assigning credit growth for commercial banks, Anh

said, adding that it outlined three scenarios for credit growth this year, with the maximum reaching 14 percent if COVID-19 was wiped out in Quarter 1, 10-12 percent if the pandemic lasts until June and social distancing measures are put in place, and 7-8 percent if it lasts until the end of the year.

According to economist Nguyen Tri Hieu, it is necessary to stimulate credit demand to achieve effective credit growth. However, banks should be able to control their customers' sources in covering debts to ensure credit growth criteria and the quality of collateral.

#### 4. Veggie, fruit exports fetch some US\$1 billion in Jan-March

In March, revenue from vegetable and fruit exports amounted to US\$380 million, up 6.3% year-on-year, contributing to the rise in veggie and fruit export earnings in the three-month period.

The Covid-19 outbreaks were brought under control, smoothing the export operations, resulting in the growth in fruit and vegetable exports, according to the Import-Export Department.

China remained Vietnam's largest fruit and vegetable buyer. In the first two months of the year, the country shipped fruits and vegetables worth US\$350 million to China, increasing by 17.5% year-on-year and representing 62.5% of the country's total fruit and veggie export value in the two months.

The United States, Thailand, Japan and South Korea were among Vietnam's major fruit and vegetable importers.

Vietnam saw its shipments of fruits and vegetables during the January-March period to Taiwan, Malaysia and Australia soar by 43%, 32.5% and 30.6%, year-on-year, respectively.

The validity of some free trade pacts such as the European Union-Vietnam Free Trade Agreement, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership has opened a wide door for local exporters.

The United Kingdom-Vietnam Free Trade Agreement will take effect on May 1, which is expected to contribute to ramping up Vietnam's exports of farm produce.

Under the agreement, over 94% of the total of 547 tariff lines on vegetables and fruits and processed products from vegetables and fruits will be scrapped.

Vietnam has one million hectares of fruit plants, with an output of over 12.6 million tons. The country's fruits have reached numerous markets.

Until date, the Plant Protection Department under the Ministry of Agriculture and Rural Development has granted 998 codes to areas that grow fruits for export to the United States, Australia, South Korea, Thailand, Japan and the European Union.

#### 5. Over 8,700 retailers, auto and bike repairers leave market in Q1

The number was much higher than the number of suspended enterprises in other sectors.

Going online has become a trend among many retailers in HCMC and other localities over the past two to three years. The trend has grown further since Covid-19 broke out in early 2020.

Last year, more than 101,700 enterprises withdrew from the market, up 13.9% over 2019, including nearly 46,600 companies signing up to temporarily suspend operations, nearly 37,700 halting operations to complete dissolution procedures and some 17,500 being dissolved.

Among the firms that signed up to temporarily suspend operations, 17,360 were wholesale-retail, automobile and bike repairing businesses, surging 56.2% versus 2019.

The representative of a company selling paintings and souvenirs to international tourists in HCMC said his company has suspended its operations for a year to reduce losses and operation costs.

He has plans to resume the company's operations in May or June when foreign tourists are expected to return to Vietnam. However, the pandemic remains complicated across the world, so he was unsure about his resumption plans.

In addition to Covid-19, the online business trend has caused multiple difficulties for owners of retail

spaces in HCMC and other large cities to look for lessees.

Surveys of real estate companies showed that retailers in the food-beverage and fashion sectors tend to lease small retail spaces or return retail spaces.

The pandemic has forced consumers to cut their spending. As a result, multiple retail spaces in busy streets in HCMC and Hanoi have yet to find lessees.

However, wholesale and retail enterprises are those that can easily enter and withdraw from the market. They have faced many difficulties due to the pandemic which has changed consumers' shopping habits and affected supply chains.

In the first three months of the year, more than 5,200 wholesale-retail, automobile and bike repairing businesses resumed their operations, accounting for 35.4% of the total firms returning to the market and falling 3.4% over the figure in the same period last year.

## 6. Local airlines add more flights, increase prices for upcoming holiday

However, the fares are rising by the hour.

Vietnam Airlines Group, including Vietnam Airlines, Pacific Airlines and Vasco, is offering 500,000 seats, equivalent to about 2,600 flights to and from Ha Noi, HCM City, Da Nang, Quy Nhon, Da Lat and Phu Quoc, among other localities, between April 4 and May 3.

The number represents an increase of 100,000 seats compared to off-peak periods.

Bamboo Airways has plans to add about 110 to 150 flights per week, which is equivalent to 22,000 to 30,000 seats, with many routes operating at a frequency of up to four to five flights per day.

Popular routes are Ha Noi/HCM City to Phu Quoc, Nha Trang, Quy Nhon or Vinh, Thanh Hoa and Hai Phong.

Meanwhile, in addition to launching five new routes from Vinh, Da Nang, Thanh Hoa, Nha Trang and Da Lat to Phu Quoc, Vietjet will also increase flight frequency to meet passengers' needs on the holiday.

Even though more flights have been added, many locals are upset about how expensive and rare some tickets are.

This can be seen from the limited number of flights from Ha Noi to Phu Quoc on April 30. According to the online ticketing site Abay, Vietjet offers the most affordable price at over VND1.8 million per way, but only 25 tickets at 5pm on April 30 were seen at this price.

On the same day, Vietnam Airlines had five flights but they were priced at VND2.9 to 4.2 million per ticket, depending on the ticket class.

Bamboo Airways has the highest price, with VND3.6 million per way at the cheapest and VND4.26 million the most expensive.

Prices on flights between Ha Noi and Nha Trang and between HCM City and Quy Nhon have increased significantly compared to two weeks ago.



While many airlines have launched more flights and discounts to stimulate travel demand, all of the announcements are accompanied by the phrase “not applicable during peak period”, which covers the upcoming holiday period.

Representatives of some travel agencies pointed out that local tourism is in a demand stimulus stage to recover from a year of bad luck.

The biggest problem now is boosting sales and encouraging locals to travel. However, it is essential for travel agencies to not increase their package prices immediately, but keep everything under control to build trust and confidence among customers.

“During this difficult period, some customers have helped local tourism revive. It seems unfair if travel agencies decide to increase their prices now,” a representative said.

## 7. Domestic garment and textile industry sees positive signs

Although this was not a big increase, the result demonstrates positive signs for the sector. The local garment and textile businesses have found a suitable direction despite the impact of the COVID-19 pandemic. The global textile, garment and footwear market has gradually become active again as many countries have provided COVID-19 vaccines to people, contributing to promote consumption demand.

Vu Duc Giang, chairman of the Viet Nam Textile and Apparel Association (VITAS), said the recovery of Viet Nam's textile and apparel industry in 2021 has been forecasted by many experts and organisations. This recovery was firstly due to the efforts of the Government and the MoIT in policies and moves to support the implementation of trade promotion, market research and commodity trading.

In addition, the impacts from Free Trade Agreements (FTAs) that Viet Nam has signed, such as the EVFTA and RCEP have created favourable conditions for textile enterprises to easily exploit the benefits of the FTAs and promote regional production chains, especially in rules of origin and trade facilitation.

The initial export recovery of Viet Nam's textile and apparel sector has opened up positive signs for the second quarter of 2021. Currently, many textile and garment firms have signed orders until the end of the year, Giang said.

However, the ministry said the complicated developments of the COVID-19 pandemic around the world may cause problems in transporting

goods, affecting Viet Nam's exports in general and textiles in particular.

The MoIT would help firms exploit and take advantage of opportunities from FTAs to find solutions to develop markets. It would continue to closely monitor developments of the COVID-19 pandemic in the world to take response measures.

It would prioritise export promotion activities to markets which recover soon after the pandemic while highlighting products with high import demand.

Le Tien Truong, chairman of the Viet Nam National Textile and Garment Group (Vinatex), said in the first half of the year, the market would have high demand for essential goods with relatively cheap prices.

Vinatex has big and reputable enterprises. When the market recovers, its subsidiaries will have orders.

Truong said some of its traditional importers faced difficulties in 2020, especially in the US market where more than 10 major brands had to close.

“However, in the first two months of the year, Vinatex caught up with the market demand, especially the yarn industry, with a growth rate of 41 per cent. In the rest of 2021, we have striven to improve efficiency, but may not be able to return to the same export turnover in 2019. We targeted a growth rate of 30 – 35 per cent higher than last year,” he added.

## Corporate News

### 8. FLC: FLC Group expects over 660 million USD in consolidated revenue this year

↓ -5.69%

The FLC Group Joint Stock Company hopes to record more than 15.25 trillion VND (661.44 million USD) in consolidated revenue this year, the shareholders' meeting held in Hanoi on April 12 heard.

The figure is projected to hit about 30 trillion VND if revenue from its carrier Bamboo Airways is included. FLC is set to earn 1.1 trillion VND in pre-tax profit and nearly 900 billion VND in after-tax profit, triple the figure of last year.

FLC Chairman Trinh Van Quyet said that bright spots in the macro-economy and the capacity to keep COVID-19 under control will create optimal conditions for FLC's plans in its core sectors.

In addition to urban projects in Hanoi, Quang Ninh, Gia Lai, Kon Tum, and Dong Thap, and upcoming

resort projects in Ha Giang and Phu Quoc, the company will also develop and roll out nearly 20 real estate projects.

Quyet added that the service sector will be further promoted to facilitate tourism recovery. Of note, FLC targets increasing Bamboo Airways' fleet to at least 40 aircraft this year and expand its routes to 80, accounting for about 30 percent of the domestic aviation market share.

With nearly 5 trillion VND obtained from additional stocks, the firm is mulling investment in eight property projects and increasing its working capital.

FLC recorded 13.5 trillion VND in consolidated revenue last year, pre-tax profit of over 421 billion VND, and after-tax profit of nearly 308 billion VND.

### 9. HPG: Dragon Capital buys more 1.2 million shares of steel giant Hoa Phat

↓ -2.15%

This move caused the HPG share volume owned by Dragon Capital's investment funds to increase from 198.7 million to 199.92 million shares.

HPG shares are being traded at VND49,550 per share on the stock market, up 10 per cent since the end of March but almost flat in recent sessions. Temporarily calculated according to this price, Dragon Capital group owns a volume of HPG shares worth VND9.9 trillion (US\$430 million).

In 2020, the enterprise recorded VND90.1 trillion in revenue, up 41.5 per cent. Post-tax profit was VND13.5 trillion, up by 80 per cent thanks to its flourishing steel and agriculture business.

Hoa Phat's Board of Directors plans to submit to shareholders this year's revenue plan of VND120 trillion and post-tax profit of VND18 trillion, both up by 33 per cent compared to the previous year.

In the first quarter, Hoa Phat achieved a sales volume of more than 2.16 million tonnes of various types of steel. Finished construction steel hit 855,000 tonnes, an increase of more than 17 per cent, in which finished steel for export was 147,000 tonnes, up 10 per cent.

Exported steel billet was more than 386,000 tonnes, up 27 per cent over the same period last year. Hot-rolled coil (HRC) products reached 665,000 tonnes, up 75 per cent compared to the fourth quarter of 2020

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