



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index falls as selling pressure weighs market

Viet Nam's stock exchange ended mixed on Thursday as the benchmark VN-Index reversed course to finish lower while the HNX-Index continued its rally.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index declined by 8.62 points, or 0.69 per cent, to 1,247.25 points. The index rose slightly 0.15 per cent in the morning trade. The market breadth was negative with 294 stocks dropping while 141 stocks climbed.

The market's liquidity remained high as nearly 806.5 million shares were traded, worth over VND20.6 trillion.

The index successfully tested the support territory of 1,225 – 1,232 points and rebounded at the end of Wednesday's trade. The move is expected to help the index continue to rise and head toward the resistance zone of 1,275 – 1,300 points in the short-term, Bao Viet Securities Company said in a daily report to customers.

"However, during this period, the market is likely to be dominated by some large-cap stocks, along with a strong division between groups of stocks," the securities firm added.

April futures contracts expired yesterday and the event might have a huge impact on large-cap stocks in the VN30 basket.

The VN30-Index, which tracks the 30 biggest stocks in HoSE, fell 0.51 per cent to 1,284.2 points.

Of the VN30 basket, 24 stocks declined while only five increased.

Stocks from banking, materials, utilities, information technology, retail, transportation and logistics posted poor performance on Thursday. Of which, top five stocks weighing the market were Vietcombank (VCB), JSC Bank For Investment and Development of Vietnam (BID), Investment And Industrial Development Corporation (BCM), Techcombank (TCB) and Vietnam Rubber Group JSC (GVR).

VCB posted the biggest loss in market capitalisation, down 1.22 per cent.

The losses were limited by gains in material stocks and real estate and construction sectors with Hoa Phat Group (HPG) leading the market's rally, up 2.83 per cent, followed by Vingroup JSC (VIC), No Va Land Investment Group Corporation (NVL) and Vinhomes JSC (VHM).

On the Ha Noi Stock Exchange, the HNX-Index, meanwhile, climbed 0.44 per cent to 296.12 points despite falls in big stocks. The HNX30-Index fell 0.64 per cent to 443.82 points on Thursday.

During the session, local investors poured over VND3.2 trillion into the northern bourse, equivalent to a trading volume of 172 million shares.

Foreign investors still fled from both exchanges as they net sold a value of VND829.47 billion on HoSE and a value of VND13.25 billion on HNX.

Macro & Policies

2. Central bank to tighten credit in “overheating” sectors: Governor

The State Bank of Vietnam (SBV) will step up measures in tightening credit into risky fields and sectors, which have been overheating recently, including real estate, securities, and built-operate-transfer (BOT)/ build-transfer (BT) transportation projects.

SBV Governor Nguyen Thi Thu Hong made the comment at an online conference discussing credit growth in the banking sector on April 14.

“Commercial banks are expected to enhance risk management in offering loans for private use to ensure safety in banking operation,” said Hong.

Delving deeper into credit performance in the past months, Director of SBV Credit Department for Economic Sectors Nguyen Tuan Anh said the Covid-19 resurgence in the country in early 2021 posed negative impacts on socio-economic activities, especially in catering and hospitality services, transportation, and tourism, leading to a lower demand for credit.

“The central bank would continue to monitor actual economic situation and that of the pandemic to expand credit support appropriately, focusing on priority fields [agriculture, industry, small and medium enterprises] in line with the ongoing economic restructuring process to ensure sustainable development,” said Anh.

Vietnam's credit growth as of March 31 expanded by 2.93% against late 2020 with a total outstanding loan of VND9,460 trillion (US\$410.68 billion).

Credit institutions and banks have restructured debt payment for nearly 263,000 customers affected by the Covid-19 pandemic with outstanding loans of VND353 trillion (US\$15.32 billion).

Meanwhile, over 660,000 customers with existing loans of VND1,270 trillion (US\$55.14 billion) were subject to waver, freezing and reducing of interest rates.

From January 23 to date, banks have provided new loans for 452,000 customers with preferential lending rates lower than the level in the pre-Covid-19 pandemic worth over VND3,000 trillion (US\$130.25 billion).

For this year, the Vietnamese central bank set a growth target of 12%, around the same level set in 2020, which the SBV's Governor Hong said is a reasonable target, given the banks' priorities are to enhance credit quality, control credit flow into risky businesses and address difficulties for businesses and people.

“The ultimate goal in this regard is to help the economy reach the government's GDP growth target of 6.5% year-on-year,” stated Hong.

3. High logistic costs hinder Delta agriculture exports

Agriculture exports from the Mekong Delta are facing logistical challenges, affecting their competitiveness overseas.

Dong Van Thanh, Chairman of the Hau Giang provincial People's Committee, said the Mekong Delta exports millions of tonnes of agriculture products every year but the region is facing many logistical choke-points.

The region is lacking key logistics hubs and storage areas for empty containers and products at ports.

Goods have to be transported through many areas before reaching HCM City for export, which increases the cost.

Ngo Tuong Vy, Deputy Director of the Chanh Thu Fruit Export and Import Co. Ltd in Ben Tre province, said that the cost of air transport of fresh fruits to the US and European markets have increased greatly over the years.

For example, the cost for air shipping fresh fruits to the US used to be around 3.5 USD per kilo a few years ago, but now has risen to 6 USD per kilo.

This is affecting their competitiveness overseas and reducing the amount of fruit shipped there.

However, since preservation technology for many fruit products is not good enough, they have to rely on air transport.

The cost of ocean transport of fruit is 15 times cheaper than air, so better preservation technology to maintain quality on longer container trips is important, she said.

Pham Tien Hoai, General Director of the Hanh Nguyen Logistics, said that the logistics costs of Vietnam's agricultural products are high, usually accounting for around 30 per cent of their final

prices, so they struggle to compete with goods from other suppliers such as China, Thailand and Indonesia.

Vo Thanh Phong, general director of Hau Giang Maritime Service Co. Ltd, said the Government needs to continue its effort to improve and enlarge waterways in the Mekong Delta so that large vessels can easily travel through different regions, reducing transport time and costs.

Le Tien Chau, provincial party secretary of Hau Giang, said that for 2021 – 2026 the province will invest around 18 trillion VND (777.99 million USD) to improve traffic infrastructure and region connectivity.

Every year the Mekong Delta accounts for 90 percent of the country's rice exports, and 70 percent of fruit exports.

4. Teleconference boosts Belgian investment in Binh Duong

A teleconference was held on April 14 to promote Belgian investment in the southern province of Binh Duong.

The event was co-hosted by the Becamex IDC Corp and the provincial People's Committee.

In his opening speech, Vice Chairman of the provincial People's Committee Nguyen Thanh Truc said as of the end of March, Binh Duong had drawn nearly 4,000 foreign-invested projects worth nearly 37.9 billion USD, ranking third nationwide in terms of foreign direct investment (FDI) attraction, only behind Ho Chi Minh City and Hanoi.

The province is now home to five Belgian projects worth over 39 million USD, ranking 37th out of 65 countries and territories investing in the locality, mostly pharmaceuticals, apparel, additives, beer and malt, and goods storage.

Vietnamese Ambassador to Belgium and Luxembourg Vu Anh Quang said amid uncertain developments caused by COVID-19 pandemic in the world, Belgium and Vietnam continue to be important trade-investment partners of each other because they serve as regional trade hubs and gateways to the European Union and ASEAN.

The two nations' enterprises hold the potential of deeper collaboration within the framework of the EU-Vietnam Free Trade Agreement (EVFTA) and the Vietnam – Belgium strategic partnership in agriculture, he added.

The Vietnamese Government attaches special importance to the implementation of major FTAs such as the EVFTA, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership (RCEP), he said, adding that FDI continues to serve as an important resource for Vietnam's economic growth and contribute to the implementation of the 2021-2030 socio-economic development strategy with a vision to 2045 which was adopted by the 13th National Party Congress.

Belgian delegates hailed Vietnam as a significant gateway linking ASEAN with the world via roads, waterway and airway. With a widespread system of deep-water seaports capable of receiving big vessels, political stability and the Government's business incentives, Vietnam is well-positioned to attract foreign investors.

Belgium now invests in 78 projects valued at 1.1 billion USD in Vietnam, placing 23rd out of 131 countries and territories investing in the country, predominantly in seaports, infrastructure, logistics, real estate, water supply and drainage, waste treatment, manufacturing and processing, electricity production and distribution, agro-forestry-fisheries, which are strength of Binh Duong.

The European nation is also Vietnam's fifth largest importer in the EU, behind Germany, the Netherlands, France and Italy while Vietnam is Belgium's second largest trade partner in ASEAN, behind Singapore. Two-way trade reached 2.83 billion EUR last year, 633 million EUR of which was Belgium's exports.

5. Optimistic signals for garment, textile industry

Gradual recovery

It was recorded at Fly High Garment Co., Ltd in Go Vap District that nearly 10 production lines with over 300 workers were rushing to finish orders of clothes and T-shirts to be exported to the USA. Mr. Ly Yung Chinh, Director of Fly High Garment Co., Ltd, said that the company currently has had production orders until the end of the year with an output of about 2 million items. However, because the market was facing difficulties in the source of raw materials, the company has only officially signed production contracts for about 500,000 items.

'Depending on the developments of the pandemic and the source of raw materials, the company will continue to sign other orders to avoid compensation when failing to deliver goods as committed,' Mr. Ly Yung Chinh shared.

Similarly, Thanh Cong Textile Garment Investment Trading Joint Stock Company informed that the company had received orders until the end of the second quarter of this year, so it can ensure the workload in the coming months.

Contributing nearly US\$10 billion in the total export turnover of more than \$39 billion of the garment and textile industry, up to now, most enterprises of the Vietnam National Textile and Garment Group (Vinatex) with an export scale of about several hundred million US dollars per year have also had customers for this year, especially focusing on items, such as knitwear and casual clothing, with large consumption. Vice-Chairman of the Vietnam Textile and Apparel Association (Vitas) Tran Van Cam confirmed that most garment and textile enterprises have had orders until the end of June, some enterprises have had orders until July and August like Saigon 3 Garment Joint Stock Company, Saigon Garmex, and Viet Tien. Main consumption is still

traditional markets, namely the US, Europe, and Japan. "Although the number of orders is not as many as before the pandemic, the fact that enterprises have enough orders to maintain production lines and jobs for workers is a positive element for the recovery process of the garment and textile industry, the representative of Vitas commented.

According to Vitas, with the Covid-19 vaccination and the ability to obtain large-scale immunity in the last six months of the year, the garment and textile industry will continue to receive more optimistic information. Accordingly, garment products in the last six months of the year are usually autumn-winter clothes with higher value. Therefore, the growth rate for the whole year will possibly reach 10 percent, and Vietnam's textile and apparel can regain the export level as before the pandemic, at least one year earlier than many countries in the world.

Supporting enterprises practically

Despite being quite optimistic about the orders, Vitas also warned that the domestic garment and textile enterprises would face numerous difficulties. For instance, from December last year until now, the yarn price has surged by 25 percent, while the selling prices of fabrics have not increased correspondingly. Yarn prices increased strongly because the global yields of the last cotton crop were low, and the global cotton inventories have also decreased. 'It is expected that the amount of cotton consumed this year in the world will exceed the harvestable amount of cotton by 1 million tons,' said Mr. Le Tien Truong, Chairman of the Vinatex. Besides, enterprises also face risks in pandemic control. Because if they do not control well, and the pandemic occurs in their factories or unfortunately,

the factories are in the pandemic-hit area and must be closed, enterprises will suffer huge losses.

To support enterprises to stabilize production in the new situation, Vitas has just sent a proposal to the competent authority to allow using resources from support packages that have not been used up to help enterprises and workers, with more accessible conditions, and extend the support duration to at least until the end of this year. Specifically, the association proposed authorities continue to reduce land rent, electricity, and water charges, defer the payment of value-added tax and corporate income tax, freeze, reschedule, and restructure debts, and prolong the suspension of statutory contribution to the retirement and survivorship funds for disadvantaged enterprises until the end of this year. Vitas also petitioned the Government and other relevant agencies to have the policy of reducing road use charges, BOT fees, and port infrastructure fees.

The Government and ministries and agencies should intervene to prevent the unusual overcharging in shipping prices and the ongoing shortage of empty containers. Localities should have a unified policy in the circulation of goods between localities and should not cause difficulties for businesses, said the representative of Vitas.

According to the World Bank's global garment of textile market report, the total global garment and textile demand is expected to increase from \$594 billion in 2020 to \$654 billion in 2021, up 10.1 percent over the same period. Of which, the textile and apparel import turnover of the US - the major export market of Vietnam's garments and textiles - will surge 20 percent over the same period, to \$115 billion. Domestically, the growth rate for this year will reach 10 percent and may return to the peak export level like in 2019.

6. Shrimp sector sets sights on US\$4 bln export target in 2021

This information was released during the opening ceremony of the shrimp aquaculture international fair 2021 which got underway on April 14 in the Mekong Delta city of Can Tho.

The event offers an ideal venue for managers, scientists, traders, and farmers to share and introduce various new technology products and advanced models, strengthen connectivity between producers and consumers, while elevating the image of Vietnamese shrimp in the global market.

Nguyen Viet Thang, chairman of the Vietnam Fisheries Association, said despite the impact of the novel coronavirus (COVID-19) pandemic, local shrimp export turnover reached over US\$3.7 billion last year.

Currently, Vietnam is home to roughly 200,000 hectares of hi-tech shrimp farming, the majority of which is in the two provinces of Bac Lieu and Soc Trang in southern Vietnam.

Statistics show with the global shrimp industry averaging an annual growth rate of some 7%, total global shrimp production is anticipated to reach 15 million tonnes by 2045.

Many industry experts said Vietnam could become the world's leading shrimp producer and account for about 25% of the global shrimp market share with an output of four million tonnes of raw shrimp worth US\$20 billion by 2045.

This prediction can come true if they said proper strategies are implemented in order to develop the domestic shrimp industry in a sustainable manner, whilst also adapting to issues relating to climate change and making efforts to protect the environment.

Tran Dinh Luan, director general of the Directorate of Fisheries in Vietnam, noted recent years has seen several effective shrimp production models implemented, attracting a host of groups and companies to get involved in the value chains of the local shrimp industry.

Luan also pointed out that with proper strategies, the shrimp sector is expected to gross an export turnover of between US\$3 billion and US\$ 4 billion, or even as high as US\$6 billion, in the near future.

The international fair will offer an opportunity for managers, businesses, and localities to gain greater access to the latest technologies in order to develop the shrimp industry in a sustainable manner, Luan said.

7. Transportation companies increase services for upcoming holiday

Transportation companies plan to increase their services to meet the greater demand during the April 30 and May Day holiday.

More trains will run on the Hanoi - Thanh Hoa, Hanoi - Vinh, and Hanoi - Dong Hoi routes on April 29 and 30.

Meanwhile, local airlines have increased flights to popular destinations to meet travel demand during the upcoming national holiday season.

Vietnam Airlines Group, including Vietnam Airlines, Pacific Airlines and Vasco, is offering 500,000 seats, equivalent to about 2,600 flights to and from Hanoi, Ho Chi Minh 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 Hanoi/HCM City to Phu Quoc, Nha Trang, Quy Nhon or Vinh, Thanh Hoa and Hai Phong.

Low-cost tickets are mostly sold out.

Director of the Hanoi Transport Station JSC Nguyen Anh Toan said that as passenger numbers are expected to increase from the evening of April 24 to April 30, the company plans to run 500 more buses and conduct 1,050 trips a day from Giap Bat and My Dinh stations in Hanoi, an increase of around 130 percent compared to normal days, and 700 others at Gia Lam station.

Corporate News

8. VIC: Vietnam's Vingroup considering IPO or SPAC deal for car division

↑ 0.64%

The announcement, made on the Vingroup website, is confirmation that Vietnam's biggest domestically listed company is considering moves that could lead to a listing of VinFast, either directly or via a so-called special purpose acquisition company, or SPAC.

Earlier reports that it was considering an IPO in the U.S. -- which would be a first for a Vietnamese company -- drove up Vingroup's shares in Ho Chi Minh City by 6% on Tuesday.

Vingroup, a conglomerate founded by the country's richest man, posted the news the same week that Grab, the Singapore-headquartered tech group, said it will merge with a Nasdaq-listed SPAC in a deal that values the company at \$40 billion.

A SPAC is a vehicle that raises money, lists on a stock market, then finds a private company to acquire. For the acquired company it can provide a quick route to a stock market listing.

While Sea Group, also based in Singapore, became the first company from the region to score a major listing in the U.S. in 2017, a market debut by VinFast could be part of a wave by Southeast Asian companies including Gojek, Tokopedia and Traveloka of Indonesia.

Raising funds would help VinFast, Vietnam's first automaker, with its aggressive expansion plans, including a proposal to make electric vehicle batteries with Foxconn, test autonomous cars in California and sell EVs to Americans and Europeans.

"VinFast wishes to clarify that the company is considering various fund raising opportunities and investments, including but not limited to an equity investment, an initial public offering, a business combination with a special purpose acquisition company or other transactions," the company said.

9. HPG: Hoa Phat becomes Vietnam's biggest steelmaker

↑ 2.83%

The Hoa Phat Group has surpassed Hung Nghiep Formosa Ha Tinh to become Vietnam's largest steel producer after it produced 2 million tonnes of crude steel in the first quarter of this year, a 60 percent increase year-on-year.

Hung Nghiep Formosa Ha Tinh took the second spot with output of 1.62 million tonnes, 20 percent lower than Hoa Phat.

In March alone, Hoa Phat produced 700,000 tonnes of crude steel, up 56 percent year-on-year and its highest-ever output for a month. It continued to take the leading position in terms of construction steel and steel pipe, with market shares of 33.8 percent and 30.19 percent, respectively.

The group's crude steel production has reached over 8 million tonnes a year, including over 5 million tonnes of construction steel and 3 million tonnes of hot rolled coil (HRC). Of the total, the Hoa Phat Dung Quat Steel Integrated Complex is the largest producer, with annual production of 5.2 million tonnes, followed by the Hoa Phat Hai Duong Steel Integrated Complex with 2.5 million tonnes a year. Its steel mill complex in Hung Yen province has a capacity of 400,000 tonnes a year. When the Hoa Phat Dung Quat 2 project comes into operation, the group's crude steel output is expected to reach 14 million tonnes a year.

Hoa Phat is currently among the 50 largest steel companies in the world and the largest in Southeast Asia.



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