



VIETNAM DAILY NEWS

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Market Analysis

1. Shares decline over worries on rising COVID cases

Vietnamese stocks struggled in volatile markets on Thursday with sentiment hit by increasing COVID-19 cases nationwide with the VN-Index failing to maintain its uptrend.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) declined 0.47 per cent, or 5.86 points, to finish the trading day at 1,250.57 points.

The market breadth was negative as 262 stocks declined while 148 rose and 48 stocks ended flat.

The southern market index had risen 1.15 per cent to finish Wednesday at 1,256.43 points.

The market's liquidity was high with nearly 730.5 million shares traded on the southern market, worth VND20.3 trillion (US\$882.2 million).

Market sentiment has been weakened amid worries over the fourth wave of COVID-19 in some of Viet Nam's cities and provinces.

Nationwide, there have been 64 COVID-19 cases in the fourth wave of the disease, in cities of Ha Noi, Da Nang and HCM City and the nine provinces of Hung Yen, Ha Nam, Vinh Phuc, Quang Nam, Dong Nai, Hai Duong, Yen Bai, Thai Binh and Bac Ninh.

"After Wednesday's strong rally, the VN-Index corrected slightly after approaching the historic peak of 1,260-1,280 points," said BIDV Securities Co.

"Market liquidity decreased slightly along with the continued net selling trend of foreign investors on both exchanges had caused a market correction to the threshold of 1,250 points.

"Cash flow weakened compared to the previous session. The VN-Index may consolidate in the short term around 1,250 points before retesting the 1,260-1280 level in the mid term."

The 30 biggest stocks tracker, VN30-Index, lost 0.17 per cent to 1,344.64 points.

Of the VN30 basket, seven stocks increased while 27 decreased.

Among the banking stock group, Vietcombank (VCB) had the most negative impact on the market as it fell 1.88 per cent, closing at VND98,300 per share.

Dairy giant Vinamilk (VNM) dropped more than 2.6 per cent, closing at VND89,600 per share, recording the lowest level since August 4th, 2020. Moreover, this was the session where VNM was net sold for six consecutive sessions by foreign investors and had the largest net selling value since March 5, 2021.

Another notable loser was Sabeco (SAB). This stock has fallen for four consecutive sessions, closing at VND156,000 per share on Thursday, the lowest level since July 1, 2020. Like Vinamilk (VNM), the beer giant's shares have still been net sold by foreign investors, though not as much as the dairy giant.

Meanwhile, on the Ha Noi Stock Exchange (HNX), the HNX-Index rose 0.06 per cent to close Thursday at 281.09 points.

The northern market index had risen 1.16 per cent to close Wednesday at 280.93 points.

During the session, over 115 million shares were traded on HNX, worth VND2 trillion.

Macro & Policies

2. Pushing agricultural product consumption through e-commerce

The use of livestreaming to sell agriculture produce is quite a new concept and only recently applied in Son La province. Here, an influencer with a huge number of followers introduces plums to boost consumption of the local specialty. The effort is the result of coordination between a number of individuals, organisations, and local authorities to provide support to the promotion and consumption of local plums.

One hour of livestreaming attracted more than 500,000 views, and after two days the number had increased to more than 3 million, with a total of 20 tonnes of plums sold. Online sales have contributed to promoting the Tam Hoa plum brand among many more people throughout the entire country.

Tam Hoa plums are a high yield crop, and in recent years there have been many localities planting the variety as their main crop. But due to a lack of communications and promotional efforts, they were still mostly consumed locally or in neighbouring areas. To remove the obstacles, the local government established a campaign committee to support the promotion and consumption of plums and of agricultural products in general through social networks and e-commerce sites.

Selling goods online and through e-commerce sites has many benefits, but quality must be ensured when products reach consumers. In order to guarantee the fair sale and uniform quality of agricultural products, authorities at all levels in Son La have created specific lists, giving priority to households that do not use fertilisers or chemical pesticides in the growing process.

3. Binh Phuoc seeks to bolster investment from US

The Becamex IDC Corporation together with the People's Committee of southern Binh Phuoc province held an online conference on May 5 with investors from the US.

Addressing the gathering, Vice Chairman of the provincial People's Committee Huynh Anh Minh said trade and investment promotions remain restricted as the COVID-19 pandemic wreaks havoc across the world.

The conference, therefore, holds significant and practical meaning for Binh Phuoc and the US business community and affirms the province's determination to expand cooperation and attract investment and the attention from US firms.

Binh Phuoc hopes to bolster cooperation with US investors in the fields of industrial engineering, electromechanics, the agricultural processing industry, supporting industries, and high-tech agriculture, among others, he said.

He also pledged that Binh Phuoc will improve its investment climate to ensure transparency, revise

policies, and create favourable conditions for businesses operating in the province.

At the conference, Vietnamese Ambassador to the US Ha Kim Ngoc underlined that the US is among Vietnam's leading trade partners, with bilateral economic and trade cooperation maintaining growth levels despite the adverse impact of COVID-19.

Binh Phuoc is currently home to 13 industrial parks (IPs) covering 4,686 ha. To satisfy economic development demand and attract investment in the 2021-2030 period, the province eyes the expansion of three IPs and the establishment of four others, raising the total area to 10,000 ha.

Prominent among these will be the Becamex - Binh Phuoc Industrial and Urban Complex in Chon Thanh district, which has drawn 49 projects with registered capital of nearly 1 billion USD.

Becamex Binh Phuoc is set to build the 1,000-ha Dong Phu Urban IP in the time to come.

4. Agro-forestry-fisheries exports up over 24 percent in Jan-Apr

The import-export value of agro-forestry-fisheries products in the first four months of 2021 stood at about 32.07 billion USD, with exports estimated at 17.15 billion USD, a 24.2 percent increase year-on-year, the Ministry of Agriculture and Rural Development (MARD) has reported.

With import value of 14.93 billion USD, Vietnam posted a trade surplus of about 2.2 billion USD, down 41.1 percent year-on-year, according to the ministry.

The export value of main agricultural products was estimated at 5.9 billion USD, up 9 percent year-on-year, while the figure for key forestry products was 5.33 billion USD and fisheries products 2.39 billion USD, increases of 50.9 percent and 6.1 percent, respectively, year-on-year.

Upturns were seen in the export of many products, including rubber (nearly 112 percent), tea (nearly 8 percent), rice (1.2 percent), fruit and vegetables (9.5 percent), cassava and cassava products (24 percent), breeding products (37.4 percent), tra fish (nearly 3 percent), shrimp (5.5 percent), and furniture (over 71 percent).

Falls, meanwhile, were recorded in the export value of coffee, at 11.6 percent, and cashew nuts, at 7.8 percent.

Asian markets consumed 46.9 percent of Vietnam's agro-forestry-fisheries products during the period, while the Americas accounted for 27.6 percent, Europe 10 percent, Oceania 1.4 percent, and Africa 1.4 percent.

The four leading markets were the US, China, Japan, and the Republic of Korea.

Vietnam also spent 5.01 billion USD in the first four months on importing agro-forestry-fisheries products, with 1.38 billion USD outlaid on breeding products, 679 million USD on aquatic products, 997.4 million USD on major forestry products, and 2.31 billion USD on input materials.

The ministry will continue to keep domestic firms informed about new sanitary and phytosanitary (SPS) regulations in major export markets, while maintaining its close watch over the production, price, and supply of farm produce in localities around the country.

5. Vietnam's trade turnover records \$207 billion in four months

Vietnam's trade turnover in the January-April period rose by a 10-year high growth of 29.5% year-on-year to reach US\$206.5 billion, the General Statistics Office (GSO) has said in a monthly report.

Upon breaking down, the country's exports during the period surged by 28.3% year-on-year to US\$103.9 billion, while imports were estimated at US\$102.61 billion, up 30.8%.

As Vietnam reported an estimated trade deficit of US\$1.5 billion in April, the overall trade surplus in the first four months of 2021 was narrowed to US\$1.29 billion, but remained a positive note amid

difficult global trade environment as a result of the Covid-19 pandemic.

According to the GSO, the foreign-invested sector made up 75.2% of the total exports with US\$78.14 billion, representing an increase of 34.4% year-on-year, while the domestic-invested sector exported US\$25.76 billion, or 24.8% of the total.

Among Vietnam's key export staples, phones and parts earned the largest export turnover during the January-April period of US\$18.4 billion, up 19.4% year-on-year and accounting for 17.7% of Vietnam's total exports.

In addition, electronic products, computers and components have earned an estimated US\$15.9 billion, up 30.8% year-on-year; followed by equipment and parts (US\$12 billion and up 76.9%); garments (US\$9.5 billion and up 9%).

Deputy Director of the Ministry of Industry and Trade's Import and Export Department Tran Thanh Hai attributed Vietnam's effective measures against the Covid-19 pandemic to its strong performance in trade.

“No disruption to business and production activities was key to help local traders fulfill their their foreign peers' orders,” said Hai.

Meanwhile, efforts from Vietnamese enterprises in adjusting to the new situation during the pandemic have also been decisive, he noted.

On the trade outlook for this year, Deputy Minister of Industry and Trade Do Thang Hai warned any resurgence of the Covid-19 pandemic would cause negative impacts on trade activities.

“Given the current context, safety measures to combat the pandemic continue to be the utmost priority,” said Hai.

Amid growing uncertainties surrounding the pandemic situation, Head of the Macroeconomic Policy Department under the Central Institute for Economic Management (CIEM) Nguyen Anh Duong called for enterprises to focus on markets having free trade agreements (FTAs) with Vietnam.

6. Austrian firms expect opportunities from Viet Nam

The article said it is not without reason that the Austria's IC- Steiermark Centre (ICS) has brought Viet Nam into a focus programme this year, on the back of its 2.9 percent economic growth, which could reach 5-7 per cent this year.

It quoted Austrian Commercial Counsellor in HCM City Dietmar Schwank as saying that Viet Nam has insisted on virus containment and wide quarantine for immigrants. Such policy has proven successful in both health and economic terms. Border closure, a 14-day quarantine without exceptions and a consistent anti-pandemic plan have helped Viet Nam curb the virus spread.

Meanwhile, failures in the tourism sector which experienced a boom with 18 million visitors in 2019 could be offset by public investment, manufacturing and domestic consumption.

Additionally, the Vietnamese Government also offered aid packages to enterprises and the unemployed.

In political and macro-economic terms, the author hailed Viet Nam as a stable country with its key

policies of economic liberalisation, investment in infrastructure and foreign investment attraction. All factors have made Viet Nam attractive to Austrian companies.

According to the article, the European Union – Viet Nam Free Trade Agreement, which took effect in August 2020, has also brought advantages to bilateral cooperation. Viet Nam is now the largest trade partner of Austria in Southeast Asia, with imports from the latter amounting to nearly 1 billion EUR. New business opportunities could be identified in infrastructure, healthcare, energy, urban technology, environment, security, disaster management, hi-tech products and production machinery.

The ICS's adding Viet Nam into its 2021 focus programme could open up a series of events such as seminars and trips to the country this autumn.

The centre said exporters and Austrian firms operating in mechanical engineering, food and pharmaceuticals will enjoy many chances when navigating the Vietnamese market.

7. Oil dips despite declining inventory

Both Brent and U.S. futures contracts hit their highest levels since mid-March in intraday trade before retreating. The \$70-per-barrel mark has acted as a barrier for the market since March, with investors unwilling to push oil higher as coronavirus infections surge in parts of the world.

Brent crude was down 5 cents to \$68.83 a barrel. U.S. West Texas Intermediate (WTI) crude settled 6 cents, or 0.09%, lower at \$65.63 per barrel.

U.S. crude inventories fell by 8 million barrels in the week to April 30 to 485.1 million barrels, exceeding expectations for a 2.3 million-barrel drop, the Energy Information Administration said. Exports rose to 4.1 million bpd, the most since March of last year, and refining output was at its highest since that month as well.

Pandemic-related restrictions in the United States and parts of Europe are easing, but infections are still on the rise in India and Japan.

The rise in oil prices to nearly two-month highs has been supported by COVID-19 vaccine rollouts. In the

United States, more than 40% of U.S. adults have received at least one shot and more than half of adults in the United Kingdom, although numerous nations worldwide have only vaccinated a small percentage of their population.

“Refining activity should only increase from here on out, while Asian demand is set to bolster U.S. oil exports going forward,” said Matt Smith, director of commodity research at ClipperData.

Euro zone business activity accelerated last month as the bloc's dominant services industry shrugged off renewed lockdowns and returned to growth.

India, the world's third-largest oil consumer, is battling a surge in COVID-19 infections. The country's oil imports in March rose from the previous month, buoyed by an upturn in economic activity, but are expected to drop again because of renewed lockdowns.

“If we were to eventually see a national lockdown imposed, this would likely hit sentiment,” ING Economics analysts said.

Corporate News

8. FPT: FPT partners with Base.vn to strengthen digital transformation business

↓ -0.24%

FPT has not disclosed the specific figure, but said that the stake acquisition is sufficient to integrate Base.vn into its financial statement.

Pham Kim Hung, director of Base Enterprise, the developer of Base.vn, said Base.vn helps businesses solve three big problems: Management for higher productivity, transparent and efficient information system, and comprehensive business governance and human resources development strategy.

“We plan to develop to solve other big problems for businesses like financial administration, customer administration, and business development on a united platform,” Hung said. “The cooperation with FPT will enable Base.vn to save at least 10 years of development.”

Accounting for over 97 per cent of the country's total number of businesses and contributing 45 per cent to the country's GDP, small- and medium-sized enterprises (SMEs) are key drivers of the nation's growth. According to Cisco research, digital transformation among SMEs in Vietnam can

contribute \$24-30 billion to the national GDP in 2024, and significantly contribute to economic recovery in the post-COVID-19 landscape.

Nguyen Van Khoa, general director of FPT, said, “Over the past years, FPT has been partnering with powerful firms in Vietnam and over the world in our digital transformation journey. Our strategy is to build a comprehensive platform for SMEs and the partnership with Base.vn, will enable FPT to realise this goal.”

Established in August 2016, Base.vn is one of the pioneers in the development of a Software-as-a-Service (SaaS) business governance platform in Vietnam. Currently, Base.vn has more than 5,000 customers in different sectors, 50 of which are the top ones in Asia.

Meanwhile, founded in 1988, FPT has three core business lines: technology, telecommunications, and education. After 30 years of development, FPT is now present in 26 countries worldwide.

9. VCG: Vinaconex reports outstanding profit in Q1

↑ 0.00%

In its first quarter financial report, the company's net revenue fell 4.8 per cent over the same period last year to VND951.9 billion.

However, thanks to lower cost of goods sold, which was down 10.7 per cent, its gross profit still rose 44.4 per cent year-on-year to over VND154.02 billion.

During the period, revenue from financial activities also fell by 26.8 per cent against last year to VND496.46 billion, despite a sharp decrease of 41.2 per cent in expenses for financial activities.

A big decline of 79.4 per cent year-on-year in general and administrative expenses resulted in a jump in Vinaconex's profit after tax. Its profit after

tax was 441.2 per cent higher to VND345.3 billion in the first quarter of this year.

The company had to make a provision of over VND495.3 billion for bad receivable debts in the same period of last year.

At the recent General Meeting of Shareholders, Vinaconex approved this year's business plan with consolidated revenue of VND12.23 trillion, up 41 per cent over 2020, and profit after tax of over VND1 billion, down 40 per cent.

VCG will also issue a value of VND2 trillion in non-convertible bonds without warrant and collateral assets, and a value of VND2 trillion of convertible bonds.

At the same time, the company offers nearly 58.29 million shares, equivalent to nearly 14.5 per cent of its total shares as of December 31, 2020. The plan of issuing shares and bonds is expected to help Vinaconex raise around VND5 trillion.

In 2021, the property developer is expected to obtain revenue from 93 Lang Ha Street project and a shop house in Mong Cai City (Quang Ninh Province) that is still under construction, Dao Ngoc Thanh, Chairman of the Board of Vinaconex, said at the meeting.

A part of two other projects in Cat Ba Island (Hai Phong City) are also planned for trading, including

villas and townhouse projects that have been contracted with customers previously.

Vinaconex has tried to gain big from Cat Ba's projects.

Vinaconex shares, which are registered on the Ho Chi Minh Stock Exchange (HoSE) with ticker symbol VCG, have been fluctuating and traded in a range of VND43,000 - 49,700 per share since the beginning of the year.

On Wednesday, VCG was stable at VND47,000 per share after falling nearly 2 per cent in the previous session.

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