



VIETNAM DAILY NEWS

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Market Analysis

1. Shares pull back from early gains fostered on selling pressure

The market reversed course to trade lower on Tuesday as selling pressure reappeared. However, it pared some losses in some stocks.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) edged down in the afternoon session although the market breadth was still positive.

The index fell 0.28 per cent to 1,256.04 points. It increased slightly this morning on the back of big stocks from material and bank sectors.

During the session, 261 stocks rose while 164 stocks declined and 40 ended flat.

The market's liquidity was high as local investors poured over VND20.73 trillion into the southern bourse, equivalent to a trading volume of over 704.5 million shares.

The market fluctuated after approaching the resistance level of 1,248 - 1,275 points in the morning trade as expected by analysts.

"The VN-Index is forecast to correct once it gets close to the resistance level of 1,248 - 1,275 points in the session," said Tran Xuan Bach, senior stock analyst from Bao Viet Securities.

"The index is likely to see cumulative sideways movements to create a new base above 1,200 points in the near term."

Bach also added that the benchmark would need to break through the strong resistance territory of 1,275 - 1,285 points to reconfirm the upward trend in the short term.

The reversal of the market in the afternoon session was due to losses of large-cap stocks.

The VN30-Index, which tracks the 30 biggest stock on HoSE, slid 11.47 points, or 0.84 per cent, to close Tuesday at 1,359.19 points. Only eight stocks in the VN30 basket posted gains while 21 stocks fell and one stock stayed flat.

Property developer Vingroup JSC (VIC) led the downward trend in the market, with the shares falling 1.13 per cent. Another stock in the real estate sector posting big losses was Vinhomes JSC (VHM), which dropped 1.11 per cent.

Other stocks from the material and banking industry witnessed poor performance including Techcombank (TCB), Vietnam Dairy Products JSC (Vinamilk, VNM), and Hoa Phat Group (HPG). All these lost more than 1.5 per cent and performed well in the morning session.

On the contrary, gains in JSC Bank For Investment and Development of Vietnam (BID) or Vietnam International Commercial Joint Stock Bank (VIB) helped limit the fall.

On the Ha Noi Stock Exchange (HNX), the HNX-Index also inched down in the afternoon trade due to a fall in large-cap stocks.

The index decreased 0.18 per cent to 279.76 points, while the HNX30-Index dropped 0.26 per cent to 417.4 points.

There were nearly 112.2 million shares traded on the northern bourse yesterday, worth over VND2.3 trillion.

Foreign investors were fleeing from the market again. They net sold a value of VND294.39 billion on HoSE, and a value of VND19 billion on HNX.

Macro & Policies

2. Vietnamese exporters struggle with rising material prices

Vietnamese manufacturers and exporters are struggling to cope with rising material prices despite posting high export volumes in the first four months of the year.

Data from the General Statistics Office (GSO) show that exports were estimated at 103.9 billion USD during the period, up 28.3 percent year-on-year. Up to 19 types of goods earned more than 1 billion USD in export revenue each, or 84.5 percent of the total.

As of late April, garment exports were up 9 percent year-on-year to 9.5 billion USD while footwear shipments had hit 6.4 billion USD, an 18.7 percent increase.

The Ministry of Industry and Trade has forecast that exports and imports will continue to thrive in the near future as new free trade agreements with preferential tariffs are implemented, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the EU-Vietnam Free Trade Agreement (EVFTA), and the UK-Vietnam Free Trade Agreement (UKVFTA).

Companies, however, face challenges caused by rising material and transportation costs as well as the uncertainties over COVID-19 in the region.

Nguyen Quoc Anh, Director of the Duc Minh Rubber Company and Chairman of the Ho Chi Minh City Rubber Plastic Manufacturers Association, said that since early this year the price of materials, chemicals, and rubber additives have soared 60 percent and show no signs of stabilising.

Many partners are hesitant to place orders and are waiting for prices to decline. Meanwhile, if companies were to sell their products at previous prices they would incur losses despite rising volumes, he said.

Experts have suggested building industrial zones designed exclusively for manufacturing apparel and footwear materials as well as devising a strategy to develop the supply of domestically-made materials for production and export, thus helping firms control costs and tap the advantages contained in free trade deals./.

3. Vietnam would continue to be world's second largest rice exporter: US department

The US Department of Agriculture (USDA) has forecast that Vietnam would maintain its position as the world's second biggest rice exporter this year.

According to the department, Vietnam will export 6.4 million tonnes of rice in 2011, an increase of 233,000 tonnes compared the volume recorded in the previous year.

It is likely that India will remain the largest rice exporter in the world, with 15.5 million tonnes rice shipped abroad this year. Thailand will rank third with an estimated export volume of 6.1 million tonnes.

Last year, Vietnam shipped abroad 6.15 million tonnes of rice worth 3.07 billion USD, down 3.5 percent in volume but up 9.3 percent in value year-on-year.

Statistics show that in the first four months of this year, the country exported 1.89 million tonnes of rice, down 10.8 percent in volume but up 1.2 percent in value over the same period last year.

The Vietnam Food Association said Vietnam's rice export structure has shifted towards quality types with higher prices and added values./.

4. US firms interested in Vietnamese supply chain

The report surveyed more than 700 businesses with international supply chains.

The data shows a 16 per cent year-on-year increase in demand for inspections and audits in Viet Nam in the first quarter of this year, which represents a third consecutive quarter of growth that had initially begun as a post-lockdown rebound in mid-2020, the article cited a report from QIMA, a provider of supply chain compliance solutions.

This growth is more than just a return to pre-pandemic levels, as Q1 2021 inspection demand has, on average, doubled compared to Q1 2019.

The appetite for Viet Nam sourcing is far from satisfied and is poised to redefine the sourcing landscape in 2021: around a third of buyers globally and 38 percent of US-based buyers name it among countries from where they plan to buy more in 2021.

The website says Viet Nam was not the only country in the region to benefit from expanded business volumes, as data on inspection and audits demand in Southeast Asia show double-digit growth across the board, fueled by the renewed interest from American and European brands alike.

5. Local garment industry looking towards sustainable development

It has been estimated that the global fashion industry consumed 79 billion cubic metres of water, emitted 1,715 million tonnes of CO₂, and generated 92 million tonnes of waste in 2015 alone. The figures are forecast to grow by at least 50 per cent by 2030.

To achieve sustainable development and be able to compete in the fashion industry's global supply chain, Viet Nam should not rely on cheap labour but on quality, technology, productivity, delivery time, and transparency, said VITAS President Vu Duc Giang. It also needs to minimise the consumption of energy and resources and invest in advanced technology to meet international standards on work and the environment, he added.

Dr Do Quynh Chi, Director of the Research Centre for Employment Relations (ERC), said Vietnamese manufacturers must boost production values to have the necessary resources to invest in complying with international labour and environmental standards and build a long-term and direct relationship with fashion brands.

A recent survey by the ERC shows that if local producers remain outsourcing sub-contractors who have profit margins squeezed by buyers in most cases, there is no other way for them to secure the resources needed for investing in sustainable development. They could even “fall out” of the global supply chain.

Manufacturers must view employees as their greatest resource, Giang said. They must establish links with peer producers to not only bring their strengths into full play but also to take advantage of the strengths of others, he noted.

He went on to cite the fact that at the outset of the COVID-19 pandemic last year, a number of Vietnamese producers succeeded in delivering orders for billions of face masks to buyers in the US and France within a month, due to their level of cooperation.

According to a report from the ERC, up to 50 per cent of fashion brands only purchase from major factories with 1,000 workers or more, as they assume that smaller suppliers will be unable to meet quality standards and fulfil their corporate responsibility requirements.

If there are no doors left open for small and medium-sized enterprises (SMEs), they will easily fall into the supply chains of discounters, which can lead to the entire domestic garment industry joining a “race to the bottom”, Chi said.

She stressed the need to design support policies for SMEs in terms of technology and management, allowing them to engage in sustainable development standards and climb up sustainable global supply chains. Vietnam's retailers have focused on

accelerating shopping experiences to meet consumer demand both in-store and online.

6. HCM City industrial revival well on course

The index of industrial production (IIP) went up by 9.7 per cent year-on-year in the first four months of the year, a positive signal at a time when the global economy has been hit by the COVID-19 outbreak, it said.

Bui Ta Hoang Vu, the department's director, said in April the IIP increased by 3.3 per cent from the preceding month, with manufacturing growing by 2.8 per cent and electricity production and distribution by 25.6 per cent.

A report from the city Statistics Office showed that production in the city's four key sectors increased by 11.7 per cent year-on-year in April, with electronics output up by 27.7 per cent, mechanical engineering by 17.5 per cent, food and beverages by 7.4 per cent, and pharmaceutical chemicals by 2.4 per cent.

Of tier-2 industrial sectors, 24 out of 30 expanded in April, with wood, bamboo and rattan processing and electrical equipment manufacturing sectors achieving robust growth, it said.

But traditional sectors saw a decline of 4.4 per cent, with leather and leather-based products down by 3.2 per cent and garment production by 12.6 per cent.

The consumption index for the processing and manufacturing sectors increased by 11.9 per cent.

The stockpile index came down for a number of sectors, including by 33.3 per cent for coke and refined petroleum products, 19.7 per cent for motor vehicle manufacturing, and 11.8 per cent for other metal products.

Despite the pandemic and closed borders, the city's exports managed to grow.

The Statistics Office said the city's trade increased by 21.3 per cent, as exports rose by 13.9 per cent and imports by 27.7 per cent.

Foreign direct investment is a major driver of import-export growth.

China remained the largest export market for HCM City's enterprises, buying over US\$3.5 billion worth of goods, up 11 per cent, followed by the US, Hong Kong, Japan, and the EU.

Retail sales, services recover

Sales of retail products and services in the first four months of 2021 in HCM City rose by nearly 8 per cent year-on-year.

Revenues from them were worth VND366.2 trillion (US\$15.85 billion)

In April alone growth was 23.3 per cent year-on-year.

April saw a large number of promotions during the Hung Kings Memorial Festival (April 21), Reunification Day (April 30) and International Labour Day (May 1), which boosted sales.

With the retail market recovering, many businesses, especially foodstuff and consumer goods companies such as Masan and Kido, saw revenues grow sharply in the first quarter compared to the same period last year.

Companies are now stabilising their production chains and cutting costs besides offering promotions to attract customers and stimulate demand.

The country's retail products and services sales for the period were worth nearly VND1.7 quadrillion, a 10 per cent increase year-on-year.

Retail sales accounted for nearly 80 per cent of it.

7. Fruit and vegetable exports soar during four-month period

April alone saw the country earn US\$380 million from fruit and vegetable exports to raise the total export value throughout the reviewed period to US\$1.35 billion.

China remained as the leading importer of Vietnamese fruit and vegetables during the first quarter of the year, making up 64.7% of the overall market share as exports to the northern neighbour reached US\$610.8 million, an increase of 16.2% compared to the same period from last year.

Furthermore, strong export growth was also recorded in the Ukrainian market, representing a 6.97-fold increase, while exports to Saudi Arabia endured the largest drop in terms of value with a fall of 62.0%.

Furthermore, all types of Vietnamese fruit and vegetables during the first quarter experienced an upward trajectory as exports of dragon fruit, mangoes, bananas, coconuts, jackfruit, lemons, and watermelons enjoyed respective increases of 3.2%, 30.6%, 35.2%, 13.0%, 63.8%, 0.8%, and 28.1%.

Moreover, the import value of fruit and vegetables in April reached US\$100 million to bring the total

import value during the four-month period to US\$451.1 million, a rise of 19.4% against the corresponding period from last year.

Throughout the first quarter, China, the United States, and Myanmar represented the three largest suppliers of fruit and vegetables to the nation, with the import value from China, the US, and Myanmar rising by 59.6%, 5.9%, and 35.1%, respectively.

Despite there being some positive signs in terms of Vietnamese fruit and vegetable exports to Taiwan (China) in the reviewed period, the export proportion ultimately remained low.

Experts from the Agro Processing and Market Development Authority (Agrotrade) forecast that the nation's fruit and vegetable exports to the Taiwanese market will continue to grow moving forward due to seasonal factors.

Indeed, the domestic fruit and vegetable industry must pay close attention to the export of fruits and seeds to this market if they are to enjoy competitive advantages and increase the export value for these products, according to Agrotrade.

Corporate News

8. PDR: Phat Dat settles \$22.5 million foreign loan

↓ -0.57%

The announcement on May 4 by Phat Dat Real Estate Development Corporation (HSX: PDR) follows the company's impressive business results in the first quarter, especially the early redemption of all bonds issued in 2019.

Phat Dat took out a loan of \$22.5 million in April 2019 from Samty Asia Investment Pte., Ltd., a subsidiary of Samty Corporation and a Japanese leading real estate enterprise via Vietnam New Urban Centre LP Fund. The capital was used to finance the company's projects, especially those in Ho Chi Minh City.

The timely settlement of all principal and incurring interests of the \$22.5 million loan is not only a showcase of upward growth momentum, efficient capital use, and strong financial management but also an indication of the company's great prestige and high commitment to domestic and foreign investors.

In 2020, Phat Dat set a revenue and profit record since the company listed on HSX despite faltering economy due to COVID-19 impacts.

Previously, on April 15, 2021, Phat Dat announced the VND250 billion (\$10.87 million) early redemption of all 5-year-term bonds issued on June 3, 2019 with a 10.5 per cent interest rate to develop Zone 2 of Nhon Hoi Ecotourism City (Binh Dinh

province). This is the final payment of all bonds issued in 2019, with a total value of VND1.659 trillion (\$72.13 million).

In 2020, the company recorded VND3.911 trillion (\$170 million) in revenue, up 15 per cent on-year, and VND1.22 trillion (\$53 million) in post-tax profit, up 39.6 per cent, setting revenue and profit records since the company listed on the Ho Chi Minh City Stock Exchange despite faltering economy due to COVID-19 impacts.

In the first quarter of 2021, its net revenue reached VND586.1 billion (\$25.5 million), slightly down 7 per cent on-year, but the profit recorded a leap of 60 per cent on-year.

Particularly, pre-tax and after-tax reached VND314.93 billion (\$13.7 million) and VND251.07 billion (\$10.9 million). The quarter's gross profit margin also increased sharply by 65.7 per cent against the 39.6 per cent hike one year ago, resulting in a gross profit of VND385 billion (\$16.74 million), up 54.4 per cent on-year.

On the stock market, closing the session on May 4, 2021, the PDR ticker rose 2.8 per cent to VND73,000 (\$3.17) apiece and the market cap surpassed \$1.5 billion.

9. ABS: Information on dividend payment and stake transfer

↓ -6.95%

Binh Thuan Agriculture Services Joint Stock Company (stock code: ABS) announces plans for dividend, stake transfer and transactions with related parties as follows:

- Expected dividend rate for 2021: 5%;

- Approving to transfer all shares owned by ABS in VCD Riverbank Joint Stock Company. The investment value was 405 billion dong (at par value);

- Approving materials purchase and sale transactions with related parties.

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