



VIETNAM DAILY NEWS

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Market Analysis

1. Market bounces back, VN-Index gains more than 13 points

Viet Nam's stock market settled higher on Wednesday, reversing the morning course as many stocks recovered from earlier losses. Meanwhile, foreign investors continued to flee from the market.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index jumped 13.05 points, or 1.04 per cent, to close Wednesday trade at 1,269.09 points. It hit the session low of 1,249.18 points.

The market breadth was positive with 309 stocks climbing while 102 stocks declined. And 51 stocks ended flat.

The liquidity was also high as over 671.2 million shares were traded on the southern bourse, worth VND19.78 trillion.

According to Bao Viet Securities, the VN-Index is expected to continue to struggle at the resistance territory around 1,275 points in the next few sessions.

"The index is likely to face some corrections before testing this resistance zone again," the securities firm said in a daily report to investors.

"In general, the market might continue to move sideways to create a new base above 1,200 point-level in the short-term."

Bao Viet Securities recommended investors keep stock proportions in portfolios at 35 - 40 per cent, and give priority to holding medium-term positions.

Investors also should consider opening long position in the short-term if the market corrects to the 1,200 - 1,220 point-level or successfully breaches the resistance zone of 1,275 - 1,285 points, the firm added.

The recoveries of many large-cap stocks were the main driving forces for the market. The VN30-Index, which tracks 30 biggest stocks in market capitalisation on HoSE, rose 20.98 points, or 1.54 per cent, to 1,380.17 points.

Of the VN30 basket, 26 stocks increased while only three fell and one stock stayed unchanged.

Bank stocks led the market's rally yesterday with Techcombank (TCB) being the biggest gainer, up 4.79 per cent.

Other bank stocks recording outstanding performance were Sacombank (STB), which hit the maximum daily gain of 7 per cent, Vietinbank (CTG) up 1.81 per cent, and VPBank (VPB) up 1.59 per cent.

Stocks from the material sector also gained big with Vietnam Rubber Group (GVR) up nearly 7 per cent, while Masan Group (MSN) and Hoa Phat Group (HPG) were up 2.46 per cent and 1.13 per cent, respectively.

Meanwhile, losses of Vingroup JSC (VIC), Viecombank (VCB) and Vinhomes JSC (VHM) capped the market's gain.

On the Ha Noi Stock Exchange (HNX), the HNX-Index jumped 0.92 per cent to 282.33 points. During the session, over 92.3 million shares were traded on the bourse, worth nearly VND2 trillion.

On the other hand, foreign investors were still net sellers on both exchanges with a total value of VND566.7 billion. Of which, they net sold a value of VND566.13 billion on HoSE and a value of VND10.57 billion on HNX.

Macro & Policies

2. US and EU buyers to choose Vietnam as sourcing destination in 2021

US and other global buyers continue to choose Vietnam as one of the leading sourcing countries this year as they are seeking to diversify their buying away from China.

The latest report, conducted by Qima, a provider of supply chain compliance solutions, showed that roughly a third of global buyers and 38% of US-based buyers named Vietnam as a place they intend to increase sourcing from 2021.

A traditional first choice for buyers diversifying away from China, Vietnam saw its popularity among Western buyers grow by leaps and bounds over the past few years - a trend that has remained in effect so far in 2021.

The data showed a 16% year-over-year increase in demand for inspections and audits in Vietnam in the first quarter (Q1). It was a third consecutive quarter of growth that had initially begun as a post-lockdown rebound in mid-2020.

The growth was more than just a return to pre-pandemic levels, as the Q1 inspection demand has doubled compared to Q1 2019, according to the report.

The inspection surge in Vietnam is in line with the findings of the QIMA global sourcing survey, where 43% of US-based respondents cited Vietnam among their top three buying geographies as of early 2021, doubled from 2019.

Vietnam is not the only country in the region to benefit from expanded business volumes. Qima data on inspection and audits demand in Southeast Asia showed double-digit growth across the board, fueled by the renewed interest from American and European brands alike.

The report was conducted on more than 700 businesses with international supply chains.

3. Meagre profits for some lead to longer-term hopes

One of the world's largest producers of basa fish, Vinh Hoan JSC, saw its sales rise in all its major markets in the first quarter of the year, with gross profits hitting \$11.8 million, up nearly 27 per cent on-year. However, it posted a 14-per-cent loss in profit after tax despite the gross profit gain.

Company chairman Tran Le Khanh explained that the US market's consumption is focused on restaurants, while in Europe consumption occurs mostly in supermarkets. Therefore, as restaurants gradually reopen in the US, so do exports. However, Vinh Hoan reported that its profit only amounted to \$5.7 million.

According to the General Statistics Office (GSO), Vietnam's exports reached an on-year increase of nearly 5 per cent to an estimated \$103.9 billion in the first four months of this year, in which domestic companies earned \$25.76 billion, rising 12.8 per cent on-year and making up 24.8 per cent of the country's total export earnings. Meanwhile, exports

of foreign-invested firms hit \$78.14 billion, up 34.4 per cent, taking up 75.2 per cent of Vietnam's total export turnover.

However, the high costs of logistics due to the shortage of shipping containers and other factors troubles exporting businesses in Vietnam.

The PAN Group reported that its shrimp exports, although seeing revenue increase by 36 per cent, only cashed in for an after-tax profit of \$1.34 million, a decrease of 23 per cent on-year. The group expressed concerns about the increase in transportation costs – the main input cost of many enterprises.

Meanwhile, general director of Song Hong Garment JSC Bui Viet Quang said that his company plans to return to growth on 2019 levels this year, based on the recovery of the company's key customer segments.

According to the latest GSO data, the price of raw materials, fuels, and other means of production in April increased by 0.37 per cent over the previous month and by 4.47 per cent on year. For the agro-forestry-fishery sector, the latter's increase even amounted to 7.82 per cent. Other sectors like industrial production and construction saw increases of 4.95 and 1.95 per cent, respectively.

According to Ministry of Industry and Trade, amid the pandemic, the lack of empty containers, increasing shipping rates, and the incident at the

Suez Canal and related rising transportation costs, Vietnam's import-export activities since the beginning of the year recorded positive results. However, these factors also mean that profits for many exporting businesses remain meagre.

Nevertheless, equal growth in important export industries like electronics, textiles, machinery, and agriculture in major markets such as the United States, China, the EU, South Korea, Japan, and ASEAN is forecast and may promise higher profits in the long run.

4. Vietnam seeks to stabilize steel prices

Deputy Prime Minister Le Minh Khai has asked the Ministry of Industry and Trade to push for increased domestic steel production towards stabilizing prices. Steel production in Q1 reached 7.6 million tons, a year-on-year increase of 34 percent, according to the Vietnam Steel Association (VSA).

He also said the export of steel should be lowered to ensure that local demand is met. Steel exports in Q1 rose 59.5 percent year-on-year to 1.6 million tons, according to the VSA.

Meanwhile, VSA has asked its members to prioritize using raw materials for steel production from local producers instead of imported them at high prices so that their operating expenses and selling prices are lowered.

Steel prices in Vietnam have experienced a 40-50 percent surge since the beginning of the year, according to the VSA, forcing construction contractors to suffer losses and turn down contracts.

Steel costs account for 10-30 percent of a construction project.

5. Seafood exporters call for delaying HCMC port fee collection until year end

The Vietnam Association of Seafood Exporters and Producers (VASEP) petitioned for this in a communication to the Ministry of Justice.

The city plans to start collecting the port fees from July 1, but VASEP said the fees would increase the pressure on already embattled exporters, who have to pay billions of dong (VND1 billion = \$43,300) to ports.

For instance, a firm in Khanh Hoa Province that ships 3,000 containers through Cat Lai Port in HCMC will have to pay fees of around VND3 billion on top of VND7.5 billion in highway tolls.

For goods that are imported for re-export, the fee starts at VND15,000 per ton and goes up to VND4.4 million (\$190.37) for a 40-foot container.

Regarding imported and exported goods, the lowest fee is VND30,000 per ton and highest is VND1.1 million for a 40-foot container.

6. MoF will actively build price management scenarios

Tuan said the National Assembly had set a target of consumer price index (CPI) growth at about 4 per cent for this year.

“The most important thing is to control the prices on the domestic market according to the mandate from the central administration to the local level. Another important factor is providing information about the market performance as well as policies on controlling prices issued by the Government,” Tuan said.

The state management of prices had gradually implemented and promptly adjusted prices of a number of important goods and services in the domestic economy or goods according to the market demand.

In addition, the role and duties of the State in management, administration and price stabilisation had also been clarified through macroeconomic mechanisms and solutions that are suitable to requirements in the economic development process.

Therefore, the representative of the department said that it would closely monitor price fluctuations on the domestic market, especially essential goods and services, to promptly propose solutions on ensuring the balance between supply and demand, especially goods with a shortage of supply due to natural disasters, pandemic and high demand of goods before, during and after Tet.

In addition, the Ministry of Finance (MoF) had recommended that ministries and sectors continue to closely follow the market price situation for specific management. For instance, the Ministry of Industry and Trade needed to work closely with the

MoF in managing the petroleum price based on the market factors and the Petroleum Price Stabilisation Fund.

For electricity, it was necessary to carefully evaluate factors affecting the electricity price, thereby having a suitable price management scenario.

Tuan said this year, the prices of essential goods were expected to be unchanged. Meanwhile, the prices of some goods were very unpredictable due to impacts from negative factors for prices, such as fuel products with complicated fluctuations.

He also forecast that storms and floods, as well as the COVID-19 pandemic, were affecting the supply and the market.

The business situation of some services such as accommodation, tourism, entertainment and aviation was forecast to face many difficulties.

According to the General Statistics Office (GSO), Viet Nam's consumer price index (CPI) in the first four months grew 0.89 per cent year-on-year, the lowest growth rate since 2016.

The index in April was down 0.04 per cent against the previous month while up to 2.7 per cent year on year.

Compared to the previous month, a downturn was seen in the prices of four out of 11 main groups of goods and services, with housing and construction materials taking the lead (0.43 per cent), followed by post and telecommunication services; food and catering services, among others.

7. Vietnam steps up trade co-operation with Venezuela

Addressing the event, Juan Freer, vice chairman of the Board of Directors of BANCOEX, emphasised that through the ongoing Venezuela Exporta scheme, BANCOEX hopes to promote the commercialisation of key Venezuelan products, including crude oil, coffee, cocoa, and green beans, to generate hard currencies for domestic production.

Freer went on to state that Venezuela's export turnover to Vietnam over recent years has significantly increased, climbing from US\$1.2 million in 2017 to US\$4.8 million in 2019, and the figure is expected to rise in the coming years.

In response, Vietnamese Ambassador to Venezuela Le Viet Duyen briefed participants on Vietnamese products of highly competitive advantage, such as farm produce, telephones and electronic components, garment and textiles, footwear, and aquatic products.

Most notably, several Vietnamese agricultural products have maintained their prestige within the international market in terms of both quantity and overall product quality, the Vietnamese diplomat noted.

Ambassador Duyen also stressed that the teleconference will allow firms to gain greater insights into the Vietnamese market, thereby drawing companies with proper business strategies, whilst simultaneously ramping up further trade transactions between both sides.

As part of the event, the Vietnam Embassy in Venezuela has released a manual aimed at providing Vietnamese firms with useful information about market and investment opportunities in the Venezuelan market.

Corporate News

8. POM: POM was lifted the warning status

↓ -1.23%

On May 07, 2021, the Hochiminh Stock Exchange issued a decision to lift the stock of Pomina Steel Corporation (stock code: POM) out of the warning status as from May 11, 2021.

Reason: The Company overcame the causes making the stock under the warning status. The parent company's profit after tax in 2020 was 15.26 billion dongs and its undistributed profit after tax at December 31, 2020 was 1.48 billion dongs.

9. VMD: Board resolution on dividend payment

↑ 0.00%

Binh Thuan Agriculture Services Joint Stock On May 10, 2021, the Board of Directors of Vimedimex Medi – Pharma Joint Stock Company (stock code: VMD) approved the cash dividend payment for 2020 as follows:

- Stock code: VMD
- Stock type: common stock

- Par value: VND10,000
- Payment method: in cash
- Exercise ratio: 20%/par value (2,000 dongs/share)
- Total payment amount: VND30,880,536,000.

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