



VIETNAM DAILY NEWS

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Market Analysis

1. Stock market might not have more room to rise: experts

The market hit new highs last week with the liquidity exceeding VND1 billion each session. Analysts from securities firms expect strong and stable investment cash flows will continue to elevate the market this week, but it might not have more room to rise higher.

After a choppy trading week, the market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) closed the last trading session at 1,266.36 points, up 0.35 per cent. The index broke the record high of nearly 1,270 points last Wednesday.

For the week, the benchmark increased 0.54 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index ended the last session at 294.72 points, up 2.68 per cent. The index posted a significant weekly rise of 5.2 per cent.

According to Saigon - Hanoi Securities JSC (SHS), the VN-Index jumped last week with higher liquidity and was higher than the 20-week average. It showed that cashflow continued to run into the market and investors' sentiment is positive.

After five weeks of struggling, the VN-Index finally finished the week above 1,250 points. However, foreign investors net sold a value of over VND3.6 trillion last week and this trend is expected to continue this week, barring the market rally.

The securities firm forecasted that the upward trend will continue this week but the room for rising higher is limited. Therefore, the VN-Index might continue to head for the 1,325 point-level. SHS suggested that investors can raise the proportion of short-term positions if the market corrects back to support level of 1,250 points.

Analysts from SSI Securities Corporation (SSI) said that after going up from the support zone of 1,200 points, the benchmark is heading back to the 1,286

point-level hit on April 20. The index is likely to face correction while approaching the resistance level of 1,286 points before falling back.

On the technical front, BOS Securities Corporation said that the VN-Index hasn't broke the 1,270 point-level in the last trading session as the division between stocks is rising. This showed that the market's potential supply force is at the resistance territory of 1,268 - 1,275 points.

But BOS still expected that the VN-Index might keep gaining points and move toward the old peak of 1,280 - 1,285 points, boosted by some large-cap stocks and mid-cap stocks in the coming sessions. And it is likely to struggle more during the rally.

Meanwhile, MB Securities JSC (MBS) saw that the country stock market is back to its upward trend thanks to stocks in the VN30 basket, which tracks 30 biggest stocks on HoSE. Both the VN-Index and VN30-Index are at their new highs. On the technical front, the market is still moving around 1,268 - 1,286 points. Therefore, the fluctuations will continue, MBS added.

Last week, the liquidity on both exchanges was at an average of VND24.6 trillion per session. On HoSE, the trading value rose 29.3 per cent week-on-week to over VND110.3 trillion, equivalent to a trading volume of nearly 2.7 million shares, up 20.6 per cent.

On HNX, the trading volume jumped 28.4 per cent to 609 million shares, worth over VND12.8 trillion, up 40.6 per cent.

The gas and oil sector rose the most in market capitalisation last week, up 7.1 per cent. It was followed by the banking sector and consumer goods, up 4.8 per cent and 4 per cent in market capitalisation, respectively.

Macro & Policies

2. Livestock exports continue to maintain upward momentum

Of the total, dairy exports surged by 27.8% to US\$25.5 million, while meat exports rose by 16.6% to US\$25.9 million.

Elsewhere, honey exports suffered a decline of 36.8% to US\$6.8 million, while egg exports of all kinds soared by 61.2% to US\$2.1 million.

Throughout the reviewed period Vietnam mainly exported meat products to the Hong Kong (China) market, accounting for 99.6% of the total and recording an increase of 3.7% against the same period from last year.

Meanwhile, the majority of poultry products are exported to the Asian market, making up more than 99.9% of the total, of which exports to Hong Kong (China), China, and Thailand make up 64.5%, 8.8%, and 4.5% respectively.

The country mainly shipped dairy products to the Asian market, with Iraq emerging as the largest consumer, followed by Cambodia, the Philippines, Turkey, and the United States.

Hong Kong (China) continues to represent a major consumer of local egg shells, alongside Singapore, while honey products were mainly shipped to the US during the reviewed period.

Nguyen Xuan Duong, acting director of the Department of Livestock Production, said the price of animal feed is anticipated to not witness a downward trend moving into the second quarter of the year, although it is anticipated to rise in the near future due to high production costs.

Duong also issued a warning about the risk that the US may choose to investigate and impose anti-dumping duties on honey product, which will directly impact the export turnover of this product.

The Department of Livestock Production plans to co-ordinate efforts alongside international partners to develop technical standards relating to management over the quality of livestock products in order to meet the stringent requirements set by importers.

3. Animal feed prices surge up to 30% year-to-date

Early this month, many animal feed producers announced an increase of VND200-500 per kilogram in animal feed prices.

The animal feed prices of VinaFeed, Guyomarc'h-VCN, ABC Vietnam and Cargill rose by VND300 per kilogram, VND300-400 per kilogram, VND330 per kilogram and VND250-500 per kilogram, respectively. On May 5, C.P Vietnam also raised the prices of its animal feed products by VND400-700 per kilogram.

This is the seventh increase in animal feed prices since the beginning of this year. In the price rise announcements sent to their customers, animal feed producers attributed the hike to the soaring prices of raw materials for animal feed production. Besides, disruptions in the supply chain and the

longer shipping time caused by the Covid-19 pandemic also contributed to the rise.

As animal feed accounts for 65-70% of the production cost for livestock farmers, the price hike has caused huge losses for farmers.

The owner of a chicken farm said last year, chicken prices dropped to VND15,000 per kilogram. Chicken prices have inched up since early this year but they cannot keep up with the hike in the animal feed prices. Chicken prices are currently ranging between VND19,000 and VND25,000 per kilogram, while production cost is estimated at VND27,000 per kilogram, causing losses of VND2,000-VND8,000 per kilogram for farmers.

Nguyen Van Ngoc, vice chairman of the Southeastern Livestock Association, said many farmers have withdrawn from the livestock industry due to losses.

Phan Hoa Binh, a farmer with over 20 years of experience in raising chickens in the southern province of Dong Nai, said he has closed all of his chicken farms due to mounting losses.

“I plan to lease my facilities to foreign companies. Only foreign invested companies with huge capital are able to survive in this industry,” he said.

According to the Department of Livestock Production under the Ministry of Agriculture and Rural Development, Vietnam produced 20.3 million tons of animal feed last year, including 8.9 million tons for pigs (43.8%), 10.7 million tons for poultry (53.7%) and 0.6 million tons for other animals.

The department predicted that animal feed prices will continue to edge up 5-10% in the second quarter of 2021.

4. Ministry wants to support domestic steel market

At a recent Government meeting, Deputy Prime Minister Le Minh Khai asked the ministry to find solutions to increase domestic steel production and ensure supply and demand balance.

The ministry said that soaring steel prices had hit not only Viet Nam but also the global market. Domestic steel production is heavily dependent on imported raw materials, making a price increase unavoidable.

The ministry said technical barriers and quality standards were being studied to create a healthy market together with the active implementation of trade defence instruments.

A close watch is being kept on the market development to handle the dumping of some steel products into Viet Nam as well as to cope with anti-dumping lawsuits on products originating from Viet Nam to minimise injuries to domestic producers.

Market watch efforts have also been enhanced to prevent market manipulation or trade fraud which might cause loss to the State budget and negatively affect consumers.

The ministry is studying policies to control exports of steel products which the domestic market has a high demand for to propose to the Government for approval while raising solutions to remove difficulties for steel production investment projects.

According to Truong Ba Tuan, Deputy Director of the Tax Policy Department under the Ministry of Finance, Viet Nam could consider adjusting

safeguard duties on steel ingots and construction steel products to lower prices.

On March 20, the Ministry of Industry and Trade decided to continue imposing safeguard duties on imported steel ingots for three more years.

Tuan, however, noted that lowering safeguard duties must be put under careful consideration to promote the domestic steel industry and stabilise the domestic market. It was important to have solutions to ensure market supply and demand balance and improve domestic production capacity, he said.

Dang Cong Khoi, Deputy Director of the Price Management Department under the Ministry of Finance, said the whopping rise in raw materials prices, including steel scrap and ingots, from mid-October 2020 had pushed up steel prices globally.

Statistics showed the current prices of raw materials increased by 37-39 per cent against October.

Ore price hit more than US\$220 per tonnes on May 10 in the global market, breaking the record of \$194 set a decade ago.

The Ministry of Industry and Trade said soaring steel prices in the domestic market largely affected other industries. Especially as the Government is accelerating the disbursement of public investment to drive economic growth amid the pandemic, high steel prices would push up investment costs and threaten to destroy the Government's medium-term public investment plan.

According to the Viet Nam Steel Association, the domestic steel market would set a new price level in 2021.

The association urged its member manufacturers to expand production and organise efficient distribution systems to help stabilise the domestic market.

5. Hanoi to have a modern logistics centre

A representative of Hateco, the investor and operator of Long Bien ICD, said this dry port has a total area of 120,000 sq.m operating 24/7 with a capacity of receiving more than 100 container trucks at the same time. It has warehouses, a distribution centre for goods and an express delivery centre.

The Long Bien ICD is also recognised as a customs clearance location for export and import of goods. Imported goods will be transported directly to Long Bien ICD and open declarations to help businesses save time, optimise costs, reduce contact points and congestion at seaports.

Accordingly, goods are imported through international road border gates, international railway stations, international airports and seaports and then transferred from the border gate to Long Bien ICD for customs clearance. They are goods on the list of imported goods subject to customs procedures at the import border gate, excluding aircraft, yachts; gasoline; explosive precursors and industrial explosives.

The Ministry of Finance said with a convenient location for traffic, Long Bien ICD connects to a system of seaports, airports, and land border gates from north to south and is located 100km from Hai Phong port, 122km from Lach Huyen port, 26km from Noi Bai International Airport, and 126km from the Chinese border.

It is also a gateway to key industrial zones in the North with convenient traffic and is easy to connect with many northern provinces and cities such as Hung Yen, Hai Duong, Hai Phong, Bac Ninh, Quang Ninh and Thai Nguyen.

This will be a lever to reduce pressure on seaports and border gates, turning Long Bien ICD into a centralised point for handling all logistics services according to the needs of businesses.

According to the Vietnam Logistics Business Association (VLA), in recent years the logistics industry growth rate has reached about 14-16 per cent to US\$20-22 billion per year, accounting for nearly 20.9 per cent of the national GDP.

Despite the high growth rate, logistics costs account for a large proportion in the product cost structure. For example, Chairman of Minh Phu Group Le Van Quang said that transporting a container from Viet Nam to Japan costs VND16 million, but from HCM City to Ha Noi costs VND80 million.

Logistics is one of the factors that determines the import and export competitiveness of Viet Nam. Therefore, if logistics services including warehousing, order processing and transportation, are not linked, costs will increase, affecting the competitiveness of enterprises.

With complete infrastructure and diversified services at the Long Bien ICD, businesses distributing high-value goods, cross-border e-commerce goods and raw materials such as high-end fashion, cosmetics, production accessories and plastic resins will reduce logistics costs.

This is also the premise for Hateco to develop cross-border e-commerce logistics and retail services.

6. Renewable energy output up nearly 160 percent during Jan-Apr

Vietnam's total output of electricity from renewable energies hit 9.5 billion kWh in the first four months of 2021, up 156.9 percent year-on-year, and accounting for 11.8 percent of the total electricity output, according to a report by the Vietnam Electricity (EVN).

The electricity output from solar energy alone reached 8.73 billion kWh, a nearly three-fold increase compared to the same period last year.

Meanwhile, during January-April, Vietnam produced a total of 18.39 billion kWh from hydropower, up 59.3 percent year-on-year, and making up 22.8 percent of the total.

The thermal power electricity yield reached 41.48 billion kWh, a year-on-year decrease of 8.7 percent, and accounting for 51.4 percent of the total. The total output of electricity generated by gas turbines was 10.55 billion kWh, down 16.4 percent, and equivalent to 13.2 percent of the total.

The output of oil-fuelled thermal power plant was small, reaching 2 million kWh, while electricity import volume stood at 481 million kWh, down 62.5 percent over the same period in 2020, and accounting for 0.6 percent of the total electricity production of the whole system.

The average daily electricity consumption of the whole system is expected to reach 774.3 million kWh per day in May, and the largest load capacity is estimated at 39,859 MW, as severe heat waves are forecast to linger throughout the country.

EVN also sets a target of well fulfilling the dual tasks of ensuring COVID-19 prevention and control and providing sufficient electricity for socio-economic development and people's daily activities, especially during the elections of deputies to the 15th National Assembly and all-level People's Councils for the 2021-2026 term on May 23.

7. Cassava exports rise sharply, prices surge

China was the biggest buyer, importing them to produce feed and ethanol.

Export prices are expected to remain high due to falling supply and high demand from China.

In the domestic market, cassava prices have reached VND3,400 per kilogramme, the highest in many years, which has encouraged farmers to take better care of their crops.

Nguyen Dinh Xuan, director of the Department of Agriculture and Rural Development of Tay Ninh Province, which has the largest area under cassava in the country, said at current prices farmers could earn over VND70 million (US\$3,030) per hectare per crop.

Last year the province harvested over 3.7 million tonnes, he said.

In the 2020-21 crop it has 33,340ha under the crop.

Tay Ninh has 65 factories that process cassava starch with a total annual capacity of 6.4 million tonnes of tubers.

With local supply of cassava unable to meet their demand, they import from Cambodia or buy from other provinces, Xuan added.

In Gia Lai Province, fresh cassava has fetched high prices this year. The Gia Lai Tapioca Starch Factory, for instance, buys from farmers at VND3,100 per kilogramme, VND1,000 higher than a year ago.

Cassava is one of the main crops in Gia Lai, with 13,000ha under it, mainly in the east and south-east.

Quang Ngai Province has more than 16,000ha under cassava and produced more than 311,000 tonnes last year, according to its Department of Cultivation and Plant Protection.

Farmers have planted more than 14,200ha, but more than 2,400ha are infected with leaf mosaic disease, it said.

Corporate News

8. VCI: Result of stock issuance under ESOP

↑ 5.62%

Viet Capital Securities Joint Stock Company reported the result of stock issuance under ESOP as follows:

1) Information on stock:

- Stock name: Viet Capital Securities Joint Stock Company

- Stock type: common share

- Par value: 10,000 dongs/share

- Stock volume before the issuance: 165,600,000 shares

+ Number of shares issued: 165,600,000

+ Number of outstanding shares: 165,600,000 shares

+ Number of treasury shares: 0 share

- Number of shares expected to be issued: 900,000 shares, equivalent to 0.54% number of outstanding shares

- Time for transfer restriction: 01 year from the finish date of the issuance

- Issue price: VND15,000/share

- Ending date: May 12, 2021

- Expected trading date: May 2021 or June 2021.

2) Result of stock issuance:

- Number of distributed shares: 900,000 shares, equivalent to 100% total shares expected to be issued

- Number of distributed employees: 75 persons

- Number of current shares (May 12, 2021): 166,500,000 shares; Of which:

+ Number of outstanding shares: 166,500,000 shares;

+ Number of treasury shares: 0 share.

9. GMC: Personnel change

↑ 1.81%

On May 12, 2021, Garmex Saigon Corporation announces the following issues:

1) Garmex Saigon Corporation received the Resignation Letter of member of BOD – Mr. Lam Tu Thanh.

2) Garmex Saigon Corporation received the Resignation Letter of member of BOD – Mrs. Nguyen Thi Thu Huong.

3) Garmex Saigon Corporation received the Resignation Letter of member of BOD – Mrs. Nguyen Minh Hang.

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