



VIETNAM DAILY NEWS

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Table of content

Table of content

1. Shares jump on surging blue-chips, VN-30 Index reaches 1,400
2. Textile industry wants its workers prioritized for Covid vaccination
3. Universal Robots advises Viet Nam's manufacturers to deploy cobots
4. India initiates anti-dumping probe into solar cell imports from Asian partners
5. Seafood exports to go up by 10% in Q2
6. Lacking raw material sugarcane, domestic sugar industry tumbles
7. Citizens, businesses hurt as rising prices raise inflation concerns
8. BCM: Becamex plans to raise \$65 million via bonds
9. VIC: VinGroup's electric buses run on Hanoi's busy streets

Market Analysis

1. Shares jump on surging blue-chips, VN-30 Index reaches 1,400

Shares made strong gains on Wednesday with the VN-30 Index conquering the 1,400-point landmark, propelled by surging large-cap stocks.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) rose 0.78 per cent, or 9.81 points, to finish Wednesday at 1,262.49 points.

It had declined 0.48 per cent, or 6.02 points, to finish Tuesday at 1,252.68 points.

The market breadth Wednesday was negative as 235 stocks declined while 183 rose and 46 ended flat.

The market's liquidity was high with over 694.4 million shares traded on the southern market, worth VND21.6 trillion (US\$937 million).

The 30 biggest stocks tracker, VN30-Index, gained 1.68 per cent to reach a new high of 1,401.71 points.

Of the VN30 basket, 16 stocks increased while 11 decreased.

A series of blue-chips soared during the trading session, pushing up the gains of VN-Index and VN-30 Index.

FPT Corporation (FPT), Sacombank (STB) and Hoa Phat Group (HPG) led the group with more than 4-per-cent rise. Military Bank (MBB), Vietinbank (TCB) and Vietinbank (CTG) all rose by 3 per cent. HDBank (HDB), Masan Group (MSN), Tien Phong Bank (TPB) and SSI Securities Corp (SSI) advanced more than 2 per cent.

In contrast, Vietjet (VJC), PVPower (POW) and Vincom Retail (VRE) were the biggest losers of the group, dropping more than 2 per cent.

"The VN-Index struggled mainly around the reference level in the first two hours but then gradually increased and closed above 1,260," said BIDV Securities Co.

"Investment cash flow improved slightly, foreign investors were net sellers on both HoSE and HNX. In addition, market breadth moved to equilibrium with liquidity not much different from the previous session.

"According to our assessment, VNIndex may return to challenge the 1,270-1,280 resistance area in the coming sessions," it said.

Foreign investors net sold VND240.9 billion on HOSE, including Vinamilk (VNM) with VND97.3 billion, VPBank (VPB) with VND87.5 billion and Novaland (NVL) with VND60 billion. They were net sellers on the HNX with a value of VND13.59 billion.

On a sector basis, gainers included real estate, securities, IT, healthcare, banking, rubber production, plastic-chemical production, food and beverage and construction materials.

Decliners included wholesale, insurance, retail, energy, agriculture, seafood processing, construction and logistics.

Meanwhile, on the Ha Noi Stock Exchange (HNX), the HNX-Index climbed 0.21 per cent to close Wednesday at 295.25 points.

The northern market index had declined 0.72 per cent to close Tuesday at 294.64 points.

During the session, nearly 131 million shares were traded on HNX, worth VND2.9 trillion.

Macro & Policies

2. Textile industry wants its workers prioritized for Covid vaccination

Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association (VITAS), said a proposal sent to the Government for the purpose is meant to speed up progress in "achieving community immunity and help enterprises stabilize production."

The worsening pandemic situation in the industrial zones is a big concern for enterprises and their workers, he added.

The number of infected workers was 466 as of Monday, including 369 in the northern province of Bac Giang, according to the Vietnam General Confederation of Labor.

Bac Giang on Tuesday decided to shut down four industrial parks, Van Trung, Quang Chau, Dinh Tram in Viet Yen District, and Song Khe – Noi Hoang in Yen Dung District.

Nguyen Van Thoi, chairman of apparel manufacturer TNG Investment and Trading JSC, which employs over 16,000 workers in Thai Nguyen Province, said the company has earmarked funds to

buy vaccines for its workers and wants the government to connect it with suppliers.

It has also strengthened Covid prevention measures by ensuring social distancing in its factory in Thai Nguyen and telling employees coming from the two severely affected provinces of Bac Giang and Bac Ninh to temporarily stay at home.

The chief of a textile firm in Hung Yen Province, who sought anonymity, said the government should accept funding from other sources to buy the vaccines.

Textile and garment exports rose 9 percent year-on-year to over US\$9.5 billion in the first four months of 2021, according to the Ministry of Industry and Trade, which attributed the rise to the revival in some main export markets and free trade agreements.

Vietnam has nearly 400 industrial parks, 30 border gate economic zones and 20 coastal economic zones, which employ nearly four million workers.

3. Universal Robots advises Viet Nam's manufacturers to deploy cobots

In 2020, the manufacturing sector played a pivotal role in driving Viet Nam's economy, contributing to 5.82 per cent in the economy. Additionally, it accounts for 16.69 per cent of the GDP of Viet Nam.

According to Nikkei and IHS Market, the Viet Nam Manufacturing Purchasing Managers' Index (PMI) reflected 51.7 points in December, up from 49.9 in November. Hence, business conditions in the Vietnamese manufacturing sector witnessed gradual improvement.

"Safety is imperative and has become the cost of entry into the cobot market now. UR believes in developing affordable, lightweight, and flexible robots that could deliver a rapid return on investment for the manufacturing industry," says James McKew, Regional Director of Asia-Pacific in Universal Robots.

"By lowering the automation barrier within the reach of manufacturers who never thought that they could deploy robots due to cost and complexity, we hope to help Viet Nam's industries realise higher productivity and maintain effective utilisation of their plants," added McKew.

According to the 'Collaborative Robot Market by Payload, Component, Application, Industry, and Geography - Global Forecast to 2026' report by market research firm MarketsandMarkets, cobots are increasingly being adopted by various industries due to advantages such as increased productivity and effective employee utilisation.

The cobots' market in the APAC region is expected to surpass that in Europe by 2021 due to large scale manufacturing industries especially automotive, electronics, and metals sectors which are increasingly deploying cobots.

Today, UR's cobots allow employees to move from repetitive, low-value tasks to high-value activities that increase work productivity and quality. Viet Nam manufacturing industry stands to benefit most from robotics as its processes involve repetitive

work in confined, structured spaces, environments that robots excel in. Cobots can work around the clock and produce consistent work under harsh working conditions without any rest.

4. India initiates anti-dumping probe into solar cell imports from Asian partners

This comes after an application was filed by the Indian Solar Manufacturers Association (ISMA), which alleges that the dumping of solar cells originating from China, Thailand, and Vietnam into the South Asian nation as led to the Indian industry facing significant damages.

The goods placed under investigation includes solar cell products with HS codes 8541.40.11 and 8541.10.12. The investigation period ranges from July, 2019, to December, 2020, while the period of damage investigation is from January, 2016, to December, 2020.

Currently the Indian Ministry of Trade and Industry has yet to provide details regarding the alleged dumping margin for each solar cell product under HS codes 8541.40.11 and 8541.10.12.

However, the Ministry points out that solar cell products originating or imported from China,

Thailand, and Vietnam possess a high dumping margin which exceeds the minimum threshold of over 2%.

The Indian agency stated that it will therefore send a questionnaire out to all known producers and exporters. Within 30 days from the date of the notification of the initiation of the anti-dumping investigation, all relevant businesses must actively contact the Indian Ministry of Trade and Industry in order to register to receive the questionnaire.

These firms are therefore advised to use an experienced consulting unit that operates in the field. This should be done while regularly exchanging information with India's import partners and closely co-ordinating efforts with the Trade Remedies Authority of Vietnam in order to receive support in a timely manner.

5. Seafood exports to go up by 10% in Q2

With their agility in exploring and diversifying markets, enterprises would continue to expand exports, it said.

It forecast shrimp export to top \$980 million in Q2, a year-on-year increase of 10 per cent, and pangasius and marine product exports to increase by 7 per cent and 9.6 per cent to \$712 million and \$816 million.

Seafood exports fell significantly in the first two months of the year due to a disruption in the supply chain, especially logistics, as a result of the Covid-19 pandemic.

But they recovered in March to rise to \$2.39 billion in the first four months, an increase of 6 per cent from a year ago, as enterprises made efforts to adapt to the changes caused by the pandemic and

capitalised on free trade agreements to push exports, the association said.

Truong Dinh Hoe, VASEP's general secretary, said the EU-Viet Nam FTA had greatly boosted exports of seafood products to the EU.

The UK-Viet Nam FTA, which would take over when the EU-Viet Nam Free Trade Agreement expires for the UK, opened up opportunities for Vietnamese seafood firms to promote exports to a market that used to account for a third of its total shipments to the erstwhile bloc of 28 countries, he added.

Nguyen Hoai Nam, VASEP deputy general secretary, said demand from major import markets such as the US, Japan and China would continue to increase.

The US market would continue to be a bright spot for many Vietnamese seafood products such as shrimp, pangasius and others, he said. Vietnamese exporters would have more opportunities to export to the US since India, the largest shrimp supplier to the market, was facing production difficulties due to the pandemic, he added.

Ho Quoc Luc, chairman of Sao Ta Food JSC, said global demand for shrimp usually increased by 5 per cent a year whereas output in major producing countries would not increase this year.

"Shrimp prices might increase slightly this year. Viet Nam's shrimp exports might go up by 5-7 per cent."

Hoe said: "Covid-19 has changed consumption habits globally, with people eating at home more frequently and tending to eat more seafood products, especially shrimp. The trend is expected to continue for the next few years."

To further increase exports, the seafood sector must find ways to reduce costs to become competitive, he added.

Though there are good signs in the market, exports will still be affected by high transport and input costs, according to the association.

Besides, businesses must realise that the fight against Covid will continue to be an important task in 2021, and have plans to store raw materials.

In the context of high input costs in aquaculture, Tran Dinh Luan, director of the General Department of Fisheries, said the seafood sector would continue to promote linkages in production to enable firms to get good quality of inputs at reasonable prices and enhance the use of technology to increase productivity, reduce costs and protect the environment.

6. Lacking raw material sugarcane, domestic sugar industry tumbles

According to reports of sugar refineries, in the 2019-2020 sugarcane crop, the number of active sugar refineries was 29. Up to now, in the 2000-2021 crop, only 26 factories remain in operation, because of a shortage of raw materials to maintain full capacity.

In previous years, sugarcane was considered a cash crop thanks to its adaptability and high economic efficiency. Along with diverse uses in many industries, sugarcane gradually determined its stability. However, with competition from other crops, the stability of sugarcane was placed behind the short-term returns of other riskier seasonal crops.

In the 2020-2021 crop year, although the price of raw sugarcane increased by about 200,000 VND/ton compared to the previous crop year, it was still a difficult year for the sugar industry, due to the lack of planting area, the serious shortage of domestic supply of sugarcane, farmers continued to switch to other crops, leading to a decrease in sugarcane output.

Price is considered an important reason affecting the decision to grow sugarcane of farmers. In its heyday, sugarcane was not only a cash crop but also

a crop that enriches many farmers. Experiencing fluctuations in economic integration, sugarcane farming is no longer as lucrative as before compared to crops that directly compete with it, such as cassava, rice, and coffee. Therefore, farmers cannot help hesitating about the short-term returns of these crops.

However, sugarcane is invested and consumed by enterprises, creating much more stability than other crops, which are precarious for being floated following the market. Besides, with the favorable situation of the international market, the price of sugar climbed due to a shortage of supply while demand recovered strongly. Cane sugar enterprises all raised the price of sugarcane higher than the previous crop to help sugarcane farmers to invest in sugarcane at ease. The price of sugarcane is good and is forecasted to continue to advance, so why do farmers still abandon sugarcane?

According to the analysis of some experts, the process of urbanization is seriously threatening the sugarcane material area. Only in 10 years from 2009 to 2019, the urbanization rate in Vietnam rose from 29.76 percent to 36.6 percent. In Dong Nai Province alone, it is expected that by 2025 the urbanization rate will hit 50 percent, the sugarcane growing

districts are being planned to become Grade 4 and 5 urban areas. Rapid urbanization threatens seriously the raw material area as these are districts with large sugarcane areas. Besides, only from 2015 to 2018, the proportion of laborers in the agricultural sector dropped by 6.3 percent, from 44 percent to 37.7 percent.

Moreover, as a labor-intensive industry, the sugar industry faces a serious shortage of unskilled laborers, especially during the harvest season, because this is a labor-intensive stage and affects the entire output of sugarcane farmers throughout the crop. The large proportion of manual harvesting creates risks and increases the cost of sugarcane cultivation, reducing the profits of sugarcane farmers.

Statistics of the sugar industry show that more than 50 percent of sugarcane farmers are over 50 years old. Only 7 percent of sugarcane farmers are at the ages of 20-30 and 14 percent are at the ages of 30-40. These are talking numbers of the sugarcane industry and agricultural sector in general. The shift in labor structure from agriculture to industry and services and from rural to urban areas has caused the sugar industry to lack a successor generation. The situation in many raw material areas is that veterans grow sugarcane "for passion", whereas newbies are not interested, resulting in an increasingly narrowing growing area of sugarcane.

Sugar factories are "drown on land"

As a vicious cycle, many sugar refineries have had to close, which means that the raw material areas there are broken, and thousands of farmers are struggling due to the loss of livelihoods from sugarcane. According to reports of sugar refineries, in the 2019-2020 crop, the number of operating sugar factories was only 29. Up to now, in the 2020-2021 crop, only 26 factories are still in operation, because of a shortage of raw materials to maintain full capacity.

It should be frankly acknowledged that there is a serious shortage of sugarcane raw material area in Vietnam. The area of sugarcane raw material area in Vietnam is currently about 127,000 hectares. Of which, more than 27,000 hectares of sugarcane are facing the risk of converting to other crops. With a sugarcane yield of 60 tons per hectare, providing about 7.6 million tons of sugarcane with a commercial cane sugar percentage of 10, we will be

able to produce about 760,000 tons of sugar. With optimal conditions, the average yield can reach 80 tons per hectare of sugarcane with a commercial cane sugar percentage of 10, the amount of sugar is only approximately 1 million tons.

Sugarcane output is not enough for sugar refineries to operate efficiently. Many factories even had to close because they cannot run below capacity. Currently, the demand for sugar in Vietnam is about 2 million tons, and it is forecasted that this demand will surge to 2.5 million tons by 2025. The demand increases but supply cannot meet it. It is forecast that domestic sugarcane production this year will be short of 1-1.3 million tons of sugar.

Amid this fact, the unanswered questions for the sugar industry are how to rebuild the confidence of sugarcane growers and how to make both farmers and sugar refineries profitable and sugarcane develop again? These are the questions not only for enterprises and farmers but also for relevant parties, including the State, local authorities, and associations. Before the government has policies to revive the raw material area and restore the sugar industry, there is a risk that smuggled sugar will pour heavily into the country. When the problem of the redevelopment of the raw material area still encounters challenges and needs more time, and ensuring the supply of sugar for the domestic market requires ministries and agencies, especially the Ministry of Industry and Trade, to have radical and immediate solutions to stabilize the market.

According to a report by the Agro Processing and Market Development Authority, compiled from the data of localities with sugar refineries, the total area of sugarcane cultivation in the 2019-2000 crop was 182,599 hectares, down 18.4 percent compared to the total of 223,847 hectares in the 2018-2019 crop. The average yield of sugarcane in the 2019-2020 crop was 61.5 tons per hectare, down 1.9 percent compared to the average yield of 62.7 tons per hectare in the 2018-2019 crop, leading to an output of only 11,235,984 tons of sugarcane in the 2019-2020 crop, down 20 percent compared to an output of 14,042,789 tons in the 2018-2019 crop. In the 2020-2021 crop, despite many positive changes from the market, the remaining sugarcane raw material area was only 127,446 hectares, and the total sugarcane output was only 7,498,060 tons, down 34 percent compared to the 2019-2020 crop.

7. Citizens, businesses hurt as rising prices raise inflation concerns

Loan and her husband in HCMC's District 5 spent around VND120,000- 200,000 (\$5.22-8.70) per day last month on feeding their family of three, almost double that of the same time last year. They say the prices of vegetables and meat have been increasing since the beginning of the year.

Hoa, another HCMC resident, has seen her spending on family meals increase by 65 percent to VND5 million per month. She says the prices of cooking gas and many ingredients she needs have been rising.

"The prices of some products have doubled since the beginning of the year. I'm spending out of my savings."

Ngoc Chau, head accountant for a construction company in Tan Binh District, has seen prices of a bowl of noodle soup rising nearly 20 percent to VND65,000 the past few months.

In the first four months of this year, the prices of materials and ingredients have risen by 4.64 percent year-on-year, with the surge strongest in the agriculture, forestry and fisheries sector, up 6.77 percent, according to the General Statistics Office.

The GSO has cautioned that although inflation was 0.29 percent in the first quarter, the lowest in 20 years, keeping it under the targeted 4 percent this year won't be easy as many economies including the U.S. have introduced economic stimuli to boost recovery.

The Ministry of Agriculture and Rural Development said that animal feed prices have surged 30 percent since the beginning of the year and is set to rise further in the second quarter.

Fuel prices, meanwhile, have increased by 19 percent since the beginning of the year.

Do Van Khuoi, director of supplies at Saigon Food, said that prices have been rising due to limited supply of goods domestically and shortage of materials globally. There are signs that some suppliers are increasing their reserves to indulge in speculative pricing, he added.

"Disrupted supply chains due to difficulties in transporting goods amid the pandemic have also pushed up prices."

Khuoi said that in recent months, the prices of spices have risen by 5-10 percent, rice and seafood by 5-20 percent and material for plastic production by 15-70 percent.

A spokesperson for food processor Vissan also said that many food companies were facing "headaches" because of rising material prices. Some suppliers have requested a 15 percent increase starting this month.

Most businesses say they are trying to look for alternative sources of materials and ingredients to lower prices.

Authorities have also been working to stabilize prices.

Pham The Anh, head economist of the Vietnam Institute for Economic and Policy Research (VEPR), said that Vietnam and many other economies face high risks of rising inflation this year as prices of some products like steel and fuel have been surging at around 20-30 percent.

Economist Nguyen Duc Thanh said that authorities are facing difficulties in controlling inflation, as keeping prices low will hurt businesses which are already hit by the Covid-19 pandemic, while allowing prices to rise will hurt low-income people.

The domestic department market under the Ministry of Industry and Trade said it has been working with businesses to ensure adequate supply to keep prices from surging suddenly.

It has also been working with customs and agriculture authorities to ensure the stable delivery of goods, especially between localities with a high number of Covid-19 cases.

Deputy Prime Minister Le Minh Khai has also ordered relevant government bodies to take keep fuel prices stable.

Corporate News

8. BCM: Becamex plans to raise \$65 million via bonds

↓ -0.19%

The maximum total par value is VND1.5 trillion (US\$65.2 million) and divided into three to five installments.

The bond term is expected to be from one to five years, with a par value of VND1 billion per bond, and is expected to be issued in the second or third quarter of this year.

The purpose of this bond fundraising includes increasing the operating capital scale of Becamex and restructuring the capital.

Previously, Becamex announced the issuance of two million private bonds for the first time on March 30 this year with a total issuance value of VND2 trillion. The bond has a maturity date of March 25, 2026.

Becamex recorded a total bond value of VND6.05 trillion by the end of the first quarter of this year.

Becamex achieved a revenue of approximately VND1.4 trillion in the first quarter of this year, up 14 per cent over the same period last year.

Its profit after tax grew by 40.9 per cent compared to the same period last year to VND468 billion.

Compared to the plan, Becamex has completed 15.7 per cent of the revenue target and 20.3 per cent of the target of profit after tax.

9. VIC: VinGroup's electric buses run on Hanoi's busy streets

↓ -0.74%

Vinbus Ecology Transport Services Limited Liability Company (VinBus), a member of Vietnam's largest conglomerate Vingroup, on May 17 trialed its smart electric bus service on Hanoi streets after one-month testing inside VinGroup's urban areas.

The buses run on the Hao Nam – Vinhomes Ocean Park, Times City – central agencies' zone, and Ho Tay Water Park – Vinhomes Smart City routes.

A Vinbus representative said that the buses carry no passengers during the trial time.

Earlier on April 8, Vinbus launched the first smart e-bus service in its inner areas. The buses ran in the Vinhomes Ocean Park urban area in Gia Lam district, Hanoi, while awaiting the completion of procedures to connect with the city's public transport network.

Vinbus is an electric bus model manufactured and assembled by VinFast at its Automobile Production Complex in Hai Phong city.

Each bus is equipped with an automated system able to control driving behaviour and give warnings about unsafe situations, an on-board public address system, free wifi, USB charging ports, and security cameras, among others.

With a battery capacity of 281 kWh, the bus can travel between 220 and 260 kilometres on a single charge. It can fully recharge in just two hours at VinBus's 150 kW charging station network.

VinBus is scheduled to provide public transport services in five major cities in Vietnam: Hanoi, Hai Phong, Da Nang, Ho Chi Minh City, and Can Tho.

In March, Deputy Prime Minister Trinh Dinh Dung agreed in principle for Hanoi city to temporarily apply the economic and technical norms and unit cost for buses using the compressed natural gas (CNG) buses in the city, on electric buses.

Based on the e-bus service trial results, the municipal People's Committee will join hands with competent ministries to set up and issue economic-technical norms for the electric buses.

Earlier in December 2019, Vingroup proposed the operation of ten e-bus routes in the city, and committed to investing in 150-200 high-end e-buses.

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