



# VIETNAM DAILY NEWS

May 26th, 2021



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## Market Analysis

### 1. Market rises on strong local investments

Shares ended higher on Tuesday on local investors' buying force, while foreign investors continued to flee from the stock market.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) jumped 10.6 points, or 0.82 per cent, to 1,308.58 points. The index broke the important level of 1,300 points 30 minutes after the market opened in the morning trade.

The market breadth was still positive as 212 stocks edged higher, while 193 stocks slid and 60 stocks ended flat. However, the liquidity was lower than yesterday with domestic investors pouring over VND21.2 trillion in the market, equivalent to a trading volume of nearly 679.1 million shares.

Tran Xuan Bach, senior stock analyst from Bao Viet Securities Company, expected that if the benchmark successfully breaks the resistance zone of 1,285 points, it is likely to head toward a strong resistance territory of 1,350 - 1,380 points in the short term.

As there will not be much information supporting the market and stock groups, the market might continue to face strong division between stocks' lines and it will be dominated by some large-cap stocks, according to Bach.

He recommended that investors should maintain the proportions of stocks in portfolios at 30 - 45 per cent, and give priority to long/mid-term positions.

The market still received support from some big stocks. The VN30-Index, which tracks 30 biggest stocks in market capitalisation on HoSE, rose 0.95 per cent to 1,444.01 points. Of the VN30 basket, 18 stocks climbed, while only eight stocks fell and four stocks stayed unchanged.

Stocks from banking and material sectors were leading the market trend with Vietcombank (VCB) the biggest gainer, up 2.46 per cent.

MBBank (MBB), Southeast Asia Commercial Joint Stock Bank (SSB) and JSC Bank For Investment and Development of Vietnam (BID) were other bank stocks posting big gains, up more than 1.5 per cent. SSB shares even hit the maximum daily gain of 7 per cent.

Hoa Phat Group (HPG) and Saigon Beer - Alcohol - Beverage Corporation (SAB) from material sectors also increased more than 2.6 per cent.

Gains in gas and oil stocks on higher international prices also supported the market's rally, with PetroVietnam Gas JSC (GAS) up 1.1 per cent, PetroVietnam Technical Services Corporation (PVS) up 3.65 per cent and PetroVietnam Drilling & Well Services Corporation (PVD) up 2.49 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index reversed its morning course to finish higher in the afternoon trade. The index rose 0.42 per cent to 301.59 points, helped by gains in large-cap stocks. The HNX30-Index, tracking 30 biggest stocks on the exchange, climbed 0.86 per cent to 457.42 points.

During the session, nearly 131.1 million shares were traded on HNX, worth nearly VND3 trillion.

However, foreign investors stayed away from the country's stock market as they net sold a total value of VND114.46 billion on both exchanges.

Of which, they net sold a value of VND86.3 billion on HoSE and a value of VND28.16 billion on HNX.

## Macro & Policies

### 2. Binh Duong's per capita income highest in Vietnam

The southern province of Binh Duong surpassed Hanoi and Ho Chi Minh City to top the nation's per capita monthly income in 2020, the General Statistics Office (GSO) has said.

According to the GSO's survey on local living standards in 2020, which covered nearly 47,000 households across 63 cities and provinces, the province's per capita income was more than 7 million VND (303.93 USD) per month, while that of the southern hub was 6.537 million VND, and Hanoi 5.981 million VND.

The national average was 4.23 million VND, with the per capita income in urban areas reaching more than 5.5 million VND, rural areas 3.48 million VND.

In terms of regions, the southeast region had the highest monthly per capita income, at over 6 million VND, 2.2 times higher than that of the northern midland and mountainous region which had the lowest monthly per capita income.

The survey pointed out that housing quality played an important role in deciding people's living quality. Last year, 95.6 percent of households lived in permanent houses and semi-permanent houses. Only a small number of families resided in less-temporary houses and simple houses due to their long-standing practices, like those in the Mekong Delta and the northern midland and mountainous regions.

Although Binh Duong had a low percentage of households having permanent houses (6.3 percent), the province had no less-temporary and simple houses.

Despite the COVID-19 pandemic, the number of poor families has continued to decrease thanks to social welfare policies, the GSO says. Policymakers, however, need to address the wealth gaps between urban and rural areas, the rich and poor as well as between regions.

### 3. Viet Nam removed from list of beneficiaries of EAEU tariff preferences under GSP

This change is expected to have a strong impact on enterprises whose export activities are enjoying GSP incentives from the EAEU markets, especially the Russian market.

On March 15, the Board of the Eurasian Economic Commission approved Decision 17 on adjusting the list of developing and least developed countries enjoying tariff preferences from the EAEU GSP.

For Viet Nam, the EAEU GSP mechanism should have ended as soon as the free trade agreement between Viet Nam and the EAEU came into effect in 2016. However, the EAEU approved a five-year extension for Viet Nam to continue enjoying GSP after the entry into force of this agreement.

Enterprises exporting goods to the EAEU markets, especially Russia, Viet Nam's largest trading partner in the EAEU, need to pay attention to this deadline and adjust their export activities. They are recommended to learn about tariff preferences and

corresponding rules of origin to take advantage of tariff preferences from the Viet Nam - EAEU FTA as an alternative to the GSP mechanism.

Vietrade recommended exporters come up with plans to adapt to the change and to explore tariff preferences and corresponding preferential rules of origin under the EAEU - Viet Nam Free Trade Agreement in place of the GSP.

Viet Nam is among 75 developing countries to be removed from the list, alongside the two least-developed nations.

Despite the impacts of COVID-19, two-way trade between Viet Nam and the EAEU expanded 6.5 percent to US\$5.2 billion last year, of which Viet Nam's exports to the EAEU totalled \$3.1 billion and imports \$2.1 billion, up 7.2 percent and 5.5 percent, respectively, from the previous year. Of the figure, trade with Russia accounted for 93.7 percent.

#### 4. Local tech platforms expand into global markets

Having gained a foothold in the domestic market, many technological platforms created by Vietnamese companies are now extending their reach to the world and been welcomed in foreign markets, according to Ha Noi Moi (New Hanoi) newspaper.

The Military Industry and Telecoms Group (Viettel) was the first to manufacture 5G devices in Vietnam, helping Vietnam to become the fifth country in the world to master 5G infrastructure and produce 5G devices.

It has also taken the lead in developing an online charging system (vOCS), which not only calculates charges but also records customers' use of telecom services. The application has served 170 million customers around the globe since 2017.

Doing business in 10 markets abroad, Viettel has applied for and been granted four patents in the US, which will help its products compete with international rivals.

The newspaper cited Nguyen Cuong Hoang, Deputy General Director of the Viettel High Technology Industries Corporation, as saying that the vOCS 4.0 version has new functions and will open up more business opportunities for the corporation around the world.

Meanwhile, FPT is not only a supplier of technological solutions, applications, and products in many important fields but also a major partner of various businesses around the world.

Its artificial intelligence (AI) platform FPT.AI now has nearly 500,000 users, generating 1.84 billion VND (79,600 USD) in revenue by the end of the first quarter this year.

In 2020, it overcame a number of major rivals to secure a contract worth 150 million USD to carry out digital transformation at a leading automobile company in the US.

Digital transformation platforms helped the group enjoy growth of 31 percent in the technology segment last year.

The Vietnam Posts and Telecommunication Group (VNPT), another of the country's telecom giants, has developed its ONE Telco device management platform, which assists multi-device management on large-scale telecoms networks.

Put into use in 2017, the platform has been managing nearly eight million devices, helping VNPT substantially reduce operational costs and save millions of USD on purchasing foreign copyrights.

VNPT said ONE Telco has been applied by many domestic and foreign telecom service providers, including those in Thailand, Indonesia, and Myanmar, helping to manage nearly 10 million devices.

BioID, a biometric identification and authentication platform, is also being used by five large Vietnamese clients and is expected to bring in about 5 billion VND in revenue for VNPT this year.

Ngo Dien Hy, General Director of the VNPT Information Technology Company, noted that the group expects that BioID will become the No 1 biometric identification and authentication platform in Vietnam and be deployed in markets such as Laos, Cambodia, and Myanmar.

#### 5. COVID-19 resurgence leaves textile-garment makers restless

Vietnam's textile and garment exports grew 9 percent to over 9.5 billion USD in the first four months of 2021, with shipments of cord fabric and

fibre and yarn increasing 35.7 percent and 43.4 percent, respectively, year-on-year.

It was an especially encouraging performance given that the sector witnessed a 10.5 percent decline in generating 35 billion USD from exports last year. The industry is aiming for up to 39 billion USD in shipments this year.

However, exporters and producers can't rest easily as the country's fourth wave of COVID-19 is ravaging industrial parks in the north, where a large number of textile and apparel factories are located.

If a company is put under quarantine and must suspend production for 14 to 21 days, its plan for the year as a whole would be in tatters, according to Chairman of the Vietnam Textile and Apparel Association (VITAS) Vu Duc Giang. The consequences could be enormous, leaving firms on the brink of bankruptcy and workers without jobs, he added.

Textile and garments is a labour-intensive industry and the damage caused by the COVID-19 resurgence may be incalculable, he explained. Delays in delivery can lead to cancelled orders or delay penalties, resulting in losses in the billions of USD and reputational damage for the industry.

It is vital to protect workers' health to maintain continuous production, Giang said.

To deal with the situation, VITAS has proposed the government and the Ministry of Health help producers buy and administer COVID-19 vaccines, with priority given to those in areas hit hardest by the pandemic.

The association has also suggested firms in the industry provide financial support for procuring vaccines, to speed up nationwide vaccination efforts.

## 6. Tourism businesses need to become flexible post-pandemic

The pandemic has caused travellers to pay more attention to health, safety, hygiene, travel insurance, and avoiding crowds, pushing demand for luxury accommodation with isolated spaces, travel to nearby places and shorter vacations.

According to surveys, people pay attention to safety rather than price and choose high-quality travel products.

Customers make direct online bookings on websites of tour operators.

The tourism market is expected to shift from outbound domestic tours, and so tour companies need to have quality accommodation at reasonable prices to meet this demand. They need to quickly grasp market trends to redesign tourism products, focusing on luxury resort tourism, eco-tourism, health tourism, and adventure travel.

They should improve the quality of products and services so that tourists stay longer and spend more, the most important goal in the long term.

Minister of Culture, Sports and Tourism Nguyen Van Hung said domestic travel plays a key role in tourism now.

“It is high time for the whole sector to review, find new approaches and change methods as well as the thinking among tourism workers to revive the travel market.”

The sector should focus on a market of nearly 100 million people who like to go on holidays when the pandemic is under control, he said.

He suggested introducing more products suitable for them.

The Civil Aviation Authority of Viet Nam reported a surge in demand during the Reunification Day (April 30) and Labour Day (May 1) holidays to almost 1.5 million bookings, up 30 per cent from 2019 in the pre-COVID era.

On April 29 Tan Son Nhat airport set a record for a holiday weekend by handling over 108,000 passengers, a number made even more notable by the fact that the country's borders remained closed.

### Demand for domestic travel is significant.

Phung Quang Thang, director of Hanoitourist, said sustainability would be key going forward, and a

small group of tourists would play an important role.

“Travel agencies should focus on quality rather than quantity, road travel will expand, people will travel nearer to home than before.”

He said travel agents should pay more attention to sustainable tourism, enhancing their own role in community tourism, push for digital transformation and caring more about markets, tourism products and promotions.

Pham Ha, chairman of Lux Group, said before the pandemic outbreak 99 per cent of his company’s customers had been foreigners and revenues were growing by 30 per cent a year.

But with the epidemic keeping out international visitors, his business was forced to change to become more flexible in terms of domestic tourism, he said.

Lai Minh Duy, vice chairman of the HCM City Tourism Association and general director of TST Tourism Company, said localities and travel agents should focus on exploiting golf tourism, MICE tourism and driving tours, and enable customers to book online.

Viettravel general director Nguyen Quoc Ky said it is necessary to focus on the domestic market, and tourism businesses should be encouraged to respond to the stimulus programme to enable the market to revive.

Nguyen Thi Khanh, chairwoman of the HCM City Tourism Association, said tourism businesses suffer heavy losses when they have to postpone tours since they still have to pay service providers.

Besides, most have no revenues but have to pay interest and other expenses, and so rents should be waived for them in 2021 and 2022 and they should be offered loans at zero interest rates to retain employees, she said.

Their bank loans should be rolled over so that they do not default, and international and domestic travel business licences and tour guide cards

should be reissued free of charge in 2021, she added.

### Safety tour

Short-haul tours to safe destinations is likely to be preferred after the pandemic.

Bui Ta Hoang Vu, director of the city Department of Tourism, said: “For now the HCM City tourism sector will focus on domestic travel.”

Travel agencies and tour operators who meet COVID-19 safety standards based on a set of evaluation indicators would be allowed to operate, he said.

As businesses resume operations, preventive measures to ensure the health and safety of customers are a priority, he said.

City tourism authorities are gearing up for intensive promotions to encourage travel.

Room and ticket booking via online booking platforms without any form of physical contact would be a prominent trend in travellers’ behaviour this year, experts said.

Free independent travellers will tend to visit less-crowded destinations, while group travellers want to join smaller groups and complete their trip within two or three days to limit the risk of infection.

Tourism authorities need to improve products to improve the travel experience and adopt data and technology solutions for tourism promotion and marketing.

Tourism businesses and destinations need to prioritise health and safety to guarantee visitors are completely safe.

The tourism industry needs to research international markets and tourists’ behaviours to develop appropriate and effective communication programmes to prepare for the resumption of international travel.

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## 7. Total output at Hoa Binh Hydropower Plant hits 250 billion kWh

Electricity output at the Hoa Binh Hydropower Plant hit 250 billion kWh at 2.05am on May 25, affirming its important role in ensuring the country's energy security.

Work on the 1,920MW plant, one of the largest of its kind in Southeast Asia, began in 1979 and it was put into full operation in 1994.

In the decades since, the plant has been seen as a symbol of not only the sustainable friendship between Vietnam and the former Soviet Union (now Russia) but also of the domestic electricity sector.

Covering an area of 99.62 ha in Hoa Binh city, the expanded project received investment from Vietnam Electricity (EVN) totalling over 9.22 trillion VND (398.9 million USD), 30 percent of which was arranged by EVN and the remainder from commercial loans without a government guarantee.

It comprises two turbines with a total capacity of 480MW and electricity output of about 488.3 million kWh per year.

Director of the Hoa Binh Hydropower Company Nguyen Van Minh said the plant's annual output was previously equal to its designed capacity of around 8.16 billion kWh, meeting demand in the northern region and part of the southern region's demand and contributing to addressing power shortages in the latter at that time.

Since 2010, output has reached 10 billion kWh per year, 24.2 percent above the designed output, with a record set in 2017 of 11.25 billion kWh.

Along with ensuring energy security, in recent years the company has contributed 1-1.4 trillion VND (43.5-60.9 million USD) each year to Hoa Binh's provincial budget and 300-450 billion VND in natural resources taxes to neighbouring Son La province.

## Corporate News

### 8. MWG: Notice of share buyback

↑ 0.00%

On August 03, 2020, Mobile World Investment Corporation announces the share buyback as follows:

- Number of treasury shares before trading: 0 shares
- Number of shares registered to repurchase: 120,698 shares

- Purpose: to repurchase shares from ex-employees under the rules of ESOP

- Expected trading period: May 2021 and June 2021

- Trading method: transferring rights through the Vietnam Securities Depository (VSD).

### 9. SSI: SSI eyes highest profits among securities companies in 2021

↑ 2.76%

They were approved at the company's annual general meeting held online last week.

Shareholders also approved a number of other important proposals, including one to increase charter capital to VND11 trillion (\$447.5 million) through a share issuance to expand operations, improve underwriting, investment and margin lending capacity, and provide better support to investors.

SSI already has the largest charter capital in the industry, VND6.498 trillion.

The stock market is expected to sustain the current upward trend this year as economic growth drivers remain the right track and

monetary and fiscal policies continue to support economic growth, Nguyen Duy Hung, the company's chairman, said.

Retail investors and ETF flows would boost market growth, he said.

In the first quarter of this year SSI's pre-tax profits increased by 34 times year-on-year to VND528.2 billion (\$22.9 million) on revenue of VND 1.503 trillion (\$65.2 million).

Its consolidated revenues last year were VND 4.58 trillion (\$199.1 million) and profit before tax was VND1.557 trillion (\$67.7 million).

In 2020 its ETF SSIAM VNFIN LEAD, the first industry index fund in Viet Nam, achieved a return of 35.6 per cent.





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