



VIETNAM DAILY NEWS

June 1st, 2021



Table of content

Table of content

1. Shares gain on buoyant banking stocks
2. Vietnam's export turnover to US reaches nearly US\$131 billion
3. Road gets even rougher for Covid hit transport firms
4. JICA provides 25 million USD for wind power project in Quang Tri
5. New COVID-19 outbreak puts brakes on trade, transport
6. CPI inches up 0.16 percent in May
7. Agro-forestry-aquatic product exports enjoy trade surplus of 3.27 billion USD
8. DXG: Dragon Capital sells another 1.8 million shares of Đất Xanh Group
9. NVL: Novaland increases charter capital through bonus share issuance

Market Analysis

1. Shares gain on buoyant banking stocks

A buoyant banking sector drove Vietnamese stocks higher on Monday, soothing the sentiment of sceptical traders during morning declines. On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index jumped 7.59 points, or 0.57 per cent, to 1,328.05 points.

The market breadth was negative with 158 stocks climbing, while 261 stocks fell and 41 ended flat.

The liquidity was also high as local investors poured nearly VND25.5 trillion into the southern market, equivalent to a trading volume of over 737.2 million shares.

Bank stocks led the market's trend yesterday. Sacombank (STB) was the biggest gainer with a rise of over 6 per cent.

It was followed by Vietinbank (CTG), Tien Phong Bank (TPB) and Bank for Investment and Development (BID), rising over 3 per cent. HDB also moved up 2.9 per cent.

Many other bank stocks also jumped more than 1 per cent such as VPBank (VPB), MBBank (MBB), Asia Commercial Bank (ACB) and Vietnam International Commercial Joint Stock Bank (VIB).

Gains in large-cap stocks were also the main driving force for the market's rally. The VN30-Index, which tracks 30 biggest stocks on HoSE, settled 1.1 per cent higher to finish yesterday at 1,474.78 points.

Of the VN30 basket, 14 stocks increased while 16 dropped.

Hoa Phat Group (HPG) was the most notable

gainer in the group as it hit the daily limit rise of 7 per cent yesterday.

Hoa Sen Group (HSG) also soared by 6 per cent. Positive information from business results in April may have helped boost HSG's stock prices. Its sale volume was estimated at 216,390 tonnes. Revenue is estimated at VND4.55 trillion, up 104 per cent over the same period last year. HSG's post-tax profit was estimated at VND538 billion, up 498 per cent.

"Investment money flowed into the market. Meanwhile, the trend of net buying of foreign investors declined on HoSE. However, strong increase in market liquidity along with positive market breadth is supporting the uptrend of the market," said BIDV Securities Co.

"VN-Index is likely to move in the range of 1,320-1,350 points in the next sessions."

Foreign investors net bought VND7.21 trillion on HOSE, including Viet Nam National Petroleum Group (PLX) (VND148 billion), Masan Group (MSN) (VND57.2 billion) and SSI Securities Co (SSI) (VND54.5 billion). Foreign investors were net buyers on HNX with a value of VND11.32 billion

On Ha Noi Stock Exchange (HNX), the HNX-Index rose 2.38 per cent to close yesterday at 317.85 points.

During the session, nearly 188.6 million shares were traded on the northern market, worth over VND4.5 trillion.

Macro & Policies

2. Vietnam's export turnover to US reaches nearly US\$131 billion

Of which, the total commodity export turnover to the United States market reached US\$37.6 billion, an increase of 49.8 percent over the same period last year. It is followed by China with US\$20.1 billion, the European market with US\$16.1 billion, an increase of 20.8 percent and the Asian market with export turnover of US\$11.5 billion surging 23.7 percent, etc.

The whole country also recorded 22 commodities with export turnover of over US\$1 billion,

contributing to 87.3 percent of the total export turnover. Especially, there had been six commodities reaching the export turnover of over US\$5 billion, accounting for 63.8 percent of the total export turnover.

In the first five months of the year, the agriculture-forestry products and aquaculture-fishery products were two kinds of the commodities with remarkable export turnover growth hitting US\$9.69 billion and US\$3.24 billion, increasing 13.5 percent and 12 percent, respectively.

3. Road gets even rougher for Covid hit transport firms

The taxi associations of Hanoi, Da Nang City and Ho Chi Minh City have requested emergency support from the government to deal with the impacts of the Covid-19 wave.

With the number of passengers go down 80-90 percent, companies' revenues have plunged as have drivers' incomes. Many taxi firms are reporting mounting bad debts and say they are on the verge of bankruptcy.

The associations want the government to provide a value-added tax break for six months, cut car registration fees by 50 percent, and provide loans with interest reduced by 3-5 percentage points from current levels.

Other transportation companies are facing similar difficulties after the latest Covid-19 wave began April 27. As the number of Covid-19 cases mount, many localities have imposed social distancing measures and called for residents to restrict travel.

The My Dinh Bus Terminal in Hanoi has seen the number of operating buses down 56 percent to 350 trips a day. A senior official of the Ly Truong Son Bus Terminal said that if the pandemic persists, both transport companies and stations will "hit the end of the road."

The Minh Thanh Phat company, which operates a route from Hanoi to the northern border province of Lao Cai, has suspended most of its 100 buses

since the beginning of May due to a lack of passengers.

Each trip costs it around VND7.5 million (\$325), while revenue is only around VND2 million.

"We have to keep the buses running to retain customers despite losses," CEO Do Vang Bang told local media, adding that the company is struggling to repay its debt of nearly VND1 billion.

Although transportation firms are eligible for government support, they have struggled to access credit from banks.

"Banks only give loans to businesses to pay staff salaries if we provide mortgage. But most of our vehicles have been used for a long time and therefore banks give them a low valuation because of depreciation," said Nguyen Cong Hung, chairman of the Hanoi Taxi Association.

Vietnam Railways has also suspended most of its train routes in May. In the first quarter, it suspended work for 550 staff because it was unable to pay their salaries.

Airlines have also cut down flights amid the rising number of Covid-19 cases.

Vietnam Airlines has seen the number of flights between April 19 and May 18 go down 16.5 percent

from the previous 30 days, according to the Civil Aviation Authority of Vietnam.

Corresponding figures for Bamboo Airways and Vietjet Airways were 16.3 percent and 12.2 percent, respectively.

4. JICA provides 25 million USD for wind power project in Quang Tri

The Japan International Cooperation Agency (JICA) has recently signed a facility agreement to provide up to 25 million USD for an onshore wind power generation project with a total capacity of 144 MW in the central province of Quang Tri.

In addition, the project will contribute to the Initiative on Overseas loan and Investment for ASEAN announced at the Japan-ASEAN Summit Meeting on November 4, 2019, and is the first investment by a Japanese company in a new-large scale wind power project in Vietnam.

The Power Construction Joint Stock Company No. 1, a major local company in Vietnam in the field of renewable energy development and electromechanical works, and RENOVA, Inc., a leading renewable energy IPP developer in Japan, are sponsors to the project.

According to the Ministry of Industry and Trade of Vietnam, electricity demand in Vietnam is expected to increase by 8-8.5 percent per year from 2021 to 2025, and demand for electricity is expected to be strong.

Three project companies namely Lien Lap Wind Power Joint Stock Company, Phong Nguyen Wind Power Joint Stock Company, and Phong Huy Wind Power Joint Stock Company are the borrowers. The loan is co-financed by Asian Development Bank (ADB) and Export Finance Australia under the Australian government.

The Vietnamese government has also set a target of reducing greenhouse gas emissions by 9 percent in 2030 compared to the base-case scenario without climate change measures and has adopted the introduction of renewable energy as a specific measure.

This project is JICA's first finance for a wind power generation project in Vietnam and is expected to serve as a model case for private sector wind power generation projects in the renewable energy sector in Vietnam, including those by Japanese and local companies.

In order to increase the supply of electricity and combat climate change at the same time, the government has set a target of using renewable energy sources for about 15-20 percent of the 125-130 GW of power generation capacity in its power development plan for 2030 of which 6000 MW will be supplied by wind power projects.

5. New COVID-19 outbreak puts brakes on trade, transport

The current COVID-19 resurgence has put the brakes on trade, transport and tourism, with all the sectors experiencing declines in May, according to the General Statistics Office (GSO).

the total volume of freight transport from January to May to 739 million tonnes, up 10.5 percent year-on-year.

The turns of passengers transported across the country was estimated at 287.8 million this month, a 14.9-percent decrease from April, the GSO reported. The figure exceeded 1.59 billion in the first five months of 2021, up 4.2 percent year-on-year.

Total retail sales of goods and services valued 393.6 trillion VND (17.1 billion USD), down 3.1 percent from the previous month and 1 percent from a year earlier. The five-month sum hit over 2.08 trillion VND, up 7.6 percent year-on-year.

In May, transport of goods, meanwhile, increased by 2.8 percent to 139 million tonnes. This brought

International visitor arrivals in Vietnam totalled 13,400 this month, down 30.8 percent month-on-month and 40.6 percent year-on-year. The five-month figure plunged 97.8 percent compared to the

same period last year as international travel

restriction continued to be in place.

6. CPI inches up 0.16 percent in May

Vietnam's consumer price index (CPI) in May was up 0.16 percent against April and 2.9 percent from last year, reported the General Statistics Office (GSO) on May 29.

Compared to April, increases were seen in the prices of eight out of 11 main groups of goods and services, with transport taking the lead (0.76 percent) due to increasing petrol prices. It was followed by housing and construction materials (0.4 percent); electricity (2.54 percent); water (1.27 percent); food and catering services (0.04 percent); and equipment and household appliances 0.09 percent.

By contrast, prices of the three groups of culture, entertainment and tourism; post and telecommunication services; and garment-textile, footwear and footwear decreased by 0.23 percent, 0.15 percent, and 0.01 percent, respectively.

The index for the first five months of 2021 grew 1.29 percent year-on-year, the lowest growth rate since 2016.

Core inflation in May increased 0.15 percent month on month and 1.13 percent against the same period last year.

It expanded 0.82 percent in the first five months, lower than the period's 1.29 percent CPI, reflecting that the fluctuations in consumer prices were mainly due to increases in food, oil-petrol and gas prices.

The core inflation rates in May and the first five months of 2021 compared to the same periods last year were the lowest in the past five years.

7. Agro-forestry-aquatic product exports enjoy trade surplus of 3.27 billion USD

Vietnam raked in 22.83 billion USD from exporting agro-forestry-aquatic products in the first five months of 2021, representing a year-on-year increase of 30.3 percent, reported the Ministry of Agriculture and Rural Development.

The country spent 19.57 billion USD on importing agro-forestry-aquatic products during January – May, up 51 percent year-on-year, resulting in a trade surplus of 3.27 billion USD.

Of which, the group of major farm produce earned 7.78 billion USD, up 13 percent. Meanwhile, major forestry and aquatic products brought home 7.06 billion USD and 3.24 billion USD, up 61.8 percent and 12 percent, respectively. The livestock industry recorded a 43.9 percent-growth, earning 166 million USD.

In the reviewed period, many products and groups of products witnessed increases in export values, including rubber, tea, rice, vegetables, pepper, cashew nuts, cassava and products from cassava, livestock products, tra fish, shrimp, wood, rattan, bamboo and cinnamon.

Notably, although the pepper export volume decreased by 15.6 percent, but thanks to an increase in its average export price, the pepper export value still surged by 25.2 percent to 387 million USD.

The US remained the biggest importer of Vietnamese agro-forestry-aquatic products in the last five months, accounting for a market share of 24.6 percent. It was followed by China, Japan, and the Republic of Korea, with 22.6 percent, 6.6 percent and 4.9 percent, respectively.

Corporate News

8. DXG: Dragon Capital sells another 1.8 million shares of Đất Xanh Group

↑ 3.32%

Of which, Vietnam Enterprise Investments Limited sold one million shares, Norges Bank sold 379,000 shares, Samsung Vietnam Securities Master Investment Trust sold 300,000 shares, and Amersham Industries Limited sold 100,000 shares.

Previously, a group of funds managed by Dragon Capital sold 3.78 million shares of DXG on March 23.

The DXG shares were traded at VNĐ28,100 on Monday morning, up 3.69 per cent.

Đất Xanh Services, a member of Đất Xanh Group, plans to sell nearly 72 million shares, equivalent to 20 per cent of new chapter capital. Revenue from the transaction will be spent for developing the company's projects.

In 2021, Đất Xanh projected profit after tax of around VNĐ1.6-1.7 trillion.

9. NVL: Novaland increases charter capital through bonus share issuance

↓ -0.22%

Novaland plans to issue nearly 386 million shares to increase share capital from equity. By the end of 2020, Novaland posted an undistributed after-tax profit of VNĐ12.05 trillion (\$523.9 million) as well as a capital surplus of VNĐ3.97 trillion (\$172.6 million) from a bonus share issuance at a par value of nearly VNĐ3.86 trillion.

The bonus shares will be distributed at the ratio of 555:198, as shareholders who own 555 NVL shares will receive 198 new shares (approximately 36 per cent). The list of shareholders will be finalised on June 10. Following the issuance, charter capital will increase from VNĐ10.73 trillion (\$466.52 million) to VNĐ14.59 trillion (\$634.35 million). Shares distributed to shareholders will be rounded to the nearest unit while the number of odd shares arising will be removed and considered unissued.

In its consolidated financial statement for the first quarter of 2021, Novaland has announced net revenue of VNĐ4.51 trillion (\$196.1 million), an increase of more than 372 per cent over the same period last year.

NVL is one of the large-cap stocks with strong momentum in April. It became the ninth-largest stock in the portfolio of Vietnam Enterprise Investment Limited (VEIL), with an investment

value of about \$82 million. Also, foreign investors net bought nearly VNĐ1.4 trillion (\$60.87 million) of NVL shares in 49 out of nearly 70 net buying sessions during the first four months of the year.

Since the beginning of 2021, Novaland has posted a strong rise on the stock market. NVL is traded at around VNĐ133,500 (\$5.80) apiece, which is the highest price range for the stock over the past year. The bonus share issuance will help bring NVL to a more attractive price range, further increasing its liquidity and growth potential.

At present, NVL is the leading property stock on the bourse, attracting capital from both local and foreign investors. Closing the session on May 26, NVL share price was trading at VNĐ133,400 (\$5.8) apiece, raising the total market capitalisation to VNĐ143.20 trillion (\$6.2 billion).

NVL has broken its all-time records in the beginning months of 2021. However, the stock still holds tremendous potential as Novaland owns large land funds and enjoys benefits from the government's infrastructure development policy. The company also boasts good capacity and strategy to develop projects meeting real demand in the real estate market.

As of the first quarter of 2021, Novaland is researching and developing a land fund of over 5,400ha in strategic locations along key national



infrastructure projects with a gross development value of \$45 billion. The company aims to increase its land funds to 10,000ha by 2030 in the south-central region. Rather than develop separate projects, Novaland will develop complexes in the

funds with infrastructure facilities and in line with local and regional economies. Novaland continues to maintain its position as the holder of Vietnam's second-largest land bank among listed property developers in the country.



Research Team: **Tsugami Shoji** *Researcher* jsi@japan-sec.vn

Disclaimer:

Copyright 2015 Japan Securities Incorporated (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.

Japan Securities Incorporated – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn