



VIETNAM DAILY NEWS



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Table of content

Table of content

1. Shares advance on the back of 'Vin' stocks
2. HCM City works to ensure adequate supply of goods amid social distancing
3. Vietnam's footwear industry sees robust growth despite COVID-19 pandemic
4. Increases in port charges must be carefully considered: Administration
5. Mekong Delta posts positive results in shrimp exports
6. 2021 economic outlook remains positive despite COVID-19 resurgence
7. Transport Ministry speeds up public investment disbursement
8. HPG: Hoa Phat expected to gain more than \$445 million in Q2
9. NKG: Nam Kim Steel registers to sell 10 million treasury stocks

Market Analysis

1. Shares advance on the back of 'Vin' stocks

Shares gained slightly on Tuesday as investors sought stocks in the 'Vin' family, bolstering the overall stock market.

On the Hồ Chí Minh Stock Exchange (HoSE), the VN-Index jumped 5.64 points, or 0.41 per cent, to 1,367.36 points. The market's breadth was neutral with 183 stocks increasing while 198 stocks declined.

The southern market index had jumped 0.74 per cent, to close Monday at 1,361.72 points.

The market liquidity was also high as domestic investors poured over VNĐ24.4 trillion into the southern market, equivalent to a trading volume of nearly 731 million shares.

The shares of the 'Vin' family performed well as IT-real-estate-manufacturing-retail conglomerate Vingroup (VIC), Vincom Retail (VRE) and real estate giant Vinhomes (VHM) increased 1.4 per cent, 2.5 per cent and 2.8 per cent, respectively.

The recovery was also boosted by gains in large-cap stocks. The VN30-Index edged 0.57 per cent higher to 1,487.04 points. Of the VN30 basket, 12 stocks rose while 15 slid and three stayed unchanged.

In the VN-30 basket, gainers included Vinhomes (VHM), insurer Bảo Việt Holdings (BVH), HDBank (HDB), The Refrigeration Electrical Engineering Corporation (REE), Vingroup (VIC) and Vincom Retail (VRE).

On the opposite side, losers were VPBank (VPB), Hoàng Huy Investment Financial Services JSC

(TCH), Thành Thành Công Biên Hoà JSC (SBT), Sacombank (STB), PVPower (POW) and TPBank (TPB).

“VN-Index mainly struggled around the reference level in the morning session but maintained the uptrend in the afternoon session and has now surpassed the threshold of 1,365 points,” said BIDV Securities Co.

“Investment cash flow declined. Foreign investors were net buyers on the HoSE and net sellers on the HNX.

“Besides, market breadth remained in equilibrium with liquidity not much different from the previous session.

“According to our assessment, VN-Index may surpass 1,370 level in the next session but selling pressure will also strengthen in this area,” it said.

Foreign investors net bought VNĐ95.78 billion on HOSE, including Vingroup (VIC) with VNĐ104.4 billion, Vietnam National Petroleum Group (PLX) with VNĐ96.9 billion and Vincom Retail (VRE) with VNĐ84.9 billion. They were net sellers on the HNX with a value of VNĐ2.14 billion.

On the Hà Nội Stock Exchange (HNX), the HNX-Index lost 0.23 per cent to 318.29 points.

It had gained 0.73 per cent to close Monday at 319.01 points.

During the trading session, nearly 225.6 million shares were traded on the northern bourse, worth over VNĐ6.4 trillion.

Macro & Policies

2. HCM City works to ensure adequate supply of goods amid social distancing

Ho Chi Minh City's Department of Industry and Trade has taken measures to ensure sufficient supply of essential goods as the city decided to extend social distancing measures until June 30.

Nguyen Nguyen Phuong, deputy director of the department, said since the beginning of June when social distancing measures were applied, it has asked production and trading enterprises participating in its price stabilisation programme so that adequate goods will be supplied to locals in a timely manner.

They have been instructed to stock a large volume of goods for reserve and be ready in all scenarios related to the developments of the COVID-19 pandemic.

Retailers, and production and business units are also encouraged to promote sales, sharing the burden with consumers in the context of the pandemic.

Nguyen Anh Duc, General Director of the Saigon Union of Trading Cooperatives (Saigon Co.op), said in addition to joining the programme which helps stabilise prices on the market, it has carried out promotion programmes in a variety of goods categories.

From now until July 10, its Co.opmart and Co.opXtra chains across the country will reduce prices from 25-50 percent or buy one get one free for more than 3.5 million anti-pandemic products including cloth masks and hand sanitiser, he said, adding that more than 10,000 essential products will be added to the list of discounted goods.

Many sought-after essential goods during the social distancing period are also discounted by 20-30 percent. They include cooking oil, sugar, rice, packaged foods and nutritious drinks. Particularly, the prices of fresh foods such as pork, seafood, vegetables and fruits were reduced by 15-20 percent.

Other retailers namely Big C is carrying out the "Fruit Festival Programme" to encourage customers to buy seasonal fruits from other provinces and support struggling farmers.

Municipal authorities on June 14 decided to prolong city-wide social distancing in line with the Government's Directive No. 15 until the end of June, amid complicated developments of coronavirus outbreaks in the city.

Currently, HCM City has 237 markets, 236 supermarkets, 45 trade centres and 2,735 retail stores.

3. Vietnam's footwear industry sees robust growth despite COVID-19 pandemic

Despite facing difficulties caused by the COVID-19 pandemic, Vietnam's footwear industry still achieved double-digit growth and some companies have received long-term orders.

Dang Van Ngoc, Director of Tan Phat Leather Shoes and Wallets Company Limited, said since the start of the COVID-19 pandemic, especially during the outbreak in Europe, customers in this market cancelled 80 percent of orders.

"The remaining customers ask for late payments or discounts, causing challenges for the company," he

said, adding that it maintained production in spite of suffering losses for a long time.

"But now, we have reconnected with our customers and reached agreements to share difficulties and profits in the context of the pandemic. Thus, we have sufficient orders to keep us busy for the remainder of the year," Ngoc was quoted by Sai Gon Giai Phong (Liberated Sai Gon) newspaper as saying.

According to Nguyen Duc Thuan, Chairman of the Vietnam Leather, Footwear and Handbag

Association (Lefaso), the number of orders that domestic companies have received are on the rise.

This is an opportunity for businesses to restore production and reconnect the supply chains, he said.

Thuan also said that production and trading activities of all enterprises in the industry have not fully recovered, but in general, many firms have overcome difficulties and taken advantage of market opportunities.

He cited Vinh Yen Shoes Joint Stock Company as an example.

Despite suffering low consumption triggered by COVID-19 as people in European nations and the US tend to reduce shopping while many supermarkets are closed to prevent the epidemic, the company has achieved positive achievements thanks to the adoption of flexible measures.

Its turnover reached 320 billion VND (13.9 million USD) last year with two million pair of shoes. The figure is expected to rise to 380 billion VND (16.5 million USD) this year.

Statistics from the General Department of Vietnam Customs showed the country's export turnover of footwear in the first five months of this year grew 25.5 percent year-on-year to nearly 8.4 billion USD, accounting for 6.4 percent of the country's total export earnings of goods.

The US remained the biggest importer with an export value of 3.35 billion USD, followed by the

EU and China with 1.92 billion USD and 830.9 million USD, respectively.

The Ministry of Industry and Trade (MoIT) attributed the impressive growth of the footwear industry to the fact that it has taken advantage of tax incentives offered by the European Union - Vietnam Free Trade Agreement (EVFTA).

Figures from the ministry revealed that in the first quarter of this year, the ratio of footwear products receiving certificates of origin for export to the EU reached nearly 99 percent.

It was necessary for footwear companies to focus on exploiting domestic materials for sustainable development and make full use of tax incentives as well as opportunities brought about by the EVFTA, according to the MoIT.

In fact, 60 percent of raw materials for the industry comes from mainland China, followed by the Republic of Korea and Taiwan (China).

In recent years, some big enterprises have striven to secure their own material supplies but small-sized businesses failed to do so due to limited resources.

Thuan said footwear companies want to receive financial support policies to develop supporting industries. A tax reduction for enterprises investing in supporting industries would help them manufacture products that are more competitive than those imported from China and other countries, he said.

4. Increases in port charges must be carefully considered: Administration

Careful consideration is needed before increasing seaport services charges to limit negative impacts on the economy during the COVID-19 pandemic, according to the Vietnam Maritime Administration.

Responding to the Vietnam Ship Agents, Brokers and Maritime Service Providers Association (VISABA)'s proposal to raise container handling charges, the maritime administration said while the COVID-19 pandemic was still complex and hitting firms hard, the logistics costs must not cause any more burdens for import and export firms.

The Government also asked to keep service charges stable at this time.

VISABA recently proposed the minimum container loading and unloading charges at some ports in the northern region be increased by 10 percent annually for three consecutive years, starting from July 1, 2021.

For deep-water seaports, Lach Huyen and Cai Mep - Thi Vai, the increase was proposed to be at least 20

percent from July 1 and 10 percent for the next three years.

Nguyen Xuan Ky, general director of Tan Cang - Cai Mep International Terminal Company Limited, said seaports played an important role in the circulation of goods, adding it was necessary to increase services changes so enterprises could have resources for reinvestment.

According to the Vietnam Maritime Administration, foreign shipping lines collect a terminal handling charge of around 114-173 USD per container on their customers in Vietnam. However, Vietnam's ports collect very low container handling charges, about 33 USD per 20ft-container at Dinh Vu, 52 USD at Cai Mep and 41 USD at HCM City.

The container loading and unloading charges of Vietnam remained low, only equivalent to 80 percent of Cambodia, 70 percent of Malaysia, 61 percent of Indonesia and 46 percent of Singapore.

The low container handling charges were considered a competitive advantage of Vietnam's seaport system to attract big cargo container ships to deep-water seaports, including Cai Mep - Thi Vai and Lach Huyen.

Vietnam has attracted 40 foreign shipping lines with the transported cargo volume increasing by an average of 13 percent each year, helping promote the development of the logistics system and accelerate trade, according to the maritime administration.

The maritime administration said reasonable seaport service charges helped not only attract shipping lines but also stabilise the market and prevent unhealthy competition among service providers.

Port companies have reported profits, with Hai Phong Port earning 173 billion VND after-tax profit in the first quarter of this year, while Da Nang and Quy Nhon reported increases by 7 percent and 27 percent, respectively.

The maritime administration said that Circular 54/2018/TT-BGTVT only regulated the minimum services charges and enterprises could charge higher fees than the minimum levels.

However, most seaports were applying the minimum fees under the circular to attract shipping lines.

5. Mekong Delta posts positive results in shrimp exports

Enterprises and farmers are profitable

Tran Van Trung, Director of Anh Khoa Seafood Company Limited in Ca Mau Province, said that the prolonged Covid-19 pandemic affected shrimp exports, as some countries controlled imports more strictly. Therefore, goods have to wait a whole month for the host country to take samples for quarantine after being brought to the ports, leading to higher costs.

However, thanks to the initiative and good adaptation, from the beginning of this year to now, the company's shrimp exports have increased significantly compared to the same period last year. It is expected that the company's exports will be 2-3 times higher than the previous year.

As one of the longtime enterprises in the shrimp industry, which also faced many difficulties due to the Covid-19 pandemic, Mr. Nguyen Minh Tuan, the

representative of Minh Cuong Seafood Processing Joint Stock Company, said that shrimp exports of his company grew fairly well in the first months of this year. Currently, the company tries to maintain production and export and implement strict Covid-19 prevention measures, with the determination not to let the disease enter the factory.

According to the Department of Industry and Trade of Ca Mau Province, by the end of May this year, the province's shrimp exports were estimated at more than US\$423 million, achieving 40 percent of this year's plan, up more than 16 percent year-on-year. In Bac Lieu Province, the total export turnover of shrimp products in the first five months of this year was estimated at \$280 million, up more than 9 percent over the same period. In other provinces in the Mekong Delta, shrimp exports also grew positively compared to the same period last year.

Along with exporting, many shrimp farming households in the Mekong Delta continue to expand production and stabilize their lives. Mr. Pham Van Quan, a farmer in My Long Nam Commune in Cau Ngang District of Tra Vinh Province, said that a few months before, the price of black tiger shrimps sized 30 pieces per kilogram was up to VND200,000-VND220,000 per kg, which now has decreased to about VND170,000 per kg, and that of white-leg shrimps sized 30 pieces per kg is at VND130,000-VND140,000 per kg. At this price level, farmers still ensure profits.

According to the Vietnam Association of Seafood Exporters and Producers, seafood exports reached roughly \$790 million in May this year, up 24 percent. Seafood exports in the first five months of this year hit \$3.27 billion, up 14 percent year-on-year. Of which, shrimp exports reached \$1.33 billion, up 14 percent year-on-year. This is an impressive result at a time when many other agricultural products are struggling with consumption.

Many potential markets

Mr. Nguyen Quoc Toan, Director of the Agro Processing and Market Development Authority under the Ministry of Agriculture and Rural Development, said that Vietnamese seafood exports are recovering. Specifically, in the first five months of this year, Vietnamese seafood products had been exported to over 120 markets, with the US, Japan, the EU, China, South Korea, the ASEAN, and Australia being the seafood export markets with the highest value.

As for shrimp products, the advantage is that the global import demand is increasing heavily,

especially in large markets. Meanwhile, shrimp supply from some countries, such as India, Thailand, and other suppliers, has been reduced due to the negative impact of the Covid-19 pandemic. Taking advantage of this, Vietnamese enterprises have accelerated shrimp exports in the first months of this year and got good results.

It is forecasted that in the coming time, the US will continue to be a market with good growth for Vietnam's shrimp products. Vietnamese enterprises also expect to increase shrimp exports to the EU, mainly white-leg shrimps. As for the South Korean market, there are also good signs of recovery and positive economic growth, so seafood trade with Korean enterprises will be more vibrant in the coming time.

Other markets, such as Australia, Canada, the UK, and Russia, will continue to be new potential markets because demand increases and there are no uncertainties or market barriers.

In the past time, freight rates for exported goods and container rental costs have climbed sharply. Along with a shortage of ships, many costs arising from the implementation of Covid-19 prevention measures have caused burdens on exporters, reducing competitiveness with other shrimp exporting countries. Besides, the price of shrimp feed continuously rose to VND800,000-VND900,000 per bag of 20 kilograms, pushing up production costs.

These are pressures on many shrimp farming households in the Mekong Delta, which require reasonable response solutions to ensure the source of raw shrimp for processing in the near future.

6. 2021 economic outlook remains positive despite COVID-19 resurgence

Despite the complexity of the fourth COVID-19 wave, Vietnam's GDP growth is forecast to exceed 6.5 percent this year on the back of surging industrial production and global economic recovery, according to Assoc. Prof. and PhD Dinh Trong Think, a senior economist from the Academy of Finance.

Given the economy is growing well in the first half of 2021, it is likely to expand over 7 percent in the remaining months, setting the scene for the country

to achieve an overall GDP growth of at least 6.5 percent this year, Think told the Lao Dong (Labour) newspaper.

The coronavirus is gradually brought under control, he said, plus domestic production has been experiencing positive growth, with manufacturing and processing picking up at a current rate of 10 percent. The sector may rise by 17 – 18 percent during the final months of 2021, he added.

Data shows that industrial production index in the first five months of the year advanced 9.9 percent year-on-year, with manufacturing and processing up 12.6 percent. Total retail sales of goods and services hiked 7.6 percent year-on-year.

Think went on to say that the US, Chinese and EU economies are bouncing back, and increases in global credit demand will provide a good opportunity for Vietnam's exports. The US's economic growth remains positive at present and Vietnam's shipments to the US is growing strong, he added.

A recent report by RongViet Securities Corporation (VDSC) forecast that the country's GDP will grow by 7.2 percent in the second quarter of 2021 and 6.5 percent for the year as a whole.

Asian Development Bank (ADB) Country Director for Vietnam Andrew Jeffries said Vietnam is capable of achieving the twin goals of curbing the pandemic and sustaining economic growth this year. The country's success in containing the virus has strengthened foreign investors' confidence in its economy, he added.

It is important for Vietnam to boost growth and easy ways for small- and medium-sized enterprises (SMEs) to grow at the same time, thereby creating a solid foundation for a future private sector-led economy, Jeffries remarked.

According to the latest economic outlook report from Oxford Economics (OE), commissioned by the Institute of Chartered Accountants in England and Wales (ICAEW), despite the recent resurgence in

COVID-19, Vietnam's growth outlook remains optimistic and the economy is expected to return to pre-pandemic levels by the second half of 2021.

The country's GDP is forecast to grow at 7.6 percent in 2021, among the highest rates in the region, the report said, noting that Vietnam was one of the few economies in the world to grow in 2020 due to its success in containing the pandemic.

"This early success enabled the economy to benefit from the surge in global trade activity and enjoy strong foreign direct investment flows that boosted export-oriented and manufacturing industries," according to the report.

It said together with Singapore, Vietnam is expected to continue leading the region in recovery. "Despite a resurgence of COVID-19 cases in Vietnam, which has affected its manufacturing sector and export industries, its economy is predicted to rebound swiftly once restrictions are lifted," the report read.

Economist Think emphasized that the most important thing at present is that Vietnam must give priority to giving COVID-19 vaccine to workers and preventing the virus from spreading inside companies and industrial parks.

Accelerating COVID-19 vaccine inoculation and keeping the coronavirus at bay remain key factors to sustain growth because with the COVID-19 resurging, declining incomes and economic conditions will have long-term impact on consumers' spending behaviour and lifestyle, he said.

7. Transport Ministry speeds up public investment disbursement

The Minister of Transport has issued Directive 06/CT-BGTVT on speeding up public investment disbursement in 2021 to successfully realise the socio-economic plan and State budget estimate for the year.

Under the directive, the ministry aims to disburse at least 90 percent of public investment planned for the year by the end of December and 100 percent by January 31, 2022. Capital left from 2020 is expected to be disbursed within 2021.

The minister asked leaders of investors, project management boards and consultancy agencies to overcome difficulties and speed up the implementation and disbursement of projects with high quality.

They should assign specific responsibilities to individuals to follow up the progress of projects and report to the ministry regularly, he stressed.

They were also requested to promptly complete bidding procedures to choose contractors and

consulting units, while finalising procedures on design and estimate adjustments and settlement process of projects, and strengthening supervision over projects' progress and quality.

For projects which have just been added to the plan, it is necessary to ask investors and project management boards to update the detailed disbursement plan for each month of 2021, the minister requested.

Currently, the ministry is implementing 19 major works and projects. Investment procedures are being prepared for six projects, while 10 others are

being implemented and three are to be put into operation.

This year, the ministry is tasked with disbursing about 43.4 trillion VND (1.89 billion USD). So far, the ministry has allocated nearly 41 trillion VND to its units, reaching 95.2 percent of the yearly plan.

At the end of May, the ministry had disbursed about 13.51 trillion VND, completing 32.7 percent of its plan and 32.1 percent of the plan set by the Prime Minister.

Corporate News

8. HPG: Hoa Phat expected to gain more than \$445 million in Q2

↓ -0.75%

VDSC forecasts the company's profit after tax will be about VND10.2 trillion (US\$445.4 million) in the second quarter of this year, and fall to VND8.9 trillion (US\$388.7 million) in the third quarter.

On the Shanghai Futures exchange, the HRC for August delivery was quoted at yuan 5,514 per tonne (US\$861.38 per tonne) on Tuesday.

VDSC believes that Hoa Phat will not face any difficulties in consuming all output despite the selling price tending to be higher than that of some Chinese factories.

This is due to strong demand for HRC from domestic exporters of coated steel sheets. Steel companies are receiving large orders from the EU and North American markets, which have banned China's HRC. To meet the origin requirements of the base steel, domestic manufacturers of coated steel sheets mainly use HRC from HPG, Formosa, or India.

Currently, India's HRC supply is weakened due to the pandemic, causing higher export prices. As a result, domestic galvanised steel sheet manufacturers are short of cheap imports to meet the demand from the export market, allowing Hoa Phat to maintain production capacity and high selling prices.

VDSC expects Hoa Phat to sell about 690,000 tonnes of HRC (both internal and external) in the third quarter, up about 4 per cent compared to same period last year. However, the gross profit

margin of the construction steel segment may decrease due to weak demand and increased production costs.

Construction steel sales declined in May to 320,000 tonnes after a surge in March and April. Of which, the proportion of export volume rose from 17 per cent in the first four months of 2021 to 21.6 per cent in May.

Besides large inventories of retailers, rising selling prices and relatively weak domestic demand were the main reasons that the company could not maintain high sales as it did in March and April.

Hoa Phat can reduce the selling price of construction steel in the coming months to maintain sales, leading to a decrease in gross margin in the second half of the year, VDSC added.

Due to the upcoming rainy season, steel demand from construction activities in the third quarter is likely to be weaker than in the second quarter. Thus, the company has started to reduce selling prices by VND500 - 800 per kilo from the beginning of June to boost sales.

Currently, the cost of electric furnace manufacturers is still higher than that of Hoa Phat. The company can gain more market share by reducing selling prices, the securities firm said.

On the stock market, HPG shares, which are listed on the Ho Chi Minh Stock Exchange (HoSE), closed yesterday's trade at VND53,200 per share.

9. NKG: Nam Kim Steel registers to sell 10 million treasury stocks

↑ 0.31%

The deal aims to restructure capital, supplement working capital to invest in production and business activities. Previously, NKG planned to sell only the above shares by agreement.

On the stock market, NKG shares are currently trading in historic high territory. In Monday's trade, NKG shares closed the morning session at VND32,800 per share, up 3.13 per cent.

With the current price, Nam Kim Steel is expected to earn an amount of VND328 billion (US\$14.3 million) from selling these treasury stocks.

Nam Kim Steel bought back these 10 million treasury shares in June 2020 at an average price of VND7,800 per share, which is only 24 per cent of the current price.

Nam Kim Steel also announced the consolidated financial statements of the first quarter with

revenue of nearly VND5 trillion (US\$210.9 million), double that of the same period in 2020.

Thanks to cost savings, Nam Kim Steel earned nearly VND319 billion (\$13.8 million) in net profit, 7.7 times higher than the same period last year. This is also the company's record quarterly profit so far.



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