



VIETNAM DAILY NEWS

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Market Analysis

1. Shares end morning higher, HoSE shuts down afternoon trading on high trading value

Vietnamese shares ended on a positive note on Tuesday morning but in the afternoon session Ho Chi Minh Stock Exchange shut down due to high transaction value affecting system safety.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index gained 0.73 per cent to close the morning session at 1,337.78 points. The market breadth was negative as 244 stocks declined, while 169 stocks gained.

The liquidity was extraordinarily high with over 629.4 million shares traded on the southern market, worth nearly VND21.8 trillion, leading to an alarm on the safety of the system.

With the approval of the State Securities Commission, HoSE announced it would stop trading in the afternoon session Tuesday as trading value had skyrocketed to a surprisingly high level. This is the first time HOSE has actively suspended transactions to protect its trading system.

HoSE requested member securities companies to notify investors when the next instructions are made.

According to financial news site cafef.vn, system overload occurred on every trade platform, not only on exchange floors of brokerages but also on trading websites and mobile trading apps.

Investors who want to place orders must place orders through brokers, it said. Some even could not log in because the traffic was too high.

The stock market has undergone very active trading in the past two weeks with the value of

transactions on HoSE rising for the past five consecutive sessions, from VND19 trillion to more than VND23 trillion, causing continuous congestion.

The VN30-Index rose 0.55 per cent in the morning session to 1,482.92 points. Of the VN30 basket, 16 stocks decreased while 14 rose.

The uptrend of the indices continued to support the market. Vietcombank (VCB) increased by 5.2 per cent to VND103,700 per share. Hoa Phat Group (HPG) soared 5.3 per cent to trade at VND55,500 per share.

Banking stocks like VIBank (VIB), Asia Commercial Bank (ACB), HDBank (HDB) and Saigon-Hanoi Bank (SHB) also gained.

The steel group also continued to attract strong cash flow with Hoa Sen Group (HSG), Nam Kim Group (NKG) and Pomina (POM) all gaining.

Oil and gas stocks such as PetroVietnam Gas JSC (GAS), PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling & Well Service Corporation (PVD), Petrochemical and Bio-Fuel JSC (PVB), PetroVietnam Construction Corporation (PVC), PetroVietnam Transportation Corporation (PVT) and Binh Son Refining and Petrochemical (BSR) also made gains in the context of a good recovery in world oil prices and many oil and gas projects being implemented recently.

On the Ha Noi Stock Exchange (HNX), the HNX-Index dropped 0.21 per cent to 317.18 points.

Macro & Policies

2. Strong growth in exports in first five months

According to the General Statistics Office, although the COVID-19 pandemic strongly spread in several provinces and cities, especially Bac Giang and Bac Ninh, commodity exports in May reached \$26 billion, an on-year growth of 35.6 per cent and a slight decrease of 2.1 per cent against the previous month.

In the first five months, export turnover of goods reached \$130.94 billion, up 30.7 per cent over the same period last year.

Accordingly, the domestic economic sector reached \$33.06 billion, up 16.6 per cent and accounting for 25.2 per cent of the total export turnover. Meanwhile, the foreign-invested sector reached \$97.88 billion ((including crude oil), up 36.3 per cent, accounting for 74.8 per cent.

Notably, there were 22 items with an export turnover of over \$1 billion, accounting for 87.3 per cent of total export turnover. There were six items

with export turnover exceeding \$5 billion, accounting for 63.8 per cent.

Heavy industrial and mineral products reached \$70.7 billion, up 33 per cent compared to the corresponding period last year. Additionally, light industrial products and handicrafts were estimated at \$47.32 billion, up 33 per cent, while the agricultural and forestry products reached \$9.69 billion, up 13.5 per cent. Finally, seafood products reached \$3.24 billion, up 12 per cent.

Most impressively, exports to key markets have reached record growth. Especially, exports to the US, Vietnam's largest export market, accounted for the largest portion with a turnover of \$37.6 billion, up 49.8 per cent over the same period last year. This was followed by China with \$20.1 billion (up 26 per cent), the EU with \$16.1 billion (up 20.8 per cent), ASEAN with \$11.5 billion (up 23.7 per cent), South Korea with \$8.9 billion (up 17.1 per cent), and Japan with \$8.4 billion (up 7.7 per cent)..

3. Vietnam's economy to grow 6.7 pct. in 2021: Standard Chartered

Standard Chartered announced on June 1 its forecast that Vietnam's GDP growth would be 6.7 percent this year and 7.3 percent in 2022.

Tim Leelahaphan, the bank's economist for Vietnam and Thailand, held that Vietnam's economy remains strong and the country is proving to be one of the world's best performing economies amid the COVID-19 pandemic.

However, he added, like many other countries, Vietnam is feeling the impact of the domestic COVID-19 situation, which is inevitable.

Vietnam began its COVID-19 vaccination campaign on March 8, with about 1 million people, mostly frontline health workers, receiving jabs so far. Expanding the campaign is a key condition for reopening tourism and promoting sustainable economic recovery, he said.

Other Standard Chartered specialists pointed out that the country's trade figures have remained positive since last year.

In particular, mobile phones and accessories have accounted for some 16 percent of total overseas shipments and electronic devices, computers, and spare parts about 15 percent.

Vietnam also posted a trade surplus of 1.3 billion USD in the first four months of 2021.

Rapid economic growth may boost inflation, the specialists noted, adding that rising world food prices are also affecting domestic inflation.

They forecast inflation in Vietnam at 3.8 percent this year.

4. E-commerce giants see accelerated cross-border e-commerce activities from Vietnam

At the end of 2020, thousands of Vietnamese sellers were exporting products through Amazon online stores and the number of businesses reaching more than \$1 million in sales tripled compared to 2019. Vietnamese sellers have also received a good deal of positive feedback from global customers, proving most popular in the categories of home, apparel, kitchen, tools, home improvement, and handicrafts, according to Amazon Global Selling Vietnam.

Indeed, the pandemic has accelerated customer behaviour of shopping online and the world is shifting to digital quickly. Many companies also feel the urgency to shift towards digital services and channels to mitigate the impact of the pandemic and enhance business resilience.

In this context, cross-border e-commerce represents a global opportunity which helps optimise processes and supports sellers reach global customers directly. Thus, Vietnamese sellers are looking for more opportunities through cross-border e-commerce to build a global business.

Commenting on this trend, Gijae Song, head of Amazon Global Selling Vietnam said, "With the fast-growing development of technology and competitive advantages that Vietnamese enterprises already own, we believe Vietnam's cross-border e-commerce will continue to grow in the future, which will set a foundation for Vietnamese sellers to go beyond national borders and promote high-quality 'Made-in-Vietnam' products recognised by global customers."

He added that Amazon hopes to become the most trusted cross-border e-commerce brand in Vietnam by supporting sellers to develop global businesses through Amazon online stores.

By selling on Amazon online stores, businesses of different types and sizes can directly reach more than 300 million worldwide active customer accounts – including more than 200 million Prime customers and more than five million business customers.

"Amazon Global Selling hopes to further contribute to the development of Vietnam's cross-border e-commerce and motivate more businesses to go global," he said. "To fully understand their potential and the challenges sellers are facing, we also hope to work with local organisations with deep experience supporting small- and medium-sized enterprises (SMEs)."

This year, Amazon has taken a proactive approach by expanding cooperation with local organisations, especially Vietnam e-Commerce and Digital Economy Agency (iDEA). Through the joint efforts, Amazon provides support to sellers in Vietnam and equips them with the knowledge needed to succeed in cross-border e-commerce and the opportunities of digital transformation.

Last year, online transactions, online payment buyers, and the gross merchandise value actually increased by three digits on Alibaba.com. Roger Lou, country manager of AlibabaVietnam shared with VIR that, "Last year was indeed an unusual year, the COVID-19 actually has changed the world in many aspects, including unlocking the power of e-commerce and online trade."

"During this period, e-commerce has also seen a lot of changes in the global landscape, for example, the Regional Comprehensive Economic Partnership (RCEP). 15 different nations joined RCEP to embrace more open markets and reduced tariffs between different countries and nations. We strongly believe that after the pandemic, we will see another strong growth spurt," he noted.

Alibaba.com aims to provide a one-stop digital solution for Vietnamese suppliers and SMEs, including onboarding, digital marketing, and online trade assurance services, among others. The e-commerce giant will consistently develop and deepen its partnerships with local banks, associations, business partners, and local logistics services providers, which are essential for success in digital trade in Vietnam.

According to Lou, its dedicated local service team is providing Alibaba.com's customised services

together with both online and offline seller training sessions to boost suppliers' business. In 2021, Alibaba.com will double the investment to raise service quality in Vietnam.

Meanwhile, a Payoneer whitepaper says that in the first quarter of 2020, the well-established Vietnamese dropshipping industry suffered from a decrease in demand brought by the COVID-19 pandemic. However, as the year progressed, sales volumes spiked. In the second quarter of 2020, the industry saw a 90 per cent increase over the second quarter of 2019 while the third quarter saw 45 per cent growth on-year.

According to Lai Viet Anh, deputy director of iDEA, Vietnam's e-commerce market experienced fast-paced development with 18 per cent growth to reach \$11.8 billion last year. Given that the global business-to-consumer (B2C) e-commerce is

expected to generate \$2.88 trillion in 2025, cross-border e-commerce remains an effective channel for Vietnamese companies to expand markets.

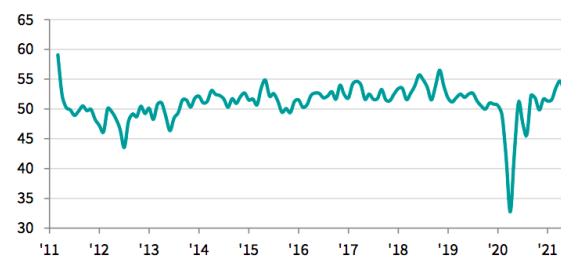
Despite the opportunities, Vietnamese online sellers also face challenges in the global e-commerce market, one being the long shipping time from Vietnam. Indeed, numerous online sellers have suffered delays in shipment due to the disruptions caused by the COVID-19 pandemic in the world.

In light of the boom in cross-border e-commerce, more companies set up e-commerce businesses and make online transactions. Facing large payment volumes, providing seamless digital payment experiences can be another daunting task, especially for consumers on overseas e-commerce sites. While screening for other risks like fraud, cancelled orders, and disputes, among others.

5. Vietnam manufacturing output remains solid amid Covid-19 outbreak

The Vietnam Manufacturing Purchasing Managers' Index (PMI) posted 53.1 in May, down from 54.7 in April. The latest reading, however, signaled a sixth successive improvement in business conditions, and one that was solid despite weakening from the previous month, according to Nikkei and HIS Markit.

Vietnam Manufacturing PMI
sa, >50 = improvement since previous month



Source: IHS Markit.

A reading below the 50 neutral marks indicates no change from the previous month, while a reading below 50 indicates contractions and above 50 points to an expansion.

"Latest data and anecdotal evidence from respondents suggested that the recent outbreak of the COVID-19 pandemic limited growth of both

output and new orders midway through the second quarter of the year," noted the IHS Markit's report.

While the rate of expansion in production eased to a three-month low, it stayed in the positive trend as new orders continued to rise, it added.

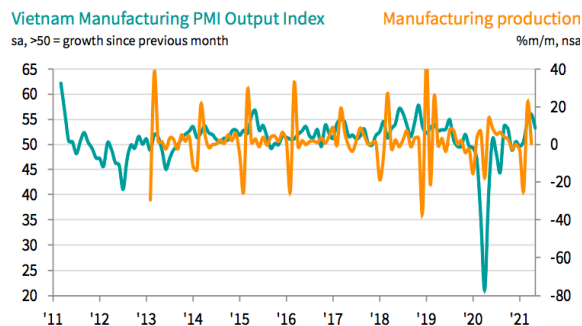
The same was true for new business, which increased at the softest pace since February but for the ninth month running. Solid growth was also recorded for new business from abroad as some export markets showed signs of recovery from the Covid-19 pandemic.

Rising case numbers also impacted hiring in the Vietnamese manufacturing sector. Employment increased for the fourth consecutive month, but only modestly.

Staff shortages contributed to a near-record rise in backlogs of work as firms struggled to cope with inflows of new orders. Outstanding business accumulated to the greatest extent in more than a decade.

Operations were also hampered by a marked lengthening of suppliers' delivery times, the greatest in just over a year. Again, the pandemic was a factor behind longer lead times, with

shipping delays and material shortages also highlighted.



Sources: IHS Markit, General Statistics Office of Vietnam.

Despite delivery delays, firms expanded both their quantity and stocks of purchases amid efforts to build reserves. That said, in both cases, rates of increase were slower than in April.

Stocks of finished goods, meanwhile, were broadly unchanged amid the use of inventories to help meet new orders while production volumes were restricted. The stabilization ended a three-month sequence of rising stocks of finished goods.

The rate of input cost inflation quickened to a 40-month high in May. Supply shortages contributed to rising raw material prices, with iron, oil, and steel all mentioned in particular as costing more. Higher freight prices were also signaled.

In turn, manufacturers raised their own selling prices at a substantial pace. Moreover, the rate of

inflation was the fastest in just over a decade, and the third-steepest since the survey began.

Businesses remain optimistic;

Business sentiment eased to a three-month low on worries about the Covid-19 outbreak, but firms remained optimistic overall that output will increase over the coming year. Hopes that the virus will be brought back under control and the prospect of further new order growth supported confidence.

"The challenges of the Covid-19 pandemic returned to the Vietnamese manufacturing sector during May as an outbreak in the country hampered operations," said Andrew Harker, associate director at IHS Markit, which compiles the survey.

"Output, new orders and employment all grew at slower rates, while difficulties completing orders meant that backlogs of work increased at one of the sharpest rates in more than ten years of data collection. Efforts to fulfil orders weren't helped by further supply-chain disruption, which also contributed to price pressures. In fact, firms raised their selling prices at the fastest pace in more than a decade," said Harker.

"Firms will be hoping that the Covid-19 outbreak can be brought under control quickly, as has been the case in the past in Vietnam. Confidence took a hit in May, but firms remained optimistic regarding the 12-month outlook for production," he noted.

6. Vietnam expects faster COVAX vaccine supply

Vietnam hopes the COVAX Facility speeds up the supply and delivery of Covid-19 vaccines to the country amid the widespread transmission of coronavirus caused by different virus variants.

The country also wants to get tech transfer and the setting up of vaccine factories.

Vietnamese Health Minister Nguyen Thanh Long made the proposal with representatives of the COVAX Facility and several countries at a virtual meeting on May 31 that was organized under the initiative of Japan and the COVAX Facility.

Long said the support in vaccine supply by other organizations and countries should focus on reviewing the vaccine supply via the COVAX Facility, including the roadmap for Vietnam.

Vietnam is one of 92 recipients of the global risk-sharing mechanism for pooled procurement and equitable distribution of Covid-19 vaccines that is co-led by the World Health Organization (WHO), the Coalition for Epidemic Preparedness Innovations (CEPI), the Vaccine Alliance (Gavi), and the United Nations Children's Fund (UNICEF).

At the meeting, Long highly appreciated the establishment of the COVAX Facility that targets to

supply two billion doses of Covid-19 vaccines to dozens of countries in 2021.

“This offers an opportunity for all low-income countries to have access to Covid-19 vaccine. Vietnam highly appreciates the initiative of the Japanese Government and the COVAX Facility in organizing this conference,” Long said

According to Long, the country has received nearly 2.6 million out of 38.9 million doses that the COVAX Facility pledged to aid Vietnam in 2021.

Long also emphasized that Vietnam will intensify investment in facilities for the transfer, enabling the country to supply vaccines for itself, for the COVAX Facility, and other countries.

On the occasion, he announced that Vietnam will contribute US\$500,000 to the COVAX Facility.

Main COVAX donors are the US, Germany, the EU, Canada, Japan, and France.

Regarding the vaccination, around 1.05 million doses have been administered to people in Vietnam. The country ranks lowest in Southeast Asia in terms of inoculation with 1.08 doses per 100 persons, compared to 69.41 in Singapore, 27.81 in Cambodia, 13.9 in Brunei, 9.97 in Indonesia, and 9.74 in Malaysia.

As of June 1, Vietnam confirmed 7,300 infections, including 47 deaths. Up to 60% of the total cases have been detected in the ongoing outbreak that has lasted for a month.

So far, the country has found eight Covid-19 variants among confirmed cases.

7. New master plan for seaports needed to further boost economic development

A new master plan for seaports is needed to further boost the country's socio-economic development in the rapid international integration process, experts have said.

With a coastline stretching over 3,000 km, Vietnam has a maritime and inland waterway transport system that plays an important role in the country. Every year, the seaport system handles up to 90 percent of import and export cargo, contributing significantly to economic growth.

The seaport system saw the volume of containers transported increase by more than 15 times in the 2001-19 period and was entering a new phase with new requirements for development.

According to Nguyen Duc Kien, head of the Prime Minister's Economic Advisory Council, around 80 percent of the volume of goods traded between countries was handled by sea transport. Similarly, the percentage in Vietnam was 90 percent, meaning that most of the country's annual import and export goods were through the seaport system.

“Just look at the operation of the seaport system, one can see that country's economic development,” Kien said.

He pointed out a number of advantages of maritime transport, including that it could handle large quantities and long distance at low costs. “The economic development will affect the development of maritime transport and vice versa, when sea transport develops well, it will promote economic growth.”

Chu Quang Thu, former Director of the Vietnam Maritime Administration, said the seaport system saw significant development over the past two decades.

As of the end of April, there were 286 ports across the country with a total wharf length of 96 km, more than 4.5 times longer than in 2000. The seaport system handled a total cargo volume of more than 692 million tonnes in 2020, 8.4 times higher than 2000.

The seaport system was developed in association with the the country' economic hubs and regions, such as Quang Ninh and Hai Phong ports for the northern key economic region, Thua Thien – Hue, Da Nang, Dung Quat and Quy Nhon for the central key economic region, HCM City, Ba Ria – Vung Tau and Dong Nai for the Southeast region and Can Tho and An Giang for Cuu Long (Mekong) Delta region.

Vietnam has set up 32 maritime transportation routes, 25 of which are international.

With open investment policies, Vietnam has attracted many global port operators and shipping lines to invest in the seaport system, such as the UAE's DP World, the US' SSA Marine, PS from Singapore, APMT from Denmark, and Hutchison Port Holding from Hong Kong.

However, there was a lack of consistency between seaport planning and socio-economic development planning of localities and other industries, Nguyen Xuan Sang, Director of the Vietnam Maritime Administration, said.

The transport infrastructure system was becoming overloaded and outdated, which together with rapid urbanisation, industrialisation, coastal urban areas and tourism areas development resulted in congestion at some ports.

"It is necessary to develop new master planning for the seaport system of Vietnam to ensure synchronous development and meet the country's requirements for industrialisation and modernisation," Sang said.

Le Tan Dat, deputy director of the Construction Consultation Joint Stock Company for Maritime Building, said that the seaport master plan for the next period should take advantage of the favourable geographical locations and natural conditions combined with science and technology advancements to ensure comprehensive

development and contribute to improving competitiveness of the system.

The new planning should focus on investment in key seaports to become pillars for the maritime economy and promote the development of the logistics industry.

The seaport planning in the next period should give priority to the development of international gateways and transshipment ports in Hai Phong city in the North and Ba Ria – Vung Tau province in the South and for the central economic region. Seaport clusters would also be developed to serve socio-economic development, including Hai Phong – Quang Ninh, Nghi Son (Thanh Hoa) – Dong Hoi (Nghe An), Da Nang – Quang Nam – Dung Quat (Quang Ngai), Quy Nhon (Binh Dinh) – Van Phong (Khanh Hoa) and HCM City – Cai Mep Thi Vai.

Minister of Transport Nguyen Van The asked the Vietnam Maritime Administration to evaluate the current situation of the seaport system to raise development orientations in line with forecasts.

He said that special attention would be attached to developing the seaport system for the Mekong Delta region which had abundant sources of agricultural products for export but the seaport system remained poorly developed.

He said the Mekong Delta region needed a deep-water seaport which together with Can Tho Airport would promote the economic development of the region.

Corporate News

8. VIB: VIB increases charter capital, issue bonus shares at 40%

↑ 4.09%

The plan was published by the bank on Monday after receiving approval from the State Bank of Việt Nam and the State Securities Commission.

As per the plan, each shareholder who owns 100 existing shares will receive 40 new ones. Shareholders should register to receive bonus shares no later than June 10, according to the bank.

Currently, VIB shares are traded at around VNĐ64,300 apiece, up nearly 100 per cent compared to the beginning of this year. VIB now ranks 18th in the group of companies with the largest market capitalisation at over VNĐ70 trillion.

VIB continues to affirm its impressive business performance thanks to the diversified credit portfolio that has helped reduce concentration risks, especially the negative impact of the COVID-19 pandemic.

As of May 2021, the bank's bad debt ratio was as low as 1.25 per cent while its restructured debt balance for COVID-19 affected borrowers decreased to about VNĐ200 billion, accounting for 0.1 per cent of the total outstanding loans.

Earlier on March 26, Moody's Investors Service upgraded the credit rating outlook of VIB to "positive" from its previous "stable". According to

Moody's, VIB had a stable asset quality and high profitability while ensuring sufficient capital sources for sustainable development.

VIB is known as a leading retail bank with an average annual growth rate of over 50 per cent over the past five years. The retail outstanding balance was 87 per cent of total outstanding balance, of which over 95 per cent of retail loans have collateral. VIB is one of few banks with such a high proportion.

The bank has kept leading in growth rate with four key products of auto loans, mortgages, bancassurance and credit cards. VIB has also held the No 1 position in terms of auto loans and bancassurance market share for many years.

Meanwhile, VIB has also pioneered in digital transformation thanks to its focus on developing digital banking and products with high technology and automation content. The bank's MyVIB app has been recognised as the best digital banking application of the year and the best customer experience in Viet Nam by The Asset magazine for four consecutive years.

In April, VIB launched VIB Online Plus 2in1 - the first integrated credit card and payment card line in Southeast Asia. That marked the pioneering step of a Vietnamese bank in cashless payment in the region.

9. TCH: Announcement of the change of listing

↓ -2.02%

On May 28, 2021, HOSE issued Announcement No.1059/TB-SGDHCM regarding the change of listing of Hoang Huy Investment Financial Services Joint Stock Company (stock code: TCH) as follows:

- Additional listing volume: 21,166,270 shares

- Reason of change: converting bonds into shares

- Total listing volume after change: 384,160,284 shares

- Total listing value after change (based on par value): VNĐ3,841,602,840,000



- Effective date of the listing license: April 23, 2021

- Official trading date: June 08, 2021.



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