



VIETNAM DAILY NEWS

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Market Analysis

1. Shares advance on strong buying force

Share finished higher on Wednesday as investors rushed to buy low-valued shares hit during the previous sessions, pushing up stock indices.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index gained slightly 0.22 per cent, to 1,340.78 points.

The market breadth was positive with 228 stocks climbing, while 187 stocks fell and 49 ended flat.

The liquidity was also high as local investors poured nearly VND26.1 trillion (US\$1.1 million) into the southern market, equivalent to a trading volume of over 805.2 million shares.

Among the most notable gainers were SSI Securities Co (SSI) rising 5.3 per cent, PetroVietnam Gas JSC (GAS) advancing over 4 per cent, Novaland (NVL) and Vietcombank (VCB) both rising 2 per cent.

Mobile World Group (MWG), Phat Dat Real Estate (PDR), Thanh Thanh Cong Bien Hoa JSC (SBT) and VPBank (VPB) also made strong gains.

On the other side, Hoa Phat Group (HPG), Vingroup (VIC) and Vincom Retail (VRE) all fell over 2 per cent. FPT Corporation (FPT), PVPower (POW), Tien Phong Bank (TPB), Bank for Investment and Development of Vietnam (BID), Masan Group (MSN) and Vietinbank (CTG) all fell over 1 per cent.

“VN-Index spent most of the time in a downtrend but rebounded slightly at the end of the session and has surpassed the threshold of 1,340 points,” said BIDV Securities Co.

“Investment cash flow increased slightly. Meanwhile, foreign investors were net sellers on both HoSE and HNX. According to our assessment, VN-Index may continue to fluctuate in the coming sessions,” it said.

The VN30-Index, which tracks the 30 biggest stocks on HoSE, declined 0.72 per cent higher to

finish Wednesday at 1,478.85 points.

Of the VN30 basket, 13 stocks increased while 15 dropped.

Foreign investors net sold VND1.2 trillion on HOSE, including Hoa Phat Group (HPG) (VND956.7 billion), Vingroup (VIC) (VND180.2 billion) and Novaland (NVL) (VND73.5 billion).

They were net sellers on the HNX with a value of VND53.85 billion.

On Ha Noi Stock Exchange (HNX), the HNX-Index rose 1.12 per cent to close Wednesday at 322.05 points.

During the session, nearly 182.4 million shares were traded on the northern market, worth over VND4.4 trillion.

According to data from the Securities Depository Center (VSD), the number of new accounts opened by domestic individual investors in May reached 113,543, an increase of 3.2 per cent compared to April.

This is the third month in a row witnessing more than 100,000 new accounts opened by domestic individual investors.

The number of new accounts opened by domestic institutional investors also increased with 131, compared to 123 in April.

In the first five months of the year, domestic individual investors opened 479,857 new securities accounts, an increase of 22 per cent compared to 2020.

As of May 31, the total number of securities accounts of domestic investors reached more than 3.2 million, an increase of 113,674 accounts compared to the previous month.

Macro & Policies

2. Scorching weather drives power use in Vietnam to highest-ever

Vietnam consumed 850.3 million kWh of electricity on May 31, the highest-ever volume in the country, due to scorching weather.

Blistering heat in the northern and central regions drove the capacity to the new peak of 41,549 MW on the day, according to the National Load Dispatch Center (NLDC) under the Vietnam Electricity (EVN).

The capacity on May 31 rose by 3,350 MW on-year, nearly equal to a total capacity of Lai Chau and Son La Hydropower Plants, the third and first largest hydropower in Vietnam, respectively.

The volume in the northern region was 360 million kWh while that in Hanoi was 90.3 million kWh.

Vietnam's northern and central regions have undergone burning hot weather over the past few

days, reaching approximately 54 Degree Celsius outdoor at noon.

EVN warned that the prolonged burning weather might lead to local grid failure while the operating lines and substations were overloaded at some moments.

The country's sole power distributor advised local consumers to practice power efficiency.

In 2020, the volume of both produced and imported power reached 247.08 billion kWh, up 2.9% on-year.

As of end-2020, the country's total installed power capacity hit 69,300 MW, increasing 14,000 MW from the previous year. The total capacity included 17,430 MW from renewables.

3. Aquatic product exports to US surge

The export of aquatic products to the United States posted a sharp growth in the past three months despite the adverse impact of the COVID-19 pandemic on the global economy.

According to Le Hang, Deputy Director of the VASEP.PRO centre at the Vietnam Association of Seafood Exporters and Producers (VASEP), aquatic exports to the US increased by 36 percent in March against last year's figure.

The growth was 64 percent in April, with export value reaching 149 million USD.

The strong rises in March and April have helped lift the total export value of the products to the US in the first four months of this year to 483 million USD, up 28 percent compared with the same period last year.

Shrimp remains the biggest currency earner, bringing home 198 million USD from the US in the first four months of this year, up nearly 25 percent year-on-year and accounting for 21 percent of

Vietnam's total shrimp export value and 41 percent of the total seafood export value to the US.

Meanwhile, export revenue from Tra (Pangasius) fish was 102 million USD, an increase of 37 percent year-on-year, making up 21 percent of the country's pangasius export value and 21 percent of the total seafood export value to the US.

Statistics from the US's National Marine Fisheries Service showed that in the first quarter of this year, the US imported 743,700 tonnes of seafood products, worth 5.6 billion USD, up 7.2 percent in volume and 7.7 percent in value over the same period last year.

Vietnam has become the fifth largest seafood exporter to the US in term of quantity with 62,800 tonnes, a yearly increase of 24.6 percent. In term of value, it ranks sixth with 341 million USD, up 19.1 percent against the previous year.

Vietnam's share in the US's total volume of seafood imports rose to 8.5 percent in Q1 from 7.3 percent in the same period in 2020.

According to VASEP, the consumption and imports of aquatic products in the US will increase remarkably in the second half of this year.

It is forecast that seafood imports of the US this year will climb by 6 percent to 2.9 million tonnes in volume and 9 percent to reach 23.3 billion USD in

value, even higher than the levels before the beginning of the COVID-19 pandemic.

Therefore, the US will be the target market for seafood exporting countries including Vietnam, India, Ecuador, Indonesia and Thailand.

4. Higher shipping fees hurt smaller firms

Shipping costs from Asia to Europe rose above \$10,000 per container for the first time on record last week, a 485 percent increase year-on-year, according to the Drewry World Container Index.

Ho Van Hiet, CEO of Prime Logistics Vietnam, said that while foreign direct investment giants with established contracts are mostly unaffected by the price increase, small and medium Vietnamese exporters were fighting to secure container slots for their shipments.

"Exporters who used to send 10 containers per shipment are having to cut it to a few as most ships are filled up," he told VnExpress International.

Nguyen Dinh Tung, CEO of fruit exporter Vina T&T, said that that rising transportation costs has become a global issue and it has pushing smaller companies out of the market.

A shortage of containers also means longer transportation time and this affects the export of some products like fruits.

Mangoes from Vietnam, for instance, can be preserved for 35 days. Before, it took 25 days to deliver the product to Western buyers, but now it takes 30-35 days, Tung told local media, adding that many buyers have stopped importing because there is not enough time to sell the products.

Industry insiders say that container transportation charges have risen as demand rises in the Europe and the U.S., with their economies beginning to recover from Covid-19 impacts. Companies are beginning to restock and make more purchases.

Nguyen Thi Anh, spokeswoman for a HCMC-based logistics company, said that as container costs rise so do related fees like storing and moving them out of ports.

Since last year, many exporters have been struggling to negotiate logistics costs with buyers; some have either left the market or accepted losses in order to retain customers, she told local media.

Some small exporters of garment products, furniture and seafood have stopped exporting altogether after not being able to negotiate a contract with buyers, she added.

Hiet said he sees another increase in shipping rates in June, sending prices of shipping a 40-foot container from Vietnam to Europe to around \$11,000, up 10 percent from now.

The rates could go even higher as demand typically peaks in August and September, he added.

The only solution for Vietnamese exporters is to book their delivery soon so to ensure they have secure container slots on ship, he said.

5. Ministry proposes keeping fee reductions until end of 2021

The Ministry of Finance has proposed extending the reduction periods of several fees beyond the current expiration date of June 30.

The move aims to support virus-hit people and enterprises.

The ministry issued 21 circulars last year to reduce 29 types of fees, effective till the end of 2020, to help people and enterprises overcome the difficulties caused by the pandemic.

Among them, some saw significant reductions, such as the enterprise registration fee by 70 percent, corporate information dissemination fee by 67 percent and operation licensing fee for credit institutions by 50 percent.

These reductions were reviewed and extended to June 30 this year as production and business continued to face a lot of difficulties. These reductions were estimated to cause a drop by about 1 trillion VND (43.1 million USD) to the State budget collection.

The ministry said that as the fourth wave of COVID-19 has hit Vietnam, it was necessary to extend the fee reductions to the end of this year, pointing out many sectors were struggling, such as tourism, aviation and transportation.

The ministry estimated another drop of 1 trillion VND to State budget collection by extending the fee reductions to the end of this year.

The Government has introduced support packages worth a total of 62 trillion VND to support enterprises and workers who were negatively affected by the pandemic. However, many have said that it was difficult for them to assess the supports because some requirements were too high and impractical.

Vu Tien Loc, Chairman of the Vietnam Chamber of Commerce and Industry (VCCI), said small and medium-sized enterprises (SMEs) which were the most affected by the pandemic were struggling to access Government supports

Loc said the VCCI would submit proposals to the Government to ensure the support policies are accessible to SMEs with transparent procedures.

Besides support policies, administrative reforms to create a favourable business environment for enterprises and measures to promote links between domestic and foreign-direct-investment firms should be hastened to promote enterprises' development, he said.

Economist Phan Duc Hieu said it was impossible to separate business and virus prevention in the current context. Hieu said the Government should be active in developing different scenarios and response plans as well as support packages following a group-based approach.

Support policies must ensure fairness among enterprises with transparent criteria, Hieu stressed, adding that the support policies should also focus on enterprises that were making efforts to maintain their production and business.

6. Trade deficit poses little impacts on USD/VND exchange rate: Expert

Long referred to the fact that the USD/VND rate quoted by commercial banks was lowered by a marginal of VND10 to VND22,910/23,140 (buying-selling prices), and further declined by VND60 in free market to VND23,170/23,220.

“This proves the stability of the Vietnamese dong (VND), which has been one of the most stable currencies in Asia in the past months,” Long told Hanoitimes.

Sharing the same view, SSI Securities Corporation (SSI) in a report noted that given the supply-demand balance of foreign currencies at the moment, the USD/VND rate would continue to move sideways in short-term.

SSI, however, pointed out if the trade deficit continues to go up along with the current Covid-19

outbreak in Vietnam, there will be more pressure on the exchange rate in mid- to long-term.

Another factor that could impact the exchange rate was the inter-bank interest rates that have slightly increased by 0.03-0.09 percentage points in the past week, standing at 1.36% per annum for overnight interest rate and 1.44% rate for one-week loan.

Such rates were higher by 0.35-0.53 percentage points against late April.

“Inter-bank interest rates are dependent on the credit supply – demand balance. Therefore, higher rates reflect the recovery of economic activities as more firms are looking for capital,” Long said.

As the economy continues to stay on the upward trend, there is a possibility that banks would raise capital mobilization rate, he noted.

However, for the immediate future, Long suggested interest rates would stay unchanged as the consumer price index (CPI), a gauge for inflation, rose at a modest rate of 0.16% month-on-month in May and expanded by 1.29% in the five-month period, the lowest in the past five years.

“Vietnam remains on track to keep the inflation below the 4% target for this year,” Long asserted.

HSBC in a recent report predicted Vietnam's inflation rate in 2021 to average around 3%, saying

the impact of moderating food prices would more than offset recovering oil-related prices.

With inflation staying below the 4% inflation ceiling set by the State Bank of Vietnam, this would allow the central bank to maintain its accommodative monetary policy throughout 2021 and keep its refinancing rate unchanged at 4%, it noted.

At present, deposit interest rates average 2.8-4% per annum for one-month to less than six-month deposit; 3.5-5.4% per annum for six- to less than 12-month period; and 4.6-6.5% for 12-13-month period.

7. Covid-19 pandemic helps clean up condotel market in Vietnam

While the Covid-19 pandemic is putting Vietnam's condotel market into an ordeal, this would also provide an opportunity for the segment to heal itself.

“This is the time for property developers to review their corporate governance models and existing projects to ensure the market is heading in the right direction,” real estate expert Tran Khanh Quang told Hanoitimes.

In the past months, severe economic impacts as a result of the pandemic have put more stress on the local condotel market, which has been already facing multiple difficulties from the lack of a legal framework governing the construction and the government's tightening tax collection from the segment.

While investors had been trying to cut losses from their condotel investments since last year, the situation seems to get worse since May, when the Covid-19 situation becomes more serious nationwide.

In Danang, condotel projects at downtown areas of Ly Thuong Kiet, Truong Sa, and Vo Nguyen Giap streets are being put for sale for VND200-300 million (US\$8,600-13,000) below their market prices, or even at a discount of up to VND700 million (US\$30,400).

A similar situation is also happening in Nha Trang, Vung Tau, or Phu Quoc. In the cities of Nha Trang and Phu Quoc, once seen as promising land for the condotel market, the majority of condotels have been offered at discount prices by VND100-300 million (US\$4,300-13,000). In Le Thanh Ton street, investors were so eager to sell their assets that they accepted cut-loss prices of VND500-600 million (US\$21,700-26,000) compared to the initial investment.

Nguyen Trong Nghia in District No.3, HCMC, said during the pandemic, his condotel apartment in Vung Tau could not find tenants despite being offered at low prices.

“The pandemic has lingered for more than a year, and at this point, I could not keep up with the interest rate anymore,” Nghia told Hanoitimes.

Le Thi Hang from Dong Da District, Hanoi said she bought five condotel apartments in Nha Trang in 2019 with price of VND1.6 billion (US\$69,500) each.

“The final cost later had gone up to VND2 billion (US\$86,763) before these apartments were put on lease,” Hang said to Hanoitimes.

“I could not find tenants for these properties since early 2020, or buyer even when I lower the price by VND500 million (US\$21,700) each,” Hang continued.

Real estate expert Tran Khanh Quang said the cut-loss trend in secondary market for condotel segment is unavoidable with the current legal bottleneck.

“Current legislation does not offer sufficient protection for individual investors in case project owners fail to honor their profit-sharing commitment,” Quang said.

The issue would be more severe, expert Nguyen Van Duc told Hanoitimes. Many investors are using financial leverage from bank loans to invest in condotel projects, he said.

“Most think they can use profit that going to be shared from project owners to pay banks' interest, and in 10 or 20-year time, the condotel would become their own property,” Duc explained.

However as in reality, many developers have failed to share profit to investors as condotel businesses did not go as planned. “This results in many investors could not pay banks' interest, and also may lose their down payment for the condotel,” Duc said.

“Investors should think twice before investing in a condotel project, as they are surely the first to suffer if things do not go according to plan,” he said.

Huge potential remains

Not only individual investors, condotel developers are also feeling the heat from a market freeze.

“If the current situation does not improve, I am not sure whether we can survive,” a real estate company, who wanted to be anonymous told Hanoitimes, saying he has so far managed to sell only one third of total apartments on offer since 2019.

“Pressure from interest payment and lack of customers are cornering us,” he said.

On this issue, Director of R&D Department at DKRA Vietnam Nguyen Hoang expressed concern that as the pandemic continues to stay until late 2021, more real estate firms would fall into bankruptcy.

While the economy returns to the recovery track and the full control of the pandemic are key factors to boost condotel market, Hoang called for the government to soon ensure a complete legal framework to govern the segment.

“Resort real estate in general and condotel in particular remain huge investment opportunity for investors as Vietnam has beautiful landscapes, a fast growing economy and a rising middle-income class,” he stated.

Corporate News

8. POW: POW faces risk of being kicked out of VN30-Index

↓ -1.65%

On Tuesday, POW shares were traded at VND12,100 per share, making VND27.4 trillion (US\$1.2 billion) in market capitalisation.

With the value, PetroVietnam Power is standing in 36th in the top listed companies on the Ho Chi Minh Stock Exchange (HoSE) with the greatest market capitalisation. The rank was down sharply since January 2020 when it was in the top 20 companies by market capitalisation and listed in the VN30-Index, which tracks the 30 biggest stocks on HoSE.

The downgrade in POW's rank was not due to the decrease of its stock price as the price is similar to late 2019.

The reasons were that the market has recorded the appearance of the series of companies with high market capitalisation and many shares have surged tens to hundreds of per cent since early 2020.

Some companies that were listed after PetroVietnam Power, like Vietnam Rubber Group JSC (GVR), is worth VND113.4 trillion (US\$4.9 billion), standing in the top 13 companies by market capitalisation.

Especially, a series of banks that were newly listed or transferred from other exchanges like Vietnam International Commercial Joint Stock Bank (VIB), Asia Commercial Bank (ACB) and SEABank (SSB) all surpassed PetroVietnam Power in market capitalisation.

With the current rank, PetroVietnam Power's position will be threatened during the portfolio assessment of the VN30-Index this July.

According to regulation version 3.0 issued on November 9, 2020, the assessment is based on criteria including listing date, liquidity, and stocks rank from 21 to 40 by market capitalisation in the last 12 months. Also those in the VN30 basket in the previous assessment will get priority, then come newly listed stocks.

However, with the downgrade to the bottom rank in the priority group, if POW share prices don't improve soon, there is a risk of being kicked out of the VN30-Index.

The VN30-Index is an important index that attracts many passive funds as the country's stock market rises dramatically.

9. VCB: Vietcombank launches eKYC, allowing customers to open accounts anywhere within minutes

↑ 2.22%

Electronic Know Your Customer (eKYC) is a key solution for banks to improve customer experience and simplify banking procedures.

Amidst COVID-19 complications, this technology also help to minimise physical interactions and protect the health of customers.

Recently, Vietcombank has implemented the e-KYC solution to verify and authenticate the bank

account holder's identity quicker and safer than with traditional methods.

Previously, in order to open a bank account, customers needed to register and verify their information at transaction counters. With the e-KYC solution, customers need only to download the "Vietcombank" app, enter their phone number, and upload an ID photo and a selfie. The account will be registered and opened within a few minutes.

New bank accounts are registered on VCB Digibank, allowing customers to make online transactions of up to VND100 million (\$4,350) per month. Customers can increase this limit by visiting a Vietcombank transaction centre.

Opening a bank account via the e-KYC service is convenient for busy customers, especially for customers living far away from transaction offices. Moreover, e-KYC promises to bring a new experience to young, tech-savvy customers.

In addition, customers can choose to have their bank account number match their phone number absolutely free of charge. The Vietcombank system will let users know if their chosen account number is available.

“0 fee” transactions

Customers can transfer both inside and outside Vietcombank system completely FREE with VCB Plus account package added automatically to online bank accounts.

Especially, Vietcombank will waive 03 months fee of VCB Plus account package for all customers

opening online bank accounts. Afterwards, customers will only need to maintain an average monthly balance of around VND 4 million to continue enjoying services without a surcharge.

Variety of features and services on VCB Digibank

In addition, customers can also experience a variety of features and services on VCB Digibank. Customers can easily perform modern financial transactions such as money transfer, mobile top-up, opening online savings accounts, bill payment, QR-Pay, book movie tickets and hotel rooms, book train ticket/bus ticket/flight, online shopping, and many other services.

VCB Digibank also supports users to withdraw money by QR code at ATMs quickly and easily.

From June 1 to the end of July 31, customers will be able to participate in the “Open online account – Super promotions” programme when opening an online account. Customers can win lucky draw prizes like a saving book worth VND1 billion (\$43,500) and 100 savings books worth VND5 million (\$220).



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