



VIETNAM DAILY NEWS

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Market Analysis

1. Shares pull back on rising selling pressure

The market reversed course to trade lower on Wednesday as selling pressure reappeared towards the last trading minutes of the session.

On the Ho Chi Minh Stock Exchange, the VN-Index decreased 0.11 per cent to close at 1,408.55 points.

It had increased 0.30 per cent to close Tuesday at 1,410.04 points.

Liquidity decreased slightly compared to the previous session with more than 595 million shares worth VND21 trillion (US\$911 million) traded on the southern exchange on Wednesday.

The VN30 Index, which tracks the top 30 largest shares by market value and liquidity, slid 0.06 per cent to close at 1,529.00 points with half of the stocks in the basket losing value.

The sudden increase in selling pressure pulled many large-cap stocks down, the VN-Index also reversed. Large-cap stocks like PetroVietnam Technical Services Corporation (PVS), Phat Dat Real Estate Development (PDR), Vietinbank (CTG), Lien Viet Post Bank (LPB), Vietnam National Petroleum Group (PLX), Asia Commercial Bank (ACB) all fell deeply.

On the other side, some blue-chips gained ground such as Vietcombank (VCB), Vingroup (VIC), VPbank (VPB) and Bank for Investment and Development of Vietnam (BID).

“VN-Index remained in an upward trend for most of the trading time and closed above 1,410 points. Investment cash flow declined while foreign

investors were net buyers on the HoSE and net sellers on the HNX,” said BIDV Securities Co.

“Market breadth turned negative with liquidity dropping compared to the previous session. According to our assessment, VN-Index may have a slight correction in the next sessions to retest the area around 1,400 points,” it said.

Foreign investors net bought VND1.75 trillion on HOSE, including Novaland (NVL) with VND1.5 trillion, Vinhomes (VHM) with VND216.3 billion and Vietcombank (VCB) with VND133.1 billion.

They were net sellers on the HNX with a value of VND4.01 billion.

On a sector basis, nine out of 25 sectors gained ground, including healthcare, retail, food and beverage, logistics and construction.

On the opposite side, losers were real estate, securities, information and technology, banking, agriculture, seafood processing, wholesale, insurance, oil and gas, rubber production and construction materials.

On the Ha Noi Stock Exchange, the HNX-Index declined 0.15 per cent to close Wednesday at 323.32 points

It had advanced 0.21 per cent to close Tuesday at 323.79 points.

More than 103 million shares worth VND2.4 trillion were traded in the northern market.

Macro & Policies

2. US announces final results of POR16 for Vietnamese tra, basa fish

The US Department of Commerce (DOC) has announced the final results of the 16th period of review (POR16) for the period from August 1, 2018 to July 31, 2019, regarding Vietnam's tra and basa fish (pangasius) exported to the US.

Accordingly, the anti-dumping duty for Vinh Hoan JSC and Nam Viet JSC is 0 USD per kg, while the tax rate for other Vietnamese producers and exporters remained at 2.39 USD per kg.

According to the Trade Remedies Authority of Vietnam under the Ministry of Industry and Trade, the US department is conducting the 17th period of review (POR17).

The ministry will continue its close coordination with the Vietnam Association of Seafood Exporters and Producers, Vietnamese exporters and the US

side to deal with relevant issues to ensure legitimate rights and interests of Vietnam in this regard.

The US has remained one of major importers of Vietnamese aquatic products, including shrimp and tra and basa fish.

Vietnam's shrimp export to this market in the first five months of this year reached 270 million USD, up 21 percent year-on-year. Meanwhile, the country's tra and basa fish shipment to the US increased 200 percent in May, raising the five-month value to 135 million USD, a year-on-year rise of 57 percent.

The Trade Remedies Authority viewed the final results of POR16 as positive to the domestic aquatic product production and export, saying they will create advantages for Vietnamese aquatic products to develop and compete in the US market.

3. Vietnam expected to reopen int'l flights by late 2021

Vietnam can gradually resume regular international flights by late 2021 as the rollout of Covid-19 vaccination programs in the country and abroad is accelerated.

This comes as Vietnam's major markets for local airlines in Northeast Asia and Europe are putting the pandemic under control.

The Civil Aviation Authority of Vietnam (CAA) made the assessment in a recent report submitted to the Ministry of Transport.

"Given the improved outlook, Vietnam's aviation industry could recover from the mid-third quarter with the number of air passengers reaching an estimated 70 million this year, an improvement from 66 million recorded last year," it noted.

In the meantime, the CAA pointed out two recent Covid-19 outbreaks in the peak domestic travel seasons, including the Tet festival and summer holiday [April 30-May 1], are causing a plunge by 70-80% of domestic transportation volume compared to March-April.

"The situation is especially severe given the social distancing order adopted in the Ho Chi Minh City from May 31," stated CAA General Director Dinh Viet Thang, adding the average transportation volume in the first two weeks of June was equivalent to 5-10% against April.

According to the CAA, the number of air passengers in the first six months of 2021 was estimated at 26.8 million, down 19.4% year-on-year, in which foreign passengers declined by 98% to 145,000.

Meanwhile, 668,000 tons of cargo were handled through airports during the period, up 12.7% year-on-year.

The CAA also noted around 30 foreign airlines from Northeast Asia, Southeast Asia, Middle East, and France are operating flights for cargos, diplomats, experts, investors, and students to and from Vietnam.

Domestic airlines, however, are focusing their resources on domestic flights as international flight routes have not been reopened.

In terms of airline infrastructure, the local authorities have completed the first phase of upgrading runways at Noi Bai and Tan Son Nhat International Airports in the first half of 2021.

The second phase of upgrading the 1B runway at Noi Bai airport is set to complete in July, in turn, meeting the growing operation demand of local airlines after the fourth Covid-19 outbreak.

4. H1 core inflation drops to lowest level since 2011: GSO

The Consumer Price Index (CPI) rose 1.47 percent year-on-year in the first half of 2021, the lowest since 2016, according to the General Statistics Office (GSO).

point, while rice prices grew 6.97 percent, contributing to a rise of 0.18 percentage point in the CPI, she said.

The index in June edged up 0.19 percent month-on-month, 1.62 percent against last December and 2.41 percent year-on-year, GSO General Director Nguyen Thi Huong told a press conference in Hanoi on June 29.

Prices of construction materials, such as cement, iron, steel, and sand, jumped 5.03 percent, adding 0.1 percentage point to the CPI.

The rises are largely due to increases in prices of materials, fuels, electricity and fresh water.

In contrast, H1 prices of food declined 0.39 percent from the same period last year, contributing to a 0.08-percentage-point slide of the six-month CPI. It is because of drops in prices of staples, for example, pork (down 4.15 percent), and chicken (down 2.04 percent).

She said core inflation in June inched up 0.07 percent compared to May and 1.14 percent from the same period last year. The figure in the first half of the year rose by 0.87 percent year-on-year. Both June's and six-month figures are the lowest since 2011.

A decrease of 3.06 percent in electricity price in H1 also made the CPI to edge down 0.1 percentage point.

Based on these figures, it is completely feasible to keep the inflation below 4 percent this year.

The COVID-19 resurgence has been curbing travel during the first six months of the year, causing rail tickets and airfares to fall 3.41 percent and 17.05 percent, respectively.

The average fuel price in H1 surged 17.01 percent year-on-year, pushing the CPI up 0.61 percentage

The average gold price spurred 18.06 percent year-on-year between January and June.

5. Free trade agreements fuel growth of seaport operators

The volume of cargo going through seaports has been on the increase thanks to free trade agreements (FTAs).

In May alone, the volume of freights reached 63.94 million tonnes, up 5 percent, while that of container goods 2.2 million TEUs, a year-on-year growth of 35 percent.

Total throughput of Vietnam's seaports reached 302.42 million of tonnes in the first five months of the year, excluding goods in transit, a year-on-year rise of 7 percent, according to the Vietnam Maritime Administration.

Two FTAs with substantial impact on freight volume through seaports are the EU-Vietnam FTA and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), according to experts.

The volume included 10.33 million TEUs of containers, surging 24 percent in the same period last year.

In addition, an increasing number of deepwater ports helps firms in the sector gain more advantages.

Some businesses have launched new projects to bolster the services. Gemadept Corporation plans to launch two deepwater seaport projects in the southern region in the third and fourth quarters, which are set to be operational in 2023.

6. Watchdogs notice stable credit growth

“More than 10 credit institutions have proposed loosening their credit room as they are proactively implementing a wide range of activities – which is a positive sign of the domestic economy picking up,” said Pham Thanh Ha, director of the Monetary Policy Department under the State Bank of Vietnam (SBV) in the central bank’s first six-month review conference held last week.

In the first quarter, the SBV assigned the first credit limit target to banks in the system. Techcombank had the highest credit growth room at 12 per cent, followed by TPBank with 11.5 per cent. In addition, Vietcombank, MB, and MSB were assigned 10.5 per cent.

SSI Research assessed that the SBV maintains a flexible forex policy which allows for reasonable fluctuations with fewer and more market-based interventions, along with a supportive credit policy. This means a loosening could come and the credit growth quota be extended further.

Deposit interest rates thus will remain stable in the short term but may increase in the second half when commercial banks are allowed to increase credit room, SSI predicted.

Data compiled by the SBV shows that money supply growth by June 15 was 3.96 per cent year-to-date and 14.27 per cent on-year, whereas credit growth was 5.1 per cent year-to-date (compared to 2.26 per cent in 2020) and might reach 15 per cent on-year. This is clearly higher than the 9.5 per cent in 2020 or the 11 per cent in 2019 for the same period.

“Generally, a low-base impact might be one reason and 2019 growth might not be a good proxy when we talk about pre-pandemic levels. Consider that

The corporation will invest nearly 264 million USD in the two projects, which will have a capacity of 900,000 TEUs and 500,000 TEUs per year, respectively.

Meanwhile, in the north, the Port of Hai Phong JSC plans to transform the Hoang Dieu terminal for commercial use and invest in another deepwater port in the third quarter of this year.

2018 provided an extremely high base, with approximately 18 per cent growth on-year, with major growth originating from property loan which were up 26.16 per cent on-year for 2018,” noted Hung Pham, analyst at SSI Research.

Nguyen Tuan Anh, director of the Credit Department for Economic Sectors under the SBV, said credit would be focused on priority segments, such as manufacturing. “A 12-per-cent credit growth on-year is achievable and given the favourable conditions and the demands of banks, we would consider lifting the credit quota above 12 per cent. Banks with sound financial capacity will be granted a higher credit room,” said Anh.

Previously, some banks said that they have reached almost two-thirds of their credit room for the whole year in the first five months and have requested more leegroom.

Experts believed the recent increases in the charter capital of local banks have also boosted their demand to raise credit room.

In the future, the SBV will have a solution to continue directing credit institutions to closely monitor lending activities in risky areas while strengthening inspection and supervision measures, and borrowers use them for the right purposes, Anh emphasised.

“The risky sectors eliciting the greatest concerns are property and securities trading. This is nothing new, however, as the central bank has simply reiterated its view that loans for securities trading are to be kept unchanged at 0.48 per cent of total outstanding loans or \$2 billion,” Pham of SSI said.

“For property loans, growth might be larger at 6 per cent year-to-date by the end of June but not significantly higher than that if system-wide credit growth is 12 per cent.”

In the first quarter, MSB, MB, and Techcombank recorded the highest loan growth, so they are likely to be allowed to further expand credit growth, according to SSI Research.

On the other hand, Viet Capital Securities Company (VCSC) believes TPBank will be approved by the SBV to expand credit from 11.5 to 26 per cent in 2021.

Other banks have also set growth targets in excess of 20 per cent such as VIB (31 per cent), Kienlongbank (28 per cent), HDBank (26 per cent), OCB (25 per cent), and VietBank (22 per cent).

Lower credit growth room has forced some banks to boost cross-selling products, particularly bancassurance, which will improve loan access for policyholders and also help promote disbursement procedures, VCSC noted.

“We also noticed there was not much discussion or concern over inflation and it implies the SBV believes that the inflation target of 4 per cent is within reach,” said Pham of SSI.

The SBV estimated that by the end of June, credit for small- and medium-sized enterprises, export businesses, supporting industries, and high-tech and innovative businesses would increase by 3.9, 9, 6.94, and 14.5 per cent, respectively.

7. Fees reduced to ease difficulties caused by COVID-19

The ministry issued Circular No 47/2021/TT-BTC on June 25 to reduce 30 business fees and charges worth around VND1 trillion (US\$43 million), effective from July 1 to December 31, 2021.

Specifically, 29 items have been omitted since 2020 and the first six months of 2021, and one more additional reduction recently took effect for the agricultural sector.

Of which, business registration fees are cut by 70 per cent; and corporate information disclosure rates are reduced by 67 per cent. Appraisal charges for granting of amendments and supplements for postal operation licences are reduced by 50-70 per cent.

Fees for granting operation licences for credit institutions, appraisal charge rates for construction investment projects and 20 out of 22 fees and charges in the securities sector are reduced by 50 per cent.

From January 1, 2022, the charge and fee rates specified above shall comply with the original circulars.

The policy is aimed to reduce the financial burden for domestic industries affected by the pandemic, according to the ministry.

It said at present, the pandemic continues to impact countries worldwide and also Viet Nam, disrupting the global supply chain and affecting economic development.

Global economic development is forecast to be continuously affected by the pandemic throughout 2021. Many domestic industries and sectors face difficulties, so production and business activities of enterprises are stagnant, especially businesses in the sectors of tourism, aviation and transportation.

Therefore, the ministry has continued to issue circular 47 based on the Resolution No 124/2020/QH14 of the National Assembly on the socio-economic development plan in 2021 and the Government's Resolution No 01/NQ-CP dated January 1, 2021 on the main tasks and solutions to implement this socio-economic development plan and the state budget estimates in 2021.

According to those resolutions, ministries, sectors and localities promulgate and implement specific policies in line with the developments occurring in the year to remove difficulties and support businesses and people affected by the pandemic.

Previously, due to the impact of COVID-19, the finance ministry issued Circular 112/2020/TT-BTC

to reduce 29 fees and charge by 50-100 per cent from January 1, 2021, until the end of June 30, 2021.

They included a 50-per cent reduction in the citizen identification fee, a 30-per cent reduction in fee

rates of the health sector, reduction of 10-30 per cent in road usage fees for passenger vehicles, and a 10-per cent reduction in fee rates relating to food hygiene and safety.

Corporate News

8. VJC: Vietjet sets 2021 revenue target of \$945million

↑ 1.25%

In particular, Vietjet will strive to achieve an air transport revenue of VND15.5 trillion (\$670 million) by the year-end.

These figures were announced at the company's Annual General Meeting of Shareholders 2021 in HCM City on Tuesday.

Such goals will be mainly driven by an exponential increase in cargo revenue, new services in air transport, personnel training and aircraft maintenance and several investments in projects and finance, according to Vietjet.

Vietjet will keep revolving around its customer-focused strategy while striving for innovation and creativity. It is expected to digitalise every service available and operation protocols, growing business while improving its productivity and service quality.

In 2021, it is aiming to have its passenger load factor reaching 80 per cent, on-time performance standing at over 90 per cent, and to serve up to 15 million passengers across its flight network.

Vietjet's President and CEO Nguyen Thi Phuong Thao said: "As a better future lies ahead, we'll work hard and relentlessly to make it come closer."

In his speech at the event, General Director of Civil Aviation Authority of Vietnam Dinh Viet Thang praised Vietjet's enormous efforts to remove

obstacles and sustain its business during the pandemic, especially in abiding by strict COVID-19 prevention regulations.

He said that the company had played an active role in many of the Government's campaigns including repatriating Vietnamese overseas and airlifting disease prevention equipment.

Deputy Minister of Transport Le Anh Tuan said he believed that Vietjet would be able to stay on this track once the pandemic is over.

During the event, Vietjet shareholders also allowed the Board of Directors (BOD) to decide on a plan to raise charter capital through private placement of shares at a maximum of 15 per cent of the charter capital in order to guarantee sufficient resources for a safe and efficient comeback of Vietjet.

The BOD will also consider a \$300 million international bond offering in 2021-22 to allow Vietjet to improve its financial position and to stay on track of sustainable growth.

The shareholders also passed an employee stock ownership plan (ESOP) to issue up to 10 million shares. It is expected to give a boost to innovation and creativity, encouraging the working spirit and employee retention for the sake of Vietjet's development.

9. GIL: Approved the stock issuance to pay dividend for 2020

↑ 0.68%

The Board resolution dated June 28, 2021, the BOD of Binh Thanh Import Export Production and Trade Joint Stock Company approved the stock issuance to pay dividend for 2020 as follows:

- Stock name: Binh Thanh Import Export Production and Trade Joint Stock Company
- Stock type: common share
- Stock code: GIL

- Par value: 10,000 dong
- Charter capital before the issuance: VND360,000,000,000
- Number of shares issued: 36,000,000 shares
- Number of outstanding shares: 36,000,000 shares
- Number of treasury shares: 0 share
- Number of shares expected to be issued: 7,200,000 shares
- Total value (based on par value): 72,000,000,000 dong
- Charter capital after the issuance: VND432,000,000,000
- Issuing ratio: 20% (5:1) (Shareholder who owns 01 share will receive 01 right, and with every 05 rights will be entitled to receive 01 new share).
- Estimated issue time: 2021, after being approved by the State Securities Commission of Vietnam (SSC)
- Plan to deal with fractional shares: The distributed shares will not be rounded down to dozen, the fractional shares due to rounding down will be distributed to other investors by the BOD
- For example: at the record date, shareholder A owned 549 shares. With 5:1 performing ratio, the shareholder A will receive: $549 \times \frac{1}{5} = 109.8$ shares. According to rounding policy, the shareholder A receives 109 new shares and fractional shares of 0.8 will be cancelled.
- To register to deposit at the Vietnam Securities Depository (VSD) and list on the Hochiminh Stock Exchange (HOSE) for new shares.

Research Team:

Tsugami Shoji *Researcher*

jsi@japan-sec.vn

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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