



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Shares climb in final trading minutes

Shares bounced back strongly in the afternoon session on Tuesday, driven by increasing demand at the support price levels.

On the Ho Chi Minh Stock Exchange, the VN-Index increased 2.39 per cent to close Tuesday at 1,273.29 points. The southern market's index plummeted by more than 4 per cent on Monday.

Meanwhile, the HNX-Index on the Ha Noi Stock Exchange also climbed 3.1 per cent to end the day at 301.11 points. The northern market's index fell 5.1 per cent in the previous session.

Liquidity dropped substantially, however, with 675 million shares worth almost VND20.4 trillion (US\$877.6 million) traded on the two exchanges. These numbers represented a drop of 21.6 per cent in volume and 17.4 per cent in value compared to Monday's levels.

The market breadth was positive with 418 stocks rising, 150 declining and 235 unchanged.

All sectors recovered with 24 out of 25 industries tracked by vietstock.vn gaining value, of which securities companies were the biggest gainers with an average growth of 6.22 per cent.

Only one of 26 listed brokerage firms lost value while 23 increased between 2-9 per cent. Saigon Securities Inc (SSI), the biggest firm by market value, hit the daily growth limit of 7 per cent on the HCM City exchange, closing Tuesday at VND57,700 (\$2.49) per share.

Other sectors such as insurance, banking, retail and construction material, plastics manufacturing also gained substantially.

Steelmaker Hoa Phat Group (HPG) topped the shares affecting the VN-Index on Tuesday with a growth of 6.8 per cent.

Among the top 10 most influential stocks, four were banks, including Vietcombank (VCB), up 3.3 per cent; BIDV (BID), up 3.4 per cent; Techcombank (TCB), up 3.1 per cent; and Asia Commercial Bank (ACB), up 5.4 per cent.

Other big gainers also included Vinhomes (VHM), up 2.2 per cent; Vietnam Rubber Group (VGR), up 5.5 per cent; PV Gas (GAS), up 2.7 per cent; Masan Group (MSN), up 3 per cent; and Mobile World Investment (MWG), up 5.2 per cent.

The VN-Index had slumped in seven sessions since early this month with two sessions losing nearly 4 per cent which pushed prices of many stocks down steeply, attracting bargain hunters.

"The level of 1,205 points is a strong support level for the VN-Index in the short term. It is likely that the 'bottom-fishing' cash flow will increase significantly when the index drops back to this support level and might help the market recover," said Phuong Nguyen, a stock analyst at Viet Dragon Securities Co.

Phuong suggested investors should temporarily stop selling and may consider accumulating good stocks when the market retreats to the strong support area of 1,205 points.

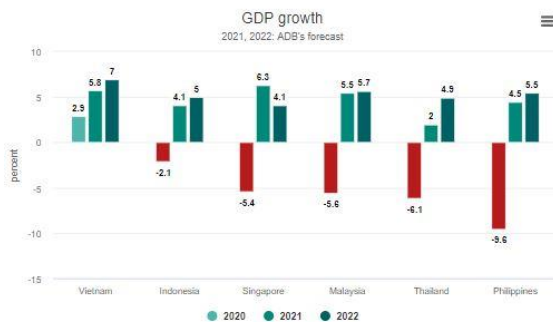
Foreign traders were mixed on Tuesday. They were net sellers with a net value of VND308.2 billion on HCM City's bourse but were net buyers on Ha Noi's exchange with a net value of VND343 billion.

## Macro & Policies

### 2. ADB cuts Vietnam growth forecast on Covid resurgence

Mobility restrictions drove the Purchasing Managers Index (PMI) down to 44.1 in June, the lowest level since May last year, it said in a report.

Vaccination delays and an extended lockdown in the southern region, the country's largest growth area, could limit economic activity this year, it added.



But it maintained its forecast for next year at 7 percent.

At 5.8 percent, Vietnam's growth is set to be the second highest in Southeast Asia behind Singapore's 6.3 percent.

ADB also cut the growth forecast for the region from 4.4 percent to 4 percent as new Covid-19 outbreaks slow recovery.

"Asia and the Pacific's recovery from the Covid-19 pandemic continues, although the path remains precarious amid renewed outbreaks, new virus variants, and an uneven vaccine rollout," ADB chief economist Yasuyuki Sawada said.

Lender HSBC also recently cut the growth forecast for Vietnam for this year from 6.6 percent to 6.1 percent.

Vietnam's economy grew at an annualized 5.6 percent in the first half.

### 3. Govt rolls out interest-free loans for companies to pay salaries

The loans are part of the Government's latest relief package worth VND26 trillion (US\$1.13 billion) for supporting workers and employers struggling to cope with the pandemic.

Around VND7.5 trillion will be used for interest-free loans for businesses to pay salaries.

Businesses can obtain a loan to pay workers who have contracts with compulsory social security but are furloughed for 15 consecutive days between May 1, 2021 and March 31 next year.

They must not have any bad debts to qualify for the loans, but do not need guarantees.

They are also permitted to borrow to pay workers to resume business.

This includes businesses instructed to close down temporarily as a COVID-19 preventive measure in

that period, those in transportation, aviation, tourism, and hospitality, and others that send guest workers abroad.

The loans are for up to 12 months.

Minister of Labour, War Invalids and Social Affairs Dao Ngoc Dung promised that procedures for the relief package would be simplified and abbreviated as much as possible.

While last year the VND62 trillion relief package took up to 40 days for businesses to get loans for work stoppage payment, now it should only take seven to 10 days, he assured.

Dr Vo Tri Thanh, a member of the National Financial and Monetary Policy Advisory Council, said the VND26 trillion package would help businesses that retain their staff or want them to return to work after the pandemic.

But Tran Minh Phi, director of An Phi Construction and Design Co., Ltd., said many businesses are struggling to repay their bank loans due to the nearly two-year-long pandemic, and so many might not be able to meet the requirement of having no bad debts.

Dr Nguyen Tri Hieu, an economist and financial expert, agreed with Phi, saying the requirement should be scrapped to better support people working for businesses with bad debts.

There could be policies to force businesses to prioritise repayment of this loan before others, and businesses with debts overdue for 90-180 days could be given the loan, he added.

A continuing drawback facing the programme is that like last time some businesses are not fully aware of the new relief package.

According to the General Department of Statistics, in the first six months of the year 70,200 businesses had to temporarily or permanently close down, a 22.1 per cent increase year-on-year.

There were nearly 1.2 million people of working age unemployed during the second quarter, up 7.8 per cent from the first quarter, according to the Ministry of Labourers, War Invalids and Social Affairs.

HCM City has become the COVID-19 epicentre of the country with more than 28,300 cases.

It has been under social distancing since May 31, affecting the livelihoods of many locals.

#### **4. VASEP expects to earn US\$12 billion worth of fishery exports in 2025**

VASEP General Secretary Truong Dinh Hoe said in a report sent to the Ministry of Agriculture and Rural Development on July 16 that between 2016 and 2020, Vietnam's average growth of fishery exports was 5%.

The country exported fishery products worth US\$8.4 billion in 2020, with the export revenue of shrimp, tra fish and seafood amounting to US\$3.7 billion, US\$1.5 billion and US\$3.2 billion, respectively.

As such, VASEP expected the country's fishery exports in 2025 to rise by US\$3.6 billion against the 2020 figure. With the target of US\$12 billion, Vietnam's fishery export will post an average revenue growth at 7% in the 2021-2025 period.

Specifically, the export revenue of shrimp is expected to reach US\$5.5 billion in 2025, while

exports of tra fish and seafood are targeted to bring back US\$2.2 billion and US\$4.2 billion, respectively.

The key factor behind the high target is the country's stable source of fishery products and high processing capacity, said VASEP.

Besides, Vietnamese firms are ramping up imports of materials for processing, optimizing the processing capacity and raising the supply of fishery products in the global market.

In addition, infrastructure serving fishery production and export activities, including bridges, seaports and cold warehouses, will see investment and upgradation work in the coming time.

Moreover, several free trade agreements and trade promotion programs will smoothen the path for Vietnam's fishery exports.

#### **5. Vietnam's ICT industry sets ambitious goals for H2 after big gains in first half**

The Ministry of Information and Communications (MIC) on July 16 held a meeting to review the first-half performance of 2021 and set tasks for the second half.

The virtual meeting attracted the participation of leaders of the MIC, leaders of provinces and cities directly under central management, state agencies, heads of provincial and municipal Departments of

Information and Communications, and the business community.

### Highlights from H1

In the first half, the revenue of the post industry reached nearly \$900 million, up 23 per cent on-year. The volume of postal products hit over 590 million, up over 30 per cent on-year.

During the period, total revenue from telecommunications services reached nearly VND66.5 trillion(\$2.89 billion), up 5 per cent from the same period last year. Mobile Internet speed improved substantially by 35.5 per cent on-year.

The total revenue of the ICT industry hit \$65 billion, up 22 per cent on-year. The total number of digital technology businesses increased to 61,359, up 20.11 per cent on-year.

Between January and June, the MIC directed and urged telecom businesses to sign and implement plans to deal with junk SIM, spam messages, and spam calls by applying new technology solutions and improving internal management. It was estimated that the number of junk SIMs fell by over 60 per cent on-year, while spam messages and spam calls dropped 68.6 per cent and 32 per cent on-year, respectively.

The MIC actively supported ministries, agencies, and localities in developing e-government and digital government: About 12 ministries and agencies as well as 49 cities and provinces are developing and updating e-government architecture 2.0, while 11 ministries and agencies and 37 cities and provinces issued action plans/programmes on digital transformation. The MIC also urged digital technology firms to develop and announce 43 digital platforms.

For the first time, ministries, agencies and localities joined force to support the MIC in promoting the sales of farm produce via the e-commerce platforms of postal firms. This is also the first time litchi from the northern province of Bac Giang was exported to the EU via trans-national e-commerce on made-in-Vietnam e-commerce platforms.

In the Global Cybersecurity Index (GCI) 2020, Vietnam jumped to the 25th position out of 194 countries and territories.

### Key tasks for H2

The MIC will focus on the completion of major strategies such as the strategy on the development of postal infrastructure, digital infrastructure, and national database development to promote the country's diverse programmes and national strategies to promote digital government, cybersecurity, and the establishment of the digital economy.

Specifically, in the telecommunications industry, the auction of frequency bands will be promoted, while boosting 5G availability at concentrated IT areas, industrial parks, research centres, and universities to support the commercialisation of 5G.

IT application will accelerate the digital transformation of ministries, agencies, as well as cities and provinces in line with the prime minister's directions. This process will be based on three major pillars: digital government, digital economy, and digital society, while supporting ministries, agencies, and localities to fulfil the target of putting 100 per cent of Level 4 public services online and completing national digital technology platforms to serve the COVID-19 prevention and fight.

In the field of digital economy, the MIC is compiling statistics and is identifying standards on digital economy to calculate its contribution to GDP/GRDP. At the same time, it will strongly implement the programme on supporting small- and medium-sized enterprises (SMEs) in digital transformation, and will build a set of indicators to assess digital transformation among businesses.

In the ICT industry, the ministry will encourage cities and provinces to issue plans on developing digital technology firms in line with the national digital transformation strategy while submitting plans to the prime minister for the establishment of two concentrated IT parks in Thai Nguyen and Bac Ninh.

## 6. Over US Treasury, Vietnam Central bank committed to keeping strong partnership

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The US Department of the Treasury (Treasury) and the State Bank of Vietnam (SBV), the country's central bank, share the goals of maintaining the strength, stability, development, and resilience of each country's economy and financial system.

The view was made clear in a joint statement following the online meeting between US Secretary of the Treasury Janet L. Yellen and SBV's Governor Nguyen Thi Hong on July 19.

Under the statement, both sides noted they have had constructive discussions in recent months through the enhanced engagement process and reached an agreement to address Treasury's concerns about Vietnam's currency practices as described in Treasury's Report to Congress on the Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the US.

In this regard, the SBV underscored that the focus of its monetary policy framework is to promote macroeconomic stability and control inflation.

Vietnam confirms that it is bound under the Articles of Agreement of the International Monetary Fund (IMF) to avoid manipulating its exchange rate in order to prevent effective balance of payments adjustment or to gain an unfair competitive advantage and will refrain from any competitive devaluation of the Vietnamese dong (VND).

The SBV said it is also making ongoing efforts to further modernize and make more transparent its monetary policy and exchange rate framework. In support of these efforts, the SBV will continue to improve exchange rate flexibility over time, allowing the VND to move in line with the stage of development of the financial and foreign exchange markets and with economic fundamentals while maintaining macroeconomic and financial market stability.

The SBV will continue to provide necessary information for Treasury to conduct a thorough analysis and reporting on the SBV's activities in the foreign exchange market in the Treasury's semiannual report to Congress on the Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the US.

Meanwhile, the Treasury said it will inform other US government agencies that it has reached an agreement with the SBV to address Treasury's concerns about Vietnam's currency practices.

"I welcome the constructive dialogue between the Treasury and the SBV on currency policy, and the mutual understanding we have reached," said Secretary Yellen.

"I believe the SBV's attention to these issues over time not only will address Treasury's concerns, but also will support the further development of Vietnam's financial markets and enhance its macroeconomic and financial resilience."

Governor Hong also expressed her appreciation for the work done by the technical levels of both institutions towards a shared understanding of currency matters based on the principles of partnership and mutual respect.

"The SBV will continue to manage exchange rate policy within its general monetary policy framework to safeguard the proper functioning of the monetary and foreign exchange markets, to promote macroeconomic stability and to control inflation, not to create an unfair competitive advantage in international trade," said Governor Hong.

Secretary Yellen and Governor Hong are committed to maintaining close cooperation between Treasury and the SBV, and look forward to addressing other shared challenges, such as supporting a strong and inclusive recovery from the Covid-19 pandemic.

## **7. Vietnam among top 10 unbanked nations in the world**

Insufficient access to financial services has made Vietnam one of the region's most appetising markets for fintech companies.

Vietnam ranks second among the top 10 unbanked nations, as 69 per cent of the population failed to approach traditional banking services and other financial institutions, according to the latest data

published by UK-based Merchant Machine last Thursday.

The Philippines and Indonesia placed fourth and ninth with the rates of 66 and 51 per cent, respectively.

The common features of the countries are high cash usage, low card penetration, and scarce traditional access points such as ATMs, the data showed.

The findings partially match the report of Fitch Ratings last year. Accordingly, about half of the Southeast Asian population have no bank accounts and cannot approach financial products and about 18 per cent of the region's population have little access to financial services without bank accounts.

Along with the limited access to financial services, Vietnam's golden population structure is one of the main reasons behind fintech investors accelerating their penetration in the market.

Local fintech startup MFast in late June successfully mobilised \$1.5 million from two investment funds, Do Ventures and Jafco Asia.

The recent years saw a string of successful fintech investment deals in Vietnam. In January 2019, MoMo received \$100 million in Series C from Warburg Pincus. Four months later, FPT and SBI Holdings also invested \$3 million in Utop. In July, VNPAY mobilised \$300 million from GIC and SoftBank. In late 2019, Phoenix Holdings sponsored \$500,000 to Interloan. Wee Digital last September also received an undisclosed investment from Intervest and VinaCapital Ventures.

Vietnam is currently home to 115 fintech startups, a significant increase against the 29 in 2015. According to UK-based market research company Tellimer, the Southeast Asian country has been a magnet to fintech investors, luring in up to 36 per cent of total fintech capital across the region in 2019.

## Corporate News

### 8. POW: PV Power exceeded the profit plan in the first half

↑ 1.98%

On July 16, PV Power estimated its revenues in the first six months at VND16.5 trillion (\$717.8 million), with profit after tax standing at VND1.4 trillion (\$61 million), up 10 and 81 per cent of the target's plan for the first half of the year, respectively. However, compared to the same period last year, the revenues and profit after tax slightly raised by 4 and 2 per cent, respectively.

This year, PV Power set a business plan including total revenues of VND28.4 trillion (\$1.2 billion) and profit after tax of VND1.3 trillion (\$56.6 million). Thus, PV Power has completed 58 per cent of the revenue target and exceeded 5 per cent of the profit target for the whole year.

Regarding its parent company, the revenues in the first six months were estimated at VND12.64 trillion (\$550 million), equal to 112 per cent of the period's plan and 106 per cent over the same period in 2020.

According to the company, due to the impact of the pandemic, the total electricity market price for the first five months averaged at 4.7 US

cents/kWh, equivalent to the average of the same period in 2020 and lower than the same period in 2019.

Besides this, the main reasons affecting PV Power's revenues are the output of electricity produced by some factories such as Vung Ang 1 thermal power plant, Dakdrinh hydropower plant, and Hua Na hydropower plant, which all exceeded the plan. Especially, Dakdrinh hydropower plant recorded revenues of VND334 billion (\$14.5 million), which increased 66 per cent and exceeded last year by 103 per cent.

Plus, the contract electricity price of gas power plants is higher than planned due to high prices of gas fuel in the first six months of the year. Moreover, the corporation recognised financial income from selling shares in PV Machino with a profit of about VND358 billion (\$15.6 million).

However, PV Power's electricity production in the first six months has not yet fulfilled the assigned plan, estimated at 9,488 million kWh, 13 per cent lower than the same period in 2020. Power plants that have not yet reached the plan include Nhon Trach 2, Ca Mau 1, and Ca Mau 2.

### 9. VIB: VIB posts profit growth of 68% in H1

↑ 0.60%

Over the past six months of 2021, the bank's total revenue also saw a strong increase of 52 per cent to surpass VND7.3 trillion compared to last year's corresponding period.

Besides prioritising support for customers affected by the COVID-19 pandemic in a timely manner, VIB continued to improve its operating efficiency, thus reducing the period's cost to income ratio to 37 per cent, the bank said in a statement.

As of June 30, 2021, the bank's total assets reached over VND277 trillion while its outstanding credit balance hit over VND185

trillion, 8.1 per cent higher than that seen early this year, according to the data. Meanwhile, funding from customers showed an increase of 12.1 per cent.

With its effective retail business strategy, VIB's outstanding retail balance experienced positive growth at 14.2 per cent in the period, accounting for nearly 90 per cent of total outstanding credit balance amid the pandemic.

The retail portfolio has helped VIB reduce concentration risks and better adapt in the current volatile market environment. It is also one of the banks that has the highest retail credit portfolio in the country.



Last month, VIB distributed bonus shares to shareholders at 40 per cent in order to increase charter capital to over VND15.5 trillion (\$665 million).

Advanced technologies that VIB has been applying have facilitated customers, enabling them to easily open payment accounts, online savings and transfer money online instead of visiting the banks' transaction offices or branches.

Amid the complicated development of COVID-19, in addition to ensuring its safe and sustainable business operations, VIB has also cooperated with the State Bank of Viet Nam, relevant management agencies, partners and customers in fighting the pandemic and minimising negative impacts on the lives of local people and the economy.

Since the beginning of this year, VIB has slashed lending interest rates from 0.5 per cent to 2 per cent for nearly 10,000 affected customers.

At a recent meeting with the Viet Nam Banks Association and other credit institutions, VIB committed to reduce lending interest rates for individual and corporate customers by 1.5 per cent in July, focusing on those heavily impacted by the pandemic.

As part of its ongoing efforts to help the State in the battle against the pandemic, VIB also has contributed VND20 billion to the national COVID-19 Vaccine Fund. With the donation, VIB hopes to contribute to administering free vaccines to all people in order to return life to normal as well as stabilising the local economy.



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