



VIETNAM DAILY NEWS



August 17th, 2021

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Market Analysis

1. Domestic traders buoy the market with ample liquidity

Shares extended last week's gains, propped up by strong money flows in banks and securities companies, but foreign traders continued to sell, posing risks to the market in the short term.

On the Ho Chi Minh Stock Exchange, the VN-Index closed Monday up 1.03 per cent at 1,370.96 points. The southern market's index increased 1.2 per cent last week.

Liquidity continued to improve with nearly 828 million shares worth VND27.5 trillion (US\$1.2 billion) traded, up 12 per cent in volume and 15 per cent in value compared to last week's figures.

In the afternoon trade, money was poured into banking and securities stocks, supporting the market's rally. These two sectors gained an average of 2.1 per cent and 6.5 per cent, respectively, according to data on vietstock.vn.

Six of the top 10 biggest contributors to the VN-Index on Monday were banks. They are Techcombank (TCB), Military Bank (MBB), VPBank (VPB), Vietcombank (VCB), Vietinbank (CTG) and BIDV (BID) with growth of between 1 per cent and 4.7 per cent each.

Securities firms also climbed strongly. The biggest listed brokerage house Saigon Securities Inc (SSI) soared 5.3 per cent; Ho Chi Minh Securities Corp (HCM) also grew 5.3 per cent, and VNDirect Securities (VND) increased 3.3 per cent.

However, slumps of Vinhomes (VHM) and Vingroup (VIC) were the main drag, restraining the market growth.

Vingroup has registered to sell nearly 100.5 million shares of Vinhomes, equivalent to 3 per cent of Vinhomes' charter capital, after VHM hit a record high of VND120,000 (\$5.22) a share on Friday, becoming Viet Nam's biggest listed company with a market capitalisation of VND402 trillion (\$17.5 billion).

VHM slipped 3.3 per cent and VIC decreased 0.3 per cent on Monday.

The transaction will be carried out between August 19 and September 17 through order matching or put-through transactions. According to Vingroup's statement, the sale is aimed at increasing working capital and investment in subsidiaries.

On the Ha Noi Stock Exchange, the HNX-Index increased 1.95 per cent to close the day at 343.53 points with nearly 194 million shares worth VND4.9 trillion traded.

However, contrasting to domestic traders, foreign investors continued to offload Vietnamese shares. They were responsible for net sell value of VND956 billion on the HCM City's bourse, the highest value in the last five sessions. They offloaded shares worth VND40 billion in Ha Noi's market.

Many securities companies are still issuing buy-in recommendations on the prediction the market would continue its rally, but analysts on cafe.vn have warned investors that the stock market has experienced a fairly long bull cycle and they should be wary of the chasing-price strategy.

Macro & Policies

2. Vietnam aims to connect 5 million farming households to e-commerce platforms

Vietnam looks to connect 5 million farming households to e-commerce platforms this year, which would create breakthroughs in the development of the digital economy in the agriculture sector, Deputy Minister of Information and Communications Pham Anh Tuan said.

This was the highlight of the ministry's plan approved in late July to provide support to farmers to take their products online and promote the development of the digital economy in the agriculture and rural sector.

At an online conference last week to implement the plan, Tuan said that the plan aimed to connect farming households with e-commerce platforms to promote their products, expand markets and encourage consumption of farm produce.

Tuan asked local departments of agriculture and rural development, and industry and trade to cooperate with two selected post companies Vietnam Post and Viettel Post to develop detailed plans for connecting local farmers with e-commerce platforms this month.

Tuan said that 5 million farming households would be connected to e-commerce platforms by the end of this year, which would create the first breakthrough in developing the digital economy for the agriculture sector, adding that support would continue to be provided in following years.

Nguyen Trong Duong, Deputy Director of the ministry's Department of Enterprise Management, said that it was important to make farmers see the benefits of bringing their products online.

For a bigger goal, the ministry aimed to connect a total of 13 million farming and individual business households to e-commerce platforms, Duong said.

Statistics of the Ministry of Agriculture and Rural Development's Agricultural Products Processing and Development Department showed that to date, only around 8,000 farming households with more than 14,500 agricultural products were connected to e-commerce platforms.

E-commerce platforms provided a good channel for distributing agricultural products, especially in the context of the COVID-19 pandemic.

A clear example could be seen from the consumption of lychee of COVID-hit Bac Giang province in May. More than 8,000 tonnes of lychee was sold in 63 provinces and cities nationwide via two platforms Postmart and Voso.

According to Tuan, the volume of agricultural products sold via e-commerce platforms remained modest. However, e-commerce platforms would not only play a role in selling the products but also in promoting the products and expanding markets, especially in the context of the COVID-19 pandemic.

3. Rising steel prices make housing costlier

Since steel accounts for 15-20 percent of construction costs, a 50 percent surge has forced most developers to increase prices, Ngo Quang Phuc, CEO of housing company Phu Dong Group said at an online forum Friday.

Before declining in the last few weeks, steel prices had seen a sudden surge in the beginning of this year. The prices had nearly doubled this year to VND25-26 million (\$1,085-1,129) per ton.

Tran Khanh Quang, CEO of another housing firm, Viet An Hoa, said the cost of houses has risen by 5-15 percent.

But for apartments, most developers now have a profit margin of 40-50 percent, or even 200-300 percent, and therefore the rising steel prices do not necessarily affect the unit price, he said.

Industry insiders also said that the price hikes increase the burden on people seeking to own affordable houses in major cities.

Phuc said it is no longer possible for developers to offer an apartment at VND2 billion (\$88,000) or less in HCMC.

Other costs have also increased, he said, citing the example of a fire protection system for apartment

buildings with 400 units, whose cost has increased by 66 percent to VND25 billion.

"The only way to lower apartment prices is to reduce the size of units."

4. How to reopen safely after a pandemic

Tragically, COVID-19 has already killed three million people worldwide, and the current wave of infections driven by the contagious Delta variant raises serious concerns in Vietnam. Patrick Lenain, assistant director at the Organisation for Economic Co-operation and Development (OECD), analyses what Vietnam can learn from the strategies of other nations.

Vaccination is the top priority to stop the pandemic. Four billion doses have already been produced and administered globally and an additional 34 million doses are inoculated each day. Unfortunately, progress is very unequal worldwide.

The US has fully vaccinated half of its population and 40 per cent of Europeans are too. Vaccination works well. Where many people get vaccinated, hospital occupancy decline sharply and COVID-19 mortality falls drastically. With lower circulation of the virus, economic reopening can happen fast: lockdown restrictions are lifted, consumers return to shopping centres and economic activity rebounds. Indeed, in advanced economies, growth is projected to reach almost six per cent this year.

In low-income countries, unfortunately, reopening remains a distant prospect: only 1.1 per cent of their population has received at least one dose in these countries.

In Vietnam, vaccination has made impressive progress, but only 7 per cent of the population has received at least one injection, according to Our World in Data – not enough to control the outbreak. Advanced countries were quick to order huge quantities of vaccines and pay for them. For developing economies, the high cost of vaccines has been a serious obstacle.

Where vaccine supplies are tight, the spread of the virulent Delta variant is having devastating effects. Intensive care units are once again congested, and more lives are being lost. Vietnam's biggest cities

had to impose new restrictions to curb the infection. Some states in India had no other choice than to impose new lockdowns, while Thailand's reopening plans are cast into doubt. Difficult to fully reopen the economy when this happens. Accelerating vaccination is, therefore, an utmost priority.

As often stated by health officials, the pandemic is not over anywhere until it is over everywhere. Until then, new clusters could emerge and highly contagious mutations could derail ongoing efforts. Most low-income countries need urgent support from the international community to procure large quantities of vaccines: initiatives such as collective vaccine procurement vehicles COVAX, the African Vaccine Acquisition Trust, and bilateral donations of surplus vaccine doses play a key role.

Vietnam has received over 14 million doses of COVID-19 vaccines from multiple sources including bilateral donations, COVAX, and its own procurement. A big boost in supply, but more will be needed to fully vaccinate the country's large adult population.

Improving vaccine distribution

Now is the time for the world to produce vaccine doses in record quantities. At the current pace of production, about six billion doses will have been made available by the end of 2021. This is great, but not enough to protect the entire world population, especially if "booster shots" (a third injection) are required for long-lasting protection.

If large-scale support is given by the international community to ramp up production, there will be enough doses available next year to vaccinate 60 per cent of the global population by mid-2022 – putting the entire world on a path towards reopening.

But producing many doses of vaccine is not enough: sometimes vaccines remain unused on airport tarmacs beyond their expiration dates due to difficulties in distribution. Logistical challenges are huge to bring vaccines where they are needed – not least, freezers to store doses at ultra-low temperature. While there are many vaccination centres in large cities and affluent neighbourhoods, reaching people in rural and poor neighbourhoods is a different story.

Reaching out to the unvaccinated is crucial. Vietnam can learn from other countries' experience: registration procedures should be easy, including for those who do not have access to digital tools; free transportation should be provided to vaccination centres for the sick and elderly, door-to-door visits should be organised to provide information, mobile vaccination clinics should reach people in remote areas, and temporary vaccination sites should be established in shopping centres and street markets.

Vaccine hesitancy needs also to be addressed. Only 70 per cent of people agree to be inoculated in advanced countries. In India, Japan, and Russia, willingness to be inoculated is even lower. Because of hesitancy, vaccination campaigns often slow considerably when half of the population is inoculated.

In Vietnam, concerns about vaccine safety have emerged following secondary effects, such as blood clots caused by injections of adenovirus-based vaccines, but such deaths are extremely rare.

Misinformation spread by social networks can confuse people and result in losses of lives. Public information campaigns should seek to inform and reassure the public about the genuine risks levels and the effectiveness of existing vaccines.

Vaccination passports

Proof of full vaccination is becoming the main tool to reopen safely in some countries. While Vietnam is considering easier rules for overseas travellers with a vaccination passport, it has not yet considered it for domestic residents.

In France, a vaccination passport will soon be required to eat a meal in a restaurant, have a drink in a bar, exercise in a gym, visit a large shopping

centre, and travel inside the country by train or plane.

For those vaccinated, restrictions will be largely lifted, while the unvaccinated will face a variety of ongoing restrictions. Greater freedom provided by these passports has already triggered a rush to vaccination centres.

For another French example, healthcare workers in hospitals, clinics, and hospices will also have to be vaccinated or frequently tested, otherwise their work contract will be suspended.

Inspired by France, the United States is now considering a vaccination mandate for federal employees, and similar mandates are being introduced for government employees in New York and California. While these mandates have irked some groups, they are generally well accepted in public opinion, especially when it comes to employees who are in daily contact with the public and thus risk spreading the virus.

These strategies to reopen safely make it possible to envisage normal lives even as the virus circulates. Just like the flu, common cold, and HIV, we might never be able to eradicate COVID-19 entirely. We have to learn to live with the virus.

Strategies of “zero tolerance” adopted in Australia, China, and New Zealand are thus increasingly on the edge. These countries aimed at suppressing the virus behind closed international borders. As soon as new cases emerged, drastic restrictions were imposed: city lockdowns, mass testing, contact tracing, and strict quarantines.

While successful in the short term, no country can remain forever sealed off from the rest of the world. At some point, borders will need to reopen to tourists, business travellers, and students. In the absence of adequate measures, like in other countries, this will lead to new infection waves. Zero tolerance may not be sustainable for a long time.

We need to reopen our workplaces, schools, restaurants, hotels and concert halls – all essential to normal lives.

Reopening safely is possible with vaccination campaigns, sanitary precautions, accurate

information, and vaccine passports. Importantly, the international community must help poorer countries achieve high vaccination rates as soon as possible. And we must help our citizens get

vaccinated when they live in remote places and struggle in poverty. Vietnam can benefit from such measures. If done right, safe reopening will no longer be a distant hope.

5. Vietnam seafood exports to stay slow in second half

According to the report “A trade-based analysis of the economic impact of non-compliance with illegal, unreported and unregulated fishing: the case of Vietnam”, issued by Vietnam Association of Seafood Exporters and Producers (VASEP) and the World Bank, seafood exports have been affected by the COVID-19 pandemic while the yellow card from the EU has yet to be removed.

Since May 2021, the COVID-19 pandemic has hit Ho Chi Minh City and the Mekong Delta provinces, affecting production, processing, and export of seafood because of measures such as isolation and social distancing. Therefore, it is forecast that seafood exports will stay slow over the last six months of 2021.

In the best-case scenario, where the pandemic is reduced and relatively controlled within three months, the monthly growth will only be 6-8 per cent. Seafood exports could reach the target of \$9 billion by the end of 2021. In the worst-case scenario, where the pandemic lasts longer and China continues or increases control of frozen seafood imports, exports may only reach approximately \$8.8 billion.

The COVID-19 pandemic disrupted global seafood trade in 2020, changing consumption trends in fishery products and reducing demand for seafood imports in most markets. The main importers of Vietnamese seafood such as the EU, China, South Korea, and Japan all slightly decreased imports from Vietnam (by 3-6 per cent).

Regarding the yellow card from the EU, Vietnam has been rolling out efforts to reign in IUU fishing since 2017. Government agencies and the entire Vietnamese fishing community have been striving to meet the recommendations of the EU and remove the yellow card. However, while the EU has

lauded Vietnam's efforts, it has not removed the yellow card yet.

The EU is a very important trade partner for Vietnam and a major importer of its fish products, including seafood. Vietnam's seafood exports to the EU have increased sharply over the past 20 years, from \$90 million in 1999 to nearly \$1.5 billion in 2017 (and since decreased to \$1.3 billion in 2019).

Between 2017 and 2019, since the yellow card was awarded, the value of seafood exports to the EU declined by 12 per cent or \$183.3 million. Total marine product exports have decreased by over 10 per cent, equivalent to \$43 million in value. Of these, cephalopod plunged the most with 37 per cent, bivalve mollusks decreased 11 per cent, tuna decreased by nearly 2 per cent, and crabs decreased by 11 per cent. The exports of farmed products to the EU also decreased by 13 per cent from 2017 to 2019.

This downward trend is expected to continue in 2021, especially in the context of the COVID-19 pandemic, which has affected Vietnam's fishing activities as well as the catch certification of seafood exported to the EU.

Since 2018, the EU has dropped from being its the second-largest importer of Vietnamese seafood to fifth place, now ranking behind Japan, the US, South Korea, and ASEAN. The EU's share of Vietnam's total marine product exports dropped from 15 to 11.6 per cent from 2017 to 2019.

In 2020, Vietnam's seafood exports to the EU were also affected by COVID-19, resulting in a turnover of only \$959 million, a decrease of 5.7 per cent compared to 2019. The UK leaving the EU in February 2020 also resulted in a decrease in the demand from the EU.

6. Scenarios for seaport development in south in H2/2021

Vietnam's import and export activities have been growing in the past seven months as a number of free trade agreements have come into force. However, since the fourth wave of the pandemic, port activities have been disrupted by movement restrictions.

Many factories have had to scale down or halt production, creating backlogs of containers at various ports. In this context, Saigon Newport Corporation has laid out three scenarios for seaports in the south.

In the first scenario, the COVID-19 pandemic would be brought under control by the end of the third quarter of 2021 with vaccination on a large scale and businesses starting to resume operation. This will increase the volume of freight cargo passing through Ho Chi Minh City's seaports by 5-7 per cent and 12-15 per cent through seaport in the Cai Mep area in the second half. In this scenario, shipping lines would actively move goods from Ho Chi Minh City to overseas to ensure the import and export needs of businesses.

In the second scenario, the pandemic would be contained at the beginning of Q4. Freight cargo volume through ports in Ho Chi Minh City would increase by 3-5 per cent and 15-17 per cent in the Cai Mep area. Shipping lines and businesses would increase goods transport to Cai Mep as Ho Chi Minh City will begin collecting port infrastructure charges in October.

The third scenario is that the pandemic would be brought under control by the middle of Q4. Businesses would gradually resume production in the last months of the year with slower recovery due to the long-term effects of social distancing. Freight cargo volume passing through the seaports of Ho Chi Minh City and Cai Mep would be equivalent to the first traffic seen in H1.

In H1/2021, the throughput of goods through Ho Chi Minh City's seaports reached about 3.8 million twenty-foot equivalent units (TEUs) and more than 2.6 million TEUs in the Cai Mep area.

7. IATA Travel Pass successfully trialed on Vietnam Airlines flight

Vietnam Airlines has successfully trialed the digital health passport application - the International Air Transport Association (IATA) Travel Pass on the flight from Noi Bai International Airport to Narita Airport (Tokyo, Japan) on August 12.

The successful trial shows the national flag carrier Vietnam Airlines' ability for digital transformation, leading to more IATA Travel Pass applications in future flights.

After the successful trial, Vietnam Airlines will continue to conduct the trial on flights from Hanoi to Tokyo until the end of this month, as well as its flight numbered VN5055 from Hanoi to London (the UK) on September 2.

The IATA Travel Pass is one of the most expected solutions for Vietnam to quickly and safely restore international flight routes, opening up opportunities for the tourism and aviation industry to recover after being heavily affected by Covid-19.

According to the national flag carrier, passengers perform the process quickly and easily on the application, from creating a digital profile, filling in-flight information, getting messages on the app showing "OK to travel" and present it to the ground staff before departing.

Earlier, the IATA and the Vietnamese air carrier signed the cooperation agreement on the travel pass in May.

With this app, the IATA also aims to give governments the confidence to reopen borders without imposing quarantines on incoming travelers. The application enables passengers to create a digital passport, providing information about Covid-19 tests or proof of vaccination for border authorities.

Currently, more than 50 airlines are trialing the scheme such as Singapore Airlines, Qatar Airways, and Emirates, or have committed to applying it.

Corporate News

8. MBB: MB wins Best Branch Digitisation Implementation in Vietnam award

↑ 4.73%

The achievement is attributable to the smart combination of the bank's financial strategy and innovative IT solutions, which are fully integrated in MB SmartBank.

To capture the "self-service" trend, MB SmartBank is designed as an automatic banking model with high digital content. It allows customers to actively perform convenient transactions such as MBBank App registration, cash withdrawal and deposit, card issuance; deposit savings on app, and ATM machine without limit on service time.

According to The Asian Banker, card issuance on the spot is one of the best features of this model. MB has successfully connected the MBBank App digital banking app with the MB SmartBank system. Thereby, customers can synchronise O2O transactions (Online to Offline and vice versa) quickly and conveniently.

With the launch of MB SmartBank, MB has been perfecting its digital ecosystem with a view to deliver a 4.0 digital banking experience for customers and take a lead in digital transformation. At the same time, MB has made great strides with a series of outstanding digital products and services such as opening beautiful digital accounts, accounts with the same phone number, and most recently, making payment by Viet QR code on MBBank App.

After a short launch, MB's Viet QR code payment with 100 per cent free service offer has attracted a large number of small merchants, shop owners, and online shop owners, especially during the

COVID-19 pandemic, where cash payments are limited.

At the "Risk Management Awards 2021" and "Transaction Finance Awards 2021", MB was also honoured by The Asian Banker with Best FX Bank in Vietnam and Best Financial Derivatives Provider in Vietnam.

The Best Branch Digitisation Implementation in Vietnam award is a testament to the convenient and superior digital experiences that MB's digital products bring to consumers. With the award, MB continues to affirm the leading position in the digital transformation trend, bringing a diverse digital ecosystem and the most unique experiences on digital channels to customers.

The Asian Banker is the prestige magazine specialising in banking and finance in the Asia-Pacific. The magazine attracts hundreds of thousands of business readers in the region and all over the world. For nearly 18 years, the magazine has been holding votes to select the best banks in several important areas, such as Transaction Banking Awards, Retail Banking Awards, and Asian Banker 500.

The Asian Banker Financial Technology Innovation Awards' is a programme designed to recognise annual achievements as well as identify emerging best practices in the implementation of technology in banking operations. Each year, the programme attracts more than 150 entries presenting many innovative solutions, clearly demonstrating the significant benefits that technology can bring in the banking and finance industry.

9. SSB: SeABank lifts FOL to 5 per cent

↑ 0.55%

According to the Vietnam Securities Depository Center (VSD), SeABank (HSX: SSB) has issued an announcement on August 13 that it has adjusted

its foreign ownership limit (FOL) ratio from 0 to 5 per cent.

The move is expected to pave the way for a potential tie-up with a strategic foreign investor.

SeABank is the banking arm of Vietnamese conglomerate BRG Group which operates across the fields of retail (BRG Mart), property (Le Grand Jardin, BRG Legend), hospitality (BRG Kings Island Golf Resort), among others.

Prior to the FOL raise, SeABank has officially gone public on the Ho Chi Minh City Exchange Rate (HSX) in March 2021, with a zero foreign ownership ratio.

Previously, SeABank issued 23.5 million of shares in an employee stock ownership plan (ESOP), equivalent to 1.9244 per cent of its charter capital.

As of June 30, SeABank saw its pre-tax profit reaching approximately VND1.56 trillion (\$67.83 million), 2.3 times higher than in the same period in 2020. This figure equals 115 per cent of the bank's target and equal to the full-year figure from last year. The cost to income ratio plummeted significantly to 38.3 per cent, in comparison to the first half of last year (52.1 per cent). SeABank's non-performing loan ratio also diminished to 1.76 per cent. The bank is accelerating digitisation, with an emphasis on retail customers and small- and medium-sized enterprises to gain agility.

In 2021, the bank plans to increase its charter capital to VND16.598 billion (\$721,650).

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