



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index posts biggest losses in a month, liquidity on HoSE surpasses \$1.6 billion

Viet Nam's stock market closed the week on a negative note with the benchmark losing more than 45 points. Foreign investors returned to net sell in the market.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) declined by 45.42 points, or 3.3 per cent, to close yesterday at 1,329.43 points. This marked the index's largest single-day losses since July 19.

The index bounced back in the last trading minutes in the previous session, boosted by some large-cap stocks.

The market's breadth was negative as 302 stocks plummeted, while just 75 rose and 31 ended flat. However, the liquidity surged to over VND38.4 trillion (US\$1.68 billion), equivalent to a trading volume of 1.2 billion shares.

Strong selling force reappeared in all sectors, denting the market's appeal and investors' sentiment.

The 30 biggest stocks tracker VN30-Index also posted a sharp fall of 54.56 points, or 3.63 per cent, to 1,450.45 points. Of which, all 30 stocks in the VN30 basket plunged yesterday, but no stocks hit the maximum daily losses of 7 per cent.

Of the top five stocks influencing the market's trend, Vingroup (VIC) recorded the biggest losses yesterday, down 6.06 per cent to VND97,700 per share.

It was followed by Vietcombank (VCB) with a drop

of 2.63 per cent, Vinhomes (VHM), down 2.61 per cent, Viet Nam Rubber Group (GVR), down 6.31 per cent, and Techcombank (TCB), down 4.72 per cent.

Many other pillar stocks posting big declines of more than 2 per cent included VPBank (VPB), Vietinbank (CTB), Sacombank (STB), Hoa Phat Group (HPG), Masan Group (MSN), Vinamilk (VNM), Saigon Beer - Alcohol - Beverage Corporation (SAB), Mobile World Investment Corporation (MWG), and PetroVietnam Gas (PVGas, GAS).

However, the market still witnessed some positive signs with Viglacera Corporation (VGC) hitting the market biggest daily gain of 7 per cent to VND35,050 per share.

Fertiliser stocks also posted good performance like Petrovietnam Fertilizer & Chemicals Corporation (DPM) up 3.58 per cent, or Petro Viet Nam Ca Mau Fertilizer (DCM), up 1.07 per cent.

The HNX-Index on the Ha Noi Stock Exchange (HNX) also edged 2.31 per cent down to close the last trading day of the week at 338.06 points.

During the session, over 280.7 million shares were traded on the northern market, worth VND7.06 trillion.

Meanwhile, foreign investors were net sellers on HoSE after selling a value of VND755.09 billion. They, however, net bought a value of VND64.37 billion on HNX.

Macro & Policies

2. HCM City issues Directive 11 on thoroughly implementing social distancing

Directive of the People's Committee of Ho Chi Minh City to implement Official Dispatch No. 1099/CD-TTg dated August 22 of the Prime Minister on strengthening social distancing and measures to prevent and control the COVID-19 epidemic.

To ensure the goal of controlling the COVID-19 epidemic in Ho Chi Minh City before September 15, the People's Committee of Ho Chi Minh City requested heads of departments, agencies, Chairman of Thu Duc City People's Committee, districts and businesses in Ho Chi Minh City to organize a thorough, strict, drastic and effective implementation of social distancing measures and measures to prevent and control the COVID-19 epidemic.

Specifically, implement "making each ward, commune, township; agency, factory, and enterprise a fortress for epidemic prevention and control", people are "soldiers" in epidemic prevention to call, mobilize, explain, persuade, guide and request people to not leave their homes.

In which, the people are the service center and the subject in epidemic prevention and control. This is the responsibility, duty and right of each citizen to protect the health of themselves, their families and the community.

The People's Committee of Thu Duc City and districts issued a Decision on the implementation of thorough and strict social distancing, strengthening and improving measures to prevent and control the COVID-19 epidemic in the area of 312 wards, communes and towns.

At the same time, special working groups are set up in wards, communes and townships to inspect,

remind, inform and mobilize people to well implement social distancing; go to the market on behalf of the people, implement social security...

Ho Chi Minh City strengthens control of groups of people who are allowed to circulate during the implementation of social distancing.

A key task is to strengthen measures to control and control the epidemic, and to minimize deaths. In particular, Ho Chi Minh City quickly tested the whole city during social distancing to detect F0 cases as soon as possible to prevent the spread of the disease.

Ho Chi Minh City assigned the Department of Health to coordinate with the People's Committee of Thu Duc City and districts to speed up the vaccination schedule, organize vaccination forms suitable for blockade areas and apartments with flexible time. Ho Chi Minh City established 400 mobile medical stations; equipped with medicine bags, 3-5 oxygen tanks, SpO2 meter, quick test tools.

Along with that, 2 million safety packages are prepared to ensure the principle of not overlooking people with difficulties; preparing nutritious meals to provide for F0 cases with difficult circumstances.

Ho Chi Minh City ensures the supply of essential goods and food for the people during the period when the city implements the distance in the spirit of not letting any people lack food or clothing.

For businesses, Ho Chi Minh City has strengthened inspection and supervision, businesses can only continue to operate if they meet the requirements of COVID-19 prevention and control..

3. Vietnam strives to be a global seafood processing centre

The Prime Minister recently issued Decision 1408/QĐ-TTg approving the development of the seafood processing industry over the next 10 years.

The plan aims to develop a modern, efficient and sustainable seafood processing industry, meeting the needs and regulations of the consumption market; improve competitiveness and continue to integrate deeply into the global value chain.

The target is for the growth rate of processed seafood production to reach more than six per cent per year by 2030.

The proportion of export value of value-added processed seafood products reached an average of over 40 per cent, in which shrimp reached 60 per cent, pangasius 10 per cent, tuna 70 per cent, squid and octopus 30 per cent, and other aquatic products 30 per cent.

The scheme aims to form a number of modern seafood processing corporations and enterprises, with economic potential and management level at a world-class standard.

The value of seafood processing for domestic consumption is expected to hit VNĐ40 - 45 trillion (US\$1.7 - 1.9 billion), contributing to the value of seafood export turnover of about \$14-16 billion.

To achieve the objectives, the plan sets out necessary tasks such as organising the control and development of raw materials for aquatic product processing from farming, exploitation and importation to meet the needs of processing enterprises and suitable for domestic consumption and export demand; comply with the conditions and regulations of Việt Nam and international practices; ensure the requirements of traceability, avoid origin fraud, and trade fraud.

It also set a goal to attract investment to form large seafood processing corporations and companies with economic potential and world-class management; step up the processing of products with high added value, which focus on key product groups and develop seafood consumption market.

The scheme has six projects, priority tasks for implementation with a total cost of VNĐ420 billion.

4. Vietnamese coffee industry to go global

Though COVID-19 has brought challenges to the coffee industry, businesses can nevertheless seek to adapt by exploring innovative and value-added ideas for Vietnamese coffee.

Coffee experts gathered at the RMIT University's International Business Forum 2021 last week to share how to promote the local commodity to the world.

According to the experts, Viet Nam has consistently ranked among the world's largest coffee producers and exporters in recent years. Even before COVID-19 and later throughout the crisis, many Vietnamese coffee businesses have made efforts to diversify their export markets, improve quality, leverage the potential of specialty coffee, and expand online marketing and distribution channels.

RMIT International Business Senior Lecturer, Abel Alonso, said: "Responding to the current crisis through value-adding efforts and activities is crucial for Viet Nam's coffee industry. Besides the established coffee house culture, many hospitality and tourism activities are making coffee their central product, especially in the post-COVID era."

"Stakeholders in this industry should understand that future development requires increased focus on value-adding activities and raising awareness of Viet Nam's specialty coffee, as success stories from other countries like Peru demonstrate," he said.

Based on a couple of recent studies related to Viet Nam's coffee industry, RMIT Tourism and Hospitality Management lecturer Vu Thi Kim Oanh emphasised the efforts made by Vietnamese coffee stakeholders in the journey to bring Vietnamese coffee to the world.

"Many stakeholders in the industry have taken specific actions to contribute to bringing Vietnamese coffee to the world. For example, tour companies, hotels, and coffee businesses have collaborated to build an experience model of a "coffee path", "from farm to cup", or "from seed to cup" for visitors," Oanh said.

Sharing experience from Les Vergers du Mekong company, known for its Folliet coffee brand, General Director Le Van Dong said that strong market knowledge, a focus on reducing adverse environmental impact, and technology application have been key to their sustainable success for the past two decades.

“We manage our supply chain very carefully. For instance, we have designed a traceability app, and frequently hold workshops and provide support to farmers so that our international quality standards are maintained. We also use eco-friendly packaging and are piloting organic farming. These are the basis for our competitive advantage and high sales,” Dong said.

Speaking at the forum, Tran Nhat Quang founder and CEO of Da Lat-based La Viet Coffee, highlighted the potential of ‘in-country export’. When building their factory in Da Lat, La Viet combined their production facilities with a coffee shop in one space, so that visitors can enjoy their coffee while learning through visitation about the production process and products.

“We have a two-hour tour of our factory and the roasting and brewing experience. We also have a one-day tour, which offers an in-depth experience for international tourists interested in local farming. This tourism model was very successful prior to COVID-19, and we intend to continue with it when travelling is enabled again,” Quang said.

Quang now has coffee stores in the most tourists in Viet Nam in Da Lat, Ha Noi and HCM City.

According to Nguyen Van Minh, Deputy Chairman of the Viet Nam Farms and Agricultural Enterprises Association, the coffee industry has been and will continue to be a mainstay in Viet Nam’s international business.

“Viet Nam is gearing towards a smart, organic and value-adding agricultural sector. The coffee industry is part of this trend. Viet Nam can improve the value of its coffee gradually by innovating, applying technology and creativity in new products, and attracting prestigious investors,” he said.

The International Business Forum is organised by RMIT annually since 2017 to bring together leading international and Vietnamese experts, policymakers and academics to discuss key themes in international business with a Vietnamese context.

Initiated by RMIT Associate Professor Nguyen Quang Trung and chaired by Dr Abel Alonso, the annual forum aims to enhance the exchange of knowledge, useful experiences and best practices among domestic companies, multinational corporations, and key stakeholders in international business in Viet Nam.

5. Road transport to see surge post-pandemic ASEAN

Strong economic recovery, which is expected post-pandemic, and rapid growth of e-commerce will likely result in a significant surge in road freight for Viet Nam and other ASEAN economies, said logistics experts.

According to a report by the Deutsche Post DHL Group, e-commerce in the region has been forecast to grow at a rate of 5.5 per cent. As a result, the regional road freight market is expected to witness a compound annual growth rate of greater than 8 per cent during the forecast period of 2020-25.

Rising shipping cost

Road freight is significantly cheaper and generates less emission than air freight while offering increased security and faster lead times than ocean freight. Road solutions are also highly flexible with trucks able to manage door-to-door local, cross-

border, long-haul and short-haul deliveries, according to logistics experts.

This is especially true for countries that traditionally relied on ocean transport such as Viet Nam. Since the beginning of the pandemic, the country has reported a huge surge in prices.

In the latest report by the Vietnam Maritime Administration (VMA), the emerging ASEAN economy has recorded at least three separate price hikes since the end of 2020. Costs have risen across the board for most routes to the US and the EU from US\$1,000-\$5,000 pre-pandemic to \$7,000-\$8,000. Costs for special shipments can reach as high as \$10,000 for a container.

The rising costs of ocean transport have put Vietnamese exporters in a no-win situation. They have had to either renegotiate contracts with buyers, which is often a costly and time-consuming

process or continue to bleed with every shipment delivered. To make matter worse, experts have predicted the increased prices are here to stay, at least for a foreseeable future, until shipping companies manage to strengthen their fleets with new vessels.

All of this has made road transport a promising alternative or at the very least, a temporary remedy for exporters.

Road to prosperity

“Road freight is now playing a more significant role in international long-haul solutions across Asia as it offers a cost-effective and sustainable option. As we have seen in the last year with volatile air and ocean freight rates during the COVID-19 pandemic, road or multimodal solutions have offered more stable pricing, capacity, and easier border access in Southeast Asia,” said Thomas Tieber, CEO, DHL Global Forwarding Southeast Asia.

Meanwhile, pan-ASEAN trucking has never been made easier. The ASEAN Customs Transit System (ACTS), introduced in 2020, has since allowed goods to be moved seamlessly across multiple ASEAN borders with a single guarantee that covers duties and taxes for the entire journey.

“With the easing of trade restrictions and implementation of new regulatory initiatives in the region such as the ASEAN Customs Transit System and Regional Comprehensive Economic Partnership, trade cooperation will continue to strengthen and bolster intra-Asia trade. This augurs well for ASEAN countries as they gear up to bounce back strongly from the COVID-19 pandemic,” said Kelvin Leung, CEO, DHL Global Forwarding Asia Pacific.

For instance, the Greater Mekong Sub-region (GMS) Cross-Border Transport Facilitation Agreement (CBTA) allows each of the six-member countries - Cambodia, China, Laos, Myanmar, Thailand, and Viet Nam - to issue up to 500 GMS Road Transport Permits and Temporary Admission Documents (TADs) for goods and passenger vehicles registered, owned and/or operated in that country.

The ASEAN-China Free Trade Area has increased trade between Southeast Asia and China since coming into force in 2010, and the 15-member

Regional Comprehensive Economic Partnership (RCEP) is expected to improve market access and facilitate investments across the bloc that represents about a third of the global GDP.

Viet Nam in particular has made leaps and bounds in the development of road infrastructure in the last two decades. As per World Bank rankings in 2018, the country has seen a significant improvement in its Logistics Performance Index (LPI). It ranked 39 out of the 160 countries, rising 25 places since 2016. Data from the Ministry of Industry and Trade showed that its logistics sector grew by over 12 per cent in 2018.

Over three-fourths of freight tonnage in Viet Nam was transported by road, growing 5 per cent on average annually between 2010 and 2018. This figure will likely continue to rise as the country double down on its effort to become the regional leading manufacturing hub. As an export-driven economy, Viet Nam requires a large import of raw materials while the finished goods will be exported, a process in which logistics is to play a vital part.

There is still room for improvement. Viet Nam's logistics cost, according to a World Bank paper, has been consistently 6 to 12 per cent higher than that of Thailand, China, and Malaysia.

Vietnamese government's scheme to rebuild and modernise the country's logistics infrastructure in the last decade has significantly reduced logistics costs, from 25 per cent of GDP to 15 per cent. However, there is still room for improvement. The country's logistics cost, according to a World Bank paper, was still consistently 6 to 12 per cent higher than that of Thailand, China, and Malaysia.

According to the Ministry of Transport, the country's road transport system stretches over 570,000 kilometres, including over 24,000 kilometres of national routes, over 1,000 kilometres of highway and nearly 27,000 kilometres of urban roads.

Viet Nam has made the upgrade of road transport infrastructure a key part of the country's socio-economic development strategy. Last year, the National Assembly has passed a resolution to build up to 4,000 kilometres of highways to connect all major provinces and towns across the country as well as the ASEAN's road system by 2030.

6. Sugar companies enjoy sweet earnings

Many businesses in the sugar industry reported fruitful earning results for the fiscal year 2020-2021.

Lam Son Sugar Joint Stock Corporation (LSS) reported revenue of VND831 billion (US\$36.4 million) in the fourth quarter of the 2020-2021 fiscal year, with profit after tax of VND16 billion, up 82.5 per cent and 120 per cent respectively. For the whole year, the company achieved revenue of VND1.85 trillion, and profit after tax of VND24 billion, up 9.3 per cent and 27 per cent respectively.

Son La Sugar JSC (SLS) achieved profit after tax of VND164 billion for the whole year, up 38 per cent, but revenue decreased compared to the previous year, down 23.6 per cent to VND801 billion. SLS exceeded its profit target for the year by VND138 billion.

In the fourth quarter of the year, SLS recorded profit of VND76 billion, up 31 per cent year-on-year and contributing 46.3 per cent to total annual profit.

Thanh Cong - Bien Hoa Joint Stock Company (SBT) reported revenue of VND14.9 trillion, up 15.6 per cent, with profit reaching VND674.6 billion, up 86 per cent.

In the fourth quarter, the company's revenue reached more than VND4.15 trillion, up 10.2 per cent over the same period last year. Profit after tax reached VND195 billion, down 9.3 per cent.

SBT attributed the positive growth to the company's effective sales policy, market share expansion in product segments and optimisation of supply chains and well-controlled input costs.

Kon Tum Sugar Joint Stock Company announced fourth-quarter revenue of VND80.4 billion, equivalent to the same period last year.

However, thanks to the lower cost of goods sold, the company's profit after tax reached VND3.34 billion, a strong increase compared to VND900 million the previous year. In the whole year, the company recorded a revenue of VND248.2 billion,

up 62 per cent year-on-year, and profit after tax reached VND5.87 billion, up 196 per cent.

Rising prices

The strong recovery of world raw-sugar prices drove the positive results. According to the International Sugar Organisation (ISO), in the first half of June 2021, the price index of raw sugar and white sugar remained high.

The average price of white sugar in June was \$449.1 per tonne, slightly lower than in May but still higher than in March and April. The average price of raw sugar over 6 months also rose from the previous months.

In the domestic market, sugar prices also benefited from a new policy.

The imposition of anti-dumping and anti-subsidy taxes by the Ministry of Industry and Trade on sugar from Thailand limited imports, making supply and demand more balanced, pushing up sugar prices.

Le Trung Thanh, vice chairman of Lam Son Sugar Joint Stock Corporation Board of Directors, said that the price of finished sugar had increased by 20 per cent compared to the same period last year.

"LSS has careful preparation steps, expecting a new fiscal year with more prosperous business results," he said

Thanh said the company spent VND30 billion to invest in growing sugarcane, fertiliser and farming techniques. As a result, the number of farmers returning to sugarcane farming increased by about 20 per cent compared to the previous year, ensuring growth in the new period.

The purchase price of raw sugar cane had increased sharply in recent years, from 900,000 to VND1.1 million per tonne, and was expected to increase to VND1.2 million per tonne in the new crop, he said.

However, in the short term, sugar enterprises were facing challenges due to the fourth outbreak of

COVID-19. If the pandemic was well controlled, all production and business activities would return to normal, especially the sugar enterprises as they mainly served the domestic market, he said.

“The transportation of goods to factories is also limited, drivers must comply with regulations on disease prevention and COVID-19 testing,” he added.

An industry insider said when the Ministry of Industry and Trade applied anti-subsidy and anti-

dumping taxes on sugar imported from Thailand, there were cases of more sugar being imported from other countries such as Malaysia, Indonesia and Cambodia.

The imposition of anti-dumping and anti-subsidy taxes on refined and raw sugar imported from Thailand would last for five years, officially effective from June 16, 2021, he said. This was expected to remove difficulties and challenges for local sugar businesses who had to compete with cheap Thai sugar flooding the domestic market.

7. HCMC FDI could suffer from prolonged social distancing

Ho Thi Thu Uyen, public affairs director for Intel Vietnam, told a meeting Friday prolonging social distancing could increase the burden on companies and could channel FDI to other countries.

Intel Vietnam has seen its Covid-19 costs totaling VND140 billion (\$6.13 million) between July 15 and Aug. 15, and another month of social distancing could double the figure, she said.

The company has had 86 percent of its staff vaccinated with the first vaccine dose. A total 1,870 employees are working with strict travel restrictions between its factory and their accommodation.

A spokesperson for electronics manufacturer Jabil Vietnam said many of its partners have started ordering from China and Singapore since the company is unable to fulfill its orders on time due to social distancing.

If mobility restrictions continue it would have to scale down its operations in Vietnam.

The company has to spend around VND120 billion monthly to keep its 2,500 employees safe.

It operates at under 30 percent its total capacity and therefore loses \$60 million in revenue each month.

Both companies said vaccination is the best solution.

Jabil Vietnam wants HCMC authorities to be more flexible in their vaccination policy, allowing it to pay for or source vaccines from its parent.

The company also wants a "vaccine passport" to separate those who have been vaccinated.

Two hundred of its staff have received two doses but are still being treated as unvaccinated.

Uyen of Intel Vietnam said with the second dose its employees will be classified "green" workers and could increase productivity in the rest of the year to make up for its losses.

The company said it is willing to provide transport to keep its workers safe. It also wants permission to increase working hours to fulfill delayed orders.

HCMC has recorded 164,300 Covid-19 cases since the end of April.

Corporate News

8. VIX: VIX Securities is about to issue nearly 147 million shares

↑ 4.98%

Specifically, VIX will issue more than 19 million shares to pay dividends to shareholders at the rate of 100:15 (owning 100 shares will receive 15 new shares).

In addition, VIX plans to offer to existing shareholders nearly 128 million shares at a ratio of 1:1. The asking price is 10,000 VND/share. Total mobilized value is expected to be more than 1,277 billion VND. VIX will distribute the offered shares to existing shareholders according to the method of exercising the right to buy.

Time to receive registration and receive rights to buy shares from September 20 to October 11, 2021.

The purpose of supplementing business capital is to improve the capacity of self-trading investment, lending for margin trading and underwriting.

Regarding the business situation, at the end of the first half of 2021, VIX recorded a revenue of more than 867 billion dong, 3.3 times higher and net profit of nearly 427 billion dong, 9 times higher than the same period.

Compared to the business plan for 2021, VIX has fulfilled 88% of revenue target and 78% of profit after tax target.

9. PNJ: PNJ recorded more than 12 trillion dong in revenue in the first 7 months

↓ -2.66%

Ending the first 7 months of 2021, Phu Nhuan Jewelry Joint Stock Company (HOSE: PNJ) recorded VND 12,126 billion in net revenue and VND 704 billion in profit after tax, up 33.9% and 41.8% respectively over the same period. Thus, by the end of the first 7 months of 2021, PNJ has completed 57.2% of the 2021 profit plan.

In which, retail channel revenue in the first 7 months of the year still achieved revenue growth of 32.4% over the same period last year. Wholesale revenue grew by 13.8% over the same

period, continuing to make a significant contribution to PNJ 's business. Gold bar revenue increased by 50.1%.

Gross profit margin in July 2021 reached 19.6%, improved compared to 17.7% in the same period of 2020. Accumulating 7 months, gross profit margin reached 18.6% compared to 19.4% in the same period of 2020.

Total operating expenses in July 2021 also reduced by 16.9% over the same period in 2020. Accumulated in the first 7 months, the ratio of operating expenses/gross profit reached 58.5%..

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