



# VIETNAM DAILY NEWS



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**Table of content**

## Table of content

1. Shares rebound on strong bottom purchases
2. Covid dampens big companies' profits
3. Exports push steel industry's growth
4. MPI supports digital transformation to improve business efficiency
5. City's history of underground development limps along
6. Vietnam's GDP to suffer due to virus outbreak: WB report
7. Mekong Delta's fishing boats stopped fishing due to the Covid-19 pandemic
8. HSG: July 2021 after-tax profit reached 302 billion dong
9. DIG: Price reached record high, Him Lam continued to divest more than 3 million shares

## Market Analysis

### 1. Shares rebound on strong bottom purchases

Vietnamese shares rebounded on Wednesday, bolstered by the growth of blue-chip stocks as investors sought stocks that had been hit hard in the previous sessions.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange was up 0.83 per cent to close at 1,309.55 points.

The index had plunged 5.8 per cent over the last three sessions.

Nearly 522.9 million shares were traded on the southern bourse, worth VND16.8 trillion (US\$737 million).

Market breadth was positive with 228 gaining stocks and 134 losers.

The VN30-Index rose 0.72 per cent to end at 1,428.51 points. Of the VN30 basket, 25 stocks rose while three slid and two stayed unchanged.

The index's gain was widened at the end of the session as a series of large-cap stocks jumped bolstered by investors' bottom purchasing, including Masan Group (MSN) increasing by 5.1 per cent, Vietnam Airlines JSC (HVN) rising by 3.7 per cent, The Viet Nam Rubber Group (GVR) up by 3.5 per cent, Vietjet (VJC) up by 3.4 per cent and Sabeco (SAB) up 3.4 per cent.

Securities stocks also rebounded and supported the overall market with notable gainers such as Viet Dragon Securities Co (VDS), Ho Chi Minh City Securities Corporation (HCM), Viet Nam Bank For

Industry and Trade Securities JSC (CTS), VIX Securities Joint Stock Company (VIX) and Petrovietnam Securities Incorporated (PSI).

"The struggling trend continued in today's session but turned green at the end of the session," said BIDV Securities Co (BSC).

"Money flowed into the market with many sectors gaining compared to the previous sessions.

"Market breadth turned positive with market liquidity declining compared to the previous session. Meanwhile, foreign investors were net sellers on the HoSE and net buyers on the HNX.

"Although the market has prospered, the liquidity has weakened quite a lot compared to the previous sessions, showing that the uptrend is weak.

"BSC advises investors to trade cautiously and may open small positions in stocks that have corrected strongly in the recent correction," it said.

Foreign investors net sold VND12.22 billion on HOSE. They were net buyers on HNX with a value of VND43.24 billion.

On the Ha Noi Stock Exchange, the HNX-Index increased 1.27 per cent to end Wednesday at 336.01 points.

More than 100 million shares were traded on the northern market, worth VND2.2 trillion.

## Macro & Policies

### 2. Covid dampens big companies' profits

After strict social distancing was imposed in major cities electronics retailer Mobile World (MWG) saw profits for the month fall by 29 percent year-on-year to VND230 billion (\$10.08 million) as it had to shut down or operate at reduced capacity nearly 2,000 stores, or 70 percent of its total number.

However, revenues were up 10 percent to nearly VND9.5 trillion thanks to rising sales at its grocery chain Bach Hoa Xanh.

Jewelry company Phu Nhuan (PNJ) posted a loss of VND32 billion while revenues plunged 63 percent to VND490 billion.

It was the first monthly loss this year for this otherwise highly profitable company.

It has had to temporarily close 274 stores, or 80 percent of the total number, due to social distancing orders.

Garment company Thanh Cong Textile Garment Investment Trading Jsc (TCG) saw profits plunging 47 percent to VND15.3 billion as revenues edged down by 3 percent to VND330 billion.

Binh Minh Plastics (BMP) posted its first monthly loss of the year as revenues fell 39 percent year-on-year and factories operated at 15-20 percent of normal.

With plastics not being essential goods, it faced transportation blockages, which added to costs.

The company expects revenues this month of not more than VND75 billion as against an earlier target of VND500 billion.

Stock brokerages expect the third quarter to be a challenging time for businesses, especially retail.

Dragon Capital warned Vietnam could record its lowest GDP growth rate in years.

### 3. Exports push steel industry's growth

Steel enterprises are seeking ways to boost exports as the sector's growth is now mainly driven by export activities.

According to the Vietnam Steel Association (VSA), steel production reached nearly 2.4 million tonnes in July, down 6.48 percent month-on-month, while steel sale reached more than 2.1 million tonnes, equal to that of the previous month but up 7.4 percent over the same month of 2020, in which steel exports hit 658,207 tonnes, up 5.96 percent month-on-month and 55 percent year-on-year.

Trang Thu Ha, Chief of the VSA Office, attributed the increase in steel sale to export growth, adding that due to the current COVID-19 outbreaks in southern localities, steel production and sale will face numerous difficulties in the remaining months of this year.

Nguyen Van Sua, an expert of the steel industry, said that in order to maintain production and

employment for workers, many enterprises in the steel industries in particular and many other industries in general have to find ways to promote exports. As in the domestic market, social distancing caused by the pandemic has hindered transportation and construction.

Minister of Industry and Trade Nguyen Hong Dien issued Directive No. 10/CT-BCT dated August 23, 2021 on strengthening management over export and import activities of several products to support production activities and domestic consumption.

Accordingly, the ministry requested the VSA, the Vietnam Steel Corporation and iron, steel and iron ore producers and exporters to consider issues related to input materials, reduce production costs, take measures to increase steel production to meet domestic demand, and limit the export of products that are in high demand in the domestic market.

#### 4. MPI supports digital transformation to improve business efficiency

The purpose of the programme is for digital transformation through transforming awareness, vision and business strategy; supporting the digitisation of business, management processes, technology and production; supporting digital transformation to improve the efficiency of production and business; enhancing capacity and competitive advantage; and creating new values for production and businesses.

The goal is that 100 per cent of production and businesses will be aware of digital transformation by 2025; 500,000 production and businesses receive support from the programme; at least 800 businesses, 100 cooperatives and 4,000 business households supported gain successes in digital transformation.

The programme will also establish a network of experts, including at least 500 organisations and individuals, advising digital transformation in production and businesses; as well as map and publish a database of at least 100 digital transformation technology solutions for production and businesses.

To achieve the objectives, the draft proposes several groups of activities to be implemented.

Specifically, it will develop documents and tools to guide digital transformation and the digital environment.

It will also form and coordinate a network of consultants on digital transformation for production and businesses.

In addition, the programme will support digital transformation training for production and businesses.

The Ministry of Planning and Investment said that funds for the programme's implementation include funds from central and local state budgets and contributions and donations from organisations and individuals, as well as businesses participating in the programme.

The draft has been posted on the website of the Ministry of Planning and Investment for consultation.

#### 5. City's history of underground development limps along

Over 14 years ago, Ho Chi Minh City People's Committee issued a list seeking investment in eight projects to build underground parking lots in various areas around the city.

A few years later, four of the projects were selected to assign to investors for implementation. However, today, not one of the ventures has started construction.

The underground parking project in Trong Dong Stage is considered the most feasible, and was granted an investment certificate by Ho Chi Minh City People's Committee in 2010, to be developed by Dong Duong Group.

With around VND900 billion (\$39.1 million) pumped into the scheme, it was planned to be built across 5,300 square metres with seven basements

and three floors, with capacity for more than 700 cars and 400 motorbikes. But the project remains dormant because of disagreements between the local authorities and the investor.

Dong Duong Group said they had completed design evaluation procedures but a part of the project overlaps Metro Line 2, the Ben Thanh - Tham Luong line, which runs for 11km from districts 1 to 12. In addition to this, Ho Chi Minh City Planning and Architecture Department also requested the company to change the function of the project's first floor from commercial purposes to a public space for community activities.

The company disagreed with this move because it had planned business activities for that floor as part of its plan to recover its capital investment.

A second underground parking lot started construction in 2010 by Underground Space Investment Development JSC (USID) with the total capital of \$100 million in Le Van Tam Park. If complete, the project will offer space for more than 2,000 motorcycles and around 1,300 cars, buses, and vans. The scheme was officially revoked in 2019 because the developer could not balance the finance to implement it.

According to a source from USID, the construction costs for underground parking are five times higher than for those above ground, at about \$2,000 per sq.m. On average, if each car needs 20sq.m, the cost of building a lot for that car is \$40,000. Under the current regulations, with a parking fee of

VND10,000 (45 US cents) for every hour in the investment plan, it would take many years to recover investment.

Delays have also been witnessed in two other underground parking lots at Tao Dan Park and Hoa Lu Stadium, primarily because of complicated administrative procedures, complicated design, and a range of special technical criteria and infeasible financial plans.

According to Ho Chi Minh City Department of Transport, as of the end of 2020, Ho Chi Minh City had more than 8.2 million vehicles of all types. Every day the city has seen more than 120 cars and 600 motorbikes newly registered.

## 6. Vietnam's GDP to suffer due to virus outbreak: WB report

Vietnam's GDP growth for the year has been readjusted to 4.8 per cent, a 0.2 per cent decrease compared to an earlier forecast made back in December 2020, said a World Bank report released on Tuesday.

According to the report, the country has been showing strong resilience during the pandemic with GDP growth for the first half of 2021 nearing pre-pandemic levels, with the industrial sector leading the charge on top of robust consumption and investment.

The readjustment, however, reflected how the social distancing measures and mobility restrictions, which have been put in place since the fourth outbreak of the virus (since late April) have affected economic activities.

Economic activities have seen drops with Purchasing Manager's Index dropping below 50 per cent and retail sales in July falling by as much as 19.8 per cent, the largest drop since April last year. Unemployment has been forecast to rise in the near future with households and the informal sector bearing the brunt of the economic slowdown.

The report suggested a number of measures the government can adopt to mitigate the impact of the outbreak including improvements to social protection programmes, risk control in the financial sector and finding the right balance between the need to support the recovery of the economy and

the necessity to maintain a sustainable level of public debt.

"While downside risks have heightened, economic fundamentals remain solid in Viet Nam, and the economy could converge toward the pre-pandemic GDP growth rate of 6.5 to 7 per cent from 2022 onwards," said World Bank Acting Country Director of Viet Nam Rahul Kitchlu.

"Whether Viet Nam's economy will rebound in the second half of 2021 will depend on the control of the current COVID-19 outbreak, the effective vaccine rollout, and the efficiency of the fiscal measures to support affected businesses and households, and to stimulate the recovery," he said.

While FDI inflows decreased because of the COVID-19 shock, they have proven resilient compared to the rest of the world, suggesting continued confidence in Viet Nam's economic potential. In the first half of 2021, total FDI commitments contracted by 2.6 per cent compared to the same period last year, reaching US\$15.3 billion.

Yet, the level of commitment declined by 45 per cent between April and June, which may indicate further prudence by foreign investors amid the recent COVID-19 outbreak.

FDI inflows, however, may experience a slowdown as investors have become more prudent since the beginning of the fourth outbreak, said Hoang Anh



Tu, deputy head of the department of international relations under the Ministry of Information and Communication.

"We have seen strong FDI numbers going into the country, especially in tech fields. The pandemic, in a sense, has helped speed up the pace of the country's digitalisation process," he said.

### Digital path

The report also raised a number of points regarding the Southeast Asian economy's effort to speed up its digitalisation process, a focal point of the country's 2021–2030 National Development Strategy.

"As the world emerges from the COVID-19 crisis, it has become clear that digital transformation will

have an increasingly important role in the global economy," wrote the report.

While Viet Nam today is among some of the most connected in the world with high mobile and internet penetration rates, increasing use of IT tools and platforms by businesses it also suffers from a lack of skilled IT workers, inadequate financing, lack of conducive regulatory environment including data access and security.

The WB report advised the Government to divide its attention between building infrastructure, encouraging technology adoption and attracting investment to help small businesses participate in the digital economy. Measures must also be taken to support faster learning, data privacy and cybersecurity.

## 7. Mekong Delta's fishing boats stopped fishing due to the Covid-19 pandemic

With many localities in the Mekong Delta mandating social distancing to combat COVID-19, selling and distributing seafood has become difficult, causing many fishing boat owners to suspend operations.

Many seafood traders in Kien Giang Province said social distancing and travel restrictions were disrupting seafood supply chains and causing prices to fall.

Tran Van Phinh, a fishing boat owner in Ca Mau Province, said his two boats have stopped going out to sea since it is difficult to sell their catch and there are not enough people to crew them.

Kien Giang has the largest number of fishing vessels measuring six metres or more in the delta, 9,861.

But only about 30 per cent of fishermen who work on boats are local, and the rest travel from other places.

Phan Van Khanh, a boat owner in Kien Giang Province, said: "Strict social distancing makes it very difficult for fishermen to travel. Therefore, my fishing boat is unable to go out to sea because there are not enough crew members."

The number of fishermen who have quit due to fear of contracting COVID is worsening the shortage.

The high cost of COVID testing is also hindering fishing activities.

Tran Van Nam, a seafood trader in An Giang Province, said it now takes five days for a boat to transport seafood from Kien Giang to An Giang compared to a maximum of three days previously, while the cost has doubled.

"The cost for a rapid COVID-test is nearly VND3 million for his workers and valid for only three days. Many boat owners or traders have stopped buying due to the high test cost."

## Corporate News

### 8. HSG: July 2021 after-tax profit reached 302 billion dong

↑ 2.93%

Hoa Sen Group Joint Stock Company (HOSE : HSG) has just announced its estimated business results for July 2021. Accordingly, HSG sales volume is estimated at 189,474 tons, up 19% over the same period; revenue is estimated at 4,921 billion dong, doubling the same period; after-tax profit is estimated at 302 billion dong, up 124%.

Accumulated in the first 10 months of the fiscal year 2020-2021, HSG sales volume is estimated at 1,883,629 tons, revenue is estimated at 37,850 billion VND, profit after tax is estimated at 3,674 billion VND.

With this result, HSG has fulfilled 105% of the volume plan, 115% of the revenue plan and 245% of the investor's profit plan.

In the context of the domestic market being affected in the short term by the Covid-19

pandemic, exports continued to play a key role in maintaining sales volume and market share of HSG compared to other enterprises in the same industry. In July 2021, the export output of galvanized steel sheet of the group reached more than 123,000 tons.

With an extensive export channel to more than 87 countries and territories, HSG has signed export contracts until the end of November 2021. Together with a wide retail distribution system across regions and 10 factories located near international ports, and HSG's proactive implementation of "3 on-ste" since before the epidemic broke out, HSG can ensure the production and supply of goods in all conditions, factories with maximum capacity from now until the end of the year, maintaining stable sales volume of at least 160,000 - 170,000 tons/month, bringing in revenue of about 4,500 billion VND/month as planned.

### 9. DIG: Price reached record high, Him Lam continued to divest more than 3 million shares

↑ 6.86%

After the "profit taking" of 10 million DIG shares of Construction Investment and Development Corporation (HOSE : DIG), Him Lam Real Estate Trading Joint Stock Company continued to successfully sell 3.35 million DIG shares on August 19-20.

After the transaction, Him Lam Real Estate Joint Stock Company reduced its ownership rate in DIG from 18.81% (more than 77 million shares) to 17.99% (nearly 74 million shares).

With an average price of 33,650 VND/share, Him Lam is expected to earn nearly 113 billion VND from the deal.

The session on August 19 when Him Lam divested is also the session where DIG's stock price reached a record high after more than ten years of listing (August 19, 2009). After that, the price adjusted

and closed the session on August 25 at the ceiling price of 32,700 VND/share, up 7% during the session, the trading volume was more than 9.6 million shares/session.

Previously, in 2 days of August 16-17, 2021, in order to reduce the ownership rate, Him Lam sold 10 million DIG shares, reducing the ownership rate in DIG from 21.25% (more than 87 million shares) to 18.8% (more than 77 million shares).

Before Him Lam, the major shareholder of Thien Tan Development Investment JSC has just divested more than 11 million shares of DIG. Specifically, after selling more than 5.5 million DIG shares on August 10, Tianjin Development Investment continued to withdraw more than 6 million DIG shares on August 12. After the transaction, this entity reduced their ownership in DIG from 18.34% (more than 75 million shares) to 16.83% (nearly 69 million shares).

**Research Team:** Tsugami Shoji    *Researcher*    [jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)

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**Japan Securities Co. Ltd – 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](mailto:info@japan-sec.vn)

Website: [www.japan-sec.vn](http://www.japan-sec.vn)