



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares end week higher on large-caps

The market finished higher in the last trading session of the week as large-cap stocks gained points, while foreign investors net sold large values on both exchanges.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index climbed 0.93 per cent to 1,313.20 points.

It had slipped 0.64 per cent to close Thursday at 1,301.13 points.

The market breadth was positive as 260 stocks rose while 115 stocks fell.

During the session, local investors poured over VND21.4 trillion into the southern bourse, equivalent to a trading volume of more than 685 million shares.

The gains in pillar stocks were the main driving force for the market. The VN30-Index rose 0.43 per cent to close Friday's trade at 1,418.57 points.

Twenty-one of the 30 biggest stocks in the VN30 basket inched higher on Friday while eight stocks declined.

In the VN-30 basket, Viet Nam Rubber Group - Joint Stock Company (GVR) soared by more than 5 per cent and was the leader in this group. PVPower (POW) followed with a rise of 4 per cent, Khang Dien House (KDH) gained more than 2 per cent, Phat Dat Real Estate (PDR), Vingroup (VIC), Viet Nam National Petroleum Group (PLX), Bao

Viet Holdings (BVH), Mobile World Group (MWG), Masan Group (MSN), Vincom Retail (VRE) and Vietcombank (VCB) were the gainers with 1 per cent rises.

On the other side, HDBank (HDB) was the biggest loser with more than 1 per cent decrease.

On a sector basis, most of the industries maintained their growth momentum in the last session of the week. Plastic - chemical production, healthcare, rubber products and agriculture - forestry - fishery all increased by more than 3 per cent.

In the plastic and chemical sectors, Vietnam Pesticide Joint Stock Company (VPS) showed a dramatic increase of 7 per cent, Hanoi Plastics Joint Stock Company (NHH) surpassed 5 per cent, Pha Le Plastics Manufacturing and Technology Joint Stock Company (PLP), The Southern Fertiliser JSC (SFG), An Phat Bioplastics JSC (AAA) and South Basic Chemicals JSC (CSV) all increased by more than 4 per cent.

Foreign investors net sold nearly VND370 billion on HOSE and sold over VND15 billion on HNX.

On the Ha Noi Stock Exchange (HNX), the HNX-Index edged 0.58 per cent higher to 338.79 points.

During the session, nearly 133.8 million shares were traded on the northern bourse, worth nearly VND3 trillion.

## Macro & Policies

### 2. Rice price hits 18-month low

Similarly, export prices of India's 5% broken rice have dropped to US\$352-356 per ton, down US\$29-31 per ton from early July due to low demand from the global market.

Some rice exporters in Can Tho, Tien Giang and An Giang provinces said the complicated Covid-19 situation has forced many rice mills in the Mekong Delta, which is the country's biggest rice production region, to close down.

A leader of Trung An Hi-Tech Farming Joint Stock Company said the company received orders to export rice to South Korea in mid-August. However, it had to request the partners to delay shipments after the southern localities decided to tighten social distancing measures.

Truong Minh Tam, acting director of the Tan Phat Import Export Commercial One Member Company Limited, which has a rice mill in Lap Vo District, Dong Thap Province, said the company has signed contracts to export 20,000 tons of rice and needs a large number of laborers to fulfill the orders.

However, the company's workforce has shrunk by half due to stringent social distancing measures.

Moreover, logistics costs have increased by some VND200 per kilogram of rice, equivalent to nearly 2% of rice prices.

Tam said the company is trying to fulfill existing orders but is hesitating to receive new ones due to the shortage of human resources and increasing production costs, let alone difficulties in transportation.

Le Minh Hoan, Minister of Agriculture and Rural Development, said the ministry has established a special team led by a deputy minister to monitor the harvest, trade and consumption of farm produce, including rice, in the South.

The ministry is also working with the localities to help rice traders ride out difficulties.

### 3. Vietnamese firms yet to fully optimise ASEAN markets: experts

Despite the COVID-19 pandemic, trade revenue between Vietnam and other ASEAN countries has still been on the rise, but much still needs to be done to fully capitalise on these neighbouring markets.

Trade between Vietnam and other ASEAN nations has surged over the past years, from merely 3.5 billion USD in 1995, when the country became a member of the bloc, to 42 billion USD in 2015 and 53.6 billion USD in 2020. Last year's figure accounted for 9.8 percent of Vietnam's total trade turnover.

In the first seven months of 2021, in spite of the pandemic's negative impacts, bilateral trade still went up 38.5 percent year on year to 40.8 billion USD. That includes 16.1 billion USD of Vietnam's exports and 24.7 billion USD of imports, respectively rising 25.9 percent and 48.2 percent.

ASEAN is a large market with a combined population of nearly 700 million, a growing middle class, lifestyle and cultural similarities, and geographical proximity among member nations. Given this, Vietnam still has much room to boost exports to regional countries, according to the Cong Thuong (Industry & Trade) newspaper.

Nguyen Phuc Nam, Deputy Director of the Asia - Africa Market Department at the Ministry of Industry and Trade, said there remain numerous good opportunities for Vietnamese goods to enter ASEAN markets.

Indonesia, Thailand, and the Philippines are the biggest importers of Vietnamese goods at present. While Thailand prefers dried fruit and apparel for tourists, the other two have high demand for power generators, water pumps, and telecoms devices from Vietnam.

ASEAN countries are also major importers of Vietnamese rice, he noted.

Many other Vietnamese products also hold great potential for export to these destinations such as items of the processing and manufacturing industry, mobile phones, computers, electronic devices, tea, garments and construction materials.

However, experts held that Vietnamese enterprises have yet to take full advantage of the ASEAN market.

Over the last 10 years, the country has continually recorded a trade deficit of 6 billion - 7 billion USD, equivalent to 30 percent of total export value, with this market.

Data of the General Statistics Office (GSO) show that the deficit stood at around 8.6 billion USD in the first seven months of 2021, shooting up 123 percent from the same period last year.

To fuel shipments to this region, a GSO official suggested that Vietnam should pay more attention to its policies on trade with regional countries while optimising advantages created by the free trade agreements between ASEAN and partners around the world.

It is also necessary to keep improving technology application to enhance the competitiveness of Vietnamese goods, step up trade in services and investment, and promote the country's competitive edge.

As Vietnam and some other ASEAN members share a high similarity of the product structure, it should actively engage in the shift of the capital flow within the bloc and cooperate with them to export goods to global markets, the GSO official said.

The Asia - Africa Market Department recommended Vietnamese firms proactively learn about each country's demand and requirements to have effective approaches.

#### 4. FDI disbursement rises 2 percent in first eight months

Disbursement of foreign direct investment (FDI) capital in Vietnam hit 11.58 billion USD this year to August 20, an increase of 2 percent compared to the same period last year, according to the Ministry of Planning and Investment.

The ministry said 1,135 new projects were granted investment licences in the period, plunging 36.8 percent against the same period last year. However, total registered capital was up 16.3 percent to nearly 11.33 billion USD.

About 640 existing projects had their capital adjusted up by a total of nearly 5 billion USD, up 2.3 percent year on year.

Capital contributions and share purchases by foreign investors fell 43.4 percent to 2.81 billion USD.

Foreign investment was poured into 18 sectors, with processing and manufacturing absorbing the

largest amount, with 9.3 billion USD, or 48.4 percent of the total FDI inflow in the 8-month period.

Power generation and distribution followed with nearly 5.5 billion USD, while real estate attracted 1.6 billion USD and wholesale and retail sales 734 million USD.

Of 92 countries and territories investing in Vietnam during the period, Singapore took the lead with more than 6.2 billion USD, followed by Japan with more than 3.2 billion USD and the Republic of Korea (RoK) with 2.4 billion USD.

The Mekong Delta province of Long An led in attracting FDI with over 3.6 billion USD, Ho Chi Minh City came second with about 2.2 billion USD, and its neighbouring province of Binh Duong was third with 1.7 billion USD.

#### 5. Industrial production for August drops 4.2 percent

The Index of Industrial Production for August has dropped by 4.2 per cent from July, and a 7.4 per cent decrease year-on-year. However, IIP for the year so far has increased by 5.6 per cent year-on-year.

During the first eight months of the year, the country recorded a total of 1,135 new projects from foreign investors with total registered capital of \$11.33 billion. Foreign investors have also purchased shares and bonds worth \$2.81 billion. FDI for the first eight months of 2021 reached \$11.58 billion, a 2 per cent increase year-on-year.

Commerce, transport and tourism continued to be hit hard by the pandemic, especially since the Government Directive 16 - a string of social distancing measures and restrictions on mobility designed to stop the spread of the virus - went into effect in major cities and provinces across the country.

In August, domestic retail of goods and services dropped by 10.5 per cent compared to the previous month and 33.7 per cent year-on-year. Export-import turnover totalled \$53.7 billion, a 5.8 per cent decrease from July. The number of passengers on all modes of transport dropped by 35.9 per cent while goods dropped by 11 per cent.

During the first eight months of the year, exports totalled \$212.5 billion in August, a 21.2 per cent increase year-on-year with domestic firms contributing \$55.69 billion and foreign firms (including crude oil producers) \$156.86 billion.

The US continued to be Viet Nam's largest export market with a net export of \$62.2 billion, followed by China with \$32.7 billion, the EU with \$26.2 billion, ASEAN with \$18.4 billion, Republic of Korea with \$13.9 billion and Japan with \$13.5 billion.

Imports totalled \$216.26 billion, a 33.8 per cent increase year-on-year, with a large portion consisting of machinery, machine parts (\$96.6 billion), raw materials (\$107.56 billion) and consumer goods (\$12.1 billion).

Viet Nam continued to heavily rely on China for its imports. The country imported \$72.5 billion worth of goods and services from its northern neighbour, followed by the Republic of Korea with \$34.6 billion, ASEAN with \$28.2 billion, Japan with \$14.5

billion, the EU with \$11 billion and the US with \$10.4 billion.

The trade deficit for August reached \$1.3 billion, bringing the year's deficit to \$3.71 billion.

CPI has seen a small uptick of 0.25 per cent from July but CPI for the first eight months of the year was at a 1.79 per cent increase year-on-year, the lowest increase recorded since 2016. Inflation for the first eight months of the year has been kept largely in check with a small increase of 0.9 per cent year-on-year.

More than 85,500 businesses closed in August alone, a 24.2 per cent increase from the same period last year, as the country struggled to contain yet another outbreak of the novel coronavirus.

The southern economic hub HCM City was hardest hit with over 24,000 businesses forced to close their doors since strict social distancing measures and mobility restrictions have been put in place in July. In addition, more than 43,000 businesses in the city also had to shutter operations for the foreseeable future.

In August, 5,671 new businesses (a 34 per cent decrease year-on-year) were registered across the country with a total registered capital of VND68 trillion or US\$3 billion (a 44.6 per cent decrease year-on-year).

In total, the country recorded over 81,600 new businesses during the first eight months of the year with a registered capital totalling VND1.133 trillion and nearly 600,000 jobs, an 8 per cent decrease in the number of new businesses year-on-year and a 7.5 per cent decrease in capital.

Public investment has also shown signs of slowing with State capital investment dropping by 7.1 per cent compared to July to VND34.9 trillion and 24.7 per cent from the same period last year.

Foreign investment, however, has seen an increase of 16.3 per cent in registered capital despite a 36.8 per cent decrease in the number of new projects. The average registered capital for a project, consequently, has increased to \$10 million, nearly double the figure of 2020.

A number of financial packages have been rolled out by the Government to support citizens and businesses since the fourth outbreak (in late April)

including a VND26 trillion package in accordance with government directives 68/NQ-CP and 23/2021/QD-TTg.

## 6. Firms await new bank incentive policies

The State Bank of Vietnam (SBV) is consulting on a draft circular for incentive policies to support firms with access to bank loans to overcome difficulties in the COVID-19 pandemic.

Firms are expecting the circular to help them gain access to more supporting loans.

The draft revises Circular 03/2021/TT-NHNN dated April 2, 2021, which regulates the restructuring of debt repayment terms, and exemption and reduction of interest rates and fees to support customers affected by the pandemic.

The revised circular has two main changes. First, the debt restructuring period will be extended to June 30, 2022, instead of the original plan of December 31, 2021. Secondly, the repayment terms will be restructured for customers in lockdown regions.

Most firms in HCM City, who have had to suspend production and business operations to prevent the pandemic, said they expected banks to freeze debts and reduce interest rates on existing debts.

At the same time, firms expect banks to deploy new loan packages with preferential interest rates and simple procedures to support businesses to overcome this difficult period.

According to Ly Kim Chi, chairwoman of the HCM City Food and Foodstuff Association (FFA), due to too high costs in maintaining production and business, local firms are in dire need of priority to get bank loans to stabilise production and avoid risk of supply chain disruption.

As the pandemic affects all economic sectors, Chi suggested the SBV consider allowing debt rescheduling for all firms in the city so that they do not have to pay debts for at least the next six months.

However, Chi said the support policies needed to simplify the procedures and documents required to

prove firms qualify for the incentives. The bottleneck was preventing many firms from being able to access support policies from banks.

The FFA also recommended the SBV add firms in specific industries such as food and foodstuffs to the list of beneficiaries of new loan policies with loan interest exemption and reduction and rapid disbursement to help supplement capital to stockpile raw materials and finished products for reserves.

Some firms also proposed the SBV consider restructuring debts arising after June 10, 2020 due to the prolonged COVID-19 pandemic. According to the provisions of Circular 03/2021/TT-NHNN, banks can only restructure debts arising before June 10, 2020, so debts disbursed after the time are at risk of being classified as bad debts if firms fail to handle them on time.

Real estate firms are also facing a cash flow disruption and the risk of losing liquidity. Therefore, HCM City Real Estate Association (HOREA) has also proposed that the SBV revise the draft circular.

HOREA proposed the SBV allow credit institutions, commercial banks and foreign bank branches to consider and decide on the rescheduling of debt repayment, exemption and reduction of interest and fees, and keeping debt classification unchanged as well as considering giving new loans to real estate firms.

It would provide more practical support for firms including those in real estate, who are affected by the COVID-19 pandemic, to reduce borrowing costs, input costs, and access new loans to have more time to gradually restore production and business.

In addition, as the average deposit interest rate remains significantly low, HOREA expects the SBV to ask commercial banks to consider reducing lending interest rates by 2 per cent per year for borrowers to make the lending rate reasonable and

ensure the harmonisation of interest for borrowers

and lenders.

## 7. More than 85,000 businesses withdrew from market in first 8 months of the year

According to the General Statistics Office, the number of enterprises withdrawing from the market in the first eight months of 2021 is 85.5 thousand enterprises, an increase of 24.2% over the same period in 2020, of which Ho Chi Minh City has 24,000 enterprises (accounting for 24,000 enterprises - 28.1% of total enterprises that withdrew from the market), an increase of 6.6%. The number of enterprises temporarily suspending business is 43.2 thousand enterprises, accounting for 50.5% of the total number of enterprises withdrawing from the market.

In August 2021, the whole country had 5,761 newly established enterprises with a registered capital of 68 trillion dong and the number of registered employees 43,4,000, down 34.1% in the number of enterprises, down 44.6% in the registered capital and down 39.1% in number of employees compared to July 2021; down 57% in the number of enterprises, 76.5% in the registered capital and 54.9% in the number of employees over the same period last year.

The average registered capital of a newly established enterprise in the month was 11.8 billion dong, down 16% from the previous month and down 45.3% over the same period last year. In the month, the whole country had 3,865 enterprises returned to operation, down 21.9% from the previous month and down 19.1% over the same period last year.

The number of enterprises withdrawing from the market was 6,441 enterprises, down 34.9% from the previous month and down 18.9% over the same

period in 2020, of which: 3,118 enterprises registered to suspend business for a definite time, down 31.1% and increased by 0.5%; 2,511 enterprises stopped operating and waited for dissolution procedures, down 36.1% and 26.7%; 812 enterprises completed dissolution procedures, down 43.7% and 42.7%.

In the first eight months of 2021, the whole country has 81.6 thousand newly registered enterprises with a total registered capital of nearly 1,133.4 trillion VND and a total registered labor force of 598.9 thousand employees; down 8% in the number of enterprises, 7.5% in the registered capital and 13.8% in the number of employees over the same period last year. The average registered capital of a newly established enterprise in 8 months reached VND 13.9 billion, up 0.5% over the same period last year.

If including 1,539.4 trillion dong of additional registered capital of nearly 30.1 thousand enterprises registering to increase capital, the total additional registered capital into the economy in the first eight months of 2021 is nearly 2,672.8 trillion dong, down 17% compared to compared with the same period in 2020. Besides, there were 32,4,000 enterprises returning to operation, down 0.6% over the same period last year, bringing the total number of newly established enterprises and enterprises returning to operation in first 8 months of 2021 to 114,000 entities. As such, an average of nearly 14.3 thousand businesses are newly established and returned to operation every month.

## Corporate News

### 8. HSG: Hoa Sen Group's after-tax profit surges by 124% in July

↑ 0.39%

Its report showed that last month, its steel consumption reached 189,474 tonnes, increasing 19 per cent from the same period last year. The hike in steel consumption, revenue and profit came from exports of galvanised steel. In July, Hoa Sen Group's steel sales reached 158,000 tonnes of galvanised steel. Of which, 123,000 tonnes were exported, accounting for 41 per cent of the country's total steel exports and 67 per cent of the group's total steel consumption.

In the 10 months of its financial year of 2020-21, the group sold 1.9 million tonnes of steel, up 50 per cent from the same period last year and surpassing 5 per cent of the set targets. Its revenue in the 10 months of the financial year was VND37.8 trillion, posting a 75 per cent year-on-year increase and surpassing 15 per cent of the whole year's set target. Its after-tax profit in the period reached VND3.6 trillion, 4.4 times higher than the corresponding period last year.

With a wide export channel to more than 87 countries and territories, Hoa Sen signed export

contracts with customers till the end of November with an average volume of over 120,000 tonnes a month.

In the context of decreased domestic demand due to the COVID-19 pandemic, the export channel has become a life vest to help Hoa Sen maintain revenue and profit growth. The main drivers of export volume are the US and European markets, which have higher profit margins compared to other markets. The group expects the proportion from the US and European markets to increase from 20-30 per cent to more than 50 per cent.

Hoa Sen Group has a wide retail distribution system across regions and 10 factories located near international ports. It has been proactive in implementing the "three on-site" model before the pandemic outbreak. These have helped the group ensure production and supply. Its factories with maximum capacity would maintain a stable sales volume of at least 160,000 - 170,000 tonnes a month, bringing in VND4.5 trillion in revenue each month from now until the end of the financial year.

### 9. DXG: Dat Xanh to issue nearly 78 million bonus shares

↑ 3.59%

Dat Xanh Group Joint Stock Company (HOSE: DXG) has just announced that it will issue more than 77.7 million shares to increase share capital from equity. The ex-rights date is September 9, 2021.

The exercise rate is 100:15 (shareholders owning 100 shares will receive 15 new shares). The issued capital comes from DXG's undistributed after-tax profit according to DXG's 2020 audited consolidated financial statements.

If the issuance is successful, the charter capital of DXG will increase from 5,200 billion dong to nearly 5,978 billion dong.

Regarding the business situation, accumulated in the first half of 2021, the real estate business

reported a net profit of 830 billion VND (compared to loss of 488 billion VND over the same period). As of June 30, 2021, DXG has total assets of VND 28.4 trillion, up 22% compared to the beginning of the year. Inventories decreased by 6% to 9.6 trillion dong.

In 2021, DXG is expected to bring in VND 9,000 billion in revenue and VND 1,350 billion in net profit. Compared to the plan, DXG has fulfilled 72% of the revenue target and 61% of the 2021 net profit target.

On the market, after setting a peak on June 3, 2021 (VND28,900/share), the stock price corrected and closed August 27 at VND21,650/share, down 25% from the peak. Average transaction volume of the stock is more than 8.5 million shares/session.



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