



VIETNAM DAILY NEWS



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Market Analysis

1. Accumulation trend continues, "collecting" large-cap stocks likely to persist

The trading session at the beginning of the new week was not very positive even though VN-Index sometimes touched 1,350 points. Selling pressure increased at the end so the index reversed to drop 3.88 points (-0.29%) to 1,341.43 points.

Market liquidity increased significantly with HoSE matching value reaching more than 21,600 billion dong, up 26% compared to the previous session, showing that 1,350 points is a large barrier right now.

Foreign investors' trade was also not positive as they net sold nearly 300 billion dong in the whole market.

The market continued to struggle in a narrow range

According to Viet Dragon Securities (VDSC), VN-Index continued to be blocked at 1,350 points and retreated, liquidity increased compared to the previous 3 sessions and above the 50 session average, showing increasing short-term profit-taking pressure. However, the index's movement in a narrow band also means that the cash flow is trying to absorb profit-taking pressure. Although profit-taking is dominant, the cash flow is moving more selectively and still actively looking for opportunities, as shown in some stocks that still gained well, even among large-cap stocks.

Sharing the same opinion, Vietcombank Securities (VCBS) said that the market experienced some

shaky sessions, showing that investor sentiment in the market has not yet reached a high consensus. The demand for bottom-fishing increased strongly at the end of the session, which is a positive signal, but the continuous failure of VN-Index before the resistance level of 1,350 points is still increasing the short-term profit-taking supply.

Accordingly, VCBS temporarily does not recommend new disbursement at this time and investors should prioritize reducing the proportion of stocks in the portfolio to protect the results and limit the risk that the market will continue the downward correction trend in the coming sessions.

Also with a cautious view, SHS Securities assesses that the VN-Index is in a struggle and will need a breakthrough in the near future to start a new trend. SHS forecasts that, in the next session on September 14, the VN-Index may continue to fluctuate with the nearest resistance around 1,350 points and the support zone in the range of 1,325-1,335 points (MA20-50).

Similarly, BIDV Securities (BSC) assesses that the market is still moving in a state of tension before the threshold of 1,350 points. Therefore, investors should trade cautiously and wait for new market trends.

Macro & Policies

2. Hanoi to relax social distancing after September 15 and September 21

On September 13, the Hanoi Party Committee held a meeting to assess the prevention and control of the Covid-19 epidemic in the city.

After listening to the Party Affairs Committee of the Hanoi People's Committee report on the results of epidemic prevention and control, especially the rapid testing and vaccination campaign in recent days, the City Party Committee highly appreciated the efforts of all levels and sectors, especially the frontline force, including nearly 8,000 health workers from 12 provinces and cities to support the city.

On the basis of the achieved results, the Standing Committee of the Hanoi Party Committee assigned the Party Personnel Committee of the City People's Committee to consider, evaluate, and decide on a plan to relax a number of service activities in the areas on the basis of ensuring strictly the plan for epidemic prevention and control after September 15 and September 21.

Previously, from 6:00 on July 24, Hanoi began social distancing according to Directive 16 of the Prime Minister. On September 3, the Chairman of the Hanoi People's Committee signed and issued Directive No. 20 on strengthening the implementation of measures to prevent and control the Covid-19 epidemic in the city. Accordingly, from 6:00 a.m. September 9 to 6:00 p.m. September 21, Hanoi City decided to implement epidemic prevention measures in three regions.

On September 13, Hanoi recorded 37 new Covid-19 cases, of which 32 were in the isolation area, 4 were in the blockade area, and 1 was in an old outbreak area.

The cumulative number of cases in Hanoi during the 4th epidemic (from April 27, 2021) has 3,817 cases, of which 1,595 cases were recorded outside the community, 2,222 cases were isolated.

3. Banks on road for digital transformation

The banking system and credit institutions are the lifeblood of the nation's economy, with digital information in banking and finance set to become one of the key factors in the digital economy, according to experts.

The issue was discussed in an online forum "Digital Finance 2021" held by the Vietnam Financial Times last week.

Addressing the online forum, Nguyen Viet Hung, deputy head of the Financial Informatics and Statistics Department, told participants that the digital economy, digital government and digital society were three key pillars that supported the national digital transformation programme.

"Digital government helps the government operate more efficiently, effectively and transparently. The digital economy promotes innovation, creates new values, new growth engines and helps increase labour productivity. Digital society helps people

have equal opportunities to services, training and knowledge, narrows the development gap and reduces inequality," he said.

Hung added the process of digital transformation was to build a digital banking ecosystem.

In 2018, the Ministry of Finance built an e-government architecture model to act as an information management and planning tool. Last year, the ministry changed it to an overall e-government architecture model towards the goal of becoming a digital financial ecosystem, in which the Government plays a vital role in creating connections with ministries and agencies through the sharing of digital platform data.

To achieve this, the digital financial ecosystem must be capable of building, integrating and sharing public budget financial data for many subjects, giving them the right of quick access to data via the Internet.

Financial and budgetary data was the raw material for people and businesses to use to create digital services that match their demands and models of businesses and individuals in the fastest manner possible.

Hung said that it was expected that a strongly advanced financial industry in 2030 would become a platform for the development of a digital economy by enhancing the value-added in financial services, and transforming economic models.

Hoang Van Cuong, vice rector of National Economics University, said over the past years, the financial sector had gained achievements in administrative reform and in the application of computerisation and digitisation.

In particular, tax management administration and customs have made great strides with a radical change by shifting from paper-based and face-to-face identification and authentication to modern management models by applying information technology in public services arrangements.

The General Department of Taxation has conducted an online tax declaration and payment system, which is connected to commercial banks to implement transactions for tax payments. Switching to online payment has reduced work for

customs officers and helped businesses save time and money.

Around 99 per cent of custom clearance procedures are made online. The ease of online tax payment has pleased the business community and new payment methods have prevented errors and ensured immediate cargo clearance.

The World Bank has also acknowledged the efficiency of the electric customs clearance process conducted by Viet Nam Customs. It has helped cut time, and costs worth US\$200 million per year.

According to Cuong, this not only saved time, costs and human resources for businesses and citizens, but also enhanced awareness and transparency. It also helped changing methods of communication, minimising negative behaviours, creating a favourable business climate for businesses as well as luring foreign investors to do business in Viet Nam.

Amid the COVID-19 pandemic, digital transformation is no longer an option but a critical need for all businesses and countries. The pandemic forces businesses to transform from traditional to new economic models with the application of new technologies..

4. US extends conclusion of circumvention probe into local stainless steel plates

The US has unveiled an extension to the time limit for issuing the final conclusion of the anti-dumping and anti-subsidy probe into stainless steel plates originating from the nation, according to the Trade Remedies Authority of Vietnam.

This comes after the US Department of Commerce (DOC) initiated an investigation on May 15, 2020, into anti-dumping and anti-dumping duties on stainless steel plates from the country.

In line with the investigation, the DOC has conducted a probe into a scope inquiry to determine whether Vietnamese stainless steel products are subject to tax imposition or anti-circumvention behaviour.

The DOC had suspected that these products were manufactured in China and then outsourced in

Vietnam before subsequently being exported to the US.

According to details provided by the Trade Remedies Authority of Vietnam, the DOC believes that there have been signs that Vietnamese steel products has been able to circumvent the US safeguard measures which had been imposed on Chinese products.

Since February, 2017, the DOC has imposed anti-dumping and anti-dumping duties of between 63.86% and 76.64% on Chinese stainless steel products, while the US' import tax rate applied to Vietnamese stainless steel plate is 0%.

As a means of protecting the legitimate interests of local exporters, the Trade Remedies Authority of Vietnam has therefore advised businesses to

closely monitor the developments of the case, actively co-operate with the investigating agency, and provide timely feedback on the DOC's conclusions. This should be done as well as regularly co-ordinating efforts with the authorities who are in the process of handling the case.

Moving forward, the DOC is expected to launch final conclusions of probe into the case by January 5, 2022.

5. Hao Hao instant noodles in EU: supplier to company used EO to sterilize materials

After receiving information related to the two batches of export products (Good brand vermicelli with pork rib flavor, 56gr, manufacturing date 10/5/2021; and Hao Hao instant noodle, with spicy shrimp flavor, 77gr, manufacture date 24/3/2021) that were recalled in the EU, Acecook Vietnam set to learn about the content of RASFF's warning and the EO standards set by EU countries. It checked the entire production process and sent some products for export and for domestic consumption to Eurofins for testing.

Eurofins, the food chromatography lab, has made public the results of the examination of Hao Hao instant noodle related to the EO infection case.

Eurofins affirmed that Hao Hao spicy instant noodle for domestic consumption does not contain EO, but has a very small volume of 2-chloroethanol (2-CE) (1.17ppm)

The 2-CE content is lower than the US standards (940ppm), Canada (940ppm), and some other countries.

With the result, Acecook affirmed that the product can satisfy the requirements on safety and quality.

Acecook Vietnam said the products were recalled in the EU because of the presence of 2-CE. The EU has a specific regulation on calculating the EO content – which is the combination value of both EO and 2-CE. The presence of 2-CE was not complying with the regulation. As a result, Good vermicelli and Hao Hao noodle were recalled in the EU.

Regarding the presence of 2-CE in products, Acecook Vietnam has found that one material supplier used EO to sterilize materials. Also, the supplier's material analysis results discovered the presence of a little 2-CE.

The enterprise thinks this could be why the EU concluded that the products did not conform to regulations.

Acecook Vietnam said it needs more time to continue verifying and clarifying the reasons behind the EU's decision, it will later update information.

For the case in the EU market, the enterprise will take responsibility and will join forces with distributors to recall the products as requested by state management agencies in EU countries.

The enterprise has decided to temporarily stop exporting products to the EU market and discuss with distributors in EU countries on halting the launch of products that don't meet EU standards on 2-CE.

An independent analysis by Eurofins found that the 2-CE content in Hao Hao spicy instant noodles for export and Good vermicelli for the European market was very low. The figures were 0.62ppm in the former and 5.98ppm in the latter, much lower than the standards set by the US and other countries.

6. Deposit interest rates continue falling, money flows into real estate

Nguyen Bao Nam in Ba Dinh District in Hanoi some months ago bought a two-bedroom apartment I a project in the western part of Hanoi which was under construction at VND2 billion. The building

has been opened and the apartment price is VND2.5 billion.

Nam said real estate was the most profitable investment channel for people with idle money.

Deposits are no longer attractive because banks have continuously cut deposit interest rates.

A report says commercial banks continued easing deposit interest rates by 0.2-0.4 percent in late August, causing deposits at banks to fall to a 10-year low. Analysts have estimated that bank deposit interest rates have decreased by 1.5-2.5 percent over the last year.

Meanwhile, there are high risks in securities investments, and stock prices have increased too sharply and the margin rate of new players is high.

As for gold, the prices fluctuate and are unpredictable. Also, domestic prices are high compared with world prices.

Do Thu Quynh, an investor in Cau Giay district in Hanoi, decided to buy an apartment in Gia Lam. The infrastructure has been completed, and the price is within her financial capability. More importantly, the developer has offered preferential interest rate policies to buyers.

“I think it’s now reasonable time to buy houses. Buyers have many choices about products,” she said.

A market report from batdongsan.com.vn showed that despite the negative impact on the economy caused by Covid-19, interest in real estate was up 37 percent over the same period last year.

After the first pandemic wave, the interest in the market increased by 306 percent. The figure was 62 percent after the second wave and 378 percent after the third wave.

A report from Savills Vietnam about the Hanoi real estate market showed that this was the 10th consecutive quarter that apartment selling prices increased in the first half of the year.

The average primary price offered was \$1,625 per square meter, an increase of 7 percent quarter on quarter and 11 percent year on year.

B-class projects saw the sharpest increase, 13 percent year on year. In HCM City, nearly 40 percent primary projects had reported prices increasing by 15 percent within one quarter.

Most commercial banks are now providing credit to fund house purchases with the preferential interest rates of 7-8 percent for the first two years. The floating interest rates for following years will be about 9-11 percent per annum.

Nguyen Van Dinh, Secretary General of the Vietnam Association of Realtors (VAR), said that the total money flowing into the real estate market has increased sharply recently. A large amount of money from securities and forex, and other business fields, has been heading for the property market.

He predicted that house prices would continue rising by 10 percent in 2021 compared with last year.

Vu Ai Le from Suntimes Group said with the moves to settle the problems in policies and procedures of real estate businesses, the real estate market will develop.

Meanwhile, Hoang Thi Loc from The Light Group said that real estate is the priority investment channel for many people now, as plans on amending the laws are expected to be completed in 2021.

Some new policies will take effect in 2021, including the 2020 Investment Law and the 2020 amended Construction Law. Circulars 21/2019 and Decree 148/2020 will help the real estate market become more transparent.

Experts have agreed that the market won’t see a real estate bubble, because the money poured into the market is ‘real money’, not borrowed money.

7. Investments in aviation taking off

A new policy offers abundant opportunities for equity investors to step into aviation under the public-private partnership (PPP) model or by securing the right to exploit airports under the management of state-owned Airports Corporation of Vietnam.

In late August, the Ministry of Transport sent documents seeking comments from 28 centrally-governed cities and provinces about the plan to raise private capital resources for aviation infrastructure investment (the August scheme), after nearly two years of studies and drafting.

Two days earlier, the plan was also sent by the authority (MoT) to local airlines, as well as Sung Group and IPP, two major businesses that have made successful ventures into aviation infrastructure investment.

The plan was jumpstarted by the MoT in 2019 and first submitted to the prime minister for consideration this March. In June, through Dispatch No.4023/VPCP-CN, Deputy Prime Minister Le Van Thanh asked the MoT to consolidate the project to iron out solutions on decentralising airport management and raising resources from localities and assorted economic sectors to spur investment into aviation infrastructure development.

Accordingly, instead of exercising “tight control” as they do now, the MoT would gradually decentralise airport management for the local government with a view to diversifying investment sources as well as easing pressure on the state budget and state-owned enterprises in respect to aviation infrastructure investment development.

In light of the August scheme, the MoT proposes decentralising airport management into three groups based on each airport’s level of importance.

For group 1 airports (international airports of national significance including Noi Bai, Danang, Cam Ranh, Tan Son Nhat, Phu Quoc and Long Thanh), the government continues to retain ownership right through the MoT and the Committee for State Capital Management at Enterprises and assigns ACV to manage and operate Vietnam’s airport system to take on the management and exploitation of these airports as well as raise capital for investment.

For group 2 airports that perform mixed civil and military aviation functions, including Tho Xuan, Chu Lai, Phu Cat and Tuy Hoa, the government continues to hold ownership through the MoT, the Committee for State Capital Management at Enterprises, and the Ministry of Defense. It also assigned ACV to manage, exploit, and raise capital for investment.

For group 3 airports (the remaining airports), the MoT contemplates gradually decentralising the management of these airports to local governments. This will be exercised through the transfer of land use rights and the ownership of facilities at the airports from central bodies to provincial-level People’s Committees in order to maximise their reliance and responsibility while helping to avail of local potential and advantages for airport investment development.

The remaining airports such as Dien Bien, Na San, Cat Bi, Vinh, Dong Hoi, Ca Mau, and Con Dao are located in diverse locations throughout the country.

Le Anh Tuan, Deputy Minister of Transport, said that the Vietnam Civil Aviation Law has no content on decentralising airport management yet.

The MoT, however, has proposed decentralising the management of Cat Bi International Airport to Haiphong People’s Committee in the spirit of ‘learning by doing’ to gradually expand the model.

“While Cat Bi airport has yet to generate profit, it has good potential for development. Besides, Haiphong, with sound economic potential and experience, can support the construction of runways and other facilities,” said Tuan.

Besides this, via the August scheme, the MoT has proposed the government to greenlight the engagement of equity investors at several airports that are still exclusively exploited by ACV.

Accordingly, at group 1 and 2 airports, the ACV would reserve the right to manage, exploit, and raise resources for essential works. Private capital would only be mobilised for service facilities under the direct investment format. Investors would be selected right after the MoT enacts the related circular on bidding procedures.

For group 3 airports, the MoT recommends raising capital from assorted sources through franchising and exploitation rights.

According to Dinh Viet Thang, head of the Civil Aviation Administration of Vietnam, the current laws on the use and management of public assets, PPP investment, and other related regulations would need to be revised to support franchise investment in the sector.

After regulations are brought up to speed, the MoT proposes the trial of franchise investment at Can Tho International Airport.

“Can Tho airport has been chosen for the trial because it has fairly good infrastructure in place that would allow the investor to focus on improving management and upgrading service facilities to better service quality as well as other works of high added value,” an MoT source said.

Local investors were reported to be keen on overhauling airports. For instance, budget carrier Vietjet wants to invest in Chu Lai, Cat Bi, Tuy Hoa, and Dien Bien airports, while IPP Group wishes to ventures into Phu Quoc and Tuy Hoa airports, and Vingroup intends to invest in Chu Lai airport.

According to Mai The Vinh from the Centre for Transportation Public-Private Partnership Policy of the US’ George Mason University, PPP investment in airport terminals is the prevailing trend in global infrastructure investment due to its high financial security.

“Besides fresh money streams like passenger service fees or landing fees, airport operators also have other stable income sources from non-aviation services such as from leasing out terminal space or selling duty-free goods,” said Vinh.

Corporate News

8. HVN: Vietnam Airlines received 6,900 billion VND from State shareholders

↑ 6.99%

Previously, Vietnam Airlines Corporation (Vietnam Airlines, HOSE: HVN) organized to raise 8,000 billion dong through issuing shares to existing shareholders with par value of 10,000 dong/share. With the ownership rate of 86.19% in the national airline, the State - through the State Capital Management Committee - has the right to buy 689.5 million shares and has authorized SCIC to carry out this transaction.

On September 13, SCIC officially disbursed nearly VND 6,900 billion to buy shares issued by Vietnam Airlines. According to SCIC, the goal of this funding round is to remove difficulties for the national airline in the context of the Covid-19 epidemic.

The SCIC investors to buy shares in Vietnam Airlines contribute additional capital for production activities, trading and improve liquidity in the short-term for Vietnam Airlines, limiting the impact of the Covid -19 pandemic.

The above information comes amid a strong recovery in HVN shares. In the session on September 13, the national airline's shares hit the ceiling at 26,800 dong/share, which is an increase of more than 18% in just 3 sessions and an increase of more than 40% compared to the end of July. This is also the highest closing price achieved by HVN since the beginning of 2020..

9. VPB: FE Credit converts its legal form to a limited liability company with 2 or more members

↑ 0.31%

SBV approved in principle to convert the legal form of the company from Credit FE LIMITED limited company limited two or more members.

FE Credit is responsible for disclosing information on legal form conversion and carrying out further procedures at the request of the State Bank of Vietnam to approve the legal form conversion according to the provisions of Circular No. 36/2015/TT-NHNN dated December 31, 2015 which regulates the reorganization of credit institutions and other relevant laws.

Earlier, in January 02/2020, the central bank issued a written approval for the conversion of the legal form of FE Credit Ltd into a joint stock company.

Recently, VPBank sold 49% of FE Credit's capital to Japanese partner Sumitomo Mitsui Financial Group (SMBC) with a valuation of up to US\$2.8 billion. Therefore, the legal transformation is the basis for VPBank (FE Credit's parent bank) to complete the sale of FE Credit capital to strategic investors.

As of June 30, 2021, the total outstanding credit of FE Credit increased by 1.8% to VND61,300 billion. In which, an additional VND4,700 billion of outstanding debt was recorded from the organization. Total operating income (excluding other incomes) in the first half of the year reached VND 8,800 billion, up 1% over the same period. Profit before tax in the first 6 months of 2021 reached 1,200 billion VND.

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