



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index settles higher, but liquidity down sharply

The market rose on Wednesday after two correcting sessions, while the liquidity fell sharply.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) closed the trade at 1,350.68 points, up 10.84 points, or 0.81 per cent. The index had lost nearly 13 points, or 0.9 per cent in the last two sessions due to strong selling pressure.

The market's breadth was positive as 307 stocks rose, while 104 stocks slid. However, the liquidity plummeted 18.8 per cent compared to the previous trade to nearly VND19 trillion (US\$883.4 million), equivalent to a trading volume of nearly 780 million shares.

The index's recovery was driven by large-cap stocks. The 30 biggest stocks tracker VN30-Index climbed 7 points, or 0.48 per cent, to 1,453.22 points. Of the VN30 basket, 18 stocks increased, while 10 stocks declined and two stocks ended flat.

But the VN30's liquidity only accounted for 36 per cent of the southern bourse's trading value, the lowest since September 14, 2020, according to ndh.vn.

Vinamilk (VNM) was the leading stock yesterday, with a gain of 3.04 per cent. It was followed by Vietcombank (VCB), Masan Group (MSN) and Bao Viet Holdings (BVH). All these stocks rose at least 1.5 per cent.

The rebound from real estate stocks also supported the market. The trio stocks in the Vin family, including Vingroup (VIC), Vinhomes (VHM) and Vincom Retail (VRE), as well as Novaland (NVL) posted gains in a range of 0.1 - 0.65 per cent.

Meanwhile, bank stocks were still under profit-taking pressure, with Vietnam International Commercial Joint Stock Bank (VIB) posting the worst performance, down 1.77 per cent to VND38,800 per share.

The HNX-Index on the Ha Noi Stock Exchange (HNX) also inched higher yesterday. The index rose 4.45 points, or 1.24 per cent, to 363.43 points.

During the session, more than 197.5 million shares were traded on the northern market, worth nearly VND4 trillion.

On the other hand, foreign investors continued to flee from the market as they net sold a total value of VND244.01 billion on both two main exchanges. Of which, they net sold a value of VND201.1 billion on HoSE and a value of VND42.91 billion on HNX.

The market's rebound was in line with the recovery of the global market after Evergrande, China's leading real estate developer, said it could pay a coupon on one of its bonds, easing market jitters.

Macro & Policies

2. GII 2021: Viet Nam leads the group of countries with the same income level

Viet Nam has ranked 44th out of 132 countries and economies in the Global Innovation Index (GII) and maintains its leading position out of the 34 lower-middle income economies.

The GII annually ranks 132 economies on their innovation ecosystems, highlighting both their strengths and weaknesses. Since its inception in 2007, the GII has become a cornerstone of economic policymaking. An increasing number of governments around the world analyse their GII results and shape policy in response.

The results of the 2021 Global Innovation Index were announced by the World Intellectual Property Organisation (WIPO) on Monday.

Along with Turkey (41st), India (46th) and the Philippines (51st), Viet Nam is one of four low-middle income countries assessed by WIPO as closing in on the higher tiers of the innovation index.

According to WIPO, all four Asian economies have raised up the ranks by an average of 22 positions over the past decade; Viet Nam has risen from 76th place in 2012 to 44th this year.

“Beyond China, these four particularly large economies together have the potential to change the global innovation landscape for good,” commented WIPO in the report.

The 2021 GII report notes that 19 economies are performing above expectations, relative to their level of development. Amongst them, Viet Nam, India, Kenya, and the Republic of Moldova hold the record for overperforming in relation to their level of development, for the 11th year in a row.

Ranked highest amongst the lower-middle income countries, Viet Nam scored above the group average in all seven of the GII's pillars of scoring. Highlighting Viet Nam's upward trajectory, Viet Nam even scored higher than the group average in the upper-middle income bracket in Market Sophistication, Business Sophistication, Knowledge and Technology Output and Creative Output.

For the 11th year in a row, Switzerland has topped the GII rankings, followed by Sweden, the US and the UK. All four countries featured in the top four last year too.

3. Ministry investigates evasion of trade remedies for cane sugar

The Ministry of Industry and Trade (MoIT) on Tuesday issued a decision to investigate the evasion of trade remedies for cane sugar products originating from Thailand after considering requests from domestic sugar producers.

The ministry said it has received the petition of the Vietnam Sugarcane and Sugar Association (VSSA) and domestic cane sugar refineries, which submitted evidence that Thai cane sugar products subject to anti-dumping and anti-subsidy taxes have entered the Vietnamese market through five ASEAN countries of Laos, Cambodia, Indonesia, Malaysia and Myanmar.

The MoIT officially imposed anti-dumping and anti-subsidy duties on a number of sugar cane products originating from Thailand on June 15, 2021.

Data of local customs agencies shows that the volume of sugar imported from the five above-mentioned ASEAN countries had increased sharply to 527,200 tonnes from 107,600 tonnes after Viet Nam initiated an anti-dumping and anti-subsidy investigation into sugar from Thailand from October 2020 to June 2021.

Meanwhile, the import volume from Thailand has decreased by nearly 38 per cent, from 955,500 tonnes to 595,000 tonnes in the period.

The MoIT has actively coordinated with the VSSA to monitor the import of cane sugar products and actively consulted and assisted the VSSA, as well as

the domestic cane sugar industry, in collecting information and data and making a petition to request an investigation into this behaviour.

4. UOB raises charter capital in Vietnam

The United Overseas Bank (UOB) has increased its charter capital in Viet Nam from VND3 trillion (US\$128.8 million) to VND5 trillion (\$214.6 million), following approval from the State Bank of Viet Nam earlier this month.

“This fresh injection of capital demonstrates UOB’s commitment to deepening our presence in Viet Nam, and contributing to the country’s ongoing development,” said Wee Ee Cheong, UOB Deputy Chairman and CEO.

“UOB Vietnam has grown from a representative office in 1993 to a wholly-owned subsidiary bank in 2018. Over the last three years, UOB Vietnam has grown steadily and achieved a 53 per cent compounded annual growth rate in assets. This increased capital will allow us to continue supporting both new and existing customers in Viet Nam, through progressive solutions and the connectivity we can offer across UOB Group’s regional network,” he said.

UOB Vietnam is focused on meeting the financial needs of both individuals and corporations, through tailored financial solutions for both individuals and businesses.

The bank has also been promoting foreign investments into Vietnam. In November 2020, the Bank renewed its Memorandum of Understanding with the Foreign Investment Agency, stepping up its efforts to facilitate investment into a range of sectors, including renewable energy, manufacturing, infrastructure, healthcare and technology. To date, the bank has facilitated more than \$2 billion (S\$3 billion) in investments into Viet Nam, which has created more than 17,000 jobs so far.

Throughout the COVID-19 pandemic, UOB Vietnam has also been helping to support vulnerable communities. Initiatives include canned food donations to families affected by the current lockdowns in HCM City, and contributions to the national COVID Vaccine Fund under UOB’s #UnitedForYou COVID-19 Relief Programme.

“The prolonged nature of the pandemic continues to impact lives and livelihoods. While we are not certain when we will overcome the pandemic, one thing that is certain is that UOB Vietnam remains committed to helping our customers, our colleagues and the wider community get through these hard times. Together, we will be resilient, manage risks and navigate changes, to emerge stronger,” Harry Loh, CEO of UOB Vietnam said.

5. Vietnam’s economy to slow down due to prolonged Covid-19: ADB

Vietnam’s economic growth is expected to slow down due to a resurgence of the coronavirus pandemic (COVID-19) that has tightened the labor market, lowered industrial output, and disrupted agricultural value chains, according to a report released today by the Asian Development Bank (ADB).

The country’s economy is expected to grow 3.8% this year and 6.5% in 2022, according to the Asian Development Outlook (ADO) 2021 Update. Growth picked up in the first half of 2021, largely because of higher trade volumes, but slowed down in the

second half of the year as the fourth wave of the pandemic took a toll on business and the labor market. Inflation will be muted in 2021 and 2022 due to the slower growth.

“The prolonged COVID-19 pandemic and extended lockdowns have weakened consumption and investment, hampering Vietnam’s growth prospects,” said ADB’s Country Director for Vietnam Andrew Jeffries. “But the Vietnamese economy will bounce back if the COVID-19 pandemic is brought under control by the end of

2021 and 70% of the country's population are vaccinated by the second quarter of 2022."

ADB remains bullish on the country's prospects in the medium and long term. Growth could be aided by a revival of domestic demand, an acceleration in the disbursement of public investment, and an expansion to new export markets thanks to multiple free trade agreements and the expected global economic recovery.

The near-term outlook remains challenging. The main risk is the prolonged pandemic, especially if

the country's vaccination rate does not increase significantly. Growth also depends on the government's timely delivery of necessities, such as food and cash, to vulnerable groups affected by the pandemic.

Vietnam can benefit from removing administrative hurdles to business and people, and accelerating digital transformation, which will help improve the efficiency of pandemic containment measures and support a sustainable economic recovery this year and next.

6. Vietnam Airlines to get permit for regular direct flights to US

National flag carrier Vietnam Airlines is set to receive its permit from US authorities for conducting regular direct flights to the US.

It has officially completed all necessary documents to be approved by the US Transportation Security Administration (TSA), the airline said, adding that it is set to receive the permit from the US Federal Aviation Administration (FAA).

Once licensed, Vietnam Airlines will become the first Vietnamese airline to be allowed to operate regular direct flights to the US - the country with

the most stringent barriers, legal procedures and aviation security regulations in the world.

Flights will be organised regularly in accordance with schedules announced by the airline. Tickets will be available on the airline's website, mobile apps, and ticket offices.

Meanwhile, international special charter flights will be limited in terms of schedule, passenger and purpose. The flights are only allowed to operate within a specified period, and the airline has to re-apply for a new permit when the time frame expires.

7. HCMC 'four green' scheme to reopen impracticable, say factories

Production facilities in HCMC are struggling to meet the stringent new reopening conditions related to Covid infections and commuting.

Sewing machine producer Juki Vietnam in District 7 is allowed to increase its workforce ratio from the earlier 30 percent to 50 percent if it complies with the new 'four green' scheme, but the management says this increase is unsustainable.

"Workers can commute to work if they live in a green zone, but their area could turn into a red zone since the city is doing widespread testing through this month," administrative director Dao Quoc Cuong pointed out.

Green zones are those authorities deem safe from Covid, while other colors, rising to red, indicate various degrees of contagion risk.

The green living zone requirement is one of the four for a company to resume operations in Districts 7 and Cu Chi, and replaces the stay-at-work model.

The other three requirements are green workers (workers should have Covid-19 green cards and test negative), green route (workers should travel to the factory on a single designated route without stopping) and green manufacturing zone (factory should recorded no new cases in the last seven days and has to test employees every five days).

Cuong said the new scheme requires his factory to divide workers' eating area into two, one for those

under the stay-at-work model and the other for the new four-green workers.

The requirement of not having new Covid cases in the past seven days is also difficult to meet since the pandemic situation in the city remains difficult, he said.

The goal of reviving manufacturing would therefore not be achieved in the short term, he said.

Japanese company Furukawa Automotive Parts Vietnam has for the last five days been struggling to submit its 4,000 employees' Covid-related data to city authorities for the issuance of green cards.

The company has a large number of employees and so the likelihood of having Covid cases is much higher than at smaller firms, making it difficult to fulfill the seven-day no-infection requirement, Hoang Xuan Thai, its labor union chairman, said.

"This policy should be changed to make it a ratio of a company's total number of workers since it is not possible to have zero cases".

In Cu Chi District where things are starting to open up, pliers maker Kem Nghia is in the process of getting green cards for over 900 fully vaccinated employees.

But its CEO, Tran Minh Tu, is not sure his workers will be able to commute to work if they have to pass through red and orange zones.

"There needs to be more detailed guidelines."

In HCMC's 17 industrial hubs, just over half of the nearly 1,600 companies have shut down leaving 245,000 of their over 320,000 workers unemployed.

Those that continue to operate face difficulties, Nguyen Van Be, chairman of the Ho Chi Minh City Export Processing Zone and Industrial Park Authority Business Association (HBA), said.

"Authorities want to impose the highest level of control but they need to consider the capability of factories to meet those requirements."

Covid testing is a severe financial burden on companies, costing billions of dong every day (VND1 billion = \$43,890), and less testing should be required now since many people have been vaccinated, he said.

Cuong of Juki said since Covid infections are unavoidable, factories should be allowed to operate normally closing the infected areas.

"The severity of Covid-19 is lower in people who are fully vaccinated and so restrictions should be relaxed; otherwise both businesses and workers will be in deep trouble."

HCMC has around 1.2 million factory workers of whom nearly 14,000 were staying on site on Sep. 15.

The city had over 6,500 new Covid cases Tuesday, up from 5,400 the previous day.

Corporate News

8. VJC: Vietjet, US engine supplier sign US\$260 million service contract

↓ -0.16%

President Nguyen Xuan Phuc witnessed the signing of a contract to provide aircraft and engine maintenance service worth US\$260 million between new-generation airline Vietjet and CFM International, on September 21 (local time) in the framework of his on-going working trip to the US.

The contract has lifted the total value of cooperation deals between the two sides to US\$18.5 billion.

With a long-term strategic partnership, Vietjet and CFM International - a joint venture between General Electric (GE) and Safran, have been and will cooperate in the management of engine maintenance services, engine technology transfer and engineer training towards the goal of turning Vietnam into a centre for aircraft repair and maintenance in the region.

CFM International is one of the world's leading engine suppliers. It is also the main supplier for Vietjet's fleet which has nearly 100 most modern aircraft in the world flying on many domestic and international routes.

The strategic cooperation relationship between Vietjet and CFM International has importantly contributed to promoting the bilateral trade relations between Vietnam and the US and to efforts towards balanced bilateral trade.

Cooperating with CFM International is also an important foundation in the sustainable development plan of Vietjet, with the goal of becoming a global airline.

The two sides will continue their negotiations to increase the value of the agreement in the coming time.

9. PNJ: PNJ lost VND 110 billion after 2 months of social distancing

↑ 3.33%

Phu Nhuan Jewelry Joint Stock Company (HOSE : PNJ) continued to lose VND 78 billion in August when the Covid-19 situation was complicating nationwide, which forced Ho Chi Minh City and southern provinces to tighten social distancing.

PNJ said that August continued to be an outlier month, the Company had to temporarily close more than 270 stores across the system for most of the month to implement social distancing. As a result, PNJ recorded VND162 billion in net revenue, down 87% YoY and a loss of VND78 billion. Gross profit margin decreased from 17.7% to 13.3%.

Previously in July, PNJ temporarily closed 274 stores across the system also to implement social distancing, so net revenue decreased by 63% over the same period, to 489 billion dong, causing the company to lose VND 32 billion.

Thus, during the prolonged social distancing period, PNJ incurred a total loss of 110 billion dong in 2 consecutive months.

In the first 8 months of the year, PNJ 's net revenue reached VND 12,288 billion, up 19% over the same period last year. Profit after tax reached 625 billion dong, up 14% over the same period last year. In which, retail sales increased by 21%, wholesale increased by 4% and gold bars increased by 25% over the same period in 2020.

However, PNJ 's gross profit margin decreased from 19.2% to 18.5% in the first 8 months of the year.

Compared with their annual target, PNJ has fulfilled 59% of the revenue plan and 51% of the profit plan.

At the end of August, PNJ had 336 stores nationwide. The company opened 1 new PNJ Gold store and closed 2 PNJ Silver stores in August. PNJ said that it still maintains its online delivery

system and operates stores that are not affected by the social distancing policy from some localities outside HCMC.

With their declining business results, PNJ stock fell 13% from its peak on July 7, 2021, to VND93,100/share at the end of September 22, 2021.

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