



VIETNAM DAILY NEWS



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Market Analysis

1. Shares sink in the red on cautious investor sentiment

Robust selling pressure at the end of the session drove the VN-Index down more than 26 points, or 1.94 per cent, to close Monday at 1,324.99 points.

On the Ho Chi Minh Stock Exchange, the red covered most of the electronic board with 377 stocks falling, only 47 rising and 42 closing flat.

In the VN30 basket, which tracks the top 30 shares by market value and liquidity, 24 sank while only two advanced and four ended unchanged. Masan Group (MSN) was the stock dragging the market most with a loss of more than 5 per cent, followed by other heavyweights such as Vinhomes (VHM), Vingroup (VIC) and Vietcombank (VCB) which decreased by more than 1 per cent each.

Twenty-four sectors out of 25 tracked by vietstock.vn lost value, led by finance, insurance, securities with an average loss of around 5 per cent each; agriculture, mining, retail, rubber, plastic and chemical production were down between 3-4.2 per cent.

Only logistics and transportation bucked the trend, up 0.5 per cent thanks to the growth of budget carrier Vietjet (VJC) which rose more than 3 per cent.

Liquidity improved with more than 778 million shares worth VND21.8 trillion (US\$948 million) traded, up 16 per cent in volume and 19 per cent in value compared to the previous session.

According to analysts at MB Securities Co, investors are still cautious in recent sessions which is shown in modest liquidity averaging around VND20 trillion per session for a second consecutive week.

“The market has been moving sideways for the past three weeks amid volatile world stock markets and speculative stocks showing signs of peaking,” they wrote in a note, reckoning the VN-Index will continue moving around 1,327-1,360 points in the coming sessions.

On the Ha Noi Stock Exchange, the HNX-Index tumbled for a third consecutive session, losing 1.84 per cent to close at 353.01 points.

Liquidity also increased here with nearly 156 million shares worth VND3.1 trillion traded, up 8 per cent in both volume and value against Friday's levels.

According to many analysts, although the Government has always shown its determination to sustain macroeconomic stability this year, investors' psychology remains cautious at the current time, especially in the period of lacking supporting information.

FiinGroup's recent data showed the cash balance of investors at securities companies reached VND90 trillion (\$3.9 billion) by the end of August and this amount is waiting for a huge opportunity to enter the market.

Macro & Policies

2. MoIT helps businesses to prepare for RCEP

The Ministry of Industry and Trade (MoIT) is collecting comments on a draft circular regarding the Rules of Origin regulations for the Regional Comprehensive Economic Partnership (RCEP).

According to the MoIT, after 8 years of negotiations on the RCEP agreement, ten ASEAN countries and five partner countries (Australia, China, Japan, Korea and New Zealand) officially signed the agreement in October 2020.

When the agreement comes into force Viet Nam will be part of the largest free trade area in the world, with 2.2 billion consumers, and account for about 30 per cent of global GDP.

The RCEP will eliminate about 92 per cent of import tax between the signatory countries within 20 years, and establish common rules for e-commerce, commerce and intellectual property rights.

In particular, RCEP is designed to cut both costs and time for traders by allowing them to export goods to any of the signatory countries, without having to meet the specific requirements of each member country.

The ministry said Vietnamese enterprises will benefit from reduced transaction costs and a more business-friendly environment, as existing regulations in different ASEAN FTAs are harmonised under the RCEP agreement.

Regarding the import and export of goods, Tran Thanh Hai, deputy director of the ministry's Import-Export Department, said that although ASEAN countries and Viet Nam have some separate FTAs, the RCEP can be considered as both an upgrade and a set of higher requirements for the tradings within the region.

Hai said: "When the RCEP agreement comes into effect it will create vitality in the Vietnamese economy, as relationships between Viet Nam and other Asian countries are further developed."

Luong Hoang Thai, director of MoIT's Multilateral Policy Department, said the RCEP agreement is expected to make an important contribution to the recovery of the regional economy after the COVID-19 pandemic.

The Rule of Origin regulations on goods means, that instead of applying five sets of rules from five different agreements, the signatory countries can instead trade more freely.

The establishment of this agreement will create opportunities for Vietnamese businesses to develop new supply chains in the region.

Thai added that the recent volatility around the world has caused prolonged disturbances to supply chains. The formation of the world's largest free trade area will allow a more stable export market, meaning Viet Nam can focus instead on building an export-oriented production base for the world.

The RCEP agreement will also create a legally binding framework on trade policy, investment, intellectual property, e-commerce and dispute settlement.

In order to fully exploit the benefits of the RCEP agreement, Vietnamese enterprises need to carefully study the agreement, especially those related to the business sector, said Thai.

Experts from MoIT recommend that businesses prepare for the implementation of RCEP by strengthening the domestic market, improving product quality, and accurately identifying their brands.

They said businesses must develop a plan to open their markets and proactively prepare for some of the adverse effects caused by the agreement.

To help local businesses join the RCEP, the circular issued by MoIT regarding Rules of Origin of goods details the regulations agreed upon by the member countries.

The draft said that the certificate of origin will be a common form agreed upon by all members, with a

specific reference number expressed in English and bearing the signature and seal of the issuing organisation. The certificate of origin will be valid for one year from the date of issue.

To accommodate feedback on the Rule of Origin certificate, MoIT is asking for comments on the draft to be submitted via the ministry's web portal.

3. Vietnam's seaports handle over 537.7 million tonnes of goods in 9 months

Vietnam's seaports handled in excess of 537.7 million tonnes of goods in the first nine months of the year, a year-on-year rise of 3 per cent, reported the Viet Nam Maritime Administration.

Despite the negative impacts of COVID-19 on some major ports in the southern region, the total volume of container cargo going through seaports maintained a double-digit growth rate of 15 per cent compared to the same period last year to near 18.6 million TEUs.

Of the figure, the volume of exports was estimated to hit over 6 million TEUs, surging 13 per cent, that of imports over 6.1 million TEUs, up 18 per cent, and that of domestic goods 6.3 million TEUs, up 13 per cent.

Although some seaport areas were put under strict social distancing measures in an effort to curb the spread of COVID-19, the volume of goods that went through those in HCM City expanded more than 7

per cent, in Ba Ria-Vung Tau 5 per cent, and in Hai Phong nearly 11.7 per cent year on year.

Under a freshly approved master plan on developing the domestic seaport network over the next 10 years, with a vision towards 2050, Viet Nam aims to develop a uniform system of modern seaports that provide high-quality services, meet needs for socio-economic development, and ensure national security and defence, maritime safety and environmental protection, and improving the economy's competitiveness.

It is expected to help the country fulfill its goal of becoming an upper-middle-income developing country with modern industry by 2030.

The plan classifies Vietnamese seaports into five groups based on their geographical locations. About VND313 trillion (US\$13.74 billion) mobilised outside the State budget will be needed for its implementation.

4. \$149.4m programme to sustain aquaculture in Cuu Long Delta

The Ministry of Agriculture and Rural Development has approved the programme on sustainable aquaculture development in the Cuu Long (Mekong) Delta until 2030 to make aquaculture an important contributor to agricultural and socio-economic growth.

It is expected to cost VND3.4 trillion (US\$149.4 million).

The plan envisages growing the region's aquaculture by over 4 per cent a year until 2030, while exports are expected to top \$9 billion by then.

The area under aquaculture is over 990,000 ha, and output in 2030 will be more than 4.8 million tonnes, including 1.2 million tonnes of brackish water shrimp and two million tonnes of pangasius.

All concentrated aquaculture areas will be monitored for environmental and food safety and diseases.

The plan also seeks to reduce the brackish water shrimp and pangasius breeding areas affected by dangerous diseases to less than 10 per cent and 8 per cent.

The aquaculture sector will focus on improving the capacity of farmers, strengthening value chain linkages, improving infrastructure, and encouraging farmers to get quality certification.

The target is to lift the aquaculture area and output under co-operation and chain linkage models above 30 per cent of the total, and train more than 30 per cent of workers in the aquaculture sector.

More than 20 per cent of the region's total aquaculture area will obtain GAP, organic or other certificates by 2030.

Key infrastructure system, especially the irrigation system, can meet over 50 per cent of the demand in concentrated aquaculture areas.

The sector has developed strongly in recent years, but face challenges like climate change and diseases that threaten their sustainability.

Consisting of 12 provinces and a central city, the delta is not only the country's rice granary but also its major shrimp and pangasius production and export region.

Its shrimp and pangasius exports in the first seven months of the year rose by 16.1 per cent and 17.9 per cent to \$2.19 billion and \$931 million.

According to MARD, fisheries exports in the period topped \$4.92 billion after rising by 12 per cent year-on-year.

5. Future is bright for Viet Nam's livestock producers

Despite disruptions from the COVID-19 pandemic, higher feed costs and lower meat prices, livestock companies in Viet Nam still recorded positive results thanked to the 3F (feed-farm-food) model. Hence the livestock industry is expected to have a bright growth outlook in the mid- and long-term.

The 3F model, a closed livestock raising method including animal feed, farm and food, is currently a development trend applied by big companies like Masan Group (MSN), Hoa Phat Group (HPG), Dabaco Group (DBC) and Vinamilk (VNM).

Even though Dabaco's profit dropped over the year due to lower pork prices, its business results during outbreaks of pandemics in animals were still very positive.

In its financial report, the company posted a net revenue of over VND5.07 trillion in the first half of the year, and profit after tax of VND579.9 billion.

Bank for Investment & Development of Vietnam Securities Company (BSC) said that Dabaco's main revenue growth was driven by the 3F business segment. And the growth of 3F mostly came from the animal feed segment, as well as hog farming and egg production segments.

A report from the Department of Animal Health under the Ministry of Agriculture and Rural Development showed that since the beginning of 2021, African swine fever has been found in 1,498 farms of 50 provinces and cities, forcing the destruction of 93,261 pigs, more than two times higher than the same period in 2020.

However, the closed, high-quality farming model has helped Dabaco not only avoid problems, but also take advantage of opportunities to gain market share.

Dabaco sets a 5-year plan from 2020-2025 to reach the revenue milestone of over \$1 billion, equivalent to VND25-30 trillion. To achieve the target, the company will continue to expand its investment portfolio of core projects including feed mills and hi-tech livestock zones in Hoa Binh, Quang Ninh, Thanh Hoa and Binh Phuoc provinces and projects on deep processing of agricultural products and food.

Masan Group, one of the leading companies in the food and retail industry, also boosted investment in the closed 3F model to complete the integrated value chain, strictly control quality from production to processing, to product distribution.

The production according to the 3F model has helped Masan manage the source of raw materials, and provide supplies to its own supermarket systems. The company's livestock products have great advantages as they will be sold at the retail chain VinCommerce, a subsidiary of Masan with nearly 2,500 supermarkets and VinMart/VinMart+ stores.

By doing that, from the end of July 2021, Masan MEATLife JSC, a meat processing plant and Masan's subsidiary, has increased their capacity to ensure a stable food supply for HCM City markets during the implementation of social distancing.

Masan MEATLife supplies 100,000 - 150,000 boxes of cool meat MEATDeli per day, equivalent to 35-50 tons of cool meat per day, to HCM City markets. At the same time, the business also doubled the amount of meat supplied to markets in Ha Noi.

To ensure the supply of raw materials, Masan Group owns a high-tech pig farm in Nghe An Province with 250,000 hogs per year.

Hoa Phat Group, one of the leading steel producers, also decided to join the sector after seeing its potential.

In 2015, Hoa Phat started investing in the 3F model, in which Hoa Phat Agricultural Development JSC is a unit managing and operating all agricultural business investment activities.

Hoa Phat's leaders said that it focuses on animal feed and hog, cow and poultry farms, then, depending on market developments, the company will research and invest in processing and distributing food to consumers.

Currently, Hoa Phat's clean egg output reaches 750,000 eggs per day and has been present in most of the major supermarkets in Ha Noi.

Bright outlook ahead

MB Securities JSC (MBS) said that the livestock industry is very positive in the mid- and long-term.

Viet Nam is likely to become the second-largest pork consumer in Asia, and continues to be one of the world's leading pork consumers per capita, ranking third in Asia after China and South Korea, said the Organization for Economic Cooperation and Development (OECD). The country is expected to surpass South Korea at the end of 2021.

6. Online shopping rises 50% in Hanoi during social distancing

Acting Director of the department Tran Thi Phuong Lan said that supplies of goods have been ensured in the city to meet the demand of local residents amid the social distancing measures.

The department has also rolled out measures to support farmers in selling their products, while

The development of Viet Nam's pork industry is the main driver of the domestic feed industry. Even though pork prices have been under downward pressure, they are still very high compared to the previous year.

Pork production is expected to increase to 4 million tonnes in 2025 before reaching 4.7 million tonnes in 2030, equivalent to average annual growth of 3.1 per cent during 2021-2030.

In the poultry market, the OECD forecasted the country's consumption in the next 10 years can reach an average growth of 2.9 per cent per year. The poultry consumption trend in fact continues to increase in many countries around the world.

However, domestic poultry prices are witnessing a downward trend amid COVID-19 and rising animal feed prices.

The animal feed industry also posted strong performance. The country's animal feed production, which reached only 8.5 million tonnes in 2008, surged to 20.5 million tonnes in 2020, with an average growth of about 7.6 per cent/year.

US Department of Agriculture (USDA) said that the size of Viet Nam's animal feed market is forecasted to grow by 5.06 per cent/year, worth US\$12.27 billion in 2025, from \$9.124 billion in 2019.

On the stock market, these companies also witnessed good gains. MSN shares closed the last session at VND142,400 per share, up 60.2 per cent compared to the beginning of the year. DBS shares also rose more than 20 per cent this year, while HPG climbed 6.7 per cent..

allowing farm produce from 22 other cities and provinces to be sold in the capital city, she said, noting that over 200,000 tonnes of agricultural and aquatic products were consumed in only 10 days as of September 21.

Along with creating optimal conditions for the transport of goods, the city has quickly conducted testing and vaccination on labourers working in the goods distribution system. So far, all of them have received at least one COVID-19 vaccine shot, said Lan.

She said that the department has urged the diversification of sale methods, focusing on promoting e-commerce.

Meanwhile, it has given advice to the municipal People's Committee on the issuance of a set of safe

production and business criteria, along with guiding local firms to devise safe operation plans. The department has also listened to ideas from local enterprises to make proposals to authorised agencies on solutions to remove obstacles facing them, especially those relating to capital, tax, goods transport and export.

Once the pandemic is completely controlled, the department will give advice to the city's authorities to launch trade facilitation programmes to help local firms sell their products, she said.

7. Green finance promotes Vietnam's sustainable growth

Due to the adverse impacts of climate change, green growth financing projects play a very important role for the sustainable development of Vietnam, experts have said.

According to the World Bank, Vietnam is one of the five countries most likely to be affected by climate change because most of the population lives in low-lying coastal areas. It is estimated that climate change will reduce the country's national income by up to 3.5 per cent by 2050, Vietnam News Agency reported.

Meanwhile, an International Finance Corporation (IFC) study shows climate finance in Vietnam accounts for only about 5 per cent of total bank loans, equivalent to US\$10.3 billion, and the value is projected to increase significantly in the coming years.

The IFC said the implementation of the national target of reducing total greenhouse gas emissions by 9 per cent by 2030 to mitigate the effects of climate change will provide a climate investment opportunity worth \$753 billion for Vietnam in the 2016-30 period.

Meanwhile, a survey by international rating agency MSCI found 79 per cent of investors in Asia-Pacific significantly increased their investment in Environmental, Social & Governance (ESG) in 2020 in response to uncertainties of the COVID-19 pandemic and 57 per cent of them planned further study to make investment decisions by the end of 2021.

Although the growth rate of foreign direct investment (FDI) in Vietnam is slowing down due to the negative impact of the pandemic, capital flows into green growth projects are still quite positive.

Especially, through domestic credit institutions, international financial institutions are playing an important role in financing green economic development in Vietnam.

Recently, French development finance organisation Proparco granted a US\$50 million loan to HDBank to lend green projects to promote sustainable development.

The IFC last month also provided a \$100 million long-term loan to the Orient Commercial Joint Stock Bank (OCB) to further promote the contribution of the private sector in green and sustainable growth in Vietnam.

The green growth trend of international investment organisations is opening up many opportunities to raise capital for Vietnamese firms, however, in order to receive the international capital funding, local firms also need to make more efforts and be consistent with their planned development goals.

According to HSBC Vietnam, as Vietnam's economy has developed rapidly over the past decade, the country is fertile land for investors looking for growth. However, to sustain the growth, the country will need to develop capital markets, and foreign capital will play an important role.

HSBC assessed anti-climate change initiatives and green finance programmes in Vietnam are still in their infancy, but this frontier market is gradually catching up with governance and social factors.

Many investors were surprised to learn that Vietnam has a detailed set of corporate governance rules and is on the right track with meeting a significant number of the 17 sustainable development goals of the United Nations.

For example, in the renewable energy sector, Vietnam is recording the highest level of investment in renewable energy in the ASEAN region. To attract more FDI and provide foreign companies with a more sustainable energy source,

the country has demonstrated a strong commitment to renewable energy.

However, with the increasing importance of investing in ESG, HSBC experts believe Vietnamese firms will be under greater pressure to comply with ESG standards so they will focus more on sustainable growth and further make public on ESG issues.

Investors will demand more from firms. Therefore, firms operating in the high-carbon emission sector need to rethink their business models and strategies, Vietnam News Agency quoted Wai-Shin Chan, Head of HSBC's Climate Change Centre of Excellence and also Head of Environmental Social Governance (ESG) Research, as saying.

Corporate News

8. VPB: VPBank confirmed rights to receive dividends and bonus shares at 80% rate

↑ 0.00%

The Board of Directors of Vietnam Prosperity Bank (HOSE : VPB) has issued a Resolution on closing the list of shareholders to issue share dividends and additional shares to increase capital by equity.

Specifically, VPBank will issue nearly 1.98 billion shares to increase capital, of which more than 1.53 billion shares will pay dividends to shareholders at the rate of 62.15% and 440 million shares will be issued from equity at the rate of 17.85%.

The capital is issued from undistributed profits, investment and development fund and reserve fund to supplement charter capital of VPBank as approved by the General Meeting of Shareholders

and the Board of Directors with a total amount of more than VND 19,757 billion.

The last registration date to close the list of shareholders to receive dividends and bonus shares from additional issuance is October 8, 2021. The ex-rights date is October 7, 2021.

After completing the issuance, VPBank 's charter capital will increase from nearly VND 25,300 billion to VND 45,058 billion.

On the stock market, VPB shares once hit a record of more than VND72,000/share, then declined and is currently trading around VND67,000/share (closed on September 27), but this price has also increased 106% compared to the beginning of the year. Average liquidity is over 14 million shares/day.

9. HVN: Vietnam Airlines seeks to continue HoSE listing despite losses

↓ -1.35%

Vietnam Airlines has requested its stock remains listed on main bourse HoSE despite recording losses due to Covid-19.

The national flag carrier recently requested the government to allow ticker HVN to continue trading on the Ho Chi Minh Stock Exchange (HoSE), where the biggest companies in the country are listed, although it could record negative equity in a "short" period.

Vietnam's Securities Laws state a company that has an accumulated loss exceeding its charter capital or recording negative equity in the latest annual financial earnings report be considered for delisting.

The company recorded a negative VND2.75 trillion (\$120.43 million) in equity in the second quarter.

It also requested more support solutions to help it recover. It wants to reopen international flights soon to countries deemed Covid safe and to apply vaccine passports to those who are fully vaccinated.

Vietnam Airlines, in which the state holds a 86 percent stake, recorded an accumulated loss of VND17.77 trillion (\$780.48 million) as of June 30.

It had recently issued nearly 800 million shares to increase its charter capital by 56 percent to VND22.14 trillion.

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