



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index jumps over 1 per cent on recoveries of large-cap stocks

Shares settled higher on Tuesday, as investors' risk appetite returned while foreign investment flowed back to the market.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) jumped 14.32 points, or 1.08 per cent, to 1,339.31 points. The recovery claimed back the previous session's losses of more than 24 points due to selling force.

The market's breadth was positive as 265 stocks climbed while 118 stocks declined. However, the liquidity was lower than yesterday, with over 623.5 million shares traded on the southern bourse, worth nearly VND13.4 trillion (US\$805 million).

The index was boosted by large-cap stocks, especially in energy, manufacturing and banking sectors. The VN30-Index, tracking 30 biggest stocks on HoSE, rose 11.92 points, or 0.83 per cent, to 1,451.12 points. Twenty-four stocks of the VN30 basket inched higher yesterday, while only four slid and two ended flat.

Energy stocks still dominated the afternoon session, backed by robust growth of global crude prices. In the international market, oil prices hit 3-year highs on improved global demand and tight supplies.

Continuously leading the index's gain,

PetroVietnam Gas (PVGas, GAS) surged 5.67 per cent yesterday. Other energy stocks supporting the benchmark were Petrolimex (PLX), up 2 per cent, and PetroVietnam Drilling & Well Services Corporation (PVD), up nearly 7 per cent.

Large-cap stocks like Hoa Phat Group (HPG), Vietcombank (VCB), BIDV (BDI) and Bao Viet Holdings (BVH) also contributed to the market's rallies, up in a range of 1.22 - 3.89 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index inched up 3.02 points, or 0.86 per cent, higher to close yesterday at 356.03 points.

During the session, investors poured more than VND3.2 trillion into the northern market, equivalent to a trading volume of nearly 159.2 million shares.

Meanwhile, foreign investors returned to the market after net buying a total value of VND473.09 billion on both main exchanges. Of which, they net bought a value of VND482.71 billion on HoSE, while net sold a value of VND9.62 billion on HNX.

On the Asian markets, shares mainly fell lower yesterday as investors continued to be concerned over China Evergrande Group's debt crisis..

Macro & Policies

2. East Asia and Pacific to grow by 2.5 per cent in 2021

The World Bank (WB) on Tuesday said the East Asia and Pacific region's recovery had been hampered by the spread of the COVID-19 Delta variant, prolonging the distress for firms and households, likely slowing economic growth and increasing inequality in its October 2021 East Asia and Pacific Economic Update Briefing.

"While China's economy is projected to expand by 8.5 per cent, the rest of the region is forecast to grow at 2.5 per cent, nearly two percentage points less than forecast in April," said the WB. "Employment rates and labour force participation have dropped, and as many as 24 million people will not be able to escape poverty."

While the region managed to contain the virus last year as other parts of the world struggled, the rise in cases since then had decreased growth prospects for this year, according to WB East Asia and Pacific vice-president Manuela Ferro.

Ferro, however, showed confidence in the region's ability to emerge stronger from the crisis with the right policies as it has done so in the past.

WB East Asia and Pacific chief economist Aaditya Mattoo said accelerated vaccination and testing could revive economic activity in struggling

countries as early as the first half of next year, and double their growth rate next year.

He noted that in the longer term, only deeper reforms would prevent slower growth and increasing inequality, an impoverished combination the region has not seen this century.

The World Bank has lowered its prediction of Viet Nam's GDP growth to 4.8 per cent in 2021, two percentage points less than the projection made by the World Bank Group in December 2020, which accounts for the negative impacts of the Delta variant on economic activity.

However, FDI flow into Viet Nam has remained stable, showing confidence by foreign investors in the country's ability to resist and bounce back. Viet Nam's GDP for 2020 managed to report a positive 2.9 per cent growth while most economies experienced setbacks and contractions, according to Dorsati Madani, Senior Country Economist in Viet Nam.

Madani said there were signs showing foreign investors still have confidence in the economy. A major global food brand has announced they were to invest \$180 million in Viet Nam as they viewed the economy as one with a lot of room for growth.

3. Foreign investment sees increase despite impact of COVID pandemic

Despite negative impacts of the pandemic, the business community, including FDI enterprises, has shown solidarity, shared responsibility with the Government and local authorities, and supported the community in the fight against COVID-19, said Deputy Minister of Planning and Investment Nguyen Thi Bich Ngoc.

They also made efforts in adapting to new situations, maintaining production, creating jobs for workers, and contributing to socio-economic development, she remarked at the Government Portal's online conference on September 27.

Foreign investors' new capital registered in Viet Nam reached US\$22.15 billion in the first nine months of this year, marking an increase of 4.4 per cent from the same period last year.

Ngoc said: "The figures showed the Vietnamese Government's special attention to investors and business climate improvement."

There are 34,141 valid projects nationwide with a total registered capital of US\$403.19 billion. Of which, realised capital is estimated at \$245.14 billion, accounting for 60.8 per cent of total investment capital.

COVID-19 pandemic was having a very negative impact on the FDI sector, including attracting foreign investment. The 4th wave of the pandemic directly hit major industrial centres of the country such as HCM City, Bac Giang, Bac Ninh, Dong Nai and Binh Duong, where many FDI enterprises are based, disrupting production supply chains.

At the conference, representatives of participating FDI firms said they believed in Viet Nam's business climate and hoped the authorities would continue prioritising vaccinations for workers, opening the market for production recovery, and simplifying administrative procedures.

Choi Joo Ho, President of Samsung Vietnam, said: "Samsung will not change its investment strategy in Viet Nam."

Ho confirmed Samsung would continue to expand production and invest in equipment in its six factories operating in the nation while upgrading and investing more in research and development to make Samsung Vietnam a major production base in the world. He added Samsung Vietnam was building a \$220 million R&D centre in Ha Noi.

Binu Jacob, CEO of Nestle Vietnam, said the group decided to invest \$132 million in building a new plant in southern Dong Nai Province over the next two years in a bid to become Vietnam Nestle's production centre in Asia and Oceania.

The vice chairwoman of Dong Nai People's Committee Nguyen Thi Hoang said as of early September, 42 countries and territories had invested in the province with a registered capital of up to \$32 billion, adding new investment capital increased by 25 per cent over the same period last year and reached 88 per cent of the year's plan.

Hoang said the province pledged the local authorities' support for enterprises and their production recovery, adding Dong Nai would further create a favourable environment for FDI firms to invest in the southern locality.

According to local media, foreign investors added additional investment to expand production in Viet

Nam, showing their trust in the country's prospects for economic recovery.

Tetra Pak of Sweden has confirmed that it would pump 5 million EUR or \$5.86 million to expand its existing 120-million-EUR plant in Binh Duong Province.

The investment demonstrates the company's trust in Viet Nam's strong economic recovery after the pandemic, according to Managing Director and President at Tetra Pak Vietnam Eliseo Barcas.

In particular, the LG Display project in Hai Phong has received additional investment twice this year, with \$750 million in February and \$1.4 billion in August.

Earlier this month, authorities in the northern province of Quang Ninh presented an investment registration certificate to a \$365.6 million project of Jinko Solar Vietnam Co. Ltd., an affiliate of the Jinko Solar Holding Co. Ltd. The firm channelled nearly \$500 million into a project in the province in March.

Chief Representative of the Japan External Trade Organisation (JETRO) in Ha Noi Nakajima Takeo said Japanese firms are working to adapt and improve their production system in the new situation.

Meanwhile Alain Cany, chairman of the European Chamber of Commerce (EuroCham) in Viet Nam, said the European business community was determined to stand side by side with the Vietnamese Government in this tough time and believed that the Government would successfully bring COVID-19 under control as it did before.

As they have shown their determination to maintain operations in Viet Nam, most foreign investors hope that the Government will promptly devise a clear plan for reopening and economic recovery, or else current investment plans will be delayed and newcomers cannot enter the country to study investment possibilities.

In the first eight months, the total import-export value of the FDI sector surged 31.2 per cent to \$297.43 billion.

4. PM calls on provinces and cities to accelerate public investment disbursement

The workload of public investment disbursement in the remaining months of the year will be difficult as the disbursement rate has so far reached only 47.38 per cent, said Prime Minister Pham Minh Chinh.

Chinh chaired a meeting on Tuesday with local authorities of 63 provinces and cities and relevant ministries on accelerating public investment disbursement.

He said public investment was an important solution to boosting socio-economic development.

He asked participants to focus their discussion on how to effectively utilise public investment, making a contribution to socio-economic growth in 2021 and laying the foundation for development in 2022.

He urged relevant ministries and localities to ensure the progress of public investment disbursement and strengthen supervision to avoid corruption and violations.

According to Minister of Planning and Investment Nguyen Chi Dung, more than VND218 trillion has been disbursed as of September, covering 47.38 per cent of the Government's target.

Four ministries and 11 localities have an allocation rate of more than 60 per cent.

Forty-six out of 50 ministries and central-level agencies and 52 out of 63 provinces and cities have disbursement rates below 60 per cent.

The disbursement remains slow due to obstacles in land clearance, bidding, changes of policies, and a lack of capacity of investors and contractors.

At the conference, leaders of localities with a high rate of disbursement, such as Bac Giang, Quang Ninh and Thanh Hoa shared experience, for example, focusing public investment on key and prioritised projects, assigning disbursement plans at the end of the previous year with detailed deadlines and withdrawing investment if falling behind deadline.

Those localities also upheld the responsibilities of leaders in charge of public investment disbursement, asked contractors to sign commitments on meeting deadlines and ensuring quality and strengthened supervision to lift difficulties.

Local authorities of Ha Noi, HCM City, Ba Ria-Vung Tau, Lam Dong, Long An and Dien Bien as well as representatives of the Ministry of Foreign Affairs, Vietnam Union of Science and Technology Associations and Vietnam General Confederation of Labour shared challenges that resulted in slow disbursement including impacts of COVID-19, obstacles from land clearance and legal procedures.

Representatives of ministries of justice, construction, agriculture and rural development said the ministries were making amendments to regulations to lift obstacles and accelerate public investment disbursement.

According to PM Chinh, the Government has targeted more than 95 per cent of public investment to be disbursed this year, however, due to subjective and objective reasons, the progress is behind schedule.

A number of ministries and localities have disbursement rates below 40 per cent. Some units have a 0 per cent rate.

2021 would come to an end in three months but the workload would be high in order to disburse the remaining 50 per cent of public investment, he said, urging ministries and localities to focus all resources and take drastic measures to realise the target.

He asked localities which are applying social distancing regulations to take time to complete procedures in order to implement the task right away after social distancing ends.

He asked local authorities to apply technology, cut down on administrative procedures to save time and reduce costs.

5. Domestic retail petrol prices hit three-year high

Domestic retail petrol prices rose by more than VND500 per litre on average as of 3pm on

September 25 following the latest price adjustments made by both the Ministry of Industry and Trade and the Ministry of Finance.

This latest change has seen the retail price of E5 RON 92 bio-fuel record a rise of VND573 per to hit VND20,716 per litre, while that of RON 95 increased by VND548 to peak at VND21,945 per litre.

Furthermore, the selling price of diesel 0.05S was capped at VND16,586 per litre, while the prices of kerosene and mazut oil stood at VND15,643 per litre and VND16,580 per kilo, respectively.

Retail petrol prices have therefore witnessed an increase for the second consecutive time over the past month, with the price of E5 RON 92 bio-fuel rising to its highest level since October, 2018.

During the latest price adjustments, the two ministries decided to use the Price Stabilization Fund for RON 95 at VND150 per litre, diesel and kerosene at VND200 per litre and mazut oil at VND100 per kilo.

Both ministries meet every 15 days to review fuel prices and make relevant adjustments to keep domestic prices in line with global market fluctuations.

6. State Bank of Vietnam draft regulations on social housing lending cause controversy

The State Bank of Vietnam (SBV) has proposed that commercial banks not be allowed to provide preferential loans to low-income people seeking to purchase, lease and lease-purchase social houses.

The proposal is part of draft amendments to the central bank's Circular No. 25/2015 on instructions for concessional loans for social housing.

Specifically, people who want to purchase, lease or lease-purchase will only be able to borrow money at low-interest rates from the Vietnam Bank for Social Policies (VBSP).

The rationality for the amendment, according to the central bank, is to make it suitable to the current Housing Law 2014, which stipulates that the VBSP is the only source of funds for social housing seekers.

Currently, some commercial banks are designated by the SBV to provide preferential loans for social housing buyers, including Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank), Joint Stock Commercial Bank for Industry and Trade of Vietnam (Vietinbank), Bank for Agriculture and Rural Development of Vietnam (Agribank), Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV). Instead of mobilising people's savings, these banks use funds from the State budget to lend to would-be home buyers.

Le Hoang Chau, chairman of the HCM City Real Estate Association (Ho REA), said that in the 2015-20 period, few low-income earners were able to access preferential lending to buy social houses, due to a shortage of supply and slow allocation of capital from the State budget for commercial banks to disburse.

Therefore, the draft amendment, he said, would negatively affect the State's policy of offering long-term concessional loans to home buyers at low-interest rates.

Low-income people will therefore be deprived of opportunities to buy, rent or rent-buy social houses. This in turn will mean that the State's target of ensuring social security might not be met.

From the perspective of project investors, Dinh The Quynh, Deputy General Director of Hai Phat Land, said to BizLive news that many investors had not been keen on social housing projects, due to complicated licensing procedures and low benefits, leading to the short supply of social housing.

Thus the amendments might further discourage investors, as it would be more difficult for people to acquire cheap capital, especially when it had already been difficult to obtain loans from VBSP.

From 2018 to 2020, the funds lent to social housing buyers reached VND1.26 trillion (US\$55.7 million),

equivalent to only 12 per cent of the State funds allocated to VBSP for the social housing development purpose.

Dang Van Quang, general director of Thai Nam Real Estate Business and Management Joint Stock Company, however, said the draft amendment was quite reasonable because it would be unlikely to affect many people.

Instead of trying to get a loan from many different commercial banks, people would instead go to one place – the VBSP. In nature, the amendment would not change the source of capital as the capital for lending social housing buyers would still be from the State budget, Quang added.

While VBSP would be the only source of funds for the social housing buyers, it would have to operate more actively and openly to make it easier for people to access this cheap capital, he stressed.

According to economic expert Dinh The Hien, policies on social housing change in line with targets of social security and welfare programmes, but are not subject to the financial law. Therefore, it is time to separate the commercial banking system from the policy of social housing development.

It is necessary to continue preferential loan deals for social housing programmes, but commercial banks should be withdrawn from the programme and this responsibility should be assigned to VBSP or Housing Development Fund, Hien said.

7. Wood craft villages face strong reduction in output, income due to COVID-19

Production and income of business households in the Red River Delta-based traditional wood craft villages have reduced due to social distancing measures amid the COVID-19 pandemic, according to the Viet Nam Timber and Forest Products Association (VIFOREST).

The business households have had to reduce production capacity by 62 per cent, according to a survey by VIFOREST unveiled at the webinar "COVID-19 pandemic and wood craft villages: Impact and necessary policies" held on September 22.

These villages include Dong Ky (Bac Ninh Province), Huu Bang, Lien Ha and Van Diem (Ha Noi), Thuy Lan (Hung Yen Province) and La Xuyen (Nam Dinh Province).

The survey also reported that they have seen reductions of 76 per cent in output and 80-90 per cent in income.

About 70 per cent have had to borrow capital for production and business. Under pressure to pay interest rates for bank loans, some households have resorted to black credit with much higher interest rates than at banks to pay. This is a huge risk, according to the survey.

According to To Xuan Phuc, an expert of Forest Trends, another challenge for them is the increase in input material costs for production. The application of social distancing measures has caused freight and the price of sub-material to rise by an average of 20-25 per cent, while the cost of input wood has surged by 5-10 per cent.

Nguyen Thi Bay, the representative of the Huu Bang Wood Craft Village in Ha Noi, said her village mainly produces household wood products. Since the pandemic, this village has mostly suspended production and the village's business households have been facing many difficulties.

Therefore, Bay has proposed the State to provide capital support and tax reduction for those households.

She also hopes that the association can act as a bridge connecting the craft villages to export companies so the households can participate in the export production chain. This will help the craft villages create more jobs and raise incomes.

Vu Quoc Vuong, chairman of the Dong Ky Wood and Fine Arts Association, said that Dong Ky mainly produces high-quality goods for export to China. However, in the past two years, this market has almost closed, so the village has faced many difficulties in production and business activities.

Those villages expect the State to provide solutions in terms of loans, land lease, consumption and business renovation. Of which, the most important recommendations are to reduce interest rates of loans and delay payment terms.

Phuc said that from the beginning of July 2021, the Government has issued two resolutions to support people and businesses who are negatively affected by the pandemic. However, the households surveyed confirmed that they could not access the financial support.

The households do not have business or tax payment registrations, so their production and business activities are not recognised by management agencies, he said.

Do Xuan Lap, VIFOREST chairman, said that it is necessary to develop policies to support household businesses in craft villages.

In addition, closer connections should be built between the craft villages and enterprises, association members, and management agencies, he said.

Phuc said the Government should adjust supportive criteria to ensure that the households in craft villages can get the support.

Besides that, the Government should enhance support for the households in converting from business households to enterprises. This change will help households to access State and social support for their development and also helps the State to manage the activities of the craft village in the future, he said.

Corporate News

8. VCS: Vicostone's Q3 pre-tax profit estimated to reach 80% of yearly target

↑ 3.17%

Vicostone JSC (HNX: VCS) - member of Phenikaa Group, has announced its net revenue and pre-tax in the third quarter was estimated to rise 23.47 per cent and 22.4 per cent year-on-year at VNĐ1.86 trillion (US\$79 million) and VNĐ574.6 billion (\$24.7 million), respectively.

The figures would equal 76.54 per cent and 80.24 per cent of the full-year targets, showing utmost efforts of the company amid the uncertainties and difficulties brought by the COVID-19 pandemic, the company said in a statement.

The COVID-19 pandemic has had negative impacts on a global scale, resulting in increases of infection cases and fatalities. In face of the outbreak, social distancing measures have been enforced in different areas and production activities have been halted, causing the disruption of the global supply chain and impeding the global market demand for goods and services.

In Việt Nam, the fourth wave of COVID-19 broke out in late April 2021 and spread across most of the provinces and cities, triggering a series of effects on local areas, especially Hà Nội and HCM City.

Strong adaptive capacity, timely transformation in connection with market changes and solid corporate governance in pursuance of sustainable development has helped Vicostone overcome the challenges and uncertainties created by the outbreak, according to the company.

Vicostone has successfully mastered the technology, which allows the company to self-supply and localise the making of Cristobalite, Quartz and Resin as main inputs for stone engineering. That has enabled Vicostone to reduce the dependence on imported materials, limit the risks of foreign exchange rates, optimise costs and prices, deliver satisfactory outcomes and improve market competitiveness while others have been struggling with the downturn and disruption of the global supply chain.

Vicostone and Phenikaa Group have done charity work to support Vietnamese people amid the pandemic. Phenikaa Group and its members have donated nearly VNĐ50 billion in cash, commodities and technological products such as disinfection robots and a COVID tracking map to assist local people and authorities in the fight against the pandemic.

9. HDB: HDBank among Forbes's top financial brands in VN

↓ -0.20%

Forbes Vietnam has unveiled a list of the top 25 valuable financial brands in Viet Nam, which are worth a combined US\$3.95 billion, with HDBank in the top eight with a value of \$162 million.

The banking industry dominates the list with 17 representatives, followed by the securities and insurance industries with five and three.

The list based on companies' ability to generate profits.

Financial brands showed strong growth in fiscal year 2020, driven by the banking and securities sectors.

In recent years HDBank has been highly valued by the market, including foreign financial institutions, for its profitability from business activities and strong digital transformation that enables it to maximise its internal strengths.

In the second quarter of this year HDBank's governance efficiency and profitability improved, with the return on average equity (ROAE) at 25.6 per cent and return on average assets (ROAA) at 2.1 per cent.

Capital adequacy and liquidity are at good levels with CAR (based on Basel II standards) reaching 13.2 per cent.

The total operating income topped VND 4.25 trillion (\$187.77 million) for the second quarter and VND8.42 trillion (\$371.7 million) for the first half, up 32.7 per cent year-on-year.

Net revenues from services topped VND857 billion (\$37.8 million), 2.3 times up from the same period last year thanks to strong growth in bancassurance and payment services, and indicating there is still room for growth.

Recently HDBank announced the signing of agreements to develop products and services with a series of units in its ecosystem, giving it a huge opportunity to diversify its income sources, especially from fees and bancassurance.

HDBank is also one of the pioneering banks in embracing digital transformation in the Vietnamese financial market.

Even during the peak of the COVID-19 pandemic, HDBank ensured smooth operation of its system to effectively serve business activities.

Its digital applications and automation of products and services helped promote non-cash payments and enhanced the convenience of its online transaction channels.

For maintaining a solid business foundation and a high growth rate, having good asset quality and being ranked in the group of banks with the best performance many years, HDBank was also named one of the Top 40 Most Valuable Brands in 2018 and Top 50 Best Listed Companies in Viet Nam in 2020 by Forbes.

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