



VIETNAM DAILY NEWS



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Market Analysis

1. Shares fall slightly on low liquidity

Shares fell slightly on Wednesday but liquidity dropped to the lowest in September, showing increasing investor caution about the market outlook.

On the Ho Chi Minh Stock Exchange, the VN-Index inched down 0.01 per cent to close the day at 1,339.21 points. Meanwhile, the HNX-Index on the Ha Noi Stock Exchange ended down 0.49 per cent at 354.29 points.

Liquidity continued to decline with nearly 804 million shares worth VND21.6 trillion (US\$939 million), of which the trading value on HCM City's bourse fell to VND17.2 trillion, the lowest since August 25.

In the meantime, foreign traders returned to be net sellers after a net buying session of VND470 billion on Tuesday. They offloaded shares worth a net value of VND444 billion in three exchanges (including the Unlisted Public Company Market).

“Low liquidity showed investors’ rising concerns amid negative information,” stock analysts at vietstock.vn said in its daily report.

Data on vietstock.vn showed banking and securities were the main drag with an average decline of around 1 per cent each.

Seven of the top 10 stocks dragging the VN-Index most were banks, including Vietinbank (CTG), Vietcombank (VCB), VPBank (VPB), Techcombank (TCB), Sacombank (STB), VIB (VIB) and BIDV (BID) with CTG leading the losers with a loss of 1.8 per cent.

According to analysts, investors are inclined to hold money instead of chasing short-term movements in the market.

The end of September is also the time to close net asset value (NAV) of the third quarter of financial institutions and this has more or less impact on selling decision of investors.

On the bright side, oil and gas stocks continued to gain thanks to positive information about rising energy demand as well as uptrend in world oil prices. PV Power (POW) jumped 3.87 per cent while PV Gas (GAS) and Petrolimex (PLX) increased 1.8 per cent each.

Other heavyweight gainers which cushioned the market on Wednesday included Masan Group (MSN), up 3.7 per cent; steelmaker Hoa Phat Group (HPG), up 1.3 per cent; and Mobile World Investment (MWG), up 0.9 per cent.

Macro & Policies

2. Vietnam's third quarter GDP down 6.7 per cent: lowest quarterly decline since 2000

Viet Nam witnessed a steep decline in gross domestic product (GDP) of 6.7 per cent in the third quarter of this year, the General Statistics Office said on Wednesday.

This is the lowest quarterly decline recorded in the history of quarterly GDP statistics since 2000.

GSO General Director Nguyen Thi Huong said at a press conference in Ha Noi that the GDP growth was dragged down by the deeply-felt impacts of the fourth wave of the COVID-19 pandemic.

“The negative GDP growth in the third quarter is predictable as in the past three months, many localities across the country had to follow strict social distancing measures, thus halting production,” she said.

In Q3, the agro-forestry-fishery sector rose by 1.04 per cent, industry and construction fell by 5.02 per cent and the services sector was down 9.28 per cent, statistics showed.

In the first nine months of this year, Viet Nam's GDP still expanded 1.42 per cent compared to the same period last year.

Amid the COVID-19 pandemic's serious impact on every socio-economic aspect of countries around the world, it was still a big success of Viet Nam in the pandemic fight and economic recovery and development, she said.

Between January and September, the agro-forestry-fishery sector increased 2.74 per cent, industry-construction 3.57 per cent, and services 0.69 per cent. The first two respectively contributed 23.52 per cent, 98.53 per cent to the overall growth while the third contributed to reducing overall growth 22.05 per cent.

Huong said the agro-forestry-fisheries sector played the role of a pedestal of the economic growth during the pandemic, with high rice productivity, stable livestock production growth and fairly high export turnover in some agricultural products.

The agricultural sector increased by 3.32 per cent in nine months, the forestry sector expanded by 3.3 per cent and the fisheries sector rose by 0.66 per cent.

In the industry-construction group, the processing and manufacturing industry was the growth engine of the whole economy with a growth rate of 6.05 per cent, Huong said.

According to the GSO, the COVID-19 pandemic has seriously affected trade and service activities. Some service industries with negative growth contributed to reducing the overall growth of the whole economy.

Of them, the wholesale and retail sector fell by 3.1 per cent, the transportation and warehousing industry decreased by 7.79 per cent and the accommodation and food service industry dropped by 23.18 per cent.

The health sector, in contrast, achieved the highest growth rate with a sharp increase of 21.15 per cent, followed by the financial, banking and insurance industry with an increase of 8.37 per cent and information and communication, up by 5.24 per cent.

CPI down 0.62 per cent in September

The consumer price index (CPI) in September decreased by 0.62 per cent compared to August but was up by 2.06 per cent compared to the same period last year.

Huong attributed the decrease in monthly CPI to the decrease in rental housing prices during the implementation of social distancing, the exemption and reduction in tuition fees for the academic year 2021-2022 in some localities, falling food prices due to guaranteed supply and the Government's plan to reduce electricity prices for households and businesses affected by the COVID-19 epidemic.

Six of the 11 groups of commodities and services increased, of which beverage and tobacco rose 0.17 per cent, household appliance gained 0.09 per cent,

garments, hats and footwear climbed 0.02 per cent, culture, entertainment and tourism rose 0.01 per cent, medicine and medical service increased 0.03 per cent, commodities and other services were up 0.02 per cent.

Five groups decreased, including housing and construction materials declining 1.99 per cent, education dropping 2.89 per cent, traffic down 0.16

per cent, food and catering services losing 0.16 per cent, post and telecommunications, dropping 0.06 per cent.

In nine months, CPI increased by 1.82 per cent compared to the same period last year, the lowest nine-month CPI growth recorded since 2016. Core inflation in 9 months rose by 0.88 per cent.

3. Japanese firms want to expand investment in Viet Nam: SCCI Chairman

Member enterprises of the Sakai Chamber of Commerce and Industry (SCCI) doing business in Viet Nam have provided positive evaluations about the country and expressed their wish to expand investment there, SCCI Chairman Kazumasa Kuzumura has said.

During a discussion between Vietnamese Consul General in Osaka Nguyen Hong Ha and leaders of SCCI and Sakai city in Osaka prefecture of Japan earlier this week, Kuzumura spoke highly of Vietnamese workers, adding that SCCI member enterprises' recruitment demand for Vietnamese workers, especially students, is huge.

Mentioning problems in the recruitment of Vietnamese labourers, he said several brokerage companies and businesses which sent workers charge high fees and choose unqualified workers.

Ha, for his part, suggested Japanese enterprises choose trustworthy and responsible partners for

Japanese language and vocational training before sending workers to Japan, and work closely with the Vietnamese Consulate General in Osaka and local authorities to deal with rising issues.

He also proposed Japanese firms support Vietnamese apprentices who meet difficulties caused by the COVID-19 pandemic.

On this occasion, the official hoped that once the pandemic is put under control, SCCI will hold regular fact-finding trips to Vietnamese cities and provinces, especially Da Nang that signed a memorandum of understanding on becoming a friendship city with Sakai in February 2019.

He also suggested both sides hold forums and seminars on human resources to make it easier for employers to directly meet and talk with Vietnamese students.

4. Banks to lend \$4.3 billion preferential interest rate loans

Banks will lend more than VND100 trillion (US\$4.3 billion) with preferential interest rates of 3-4 per cent per year to support the economy, according to Nguyen Tuan Anh, director of State Bank of Vietnam (SBV)'s Credit Department of Economic Sectors.

The rate cut is estimated to be worth VND3 trillion, Anh said at a preferential interest rate event held last week by Vietnam Economic Review.

In addition to this support package, the banking industry has also implemented many other support policies for firms and individuals, Anh said, adding the banking industry had restructured VND520 trillion in loans for borrowers and cut interest rates

of VND16 trillion since the outbreak of the COVID-19 pandemic.

"The very large number has shown the banking industry has tried its best in recent times to share difficulties with firms and people during the pandemic," Anh noted.

However, expert Le Xuan Nghia said the VND3 trillion rate support package is too small to create a rebound for the economy to recover. Therefore, he said, the size of the aid package should be larger.

Nghia suggested the central bank should use its monetary policies to cut rates by some 1 per cent per year besides another stimulus package with an interest rate reduction of roughly 2-3 per cent per year. He expected the measures would create a stronger interest rate reduction effect for businesses.

The support packages should be widely applied for all industries and businesses with simpler procedures. Accordingly, businesses that have faced difficulties, reduced revenue, had negative profits and had no collateral, can also access the support packages, Nghia said.

Besides, Nghia also proposed the Ministry of Finance consider the issuance of bonds to borrow from people or the central bank. He estimated the central bank's foreign currency reserves are now very large, about four times higher than that in 2009.

Regarding credit growth, SBV's Anh said the banking industry has been actively boosting lending in the past two months, but credit demand is still weak due to the impact of the pandemic. He expected credit would increase more rapidly after the social distancing measures are removed.

According to the SBV, credit by the end of last month increased by 7.18 per cent compared to the beginning of this year, and is expected to reach 12 per cent for the whole year.

Anh affirmed that banks haven't tightened lending, but created favourable conditions for firms to access bank loans.

"The credit growth target this year is 12 per cent, but if necessary, the rate can be adjusted to create favourable conditions for firms," Anh said.

5. Energy stocks benefit from higher oil prices

Surging oil prices, recovering demand and tighter supplies have boosted energy stocks, supporting the general stock market.

In the international market, oil prices skyrocketed on Monday, with Brent breaching over US\$80 per barrel for the first time in three years, as investors were concerned about tighter supplies against rising demand in many parts of the world post-pandemic.

In fact, Brent crude has jumped since the beginning of the year, up more than 39 per cent, as economies recover from the COVID-19 pandemic.

The growth in oil prices helped energy stocks to rise sharply on Tuesday, boosting the market sentiment.

PetroVietnam Gas (PVGas) was the biggest gainer in Tuesday's trade and led the market's uptrend. It climbed 5.67 per cent.

Petrolimex (PLX), PetroVietnam Drilling & Well Services Corporation (PVD), Vinacomin - DeoNai Coal JSC (TDN), Vinacomin - Vang Danh Coal JSC (TVD) and Vinacomin - Mong Duong Coal JSC (MDC) also posted strong performance.

These stocks continued rallies on Wednesday while the market faced headwinds as rising selling pressure weighed on bank stocks.

Besides PVD shares, the rest still gained more than 1 per cent. Of which, GAS shares rose 1.8 per cent, PLX shares were up 1.76 per cent, TDN increased 2.79 per cent, TVD inched up 3.87 per cent and MDC rose 1.78 per cent.

The outlook for the oil industry is optimistic, with Goldman Sachs recently raising its year-end forecast for Brent crude to \$90 per barrel.

On Tuesday, the Organization of the Petroleum Exporting Countries (OPEC) also forecast that oil demand will grow sharply in the next few years. Meanwhile, several members of the group of producers have been having trouble raising production to meet recovering demand.

OPEC expected demand will rise by 1.7 million barrels per day (bpd) in 2023 to 101.6 million bpd. The group also said that global producers need to keep investing in production to avert a crunch despite an energy transition.

The supplies are tighter as production in the US continues to be disrupted after two Hurricanes Ida and Nicholas.

The gas industry also has a lot of potential, Vietinbank Securities said in the gas industry report.

Currently, most of the gas output is being used for electricity production, then nitrogen fertilisers.

Of which, in the average annual gas demand structure, the electricity industry accounts for 77 per cent, the fertiliser industry 19 per cent and 4 per cent for other industries.

With the decrease in nitrogen demand and the policy of developing electrification in the future, Vietinbank Securities forecast that the proportion of the electricity industry in the structure will increase to 84 per cent, the fertiliser industry falls to 9 per cent, the rest will be for the other industries.

But since the end of 2019, Viet Nam has started to record a shortage of gas supply to meet these two main industries, while production during 2021-2022 is expected to be unchanged at around 10-12 billion cubic metres, Vietinbank Securities said.

Given stronger Vietnamese electricity demand on economic and demographic growth factors, the gas supply will only be enough to meet demand until the White Lion field project is officially in operation in 2023, the securities firm added.

After the White Lion field goes online, the gas output can rise up to 12.5 billion cubic metres.

The energy demand will also be boosted by the shift of supply chains as many manufacturers have moved their production plants to Viet Nam.

The market ended lower Wednesday due to losses in bank stocks. The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) dropped 0.01 per cent to 1,339.21 points.

6. Public investment pushes real estate market

The acceleration of investment in transport infrastructure is the main driving force fueling real estate stocks as many businesses with large land plots located in areas near key infrastructure projects will benefit from this process.

The Government has released the medium-term public investment plan for the 2021-2025 period with a total capital of up to VND2.87 quadrillion (US\$120 billion), an increase of 43 per cent compared to the 2016-2020 period. The capital is mainly for investment in transport infrastructure in provinces.

According to Viet Dragon Securities Co, the total infrastructure investment in the 2021-2025 period in Ha Noi is VND332 trillion, HCM City VND638.5 trillion and Dong Nai VND595 trillion.

In the South, it is apparent that most of the key infrastructure projects under construction or planning will pass through Dong Nai Province, namely Long Thanh International Airport, Ben Luc – Long Thanh Expressway, Bien Hoa - Vung Tau expressway, and Dau Giay - Phan Thiet Highway.

Dong Nai real estate market is of special interest to investors. Many large constructors have also become involved in this market such as Novaland, DIC Corp, Dat Xanh and Nam Long, to take advantage of opportunities from infrastructure development.

Deputy Prime Minister Le Van Thanh sent a document asking the People's Committee of Dong Nai to focus on speeding up the progress of compensation for land clearance and resettlement for people, helping speeding up the construction progress of the Long Thanh airport project phase 1.

By the end of August 2021, Dong Nai had approved the compensation plan for 4,584 cases with an area of more than 1,900 hectares and a total amount of compensation of more than VND9 trillion.

The Provincial People's Committee has also proposed that the Government support the locality with more than VND4 trillion to invest in two roads connecting Long Thanh airport, including provincial road 763 and provincial road 770B.

According to analysts, real estate projects located around the airport will benefit in the future.

Notably, the Gem Sky World urban area project developed by Dat Xanh Group, enjoying the advantage of infrastructure and synchronous design of the area, has quickly become a hotspot in the province.

The project attracted many customers. Its self-built townhouses were initially priced at VND18 million per square metre but now, after a year of opening for sale, its price has increased to over VND30 million per square metre, up by 70 per cent.

The attraction of Dong Nai's real estate market also comes from its proximity to HCM City, with Long Thanh-Dau Giay Expressway being a key intersection connecting the two areas.

The province also has many large industrial parks, which are the driving force for the provincial economy. Currently, there are 32 industrial parks in operation and in 2021, three more parks are completing procedures. It is expected that in the 2021-2030 period, there will be eight new industrial parks.

According to securities companies, with the above advantages, projects such as Aqua City of Novaland, Izumi City of Nam Long Group, and Gem Sky World of Dat Xanh Group, are expected to bring benefits to investors and customers who buy early to invest or settle down. When the social distancing measures are eased and public investment disbursement is accelerated, this group will benefit.

According to ACB Securities Co, in 2021, NVL revenue will total about VND21.44 trillion, up 327

per cent compared to 2020 and profit will reach VND4.39 trillion, up 12 per cent thanks to the revenue contribution mainly from Aqua City, Novahills Mui Ne and NovaWorld Phan Thiet.

For Nam Long (NLG) has just increased its ownership rate to 65 per cent in the Waterfront project, expected to open for sale in Q4. According to Viet Dragon Securities Co, in 2021, the main highlight of NLG is stable sales growth. It is estimated that the total sales value in 2021 will reach VND9.3 trillion from the sale of 2,359 realty products.

Estimated revenue and profit in 2021 is VND4.44 trillion, up 100 per cent year-on-year, and VND1.15 trillion, up 38 per cent year-on-year, respectively.

Dat Xanh Group (DXG) plans to develop urban areas scattered across the country, besides dozens of projects that have been developed, with a total land area of nearly 2,300 hectares in HCM City, Binh Duong, Dong Nai, Long An, Kien Giang, Khanh Hoa, Bac Giang and Vinh Phuc .

DXG is expected to achieve high growth in 2021 thanks to the handover of Gem Sky World and Opal Boulevard projects and the recovery of the real estate market.

ACBS Securities forecasts that DXG's net revenue in 2021 can reach VND9.2 trillion, up 219 per cent over the same period last year, and post-tax profit of VND1.24 trillion.

In early September, DXG was positively evaluated by many securities companies and recommended to buy.

7. The Ministry of Public Security completes draft decree on cybersecurity fines

The act of buying and selling personal data of over 10,000 people should result in a fine of VND80-100 million (nearly US\$3,500), according to a proposal by the Ministry of Public Security.

The Ministry of Public Security completed a draft decree on sanctioning administrative violations in the field of cybersecurity to collect comments from agencies, organisations and individuals.

Notably, in the draft decree, the Ministry of Public Security dedicated a section with 17 articles to stipulate penalties for violations in the protection of personal data.

The Ministry of Public Security said that information and data security have received attention, but no sanctions have been applied. Personal information data is used, stolen, disclosed, exchanged, sold for

profit, or solicited from customers when using services.

Personal information of users of applications and services in cyberspace is being collected, exploited and used publicly by enterprises providing digital content, e-commerce, and foreign data storage applications.

"These are behaviours that need to be sanctioned to increase the effectiveness of the law, increase deterrence, and prevent crime," the Ministry of Public Security emphasised.

The fine will be double the above regulation for acts of disclosing or losing personal data after it has been transferred across the border, causing consequences to 100,000 data subjects who are Vietnamese citizens; and three times more with the act of disclosing and losing personal data after crossing the border, causing consequences for 1 million data subjects who are Vietnamese citizens.

Acts of disclosing or losing personal data after it has been transferred across the border, causing consequences on more than 1 million data subjects who are Vietnamese citizens, will be subject to a fine equal to 5 per cent of total revenue in Viet Nam.

In addition, the draft decree being consulted by the Ministry of Public Security also stipulates the form and penalties for violations of regulations on information security, cyber attack prevention, implementation of network security protection activities, and the prevention and control of acts of using cyberspace, information technology and electronic means to violate the law on social order and safety.

The full text of the draft decree on sanctioning of administrative violations in the field of cybersecurity has now been posted on the Government's portal at chinhphu.vn and the Ministry of Public Security's portal at mps.gov.vn for comments for two months starting from September 20.

Corporate News

8. STB: Sacombank wins 2 awards from The Asian Banking and Finance

↓ -2.82%

Sacombank has won two awards, the 'Viet Nam Domestic Trade Finance Bank of the Year' and 'Viet Nam Domestic Technology and Operations Bank of the Year,' from The Asian Banking and Finance magazine.

Since starting to accelerate digital transformation five years ago, Sacombank has pioneered the adoption of many modern and international technologies, which have effectively supported the management and operation of its entire system and helped developed products and services to improve the customer experience.

In addition to hailing Sacombank's digital transformation, ABF also praised it for its

outstanding achievements in money management, payment and financial supply chain.

The bank has met the criteria of market share growth, while its proportion of revenues from payment, cash management and trade finance is good, and it has minimised operating costs to maximise benefits for customers.

Instituted in 2018, the ABF Wholesale and Retail Banking Awards have become one of the most prestigious in the banking and finance sector.

This year they were given to over 140 banks and financial companies in 31 countries in the Asia-Pacific region.

9. HCM: HCM to offer more than 152.5 million shares to public, priced at discount

↓ -2.23%

In order to supplement capital for margin lending, underwriting and proprietary trading, Ho Chi Minh City Securities Corporation (HOSE : HCM) is about to issue more than 152.5 million shares to existing shareholders.

Specifically, HCM offers to sell more than 152.5 million shares at the price of 14,000 VND/share by issuing the rights to buy at the ratio of 2:1 (1 share will get 1 right, 2 rights can buy 1 new share). If the offering is successful, HCM can raise more than VND2,135 billion.

In the case of not being able to issue all to existing shareholders, the Board of Directors of HCM will issue to other investors at a selling price not lower than the offering price to existing shareholders.

October 12, 2021 will be the last registration date to confirm the list of shareholders exercising rights for this offering.

Regarding the Company's business situation, in the first 6 months of 2021, HCM recorded after-tax profit of nearly VND 605 billion, up 141% over the same period last year. After 6 months, the Company has completed 63% of their financial target for 2021 as approved by the General Meeting of Shareholders.

At the end of June 2021, HCM's proprietary trading portfolio makes up of almost entirely VN30 stocks. The company has reduced its exposure with most stocks in its proprietary trading portfolio, with some investments having significantly reduced weights such as TCB, VNM, VIC, VHM, VCB. On the other hand, HPG was their largest position in the portfolio with a value of nearly VND 90 billion.

Research Team: **Tsugami Shoji** *Researcher* jsi@japan-sec.vn

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Japan Securities Incorporated – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn