



VIETNAM DAILY NEWS



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Market Analysis

1. Market extends rally after long holiday on pillar stocks

Shares inched higher on Monday, backed by gains in pillar stocks as investors' risk appetite remained high.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index closed the session at 1,346.39 points, up 11.74 points, or 0.88 per cent.

The index rose 1.63 per cent last week. It climbed for three straight sessions before the market closed for the four-day National Day holidays starting on September 2.

The market's breadth was positive with 300 stocks increasing, while 106 stocks declined and 42 stocks ended flat.

The liquidity was also high as investors poured over VND28.2 trillion (US\$1.23 billion) into the southern bourse, equivalent to a trading volume of more than 944.4 million stocks.

The index extended rallies on the back of large-cap stocks in most sectors.

The 30 biggest stock trackers VN30-Index posted a rise of 14.6 points, or 1.02 per cent, to 1,441.51 points. Of the VN30 basket, 26 stocks edged higher while only six stocks slid, and one remained stable.

Hoa Phat Group (HPG) was the leading stock on Monday as it gained 4.07 per cent. It was followed by Vinhomes (VHM), PetroVietnam Gas (PVGas, GAS) and Vingroup (VIC). These stocks jumped in a range of 0.96 - 2.03 per cent.

Information technology (IT) and bank stocks also contributed to the market's uptrend. Of which FPT Corporation (FPT) surged 2.7 per cent, Techcombank (TCB) rose 1.35 per cent, Vietcombank (VCB) was up 0.6 per cent and

MBBank (MBB) increased 1.43 per cent.

However, the index's gain was capped by losses in some big stocks like Masan Group (MSN) and Vietnam Rubber Group (GVR), with these two stocks reporting losses of more than 1.6 per cent.

In a monthly report, HoSE said that the market liquidity on the exchange was improved compared to the previous month, and hit a record high on August 20 with a trading value of nearly VND30 trillion, equivalent to a trading volume of nearly 1.2 billion shares.

This is the largest trading session in the past 21 years.

For the whole month, the total trading value and volume reached nearly VND506.8 trillion and 15.47 billion shares, respectively.

The average trading value per session was over VND23 trillion, up 13.95 per cent month-on-month, with an average trading volume per session of 703.36, up 16.63 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index also increased 2.21 points, or 0.64 per cent, to 345.63 points.

During the session, over 194.8 million shares were traded on the northern bourse, worth VND3.8 trillion.

Meanwhile, foreign investors continued to flee from the market as they net sold a total of VND343.85 billion on both main exchanges.

Of which, they net sold a value of VND291.59 billion on HoSE, and a value of VND52.26 billion on HNX.

Macro & Policies

2. Corporates turn to bonds to overcome cash shortage

VPBank, ACB and Agribank has been raising at least VND1.5 trillion (\$65.9 million) a month since April.

June was a peak period with an average of three successful issuances every day by a host of companies, including lenders such as BIDV, TPBank and SHB and real estate developers like Phat Dat, Hung Think and BIM.

Stock brokerages and aviation, construction and energy firms also raised up to VND1 trillion each during the month.

In the first seven months of the year, there were 376 issuances worth a total of VND235 trillion, according to the Vietnam Bond Market Association.

There were three international issuances that raised a total of \$1 billion.

Banks topped the list, accounting for 40 percent of the total value. Most of them offered coupon rates of 3-4.2 percent.

Most real estate developers offered over 8 percent.

The boom had been forecast at the beginning of the year.

Analysts at financial data provider FiinGroup foresaw a rising need for funds as banks began to tighten lending.

Besides, the pandemic dried up short-term cash flows and caused companies with good long-term prospects to restructure their debts, the company said in a note.

"Amid the high demand for mid-term and long-term funds and a fluctuating stock market, corporate bonds were a strategic choice for both listed and unlisted businesses."

Economist Nguyen Tri Hieu said many retail investors also invest in bonds because of their high interest rates.

The Ministry of Finance on Sep. 1 ordered relevant agencies to increase oversight of the corporate bond market since many small and newly established companies are making issuances.

This is the second time in a year that the ministry has voiced concern about corporate bonds.

3. Vietnam, Australia boost fintech cooperation opportunities

The Asialink Business Centre under Australia's University of Melbourne has announced to commence a new capability development programme, aimed at building awareness and positioning Australian business to engage in Vietnam's fintech sector.

The programme is jointly held by Asialink Business, the Australian Department of Industry, Science, Energy and Resources (DISER), and the Australian Trade and Investment Commission (Austrade).

The programme will complement and support the Australia-Vietnam Enhanced Economic Engagement Strategy. This strategy, due for completion in late 2021, will solidify Australia and Vietnam's shared commitment to trade and

investment, liberalisation and economic connectivity, and help both countries take advantage of emerging market opportunities.

Asialink Business stressed that Vietnam has the fastest growing middle class in Southeast Asia, a COVID-resilient GDP growth rate (2.9 percent in 2020), and a young population that readily embraces new technology.

While the country has suffered from COVID-19, the pandemic has also accelerated the uptake of digital services. In 2020, more consumers moved online and tried new digital services for the first time, for example, in healthtech, edtech and fintech, helping to fuel growth of 29 percent in the country's digital economy.

According to the centre, demand amongst Vietnamese banks for technical and commercial expertise is growing, with many looking to partner with domestic and international fintech businesses to provide innovative customer solutions. Australian businesses may be well-placed to meet this demand.

However, to make the best use of the opportunities, Australian businesses need to be strategic in their approach.

Navigating Vietnam's fintech opportunities requires a well-thought-out strategy that helps Australian enterprises invest time and resources to understand Vietnam's people and businesses, and be ready for localising products in Vietnam's market, said the centre.

4. Online trade promotion – key to overcome COVID-19 crisis

Hundreds of online trade promotion events have been organised effectively, helping settle stagnant situation in the field and overcome difficulties brought about by the COVID-19, which has broke out in the global scale, disrupting supply chains and affecting export activities.

In the current context, online trade promotion is considered the key to help businesses overcome the COVID-19 crisis and complete the ecosystem of trade promotion using digital technology.

According to Vu Ba Phu, Director of the Trade Promotion Agency (Vietrade) under the Ministry of Industry and Trade, amid the global COVID-19 pandemic, Vietnam has been among first countries to accelerate trade promotion on digital platforms as well as online trade exchange activities in an effective manner.

The efforts have assisted businesses to considerably remove obstacles in markets because traditional trade promotion activities are unable to be organised amid COVID-10, he said.

Phu held that speeding up digital transformation in trade promotion, along with the combination of direct and online activities has helped Vietnamese firms connect both domestic and foreign customers in a safe manner, thus ensuring businesses' operations and contributing to increasing import-export activities of the country as well as the growth of the industry and trade sector in particular.

Right from the beginning of the COVID-19 outbreak, the Ministry of Industry and Trade has promptly applied IT applications and social networks to set up regular connection channels among domestic exporters, trade associations, trade promotion agencies, Vietnamese trade offices and representative offices abroad, and foreign importers and partners.

Thanks to the regular and continuous information connectivity, a huge amount of information on import-export goods from domestic firms has been provided to foreign partners.

The Vietrade has become the pioneer in applying online and hybrid trade promotion models in Vietnam. The agency has shared its experience to other agencies and businesses across the country.

Hundreds of online trade promotion events have been held, generating certain outcomes. This has proved that the renovated method is suitable to the current real situation amid complicated developments of the pandemic, and can replace traditional trade promotion method, helping Vietnam catch up with the global economic trend, according to Phu.

The Vietrade director underlined that online and hybrid trade promotion models are an optimal solution enabling businesses to approach markets, and a key for them to overcome the "COVID storm". The activities will become an indispensable part of the trade promotion ecosystem using new technology, which will be a great help for enterprises, he added.

5. Canadian businesses believe in Vietnam's medium-term economic outlook

Canadian entrepreneurs have voiced their belief in Vietnam's economic outlook despite the fourth wave of COVID-19 outbreaks and the adverse impacts of the pandemic on the country's activities and momentum growth.

In an interview with the Vietnam News Agency's correspondent, Marc Djangji, Chartered Financial Analyst (CFA) at the ASEAN Strategy Group Limited advisory firm, said the Southeast Asian nation is one of the world's most dynamic stock markets and its economy has stayed resilient until the first half of 2021.

Vietnam's economic activities will be restrained in the coming months due to the spread of COVID-19. Industries, manufacturing and construction, which serve as a driving force for the economy, are bearing the brunt of current outbreaks, he said.

Djangji underlined that Vietnam's recovery will depend on the implementation of COVID-19 vaccination drive in the country, speaking highly of the country's strong sense of collective responsibility and solidarity.

According to him, the Vietnamese economy will remain stable and be driven by industrialisation and urbanisation in the medium term.

The country will continue to benefit from its integration into the global supply chain, foreign

direct investment attraction and a rapid growth rate in manufacturing, he added.

Echoing Djangji's views, Phil Witherington, Chief Financial Officer at Manulife insurance company said although the resurgence of COVID-19 may cause short-term impacts, the Vietnamese market's potential in the long-term remains robust and stable.

The Vietnamese Government has taken essential steps and joined hands with firms to protect workers and customers in Vietnam, as well as exert efforts in economic development.

He went on to say that Vietnam is among countries earning economic success in the region and one of Manulife's largest markets in Southeast Asia.

With a projected population of 120 million people by 2050, Vietnam is viewed as an attractive destination for Canadian businesses. In addition to trade, cooperation opportunities have emerged in other fields of investment, financial services and infrastructure development, among others.

The country posted a gross domestic product growth rate of 5.64 percent in the first half of this year.

Vietnam's GDP is forecast to hit 4.8 percent this year, according to the World Bank.

6. Vietnam's investment shifting could boost economic resilience

Phyllis Papadavid, Head of Research and Advisory at Asia House, a consulting organisation based in London, the United Kingdom, in her research, pointed out that Vietnam should promote investment to revive its economy and strengthen its ability to respond to new risks despite its success in dealing with a crisis caused by the COVID-19 pandemic.

According to Papadavid - an expert in economics and financial strategy, Vietnam has been an economic success story and has shown resilience during past crises, including the current COVID-19 pandemic.

The economist cited data from the World Bank that the value of trade exchange (including goods and

services) of Vietnam with foreign countries was equivalent to 209 percent of its gross domestic product (GDP) last year - second only to Singapore in the region. This reflected the openness and deep international integration of the Vietnamese economy.

Trade liberalisation has played an important role in Vietnam's success. Vietnam joined the World Trade Organisation (WTO) in 2007 and signed free trade agreements with countries of the Association of Southeast Asian Nations (ASEAN), the US, and the UK. Last year, Vietnam also signed the Regional Comprehensive Economic Partnership (RCEP) - the world's largest free trade agreement.

According to the expert, the openness of the economy has made Vietnam resilient during the COVID-19 pandemic. Despite production disruptions from the temporary closure of some factories due to the impact of the COVID-19 pandemic, Vietnam is one of the few countries with positive economic growth last year, showing the country's ability to withstand and recover economic growth during the crisis.

However, she said, Vietnam also faced many challenges namely the climate change risks, a decline in foreign direct investment (FDI) and exports due to the COVID-19 pandemic which has disrupted the supply chain

The expert said that it was necessary for Vietnam to promote new policies to deal with these challenges. She also highlighted the importance of investments

to build resilience to climate change and economic shocks.

According to Papadavid, given the important role of FDI in the country's economic growth, Vietnam should promote FDI attraction in response to the impact of climate change, prioritise investment in the field of agricultural technology, biotechnology, automation and information technology, which are the foundation for Vietnam's green economy.

To build resilience, she said it was essential for the country to attract FDI that promotes the spatial re-patterning of the economy through creating new economic clusters in non-coastal areas and generating employment opportunities.

The expert believed that the success of reform in the past would serve as a basis for Vietnam to confidently cope with challenges in the future.

7. Vietnam's steel sales increase due to exports

Steel enterprises have boosted exports while facing difficulties in domestic consumption due to the COVID-19 outbreak, according to the Vietnam Steel Association (VSA).

The association said steel production in July reached nearly 2.4 million tonnes, down 6.48 per cent compared to the previous month, while steel consumption was about 2.1 million tonnes, the same volume in June and up 7.4 per cent year on year.

Of which, steel exports reached 658,207 tonnes, an increase of 5.96 per cent month on month, and 55 per cent year on year.

Trang Thu Ha, chief of VSA Administrative Office, said the domestic steel industry has faced difficulties in production and sales due to the impact of the COVID-19 pandemic and the weather.

Construction work was temporarily postponed in the first seven months of the year, leading to difficulties in the domestic steel market, especially in the southern region.

Construction steel sales in the first seven months increased by 6.4 per cent year on year, of which, exports rose by 25.4 per cent.

Meanwhile, hot rolled coil production reached more than 590,000 tonnes in July, down by 1.21 per cent month on month but increased by 85.4 per cent year on year. Consumption of this product reduced by 6.8 per cent to 559,487 tonnes but this figure surged by 82.7 per cent over the same period in 2020.

Consumption of colour-coated metal sheets in July reached 428,084 tonnes, down 6.58 per cent month on month, though up 18.8 per cent year on year. This figure included 300,404 tonnes for export, up 84.2 per cent over the same period in 2020.

Hoa Sen and Nam Kim Group were leading in steel consumption in the first seven months. Hoa Sen sold nearly 1.1 million tonnes, holding 36.7 per cent of the domestic market share. Nam Kim sold more than 498,000 tonnes, ranking second with 16.8 per cent of market share.

The Hoa Phat Group's galvanised sheet and steel pipe products also recorded a strong increase because of the recovery in demand of those products in the US and Europe.

Due to the difficulties in the steel product consumption in the domestic market, steel enterprises have promoted steel exports to maintain production.

Ha said that in 2020, the domestic steel production industry maintained operations due to good control of the pandemic.

However, with the complicated development of the outbreaks this year, many provinces and cities have been implementing social distancing measures and even had to stop temporarily many activities, weakening the domestic market demand in June and July.

“Therefore, the association forecasts that steel consumption in the third quarter will not be better.

The business result in the fourth quarter will also depend on the pandemic prevention and control,” Ha told the Vietnam News Agency.

With the complicated development of the pandemic in the southern provinces and cities, the association expects that steel production and consumption by year-end would continue to see difficulties, she said.

However, “domestic consumption and steel exports could recover further by the end of this year if the pandemic is controlled well at home and abroad,” she said.

Meanwhile, the Ministry of Industry and Trade has requested the association and enterprises producing and exporting iron ore, iron and steel to review input materials for reducing production costs and selling price in the process of stabilising steel production and the domestic steel market at present.

Corporate News

8. TCB: Techcombank to issue six million ESOP shares for employees

↑ 1.35%

Techcombank (HSX: TCB) announced that it plans to issue more than six million shares, including over 700,000 shares for foreign employees and more than 5.3 million shares for Vietnamese employees, under the ESOP.

The ratio of issued shares to total outstanding shares is 0.1714 per cent. Under the ESOP mechanism, the par value of shares amounts to VND10,000 (43 US cents).

ESOP shares are restricted from being transferred for one year.

Last November, Techcombank also issued more than 4.7 million ESOP stocks.

On June 7, Techcombank notified the Vietnam Securities Depository (VSD) and the Ho Chi Minh City Stock Exchange (HSX) to lock the maximum foreign ownership limit at 22.4908 per cent. This is also the current foreign ownership ratio of the bank.

Techcombank is one of the few local banks issuing ESOP for foreign employees.

This year, the bank continues to pay no dividends for 2020 in order to conserve capital for further business activities.

In the first half of 2021, Techcombank reported achieving \$500 million in its pre-tax profits against the full-year target of nearly \$870 million. Particularly, the bank's call deposit volume with low mobilisation cost soared more than 55 per cent on-year.

9. POW: Explanation for reviewed FS in 6 months of 2021

↓ -0.40%

PetroVietnam Power Corporation has explained the reviewed financial statement in first six months of 2021 as follows:

1) For the reviewed separate financial statements:

Content	6mths of 2020	6mths of 2021	Difference	
			Amount (VND)	(%)
Total revenue	11,905,986,989,831	12,328,492,516,166	422,505,526,335	3.55
Total expenses	10,480,160,441,764	10,742,835,408,598	262,674,966,834	2.51
Profit before tax	1,425,826,548,067	1,585,657,107,568	159,830,559,501	11.21
Profit after tax	1,260,867,157,598	1,404,968,653,564	144,101,495,966	11.43

- Total revenue and income of parent company in first six months of 2021 increased by 422.5 billion dongs, equivalent to the increase of 3.55% compared to the same period of 2020.

- Total expenses of parent company in first six months of 2021 increased by 262.7 billion dongs, equivalent to the increase of 2.51% compared to the same period of 2020.

- Profit before tax and profit after tax in first six months of 2021 increased by 159.8 billion dongs and 144.1 billion dongs respectively, equivalent to the increase of 11.21% and 11.43% compared to the same period of 2020.

2 For the reviewed consolidated financial statements:

The consolidated financial statements have no explanatory differences.

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