



VIETNAM DAILY NEWS



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Table of content

Table of content

- 1. VN-Index slightly rebounds in the last session of 3rd quarter**
- 2. Production, trading and services in HCM City to reopen on Oct 1st**
- 3. Vietnam to bring a million back to work by year-end**
- 4. Private airlines ask for zero-interest loans**
- 5. Viet Nam, Australia work towards balanced, sustainable trade**
- 6. Vietnam unemployment rate peaks since Covid onset**
- 7. Rise and fall of two giant companies**
- 8. PLX: Petrolimex, JCCP further co-operation to improve efficiency of petroleum depot management**
- 9. HSG: Hoa Sen Group ready to operate safely under new normal**

Market Analysis

1. VN-Index slightly rebounds in the last session of 3rd quarter

Shares closed higher on Thursday, but the market's trading value hit a 2-month low and foreign investors net sold nearly VND180 billion (US\$7.86 million) on the southern bourse.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) gained 2.85 points, or 0.21 per cent, to 1,342.06 points.

The market's breadth remained positive, while the liquidity on HoSE was lower. Of which the trading value on the southern market dropped 13.2 per cent to VND13.2 trillion, which was the lowest in two months.

The benchmark was backed by real estate sector and other pillar stocks. The VN30-Index, tracking 30 biggest stocks on HoSE, rose 3.24 points, or 0.22 per cent, to 1,453.76 points. Thirteen of the VN30 basket climbed yesterday, while eleven declined and six ended flat.

Real estate stocks dominated the market's gain. Of which Vingroup (VIC) led the trend with an increase of 1.5 per cent. It was followed by Vincome Retail (VRE), up 2.83 per cent.

Other stocks supporting the market were Masan Group (MSN), Duc Giang Chemicals Group (DGC) and Phu Nhuan Jewelry JSC (PNJ). These stocks all posted gains of more than 1 per cent.

Energy stocks still witnessed good performance with PetroVietnam Gas (PVGas, GAS) up 0.21 per

cent, and PetroVietnam Drilling & Well Services Corporation (PVD) up 2.7 per cent.

However, lingering selling pressure still cast a shadow on the market sentiment, with bank stocks losing the most.

Data compiled by vietstock.vn showed that Vietcombank (VCB) posted the biggest loss yesterday, down 1.32 per cent. BIDV (BID) and Vietnam International Commercial Joint Stock Bank (VIB) also fell more than 1 per cent.

Yesterday was the last trading session of the third quarter, which was also the time for many investment funds to close net asset value (NAV).

But unlike expectations from analysts, it went quietly at the end of the session and the trading volume in the market was moderate.

On the Ha Noi Stock Exchange (HNX), the HNX-Index finished yesterday at 357.33 points, down 3.04 points, or 0.86 per cent.

During the session, investors poured more than VND2.5 trillion into the market, equivalent to a trading volume of nearly 115.3 million shares.

On the other hand, foreign investors were net sellers on the market. Of which, they net sold a value of VND179.82 billion on HoSE, while net bought a value of VND11.92 billion on HNX.

Macro & Policies

2. Production, trading and services in HCM City to reopen on Oct 1st

HCM City has licenced a number of production facilities, enterprises and services to resume normal operations starting on Friday after a months-long shutdown of tough COVID-19 preventive measures.

The municipal People's Committee announced at a meeting on Thursday its plan for "Safe and flexible adaptation and effective control of the COVID-19 pandemic" for the new normal period after September 30.

Under the plan, production facilities, enterprises and services are licenced to reopen if they meet safety requirements of pandemic prevention and control.

They must ensure that only employees with a COVID-19-green card (partly and fully vaccinated people, or people who have fully recovered from the virus) are allowed back to work.

The city authorities listed types of economic activities allowed to reopen, including:

Enterprises, production and business establishments in industrial parks and clusters, export processing zones, Sai Gon Hi-Tech Park and Quang Trung Software Park.

Enterprises, cooperatives, cooperative groups and business households in producing and trading agricultural, forestry and fishery products; services supporting agricultural production; veterinary medicine businesses and veterinary workers.

Construction works, including construction on many traffic infrastructure projects.

Businesses supplying foods and goods, petrol, oil, gas, chemicals, electricity, water, fuel or materials.

Services such as buying, selling, repairing and maintaining vehicles, machinery and equipment in the industrial sector and civil activities.

Management, operation, maintenance and repair services to infrastructure and equipment systems at buildings and apartments.

Trade centres, supermarkets, mini supermarkets, convenience stores, grocery stores, wholesale markets and traditional markets.

Public services, security services, toll stations on roads, construction consulting services, environmental sanitation services, environmental monitoring services, employment services, car-wash services, wedding services, funeral services, public utilities such as water supply, drainage systems, parks, technical infrastructure and transportation.

Head offices and representative offices of domestic and foreign enterprises, and branches of foreign traders in HCM City.

Government Treasury, credit institutions, foreign bank branches, securities services, pawn services, and establishments providing services related to credit activities and logistics.

Post and telecommunication services; printing and publishing services; press; e-commerce activities; online delivery services; calendar publishing companies; bookstores; equipment and office stationery vendors; book streets; libraries; galleries; fine art and photo exhibitions; school supplies and learning tools; information technology, informatics equipment; electronic products shops; eyewear shops; clothing and apparel stores; jewelry and accessory stores.

Warehouses, goods transshipment points, and services for transportation, and export and import of goods.

Restaurants or food and drink establishments, but provide takeaway only; restaurants in accommodation establishments, resorts and tourist attractions serve only on-site guests and visits but do not organise buffets.

Haircutting and shampoo services operate at 50 per cent of their capacity.

Indoor trade promotion activities (fairs, exhibitions, conferences, and events connecting supply and consumption for products) are allowed to open with

a maximum of 10 people, and no more than 15 people in outdoor activities.

A maximum gathering of 70 people in indoor activities and 100 people in outdoor activities are allowed if all participants have received full doses of COVID-19 vaccine or have recovered from the disease.

Accommodations, resorts, sightseeing and other services for visitors can operate at 50 per cent capacity and have to meet safety requirements of pandemic prevention and control.

Other activities that want to reopen must be authorised by the competent authority.

Non-essential services and businesses will continue to be closed.

3. Vietnam to bring a million back to work by year-end

The Ministry of Labour - Invalids and Social Affairs (MOLISA) has set a target of bringing a million workers back to work by the end of 2021.

Extended social distancing measures in cities and provinces across the country have hit the labour market hard. Since the beginning of the year, the income and job security of 13 million workers have been affected. Things took a turn for the worse in June when as many as 10 per cent of the country's businesses were forced to shut down, putting almost 4 million people out of work, according to labour experts.

Workers, who are mostly from the countryside, have had to either leave large cities or seek temporary employment since. It is thought that many businesses will face a shortage of workers once the virus is under control. In a recent survey, only 60-70 per cent of workers said they would return to large cities.

Vu Quang Thanh, deputy-director of a job agency in Ha Noi, said, as the vaccination drive picked up and social distancing measures were relaxed, there have been signs of recovery in the labour market. Firms

will ramp up production to meet the typical higher demand that occurs during the last quarter of the year but must fill many vacancies to do so.

In light of recent developments, the department of labour under the MOLISA has been working closely with HCM City authority to help workers return to the city. The city's People Committee Vice Chairman, Vo Van Hoan, also called on businesses to take steps to retain their workforce.

The former head of the Institute of Labour Science and Social Affairs under the MOLISA, Dr. Nguyen Thi Lan Huong, said employment centres will play a crucial role in connecting workers and employers in the months to come. In the long run, however, the country must invest in retraining programmes for workers to help them secure better job opportunities.

Many government efforts have been implemented to support workers, notably Government Decree 116/NQ-CP that designated VND30 trillion as support funds for those who have been affected by the pandemic.

4. Private airlines ask for zero-interest loans

Private airlines have requested access to 0 per cent interest loans, similar to the support Vietnam Airlines (VNA) - the country's flag carrier - is entitled to, heard a meeting among the State Bank of Vietnam (SBV), commercial banks and the airlines.

The airlines have had to pay more than VND100 billion (US\$4.4 million) every day while 80-90 per

cent of their fleets were grounded, according to Bui Doan Ne, vice-president of the Vietnam Aviation Business Association (VABA).

During the first half of the year, demand for air travel fell by 60-70 per cent compared to the pre-pandemic level. Since the end of May, sales have plummeted by 80-90 per cent, said the airlines.

"COVID-19 has effectively put a stop to most, if not all international routes and it may take years for the airlines to recover," Ne said.

"That's why we are asking the banking sector to provide privately-owned airlines with 0 per cent interest loans in the amount of VND4 trillion over a three-year term. In addition, the airlines ask to apply for the State's support loan package of VND25 trillion on 3-4 year terms," he said.

Short-term debts due for payment among the three largest airlines have reached a total of VND36 trillion with VNA alone accounting for VND20 trillion. VABA has asked banks for loans worth VND30 trillion, of which VND10-12 trillion allocated to VNA, VND10 trillion to Vietjet, VND5 trillion to Bamboo Airways, VND5.7 trillion to Pacific Airlines and VND1 trillion to Vietravel Airlines.

Tran Thanh Hien, VNA's head of accounting, called for a comprehensive policy to support the airlines which includes relaxed rules on collateral, reduced interest rates and payment deadline extension, among others.

"As of now, no airline is capable of surviving the pandemic without ample support from the

Government, their shareholders and partners," Hien said.

A representative from Bamboo Airways asked the banks to extend their interest rate cut until the end of 2022 while allowing airlines access to new loans.

Nguyen Thanh Tung, vice director-general of Vietcombank (VCB) - one of the largest commercial banks in the country - said to date VCB has provided the airlines VND16 trillion in credit at a preferential interest rate.

"We are willing to support the airlines. However, we must ask the SBV to give us more credit room. As of now, we have reached our limits and are unable to grant large loans," said Pham Quoc Thanh, director-general of HDBank.

SBV deputy governor Dao Minh Tu said the government views the airlines as a pillar of the economy. The SBV will consider the banks' request to raise their credit limit.

Meanwhile, the SBV is to work together with the Ministry of Planning and Investment, the Ministry of Transport and the Ministry of Finance to build a support package for the airlines.

5. Viet Nam, Australia work towards balanced, sustainable trade

Viet Nam-Australia trade posted growth in 2021 despite the impact of COVID-19, Director of the Asia-Africa Market Department under the Ministry of Industry and Trade (MoIT) Le Hoang Oanh has said.

She made the remarks during the third session of a trade working group within the framework of the Ministerial-level Viet Nam-Australia Economic Partnership Meeting, which was recently held via videoconference by the MoIT.

The growth was attributed to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), to which the two countries are signatories, she added.

Ridwaan Jadwat, First Assistant Secretary at the Australian Department of Foreign Affairs and Trade affirmed that Viet Nam is an important trade and

investment partner of Australia, and expressed a hope to tighten bilateral relations.

Amid the complex developments of COVID-19, the two nations need to bolster co-operation so as to devise suitable strategies to surmount difficulties, he underlined.

Two-way trade surpassed US\$8 billion in the first eight months of 2021, posting a year-on-year increase of 50.7 per cent, thereby making Australia among ten leading trade partners of Viet Nam.

However, as Viet Nam recorded a trade deficit of nearly \$2.5 billion in the period, the two countries need to foster bilateral trade development in a more balanced and sustainable manner.

At present, Viet Nam's shipments of fresh shrimp and fruits to Australia remain stagnant, although the

exports of such products have been tabled during the working group’s 2020 session as well as meetings of the countries’ ministers.

Oanh urged the Australian side to speed up procedures to grant permission for Viet Nam’s fresh shrimp to enter Australia and provide Viet Nam with technical support in terms of disease prevention in shrimp farming.

In addition, Viet Nam hopes that Australia will soon complete necessary steps to open its door for passion fruit from the Southeast Asian nation, paving the way for other fruits like rambutan and star apple.

The Vietnamese side also called on the Australian counterpart to closely work with the former’s Ministry of Agriculture and Rural Development to allow the use of alternatives to glyphosate in liliun cultivation before exporting to Australia.

At the event, the countries agreed to promote investment in mining, as it is viewed as a strategic field of potential, especially of charcoal, iron and liquefied natural gas.

Given numerous firms of Viet Nam are keen on investing in Australia in such fields, the Vietnamese side asked to receive information and regulations in mining for foreign investors, to which the Australian side agreed.

6. Vietnam unemployment rate peaks since Covid onset

Vietnam’s unemployment rate rose to 3.72 percent in Q3, the highest since early 2020 when the novel coronavirus was first detected in the country.

The rate was calculated among the working age population, defined as those aged 15-60 for men and 15-55 for women, according to the General Statistics Office (GSO).

Vietnam had around 49.2 million workers aged 15 or more in Q3, down 1.9 million against Q2, and down 2.1 million against the same period last year.

The unemployment rate in the first nine months of this year stood at 2.91 percent.

The complicated Covid-19 situations significantly affected people’s lives in the first nine months of this year, the GSO said in a report.

As of September 21, social security relief of nearly VND13.8 trillion (\$600 million) was provided to roughly 17.6 million people. This included VND11.4 trillion spent in 23 cities and provinces hardest hit by the pandemic. Over VND5.446 trillion was spent on more than 4.8 million people in HCMC alone.

More than 136,349 tons of rice from national reserves was distributed among more than 2.4 million households with nearly 9.1 million members.

By the end of 2020, Vietnam had a population of 97.58 million, with 36.8 percent living in urban areas and the rest in rural areas. The unemployment rate among its working age population last year was 2.48 percent.

7. Rise and fall of two giant companies

Hoang Anh Gia Lai (HOSE: HAG) and Duc Long Gia Lai (HOSE: DLG) both have trillions of dong (VND1 trillion=\$43.1 million) worth of debts and face uncertainties over their future.

In the early 90s, there was a wave of migration by young people seeking livelihoods from the central Binh Dinh Province to the Central Highlands

province of Gia Lai. Two of them, who were working at a handmade wooden furniture business, Doan Nguyen Duc and Bui Phap, set up a private business with a factory, and converted them into two companies named after the province: Hoang Anh Gia Lai, an agricultural firm, and Duc Long Gia Lai, a woodwork producer.

Over time both listed on the stock exchange and expanded their business lines and markets.

Hoang Anh Gia Lai went into property, energy and agriculture, and rapidly increased its assets. Hospitality and mining enabled Duc Long Gia Lai to currently grow to more than 830 times since inception.

During its golden era Hoang Anh Gia Lai earned profits running into the thousands of billions of dong annually from 2009 to 2011 and ranked among the 30 largest stocks by market capitalization.

Duc Long Gia Lai had revenues of VND3 trillion a year from 2016 to 2019.

This year both faced a similar problem: being doubted continuously by the auditors for their operation ability and placed on a list of under control stocks by the HCM Stock Exchange (HoSE) for different reasons.

Hoang Anh Gia Lai's semi-annual financial statements showed accumulated losses of more than VND7.37 trillion due to switching from property to agriculture, which it sought to lead not only in the country but also the region. The further it went down this path, the more its loans ballooned.

In 2016, the company reported its first loss since listing on the stock exchange, and liabilities exceeded VND36 trillion.

At one point every VND100 of capital included VND68 worth of bank loans, bonds and the chairman's personal money. A failure to service its debts led to the business being discredited in the eyes of its shareholders and partners.

"My company was saved by the government's policy of extending the bank loan repayment period by five years," Doan Nguyen Duc said at an event earlier this year.

Duc Long Gia Lai may have had less debts than Hoang Anh Gia Lai, but it still owed VND5.6 trillion, including about VND1.8 trillion in overdue payments.

Duc Long Gia Lai's list of creditors includes big banks such as BIDV, Sacombank and Agribank and corporate and personal lenders, and debt interest. Some loans are guaranteed by the chairman Bui Phap and his wife.

Most of Duc Long Gia Lai's profits from its core business go toward paying the debts.

When queried by suspicious auditors, both companies initially claimed their business situation was stable, and future cash flows could solve their problems.

In written explanations, Hoang Anh Gia Lai general director Vo Truong Son and Duc Long Gia Lai general director Tran Cao Van listed possible solutions such as planning a divestment route, liquidating underperforming investments, focusing on debt recovery, and negotiating with lenders.

Corporate News

8. PLX: Petrolimex, JCCP further co-operation to improve efficiency of petroleum depot management

↓ -0.77%

The Viet Nam National Petroleum Group (Petrolimex) and the Japan Co-operation Centre Petroleum (JCCP) have signed a co-operation agreement for Phase 3 of the co-operation project to improve the efficiency of management and operation of petroleum depots.

Under the deal, Phase 3 of the project will be implemented from 2021 to 2023 with a focus on enhancing automation applications, improving the efficiency of checks, maintenance and repair, ensuring firefighting and safety, and protecting the environment in technical management at petroleum works as well as in the whole Petrolimex system.

It is expected to help Petrolimex maintain stable and safe production and business activities, improve its competitiveness and sustainable development.

After the first phase of the technical cooperation project was inked in July 2016, under the assistance of JCCP, collaboration between Petrolimex and ENEOS Corporation has seen positive results.

Specifically, Petrolimex has developed and applied two technical regulations on inspection, maintenance and repair of pipelines and tanks in petroleum depots.

Five seminars have been organised in Viet Nam, attracting the participation of both Vietnamese and Japanese experts and technicians.

The Vietnamese group has also sent four delegations of experts and technicians to learn from Japan's experience.

9. HSG: Hoa Sen Group ready to operate safely under new normal

↑ 1.31%

The outbreak of the 4th wave of Covid-19 since the end of April 2021 has caused many impacts on production and business activities of many businesses.

After more than 3 months of operation under the model of "3 on the spot" and strict implementation of regulations on disease prevention and control, Hoa Sen Group Joint Stock Company (HOSE : HSG) has achieved the dual goal of both prevention and control: fighting against the Covid-19 epidemic and ensuring production and business activities while being ready to operate safely in the new normal conditions.

The Covid-19 pandemic has changed the behavior and shopping habits of consumers. Grasping this trend, in addition to upgrading and opening a new

Hoa Sen Home Furniture & Building Materials Supermarket as planned, HSG also actively innovates sales methods, promoting sales on online channels through e-commerce website and online sales application 'Hoa Sen Home'. All information of thousands of items is listed clearly and transparently so that customers can easily refer to and choose to buy, bringing a convenient shopping experience for building materials to customers nationwide.

Besides developing the domestic market, HSG also promotes export channels. Output and export volume were greatly improved by HSG in the past year.

Currently, HSG 's export output has exceeded 120,000 tons/month. HSG said that it will

constantly increase export volume in all markets and continue to conquer new milestones in the near future.

With good internal capacity, supported by proactive and flexible response plans during the Covid-19 pandemic, HSG still maintained extremely positive business results. In August 2021, HSG sales volume is estimated at 167,810 tons, revenue is estimated at 4,701 billion VND, HSG profit after tax is estimated at 320 billion VND,

reaching 94%, 166% and 147% respectively over the same period.

Accumulating the first 11 months of fiscal year 2020-2021 (from October 1, 2020 to August 31, 2021) HSG sales volume is estimated at 2,051,439 tons, HSG revenue is estimated at VND42,551 billion, HSG after-tax profit is estimated at VND3,994 billion. Thus, HSG has fulfilled 114% of their output target, 129% of the revenue target and 266% of the after-tax profit target for the fiscal year 2020-2021.

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