



VIETNAM DAILY NEWS



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Market Analysis

1. Indices gain on back of some pillar stocks

The market firmed on Tuesday despite losses in many large-cap stocks, while foreign investors net sold on both main exchanges again.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) closed the trading session at 1,394.8 points, up 0.71 points, or 0.05 per cent. The index gained slightly despite the negative market breadth. Accordingly, 175 stocks climbed yesterday, while 228 stocks decreased.

The liquidity remained high with 742.8 million shares traded on the southern market, worth nearly VND22.2 trillion (US\$975 million).

The index's gain was mainly driven by some large-cap stocks with positive performance as the 30 biggest stocks tracker VN30-Index finished lower yesterday.

The VN30-Index lost 0.7 points, or 0.05 per cent, to 1,509.57 points. Of the VN30 basket, 17 stocks rose, while eight slid and five ended unchanged.

Data compiled by vietstock.vn showed that Vingroup (VIC) led the supporting group with an increase of 1.09 per cent. It was followed by Mobile World Investment Corporation (MWG), Duc Giang Chemicals Group (DGC) and BIDV (BID). These stocks gained in a range of 0.63 – 5.4 per cent.

However, the market was weighed by stronger selling pressure as big gains in the previous session triggered some profit-taking activities.

Vietcombank (VCB), Masan Group (MSN) and Novaland (NVL) were the three biggest losers, down in a range of 0.51 – 1.02 per cent.

PetroVietnam Gas (GAS), which was the biggest gainer in the morning trade, also reversed course to inch 0.44 per cent lower in the afternoon session.

Analysts from Saigon - Hanoi Securities (SHS) expected that the VN-Index is likely to struggle and correct to retest the level of 1,370 – 1,380 points, then continue rally to head toward the old peak hit in July at 1,415 – 1,425 points.

On the Ha Noi Stock Exchange (HNX), the HNX-Index also rose 0.01 points, or 0.01 per cent, to 375.68 points.

Investors poured over VND2.48 trillion into HNX, equivalent to a trading volume of nearly 107 million shares.

Meanwhile, foreign investors were net sellers on both main exchanges, with a total value of VND53.66 billion. Of which, they net sold a value of VND41.35 billion on HoSE, and a value of VND12.31 billion on the northern bourse.

Macro & Policies

2. SOE equitisation slow this year due to COVID-19

The outbreak of COVID-19 in many localities has delayed the equitisation of State-owned enterprises (SOEs), according to Dang Quyet Tien, director of the Corporate Finance Department.

According to the Corporate Finance Department under the Ministry of Finance, the Prime Minister approved a plan on equitising 128 enterprises in the 2017-2020 period. However, only 39 of them completed equitisation, reaching 30 per cent. The remaining 89 businesses was scheduled to be equitised this year.

Since the beginning of the year, only three enterprises have been equitised but they were not on the list of 89 enterprises as planned.

The Ministry of Finance has admitted that it is difficult to implement the equitisation of enterprises in 2021.

Tien said that many SOEs had not completed the legal procedures on realignment and handling of real estate before equitisation according to regulations on the rearrangement and handling of public property. There were still many financial problems and others to be solved.

In addition, according to the department, the implementation of equitisation and divestment has depended on the market. It has meant choosing a reasonable time to sell shares. Therefore, the equitisation and divestment of enterprises every year have not reached the results as targeted.

Especially, according to Tien, the COVID-19 outbreak in many localities, including Ha Noi and HCM City, has affected the valuation of enterprises and state capital at SOEs.

The two largest cities have a large number of businesses under equitisation, accounting for 60 per cent of the number of SOEs that had not been equitised under the plan in the 2016-2020 period.

Therefore, the progress of equitisation this year has depended on the control of COVID-19 nationwide with two scenarios, according to the department.

The first scenario is that by the end of the third quarter of 2021, the pandemic is basically under control in Viet Nam. With this situation, some localities would ease restrictions and they would focus on implementing the divestment of enterprises' state capital held by the State Capital Investment and Trading Corporation (SCIC) by listing on the stock exchange.

The second scenario is that the pandemic lasts until the end of 2021. In this situation, due to social distancing measures in some large localities, the implementation of equitisation and divestment cannot be carried out.

Based on the current situation of the COVID-19 pandemic, the department forecasts that the equitisation this year will not be implemented as planned to fetch VND40 trillion for the State budget.

However, economic expert Nguyen Minh Phong said slow equitisation was better than rushing because it would cause more losses. In fact, a number of large SOEs such as Saigon Beer-Alcohol-Beverage Corporation (Sabeco) and Joint Stock Corporation of Beer-Alcohol-Beverage Hanoi (Habeco) had that problem.

Phong said in order to overcome limitations when implementing the equitisation of SOEs, the State needed clear solutions, especially in price calculation.

According to the department, in the 2016-2020 period, 180 enterprises were equitised with a total value of about VND490 trillion, including state capital of VND233.8 trillion.

The SCIC is expected to divest capital from six major enterprises in the first quarter of next year, fetching between VND15 trillion and VND20 trillion (US\$652-870 million) for the State budget.

3. Viet Nam grasps opportunities to expand agricultural export market

Viet Nam's agricultural products are being exported to more than 180 countries and territories, particularly products moving from the mid-range market to the higher-end segment.

This information was provided at an online trade connection programme with the participation of representatives and business communities of India and three countries of the Greater Mekong Sub-region (GMS), namely Viet Nam, Thailand and Cambodia on Monday.

This formed part of a series of activities of a project to strengthen international integration of small and medium-sized enterprises (SMEs) of India and the GMS countries, towards promoting global value chains and trade between India and the GMS countries, which is financed by the Asian Development Bank (ADB).

Le Hoang Tai, Deputy Director of the Viet Nam Trade Promotion Agency under the Ministry of Industry and Trade, emphasised that farm produce and food were key exports of Viet Nam.

In the first nine months of 2021, Viet Nam earned US\$20.1 billion from exporting food and agricultural products, up 10.8 per cent over the same period in 2020. The growth was attributed to a significant

increase in both export volume and the value of many agricultural products.

The export markets of Viet Nam's agricultural products have expanded to more than 180 countries and territories. In particular, there is a shift from medium-segment markets to higher segment markets.

Tai said the participation in new-generation free trade agreements and extensive international economic integration brought great opportunities for Viet Nam, adding that Viet Nam could cooperate with India, Cambodia and Thailand to expand export markets for its agricultural products.

Vivek Sharma, General Director of Aarna Agro & Angel Fine Foods, said that the Vietnamese market could utilise equipment serving agricultural production.

Viet Nam had imported many products from India such as cotton, spice products, and especially rice, he added.

Participants expressed their interest in tariffs and import-export procedures of the GMS countries and India.

4. Viet Nam to pilot Mobile Money service for two years

Viet Nam will pilot the Mobile Money service across the country for two years before officially launching it, according to Deputy Governor of the State Bank Dao Minh Tu.

The development of services using mobile phone credit to pay for small-value goods and services (Mobile Money) is expected to promote financial inclusion and non-cash payment in Viet Nam, especially amid the complicated developments of the COVID-19 pandemic.

Currently, in Viet Nam, there are nearly 125 million mobile phone subscribers, while the proportion of adults with bank accounts is only 64 per cent. Mobile

Money is expected to make a drastic change in the payment of essential services.

According to the State Bank, this payment method will be especially helpful in remote areas, where people do not have bank accounts or access to modern payment services.

This service will help expand more non-cash payment channels, especially in the context of COVID-19.

The Vietnamese military-run group Viettel, the Vietnam Post and Telecommunications Group (VNPT), and MobiFone Telecommunications

Corporation (MobiFone) have registered to pilot the payment service.

Tu said that the joint management of the Ministry of Public Security, the Ministry of Information and Communications and the State Bank in this scheme will help ensure safety for users.

Deputy General Director of VNPT Media Nguyen Son Hai said that the Government's permission to pilot Mobile Money service will bring great benefits to the

national economy, and provide more electronic payment tools for people.

This is a foundation towards developing a digital economy and digital society in the future, he added.

Truong Quang Viet, Deputy General Director of Viettel Digital Services Corporation of Viettel Group, said Viettel has prepared technological infrastructure and human resources for piloting Mobile Money as soon as it is licensed.

5. Viet Nam to further develop biotechnology industry by 2030

The Government has approved a plan to further develop the biotechnology industry in Viet Nam, levelling it up to that of advanced industrial countries by 2030.

The plan sets out clear objectives for Viet Nam's biotechnology in the run-up to 2030. The focus will be on light industry, energy and commerce, with an emphasis on strong, green value chains for bio-products and biotech companies.

To achieve these objectives, Viet Nam needs to stimulate technological innovation and scale-up

production, in order to cut costs by at least 25 per cent before 2025. By 2030, the number of biotech companies in Viet Nam should have increased by at least 50 per cent in the 2021-25 period.

The Ministry of Industry and Trade is in charge of organising, implementing and supervising the plan. The Ministry is also required to develop policies to mobilise social resources for the plan.

In April 2017, the Prime Minister set a target of at least 7 per cent of GDP being generated from biotechnology by 2030.

6. Ha Noi, Hai Phong allow arriving passengers to quarantine at home

Ha Noi has allowed passengers to quarantine at home or their place of residence following concerns over its earlier seven-day concentrated quarantine requirement for those arriving from HCM City, regardless of their vaccination or recovery status.

The Ha Noi People's Committee on October 11 issued Document No.3487/UBND-DT on the pilot resumption of regular domestic flights to and from the capital city.

Accordingly, passengers who meet all criteria by the ministries of transport and health will be put under quarantine at home and follow COVID-19 prevention and control measures in line with the State and city's regulations.

The Ha Noi authorities also asked the Ministry of Transport to direct its units to work closely with

departments and agencies of Ha Noi, cities and provinces concerned in the process of bringing passengers to and from Noi Bai international airport, ensuring safety in pandemic prevention and control.

The municipal Health Department was assigned to acquire passengers' information and work with airport authorities and airlines to take epidemiological control over them in line with anti-pandemic regulations.

At 5pm the same day, Vietnam Airlines' VNA216 flight departed from HCM City to Ha Noi, carrying nearly 120 passengers on wide-body Boeing 787. It was the first commercial flight between HCM City and Ha Noi after several domestic routes reopened a day earlier.

They all confirmed the host quarantine establishments before departure, tested negative to SARS-CoV-2, received enough vaccine shots, filled out health declarations and followed 5K regulations.

Also on October 11, the People's Committee of the northern city of Hai Phong issued Document No.7611/UBND-VX on the control of passengers to and from Cat Bi international airport when domestic commercial flights are resumed.

Accordingly, they will be exempt from concentrated quarantine. Those from high-risk areas must isolate themselves at home for a week, and test for SARS-CoV-2 using the RT-PCR method every Monday and Saturday.

Meanwhile, those from at-risk or new normal areas must oversee their health for two weeks and test for SARS-CoV-2 using the RT-PCR method every Saturday.

All testing and other costs will be covered by themselves.

So far, national flag carrier Vietnam Airlines has resumed two-way flights between Ha Noi and HCM City and Da Nang, between HCM City and Hai Phong, Vinh, Thanh Hoa, Quy Nhon, Hue, Da Nang, Quang Nam, Dong Hoi, Nha Trang, Tuy Hoa, Phu Quoc. The flights between HCM City and Rach Gia of Ca Mau are run by VASCO, a member of Vietnam Airlines Group.

7. Tax cut proposed to stabilise domestic petrol price

Calls have been made for tax cuts to stabilise domestic fuel prices as global oil prices see continual increases.

The Ministry of Industry and Trade (MoIT) has proposed the Prime Minister direct the Ministry of Finance to reduce some taxes and fees to stabilise domestic petrol prices, according to Tran Duy Dong, Director of the Ministry of Industry and Trade's Department of Domestic Market.

The move was made in the wake of a sharp petrol price hike in the world market while the domestic petrol subsidy funds, which are spent to lower domestic petrol prices when the Government wants to keep petrol prices stable and minimise the impacts of global increases, have almost run out.

According to the MoIT, the stabilisation of domestic petrol prices through cutting import tax, excise tax and environmental protection tax will contribute to supporting production, business and economic recovery besides controlling inflation.

Oil prices have skyrocketed since the beginning of the year on tight supplies and global recovery, with Brent crude rising more than 50 per cent this year and reaching a three-year high of US\$80.75 per barrel last week.

In order to limit the increase in domestic petrol prices, the country has used the price subsidy funds,

contributing to limit the product's retail price hike in the domestic market at only 30-35 per cent, lower than the global rising rate.

To date this year, the funds have subsidised roughly VND100-2,000 per litre for oil, diesel and gasoline. Without the subsidy of the funds, the prices of the products in the domestic market would be about VND1,079-1,917 higher than currently.

However, the funds have so far been exhausted. Fourteen petrol dealers, including large Petrolimex and PV Oil, reported their funds are negative of up to thousands of billions of Vietnamese dong.

The MoIT, therefore, has proposed the Government cut the taxes and fees to stabilise petrol prices, contributing to supporting local production recovery and consumers.

The ministry has so far also directed large wholesale dealers such as Petrolimex and PV Oil to have detailed plans with an aim to ensure the supply of petrol to serve production and consumption in all circumstances next time.

The ministry has also required two domestic oil refineries Binh Son and Nghi Son to meet signed contracts with petrol and oil trading enterprises.

On Monday, domestic retail petrol prices continually increased by nearly VND1,000 per litre following the

latest adjustment by the Ministry of Industry and Trade and the Ministry of Finance to keep domestic prices in line with the global market.

The retail price of E5RON92 bio-fuel increased VND967 to a maximum of VND21,683 per litre,

while that of RON95-III rose VND934 to VND22,879 per litre.

The prices of diesel 0.05S and kerosene, meanwhile, went up VND959 and VND979 to VND17,545 and VND16,622 per litre, respectively.

Corporate News

8. VIC: VinFast's sales up 51.4 per cent in September

↑ 1.09%

Automaker VinFast, a subsidiary of conglomerate Vingroup, sold 3,497 vehicles in September, posting a month-on-month surge of 51.4 per cent despite the COVID-19 pandemic.

The data showed VinFast's upward trend in its sales following a long social distancing period in various localities across the country.

The number of vehicles delivered to customers in the first nine months of 2021 was 25,527.

The automaker is set to launch its VF e34 electric car at a ceremony on October 15, which received more than 25,000 pre-orders in just three months.

9. HDB: HDBank is estimated to complete over 82% of the whole year plan after 9 months

↓ -0.39%

Ho Chi Minh Development Joint Stock Commercial Bank (HDBank, HOSE : HDB) has just announced preliminary information on business results in the first 9 months of 2021 with positive growth. The individual bad debt ratio is less than 1%.

By the end of September 30, 2021, the bank's total assets reached more than VND 346 trillion, up 26.7% over the same period last year. Outstanding loans increased by 16.1% over the same period. The individual bad debt ratio remained low below 1%, the consolidated bad debt ratio at 1.4%, both lower than the same period last year. Outstanding loans in potential high-risk areas and restructuring debts are well controlled.

The bank's total operating income exceeded VND 12,100 billion, up 23.6% over the same period last year. Service activities continued to be the bright spot in the first 9 months, with net income up 88.6% YOY. Notably, net income from services at the parent bank more than tripled in the same period last year thanks to the prosperity of the

bancassurance and payment services segments. Operating expenses are optimized with cost/total operating income ratio reduced from 43.8% as of September 30, 2020 to 39%.

ROE reached 24%, up sharply from 21.1% in the same period last year. Capital adequacy and liquidity are guaranteed with a CAR (Basel II) ratio of 13%.

HDBank has achieved over 82% of the full year 2021 profit plan after the first 9 months of the year.

In the first 9 months of the year, HDBank actively promoted digital transformation, helping to promptly meet the transaction needs of customers in the context of the epidemic: implementing eKYC, opening an online account (eAccount); 24/7 online credit granting (eCredit); issue online L/C (eLC) or online international money transfer (eTT), provide 100% online credit from receipt of documents to disbursement, expand non-cash payment solutions face.

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