



VIETNAM DAILY NEWS



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Market Analysis

1. Failing to overcome 1,400 threshold, VN-Index puts an end to 7-day rising streak

Failing to overcome the psychological threshold of 1,400 points on Wednesday, the VN-Index dropped slightly, putting an end to its seven-day rising streak.

On the Ho Chi Minh Stock Exchange, the VN-Index edged down 0.21 per cent to close at 1,391.91 points. The southern market's index had climbed more than 4.4 per cent in the past seven sessions.

By contrast, the HNX-Index on the Ha Noi Stock Exchange extended its rally to eight sessions in a row, rising 0.97 per cent to end at 379.34 points. It has climbed by more than 6.2 per cent since early this month.

Liquidity on the stock market reached VND19.4 trillion (US\$843.5 million), down 21.6 per cent from the previous session, of which the trading value on the HCM City's exchange declined 13.6 per cent to VND17.5 trillion.

Foreign traders continued to offload shares with a net sell value of more than VND500 billion on the southern market.

Vinhomes (VHM) and Masan Group (MSN) were the two stocks pulling the VN-Index most. MSN dropped 1.7 per cent and VHM fell 1.1 per cent.

Other big losers included Techcombank (TCB), down 1.1 per cent; PV Gas (GAS) and lender BIDV (BID) each down 0.9 per cent; Petrolimex (PLX)

down 2.2 per cent; Bao Viet Holdings (BVH) down 3.1 per cent; and brewer Sabeco (SAB) down 1.2 per cent.

The VN-Index could fall steeper without the cushion of Vingroup (VIC) which was up 0.2 per cent; Mobile World Investment (MWG) up 1.4 per cent; and FPT Corp (FPT), up 0.4 per cent.

According to BIDV Securities Co, the phenomenon of domestic and foreign cash flow weakening when the market reaches a large resistance level may make VN-Index continue to move around the range of 1,380-1,400 in the next trading sessions.

However, analysts at Viet Dragon Securities Co reckoned the market's positive trend will not likely change and investors still hold stocks that are on a good trend, as well as make new disbursement options if there are optimistic signals from stocks in the watchlist

"The VN-Index struggled between the cash inflow and the profit-taking pressure. This struggle is a natural result after a rally," they said in a note.

"Overall, the VN-Index is still in a positive trend in the short term," they said, suggesting investors take advantage of the situation to restructure the portfolio and look for new opportunities in stocks that have a positive accumulation.

Macro & Policies

2. Securities companies rush to promote margin lending

The recent flourish of the stock market is pushing demand for margin loans, thus securities companies are preparing capital increases to meet the borrowing demand of investors.

Although the number of margin loans peaked in June, experts from MB Securities Joint Stock Company (MBS) forecast that securities companies will promote margin lending due to improved liquidity and an increased number of fresh investors.

Securities firms are seeking ways to extend credit in the form of corporate bonds and margin lending, with more flexible benefits than bank credit.

According to FiinGroup Joint Stock Company, margin loan value reached over VND126.3 trillion (US\$5.6 billion) at the end of the second quarter of this year, but accounting for only a small part of the current market liquidity.

However, the gradual increase in margin since the second quarter of 2020 shows the expectation of securities companies towards the market.

According to FiinGroup's estimates, the total capital securities companies expect to increase is VND18.8 trillion in 2021. Since the beginning of this year, they have mobilised nearly VND12 trillion. This will allow securities companies to promote margin lending activities, thus increase profits.

Thanh Cong Securities Joint Stock Company (TCI) recently announced a plan to pay dividends in shares at the rate of 4 per cent, and at the same time

offered shares to existing shareholders at the rate of 100 per cent, in order to raise charter capital to over VND1 trillion.

Margin lending is increasingly contributing to the revenue of securities businesses. TCI estimates that revenue and profit before tax in the first nine months of 2021 will be about VND240 billion and more than VND175 billion, respectively, exceeding the plan set at the beginning of the year by 129 per cent and 175 per cent, respectively.

As for SSI Securities Joint Stock Company, the margin loans as of September 30 reached VND18.1 trillion, an increase of VND2.6 trillion compared to the previous quarter, becoming the brokerage with the largest loan balance in the market.

As of June 30, SSI lent nearly VND16.2 trillion, of which VND15.5 trillion was for margin lending. Revenue from the 9-month margin lending segment in 2021 has increased more than 4 times.

According to MB Securities Co, in order to compete with rivals and attract customers, many securities companies have reduced lending interests and transaction fees.

In 2019, interest rates for margin lending usually fluctuated between 12-14 per cent per year, but fell to below 12 per cent in 2020 and fluctuated around 10-12 per cent in 2021. At present, most securities are applying low transaction fees, around 0.2 per cent, even some securities companies apply zero-fee such as Pinetree Securities Joint Stock Company, AIS Securities Joint Stock Company or VPS Securities Joint Stock Company.

3. Positive signs for year-end car shopping

Car sales in Viet Nam increased by 52 per cent last month after five consecutive months of decline, showing positive signs for the car market at the end of the year.

The Viet Nam Automobile Manufacturers' Association (VAMA) announced that vehicle sales of

its members reached 13,537 last month, up 52 per cent compared to the previous month.

The total sales of the entire market of VAMA members reached a total of 188,937 vehicles of all types in the first nine months of this year, a year-on-year increase of 5 per cent.

Of which, there were 129,896 passenger cars, a year-on-year decrease of 0.3 per cent; 54,920 commercial cars, up 19 per cent and 4,121 specialised cars, up 56 per cent.

Sales reports of companies showed that most of the car sales in the past month witnessed good growth, such as TC MOTOR whose sales grew by 87 per cent or VinFast also grew by 51.4 per cent compared with the previous month.

Looking at the sales of automobile brands in Viet Nam last month, TC MOTOR has risen to lead in sales when selling 4,079 cars. The next position is VinFast, Toyota, Kia, and Mazda.

Meanwhile, a look at the Vietnamese auto market last month showed that, due to the COVID-19 pandemic, sales of VAMA members in August only reached 8,884 cars, down 45 per cent compared with the previous month.

August was also the fifth month in a row that the sales of VAMA members fell and also the month with the lowest sales record in the Vietnamese automobile market since 2015.

Businesses said that the growth in sales last month was due to the fact that the COVID-19 pandemic has been controlled thanks to the Government's pandemic prevention measures.

At the same time, many provinces and cities across the country have relaxed social distancing after months of implementing pandemic prevention and control to enter a new normal state, which has boosted car sales.

Some experts said that with the above growth rate and the pandemic situation gradually controlled, from now to the end of the year, there are nearly three months left which is also the peak shopping period. The Vietnamese auto market could grow at double digits by the end of the year.

However, most consumers as well as many car manufacturers still expect the Government to soon agree to a 50 per cent reduction in registration fees as proposed by businesses two months ago to remove difficulties for businesses and customers and stimulate shopping demand in the last months of the year amid the pandemic.

4. Bank loans rise despite pandemic

Despite being strongly affected by the COVID-19 pandemic, bank loans in the first nine months of this year kept rising compared to the same period last year, deputy governor of the State Bank of Vietnam (SBV) Dao Minh Tu said.

During a press conference held on Tuesday, Tu said as of October 7, the credit of the whole banking system increased by 7.42 per cent compared to the end of last year. The number was also higher than the 5.48 per cent growth rate in the same period in 2020.

This was a good result as the demand for capital of the economy still increased amid the pandemic in the country, he said.

According to Tu, the deposit and lending interest rates at the end of August 2021 continued to decrease compared to December 2020. By the end of September 2021, credit institutions lent new loans worth more than VND5.2 quadrillion for 800,000

customers with lower interest rates than before the pandemic.

Besides, banks also exempted and reduced lending interest rates for nearly VND2.5 quadrillion in loans of 1.7 million customers who were affected by the pandemic.

From January 23, 2020 to the end of September 2021, banks exempted and reduced interest rates worth about VND27 trillion for customers.

Sixteen commercial banks, which account for 75 per cent of the total outstanding loans of the economy, reduced lending interest rates worth VND11.8 trillion for customers according to their commitments with the Vietnam Banking Association from July 15, 2021 to the end of September 30, 2021.

By the end of September 2021, banks also restructured debt repayment terms for 278,000 customers with total loans of VND238 trillion.

Tu reported during the first nine months of the year, the exchange rate and the foreign currency market remained relatively stable with good liquidity, meeting all legal foreign currency needs of individuals and firms.

Regarding the central bank's credit management, Tu said the SBV would continue to implement credit solutions to control the credit size in line with the set targets while also improving credit quality and controlling inflation.

In order to implement the loan package for customers to pay their employees' salaries according to the Government's Resolution 68/NQ-CP, Tu said the SBV refinanced VND462 billion for the Bank for Social Policies (VBSP) to lend to 918 customers to pay salaries for 130,741 employees by the end of September 2021.

To create more favourable conditions for firms to have access to the loan package, Tu said the SBV, in coordination with relevant ministries and agencies, has so far also proposed the Government to not

require firms to have no bad debts and have the 2020 tax finalisation to qualify for the package.

According to Tu, in the context of the pandemic, non-cash payment has been chosen by many people and firms. In the first eight months of 2021, the total number of transactions via the interbank electronic payment system increased by 3.32 per cent in volume and 41.37 per cent in value compared to the same period of 2020. Payment via the internet, mobile and QR code channels increased by 54.13 per cent, 74.98 per cent and 66.81 per cent in quantity and 30.70 per cent, 93.69 per cent and 133.12 per cent in value, respectively, against the same period last year.

He said based on the targets of the National Assembly and the Government on the socio-economic development plan for 2021, the SBV will continue to operate a proactive and flexible monetary policy in order to control inflation, maintain macroeconomic stability and support rapid economic recovery.

5. Vietnam Airlines operates first commercial flight on HCM City-Da Nang route

The Da Nang International Airport welcomed the first commercial flight from HCM City operated by Vietnam Airlines on Tuesday evening after the route resumed, the carrier said yesterday.

Passengers on the flight satisfied pandemic prevention and control requirements including a negative COVID-19 test certificate, full vaccination with two shots, or certificate of recovery from the disease.

The airline has restored 14 domestic routes since October 10. For the routes between Da Nang and Ha Noi and HCM City, it is allowed to conduct five return flights on each route during the pilot period from October 10 to 20.

The number is expected to increase in the coming days after cities issue specific pandemic prevention and control regulations and facilitate the travel of people.

Vietnam Airlines operated nine commercial flights on Tuesday, comprising two between Ha Noi and HCM City, two each on routes connecting HCM City and Hue, Dong Hoi and Phu Quoc, and one between HCM City and Da Nang.

The Ha Noi-HCM City route is the most crowded with seat occupancy of up to 94 per cent.

6. Ha Noi accompanies investors towards economic recovery

Ha Noi, over the years, has been one of the leading localities in foreign direct investment (FDI) attraction thanks to the city's efforts to accompany and support investors.

Statistics from the Ha Noi Statistics Office, in September, the capital city granted licences to three FDI projects worth US\$5.3 million, pushing the total FDI value in the city in the first nine months to \$927 million, including \$162.6 million on 246 new

projects and \$492.4 million added to 93 underway ones.

According to the municipal Department of Planning and Investment, COVID-19 has posed adverse impacts to foreign investment in Ha Noi, causing a drop in capital.

Meanwhile, difficulties have been seen in the transport of goods from other countries to Viet Nam, while many businesses in industrial parks and clusters have faced obstacles in transporting labourers from their residence to workplace or applying the “three-on-site” and “one route – two destinations” models to maintain operations.

At the same time, FDI firms have suffered impacts from immigration policies for foreign experts, the department noted.

Since the beginning of the year, Ha Noi has seen the suspension of operation of about 200 FDI companies, mostly small and medium ones.

However, many large firms have still shown effective operations, while many foreign investors have increased investment in projects in the city.

As part of efforts to deal with difficulties facing investors and creating the best investment environment for FDI businesses, along with preferential policies from the Government, Ha Noi has rolled out various measures to help them overcome the pandemic.

Besides solutions to ensure safety against the pandemic, the department has given advice to the city's People's Committee on a number of solutions to assist FDI firms, including creating favourable conditions for them in administrative procedures so that they can focus on designing production plans.

The city has directed relevant sectors to take measures to deal with businesses' difficulties in procedures to receive foreign experts, COVID-19 vaccination and testing, tax, and goods transport.

In the remaining months of the year, the city will concentrate on promoting economic recovery and development as well as supporting local firms.

The municipal People's Committee has asked sectors and localities to immediately build their own recovery and development plans from October, while designing criteria of safe adaption to the pandemic and proposing mechanisms and measures to assist businesses.

Administrative procedures must be simplified to save costs, while online public services should be expanded to level three and four, thus giving maximum support to enterprises, asked the committee.

The committee assigned the Department of Planning and Investment to submit a proposal on the organisation of a dialogue with local firms to seek ways to deal with difficulties, especially those caused by the COVID-19 pandemic.

Meanwhile, the city plans to form four working groups to deal with difficulties facing businesses in different areas, while speeding up the disbursement of investment in capital construction.

In order to attract more foreign investment and give best conditions for FDI firms to operate in Viet Nam and Ha Noi as well, Do Anh Tuan, Director of the Ha Noi Department of Planning and Investment said that together with cutting the number of administrative procedures and fostering coordination in the field, the city will strengthen on-site investment promotion activities and assist investors in all stages from business registration to project implementation and settling arising problems.

Ha Noi will increase incentives for investors in prioritised sectors, including technology and supporting industry.

Experts held that COVID-19 has posed impacts to Viet Nam and Ha Noi as well, but it also created opportunities in foreign investment.

Solutions given by the Government, ministries and sectors and the city have shown efficiency in encouraging economic recovery in the city, they said.

7. GDP growth target is hard to reach: MPI

Minister of Planning and Investment (MPI) Nguyen Chi Dung calculated economic growth in the whole of 2021 at between 3 and 3.5 per cent, but also said such a target will be difficult to reach.

At the 4th session of the National Assembly Standing Committee meeting in Ha Noi yesterday, Dung said four out of 12 socio-economic targets have not yet reached the set plan due to the pandemic.

He added though the economic growth in the first six months reached 5.64 per cent compared to 2020, the fourth outbreak had a serious impact, decreasing the third-quarter growth by 6.17 per cent, dragging the growth rate of the first nine months' GDP to only 1.42 per cent.

He added the macroeconomy suffered potential risks caused by disruptions in some production chains, supply chains, and goods circulation, meanwhile the labour and employment situation was severely affected.

At the meeting, chairman of the Economic Committee Vu Hong Thanh said the Government should foster the implementation of fiscal, monetary-credit and social security policies to support people and production and businesses and individuals negatively affected by the pandemic.

He also emphasised checking and supervising the implementation and effectiveness of all the packages.

National Assembly Chairman Vuong Dinh Hue noted that the solution for the last months of 2021 is to clarify priorities and set suitable scenarios for 2022.

As head of the MPI, Dung said the dual goal of effective pandemic prevention and economic reopening was planned for 2022 when the growth rate of GDP would reach about 6 to 6.5 per cent.

He added the economic restructuring plan for the 2021-2025 period should be implemented synchronously, across sectors, between the central and local levels in the manner of renewing the growth model towards science, technology and innovation.

Dung said restructuring should take institutional improvement, digital transformation and innovation as breakthroughs, restructuring the economy, develop the urban economy, promote regional linkages, urban-rural linkages and renew the growth model of key economic regions and cities.

Meanwhile, mobilising, allocating and effectively using all resources for development, in which internal resources were strategic, fundamental, long-term, decisive, closely combined with external resources, were important, said the minister.

He also emphasised linking economic growth with cultural and social development, environmental protection and restoration, adaptation to climate change, and assurance of national defence and security.

Dung said the MPI's plan proposed five groups of tasks and solutions to restructure the economy including completing the restructuring of the system of credit institutions, public investment, the State budget, and public non-business units according to the set objectives, developing market types, improve the efficiency of resource allocation and use, developing the business force to improve competitiveness, internal capacity, and self-reliance of the economy, restructuring the economic space, develop the urban economy, strengthen regional linkages, urban-rural linkages, and promote the role of key economic regions and large cities in promoting economic growth and promote growth model innovation.

The last task was to upgrade the value chain of industries based on the application of scientific and technological advances, innovation, digital transformation, green economy development, and enhanced adaptation to climate change, he said.

During the review of the plan for the 2021-2025 period, the Economic Committee said that the development of the plan needed to overcome limitations and weaknesses of the previous period and should be more practical and effective.

The committee proposed the Government study and supplement some contents such as improving the efficiency and growth quality of a number of economic sectors.

As the committee said the urban economy was the mainstay of the national economy, exploiting to the fullest the advantages of urban areas, enhancing the economic competitiveness of the system of cities. Viet Nam should focus on expanding the urban economic development space by region, promoting the advantages of multi-dimensional connectivity as well as piloting specific mechanisms and policies, building new models to create breakthroughs in urban economic development.

At the same time, building an independent and self-reliant economy, adapting to the fluctuations of the world economy, actively integrating into the world, improving the efficiency of foreign affairs and the position and prestige of Viet Nam in the international arena was also needed.

It also said the country need plans to fully exploit the advantages of new-generation FTAs to promote domestic economic reform efforts, effectively using and allocating resources and ensuring green growth to link economic growth with emphasis on environmental protection and effective response to climate change.

Corporate News

8. SHB: SHB recorded a 94% increase in pre-tax profit in 9 months

↓ -0.66%

Saigon - Hanoi Commercial Joint Stock Bank (HOSE : SHB) has just announced business results for the first 9 months of 2021 with many growing financial indicators.

In the first 9 months of the year, SHB 's consolidated profit before tax reached VND 5,055 billion, up 93.9% over the same period in 2020, achieving 86% of the year plan. With this result, after many consecutive quarters of improvement, the return on assets (ROA) is 1.5%; while return on equity (ROE) of SHB reached 25.6%.

This result is achieved because SHB has improved cost efficiency on the basis of digitization and good governance. In the first 9 months of the year, the bank's cost-to-income ratio (CIR) was below 30%, the optimal level in the system, and a sharp decrease compared to the same period in 2020. This result reflected the effective strategy of SHB in optimizing operations with the value of digital transformation, the quality of human resources to improve productivity and reduce investment costs comparing to the traditional banking model of before.

As of September 30, 2021, total assets of SHB reached VND 464 trillion, up 12.5% compared to the beginning of the year, exceeding the plan set by

the General Meeting of Shareholders for the whole year.

The bank's own capital reached more than VND 43.3 trillion. Charter capital is currently VND 19,260 billion and is expected to increase to VND 26,674 billion this year according to the capital raising plan approved by the State Bank. SHB will pay 2020 dividend at the rate of 10.5% in shares and offer shares to existing shareholders with the exercise ratio of 100:28, the offering price is 12,500 VND/share.

Although significantly affected by the Covid-19 epidemic, by the end of the third quarter, SHB 's bad debt ratio was controlled at 2.1%.

Recently, SHB has divested from its consumer finance branch to foreign partners, bringing a significant capital surplus to shareholders and banks. At the same time, recently, SHB was approved to temporarily lock the foreign ownership rate at 10% to offer and issue securities to foreign investors.

Notably, on October 11, SHB officially transferred shares to HOSE , opening up new growth prospects.

9. TNC: TNC reported 4.7 times more profit after tax in the third quarter thanks to financial activities

↑ 0.00%

Although the profit in the third quarter of 2021 of Thong Nhat Rubber Joint Stock Company (HOSE : TNC) increased sharply, this figure was still not enough to support the business results in the first 9 months of the year.

In the third quarter of 2021, TNC 's net revenue reached more than VND 12 billion, up 37% over the same period, mainly coming from the sale of rubber

latex. However, COGS increased faster than revenue, causing TNC 's gross profit to increase only 26% to over VND 1 billion.

Thanks to receiving dividends from Ba Ria Agro-Forestry Products Import-Export Service Joint Stock Company, TNC 's financial revenue in the period was nearly 3.7 times higher than the same

period last year, reaching more than VND 12 billion.

With a sudden increase in financial revenue, TNC reported an after-tax profit of more than VND 11 billion, 4.7 times higher than in the third quarter of 2020.

However, due to the strong headwinds in the first half of the year, TNC 's 9-month accumulated net revenue growth was almost flat, while financial revenue even decreased by 31%. As a result, 9 months' profit after tax decreased by 34%, to more than VND 34 billion. However, with this figure, TNC has exceeded 13% of its target after tax for the whole year of 2021. But it should be noted that the

target of VND 30 billion of profit after tax approved by TNC's AGM is 45% lower than the result of last year.

Total assets at the end of September of TNC increased by 10% compared to the beginning of the year, to more than VND 423 billion. In which, inventories increased by 30%, mainly finished products inventory.

TNC 's liabilities had a big fluctuation as it is 2.3 times higher than the beginning of the year, reaching approximately VND 90 billion. The reason is that the Company records nearly VND 40 billion in dividends and profit payable and other short-term payables.

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