



VIETNAM DAILY NEWS



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Market Analysis

1. Large-cap stocks extend losses, VN-Index falls for 2nd day

The market ended mixed on Thursday as some large-cap stocks lost further in the late session, causing the VN-Index to reverse the morning course. Meanwhile, foreign investment kept fleeing the market.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) fell 0.06 points to 1,391.85 points, while the market's breadth remained positive.

The liquidity, however, continued to improve with more than 725.5 million shares traded on the southern market, worth over VND22.1 trillion (US\$782.1 million).

The index was weighed by losses in some large-cap stocks, with the VN30-Index posting a decrease of 2.17 points, or 0.14 per cent, to 1,503.38 points. Fifteen of the 30 biggest stocks in the VN30 basket slid, while eleven stocks climbed and four stayed flat.

Pillar real estate stocks continued to lead the market's downtrend. Vinhomes (VHM) and Vingroup (VIC) from the Vin family were still the biggest losers, with Vinhomes extending losses in the afternoon session.

Of which, VHM edged 1.38 per cent lower to finish the day at VND78,900 per share, while VIC slid 0.64 per cent to VND92,500 per share.

Bank stocks also contributed to the benchmark's losses with Saigon Hanoi Commercial Joint Stock Bank (SHB) down by 3.33 per cent and BIDV (BID) down 0.31 per cent.

The index pared losses on the back of some stocks like Vietnam Rubber Group (GVR), Phat Dat Real Estate Development JSC (PDR) and Development Investment Construction (DIG). These stocks rose in a range of 2.4 - 5.65 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index climbed 5.5 points, or 1.45 per cent, to 384.84 points, boosted by utilities stocks like IDICO Corporation (IDC), up 9.58 per cent.

During the session, 123.49 million shares were traded on the northern market, worth over VND2.9 trillion.

On the other hand, foreign investors still were net sellers on both main exchanges, with a total value of VND687.8 billion. Of which, they net sold a value of VND644.98 billion on HoSE, and VND42.82 billion on HNX.

Macro & Policies

2. More than \$10 billion per year to develop the power sources and grid in the 2021-2030 period

The demand for investment capital for the development of power sources and grids will average US\$10-11.5 billion per year by 2030.

This is stated in the draft national electricity development planning for 2021-2030, with a vision to 2045 (power planning VIII) that has just been submitted to the Government by the Ministry of Industry and Trade after many revisions and reviews.

According to the draft, the total investment capital required to implement the electricity development programme will be about \$99 - 116 billion in the 2021-2030 period, equivalent to US\$10-11.5 billion per year.

In which, the average capital for power source development is \$8.57-10.15 billion per year; while the capital for the transmission grid is about \$1.36-1.44 billion a year.

The power planning this time is developed with the aim of ensuring an adequate supply of electricity in the country, meeting the socio-economic development goals of the whole country with an average GDP growth rate of about 6.6 per cent per

year in the 2021-2030 period and about 5.7 per cent per year in the 2031-2045 period.

Among the set targets, exploiting and effectively using renewable energy sources for electricity production is a priority, increasing the proportion of electricity produced from renewable energy sources to about 11.9 - 13.4 per cent by 2030 and about 26.5 - 28.4 per cent by 2045.

The power source development plan by 2025 targets that the total capacity of power plants will be about 102,590 - 105,265MW.

Of which, hydroelectricity will reach 25,323 megawatts (MW), accounting for 24.1 - 24.7 per cent; coal-fired power plants 29,679MW, accounting for 28.2 - 28.9 per cent; gas thermal power (including LNG) 14,117MW, accounting for 13.4 - 13.7 per cent; renewable energy sources 29,618 - 31,418MW, accounting for 28.9 - 29.8 per cent; and electricity imports 3,853 - 4,728MW, accounting for 3.7 - 4.5 per cent.

By 2030, the total capacity of power plants will be about 130,371 - 143,839MW and the total capacity of power plants will be about 261,951-329,610MW by 2045.

3. Next six months vital for economic recovery: experts

Prime Minister Pham Minh Chinh chaired a webinar discussing Viet Nam's measures in boosting post-pandemic economic recovery, adapting to the COVID-19 pandemic, overcoming economic disruption and strengthening locality-to-locality connectivity on Wednesday.

During the webinar, business leaders and experts said that over the past year, Viet Nam has managed to contain the pandemic and maintained socio-economic development.

Foreign experts and representatives of international organisations in Viet Nam expressed their optimism about the country's development prospects.

"Despite the shortage of global vaccine supply, Viet Nam has managed to get a significant amount of vaccines to provide cover for nearly 60 per cent of the population with at least one dose of vaccine, and the government is now working on a post-COVID economic recovery plan," said Andrew Jeffries, Country Director for Viet Nam, Asian Development Bank.

The country's speedy vaccination drive plays a big role in reassuring investors and encouraging investments.

"There is sufficient fiscal space as the debt level is only about 56 per cent of GDP and has only

marginally increased in the past year, while revenue collection has been performing relatively well," said Carolyn Turk, WB Country Director for Viet Nam.

"This is very welcome as it will substantially reduce unnecessary burdens on people and businesses, as well as uncertainty and we know that investors – domestic and FDI – are reacting well to more predictability in the environment," said Turk.

Choi Joo Ho, President of Samsung Viet Nam, said the South Korean corporation has been working closely with the central and local government to identify and resolves issues that hindered operations to ensure uninterrupted production in its factories.

The next six months

The pandemic remains complicated and unpredictable and the country is facing a wide range of heavy consequences in all aspects of socio-economic life.

"Because the country's fundamentals are solid, we remain optimistic about the longer-term growth trajectory. Yet, the future will be partially determined by what the government is going to do over the next six months," said Turk.

"We estimate that if the government were able to fully implement its public investment programme in 2021, GDP would increase by 1 to 1.5 per cent," Turk said.

"The next six months from October 2021 to April 2022 when 70 per cent or more of the population is fully vaccinated, is a vitally critical time period," Jeffries said.

Choi urged the Government to establish a safe zone that covers three northern provinces of Bac Ninh, Bac Giang and Vinh Phuc in which mobility of goods and people will be uninterrupted. A similar model should also be established in the south with HCM City - the country's largest economic hub - at the centre and its nearby provinces of Dong Nai, Binh Duong and Long An.

He also called for a standardised COVID-19 safety guide for businesses and said businesses should be informed of any new policy changes at least three days before they are to take effect, saying it will help

businesses comply with it more effectively while they plan for production.

Business leaders and experts shared effective anti-pandemic models as well as experiences in removing difficulties to overcome economic disruptions, towards achieving the dual goal in the "new normal".

"There is rising pressure on the banking system to lower interest rates to lend more. But rising non-performing loans, which is currently estimated at around 7 per cent of the total outstanding loans, could weigh on the economic recovery in the medium term," Jeffries said.

He said Viet Nam must find ways to borrow domestically to raise sufficient capital for economic recovery as additional resources would be needed. More importantly, Viet Nam must quickly disburse the public investment already allocated as approximately VND250 trillion or US\$10 billion of public investment planned for 2021, has not been disbursed.

"Within this context, an urgent and innovative financing vehicle could help fill this gap to support the firms but not put too much pressure on the banks. One of the options can be credit guarantee arrangements for banks as other countries are doing such that the government shares the risk with the bank," said Jeffries.

A new normal

Business leaders and experts agreed with and put forth initiatives to boost economic recovery and flexibly and safely adapt to the COVID-19 pandemic, saying that policies need to be built and performed consistently from the central to local levels.

"It is important to ensure that three vital arteries of the economy will be protected despite any outbreak resurgence. These arteries are the food supply, labour supply, and transportation. Smart normalisation and resumption of transport services are a key enabler to allow flows of goods (including food supply), labour, and services, even in the event of a more controlled social distancing environment," said Jeffries.

He stressed the need for the country to work towards a climate-friendly and climate-resilient

economy, including investments in integrated and intermodal transport and logistics to lower transport and logistics costs and increase Viet Nam's competitiveness, clean energy, transport, and climate-resilient urban and rural infrastructure.

"An increasing share of the government's spending should be allocated to build back a better Viet Nam. As emphasised in the SDGs, this would mean a greener and more innovative Viet Nam. This will require a long-term effort that can be initiated by short term initiatives," Turk said.

Dr Kidong Park, WHO Representative in Viet Nam, discussed the country's next move in its anti-pandemic efforts.

"We should remember that vaccines are one of many tools available to us and we should use them strategically. Priority must be given to the vulnerable who are at high risk of exposure or developing severe disease. Vaccines should be given for free as it is part of essential health services, which also include COVID-19 prevention and treatment," said Park.

He advised the Government to encourage the 5K message and the other public health interventions. For businesses, it means carefully monitoring, managing and mitigating risks at the workplace.

"We would like to emphasise the importance of strengthening health system capacities, particularly provision of essential healthcare and support at the grassroots level across the country. This includes ensuring the appropriate care pathways from home care through grassroots health care facilities to tertiary hospitals," said Park.

"These measures will ensure that the COVID-19 situation will not continue to endanger the population. These efforts will be necessary for adapting and responding to any future public health emergencies, as well as in moving the country closer to universal health coverage," Park said.

PM Chinh asked agencies to collect feedback at the event to serve the building of policies and implementation of measures.

He stressed that nobody is safe when others are still contracting COVID-19 and no country is safe when other nations in the region and the world are still fighting the pandemic.

As the pandemic will continue in the country and the region, he asked for maintaining prevention and control measures, maintaining macro-economic stability, increasing supply to recover the labour market, and seeking ways to reduce input costs.

The PM said the Government will continue directing agencies and localities to ensure social welfare for residents, maintain social safety and order, tackle difficulties faced by enterprises, develop production and trade in the spirit of "harmony of interests and sharing of risks", contributing to the nation's socio-economic development.

Minister of Planning and Investment Nguyen Chi Dung said his ministry has been working closely with other Governmental agencies, local authorities, business associations and industry experts to build a comprehensive programme to steer Viet Nam's economic recovery in 2022-23, to connect supply and demand and to support businesses and the public, especially vulnerable groups in the post-pandemic period.

4. WB lowers forecast for Viet Nam's 2021 GDP growth to 2-2.5%

World Bank continued to lower Viet Nam's GDP growth forecast for this year to 2-2.5 per cent in its October 2021 Viet Nam Macro Monitoring.

Viet Nam's GDP in the third quarter of 2021 decreased by 6.17 per cent from the same period last year, the sharpest decline since Viet Nam announced its quarterly GDP in 2006.

Given the sharp contraction of the GDP in the third quarter and depending on the strength of the economic rebound in the fourth quarter, GDP growth for 2021 is projected to be in the 2-2.5 per cent range, well below its August forecast of 4.8 per cent, it said.

Labour market conditions worsened substantially, reflecting the adverse economic impacts of the lengthy lockdown in major economic centres.

As the number of new COVID-19 infections started to fall, Ha Noi and several provinces eased stringent restrictions so that mobility, industrial production index and retail sales started to recover although they remained lower than a year ago.

The merchandise trade balance improved as import growth slowed while foreign direct investment (FDI) commitment grew for a third month, suggesting foreign investors remain confident in the longer-term potential of the economy.

Inflation remained subdued amid weak domestic demand while the Vietnamese dong experienced further nominal appreciation in the domestic official market. Credit growth decelerated due to weakening credit demand associated with slower economic activities but was comparable to pre-pandemic rates as banks continued to provide preferential loans and forbearance to support businesses affected by the pandemic, according to the WB.

5. Grab resumes GrabCar service in Ha Noi

Ride-hailing company Grab Vietnam has announced the resumption of its Grabcar service in Ha Noi starting from Thursday.

The technology transport and delivery service supplier said that it has met all pandemic safety requirements given by authorised agencies with all drivers receiving at least one COVID-19 vaccine shot and having certificates of testing negative for SARS-CoV-2.

A representative from the firm said that all partners of Grab are requested to strictly implement the Ministry of Health's 5K message, and prepare hand sanitisers in their vehicles. They will also receive a COVID-19 test every week.

Passengers are also asked to abide by pandemic prevention and control measures during their trips with Grab, including following the 5K message and making health declarations.

The year-on-year budget balance remained in surplus over the past nine months despite posting another monthly deficit in September, mainly driven by a sharp fall in revenues. The resumption of economic activities after prolonged social distancing is facing obstacles as can be seen from the experiences of other countries. Reactivating manufacturing factories and businesses in the services sector will face potential product and labour shortages, it said.

To ease logistical constraints, the WB recommended that the Government of Viet Nam continue testing and vaccination on a large scale and encouraging labour mobility should be prioritised.

The authorities should also adopt a more expansionary fiscal policy and use the various fiscal tools available to support the economic rebound, including easing procedural rigidities in the budget to spend the planned current budget, accelerating the implementation of planned public investment, and expanding social protection to households and to formal and informal workers, it said.

They are advised to pay via bank cards or Moca e-wallet to reduce direct contact with drivers.

Grab has offered customers discounts of up to VND15,000 per trip paid by card or Moca wallet, using promotion code GCMOCA which is applicable from October 14-31.

The Department of Transport of Ha Noi issued a document allowing the resumption of public passenger transport using under-nine-seat cars. However, service suppliers are requested to keep the number of operating vehicles equal to 50 per cent of their total fleet.

6. Bad debt trading platform to start operation

The bad debt trading floor of Vietnam Asset Management Company (VAMC) is set to begin operation on October 15.

Nguyen Trong Du, Deputy Chief Inspector of State Bank of Viet Nam said the major tasks of the floor are to provide consultancy services in debt and asset trading and act as an intermediary to arrange the sales of bad debt and collateral for bad debts among relevant parties.

According to Doan Van Thang, General Director of VAMC, the debt exchange will be a market for debt and asset trading to take place. It will bring together buyers and sellers and act as a go-between to help them reach a deal. Participants who have “something” to sell are free to list on the exchange.

As soon as the exchange is launched, VAMC will take the role of a market maker. Other participants are credit institutions, asset management companies (AMC) affiliated to credit institutions, and enterprises running debt trading services regulated in Decree 69/2016/ND-CP.

Bad debts listed on the exchange are expected to come from two sources. The first source is debts purchased by VAMC at market price, estimated to be around VND3 trillion (US\$132 million). These debts are set to be traded immediately as soon as the exchange opens its first-ever session. The second source is debts from credit institutions and AMC affiliated to credit institutions.

Previously, credit institutions sold bad debts or collateral for bad debts publicly and transparently in accordance with Resolution No 42/2017/QH14. However, the resolution is just a pilot and remains in force for only five years, thus it does not apply to handling all non-performing loans (NPL) of credit institutions in the long-run.

VAMC believes this exchange will offer new services to effectively deal with bad debts, foster the development of a bad debt market and enhance the role of VAMC as the center of the market.

7. Vietnam Motor Show cancelled due to COVID

The country’s biggest automobile and motorcycle exhibition, the Vietnam Motor Show, will not be organised this year due to the COVID-19 pandemic and will return in 2022, the organising committee has announced.

It had scheduled to be held at the end of this month in HCM City, but the committee said that the fourth wave of the pandemic has disrupted most socio-economic activities and the auto sector was no exception.

Since lockdowns and other restrictions are in the early stages of being eased, to comply with the Government’s directives on disease prevention and

for public safety, the annual event could not be held as planned, it said.

The Vietnam Automobile Manufacturers Association and Vehicles Importers Vietnam Association had indicated attendance was confirmed by 12 auto brands, Audi, Ford, Honda, Jeep, Mercedes-Benz, Mitsubishi, MG, Subaru, Suzuki, Toyota, Volkswagen, and Volvo.

“The schedule for next year’s exhibition will be ... announced ... in or after the first quarter of 2022, depending on the epidemic situation,” Cong Quyet Dao, of the organising committee’s PR sub-committee, said. “We hope to organise the Vietnam Motor Show at the earliest.”

Corporate News

8. PPC: PPC made a loss in Q3

↑ 0.00%

Pha Lai Thermal Power Joint Stock Company (HOSE : PPC) has just announced its own financial statements for the third quarter of 2021 with a net loss of over VND35 billion. Previously, its affiliate, HND, also recorded dismal results with a 96% drop in net profit.

In the third quarter, parent company PPC recorded a revenue of VND 1,049 billion, down 33% over the same period. Not only that, operating below cost caused this unit a gross loss of VND 44 billion.

Financial revenue increased by 29% to VND29 billion, not enough to help the parent company avoid a loss of over VND35 billion (the same period saw a profit after tax of over VND90 billion).

With weak results in the third quarter, parent company PPC reported 9 months of cumulative business results with VND3,347 billion in revenue and VND223 billion in net profit, down 45% and 56% respectively over the same period.

PPC 's consolidated results are unlikely to be as bright either. This is because Hai Phong Thermal Power Joint Stock Company (UPCoM: HND) - the only associated company, previously reported a 96% decrease in profit after tax over the same period, brought in only 6 billion dong. HND said that electricity prices and Qc contract power output decreased, leading to a decline in revenue of 4%, at VND 2,195 billion. Meanwhile, COGS still increased by 7% due to increased output. This caused gross profit to shrink 87%, to less than VND 36 billion.

9. PNJ: PNJ wants to borrow a maximum of VND 1,260 billion from a bank after 2 months of losses

↑ 0.00%

The Board of Directors of Phu Nhuan Jewelry Joint Stock Company (HOSE : PNJ) has just approved a credit limit for a bank loan of VND 1,260 billion.

PNJ borrows from banks to supplement capital for business and guarantees activities.

As of June 30, 2021, PNJ 's liabilities recorded nearly VND 3,457 billion, an increase of VND 216 billion compared to the beginning of the year. In which, short-term loan balance was nearly 2,126 billion dong, up 16% while no long-term debt was recorded. PNJ has retails personal loans of more than VND 173 billion and the rest are bank loans.

Recently, PNJ announced that it will continue to make a loss of 78 billion dong in August when the Covid-19 situation is complicated nationwide and

Ho Chi Minh City and southern provinces have to tighten social distancing.

PNJ said that August continued to be an exceptional month, the Company had to temporarily close more than 270 stores across the system for most of the month to implement social distancing. As a result, PNJ recorded VND162 billion in net revenue, down 87% YOY and a loss of VND78 billion. Gross profit margin decreased from 17.7% to 13.3%.

Previously, in July, PNJ temporarily closed 274 stores across the system also to implement social distancing, so net revenue decreased by 63% over the same period to 489 billion dong, causing the company to lose VND 32 billion.

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