



# VIETNAM DAILY NEWS



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**Table of content**

## **Table of content**

- 1. Shares end lower on foreign net selling force**
- 2. Insurance stocks get boost thanks to State divestment**
- 3. Fertiliser prices in Mekong Delta continue to soar**
- 4. Businesses resume production as workers return**
- 5. Firms with revenue less than VNĐ200 billion enjoy 30 per cent reduction in CIT**
- 6. HCM City no longer requires negative COVID-19 test for vaccinated visitors**
- 7. Trademark Viet Nam Rice protected in 22 foreign countries: MARD**
- 8. VJC: Vietjet re-opens all routes, offering discounted tickets**
- 9. VNS: Taxi firm Vinasun revenue plunges 10 times**

## Market Analysis

### 1. Shares end lower on foreign net selling force

Vietnamese shares ended Thursday on a negative note after foreign investors extended their net selling streak, further dampening investor sentiment.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index lost 0.65 per cent, to close Thursday at 1,384.77 points. The market's breadth was neutral with 220 stocks increasing while 205 stocks declined.

The southern market index had declined 0.11 per cent, to finish Wednesday at 1,393.80 points.

The market liquidity was also high as domestic investors poured over VND21 trillion (US\$923 million) into the southern market, equivalent to a trading volume of nearly 709 million shares.

“On HoSE, foreign investors continued their net selling with a net value of VND790 billion,” reported the news site [cafef.vn](http://cafef.vn).

Hoa Phat Group (HPG) was the stock that was under the strongest net selling pressure of foreign investors with a value of VND310 billion. Following were Nam Long Group (NLG) with VND99 billion, Vingroup (VIC) with VND86 billion, SSI Securities Co (SSI) with VND83 billion and Vinhomes (VHM) with VND79 billion.

The VN30-Index dropped 1.05 per cent to 1,489.26 points. Of the VN30 basket, three stocks rose, while 27 slid.

“The market today was strongly influenced by the expiration of the VN30-Index futures contract,” said financial news site [vietstock.vn](http://vietstock.vn).

“As usual, the market was volatile at the end of the session. The selling force focusing on stocks in the VN-30 group was strong and caused many heavy-weight shares to plunge,” it said.

Some notable losers were Vietjet (VJC) falling 3 per cent, Sabeco (SAB) down 2.1 per cent, VPBank (VPB) declining 2 per cent, PV Power (POW) decreasing 2 per cent, Masan Group (MSN) falling 2 per cent, PetroVietnam Gas JSC (GAS) down 2 per cent and Mobile World Group (MWG) down 1.7 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index gained 0.04 per cent to close Thursday at 388.45 points.

It had risen 0.33 per cent to close Wednesday at 388.29 points.

During the trading session, over 117.4 million shares were traded on the northern bourse, worth over VND2.2 trillion.

## Macro & Policies

### 2. Insurance stocks get boost thanks to State divestment

Revenue of the whole non-life insurance market recorded modest growth this year, but most insurance stocks on the stock market rose sharply.

In the past two months, most insurance stocks have rebounded, with some stocks like Military Insurance Company (MIG), Bao Minh Insurance Corporation (BMI) and Post - Telecommunication Joint Stock Insurance Corporation (PTI) up about 60 per cent compared to the beginning of the year. Vietnam National Reinsurance Corporation (VNR) even jumped 145 per cent.

This stands in contrast to the sideways trend that occurred a few years ago.

On the stock exchange, there are currently seven insurance stocks, including VNR, PTI, MIG, BMI, Petrolimex Insurance Corporation (PGI), PVIRE (PRE) and BIDV Insurance Corporation (BIC).

These companies are operating in the field of non-life insurance. In Viet Nam, there is no life insurance company listed or registered for trading on the stock exchange.

Two other stocks, including Bao Viet Holdings (BVH) and PVI Holdings (PVI), have long been considered by many investors as insurance stocks, but are actually financial investment stocks in the financial - insurance sector. BVH is holding 100 per cent of capital in Bao Viet Insurance Corporation, while PVI holds 100 per cent of capital in PVI Insurance Corporation and 73 per cent of capital in PRE.

PVI shares, which were trading at VND48,100 per share on Thursday morning, rose about 50 per cent this year. Meanwhile, BVH shares fell slightly, despite its profit climbing 41.2 per cent year-on-year in the first half of 2021.

The negative and complicated developments of the COVID-19 pandemic are creating short-term risks for insurance companies due to a decrease in customer income, the risk of inflation and an increase in premiums, but insurance stocks are expected to inch higher.

The bullish trend of insurance stocks is believed to be driven by the divestment of state capital and extraordinary business results of some enterprises.

According to the plan to divest state capital of the Department of Corporate Finance, the Ministry of Finance, BMI and VNR are two insurance companies managed by the State Capital and Investment Corporation (SCIC) expecting to divest in the first quarter of 2022. The value of State capital at par value at BMI is VND463.1 billion (US\$20.3 million), while at VNR is VND529 billion.

However, VNR has not received any documents from the authorities on the divestment of State capital, Nguyen Thi Minh Chau, who is in charge of information disclosure of VNR, told [tinnhanhchungkhoan.vn](http://tinnhanhchungkhoan.vn).

Finance-insurance expert Tran Nguyen Dan said that it is understandable that investors' cash flow is poured into insurance stocks, especially those on the list of State divestment. But investors need to assess the business performance and growth potential.

Accordingly, if an enterprise subject to divestment has an almost exclusive segment, it is an investment opportunity, while if that field has been opened and liberalised, it is not attractive.

“For example, previously, a month after the successful State divestment, Sabeco (SAB) share price declined from VND340,000 per share to VND230,000/share. The shares' fluctuation, then, created a lot of emotions in the market, but SAB shares currently are just traded over VND160,000 per share,” Dan added.

Preliminary data from the Insurance Association of Viet Nam showed that in the first eight months of 2021, the revenue of the non-life insurance market is estimated at nearly VND37.3 trillion, up 3.61 per cent over last year, the lowest growth rate in the last decade.

The slowdown was due to declines in both major retail businesses, with negative growth in vehicle insurance, while health insurance's growth was lower.

Of which, vehicle insurance's revenue reached nearly VND10.3 trillion, down 7.7 per cent, while

revenue of health insurance rose 3.39 per cent year-on-year to more than VND11 trillion.

### 3. Fertiliser prices in Mekong Delta continue to soar

Fertiliser prices in the Mekong Delta have been increasing from the beginning of this year and are forecast to jump further in the remaining months due to the price of imported raw materials and difficulties in transport due to the COVID-19 pandemic.

The main factor pushing up prices is higher costs to hire shipping containers, while imported fertilisers, such as diammonium phosphate (DAP), mono-ammonium phosphate (MAP) and urea, are mainly transported on containers.

Currently, the cost to hire shipping containers has increased five times compared to the previous year.

The price of raw materials has risen on the world market, so the price of domestically made fertiliser products has also soared, according to the Ministry of Industry and Trade's Chemical Department.

Prices of domestically produced fertilisers have soared 24.3-83.7 per cent, and those of imported products have risen by 50-70 per cent.

According to the Ministry of Agriculture and Rural Development's Plant Protection Department (PPD), prices of the main raw materials for fertiliser production have advanced sharply in the past seven months.

Specifically, Ca Mau urea increased by 72 per cent from VND6,800 per kilo to VND11,700 per kilo. DAP Dinh Vu fertiliser rose by 67.3 per cent from VND8,550 to VND14,300 per kilo.

Explaining the reason for the increase, experts said that prices of input materials for fertiliser production had risen.

Sulfur rose over 200 per cent compared to the lowest point in 2019 and ammonia increased by nearly 200 per cent, followed by single fertilisers such as urea, DAP, superphosphate and others.

Rising oil prices and a shortage of empty containers may have caused freight rates to escalate three to five times.

Those factors are possibly the main reasons for fertilisers to have become more expensive over the past time, according to the PPD.

Due to the COVID-19 pandemic, there was a serious shortage of containers, meaning the cost of transporting containers increased by up to five times.

### 4. Businesses resume production as workers return

Sixty per cent of companies in HCM City have resumed production since the lockdown was lifted half a month ago.

The resumption in transportation to other cities and provinces has favoured them, the HCM City Union of Business Associations (HUBA) said.

Chu Tien Dung, HUBA chairman, said enterprises have worked actively with their workers and

partners to speed up production to complete order backlogs and accept new orders.

Nguyen Van Be, chairman of the HCM City Export Processing Zone and Industrial Park Authority Business Association (HBA), said 1,500 companies, including 500 foreign ones, in the city's industrial parks and export processing zones have resumed operations, with 60 per cent of them going back to more than 80 per cent capacity.

“Walking around the factories, we realised that the city’s solution of ‘living with the epidemic’ has proven effective.”

For instance, a company that used to stop production in the past when factory workers were found infected, has, in the past 15 days found 20 infections, but with support from authorities, disinfected the factory, sent the infected workers to medical facilities for treatment and continued production.

According to the HCM City Export Processing Zone and Industrial Park Authority (HEPZA), nearly 200,000 out of 288,000 workers at industrial parks and export processing zones have returned to work, and many of its tenants are operating at 90 per cent capacity now.

Companies in labour-intensive sectors such as textile and garment and footwear are now basically back to normal.

Pham Xuan Hong, Chairman of the HCM City Association of Garments, Textiles, Embroidery and Knitting, said 80 per cent of workers at Saigon 3 Garment Joint Stock Company are back at work, and many other large member-companies have also reported a positive situation.

Only small firms face difficulty with labour, but this situation seems likely to be overcome when provinces enhance vaccination for people who want to return to HCM City to work, he said.

City leaders are working with businesses to arrange vehicles to bring workers from other cities and provinces back, he added.

### Support measures needed

To enable companies to get up to speed, Dung of HUBA called for a Government financial support package and simplification of administrative procedures for them to access the funding.

He suggested extending the tax payment deadline and reducing taxes so that enterprises have funds to import raw materials for production.

He also suggested reducing electricity and water tariffs for businesses, and temporarily freezing port infrastructure fees.

Nguyen Hoang Ngan, general director of Binh Minh Plastic Joint Stock Company, said the fourth quarter is when companies step up exports of goods and imports of raw materials.

The biggest difficulty right now is the high prices of raw materials, he said.

Plastic raw material prices have increased by two to three times since the beginning of this year, eating up most enterprises’ profits, he said. Businesses also have to bear the costs of COVID-prevention measures, he said.

Therefore, prompt and timely stimulus packages would help businesses overcome difficulties and accelerate their production and trading, he added.

According to experts, the global COVID-19 situation has proved that it is possible to combine both safety and economic activities, and so HCM City should boldly open up and promote public investment to revive its economy.

Nguyen Xuan Thanh of Fulbright University Vietnam said with the global economic recovery and safe adaptation to the pandemic, Viet Nam’s exports could increase again from November.

But Vietnamese exporters are suffering from high logistics costs, and they need to get support in terms of interest rate subsidies, and the city also needs to tackle congestion on roads and at ports after reopening the economy to facilitate trade, he said.

Dr Tran Du Lich said the city should offer businesses financial and credit support solutions and social security support packages at a higher level than the national average since they have suffered more than their counterparts elsewhere in terms of length and stringency of lockdowns and social distancing.

The city needs to quickly implement key projects that have been suspended such as the HCM City Financial Centre, a creative start-up centre in Thu Duc City and a programme to help businesses digitise their activities, and clear obstacles to help the property sector recover, he said.

Thanh said “HCM City might have suffered the worst, but could be the perfect place to open up first to the world to revive foreign trade, investment and tourism compared to others in the country.”

But the success or failure of recovery in the final months of this year and 2022 depends on the nature of policies and their implementation, he warned.

### Land rental cut

The HCM City Department of Taxation has announced a 30 per cent cut in land rents this year for businesses and other organisations affected by COVID as mandated by the Prime Minister's Decision No 27/QĐ-TTg.

Under the decision dated September 25, the Government reduces payable land rentals by 30 per cent in 2021 for land lessees including organisations, units, enterprises, households and individuals directly leasing land from the State with annual land rental payment.

Land rental reduction levels shall be calculated based on payable land rental amounts for 2021 as specified by law. In case a land lessee is entitled to the prescribed land rental reduction, a 30 per cent

reduction of land rental shall be calculated based on the land rental amount he/she/it has to pay after being eligible for the prescribed current land rental reduction.

The beneficiaries include organisations, enterprises, households, and individuals who directly lease land from the State and pay rent annually.

The reduction this year is double the rate in 2020, and the procedures to get the support are also much easier.

Last year businesses and organisations that suspended operations for 15 days and above and sent a notice to the business registration agency were eligible for a 15 per cent reduction in rent.

Many businesses did not benefit since they did not send the notice.

This year the tax authorities have removed that provision.

## 5. Firms with revenue less than VNĐ200 billion enjoy 30 per cent reduction in CIT

National Assembly (NA) Chairman Vương Đình Huệ has signed for issuance a resolution of the NA Standing Committee on a number of solutions to support businesses and people affected by the COVID-19 pandemic. The resolution took effect on October 19.

Accordingly, the NA Standing Committee decided to reduce 30 per cent of corporate income tax for enterprises whose revenue in 2021 is less than VNĐ200 billion (US\$8.7 million) and experiencing a revenue reduction compared with that of 2019. The reduction is not applied for taxpayers who are newly established, merged or separated in the 2020 and 2021 tax period.

The NA Standing Committee also agreed to exempt personal income tax, value added tax and other taxes in the third and fourth quarters of 2021 for individuals and households in pandemic-hit areas. Tax exemption does not apply to revenues from the

provision of software products and services, video games, digital movies, digital music and advertising.

The value added tax for goods and services including transportation, food, accommodation services and those relating to tourism promotion will also be reduced from November 1 to December 31 this year.

The NA Standing Committee decided to exempt the fee for late payment arising in 2020 and 2021 for enterprises and organisations which incurred losses in 2020.

The Government is assigned to continue reviewing and carrying solutions within its jurisdiction to support businesses and organisations severely affected by the COVID-19 pandemic to restore production and business.

## 6. HCM City no longer requires negative COVID-19 test for vaccinated visitors

Twelve checkpoints in the gateways to HCM City will only check vaccination records and will not require a negative COVID-19 test for people traveling to HCM City, except for those coming from "very high-risk" areas, according to the city's Road – Railway Traffic Police Division.

The decision will help create favourable conditions for goods transport and meet the travel demand of people between provinces and HCM City.

Officers at the checkpoints will only check the health declaration on the VNEID app and the e-health book showing either one or two shots of vaccine received at least 14 days before entry. People who have recovered from COVID-19 within the last 180 days will need to show proof.

Travelers will be required to provide a negative test result if they arrive from very-high risk areas.

To facilitate people's travel, the city Management and Operation Centre for Public Transport has proposed reopening eight bus routes from October 25 to serve travellers.

The bus routes include No 14, 20, 27, 29, 141, 65, 74, and 79.

Lê Hoàng, deputy director of the centre, said these routes would reopen based on reports about travel demand.

Routes No 14, 20, 27, 29 and 141 will have 60 bus trips per day each, while the rest will have 54 bus trips per day.

Earlier this month, the city resumed operation of four bus routes in Cần Giỏi District after the district was classified as a green, or safe, zone.

## 7. Trademark Viet Nam Rice protected in 22 foreign countries: MARD

The trademark "Viet Nam Rice" has by now been protected in 22 foreign countries, the Ministry of Agriculture and Rural Development (MARD) reported, urging the issuance of a legal document managing the use of the trademark.

Viet Nam has been among the world's top three rice exporters, together with Thailand and India, for years, the MARD said in a report sent to Prime Minister Pham Minh Chinh on Tuesday.

According to the MARD, Viet Nam Rice has become a Generic Trademark in 19 countries, including Indonesia, Russia and 17 member states of the African Intellectual Property Organisation (OAPI). It has also been registered as a Certification Trademark in three countries, namely China, Brunei and Norway. The MARD holds the ownership of the trademark in these countries.

It is important to heighten awareness of Vietnamese rice products among exporters, importers, distributors and consumers both at home and overseas, the ministry said. Protection of the trademark also lays a basis for Vietnamese rice to expand its market and increase added value and competitiveness globally, as well as prevent the faking of Vietnamese origin.

Viet Nam must also urgently grant the right to use the trademark to Vietnamese producers and exporters as the trademark will be probably revoked if it is not used by the owner for 3 – 5 years in accordance with regulations of the World Intellectual Property Organisation (WIPO) and laws of some Madrid System member states, it noted.

The ministry proposed the PM to permit it to develop a decree providing a set of procedures for administering the use of Viet Nam Rice.

## Corporate News

### 8. VJC: Vietjet re-opens all routes, offering discounted tickets

↓ -3.02%

Vietjet resumed operations of all routes connecting Ho Chi Minh City and Hanoi, Da Nang and other localities across the country from October 21, meeting people's demand for safe and fast travel.

Routes connecting HCM City, Hanoi and Da Nang will operate two return flights per day. Until November 30, 2021, Vietjet's flight network will have 48 routes transporting passengers across the country.

Vietjet is providing thousands of Eco tickets priced at zero dong (excluding taxes and fees) for customers, especially workers coming back to HCM City and southern provinces to stabilise

production, return to normal life and contribute to economic recovery and development, the airline said in a statement.

The carrier also offers free COVID-19 quick tests for all passengers departing from HCM City and for passengers departing from Hanoi from October 22.

In order to fully meet regulations on prevention and control pandemic in the new normal period, passengers are suggested to make medical declarations, manage the test certificates and look for the free COVID-19 testing addresses on [www.vietjetair.com](http://www.vietjetair.com) and showing the QR Code at the airport./.

### 9. VNS: Taxi firm Vinasun revenue plunges 10 times

↑ 0.93%

The company posted a loss of VND91 billion, its seventh losing quarter in a row, increasing the chances of being delisted from the Ho Chi Minh Stock Exchange (HoSE).

Months of strict social distancing in HCMC, where the company mostly operates, have caused revenue to plunge due to restrictions on public transport.

In the first nine months, revenue fell by nearly half year-on-year to VND400 billion. It subsequently recorded a loss of VND188 billion.

In the next 12 months, the company needs to pay nearly VND100 billion in loans.



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