



VIETNAM DAILY NEWS

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Market Analysis

1. Shares recover in last minutes

The VN-Index escaped from a fall after investors poured money into some heavyweight stocks, lifting the market.

On the Ho Chi Minh Stock Exchange, the VN-Index rose 0.45 per cent to close Tuesday at 1,391.63 points after trading below the reference threshold for most of the trading time.

Growth of Hoa Phat Group (HPG) was behind the market's rebound. The steelmaker's shares climbed 2.2 per cent to end the day at VND56,300 (US\$2.45) a share, topping the shares affecting the VN-Index most. Last week, the company reported record profit of VND10.35 trillion (\$450 million) in the third quarter, 2.7 fold higher than the same period of last year.

Besides HPG, the top gainers in the VN30 basket included PV Gas (GAS), up 1.6 per cent; FPT Corp (FPT), up 2.1 per cent; and Military Bank (MBB), up 1.3 per cent.

In terms of sector, seafood processing companies enjoyed the highest growth with an average increase of 4.8 per cent, according to data on vietstock.vn. Advancers included Nam Viet Corp (ANV), Vinh Hoan Corp (VHC), Sao Ta Foods (FMC), I.D.I International Development & Investment Corp (IDI) and Ben Tre Aquaproduct Import and Export (ABT) with growth of between 3.5 and 6.9 per cent each.

Securities sector was also among top gainers with average growth of 1.3 per cent. Big companies such as Saigon Securities Inc (SSI), Viet Capital

Securities (VCI), Ho Chi Minh Securities Corp (HCM) and VNDirect Securities (VND) increased between 1-2.2 per cent each.

Liquidity declined, however, with 748 million shares worth more than VND21 trillion (\$913 million) being traded on HCM City's market, down 17 per cent in volume and 22.4 per cent in value compared to Monday's figures.

According to analysts at BIDV Securities Co (BSC), though market liquidity decreased, market breadth tilted to the positive side (14 of 19 sectors gained value), showing that cash flow was focusing on certain stocks.

"VN-Index is expected to maintain movement in the accumulation area of 1,380-1,400 points as technical indicators have not shown signs of changing trend," BSC's analysts wrote in Tuesday's market report.

On the Ha Noi Stock Exchange, the HNX-Index went up 0.49 per cent to close at 397.81 points, extending its rising streak to seven consecutive sessions.

Liquidity also declined here as just 115 million shares worth VND2.5 trillion being traded, down 24.4 per cent in volume and 28.4 per cent in value compared to the previous session.

Foreign traders were net sellers on both exchanges, offloading shares worth net sell value of VND91 billion.

Macro & Policies

2. Businesses must adapt to 'new normal' and take advantage where they can

The fourth wave of COVID-19 has affected all aspects of socio-economic life, including production and business. In response to the relaxing of pandemic restrictions, enterprises are being encouraged to take advantage of the unique opportunities that are now on offer.

The pandemic situation in HCM City and the surrounding areas has improved, presenting businesses with a window to restart operations. Support packages are being made available to help businesses kickstart operations, Vu Tien Loc, Chairman of the Vietnam International Arbitration Centre (VIAC), told Viet Nam News.

Loc predicted that orders would increase in the run-up to the spring and summer of next year, offsetting contracts from international brands that had been lost during the most recent wave of COVID-19.

Demand in the domestic market would grow steadily as consumption rises with the relaxing of restrictions, he said. Loc forecast that Viet Nam's economy would grow again in the first quarter of 2022, thanks to the combined efforts of the Government and business community.

Loc is petitioning the Government to accelerate support for businesses, as this is the fastest way to ensure economic recovery.

"Top priority should be given to simplifying administrative procedures to create the most favourable conditions for businesses in the next two years, facilitating their access to current monetary support packages and developing new incentive policies to support firms," Loc said, adding that tax reduction should be also included.

The State should help enterprises improve their competitiveness via training courses. Virtual trade promotion programmes would help firms reconnect to their export markets, he said.

Adaptability is key

Local businesses must adapt to the operational reality of the new normal, Loc said. Although the

COVID-19 threat would soon end, other challenges, such as climate change and trade wars, would come over the horizon. Businesses must be ready to meet these challenges.

"The firms should take the initiative in sharpening their competitiveness with a focus on digitalisation, enhancing their corporations and risk governance capacities to survive all storms," Loc told Viet Nam News.

Sharing Loc's opinion, Le Xuan Nghia, Director of the Business Development Research Institute under the Ha Noi Association of Industry and Trade, said that as Viet Nam starts to reopen the economy, businesses should plan to recover quickly, seeking new markets and recruiting more labourers.

During an online conference held in Ha Noi, Pham Dinh Doan, Chairman of Phu Thai Group, who specialise in trade and consumer product distribution, suggested local businesses implement restructure and review initiatives, to ensure their effectiveness and open new avenues of revenue.

They should also improve their knowledge of mergers and acquisitions.

While waiting for State bailouts, businesses needed to actively negotiate with banks, financial institutions, customers and employees, to temporarily maintain cash flow, he added.

Sao Ta Foods Joint Stock Company, which operates in frozen shrimp manufacturing and exporting in the southern province of Soc Trang, said key markets for Vietnamese shrimp products were on a route to recovery thanks to widespread vaccinations and the implementation of post-COVID-19 support packages.

These countries had also gradually reopened their catering and tourism sectors while other large shrimp suppliers, such as India and Indonesia, had been severely affected by COVID-19, leaving a gap in the market that Viet Nam can fill.

"Vietnamese exporters have a lot of room to expand shrimp exports if they know how to take advantage

of opportunities," the company said in an article published on its website.

According to Sao Ta, COVID-19 has changed consumption habits, making convenient foods and small packaged products more popular. As countries gradually emerge at different rates from the pandemic, Sao Ta plans to develop the two areas further.

The company will continue to expand its standard farming areas according to regulations, to offer more products that meet the traceability requirements of export markets, especially those in the EU.

It also plans to improve processing capacity and foster the appliance of 4.0 technology, to combat the labour shortages caused by migrant workers returning to their hometowns.

"Taking advantage of business opportunities is always a long-term solution of Sao Ta. To do so, Sao Ta is working hard to explore these opportunities while ensuring constant self-improvement," the company said.

In order to better facilitate the business community, the National Assembly (NA) has decided to waive many of the fees and taxes for businesses and people affected by the pandemic for the remainder of the year.

Under the latest resolution signed off by the NA Chairman Vuong Dinh Hue, taxpayers with revenue of less than VND200 billion (US\$8.8 million) in 2021,

and lower than their figure recorded in 2019, will be subject to a 30 per cent cut in corporate income tax.

The NA also agreed to exempt personal income tax, value-added tax, and other expenses payable by business households and individuals in districts affected by the pandemic during the third and fourth quarters of 2021.

The Government's Resolution No 128 provides temporary guidance on the "Safe adaptation, flexibility and effective control of the COVID-19 pandemic". The Resolution is considered an important step towards Viet Nam adapting to the so-called new-normal situation. The resolution has been welcomed by the business community.

The guidelines set out three criteria to assess the level of pandemic risk, including the number of new infections in the community, the coverage of vaccinations and the ability to receive and treat patients, so that pandemic control and other socio-economic activities can be conducted from a uniform approach.

The guidelines stipulate four levels of pandemic risk, which are as follows: Level 1: low-risk (new normal) – labelled green; Level 2: medium-risk – labelled yellow; Level 3: high-risk – labelled orange; and Level 4: very high-risk – labelled red.

Production and business establishments, enterprises, cooperatives, households businesses, traffic works, construction, business and service establishments are all allowed to operate at all four levels, but owners must have plans and take responsibility for pandemic prevention and control.

3. Phu Quoc to welcome international tourists with vaccine passports in November

Kien Giang Province People's Committee on October 21 issued a pilot plan to welcome international tourists using "vaccine passports" to Phu Quoc Island beginning November 20.

The plan aims to gradually restore the international tourism market, ensure security in tourism activities, and contribute to socio-economic development targets set for 2021.

The People's Committee of Kien Giang Province requests all international tourists to have a vaccine passport and strictly comply with epidemic prevention measures in Viet Nam.

At least 90 per cent of the population and workers in Phu Quoc have to be fully vaccinated in order to be ready to welcome international guests in the future.

The pilot plan will be implemented in two phases within the course of six months.

Specifically, from November 20, a number of charter flights will go to Phu Quoc for authorities to test the process of picking up and serving guests.

Based on the experience, authorities will then evaluate the plan's feasibility, make adjustments if necessary, and follow the official roadmap from December 20 onwards.

During the first phase from December 20 to March 20, Phu Quoc will welcome 3,000 to 5,000 tourists per month via charter flights and allocate private experiences within limited locations and areas for guests.

The second phase, which starts from March 20, 2022 to June 20, 2022, involves evaluation of the first phase and a scale of 5,000 to 10,000 guests per month if all requirements are met.

With regards to the target audience, international tourists will be allowed to visit from countries and territories with high safety in COVID-19 epidemic prevention.

They will enter Phu Quoc International Airport via charter flights with a certificate of full vaccination against COVID-19 or a proof of COVID-19 recovery recognised by relevant authorities in Viet Nam.

Injection of the second shot must have been done at least 14 days before and no more than 12 months from the day of arrival. Visitors who have recovered from COVID-19 have to submit proof that their discharge from the hospital to the date they enter Phu Quoc has not exceeded six months.

In addition, an English certificate of negative COVID-19 test results via the RT-PCR method within 72 hours before departure must be prepared by visitors.

Children under 18 years old with a valid negative COVID-19 test result are allowed to travel to Phu Quoc with a fully vaccinated parent or guardian.

Visitors to Phu Quoc must have a return air ticket and register to participate in a package tour programme with health insurance from a travel agency proposed by Kien Giang Province.

Kien Giang Province has created a backup plan and set up a testing and isolation zone for 2,000 people.

Preparation of COVID-19 treatment capacity for 1,000 people is part of the plan as well.

All workers involved in the process of welcoming and serving visitors will be trained in safety measures in COVID-19 epidemic prevention and control.

Deputy PM requires resuming tourism in safe manner

Deputy Prime Minister Vu Duc Dam has said tourism activities should be resumed quickly in a scientific and safe manner.

Chairing an online meeting with a number of ministries and localities on Thursday to discuss plans for welcoming foreign tourists in the new situation, the Deputy PM said the full re-opening of tourism activities should depend on the pandemic situation and lessons learnt from the first and second stages of re-opening.

Regarding visa procedures, Dam requested following the existing regulations and suggested authorities waive and reduce visa fees for foreigners.

He assigned the Ministry of Culture, Sports and Tourism (MoCST) to work with relevant ministries and agencies to issue guidelines on welcoming visitors in the first stage, and announce measures and supplementary conditions for tourists to have sufficient information before they decide to travel.

Deputy Minister of Culture, Sports and Tourism Doan Van Viet said the ministry had proposed a roadmap to resume international tourism activities in three stages, with the first stage starting from November 2021, during which Phu Quoc in the southern province of Kien Giang; Cam Ranh in the central province of Khanh Hoa, Quang Nam Province and Da Nang City are open to foreign visitors going on package tours and travelling on charter or commercial flights.

In the second stage from January 2022, the sector will serve more foreign travellers and connect with destinations via charter and regular flights.

In the third stage from the second quarter of next year, international tourism activities will be fully re-

opened on the condition of ensuring adherence to pandemic prevention and control regulations.

The MoCST suggested the Government consider issues regarding welcoming foreign guests with “vaccine passports”. It also asked localities to boost vaccination for residents and employees in the tourism sector.

4. HCM City restaurants busy preparing to reopen

No air-conditioners and no alcoholic drinks are among the COVID-19 prevention regulations that eateries in HCM City need to meet to be able to receive dine-in customers.

Pham Khanh Phong Lan, head of the HCM City Food Safety Management Board, explained that alcohol would not be allowed because it would cause customers to stay back longer, increasing the risk of infection.

But notably, there will be no stipulation on the maximum number of customers at a same venue.

With the city announcing the conditions, many restaurants are scrambling to get ready for the reopening after a long period of closure.

Tran Quoc Thinh, a restaurant owner in Phu Nhuan District, said in the past few days he has got his staff back to work, and they are busy cleaning, rearranging tables and chairs and preparing raw materials.

But many others are not prepared to reopen because the two-metre social distancing requirement would not be practicable.

Tran Minh Vy, the owner of an eatery in Tan Phu District, has no plans of reopening yet and wants to wait for more details from authorities before making a decision. Since the city authorities have said customers must comply with the 5k message of the Ministry of Health, including social distance, he has interpreted it to mean customers must sit at least two metres apart.

Shortage of workers is also a reason why many restaurants are unable to reopen.

The department said the closure of businesses for nearly four months had caused food and beverage sales to fall by 620 per cent in the first eight months of the year to VND32 trillion.

Many had to close for good, which also affected the real estate rental market, it added.

5. Salary increase in 2021 lowest in last decade

Salary increases at multinational companies this year are expected to be marginally down from 2020 and rise slightly next year.

At local companies they increased slightly, and are likely to remain steady in 2022, according to the Talentnet – Mercer Total Remuneration Survey.

While quite a bit higher than the inflation rate, the rates of salary increase were the lowest in the last decade.

They declined to 6.6 per cent from 7.2 per cent last year at multinationals, and are expected to rise again to 7 per cent next year.

At local companies, they increased to 6.8 per cent from 6.5 per cent, and will be around 6.7 per cent next year.

Speaking at the 2021 webinar Rewards Summit held last week to release the survey results, Hoa Nguyen, senior principal at Talentnet Corporation, said this year only 6.4 per cent of multinational companies and 7.7 per cent of local businesses had not increased salaries, significantly down from last year's 14 per cent and 34 per cent.

Vietnamese companies pay 35 per cent lower basic salaries than MNCs on average, according to the survey. The gap widens gradually at senior

positions, with the highest being at management level (41 per cent) and specialist level (33 per cent).

But since domestic firms pay their employees higher allowances and bonuses, their average salary overall is only 25 per cent lower.

In terms of pay differential with market average by industry, MNCs in oil and gas pay 49 per cent more basic salary and 47 per cent more total income.

At the other end of the spectrum, trading and FMCG are the sectors with the smallest gaps: zero per cent in terms of basic salary and 2 per cent in terms of total income.

The lowest paying sectors are real estate (-25 per cent) and retail (-32 per cent).

However, at local companies, the highest basic salary difference with the market average is in real estate (21 per cent).

In terms of total income, the biggest difference is in the financial services and non-banking (21 per cent) sector.

Speaking about recruitment trends in 2022, she said with the plan to gradually reopen the economy, 38

per cent of companies plan to increase their payroll in 2022 and the same ratio plan to keep the number unchanged.

The top five industries in terms of proposed increase among MNCs are financial services - non-banking, insurance, banking, agriculture, and transport and logistics.

Some 3 per cent plan to cut staff, but the remaining 21 per cent do not have specific recruitment plans yet.

In a panel discussion on creating and decoding the future working model, delegates said remote working during the pandemic sparked demand for this model even in the new normal.

Businesses said they would therefore adopt flexible working policies.

Speakers also stressed the importance of mental healthcare for employees, saying this was at the core of the post-pandemic benefits policies.

According to Talentnet's post-COVID-19 HR policy survey results, 56 per cent of respondents said they changed their benefit policies to match employees' needs.

6. Việt Nam, UK agree on early mutual recognition of “vaccine passport”

Prime Minister Phạm Minh Chính and his UK counterpart Boris Johnson agreed that Việt Nam and the UK will recognise each other's “vaccine passports” early during their online talks on October 26.

Chính again thanked the UK government for its timely donation of 415,000 doses of AstraZeneca COVID-19 vaccine to Việt Nam, and suggested the UK continue to help Việt Nam access vaccines and treatment drugs, especially the transfer of COVID-19 vaccine production technologies.

Lauding Việt Nam's performance in pandemic prevention and control, Johnson said the UK will present more medical supplies worth 500,000 GBP (US\$689,930) to the Southeast Asian nation.

PM Chính spoke highly of the UK's leading role in raising commitments and initiatives at the upcoming 26th UN Climate Change Conference of the Parties (COP26) and affirmed that Việt Nam will continue to make strong commitments to contributing to global efforts against climate change, and closely coordinate with the UK to ensure the success of the event.

Both PMs expressed their delight at the strong development of the Việt Nam-UK strategic partnership over the past time, and consented to further the coordination to accelerate the materialization of multi-faceted cooperation orientations.

Johnson praised Việt Nam's role and position in the region and within the Association of Southeast Asian Nations (ASEAN), stressing the UK considers Việt

Nam an important partner in the region as the UK is adjusting its policy towards strengthening cooperation with Indo-Pacific.

Chinh suggested the UK further facilitate access to its market for Vietnamese goods, and encourage British firms to expand their investments in areas with good potential in Việt Nam.

The leaders noted with pleasure the fine cooperation between Việt Nam and the UK at the United Nations Security Council during the time when Việt Nam serves as a non-permanent member (2020-2021), and within the framework of the Asia-Europe Economic Meeting (ASEM).

Johnson thanked Việt Nam for supporting the UK to become a dialogue partner of ASEAN, as well as in

negotiations to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

While exchanging views on regional and international issues of shared concern, the leaders stressed the significance of ensuring the freedom of navigation and aviation, security and peace in the East Sea, and observing international law, including the 1982 United Nations Convention on the Law of the Sea (1982 UNCLOS) – a legal framework for all activities at sea.

The Vietnamese PM invited his UK counterpart to pay an official visit to Việt Nam at an early date. PM Johnson accepted the invitation with pleasure.

7. National strategic dialogue between Viet Nam and WEF to take place on October 29

Prime Minister Pham Minh Chinh and World Economic Forum Founder and Chairman Klaus Schwab will co-chair the national strategic dialogue between Viet Nam and WEF on Friday.

The event with the theme "Enhancing public-private partnership: Key motivation for comprehensive recovery and inclusive, sustainable development and innovation" will take place in the form of a videoconference.

This is the first time that a national strategic dialogue will take place between Viet Nam and WEF. The discussion is important in the context of moving

towards living safely with COVID-19 safely and promoting economic recovery.

This is also an opportunity for investors to directly discuss with the Prime Minister the Government's economic goals for the term 2021-2026, and a chance to expand business in Viet Nam. Investors will offer suggestions about how to promote and take advantage of investment and technology, innovation and digital transformation.

WEF President Borge Brende will be joined in the event by leaders of Viet Nam's ministries and some 50 international corporations and enterprises.

Corporate News

8. VCB: Vietcombank's charter capital raise plan approved

↓ -0.11%

Vietcombank will issue millions of shares to pay for last year's dividends and raise its charter capital to over VND50.4 trillion (US\$2.22 billion) under a plan recently approved by its board of directors.

The plan was adopted at Vietcombank's annual general shareholders' meeting in April.

Accordingly, Vietcombank will issue more than one million shares to pay for last year's dividends at a rate of 27.6 per cent of 2019's retained earnings. The State-owned bank will also issue additional individual shares, worth 6.5 per cent of its total charter capital at maximum at the time of offering, to investors and existing shareholders.

The issuance of shares for dividend payouts will add over VND10.23 trillion to the bank's charter capital while more than VND3 trillion is expected to be raised from issuing individual shares.

Previously, the government approved the State Bank of Viet Nam's proposal to provide an additional VND7.65 trillion to maintain the State's ownership ratio at Vietcombank, which now stands at 74.8 per cent.

Vietcombank is to increase total assets by 5 per cent, total outstanding loans by 10.5 per cent, and consolidated pre-tax profit by 11 per cent this year. The non-performing loan (NPL) ratio will be kept at under 1 per cent and dividends will be paid at 8 per cent.

9. SSI: SSI launches Vietnam Long-term Growth Fund

↑ 1.31%

SSI Asset Management Co., Ltd has received approval for the initial public offering of its Vietnam Long-term Growth Fund.

The objective of the new open-ended fund is to generate steady returns in the long term for investors by investing in high-quality stocks in industry groups that make an important contribution to the growth of the economy such as consumer goods, retail, banking, real estate, and logistics.

So VLGF will invest mostly in stocks of leading companies and those with a strong business model, good corporate governance, a competent and transparent management, a healthy financial position, and long-term growth prospects.

It will also invest in companies with lower market caps and liquidity if they meet sustainable development criteria and have good potential for growth and fixed income assets.

Application and payment should be done between October 27 and November 16.

The offer price is VND10,000, and there is no issuance fee.

The minimum investment is VND500,000.

The fund is expected to list at the end of this year.

Le Thi Le Hang, CEO of SSIAM, said, "We see an increasing trend of investing in open-ended funds since last year, especially by those who don't have a lot of money to invest."

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