



VIETNAM DAILY NEWS

October 29th, 2021



Table of content

Table of content

1. Market rises for second day, VN-Index continues to hit new highs
2. Viet Nam remains a charming investment destination for foreign investors
3. Enterprises in south-east resume production as COVID restrictions ease
4. VPBank completes 49% stake sell to SMFG
5. VinaCapital open-ended funds easily beat index
6. Officials, businesses discuss measures to boost export of fruits, vegetables to EU
7. HCM City reopens dine-in service from Thursday
8. HDB: HDBank continues to grow strongly, sustainably despite pandemic
9. HVN: Vietnam Airlines stock trading restricted to afternoon session

Market Analysis

1. Market rises for second day, VN-Index continues to hit new highs

Viet Nam's stock market ticked higher on Thursday as demands for riskier assets remained high, while foreign investors continued to flow back to the market.

The market benchmark VN-Index on the Ho Chi Minh Stocks Exchange (HoSE) rose nearly 15 points, or 1.05 per cent, to 1,438.01 points. The index gained for the second day after breaching the threshold of 1,400 points and at the same time, set a record high since 2000 at 1,423.02 points in the previous session.

Both market breadth and liquidity stayed positive, with the liquidity increasing sharply compared to the last session. Accordingly, the total trading value reached nearly VND31 trillion (US\$1.36 billion), up 31.9 per cent. Of which the trading value on HoSE rose 25.4 per cent to VND24.5 trillion.

The index was backed by gains in large-cap stocks, especially in attractive sectors like banking, real estate, energy, and manufacturing.

The 30 biggest stocks tracker VN30-Index jumped 12.8 points, or 0.84 per cent, to 1,529.26 points. In the VN30 basket, 20 stocks climbed, while only seven declined and three ended flat.

Of the top five big stocks influencing the market's uptrend, Vietcombank (VCB) was the biggest gainer in market capitalisation, with an increase of 1.87 per cent. Other pillar stocks included PV Gas

(GAS), Masan Group (MSN) and Novaland (NVL), up in a range of 2.71 - 3.75 per cent.

The benchmark was also supported by strong rises in Becamex (BCM), Sabeco (SAB) and VBPank (VPB). These stocks all posted gains of more than 1.7 per cent.

In a daily report to investors, Saigon - Hanoi Securities JSC (SHS) said that if the index passes the resistance zone of 1,420 - 1,425 points in today's session, it is likely to head toward the psychological level of 1,500 points in the short term.

Investors should carefully observe the market at the mentioned resistance zone, and buy new positions in the short-term if the market continues to break records on positive momentum, the securities firm added. It also recommended investors focus on blue-chips.

On the Ha Noi Stock Exchange (HNX), the HNX-Index climbed 6.7 points, or 1.66 per cent, to 411.07 points.

During the session, more than 163.5 million shares were traded on HXN, worth over VND4 trillion.

Meanwhile, foreign investors were still net buyers on the southern market, with a net value of VND621.65 billion. However, they net sold a value of VND23.62 billion on HNX.

Macro & Policies

2. Viet Nam remains a charming investment destination for foreign investors

Viet Nam remains a safe and attractive destination for foreign investors despite the complicated development of COVID-19 pandemic, the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment has said in its monthly report.

During the first 10 months of 2021, foreign investors registered to pump US\$23.74 billion into Viet Nam, surging 1.1 per cent over the same period last year. Of the sum, over \$13 billion was injected into newly-licensed projects, up 11.6 per cent year-on-year, while the remainder of over \$7.09 billion came into operating projects, up 24.2 per cent.

These encouraging figures were mainly thanks to three large-scale projects licensed in the period including the Singapore-invested Long An liquefied natural gas power plant worth \$3.1 billion; an additional \$2.15 billion of the Korea-financed LG Display project in Hai Phong City and the Japanese O Mon II Thermal Power Plant in Can Tho City, valued at \$1.31 billion, according to the FIA.

However, the pandemic still impacted the investment of foreign businesses through capital contribution and share purchases. From January to October, 3,063 projects had nearly \$3.63 billion in capital contributed by foreign investors, which was down 44 per cent in the number of projects and 41 per cent in value year-on-year.

Not only had the global M&A market declined, but travel restrictions had also significantly influenced the decision-making of foreign investors, the FIA said.

Notably, while FDI commitments were on an uptrend, FDI disbursement in the period continued to decline by 4.1 per cent year-on-year to \$15.15 billion. This decrease was higher than 3.5 per cent seen in the nine months.

But the pandemic has been gradually controlled while the Government and relevant agencies have drawn up many policies and solutions to remove obstacles for enterprises, besides issuing regulations and guidelines to help them adapt to the new normal situation.

Meanwhile, enterprises have gradually resumed their production and business activities, FDI disbursement is expected to improve in the last months of the year, it said.

From January to October, foreign investors poured money into 18 fields and sectors, in which manufacturing and processing took the lead with \$12.74 billion, accounting for 53.7 per cent of total registered capital. Electricity production and distribution came second with \$5.54 billion, or 23.3 per cent. It was followed by real estate with \$2.12 billion and wholesale and retail with over \$803 million.

Singapore retained its crown as Viet Nam's largest foreign investor with \$6.77 billion or equivalent to 28.5 per cent of the total FDI. South Korea came next with \$4.15 billion or 17.5 per cent, while Japan ranked third with \$3.4 billion or 14.3 per cent.

During a monthly press conference on October 21, spokesperson of the Ministry of Foreign Affairs Le Thi Thu Hang said the Government had set up taskforces specialised in addressing concerns of businesses that have been severely affected by the pandemic.

She said Vietnamese authorities were willing to provide the maximum support for foreign businesses and investors and get all economic activities back to normal and avoid possible disruption in supply chains.

On October 1, the Government's issued resolution No 128/NQ-CP on safe and flexible adaptation to the pandemic. That aimed to soon get socio-economic activities back to the new normal as soon as possible.

Ng Teck Yow, General Director of Gamuda Land Vietnam, told Viet Nam News that the social distancing and domestic travel restrictions continued to pose difficulties for developers who are trying to lease or sell their land or products as investors and potential occupiers can not undertake site visits to perform the touch and feel approach to conclude their decision.

"However, the roll out of the vaccinations and promises of a vaccine passport programme are instilling confidence into landlords and investors alike," he said.

"I highly appreciate and trust the actions that the Government initiated. So far, the authorities are doing an extremely good job and I trust it will be continued, we will always be here to support and encourage the required actions," he said.

The director said one of the most exciting projects his company has worked on was the virtual launch of two of our six towers at Celadon City in HCM City.

"Not only were we able to go ahead with the launch while many others opted for delays due to the pandemic, we were also the first to stage a virtual launch in Viet Nam," he said.

"More than 3,000 people watched the live stream, which is a very good turnout for a launch event, and found buyers for the 600 units launched," he added.

3. Enterprises in south-east resume production as COVID restrictions ease

With the COVID-19 pandemic basically controlled, businesses in the south-eastern region are gradually resuming production.

The pandemic has been gradually brought under control in hotspots such as HCM City and Binh Duong, Dong Nai and Long An provinces, paving the way for them to relax measures to revive the economy.

They have tweaked many policies to adapt to the new context, giving hope to businesses during this hard period.

Resolution 128 issued recently by the Government on 'Safe adaptation, flexibility and effective control of the COVID-19 pandemic,' which lists criteria to assess the level of pandemic risk and unified response measures by all localities, agencies and businesses, is good news for enterprises.

According to businesses, the spelling out of risk levels lets them know when they can continue operation and when they need to temporarily stop.

Unified regulations also prevent local authorities from creating their own regulations, enabling companies to develop and implement business plans, they said.

In Binh Duong Province, 3,330 businesses with 331,585 workers have resumed operations. The province has made efforts to sustain production to prevent supply chain disruption.

Local authorities said they are striving to ensure 90 per cent of businesses resume operations by the end of this month and 100 per cent by the end of this year.

The management of the province's industrial parks is speeding up vaccination for experts and workers to achieve the goal of returning to normal by early 2022.

In Binh Phuoc Province, 42,540 workers at 166 enterprises in industrial parks have returned to work. More than 3,000 businesses outside the parks with over 56,000 workers have also resumed operations. Nearly 100 companies have announced plans to hire 9,200 workers.

In Dong Nai Province 1,582 out of a total of 1,713 companies with 497,050 employees have resumed operations.

But they face numerous challenges like a shortage of workers after a large number returned to their hometowns during the lockdown, rising costs of inputs and lack of funds.

Businesses have taken a cautious approach to reopening since the vaccination rate in some localities is only 20 percent.

Vo Tri Thanh, director of the Institute for Brand and Competitive Strategy, said support policies need to be implemented quickly and in a co-ordinated manner to help businesses recover and catch up with the rest of the world.

“The most important thing for businesses now is a support package which is big enough ... and is

implemented quickly enough,” he told Viet Nam News.

4. VPBank completes 49% stake sell to SMFG

VPBank on Thursday announced the completion of its deal to sell a 49 per cent stake in its FE Credit to Japan's Sumitomo Mitsui Finance Group (SMFG) in a transaction.

SMBC Consumer Finance Company (SMBCCF), a subsidiary of SMFG, bought the stake.

In the six months since VPBank and SMBCCF signed the capital transfer contract in April 2021, the two sides have completed the necessary steps and procedures for SMBCCF to officially hold 49 per cent of the charter capital at FE Credit. At the same time, FE Credit will be renamed VPBank SMBC Finance Company Limited. VPBank still holds 50 per cent of charter capital at FE Credit, while the remaining one per cent belongs to another investor.

The divestment of half of the charter capital at FE Credit will facilitate VPBank to strengthen its financial capacity and further expand its business activities in other potential segments. Meanwhile, SMBCCF's investment will enable the leading consumer finance company in Japan to expand its business in the region, by sharing its accumulated business know-how and experience in Japan and other Asian countries.

Established in 1993, VPBank is now one of the largest private banks in Viet Nam, with total assets of more than VND479 trillion as of the end of the third quarter of 2021. The bank's business is spread across a wide range of retail, corporate, consumer finance and wealth management segments.

FE Credit is currently the leading consumer finance company in Viet Nam with about 50 per cent market share, 20,000 service points and over 13,000 employees nationwide. During the development process, FE Credit has always consistently carried out the mission of "meeting the need to access official credit capital of all classes to improve the quality of life". To date, FE Credit has served nearly 11 million Vietnamese people through its unsecured lending products and services.

SMBC is one of the three largest banking and financial groups in Japan, with total assets of over US\$2.1 trillion as of December 31, 2020. The group is active in retail banking, corporate banking, and investment banking globally, with a presence in over 40 countries. SMBCCF is the leading consumer finance company in the Japanese market with more than 900 branches nationwide.

5. VinaCapital open-ended funds easily beat index

All of VinaCapital Fund Management JSC's open-ended funds achieved outstanding performances in the first nine months of the year.

They include the Vietnam Equity Special Access Fund (VESAF), VinaWealth Equity Opportunity Fund (VEOF), VinaCapital Insights Balanced Fund (VIBF), VinaWealth Enhanced Fixed Income Fund (VFF), and VinaCapital VN100 ETF.

VESAF reported a return of 57.6 per cent, making it the best performing open-ended equity fund in the market, a repeat of its market-beating performance in 2020.

VEOF and VIBF achieved returns of 45.2 per cent and 31.9 per cent, outperforming the benchmark VN-Index and putting them among the top three performers in their respective fund classes.

The VN100 ETF, launched in 2020, returned 31.8 per cent.

Bond fund VFF provided a return of 5.45 per cent, the highest in that category.

The total assets under management by these five funds were worth more than VND2.9 trillion as of September 30.

VESAF mainly invests in listed medium- and small-cap stocks with high growth potential and foreign ownership limits.

VEOF mainly invests in large and medium-sized companies.

VIBF is a balanced fund, investing in bonds and listed stocks, to mitigate overall portfolio volatility.

VinaCapital VN100 ETF is an exchange-traded fund with a portfolio that tracks and replicates the performance of the VN100 Index, with a tracking error maintained at less than 0.4 per cent.

Brook Taylor, CEO of VCFM, said, "We are very pleased that VinaCapital's open-ended funds are giving investors outstanding returns that are well above their benchmarks and in the top tier of their asset classes.

"We are very optimistic about the growth prospects of Viet Nam's stock market in the years ahead. However, to be successful in stock investment, investors should have a long-term vision and solid investment knowledge."

6. Officials, businesses discuss measures to boost export of fruits, vegetables to EU

Ensuring food safety, further enhancing product promotion by attending prestigious fairs and cutting logistics costs are among ways to boost exports of Vietnamese fruits and vegetables to the EU, according to Vietnamese envoys to the EU and businesses.

Speaking at a webinar this week on exporting fruits and vegetables to the EU market, Trần Văn Công, Việt Nam's agricultural counsellor to the EU, said European countries are currently in the process of economic and consumer recovery.

With its annual fruit and vegetable imports of 35 billion euros, accounting for 40 per cent of global trade in the products, the EU is a promising market for Việt Nam, he said.

Phạm Việt Anh, Việt Nam's ambassador to the Netherlands, said though the Dutch is small, it has a very important position in Europe as home to wholesalers.

But very few Vietnamese fruit products are available there due to a lack of reliable supply sources, high prices and poor preservation.

If Việt Nam can increase its farming area and meet the standards of the EU market, more of its vegetables and fruits could enter it, he said.

Nguyễn Trung Kiên, Việt Nam's ambassador to Austria, said European consumers are increasingly attaching importance to food safety and

environmental protection, and vegetables and fruits not meeting these criteria would not sell in the EU market.

Meanwhile, major growing areas in Việt Nam such as Bắc Ninh and Bắc Giang face challenges related to food preservation and still use a lot of pesticides, he said.

He called for increasing the use of non-chemical methods for crop protection and insect control for long-term benefits.

Besides the food safety factor, the webinar heard, to promote the export of fruits and vegetables to the EU, trade promotion needs to be strengthened and logistics difficulties need to be resolved.

Thái Xuân Dũng, Việt Nam's Ambassador Extraordinary and Plenipotentiary to the Czech Republic, said logistics costs account for a high rate of the cost of fruit and vegetable products exported to the Czech market but also the EU in general.

"Processed fruits and vegetables will bring higher added value, and businesses need to invest in technology and equipment to improve the competitiveness of their products and make use of the tariff incentives under the EU-Vietnam Free Trade Agreement to boost exports to the market."

Nguyễn Đình Tùng, chairman of Vina T&T Group, said, "Exporters must place food safety and hygiene

first, and understand regulations for each kind of fruit ... to avoid violating them.”

Not having EU officials in Việt Nam for quality inspection of fruits and vegetables before export is a difficulty and exporters run the risk of orders being cancelled on arrival in Europe, he said.

Ngô Tường Vy, deputy director of Chánh Thu Fruit Import-Export Limited Company, said the promotion for Việt Nam's fresh fruits in the EU is quite good, but they still face certain limitations, especially with respect to post-harvest preservation.

Amid the COVID-19 pandemic, her company switched to promoting sales of processed frozen products, and achieved great success, especially with durian products to Australia.

The company wants to enter the EU market in the near future with frozen durian and promote its exports, she said.

Minister of Agriculture and Rural Development Lê Minh Hoan said the potential for exporting vegetables and fruits to the EU is huge, and it is necessary to take advantage of opportunities when the bloc's economy is recovering.

“Many businesses have paved the way to take fruits to the EU.

“But perhaps we cannot go it alone if we want to go far; we have to go together.

“We must consider the establishment of an export union or association of exporters to the EU to further promote our agricultural products.

“Currently, we lack an overall strategy for exporting fruits to the EU and so developing a strategy by clarifying the roles of relevant stakeholders is needed.”

7. HCM City reopens dine-in service from Thursday

HCM City residents were given a taste of the 'new normal' as in-person dining at restaurants resumed yesterday.

For the past five months only offer delivery and take-away services were allowed due to the severe COVID-19 outbreak.

Many restaurants, cafes, and other food and beverages in Thủ Đức City and Bình Thạnh, Tân Bình and Tân Phú districts received customers since early morning.

There were still restrictions in place and customers were required to sit at least two metres apart and comply with 5K regulations.

“I’m very excited to know that the city has allowed restaurants to offer in-person dining because it means we’ll get more customers and of course more profit,” Nguyễn Thị Trang, owner of Huế-styled snakehead fish soup shop on Thủ Đức City’s Tăng Nhơn Phú Street.

“My restaurant was forced to close for three months, and we have just offered take-away services recently, but the number of customers was quite modest. I hope the dine-in service will attract more customers and my restaurant will be as crowded as it was,” she said.

Trang said all of her staff were vaccinated, wear face masks, and keep the required distance as regulated.

Customers are required to comply with 5K regulations when eating out.

Nguyễn Hạ Vy, resident in Bình Thạnh District’s Bạch Đằng Road said she and her mother went out for hủ tấu (thin rice-noodle soup) early in the morning.

“This is my first restaurant meal after a long time of social distancing. I really miss this feeling,” she said.

“It’s not all about the taste of the soup. Eating out again brings the feeling of being normal again and eases boredom and stress although we still have to strictly follow the prevention measures.”

Thursday was the first day restaurants, cafes, and other food and beverages places could cater for sit-in services again. However, they must close at 9pm and the number of customers would be capped at 50 per cent. Alcoholic drinks were still not allowed except at wedding venues, or restaurants at hotels for tourists.

Chairman of the city's People's Committee Phan Văn Mãi said on Thursday that the city allowed District 7 and Thủ Đức City to carry out a 'pilot' period of selling alcoholic beverages due to their success in controlling the outbreaks.

The pilot period runs until November 15, with specific areas to be decided by local authorities.

The two localities would report to the city's authorities after November 15 to inform their decisions on whether to expand the permission to other localities, he said.

Customers were required to leave records of entry at each food and drink establishment using QR codes via the health declaration/medical surveillance system.

The establishments had to have proper food safety licences, a separate section for the reception of food, full stock of soap and hand sanitation products, and register their venues at the website: <https://antoan-covid-19.gov.vn>.

Staff must have either received at least one dose of COVID-19 vaccine or recovered from COVID-19 within six months. Frequent COVID-19 testing for staff would also be required.

During the 4th wave of the COVID-19 pandemic, HCM City experienced more than five months of social distancing with different levels. After nearly a month of "opening up", there are nine districts at level one (new normal), 12 districts at level two (medium risk). Bình Tân is the only district at level three (high-risk).

The HCM City's Department of Industry and Trade estimates that there are about 7,500 food and beverage businesses and thousands of eateries in the city. Dine-in services were forced to stop for the past several months, causing a sharp drop in the revenue of the food industry.

Statistics show that food and beverage revenue in the city in the past eight months was only VNĐ32.07 trillion, a reduction of 20 per cent over the same period of last year. Many businesses had to downsize their operation or close down.

The department said it will coordinate with suppliers to ensure the goods and raw materials for the city's market, work with relevant authorities to carry out inspections with regards to COVID-19 control and prevention compliance, according to the city's decision.

Corporate News

8. HDB: HDBank continues to grow strongly, sustainably despite pandemic

↑ 1.39%

The Hồ Chí Minh City Development Joint Stock Commercial Bank (HDBank) achieved better-than-expected results and reached 82 per cent of its full-year targets in the first nine months of the year, its financial statement for Q3 shows.

As of September 30 its total assets were worth VNĐ346.35 trillion (US\$15.19 billion), 26.7 per cent up from the same period last year.

Loans outstanding increased by 16.1 per cent year-on-year. The standalone and consolidated NPL ratios were below 1 per cent and at 1.4 per cent respectively, lower than at the same time last year.

Loans outstanding to sectors with a high level of risk and restructured debts were well controlled.

Capital adequacy and liquidity were maintained at high levels.

Owners' equity was 22.5 per cent higher at VNĐ29.27 trillion (\$1.28 billion), enabling its capital adequacy ratio (according to Basel II standards) to increase sharply to 13.5 per cent compared to 10.9 per cent on September 30 last year.

Its other liquidity ratios are better than those prescribed by the State Bank of Việt Nam.

Its operating income in the first three quarters topped VNĐ12.1 trillion (\$530.51 million), a 23.6 per cent rise.

Its services business achieved positive results in diversifying the sources of revenues. Net income from services in the first nine months increased by 88.6 per cent as against 16.7 per cent in the case of net interest income.

Notably, the parent bank's net income from services more than tripled.

The bancassurance business was a positive contributor to its net income from services, and made it one of the banks in the market with the highest insurance sales.

Operating costs continued to be optimised with the cost to income ratio reducing to 39 per cent from 43.8 per cent.

Credit costs remained the lowest in the market thanks to asset quality.

Return on equity was 24 per cent compared to 21.1 per cent in September 2020.

In implementing its development strategy for until 2025, HDBank is actively pursuing comprehensive digital transformation, including eKYC and online account opening (eAccount), granting credit online 24/7 (eCredit), issuing L/Cs online (eLC), making online cross border payments (eTT), and automating procedures, all of which have been received well by customers.

Along with developing digital-based products, HDBank has also earmarked a VNĐ5 trillion credit package to provide online and another VNĐ10 trillion package exclusively for SMEs to supplement their working capital.

It also has many other credit packages with low interest rates for retail customers and micro enterprises.

The bank has so far set aside more than VNĐ42 trillion to help individual and corporate customers revive and expand production and trading post-pandemic.

With its high and sustainable business growth, HDBank was recently named among top five prestigious banks in Việt Nam by Vietnam Report.

In August it won the awards for Best Bank and the Best Digital Transformation Bank in Việt Nam in 2021 at the Global Brand Awards.

9. HVN: Vietnam Airlines stock trading restricted to afternoon session

↓ -2.53%

The main bourse Ho Chi Minh Stock Exchange will consider lifting the restriction depending on its evolving financial situation.

The airline reported a loss of VND8.46 trillion for the first half of this year.

Its accumulated losses as of Jun. 30 were VND17.81 trillion, or more than its charter capital then.

In reviewing the company's half-yearly financial statement, auditors Deloitte Vietnam said it has

doubts about the airline's ability to "continue as a going concern."

The company's recovery is dependent on financial support from the government, rolling over of loans by banks and the Covid-19 pandemic, it said.

Last month Vietnam Airlines said it had issued nearly 800 million shares to increase its charter capital by VND8 trillion to VND22.14 trillion.

Research Team:**Tsugami Shoji**

Researcher

jsi@japan-sec.vn**Disclaimer:**

Copyright 2015 Japan Securities Co., Ltd (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.

Japan Securities Co., Ltd – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn