



VIETNAM DAILY NEWS



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Market Analysis

1. Shares ended lower due to sell-off in bank stocks

Viet Nam's stock market finished lower on Friday as selling pressure strengthened in the afternoon session, affecting investors' sentiment. Meanwhile, foreign investors still fled the market.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index decreased by 7.17 points, or 0.53 per cent, to 1,344.89 points. The market's breadth was negative with 269 stocks declining, while 137 stocks rose.

However, the liquidity increased sharply as nearly 738.2 million shares were traded on the southern bourse, worth more than VND23.3 trillion (US\$1.02 billion).

The index fell as bank stocks faced a strong sell-off yesterday, weighing on the whole market. The VN30-Index lost 11.93 points, or 0.82 per cent, to 1,441.83 points. Nineteen of the 30 biggest stocks in the VN30 basket declined, while ten stocks rose and one ended flat.

Many big bank stocks posted losses of more than 1 per cent in the last trading session of the week. Of which Vietcombank (VCB) fell the most in market capitalisation, down 1.34 per cent to VND95,900 per share. VPBank (VPB), Vietinbank (CTG), Vietnam International Commercial Joint Stock Bank (VIB) and Sacombank (STB) reported losses of more than 2 per cent.

Other big names in the sector including Techcombank (TCB), BIDV (BID) and MBBank (MBB) also plunged more than 1 per cent.

Also adding to the pressure, some pillar stocks in real estate and manufacturing such as Vinhomes (VHM), Masan Group (MSN) and Saigon Beer - Alcohol - Beverage Corporation (SAB) recorded

sharp falls in a range of 1.41 - 1.82 per cent.

The rise in energy stocks was the bright spot yesterday as they still received support from higher oil prices and global recovering fuel demand.

PetroVietnam Gas (PVGas, GAS) was the biggest gainer yesterday, up 6.7 per cent. PetroVietnam Power Corporation (POW) also climbed nearly 2.1 per cent, while PetroVietnam Drilling & Well Services Corporation (PVD) jumped 3.51 per cent.

The HNX-Index on the Ha Noi Stock Exchange (HNX) also edged down yesterday on strong selling force. The index dropped 0.24 per cent to 356.49 points.

During the trading session, over VND2.8 trillion was poured into the market, equivalent to a trading volume of nearly 129 million shares.

On the other hand, foreign investors continued to be net sellers on HOSE as they net sold a value of VND536.61 billion. However, they net bought a value of VND123.18 million on the northern market.

The fleeing of foreign investors was the downside of the market in the third quarter.

Data compiled by ndh.vn showed that foreign investors bought nearly 2.38 billion shares, worth over VND112.3 trillion, while selling more than 2.53 billion shares, worth nearly VND122.2 trillion. Therefore, they net sold a total of 157.4 million shares last quarter, equivalent to a net sold value of VND9.86 trillion.

Macro & Policies

2. Viet Nam GDP to grow at 5.4 per cent: English chartered accountants institute

Viet Nam's GDP is likely to grow by 5.4 per cent this year, according to the Global Economic Forecast Report from the Institute of Chartered Accountants in England and Wales and Oxford Economics.

The ICAEW said the forecast has been revised downwards from the 7.6 per cent in its previous report.

The growth would accelerate to 7.5 per cent in 2022, with the pick-up driven by easing restrictions and industrial recovery gaining traction around mid-2022, it said.

Prospects remain dim in the short term for countries like Viet Nam, the Philippines and Thailand which continue to battle the spread of the COVID-19 virus.

Heavily export-oriented economies like Viet Nam remain dependent on the recovery of the manufacturing sector.

The spread of the highly contagious Delta variant has cast a shadow on Southeast Asia and limited economic recovery this year, especially for countries with low levels of COVID-19 immunity.

Several economies are expected to contract in the third quarter, but the outlook in 2022 is more positive.

Asian economies have experienced varying degrees of success in containing the Delta variant because of differing rates of vaccination and social distancing restrictions.

At one end of the spectrum, significant waves of infections in Viet Nam, Malaysia, the Philippines, and Thailand in the last quarter mean they face delayed recovery in 2021, but they should see a significant rebound in 2022 once vaccination rates are higher and lockdowns are lifted.

Mark Billington, ICAEW's managing director international, said: "The COVID-19 Delta variant has derailed the recovery process for most South-East Asian economies and the reality of living with COVID-19 as endemic is proving to be complex.

"Not only do governments have to implement appropriate restrictions and measures to curb the spread of the variant, but they also need to speed up their vaccination rollouts to achieve immunity, in order to improve their prospects for growth."

Global GDP grew by 1.4 per cent in the second quarter of 2021, exceeding the rate of growth seen in the 15 years prior to the pandemic, including the pace of recovery seen after the global financial crisis of 2008.

However, there are signs that momentum may be faltering, driven by tighter restrictions and concerns about the Delta variant, and supply chain disruptions that are affecting key sectors such as manufacturing.

The report expects the global economy to expand by around 5.8 per cent in 2021 and 4.7 per cent in 2022.

3. Domestic flights resume from October 1

Domestic flights officially resumed on October 1 under a four-phase plan outlined by the Ministry of Transport, which applies in localities with relaxed COVID-19 prevention and control measures.

In the first phase, to be carried over 10 days, airlines would resume air routes with a flight frequency not exceeding half of that in the first 10 days of April, the

time before the fourth coronavirus wave broke out in Viet Nam. Passengers on the planes must be distanced as well.

In the second phase, to last for no more than 10 days, the frequency would increase to up to 70 per cent of the frequency in April. No seat distancing is required.

The third phase would see the flight frequency return to the level seen in the first 10 days of April (but not exceeding it), with no seat distancing required.

The final phase would see airlines resume activities as normal.

Air routes that had only one flight a day even pre-pandemic can resume operations as normal in the first and second phases, with seat distancing required.

Passengers must follow the “5K message”, make health declarations, and present a negative COVID-

19 test result issued within 72 hours before departure.

However, passengers who had the first vaccine shot three weeks ago, or those who were fully vaccinated or recovered from the disease within six months are exempt from COVID-19 testing.

The Ministry of Transport requested airlines to offer hand sanitisers to passengers, ask them to wear masks during the flight, and disinfect high-contact surfaces of planes such as door handles and seats after each flight.

4. Up to \$3.4 billion of tax and land rent deadlines extended

The total amount of tax and land rent which has been extended is VND78.5 trillion (US\$3.4 billion) so far, said Nguyen Thi Thu Ha from the General Department of Taxation at an online policy forum on supporting businesses during the COVID-19 pandemic on Friday.

As the COVID-19 pandemic spread, especially in industrial zones in the northern provinces of Bac Ninh, Bac Giang, Hai Duong and in the southern central region, the Ministry of Finance, as an advisory body, implemented measures to support financial resources for businesses, said Ha.

The Ministry of Finance has proposed the Government maintain the policy of exemption or reduction for about 30 types of fees and charges which have impacts on business operations and people's lives; while maintaining the reduction of import tax rates for essential items.

The Ministry of Finance estimates the support package under Decree 52/2021/ND-CP to be about VND115 trillion.

The total amount of tax and land rent that has been extended is VND78.5 trillion; in which the tax seeing the most support is value added tax, accounting for 60 per cent of the total amount of support.

These policies partly helped reduce the pressure on the amount of money to be paid to the State budget

and also created conditions for businesses to ensure financial resources for production, capital turnover as well as payment for other inputs, said Ha.

Recently, the Government has submitted to the National Assembly Standing Committee a resolution on a number of solutions to support businesses and people affected by the COVID-19 pandemic with an amount of about VND21.3 trillion.

This support package is a direct exemption or reduction of the payable tax amount, while the previous support packages are only an extension of the tax payment deadline.

The percentage of business households, which have had to close or suspend operations, is very large, especially since April. Therefore, the Ministry of Finance has proposed entire tax exemption with business households in the third and fourth quarters of this year.

Most recently, the Government issued Decision No 27/2021/QĐ-TTg on the reduction of land rent this year for those affected by the COVID-19 pandemic. The validity of this support package is from September 25 to December 31 this year.

Every time a policy was issued, the tax sector got involved early and designed beneficiary plans so that they were appropriate and easy for taxpayers to access, added Ha.

5. Viet Nam calls for more EU investment in agriculture

Minister of Agriculture and Rural Development Le Minh Hoan last week suggested EU firms increase investment in Viet Nam’s agriculture, in the direction of high-technology, green standards and environmental sustainability.

At a working session with Ambassador Pier Giorgio Aliberti, head of the EU Delegation to Viet Nam, Hoan also called on the EU to help Viet Nam improve capacity for its co-operatives and upgrade small-scale agricultural production infrastructure.

Viet Nam is gearing towards transparent, responsible and green agriculture, and is making efforts to promote a quality-based and multivalued agricultural sector, according to the minister.

He suggested FDI firms from the EU export machinery, equipment, technologies and materials to Viet Nam.

For Viet Nam’s exports to the EU, the official proposed the EU send experts to Viet Nam or establish a representative office in the Southeast Asian country to supervise food safety before the shipment.

Hoan described the EU as a potential market for tropical agricultural products, including those from Viet Nam, noting that the EU-Viet Nam Free Trade Agreement (EVFTA) has created more opportunities and momentum for trade cooperation between the two sides.

In the first eight months of this year, Viet Nam earned US\$2.38 billion from agro-forestry-fishery exports to the EU, up 8.11 per cent year-on-year. Its import value also reached VND542 million, a rise of 2.24 per cent.

During the working session, Hoan also highlighted Viet Nam’s efforts in implementing

recommendations by the EU to fight illegal, unreported and unregulated (IUU) fishing.

Combating IUU fishing is a central task of the agricultural sector and an urgent need for Viet Nam to help the country develop the fishery sector sustainably, demonstrate its responsibility and promote its prestige in the international arena.

The minister thanked the EU for its support to Viet Nam in this regard, and affirmed that Viet Nam will make all-out efforts to implement relevant recommendations.

He appealed to the EU to remove the “yellow card” warning imposed on Viet Nam as soon as possible.

Hoan suggested the EU help Viet Nam build smart cold chain logistics connecting the Mekong Delta and Southeastern localities with Cai Mep – Thi Vai Port to boost Viet Nam’s fruit export to Europe and the Middle East.

For his part, Aliberti said after two years of realising the Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade (VPA/FLEGT), the two sides have cooperated and expected to have more in-depth, effective dialogue in the future.

Viet Nam will effectively implement the timber legality assurance (VNTLAS), he believed.

The EU would provide Viet Nam with technical assistance to ensure cold storage for fruits and vegetables for export to the EU, he said, suggesting the two sides continue to seek solutions regarding animal and plant quarantine.

The minister and ambassador shared the view that there is ample room for trade cooperation between Viet Nam and the EU in agriculture.

6. Vietnamese manufacturing hit by pandemic

The Viet Nam Manufacturing Purchasing Managers' Index (PMI) remained at 40.2 in September, signalling a further marked deterioration in

business conditions across the sector due to the severe impacts of the COVID-19 pandemic, according to IHS Markit.

In a report released last week, IHS Markit said the Vietnamese manufacturing sector saw a further sharp fall in production during September as the sector continued to be severely impacted by the current wave of the COVID-19 pandemic in the country and the restrictions put in place to try and contain the spread of the virus.

Temporary business closures, transportation difficulties and staff shortages all contributed to a fourth successive reduction in manufacturing output in Viet Nam, and one that remained considerable.

New orders also fell sharply, and to the greatest extent since April 2020. Alongside a sharp reduction in domestic new business, firms pointed to a much sharper reduction in new export orders than that seen during August.

According to IHS Markit, employment levels decreased at the sharpest pace since the survey began in March 2011. Some panellists reported that employees had resigned due to a lack of work, while others scaled back staffing levels amid pauses in production.

The sustained period of restrictions on output and sharply falling staffing levels led to a surge in backlogs of work. Outstanding business rose for the first time in four months, and at a pace that was by far the strongest in the survey's history.

As well as lowering staffing levels, manufacturers also reduced their purchasing activity in response to lower production requirements. Meanwhile, supply-chain delays intensified, with lead times lengthening at a new record pace for the third consecutive month.

Issues with the supply of raw materials contributed to further upward pressure on purchase prices, while there were widespread reports of higher transportation costs. As a result, input prices continued to rise sharply, with the rate of inflation slightly faster than in August. On the other hand, selling prices rose only slightly, and at the weakest pace since June. Firms indicated that weak demand meant they offered discounts in order to try to secure sales.

Restricted production volumes impacted inventory holdings. Inventories of purchases rose as inputs

were kept in stock rather than being used in production. In turn, falling output meant that stocks of finished goods continued to decrease.

Firms generally expect output to recover over the coming year, with production set to start rising during the final quarter of 2021 should the pandemic be brought under control and restrictions lifted. Business sentiment picked up from the 15-month low seen in August, but remained relatively muted.

Commenting on the latest survey results, Andrew Harker, Economics Director at IHS Markit, said: "The themes seen in recent months were repeated across the Vietnamese manufacturing sector in September, according to the latest PMI data. Firms again faced huge restrictions on their ability to produce, leading to a steep fall in employment and a surge in backlogs of work following a sustained period of reduced output."

However, he noted: "On a more positive note, there are signs that the latest wave of the pandemic has peaked and vaccination programmes are making good progress. If cases continue to trend down and restrictions are eased, then firms should be able to see growth resume over the final quarter of the year."

Industrial production

Industrial production in the third quarter of 2021 faced many difficulties due to the complicated development of the COVID-19 pandemic, especially in localities implementing prolonged social distancing measures, said the General Statistics Office (GSO).

According to the GSO report released last Wednesday, the index of industrial production (IIP) in the third quarter decreased by 3.5 per cent over the same period last year. Meanwhile, IIP increased by 6.29 per cent in the first quarter and 11.18 per cent in the second quarter.

However, in the first nine months of this year, the IIP surged by 4.45 per cent over the same period last year.

In the four major industries, the mining industry saw a decrease of 7.17 per cent year on year in this index.

The remaining three industries had IIP increases over the same period last year, including processing and manufacturing (up 6.05 per cent), electricity production and distribution (5.24 per cent), and the group of water supply, management and treatment of waste and wastewater (4.14 per cent).

Due to the impacts of the pandemic, the third quarter was the first quarter of this year with a decrease in IIP.

Meanwhile, this index of some key level 2 industries increased sharply in the first nine months of the year, including metal (up 28.4 per cent year on year); electronic products, computers and optical products (7.7 per cent); apparel (4.8 per cent); leather (4.5 per cent); prefabricated metal products (3.4 per cent); and other non-metallic mineral products (2 per cent).

On the other hand, a number of industries had IIP reductions, such as crude oil and natural gas exploitation (down 12.4 per cent year on year); beverages (4.2 per cent); print (2.2 per cent); and chemical products (1.1 per cent).

The pandemic made this index of many localities fall in the first nine months. Specifically, IIP fell 12.9 per cent year on year in HCM City; 11.2 per cent in Ben Tre; 9.9 per cent in Dong Thap; 9.8 per cent in Can Tho; and 9.5 per cent in Khanh Hoa. Other localities

with IIP reductions included Tra Vinh (7.3 per cent) Ba Ria - Vung Tau (5.3 per cent); and Vinh Long (4.5 per cent).

Meanwhile, a number of localities had growth in IIP in the first nine months, including Ninh Thuan (up 32.6 per cent year on year); Dak Lak (25 per cent); Hai Phong (19.7 per cent); Nghe An (18.3 per cent); Gia Lai (17.4 per cent); Ha Tinh (16.6 per cent); Thanh Hoa (15.3 per cent); Quang Ngai (14.9 per cent); Ha Nam (14.4 per cent); and Binh Phuoc (14 per cent).

The GSO also reported that the consumption index of the processing and manufacturing industry in the first nine months increased by 2.8 per cent year on year.

Of which, this index in September increased by 12.4 per cent month on month but decreased by 11.2 per cent year on year.

The average inventory rate of the processing and manufacturing industry in the first nine months was 81.1 per cent, higher than the rate of 75.6 per cent in the same period last year.

In September, the inventory index of this industry increased by 3.5 per cent month on month and 28.2 per cent year on year.

7. Q3 2021 bank profits forecast to decline by 19 per cent due to pandemic

Profits of the banking industry in the third quarter of 2021 would decrease by 19 per cent compared to the previous quarter due to slowing credit growth and increasing provision expenses, Yuanta Securities Vietnam estimated.

In a report on Q3 2021 profits of the banking industry, Yuanta said it was not too surprising about the decline as the credit growth of the whole industry had slowed down due to the impact of the pandemic.

The State Bank of Viet Nam (SBV)'s data showed by the end of last month, credit growth of the entire banking industry was 7.4 per cent, of which the rise in the third quarter of 2021 was driven primarily by loans to pandemic affected borrowers and corporate bonds.

Accordingly, Yuanta analysts forecast net interest income in Q3 2021 of banks will decrease by 2 per cent compared to the previous quarter and net interest margin (NIM) will be under the same trend as banks had to cut interest rates to support customers affected by the pandemic.

Besides, the company also predicted provision expenses of banks in the third quarter this year would increase by 20 per cent compared to the previous quarter, especially at banks with relatively low loan loss reserve (LLR) ratio. However, it noted declining asset quality is inevitable in the context of the ongoing pandemic and the implementation of social distancing.

According to Yuanta, Circular 14/2021/TT-NHNN issued by the SBV allowed banks to extend the debt

restructuring period to June 30, 2022 instead of the original plan of December 31, 2021. Therefore, bad debts, which have been made public, may still be at a low level, but it will be better if banks make provisions now to limit the possibility of asset quality deterioration in the future.

However, the analysts expected credit growth would recover in the fourth quarter of 2021 when the economy reopens.

In fact, the credit growth in July and August was more positive than that in June with respective rising rates of 0.69 per cent and 1.13 per cent.

The demand for credit is expected to increase strongly in the last months of the year, similar to what happened in the fourth quarter of 2020. The SBV has so far also increased credit growth limit for many commercial banks.

Nguyen Tuan Anh, director of the SBV's Credit Department of Economic Sectors, also affirmed banks haven't tightened lending, but created favourable conditions for firms to access bank loans.

Anh said the credit growth target this year was at 12 per cent, but if necessary, the rate could be adjusted to create favourable conditions for firms.

"We expect the central bank will continually loosen monetary policy at least until the end of this year, which will help improve banks' NIM slightly in the fourth quarter of 2021 when credit demand increase again. In addition, banks' fee income is also expected to increase since the third quarter of 2021 and the source will be the main driver to help boost banks' profits in the fourth quarter," said the Yuanta analysts.

The expected loose monetary policy would help cut the lending interest rates next months, the analysts forecast..

Corporate News

8. VPB: VPBank honoured as Shopee’s impressive strategic partner

↓ -3.03%

VPBank was honoured by Shopee as an impressive strategic partner in 2020-2021 for the successful implementation of VPBank-Shopee co-branded credit card product.

Launched in September 2020, VPBank-Shopee co-branded credit card has become one of the most popular card lines issued by the bank with the number of new customers opening a card of up to 150,000 in one year - an impressive number compared to others launched in the market at the same time.

With this achievement, VPBank has become Shopee's strategic partner with the most active contributions. A representative from Shopee said the figure showed that the card has met consumers' increasing online shopping demand in the digital age.

“The co-operation has helped improve the online shopping ecosystem on e-commerce and also help us serve customers better, especially when the

customer segment has been on the rise,” said Tran Tuan Anh, Managing Director of Shopee Vietnam.

A representative of VPBank also said that VPBank - Shopee credit card is not only a fast and safe payment tool, but also gives consumers interesting online shopping experiences with many attractive offers.

Accordingly, with two card products including VPBank - Shopee Platinum card and VPBank - Shopee Super Platinum card, customers can not only enjoy the joy of online shopping, but also a series of exclusive offers such as free shipping and return policy throughout the year.

“VPBank appreciates the co-operation with the Shopee commerce platform. This co-operation not only brings more added values to a large number of customers, but also proves the user-friendly digital banking development strategy that the bank has built and affirmed its position in the market,” he added.

9. FMC: First 9 month sales increased by 11%

↑ 1.01%

Sao Ta Food Joint Stock Company (HOSE: FMC) has announced its September business results with September's overall sales of \$ 21.7 million, up 21% over the same period.

In September, shrimp processing output reached 2,499 tons, up nearly 5% over the same period and shrimp consumption increased 13%, to 1,807 tons.

Accumulating the first 9 months of the year, sales reached USD154.6 million, up 11% over the same period and fulfilling 77% of 2021 financial target.

Regarding the shrimp farming situation, the average age of stocking was 55 days (70 days at the earliest, 40 days at the latest), basically the shrimps developed stably and well.

If this situation holds, FMC will accelerate in the remaining 3 months of the year and proceed to complete their target for 2021 with sales of USD200 million and profit of VND250 billion.

On the market, FMC's stock price closed on October 1st at a record high of VND50,000/share, up 9% over the past 1 month, with average trading volume of more than 360,000 shares/session.

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