



# VIETNAM DAILY NEWS

October 5th, 2021



## Table of content

### Table of content

1. Trading volume improves, VN-Index shows difficulties breaking forward
2. Securities market attracts \$12.8 billion, up 12% in 9 months
3. Basa fish industry in the Mekong Delta hit hard by social distancing
4. PM issues directive on restoration of industrial production
5. Property price surge to halt after reopening
6. Vaccines the 'game-changer' for effective reopening: foreign firms
7. Private airlines ask for zero-interest loans
8. HPG: Hoa Phat achieves record high export volume in September
9. SSB: SeABank approved to increase charter capital to US\$590.1 million

## Market Analysis

### 1. Trading volume improves, VN-Index shows difficulties breaking forward

VN-Index increased by 4.65 points with the lead of building materials industry. Meanwhile, banking stocks are still the main force holding back the gaining momentum of the whole market. Trading volume increased sharply on both exchanges.

However, with the information gap during this time, it is likely that VN-Index will continue to struggle and move sideways in the short term.

Market indexes had positive movements in the trading session on October 4, 2021. Specifically, VN-Index increased by 0.35%, reaching 1,339.54 points; HNX-Index increased by 1.23%, reaching 360.89 points.

Foreign investors were net sellers on HOSE with a value of more than VND343 billion, net selling on HNX with value of nearly VND5 billion.

VN-Index opened the trading session on October 4, 2021 with a slight increase of nearly 2 points, the market fluctuated in a narrow range and fluctuated around the reference point. After the first period of diving, VN-Index slowly advanced with the lead of seafood and utilities. At the end of the morning session, VN-Index gained 6.5 points to 1,341.39 points. At the beginning of the afternoon session, the market index climbed sharply and gained nearly 13 points.

However, towards the end of the session, the uptrend gradually narrowed and VN-Index could only keep 4.65 points up.

The VN30 index gained less than the general market, with an increase of only 0.12%. Leading

the gaining momentum of the VN30 basket were HPG, PLX and POW with an increase of nearly 4%, followed by BVH, GVR, VJC and FPT. Meanwhile, banking stocks fell sharply, with CTG and HDB dropping the most in the basket with a decrease of 3.5% and 3% respectively.

UOB has downgraded Vietnam's 2021 GDP growth forecast to 3%. With economic growth prospects for the rest of 2021 not so bright, banking stocks all dropped sharply. Banking group dropped 1.24% with 16 decliners, 1 flatlining and only 2 gainers.

Major banks VCB, TCB, VPB, MBB and ACB fell more than 1%. Smaller cap bank stocks were no different as most were down slightly by 1%-2%. Going against the decline of the industry, SHB jumped 8% thanks to the news that this stock will move to HOSE in the near future. Specifically, the last trading day of SHB on HNX is October 5, 2021.

Building materials industry gained the most in the market with a breakthrough of 3.58%. The news that Hoa Phat's iron export volume in September reached a record high of nearly 50,000 tons, had a positive impact on HPG shares. Accordingly, HPG increased by nearly 4%, HSG was no less competitive with an increase of 4.06%, NKG rebounded strongly by 6.7%, etc.

Many coal stocks hit the ceiling price when coal prices rose to record levels, affected by the global power shortage crisis. A number of these are TVD, HLC, NBC, TC6 and TDN.

## Macro & Policies

### 2. Securities market attracts \$12.8 billion, up 12% in 9 months

Viet Nam's stock market mobilised total capital of VND292.1 trillion (US\$12.8 billion) in the first nine months of this year, up 12 per cent compared to the previous year.

On the stock market, as of September 24, the VN-Index reached 1,351.17 points, an increase of 1.5 per cent compared to the end of the previous month and up by 22.4 per cent compared to the end of 2020. Market capitalisation reached VND6.9 quadrillion, up 30.6 per cent compared to the end of 2020.

In September 2021, the average trading value reached VND27.6 trillion per session, down 4 per cent compared to the previous month. In the first nine months of 2021, the average trading value on the market reached VND24 trillion per session, up 224 per cent compared to the average in 2020.

By the end of August 2021, the market has 737 stock codes and fund certificates listed on two Stock Exchanges and 901 stock codes trading on the UPCoM with a total value of VND1.6 quadrillion, an increase of 7.6 per cent compared to the end of 2020.

On the bond market, by the end of August, there were 435 bond codes with a listed value of more than VND1.4 quadrillion, an increase of 2.9 per cent compared to the end of 2020. The average trading value on the bond market in September reached VND9.7 trillion per session, up 15 per cent compared to the previous month.

In the first nine months, the average trading value reached VND10.94 trillion per session, up 5.3 per cent compared to the average in 2020.

On the derivatives market, which runs on the large-cap VN30-Index and government bonds, the average trading volume reached 156,531 contracts per session in September, down 38 per cent from the previous month.

In the first 9 months, the average trading volume reached 207,171 contracts per session, up 32 per cent compared to the average of the previous year.

As of September 17, 2021, open interest volume (OI) reached 30,657 contracts, an increase of 1 per cent compared to the end of the previous month and a decrease of 24 per cent compared to the end of 2020.

For covered warrant products, the average trading volume in September 2021 reached 19.85 million warrants per session, an increase of 95 per cent compared to the previous month. Average trading value reached VND42.7 billion per session, up 51 per cent.

In the first 9 months, the average trading volume of covered warrant reached 18.78 million warrants per session, an increase of 59 per cent compared to the previous year's average; average trading value reached VND81.3 billion per session, up 276 per cent.

### 3. Basa fish industry in the Mekong Delta hit hard by social distancing

Social distancing in the Mekong Delta has had a great impact on the basa fish industry, said the Directorate of Fisheries. As of mid-September, basa harvesting is estimated at 932,000 tonnes, only 81.1 per cent of the same period last year.

During the first two months of social distancing, July and August, basa harvesting decreased by 20 per cent and 44.9 per cent respectively, compared to the same period last year. Output decreased by 77 per cent in the first half of this month.

There are 106 basa processing factories registered for export in five provinces including An Giang, Dong Thap, Can Tho, Hau Giang and Vinh Long, employing about 190,000 people.

As of the beginning of this month, 52 of these processing plants across five provinces had to temporarily shut down, while over 70 per cent of employees were out of work.

Due to both the shortage of labour and the splitting of remaining shifts, as per pandemic prevention methods, capacity is currently only 30-40 per cent of what it was at the beginning of July this year.

However, total turnover is estimated at US\$1.054 trillion over the past nine months, equaling 106.2 per cent over the same period last year, showing the potential of the market without COVID-19 complications.

The Viet Nam Association of Seafood Exporters and Producers (VASEP) said that, due to social distancing and strict travel restrictions, the supply chain from fish farming to the factory had been disrupted.

As a result, it is possible that there will be a shortage of basa fish, which in turn could lead to a shortage of raw materials next year.

On top of this, due to the delay in harvesting the fish may become oversized and reduce in quality. Input costs have also increased dramatically, causing farmers prices to increase.

These are big obstacles for enterprises, particularly small and medium enterprises less able to cope with prolonged financial challenges.

### Restoring the basa fish industry

Facing these difficulties, businesses have called for procedures to be simplified unilaterally across

provinces, for financial relief to the industry and help to prevent shortages.

In addition, experts have suggested that a detailed roadmap be provided to navigate the post-pandemic period, with specific regulations and policies for businesses to proactively calculate plans for recovery.

They also asked the government to consider reducing bank interest rates, debt rescheduling and tax breaks, to allow businesses to resume production.

Duong Nghia Quoc, Chairman of the Viet Nam Pangasius Association, said that in order to sustainably develop the industry in the last months of this year and next year, it was necessary to remove some of the difficulties faced by farmers and exporters caused by COVID-19; in particular, increasing vaccination for workers so that they could return to work soon.

On the other hand, he also emphasised that the quality of the market needed to be maintained in line with environmental goals, as well as developing domestic and international markets through new sales channels.

Quoc also noted that it was necessary to improve the brand image of Vietnamese basa fish. Focusing on developing existing markets the US, EU, China, and ASEAN, which has a market share of 50-60 per cent, is vital, as is supporting the application of science and technology in seed production, rearing, and feeding.

## 4. PM issues directive on restoration of industrial production

Deputy Prime Minister Le Van Thanh on Sunday signed for issuance of a Prime Minister directive on restoring production at industrial production areas amid the COVID-19 pandemic.

The directive stated COVID-19 outbreaks have seriously affected production and business of enterprises as well as the health and lives of people.

With the concerted efforts of the entire political system, the business community and people, the

pandemic has been gradually controlled and pushed back.

To remove difficulties for businesses and ensure safe production, the PM asked enterprises to closely coordinate with the People's Committees of provinces and cities nationwide to reach agreement on plans on production and circulation of goods, travelling and accommodation of workers as well as plans to ensure pandemic prevention and control.

The provincial/municipal people's committees were requested to work with the Ministry of Health to speed up the allocation of COVID-19 vaccines for inoculating workers of enterprises, and consider the resumption of some essential services to serve employees.

The Ministry of Health was ordered to promptly issue specific regulations on distancing and COVID-19 testing in production and business at enterprises.

The Ministry of Transport was required to guide localities in ensuring the circulation of commodities to well serve the recovery of production and business.

The Ministry of Planning and Investment was assigned to provide instructions and guidance to remove difficulties in terms of investment

procedures and infrastructure development at industrial and economic zones.

The Ministry of Foreign Affairs was asked to work with the Ministry of Public Security and relevant agencies to remove difficulties and hindrances, create favourable conditions for foreign experts and workers to enter the country and undergo quarantine in line with regulations of the Ministry of Health.

The Ministry of Finance and the State Bank of Vietnam were requested to review and guide the implementation of policies and regulations on tax exemption and reduction, and issue mechanisms on interest rate and credit support for enterprises in conformity with the Government's Resolution No 105/NQ-CP dated September 9, 2021.

## 5. Property price surge to halt after reopening

There won't likely be an immediate surge in real estate prices following economic reopening as it would take 6-12 months for the market to regain its vibrancy, experts say.

Once the 'living with Covid-19' scheme has been activated, the property market would not post growth until the second or even last quarter next year, said economist Dinh The Hien.

No market sees prices increase forever, he said, adding there had already been a surge in property prices between 2016 and 2019, and from 2020 to the end of the second quarter this year.

However, the fourth Covid-19 wave has left a severe impact on property trade volume, which makes the scenario of a continued rise in prices unlikely, Hien said.

Some projects in November might see a price hike but the same trend won't happen in the whole industry, he added.

In the last four months, investors have been struggling with plunging income that have dragged down property trading volume in the major markets of Ho Chi Minh City, Hanoi, Da Nang, Binh Duong and Dong Nai.

Tran Khanh Quang, CEO of real estate developer Viet An Hoa, said there would likely be more sellers than buyers as the economy reopens.

In the next three to six months the market would likely fluctuate, while its recovery depends largely on the success in controlling and adapting to the pandemic, he said.

Even though the offering prices might rise, real negotiations would go the other way and buyers could get their desired property at 5-10 percent discount, Quang added.

Data from property company Propzy shows although offering prices for property in HCMC have risen 10 percent year-on-year, negotiated prices are actually 4.2 percent lower.

Huynh Phuoc Nghia, senior consultant for Global Integration Business Consultants, said the fourth Covid-19 wave could turn upside down the business plans of investors in at least the next six months.

This means in this quarter and the next, the property industry would face many challenges, he added.



## 6. Vaccines the ‘game-changer’ for effective reopening: foreign firms

Prioritized vaccination, sufficient workers, a streamlined “green pass” policy and the lifting of transport restrictions are key to an effective economic reopening in Vietnam, foreign firms say.

As German businesses prepare to resume 50 percent of their activities, what they need most is an adequate source of labor, said Marko Walde, chief representative of the Delegation of German Industry and Commerce in Vietnam (AHK Vietnam).

It is likely that a subset of workers may delay returning to work until they are fully vaccinated, so it is essential to make them feel safe to return, he said.

"Vaccine availability is a game-changer in this scenario," he told VnExpress International.

After months of imposing social distancing restrictions in many localities, Vietnam has begun to restart its economy, switching its pandemic containment policy to safely living with the novel coronavirus. The gradual reopening aims for jumpstart growth in the last quarter.

HCMC resumed most activities last Friday after over four months of imposing different levels of social distancing.

The capital city of Hanoi has also been relaxing mobility restrictions in recent weeks and allowing outdoor activities for small groups. Restaurants can sell takeaways.

To hasten recovery, AHK Vietnam proposes that the government completes its "green pass" policy, a key factor in facilitating factories resume production.

"We expect to fully acquire the green pass by the end of October 2021 for the German business community."

The British Chamber of Commerce in Vietnam, meanwhile, wants more guidelines on acquiring the green pass for its workers, given the administrative hassles at present

The green pass, which could be physical or electronic or both, is set to contain all Covid-19-related information of a person, including vaccination status, recent test results and contact history.

"The update of vaccination status on the e-health book has been slow and inconsistent. Some people are required to take additional steps after being vaccinated to get the update done, especially after a long wait," said Chris Jeffery, BritCham Vietnam chairman.

Regular testing is needed until the greater percentage of the population has been vaccinated, but as this process is costly. Therefore, the government could consider mandating companies to test in house to reduce its financial burden, he added.

"If implemented well, testing does not need to affect business performance."

Jeffery also proposed a full resumption of food distribution, while tourism and the service sector should gradually return to the new normal.

Simplifying domestic and international travel and quarantine procedures for returning business owners and investors with double dose vaccinations and valid test results, and the granting of visas and work permits for managers and experts are all critical factors, he added.

Alain Cany, chairman of the European Chamber of Commerce in Vietnam (EuroCham), proposed that mobility restrictions be lifted for people who have been vaccinated.

All movement of goods needs to resume again as the supply chain has already been interrupted, he said.

### Confident vibes

Foreign businesses have also expressed confidence in Vietnam's strategy of controlling the pandemic and bring the country to a new normal.

Chris Helzer, Nike global vice president of trade, told government officials Thursday that the reopening process should be simplified and balanced between different areas and localities.

Vietnam can bring the pandemic under control without resorting to long-term social distancing measures, he said.

Although the fourth Covid-19 wave has caused temporary setbacks to foreign companies in Vietnam, many of them remain invested in the country with long-term vision.

Food and drink company Nestlé, electronics giant LG, and packaging firm Tetra Pak have all recently made additional investments in Vietnam, while Samsung has affirmed Vietnam as its new global research and development hub.

Foreign direct investment pledges rose by 4.4 percent year-on-year in the first nine months, according to the Ministry of Planning and Investment.

## 7. Private airlines ask for zero-interest loans

Private airlines have requested access to 0 percent interest loans, similar to the support Vietnam Airlines (VNA) - the country's flag carrier - is entitled to, heard a meeting among the State Bank of Vietnam (SBV), commercial banks and the airlines.

The airlines have had to pay more than 100 billion VND (4.4 million USD) every day while 80-90 percent of their fleets were grounded, according to Bui Doan Ne, Vice President of the Vietnam Aviation Business Association (VABA).

During the first half of the year, demand for air travel fell by 60-70 percent compared to the pre-pandemic level. Since the end of May, sales have plummeted by 80-90 percent, said the airlines.

"COVID-19 has effectively put a stop to most, if not all international routes and it may take years for the airlines to recover," Ne said.

"That's why we are asking the banking sector to provide privately-owned airlines with 0 percent interest loans in the amount of 4 trillion VND over a three-year term. In addition, the airlines ask to apply for the State's support loan package of 25 trillion VND on 3-4 year terms," he said.

Short-term debts due for payment among the three largest airlines have reached a total of 36 trillion VND with VNA alone accounting for 20 trillion VND.

VABA has asked banks for loans worth 30 trillion VND, of which 10-12 trillion VND allocated to VNA, 10 trillion VND to Vietjet, 5 trillion VND to Bamboo

Airways, 5.7 trillion VND to Pacific Airlines and 1 trillion VND to Vietravel Airlines.

Tran Thanh Hien, VNA's head of accounting, called for a comprehensive policy to support the airlines which includes relaxed rules on collateral, reduced interest rates and payment deadline extension, among others.

"As of now, no airline is capable of surviving the pandemic without ample support from the Government, their shareholders and partners," Hien said.

A representative from Bamboo Airways asked the banks to extend their interest rate cut until the end of 2022 while allowing airlines access to new loans.

Nguyen Thanh Tung, Deputy General Director of Vietcombank (VCB) - one of the largest commercial banks in the country - said to date it has provided the airlines 16 trillion VND in credit at a preferential interest rate.

"We are willing to support the airlines. However, we must ask the SBV to give us more credit room. As of now, we have reached our limits and are unable to grant large loans," said Pham Quoc Thanh, General Director of HDBank.

SBV Deputy Governor Dao Minh Tu said the government views the airlines as a pillar of the economy. The SBV will consider the banks' request to raise their credit limit.

Meanwhile, the SBV is to work together with the Ministry of Planning and Investment, the Ministry of

Transport and the Ministry of Finance to build a support package for the airlines.



## Corporate News

### 8. HPG: Hoa Phat achieves record high export volume in September

↑ 3.93%

Hoa Phat's steel sheet export volume reached the highest level ever with nearly 50,000 tonnes last month, double the previous month.

In the first nine months of the year, Hoa Phat's galvanized steel production recorded a strong growth, reaching more than 273,000 tonnes, 2.6 times higher than the same period last year. In which, the export volume was 176,000 tonnes of galvanized and cold-plated steel. The proportion of exports contributed 64 per cent of the company's total steel sales in the nine month period. Hoa Phat's steel sheet is in the Top 5 in terms of market share in Viet Nam with about 6.5 per cent.

In 2021, Hoa Phat will promote exports to major markets such as the US, Mexico, EU countries, the UK and the Southeast Asian region.

With annual capacity of 400,000 tonnes, Hoa Phat Steel Sheet Factory was invested with equipment from rust removal, cold rolling, galvanising, cold plating, colour coating to other auxiliary equipment. The entire equipment line was imported from G7 countries. In Viet Nam, Hoa Phat is the first and only corrugated iron manufacturing producer to be self-sufficient in input materials, thanks to hot rolled coil (HRC) products of Hoa Phat Dung Quat Iron and Steel Production Complex.

This is a great advantage that helps Hoa Phat promote market dominance with competitive prices and control quality from input to output. With 100 per cent made-in-Vietnam products, Hoa Phat has easily increased exports to major markets, especially countries with strict requirements of origin..

### 9. SSB: SeABank approved to increase charter capital to US\$590.1 million

↑ 0.00%

SeABank was approved by the State Bank of Viet Nam (SBV) to increase its charter capital from the current VND12 trillion (US\$528.3 million) to VND13.4 trillion (\$590.2 million) through stock dividends and employee stock ownership plan (ESOP).

The charter capital increase is part of the bank's development plan to have more financial potential and create favourable conditions in expanding its operation network, investing in facilities and technology. It would also help the bank to improve the operation quality while diversifying products and services to better meet customers' needs across the country.

According to the business plan for 2021 approved by the General Meeting of Shareholders, SeABank aimed to increase its total assets by 10 per cent to VND198.2 trillion. Deposits from customers would be increased by 9.7 per cent to VND124.2 trillion

and outstanding loans up 13 per cent to VND122.9 trillion. It targeted a before-tax profit of VND2.4 trillion, representing a 40 per cent year-on-year increase.

During complicated developments of the COVID-19 pandemic, SeABank has taken effective measures to prevent and control the pandemic, and at the same time flexibly adjust its business plan, focusing on developing new banking and financial services and SeAMobile digital banking applications, thereby maintaining a stable growth rate.

In the first half of the year, the bank achieved positive business results with total assets of VND186.9 trillion, before-tax profit of VND1.5 trillion, 2.3 times higher than the same period in 2020 and nearly equal to the profit of the whole of last year. Its bad debt ratio continued to decrease from 1.86 per cent to 1.76 per cent.

SeABank was also ranked by the central bank among 17 credit institutions with important influence in the banking system in 2021. It was

given B1 long-term credit by Moody's for three consecutive years and the positive outlook.

**Research Team:****Tsugami Shoji**

Researcher

[jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)**Disclaimer:**

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***Japan Securities Incorporated – 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](mailto:info@japan-sec.vn)

Website: [www.japan-sec.vn](http://www.japan-sec.vn)