



VIETNAM DAILY NEWS



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Market Analysis

1. Shares make gains on banking and realty stocks

The market extended gains on Tuesday as a strong injection of cash was poured into a series of banking and real estate stocks, propelling the indices.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) gained by 1.13 per cent, to 1,354.63 points.

The market's breadth was positive with 238 stocks climbing and 157 stocks declined.

During the session, investors poured VND19.3 trillion (US\$848 million) into HoSE, equivalent to a trading volume of 636.3 million shares.

The index was supported by gains in large-cap stocks, especially bank and real estate stocks. The VN30-Index inched 0.87 per cent higher to 1,456.21 points. Of the VN30 basket, 22 stocks rose while only seven declined and one stayed flat.

The banking group outperformed and supported the gains of the market with notable gainers including Vietinbank (CTG), Tien Phong Bank (TPB), VPBank (VPB), Vietcombank (VCB), Military Bank (MBB), Sacombank (STB), Eximbank (EIB) and Bank for Investment and Development of Vietnam (BID).

Real estate stocks also attracted cash flow, such as Vingroup (VIC), Novaland (NVL), Vinhomes (VHM), Thaiholdings Joint Stock Company, Development Investment Construction JSC, Khang Dien House Trading and Investment JSC, and Vincom Retail (VRE).

Towards the end of the session, the VN-Index's gain was significantly strengthened as securities stocks

rose strongly, such as FPT Securities Joint Stock Company (FTS) and Ho Chi Minh City Securities Corporation (HCM), Viet Capital Incorporation (VCI), SSI Securities Incorporation (SSI), Agribank Securities Corporation (AGR) and APG Securities Joint Stock Company (APG).

“The uptrend was maintained in today's session, causing the market to return to the threshold of 1,350 points,” said BIDV Securities Co.

“Market breadth turned positive with reduced liquidity compared to the previous session. Meanwhile, foreign investors were net buyers on both HSX and HNX.

“Although the market rallied back to the threshold of 1,350 points. Liquidity is still at a low level which shows that the uptrend is not solid yet. VN-Index is likely to maintain the cumulative movement around 1,350 points in the next trading sessions.”

Foreign investors net sold VND501.71 billion on HOSE, including Tien Phong Bank (TPB) with VND1.14 trillion, PetroVietnam Ca Mau Fertiliser Joint Stock Company (DCM) with VND42.1 billion, Dong Hai Joint Stock Company of Bentre (DHC) with VND41.0 billion. Foreign investors were net buyers on HNX with a value of VND12.07 trillion.

On Ha Noi Stock Exchange (HNX), the HNX-Index rose 1.55 per cent, to 366.50 points.

Nearly 145 million shares were traded on the northern exchange, worth VND3.3 trillion.

Macro & Policies

2. Enterprises survive the COVID-19 storm

The COVID-19 pandemic has hit Vietnamese enterprises in a wide range of industries but many of them have found ways to effectively mitigate the pandemic's impact on their business, maintain production and ensure the growth of revenues and profits.

In the steel sector, several enterprises such as Hoa Sen Group (HSG) survived the COVID storm thanks to their export markets.

HSG reported revenue and after-tax profit of VND4.7 trillion (over US\$200 million) and VND320 billion (\$13.7 million) in August, representing 66 and 47 per cent year-on-year increases, respectively. The figures were reported by Nguoi Lao Dong (Labourer) newspaper, citing the group's consolidated business results sent to the State Securities Commission and the Ho Chi Minh Stock Exchange on September 27.

In 11 months of the fiscal year 2020-21, HSG estimated its total production output at over two million tonnes, far exceeding its initial plan of 1.8 million tonnes and surging 43 per cent year-on-year.

The group's revenue in the reviewed period reached over VND42.5 trillion, nearly double that of the same period in the prior financial year, while its profit after tax reached an estimated VND4 trillion compared to VND1 trillion seen in the same period.

The newspaper quoted a representative of HSG as saying that export was one of the group's two main sales channels as its products were being shipped to over 87 countries and territories. Amid the global outbreak of the COVID-19 pandemic, HSG's export volume still grew strongly.

Data from the Viet Nam Steel Association showed that in the first half of 2021, the group's galvanised steel export volume accounted for more than 42 per cent of the whole industry's galvanised steel exports. It had signed contracts to export over 120,000 tonnes of this product each month until the end of November.

A deep-water seaport located at its factory, which enabled the group to ship steel products to overseas markets, helped HSG gain a competitive edge in exports.

In August alone, HSG produced 681,000 tonnes of crude steel, up 40 per cent over the same period of last year, while its sales volume of steel products reached 690,000 tonnes.

In the field of confectionery, KIDO is among enterprises that are promptly changing development goals and branching into new businesses in order to turn disaster into opportunity and better meet the needs of local customers.

Amid the social distancing period, KIDO has focused on researching activities to churn out new and unique products which are different to those of other enterprises in the industry. Besides ice cream, milk tea, tea and coffee, branded Chuk Chuk, the firm is also offering other products such as green mango juice with chili salt and red guava juice.

Meanwhile, many enterprises in the wood industry have made great efforts to implement the "3 on-site" model to ensure the supply chain and fulfil export orders. That has contributed to \$11.14 billion export turnover the industry gained in the nine-month period, up 31 per cent over the same period last year.

The firms have also modern technologies and equipment to partly meet the needs of automation, reducing the pressure on labourers, enjoying opportunities to seek new customers, according to Ngo Sy Hoai, vice chairman of the Viet Nam Timber and Forest Products Association.

Most businesses in the industry have provided vaccinations for their workers, and they expected that a "safe and flexible adaptation and effective control of the COVID-19 pandemic" strategic policy would create opportunities for the whole sector to resume production and meet increasing export orders in the last months of the year, Hoai added.

The wood industry was striving to reap about \$16 billion from exports by the end of this year, much

higher than \$12.3 billion seen in 2020, according to the association.

Similarly, fruit and vegetable exporters brought home nearly \$2.75 billion from January-September, up 10.4 per cent year-on-year, said the Viet Nam Fruit and Vegetable Association.

In September alone, their exports were estimated at over \$232 million, up 1.52 per cent over the

previous month as goods circulation improved, leading to a slight increase in export value, General Secretary of the association Dang Phuc Nguyen told the newspaper.

Demand from overseas markets such as China, Japan, Russia, the US and Australia, which increased between 23 per cent and 46 per cent, also helped the industry's export picture improve, Nguyen said.

3. Project aims to enhance trade remedy capacity as Vietnam joins new-generation FTAs

Viet Nam has set a target of amending the Law on Foreign Trade Management and relevant legal documents related to trade remedies or building a Law on Trade Remedies by 2030.

This is one of the goals of a project, which was approved late last week by Deputy Prime Minister Le Van Thanh, aimed to improve trade remedy capacity for domestic manufacturing industries in the context of Viet Nam's participation in new generation free trade agreements (FTAs).

Other targets include providing knowledge and skills on trade remedies for staff in ministries, agencies and localities.

A team of legal experts and consultants who has in-depth knowledge of trade remedies are expected to be established to support manufacturing industries to ensure Viet Nam's interests in international trade.

Under the project, the inter-sectoral coordination mechanism in the field of trade remedy is set to be built and strengthened to meet the requirements of the trade remedy work in the new context, assisting the settlement of other countries' trade remedy investigations into Vietnamese exports.

The capacity of the Trade Remedies Authority of Viet Nam will be strengthened to satisfy practical needs and effectively support domestic manufacturing industries.

The content of trade remedies will be included in the programmes, strategies and policies for the development of key manufacturing industries.

The project also targets enhancing international cooperation, actively participate in negotiations, develop regulations on trade remedies, settle disputes on trade remedies within the framework of the World Trade Organisation (WTO) and free trade agreements.

To realise the above-mentioned goals, some solutions should be adopted, including completing the model of trade remedy investigation agency in Viet Nam based on studying those of other countries and reviewing the agency's operations in the country.

It is necessary to select several fundamental manufacturing industries, which have an important impact on socio-economic development to strengthen trade defence capacity during the implementation of FTAs.

A up-to-date database on investment, production, business, import and export in these industries should be set up to promptly consider and apply trade remedies in accordance with the law.

The building of infrastructure and software for investigation and application of trade remedies is also essential.

It is a must to set up and operate a portal to update developments of trade remedy cases related to Viet Nam, creating conditions for concerned parties to submit and access documents in the form of electronic data and responses during the investigation of the cases.

A mechanism should be developed for supporting and exchanging information between state

management agencies, the business community and associations, especially small and medium-sized

enterprises to assess the possibility of applying defensive measures and its impacts..

4. 4G and 5G frequencies to be licensed in Q4

Minister of Information and Communications Nguyen Manh Hung said that the Government would sign a decree on frequency auctions in the fourth quarter so that the ministry could grant 4G/5G frequencies for operators to invest in increasing capacity and especially 5G coverage next year.

The Vietnamese government identifies one of the pillars of the digital economy as telecommunications infrastructure, including both mobile and fixed broadband infrastructure.

The minister also noted that the country's digital infrastructure strategy aimed to rank in the Top 30 in the world before 2025, so that businesses in Viet Nam would have modern digital infrastructure to develop the digital economy. Viet Nam also set a target of 100 per cent of people using smartphones by 2023.

In fact, the development of broadband infrastructure has paved the way for all other economic sectors to develop in just the past three years.

Deputy Minister of Information and Communications Phan Tam said that the world would continue to witness great transformations of human society in the next 10 years.

Previously, according to the Ministry of Information and Communications, during the implementation of the 2.6 GHz band auction, legal documents such as the Law on Property Auction and the Law on Public Property Management must be applied, so it was necessary for the auction of the right to use frequency to review the order and procedures in accordance with the new regulations.

They are the transition from the real world to the virtual world, the transformation of all socio-economic activities into the digital environment, data to become an important resource of each country and the development of the country and strong development of IoT connectivity.

In addition, the determination for the starting price for this band is also difficult because this is the first time Viet Nam has auctioned the right to use radio frequencies (an intangible asset), while Decision 16/2012/QD-TTg only stipulates the principle of determining the price, not specifying the specific method of determining the starting price.

In Viet Nam, according to research by the National Institute of Information and Communications Strategy, the contribution rate of 5G to GDP growth is forecast to reach 7.34 per cent by 2025.

In Viet Nam, all three major carriers, Viettel, VNPT, and MobiFone are testing 5G and waiting for this frequency auction to officially provide services.

Therefore, the socio-economic development strategy in the 2021-2030 period and the socio-economic development plan for the 2021-2025 period have repeatedly mentioned digital transformation, telecommunications, IT, digital technology, digital government, and digital skills.

According to the General Statistics Office, Viet Nam is one of the three Asian countries with positive growth, the size of the economy is more than US\$343 billion while Singapore reached \$337.5 billion and Malaysia reached \$336.3 billion.

In that context, the Ministry of Information and Communications determines to go with the world and take the initiative in deploying 5G commercialisation in Viet Nam.

5. Fertiliser stocks' potential remains high

The recovery of global demand to rebuild economies while supply disruptions remain has pushed prices of a series of goods to record highs since mid-2020.

Of which, fertiliser prices have continuously climbed from the bottom hit in May 2020, with DAP fertiliser price jumping 125 per cent, Urea fertiliser price up 121 per cent, and phosphate fertiliser price increasing 130 per cent.

In a recent report, Agriseco Research said that the strong rallies in fertiliser prices are due to the supply disruption of input materials for production such as sulfur, natural gas or coal. And these materials' prices have also risen sharply.

From the bottom hit in 2020, the prices of natural gas and coal, which are the two main materials of fertiliser production, have both surged.

Agriseco Research believes that the upward momentum will continue as countries see higher gas demand amid declines in reserves in the coming winter. With coal, China's plans to cut coal mining and production can keep prices higher.

Nevertheless, the ongoing uptrend of materials prices will affect profit margins as higher product prices will reduce competitiveness.

Fertiliser prices may continue rising higher, helped by China's restriction on fertiliser exports.

While it is just in the short term until supply and demand balance, this is good news for domestic producers like Phu My Fertiliser (DPM), Ca Mau Fertiliser (DCM) and Binh Dien Fertiliser (BFC) to raise their domestic market shares, increase output and export value to other countries.

Moreover, given the lack of supplies to meet demand, while China has issued policies to limit fertiliser exports to ensure supply for the domestic market, the fertiliser prices are accelerating.

Agriseco Research believed that the higher prices were the main driver for outstanding business results of Viet Nam's fertiliser companies in the first six months of 2021, such as Phu My Fertiliser (DPM) recorded profit after tax of VND684 billion (US\$30.1 million) in the second quarter, up 126 per cent year-on-year.

In general, fertiliser producers in Viet Nam can produce and supply to the market all kinds of Urea, phosphate, NPK, DAP and MAP fertilisers.

However, for nitrogen SA and potassium fertilisers, due to the limited supply of potash - magnesium ore in the country, all of them must be imported to serve domestic demand and as raw materials for the production of NPK complex fertilisers.

In the first half of 2021, inorganic fertilisers output reached 4.69 million tonnes, an increase of 11.7 per cent over last year. The total amount of imported fertilisers was 2.31 million tonnes, while exports reached 667,000 tonnes, up 15 per cent and 44.7 per cent over the same period last year, respectively.

Agriseco Research attributed the significant rises to the stagnation in 2020, adding that the economic recovery also boosts factories operating at higher capacity to meet demand.

Towards the end of 2021 and into 2022, fertiliser prices may slow down but continue to remain at high levels, Agriseco Research said in the report. Therefore, opportunities for Vietnamese fertiliser enterprises come from rising demand when agricultural production is restored, especially when entering the winter-spring rice crop.

Potential stocks

The fertiliser industry is still one of the few to benefit and expect positive business results in 2021, despite COVID-19.

Although some stocks have risen relatively strongly, and market valuations are no longer attractive, Agriseco Research believed that there are still many investment opportunities due to growth potential in the last months of the year.

DPM and DCM are two leading stocks selected by Agriseco Research. It said that these two companies have a good foundation, benefit from policies, as well as rising fertiliser prices. This will provide opportunities to accumulate stocks that are expected to surge in the next 3-6 months during the market's correction sessions.

On the Ho Chi Minh Stock Exchange (HoSE), DCM shares closed Monday morning at VND29,600 per

share, up 4.96 per cent, while DPM shares inched 1.31 per cent higher to VND38,600 per share..

6. Ten of 20 localities respond to aviation authority's flight resumption plan, Ha Noi seeks clarification

As of Tuesday noon, 10 out of 20 localities have responded to the Civil Aviation Authority of Viet Nam (CAAV)'s proposed plan to resume domestic flights, as COVID-19 outbreaks eased but remain difficult to predict.

Five provinces – Dien Bien, Phu Yen, Khanh Hoa, Binh Dinh and Thanh Hoa – are fully behind the plan.

The south-central coastal province of Khanh Hoa, for example, concurred with the first phase of the resumption plan with 20 round trips a day.

Phu Yen also said yes to the proposal for three round trips between the province and Ha Noi a day, and four round trips to and from HCM City a day.

Nghe An is not against the resumption, but only wants a limited amount of flights between the province and Ha Noi and HCM City with two flights each.

HCM City, well on its reopening path after the outbreak peak passed, proposed to reopen 18 routes with up to 132 flights a day. With regards to the resumption of the highly anticipated Ha Noi – HCM City route, the southern city wants a fixed number of round trips on a weekly basis, to handle the large demand between the two economic centres in the northern and southern regions.

Prior to the fourth wave of infections and prolonged lockdowns hitting the country since late April, the Ha Noi – HCM City is usually the busiest route in the country and ranked seven among the world's busiest domestic air routes in 2020 and early 2021.

Ha Noi, however, still demurs on the reopening of regular domestic flights, despite calls to do so when the capital city has the COVID-19 situation largely under control, with only a few contained infection clusters, and most adult residents have received at least one dose of vaccine.

Ha Noi People's Committee has asked CAAV to report to the transport authority on the details of the air transport resumption plan amid COVID-19 to seek feedback and express consensus not only from Ha Noi but also other neighbouring provinces and cities as well as the health ministry

It also wants the CAAV to clarify some criteria for passengers, for example, whether passengers from high-risk COVID-19 areas would need permission from the local authorities, as well as for the time being, not allowing flights from HCM City, Binh Duong, Dong Nai, and Long An – all southern localities hit hard by the pandemic – to other localities.

Arrangements of vehicles used to transport passengers arriving at/from Noi Bai International Airport and the coordination mechanism between different localities' health authorities to ensure passengers under risk groups be properly quarantined upon their arrival are also issues that Ha Noi's administration is worried about.

Hai Phong also has not agreed to restart domestic flights to the city yet, and so did the central highlands province of Gia Lai at least until after October 15.

Previously, on October 1, the CAAV send a request to 20 localities that have been under strict social distancing orders (HCM City, Ha Noi, Da Nang, Hai Phong, Can Tho, Quang Ninh, Nghe An, Dien Bien, Thua Thien Hue, Quang Binh, Quang Nam, Dak Lak, Gia Lai, Lam Dong, Phu Yen, Binh Dinh, Ba Ria-Vung Tau, Khanh Hoa, Kien Giang and Ca Mau) to seek feedback on resumption of up to 385 daily round trips.

Dinh Viet Thang, Director of CAAV, said in a transport ministry meeting that the resumption of transport is a "matter of survival, not just to the air transport sector."

“The aviation authority proposed the transport ministry to report to the Government so a uniformed approach could be reached nationwide, otherwise,

having each locality with its own implementation of rules would make it very difficult for domestic routes to restart,” he said.

7. Viet Nam to master production technology of 10 human vaccines by 2025

Viet Nam is set to master the production technology of 10 types of vaccines used for humans and be capable of producing at least three by 2025, according to a national sci-tech programme on human vaccine production research by 2030, recently approved by Deputy Prime Minister Vu Duc Dam.

With the targets to rise to 15 and at least five, respectively by 2030, the programme’s objectives are to study and master the technology of vaccine production for human use; and to boost the capacity of domestic vaccine research and production organisations and enterprises, making them ready to deal with newly arising epidemics.

To realise such goals, the programme set tasks to complete the legal framework and mechanisms, encourage research and international cooperation, the application of advanced technologies, and the establishment of capable research teams, among other works.

Human resources development and investment in upgrading related research equipment are also listed among support activities under the programme.

Organisations and firms participating in vaccine research and technology transfer will be subject to preferential policies like those applied to prioritised high-tech products.

Meanwhile, regarding vaccines for epidemics prevention and control, costs of research, testing, pilot production, assessment, buying insurance, and assisting volunteers are 100 per cent subsidised.

Viet Nam already produced 11 of 12 vaccines in the expanded vaccination programme, eliminating many dangerous diseases such as polio and neonatal tetanus.

The country has successfully manufactured its first batch of the Sputnik V COVID-19 vaccine from semi-finished products. The vaccine will be used in the country's National Expanded Programme for Immunisation, in response to the fourth wave of COVID-19 infections and amid a limited supply of vaccines.

The country has started clinical trials of the ARCT-154 vaccine, the third homemade vaccine against COVID-19.

The first COVID-19 vaccine tested on humans is Nanocovax, a product of Nanogen Pharmaceutical Biotechnology JSC based on recombinant DNA/protein technology. The vaccine has gone through three phases of clinical trials with more than 13,620 volunteers. Results from the first two trial phases showed that all volunteers developed antibodies against SARS-CoV-2.

The second vaccine, Covivac, from the Institute of Vaccines and Medical Biologicals (IVAC), entered phase three in September 2021..

Corporate News

8. DBC: Dabaco spends VND 100 billion to establish a pig breeding company in Thanh Hoa

↓ -0.68%

The Board of Directors of Dabaco Vietnam Group Joint Stock Company (HOSE: DBC) has just approved the establishment of Dabaco Thanh Hoa Co., Ltd. with a charter capital of 100 billion VND.

The newly established company mainly operates in the field of pig breeding and husbandry. The company's registered address is at Cong Hang zone, Thach Tuong commune, Thach Thanh district, Thanh Hoa province.

Mr. Nguyen Danh Quyet - Member of the Board of Directors of DBC was appointed as the Director of Dabaco Thanh Hoa with authorized capital of 30%, equivalent to 30 billion VND.

At the meeting to evaluate business results in the third quarter of 2021, DBC said that the revenue of the third quarter of 2021 was estimated at VND4,133 billion VND, up 56% compared to the

same period in 2020. However, profit after tax was only estimated at VND 38 billion, down 64% over the same period last year. This is also the Group's lowest quarterly profit since Q4/2019.

Over the first 9 months, DBC records an estimated revenue of VND13,669 billion, up 85% compared to the same period in 2020 but profit after tax decreased by 37%, estimated at only VND718 billion.

In 2021, DBC sets their revenue target at VND 15,439 billion, an increase of 52% compared to 2020 but only expects a profit after tax in 2021 of VND 827 billion, down 41% compared to the result of 2020.

Compared to their plan, DBC has fulfilled 89% of target revenue and 87% of target profit for the whole year after 9 months.

9. SHB: Singapore Stock Exchange greenlights SHB's \$300m international bond issue

↑ 2.48%

Saigon Hanoi Commercial Joint Stock Bank (SHB) announced that the Singapore Stock Exchange has approved in principle its first-tranche issue of international bonds of no more than US\$300 million, under the Euro Medium Term Note Programme (EMTN).

The bonds to be listed are comprised of international senior bonds (non-convertible, unsecured and without warrants) and tier-2 bonds (non-convertible, unsecured, without warrants and open for buy-back after five years and one day).

The issue is expected to be made in several phases. In the first tranche issue, the bank will issue senior bonds worth \$300 million with a maturity of 3-5

years. The coupon rate will be set later based on the State Bank of Viet Nam's regulations and market conditions at the time of the issue.

The lender hopes the bond issue will enhance its position and brand in the international market, diversify capital mobilisation channels and help ensure the capital adequacy ratio.

Proceeds raised through the issue will be used to finance medium- and long-term foreign currency loans.

Earlier in April, at the 2021 annual shareholders' meeting, SHB's shareholders approved the plan of issuing at most \$500 million worth of bonds on the Singapore Exchange under the EMTN programme.

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