



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares climb on the growth of banking and real estate

Shares gained on Tuesday thanks to the growth of blue-chips in the banking group and mid-cap and small-cap stocks in the real estate group.

The benchmark VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) rose 0.94 per cent to close at 1,452.46 points. The index had dropped 0.37 per cent to end Monday at 1,438.97 points.

The market's breadth turned positive with 151 stocks declining, while 302 rose.

Liquidity remained high with more than 1 billion shares traded on the southern bourse, worth VNĐ28.9 trillion (US\$1.3 billion).

The 30 biggest stocks tracking VN30-Index gained 0.30 per cent to 1,521.35 points. Nineteen in the VN30 basket increased, while six declined and five ended unchanged.

In the VN-30 basket, gainers included The Việt Nam Rubber Group (GVR), Eximbank (EIB), Vinhomes (VHM), Sabeco (SAB) and Investment and Industrial Development Corporation (BCM).

The index's rise was also supported by gains in some pillar stocks in the banking group, including Sài Gòn Thương Tín Commercial Joint Stock Bank (STB), Sài Gòn-Hà Nội Bank (SHB), Asia Commercial Bank (ACB), Military Bank (MBB) and Vietinbank (CTG).

In the real estate group, many mid-cap and small-cap stocks hit the daily limit rise of 7 per cent, such as Nam Long Group (NLG), Sài Gòn Thương Tín Real Estate JSC (SCR), Danh Khôi Group JSC (NRC), Industrial Urban Development JSC No 2 (D2D),

Saigon Reai Estate Joint Stock Company (SGR) and LDG Investment JSC (LDG).

"Although at the end of the morning session, the VN-Index corrected slightly due to profit-taking pressure, but then thanks to overwhelming buying, VN-Index moved to close at a new peak of 1,452.46," said BIDV Securities Co.

"Market breadth tilted to the positive side as the number of advancers doubled the number of losers, showing that cash flow was concentrated in certain stocks," it said.

"In the upcoming sessions, VN-Index is likely to maintain its uptrend and move to new highs. Regarding the transactions of foreign investors, today they continued to net sell more than VNĐ1 trillion on HoSE," it said.

Foreign investors net sold VNĐ1.1 trillion on HOSE, including Novaland (NVL) with VNĐ567.24 billion, Nam Long Group (NLG) with VNĐ141.02 billion and SSI Securities Co (SSI) with VNĐ91.29 billion. They were net sellers on HNX with a value of VNĐ23.92 billion.

Meanwhile, the HNX-Index on the Hà Nội Stock Exchange (HNX) rose 2.06 per cent, to 424.11 points. The index had risen 0.83 per cent to end Monday at 415.54 points.

During the trading session, investors poured VNĐ4.3 trillion into the northern market, equivalent to a trading volume of 178 million shares.

## Macro & Policies

### 2. VN manufacturing output returns to growth as pandemic situation improves

An improvement in the public health situation and subsequent easing of restrictions helped the Vietnamese manufacturing sector return to growth during October.

IHS Markit's latest survey released on Monday showed the Vietnam Manufacturing Purchasing Managers' Index (PMI) posted back above the 50.0 no-change mark at 52.1 in October following a reading of 40.2 in September. This signalled a renewed improvement in business conditions across the sector, thereby ending a four-month sequence of decline.

According to the survey, renewed expansions were seen for output, new orders and purchasing activity, while business confidence jumped higher. On the other hand, employment continued to fall amid widespread reports of workers remaining in their hometowns following the latest wave of the COVID-19 pandemic.

Price pressures remained acute, with input costs rising at one of the sharpest rates on record amid higher freight charges and raw material shortages. In turn, firms increased their own selling prices at a much faster pace than in September.

A loosening of COVID-19 restrictions led a number of firms to restart production in October, while others expanded output in response to higher new orders. As a result, production growth was recorded for the first time in five months.

A solid return to growth of new orders was also registered as manufacturers and their customers alike resumed operations. The improvement in the pandemic situation enabled firms to take advantage of increased demand in international markets, posting a first rise in new export orders since May.

The survey showed business confidence improved markedly in October as the latest wave of the COVID-19 pandemic showed signs of easing. Hopes that the pandemic will remain under control helped optimism reach a 29-month high.

Issues around staffing levels remained despite the wider return to growth. Employment continued to fall markedly in October, with a number of firms indicating that some of their staff members had returned to their hometowns during the latest wave of the pandemic and had yet to come back to their place of work.

Shortages of labour contributed to another rise in backlogs of work, with higher new orders also adding to capacity pressures. That said, the rate of accumulation softened from September's survey record.

Input costs increased at the fastest pace since April 2011 and at one of the sharpest rates in the survey's history. Higher freight charges were widely reported, adding to the inflationary pressures caused by raw material shortages. In response to increasing input costs, manufacturers raised their own selling prices at a marked pace that was the fastest in five months.

Efforts to guard against likely future price rises encouraged firms to expand their input inventories for the third month running in October. This was facilitated by a strong return to growth of purchasing activity, which increased at a near-record pace.

Finally, stocks of finished goods decreased marginally in October. Some firms saw inventories decline as finished products were used to help meet sales, while others noted that renewed production growth helped them to stabilise stocks.

Commenting on the latest survey results, Andrew Harker, economics director at IHS Markit, said: "The improving pandemic situation and subsequent loosening of restrictions helped Vietnamese manufacturers get back to business in October. As well as being able to ramp up production, firms were also much more confident in the outlook than they have been in recent months.

"That said, there are still some lingering issues caused by the recent pandemic outbreak which could stifle growth. First, the problems with transportation and supply chains haven't gone

away, making the sourcing and distribution of products challenging. Second, a number of firms are still waiting for workers to return from their hometowns where they went during the latest

COVID-19 wave, meaning labour shortages were experienced in October. Hopefully these challenges will start to ease as the sector continues to return to normal over the months to come," he said.

### 3. PM Chinh hosts business, university leaders in UK

The Ministry of Finance is taking measures to better develop the corporate bond market safely and effectively.

Accordingly, the ministry is drafting a circular to establish a private corporate bond market for professional securities investors.

It is also upgrading a corporate bond information page and a listing and trading system of corporate bonds.

In order to strengthen the inspection and supervision of the corporate bond market, the ministry has directed the State Securities Commission to inspect the supply and demand of corporate bonds at ten securities companies in October 2021.

The ministry also inspected enterprises, whose bond issuance was large or without collateral and had weak financial strength, to give timely warnings to investors and service providers.

To enhance the transparency in capital mobilisation through bond issuance, the ministry is considering a proposal to amend Decree No 153/2020/ND-CP on the offering and trading of corporate bonds in the domestic and international markets to limit enterprises from issuing a large amount of bonds without using the mobilised capital to serve production and business.

According to experts, the Vietnamese corporate bond market has room to expand in the future as its size remains small compared to other regional countries. Corporate bonds are an important capital channel for enterprises, especially real estate firms, but have developed unsustainably.

Do Ngoc Quynh, secretary general of the Viet Nam Bond Association, suggested Viet Nam should set tight rules to diminish the negative impact of corporate bond products, while constructing flexible regulations for bond issuance to effectively manage and supervise the corporate bond market.

Ensuring the healthy development of the bond market and the capital market requires the synchronous development of all components participating in the market, including State management agencies, businesses, and investors, according to Quynh.

While developing the equity market, market regulators must ensure effective operation and necessary management over the market. If the management is too tight, the market cannot develop, but if the regulations are too loose, a crisis can occur, thus management agencies must always observe and adjust the policy as needed.

Businesses issuing bonds publicly would have wider access to investors but also have to bear greater responsibilities, such as transparent information disclosure, and ensuring credit ratings, Quynh said.

### 4. HCM City foreign trade makes sharp recovery

Foreign trade by of HCM City-based enterprises showed clear signs of recovery in October, increasing by 25.8 per cent from the previous month to US\$11.7 billion, according to the customs department.

Exports rose by 4.7 per cent to \$4.4 billion, and imports by 48.9 percent to \$7.3 billion.

The main export items were computers, electronic components, high-tech equipment, textiles, footwear, fisheries, and agricultural products.

Đinh Ngọc Thắng, director of the department, said the COVID-19 pandemic and many months of restrictions had severely affected businesses. His agency would facilitate quick clearance of goods and crack down on fakes to help businesses, especially during the peak year-end foreign trade period.

The country's imports in the first nine months were worth \$242.65 billion, a 30.5 per cent increase from the same period last year.

The US remained the biggest market, buying \$69.8 billion worth of Vietnamese products, a year-on-year rise of 27.6 per cent. China followed at \$38.5 billion, up 18.3 per cent. The EU and ASEAN were next in the list.

## 5. Health ministry asks localities to prepare plans for 3rd, 4th booster COVID-19 vaccine shots in 2022

The Ministry of Health has just issued a document asking municipal and provincial authorities to review their needs for COVID-19 vaccines, including plan for third and fourth booster shots in 2022.

According to the document, the health ministry wants localities to take stock of the vaccination situation in their jurisdictions to state their demands for vaccines for people aged 18 and above (amount of vaccines, types of vaccines, timeframe to ensure proper space between two doses, etc.) so it could devise a plan for vaccine allocation in November and December.

The number of children in the three age brackets – 3-11 years old, 12-15 years old, 16-17 years old – must also be submitted to the health ministry.

Việt Nam currently uses various COVID-19 vaccines for adults, but only approves Pfizer/BioNTech and Moderna vaccines for children, and currently those 16-17 years old are prioritised.

Localities also need to build a plan for vaccination in 2022 for children from three years old and above and adults, including plans for third and fourth booster shots for people who have already received the full two doses, the health ministry said.

It is expected that in late 2021, a large amount of COVID-19 vaccines would arrive in Việt Nam – out of the unfulfilled contracts and other international commitments – so localities need to be prepared, both in terms of human resources and facilities, to speed up vaccination drives, coverage, and contain

the disease in a shortest timeframe, the health ministry noted.

Localities should expedite coverage of first dose and full two doses for people aged 50-65 and above to protect these more vulnerable groups against severe COVID-19 and risks of fatalities.

The health ministry also ordered local health agencies to pay attention to updating vaccinated people's records on the COVID-19 apps.

The move was seen as primarily preparatory at the moment since Việt Nam is still facing a vaccine shortage. The health ministry said it has received and distributed over 105 million doses of vaccine so far, with AstraZeneca accounting for the most at 38.5 million doses, followed by Sinopharm at 37.7 million doses and Pfizer at 16.4 million.

83 million COVID-19 vaccine doses have been administered in Việt Nam to date, with just 24.5 million people receiving double shots out of its population of near 100 million.

The two biggest cities, Hà Nội and HCM City, have given the most vaccines, with 9.8 million and 13.3 million shots, respectively, followed by southern hot spots like Đồng Nai and Bình Dương provinces.

HCM City's health authorities said it is devising plans to get booster shots for high risk groups, including frontline workers, in the final two months of 2021.



## 6. SOVICO Group inks deal with Oxford University for research, education development

SOVICO Group signed a memorandum of understanding with the UK's Oxford University on October 31 for cooperation and investment in research and education, including establishing a scholarship.

SOVICO chairwoman Nguyen Thi Phuong Thao and Professor Nick Brown, principal of Linacre College, on behalf of the university, signed the agreement worth £155 million (US\$211.5 million) in the presence of Prime Minister Pham Minh Chinh and senior Vietnamese and British officials.

Scholarships worth £7.5 million (\$10.2 million) will be available to students from Viet Nam and other countries in the region to study and research in the world's leading educational environment at Oxford.

The university is also committed to developing and implementing a CO2 elimination strategy for SOVICO and its customers and partners by 2050.

Oxford University is one of the oldest integrated research universities in the world with 1,000 years of history. It offers a number of prestigious scholarships, including the Clarendon Scholarship, which has been in operation since 2001, and the Rhodes Scholarship, available for more than a century, which has helped bring elite post-graduate students from all over the world to study at Oxford.

Its alumni include many Nobel Prize winners, British prime ministers and leaders of many other countries.

Speaking at the signing ceremony, Brown hailed the collaboration between SOVICO and Oxford University, saying the agreement would bring new developments in research at Oxford and offer the best study and research opportunities for students not only in Oxford but also in Viet Nam and many other countries.

Thao said: "Education and research are the keys to the development and prosperity of mankind. I believe the long-term co-operation with Oxford University will bring new opportunities and good value to the community."

At a reception for Brown, the PM said Oxford University should quickly implement the agreement, create conditions for Vietnamese students to have the opportunity to access the world's intellectual elite, especially in fields such as healthcare, pharmacy, computer science, digital transformation, artificial intelligence, environment, and climate change.

SOVICO's agreement with Oxford University also underlines the role and vision of Vietnamese enterprises in international integration.

It was one of the important agreements signed by Vietnamese and UK businesses and organisations on the occasion of Chinh's visit to Britain.

## 7. Cashless payments more popular since pandemic

With a few clicks on an e-wallet platform installed on her mobile phone, Do Nhu Hoa, a 38-year-old office worker in Ha Noi, can easily pay for her electricity and water bills.

Hoa said she got her e-wallet a year ago after some colleagues told her about its convenience. Now Hoa uses her e-wallet for most transactions.

"It is simple, easy and safe to use and it is free to top up or withdraw money from e-wallet to my bank accounts," Hoa told Viet Nam News.

She said the e-wallet proved its efficiency amid the COVID-19 pandemic when she has to limit physical contact to stay safe.

Hoa is one of many Vietnamese customers who, since the start of the pandemic, now favour non-cash payments like e-wallets.

Thanh Trang, an employee of a private company in Ha Noi, said using non-cash payment has become a habit of hers in recent years.

"I find cashless payment very convenient, now I rarely withdraw cash unless I pay for vegetables at the market and for my breakfast. Even when I forget my wallet or don't have small change left, I can transfer money to sellers via internet banking," Trang told Viet Nam News.

"I'd rather forget my wallet than my phone when I hang out," Trang said, during the pandemic, cashless payment also helps reduce risks of infection, she added.

"The prolonged lockdowns keeping people at home, combined with consumers' fear of catching COVID-19, has accelerated their preference toward using digital transactions. Up to 67 per cent of Vietnamese consumers said they would like to use contactless payment whenever applicable," Thue Quist Thomasen, CEO of YouGov Vietnam told Viet Nam News.

At the same time, financial institutions have been competing to develop and provide the best digital platforms for their customers. Apps that are highly secured, user-friendly and fully integrated will encourage many Vietnamese consumers who are interested in trying the latest technology products, services and apps toward the digital transformation, he said.

"I believe that the cashless future for Viet Nam is near," he added.

According to AppotaPay's forecast, the cashless payment market will grow strongly in the next three to five years. In particular, mobile money and e-wallets will be key services to help expand non-cash payments share in the Vietnamese market.

A recent report by the Government showed out that cashless payments continue to become more popular, topping VND36.28 quadrillion (US\$1.6 billion) in the first nine months of 2021.

During the period, 435.25 million transactions worth VND22.78 quadrillion were made via the Internet, up 54.1 per cent in volume and 30.7 per cent in value. More than 1.19 billion others worth over VND13.5 quadrillion were conducted via mobile phone, surging 74.98 per cent in volume and 93.69 per cent in value.

Businesses nationwide have made more than 90 per cent of their tax payments via bank transfer. A large number of people have also used this method to pay power bills, medical examination and treatment fees or receive pensions and allowances.

However, payment frauds have also become more common across the country, the report pointed out.

Being a customer, Trang said she is concerned about scams, account stealing and identity theft when making non-cash payments. She suggests banks and app providers ensure payment security and safety.

In recent years, the Government has been facilitating cashless payments in the country.

On October 28, Deputy Prime Minister Le Minh Khai signed a decision to approve a project on developing Viet Nam's non-cash payment for the 2021-25 period.

The project aims to accelerate the growth of cashless payments in Viet Nam and make cashless payment methods more popular to people in both urban and rural areas.

The project also intends to improve security, safety and confidentiality in non-cash payment activities, while improving the operational efficiency of the banking system and enhance the management of State agencies to ensure transparency. This will contribute to the fight against corruption, economic crimes and the prevention of money laundering.

The achievements of Industry 4.0 will also be implemented to upgrade cashless payment infrastructures that meet payment demands in a convenient and efficient method.

Under the project, cashless payment in e-commerce is estimated to reach 50 per cent of total transactions by 2025.

Up to 80 per cent of Vietnamese people from the age of 15 years old will have bank accounts, while the number of points accepting cashless payments will increase to over 450,000 by 2025.

In terms of public services, 90-100 per cent of educational institutions in urban areas will accept the payment of tuition fees through non-cash transactions while 60 per cent of medical examination and treatment establishments in urban areas will accept non-cash payment by 2025. Up to 60 per cent of people in urban areas will receive their pensions, social insurance and unemployment benefits through this payment method.

As per the project, Viet Nam also aims to achieve 20-25 per cent growth rates in the number and value of

non-cash payment transactions in the next four years.

It hopes to archive the respective average growth rates of 50-80 per cent and 80-100 per cent each year in the number and value of transactions via mobile phone, while that of transactions via the Internet is expected to grow 35-40 per cent annually.

To this end, top priority should be given to completing the related legal corridor and policies, upgrading payment infrastructure to be able to connect and integrate with other systems, developing modern payment services and promoting non-cash payment in the public sector and others.



## Corporate News

### 8. KDH: Explanation for the Q3. 2021 consolidated financial statements

↑ 2.86%

Khang Dien House Trading and Investment Joint Stock Company has explained the Q3.2021 financial statements of parent company as follows:

- Consolidated Profit after tax in Q3. 2021 decreased 12% compared to the same period of last year. Because in Q3. 2021, Gross profit in real estate business went down VND66 billion and selling expensive decreased VND19 billion.

### 9. TCB: Techcombank raises 800 million USD in offshore syndicated loan facility

↑ 0.00%

The Vietnam Technological and Commercial Joint Stock Bank (Techcombank) has successfully concluded its largest ever offshore syndicated loan facility at 800 million USD, a record size and landmark structure among Vietnamese banks.

This is Techcombank's second approach to the offshore loan syndication markets after its maiden accomplishment last year, which also set a record.

The fully underwritten syndication was launched in June this year at an original deal size of 500 million USD with a pre-funding option. The facility amount was upsized to 800 million USD to accommodate the strong market response.

The dual tranche senior unsecured facility comprises a 600 million USD 3-year tranche and a 200 million USD 5-year tranche. The facility offers an interest margin of 135 basis points per annum on the 3-year tranche and 162 basis points per annum on the 5-year tranche, over US dollar London Inter-Bank Offered Rate (LIBOR).

The 5-year tranche is a landmark for Vietnamese banks. The outstanding success of this transaction reaffirms the market's trust and confidence in

Techcombank, its robust risk management and customer-centric business strategy.

Techcombank's exemplary track record has attracted the largest pool of liquidity for a Vietnamese financial institution to date. A total of 28 prestigious international banks and development finance institutions participated in the transaction.

Loan proceeds, which are for general corporate and working capital purposes, will bolster Techcombank's ability to meet the increasing medium- and long-term funding needs of its customers in both foreign and local currencies.

Standard Chartered Bank (SCB), which initially underwrote the financing, was joined by fellow Mandated Lead Arranger Banks and Underwriters: Cathay United Bank, Maybank Kim Eng, State Bank of India, and Taishin International Bank.

Bryan Liew, Head of Leveraged and Acquisition Finance Syndicate of SCB, said the transaction was a landmark for the Vietnamese loan market, given its profile, size and tenor./.

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