



VIETNAM DAILY NEWS



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Market Analysis

1. Shares finish the week lower on fall of oil stocks

Shares finished the week on a negative note as the market was pressured by many large-cap stocks in the oil and gas group dropping strongly.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) lost 1.19 per cent to end at 1,452.35 points.

It had lost 0.41 per cent to end Thursday at 1,469.83 points.

The market's liquidity was negative with 124 stocks rising, while 346 slid.

Investors poured over VND43.3 trillion (US\$1.9 billion) into the southern exchange, equivalent to a trading volume of 1.5 billion shares.

The 30 biggest stocks tracker VN30-Index lost 0.22 per cent, to end at 1,500.05 points. Eleven in the VN30 basket climbed, while 17 decreased.

Financial news site cafevn said many oil and gas stocks suffered from correcting pressure and fell deeply, including PetroVietnam Gas JSC (GAS), PV Power (POW), PetroVietnam Drilling & Well Services Corporation (PVD), PV OIL (OIL), Binh Son Refinery (BSR) and PetroVietnam Technical Services Corporation (PVS).

Contrary to the general trend of the stock market, banking stocks rebounded strongly on continued cash flow. Many large-cap bank stocks rose sharply such as HDBank (HDB), Asia Commercial Stock (ACB) and Vietinbank (CTG).

“The market remained in an uptrend for most of the session but reversed to decrease in the ATC session,” said BIDV Securities Co.

“Foreign investors were net sellers on both HSX and HNX.

“VN-Index is expected to maintain movement in the range of 1,360-1,380 points while the market is waiting for more supportive information,” it said.

Foreign investors net sold VND472.82 billion on HOSE, including SSI Securities Inc (SSI) with VND290.0 billion, Hoa Phat Group (HPG) with VND237.8 billion, and VNDirect (VND) with VND128.4 billion. They were net sellers on the HNX with a value of VND11.92 billion.

Twenty-two out of 25 sector indices in the market lost ground, including real estate, securities, oil and gas, wholesale, retail, information and technology, food and beverage, rubber production, construction, seafood processing, construction materials, insurance and logistics.

Banking was the only gaining sector on Friday.

On the Ha Noi Stock Exchange (HNX), the HNX-Index lost 3.15 per cent to end Friday at 453.97 points.

During the trading session, nearly 251 million shares were traded on HNX, worth nearly VND6.38 trillion.

Macro & Policies

2. Turning the stock market into main medium and long-term capital channel

After 25 years of development, the Vietnamese stock market is playing a more important role in attracting capital, supporting the commercial banking system. Therefore the target is to turn the market into the main channel of medium and long-term capital for the economy.

At the seminar “The stock market: Releasing resources for businesses, profitable investment channels and assets” launched by Bao Dau tu (Investment Newspaper) on November 18, Nguyen Duc Chi, Deputy Minister of Finance, said that the ministry is working with other ministries to report to the Government and the Prime Minister on the development strategy of the country’s stock market to 2030, with an outlook to 2045.

The fundamental factors for creating the strategy are based on the country’s socio-economic development, the Party’s orientations and resolutions, and the Party’s guidelines and policies.

The general target is to build and develop the stock market into the main medium and long-term capital channel for the economy, Chi said. The 25 years of development show that the stock market is playing a more crucial role in attracting capital, supporting the commercial banking system.

In the past, before the establishment of the stock market, the short, medium and long-term capital channels were banks’ responsibility. Now the stock market accounts for a larger proportion in the capital channel.

The perspective of market development should refer to synchronous and unified development of the financial market, associated with innovation in the growth model and economic structure and linking with the global market and economy.

In addition, it has to be developed on the basis of technology and requirements of digital transformation.

“The stock market needs to link with the regional stock market, integrate with the international stock market, and apply the right international practices and standards to develop the Vietnamese stock market,” Chi added.

The stock market will develop in depth and market quality and liquidity, with the target of reaching at least 85 per cent of GDP (adjusted) by 2025, and 110 per cent of GDP in 2030.

For bonds, it aims for 47 per cent of GDP in 2025 and 58 per cent of GDP in 2030, with a reasonable structure of stocks, corporate bonds and government bonds.

Regarding the derivatives market, the target is achieving a growth rate of 20-30 per cent/year, with the number of investors reaching 5 per cent of the population by 2025 and 8 per cent in 2030.

To organise the market effectively, the Viet Nam Stock Exchange will be established, restructuring the model of parent and subsidiary companies. The Prime Minister and the Ministry of Finance have reached a consensus on preparing for the model of the Viet Nam Stock Exchange to go online as soon as possible.

In addition, the Viet Nam Securities Depository Center will be reorganised and changed to the Securities Depository and Clearing Corporation, synchronising securities trading and payment technology, and aiming to upgrade the market under MSCI’s and FTSE’s standards before 2025.

3. Ha Noi aims to develop smart agriculture

The capital city has implemented many high-tech agricultural production models, however, in order to move towards smart agriculture, the city will have to pay more attention to promoting the application

of science and technology as well as training high-quality labour resources.

“Developing smart agriculture is a trend for agricultural production around the world and in Viet Nam, including Ha Noi,” said Deputy Director of the Ha Noi Department of Agriculture and Rural Development Ta Van Tuong.

The city currently has 164 hi-tech agricultural production models, including 105 involved in crop production, 39 in livestock, 15 in fisheries and one model combining cultivation and husbandry.

The value of hi-tech agricultural products currently accounts for about 35 per cent of the total value of agricultural production in the city.

Modern technology and equipment in the management of agricultural production to help reduce labour, increase quality and output of agricultural products is considered the most important factor, according to the deputy director.

“We can confirm that high-tech agricultural models are increasingly blooming and bringing efficiency to the city’s agriculture,” he said.

The city’s agriculture sector has promoted the application of scientific advances to agricultural production, including technology of greenhouses with an automated watering system (in the field of planting), cooling system to help stabilise temperature and humidity, automatic feeding lines, artificial insemination (breeding), using biological products and automatic oxygen generator (aquaculture).

Ha Noi has promoted the deployment of high-tech agricultural models with smart devices, especially farms growing clean vegetables, flowers and ornamental plants. in most districts, including Me

Linh, Gia Lam, Thuong Tin, Dong Anh, Thanh Oai and Dan Phuong.

Tran Duy Quy, Chairman of the Viet Nam Association of Rural Development Sciences, said that developing smart agriculture and applying advanced science and technology to production was very important.

“With a densely populated city like Ha Noi, the application of science and technology in production will help transform traditional agriculture to smart agriculture, thereby increasing incomes for farmers,” he said.

“Additionally, it helps solve problems of land shortage, improve the living environment, and reduce pollution.”

Dao The Anh, Deputy Director of the Viet Nam Academy of Agricultural Sciences, said that the city needed to promote training human resources, especially high-quality human resources.

In order to create conditions for the development of smart agriculture, Tuong said that the agricultural department would continue to advise the city authorities to issue policies that are suitable for production practices and mobilise capital resources to implement the smart agricultural revolution.

The city would form a network of businesses and investment services for smart agriculture and rural areas, consider to join the international smart urban network, and promote cooperation between the agricultural industry and information technology for research and innovation in the field of smart agriculture, Tuong said.

4. Businesses wary of increasing production for Tet

With the COVID-19 pandemic remaining unpredictable, food and beverage businesses are keeping production at moderate levels and not introducing many new products for Tet (Lunar New Year) unlike other years.

Many believe the current economic crisis will not allow people to spend as much as usual during Tet, and so some food producers are even considering

reducing production for Tet by up to 20 per cent year-on-year.

At this time of the year businesses usually expand production to meet surging demand.

Ly Kim Chi, chairwoman of the HCM City Food and Foodstuff Association, said due to very low demand and an unpredictable market that depends on the

COVID-19 situation, businesses do not dare increase production.

Instead, they are stocking up on raw materials and packaging to be able to meet demand when the market revives, she said.

A survey by the Ministry of Industry and Trade found the market showing signs of recovery, with inventories shrinking by 14 per cent compared to four months ago.

But analysts do not think the worst is over.

The city encourages distributors and manufacturers to run promotion programmes to stimulate demand for shopping to drive economic recovery with priority given to online channels and non-cash payment.

To begin with they have been advised to focus on speeding up production, supplying goods for Tet and reconnecting broken supply chains.

The city plans to organise a conference to connect goods supply between the city and other provinces from December 2 to 5.

It will also organise the 2021 Promotion Fair from December 21 to 26 at the Phu Tho Sports Stadium in

District 11 with more than 450 booths showcasing consumer goods, farm produce and handicrafts without the 50 per cent discount cap in force.

The promotions will also include gifts and lucky draws. Participating businesses need to ensure the origin and quality of their products.

Bui Ta Hoang Vu, director of the city Department of Industry and Trade, said promotion programmes are very important now as a bridge for businesses and consumers to meet.

This year, due to the pandemic, total retail sales in the city has halved from last year.

In the last two months of the year, with policies to stimulate demand and focused promotions, the city hopes to stimulate shopping, even in international branded products at low prices.

The Ministry of Industry and Trade will organise a month-long programme called 'National Focused Promotion Month' in December.

Participating businesses need to strictly comply with pandemic prevention regulations stipulated by the Ministry of Health.

5. Vietnamese, Chinese localities step up trade exchange

Trade promotion agencies in the northern border province of Lao Cai and the Chinese province of Zhejiang's Hangzhou city organised an international conference on exports and trade exchange in both virtual and face-to-face forms late last week.

The event attracted 138 enterprises from 15 provinces and cities of Viet Nam and nearly 100 businesses from China's Zhejiang, Tianjin, Shanghai, Beijing, and Yunnan.

Head of Lao Cai's centre for industrial promotion and trade promotion Ha Duc Binh said the conference aimed to boost trade exchange and commercial cooperation between the localities, offering chances for Vietnamese suppliers, exporters, and logistics businesses to meet partners from Zhejiang and its neighbouring Chinese

provinces. Therefore, export cooperation between Vietnam and Zhejiang would be enhanced, he added.

The conference was told that transportation by air, road and railway between Viet Nam and Zhejiang is very convenient, with goods delivery on time between the two sides ranging from one to two days by road and railway.

According to statistics of the General Department of Customs, two-way trade between Vietnamese provinces and Zhejiang in 2020 exceeded US\$8.11 billion.

Zhejiang's major exports to Viet Nam include fabric products, textiles; steel frames; velvet, feather; electrical components; machinery and components for the textile and garment sector; paper and ceramic tiles. Meanwhile, it mainly imports from

Viet Nam textiles; iron and steel; rubber; plastic beads; food; clinker; and limestone.

The trade exchange of agricultural products and fruit between the two sides has so far remained modest.

6. MobiFone becomes first Mobile Money service provider

MobiFone has become the first telecoms company to provide Mobile Money services in Viet Nam after receiving permission from the State Bank of Viet Nam on Thursday.

points across the country. It will expand the service coverage to more than 10,000 transaction points of its partners and dealers.

The service provision will be piloted until November 18, 2023, during which customers can use their telecommunications accounts to make different transactions such as payments, money transfers and saving, and cash withdrawals at banks and MobiFone transaction points across the country without having their own bank accounts or access to modern payment services.

MobiFone’s service is expected to make e-payment accessible to all people, especially those in rural, mountainous and remote areas. It is hoped to contribute to promoting cashless payments and boosting the growth of e-commerce as well as speeding up comprehensive digital transformation.

In the first phase, MobiFone will provide Mobile Money services on its network of 600 transactions

To launch the pilot service, MobiFone has made careful preparations in infrastructure, network and human resources, thus ensuring highest service quality and security.

7. Wood processing industry recovers thanks to post-pandemic production

The wood processing industry has seen a recovery in production after the fourth outbreak of COVID-19, thanks to the Government’s supportive policies.

Le Quoc Doanh, Deputy Minister of Agriculture and Rural Development, said that the ministry continues to receive recommendations from enterprises and associations in the wood processing industry to solve difficulties in processing and exporting timber and wooden products.

To support economic recovery, the National Assembly and Government have issued many policies to help enterprises and businesses resume production and business activities.

According to Do Xuan Lap, chairman of the Viet Nam Timber and Forest Products Association (VIFORES), the COVID-19 outbreak has affected the trading of goods, including timber and wooden products. It also hit wood processing centres such as HCM City, Binh Duong, Dong Nai and Tay Ninh, affecting the wood processing industry’s development.

These policies have included a delay on tax payments, reducing corporate income tax; dropping loan interest rates and financial support for employees. These actions have created a favourable business environment for enterprises of wood production, processing and export.

Now, the pandemic is gradually being controlled, wood processing and export centres are recovering production. Enterprises processing and exporting wooden products have stabilised production faster than expected, especially enterprises applying the ‘three on-site’ model with on-site production, on-site dining, on-site rest.

The government’s highly-anticipated Resolution No 128, on the adoption of provisional guidelines on safe and flexible living with COVID-19, has supported the domestic economy in recovery.

The wood processing industry has built specific strategies and plans to restore production and business in the new normal, according to the Ministry of Agriculture and Rural Development.

“This is a very positive signal for the industry,” said Lap.

Nguyen Chanh Phuong, Vice Chairman of the Handicraft and Wood Industry Association of HCM City (HAWA), said 80 per cent of HAWA member enterprises have restored manufacturing and can deliver goods as scheduled.

To Xuan Phuc, an expert from Forest Trend, said that according to a recent survey, only 8.3 per cent of wooden product processing enterprises stopped operations due to the COVID-19. The rest of them had applied different forms to maintain operations; 24 per cent applied the 'three on-site' model.

The pandemic has also caused the number of employees at the surveyed enterprises to decrease by 18 per cent.

Meanwhile, 83 per cent of wood processing enterprises said that they have made recovery plans, according to the survey conducted by the VIFORES, HAWA, the Forest Product Association of Binh Dinh, the Binh Duong Furniture Association and Forest Trends.

The enterprises with recovery plans said they would change their business strategies, apply pandemic control measures in production and improve efficiency and scale in processing wooden products, Phuc said.

However, Phuc feels that production recovery will also depend on vaccination and the efficiency of pandemic prevention and control measures in production.

About 46 per cent of enterprises said they would not change their targeted revenue for this year, while 37 per cent expected their revenue to increase. The maintaining enterprises predicted their revenue will decrease.

Growth scenario

The VIFORES has two growth scenarios for the rest of the year. In the first scenario, if the industry's export value of timber and wooden products recovers in the fourth quarter, the total export value in 2021 will reach US\$13.6 billion.

In the second, worse, scenario, if the value continues to decline through the fourth quarter, export value will be \$12.7 billion for the whole year.

Doanh said the ministry will support enterprises in maintaining traditional export markets but will also expand export markets for wooden products.

According to the General Department of Customs, the export of timber and wooden products in the first ten months of this year reached \$12.1 billion, up 23.4 per cent year on year. Major export markets of those products included the US, China and Japan.

HAWA chairman Phuong expected that by the end of the year, export turnover will be back to pre-pandemic levels, meaning that value for this year would exceed \$14.5 billion, an increase of 15 per cent compared to 2020.

This growth is due to the advantages of free trade agreements (FTAs) Viet Nam has signed, such as EU-Viet Nam FTA (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which increase production capacity of enterprises, he said.

However, input materials and labour are two of the most important factors at present affecting production recovery.

Nguyen Minh Nhat, director of the Nhat Nam Construction Mechanical Plywood Co, Ltd, said that his company has nearly four months of production under the 'three on-site' model, which maintained employment for about 60 per cent of its workforce during the social distancing period. However, the company now lack workers due to an increase in production demand.

Along with that, the company is facing a scarce supply of raw materials like wood, due to the time of year and the sudden demand. Domestic suppliers of quality wood are very few and they too lack the labour to exploit and process raw wooden material. As the whole industry returns to production, the demand for raw materials is forcing many to import raw wood materials, Nhat said.

Lap said enterprises should prepare many solutions for the short, medium and long terms, to ensure the supply of raw materials for processing export wooden products.

The Government has a very important role in ensuring input materials and labour for enterprises, according to Lap.

Mechanisms creating favourable conditions for supplying raw material will help enterprises to have a higher supply of raw materials. The Government should also have preferential credit for the enterprises to import raw materials.

In the future, the government should have policies that encourage the sustainable development of domestic raw materials.

Regarding labour shortages, enterprises must prioritise employee retention and recruitment.

Local authorities have coordinated with the business community to encourage workers back to production, Lap said.

Le Xuan Quan, Chairman of the Wood and Fine Arts Association of Dong Nai Province, said that future planned industrial must include housing areas for workers, as well as production facilities.

Corporate News

8. KDC: Approved the record date to use treasury shares to distribute to existing shareholders

↑ 1.72%

The Board resolution dated November 18, 2021, the BOD of KIDO Group Corporation approved the implementation of using treasury shares to distribute to existing shareholders as follows:

- Record date: December 01, 2021
- Exercise ratio: 10% (equivalent 10 shares/01 bonus share)
- Payment date: in Quarter 4/2021.

9. HVN: Vietnam Airlines among best brands in Vietnam for third straight year

↓ -6.94%

Vietnam Airlines is the only carrier in the Vietnam Best Brands Rankings 2021, standing at the second place, according to the list unveiled by the international research and data analytics firm YouGov.

This is the third year in a row the national flag carrier has entered this rankings, which was based on a survey of nearly 55,000 consumers conducted by YouGov from October 2020 to September 2021.

Vietnam Airlines is also the only representative of the travel sector in this list thanks to its efforts in COVID-19 response such as tightening measures against the pandemic to ensure safety for passengers.

It has also actively taken part in social activities to help with the COVID-19 fight like carrying frontline forces, transporting medical supplies and essential goods, and repatriating people stranded in pandemic-hit areas and countries.

Those efforts have helped this carrier to win support from passengers and the public.

The 2021 rankings covers nearly 400 brands operating in nine sectors in Vietnam, namely e-commerce, travel, financial services, fast food restaurant, retail, household appliance, personal care, packaged product, and fashion retail./.

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