



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Shares rebound on strong buying demand

Shares rebounded on Tuesday as large-cap stocks extended their gains in the afternoon session thanks to strong buying forces.

The market benchmark VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) gained 1.13 per cent to end at 1,463.63 points.

The index had lost 0.35 per cent to end Monday at 1,447.25 points.

The market's liquidity was positive with 289 stocks rising, while 166 slid.

Investors poured over VNĐ26.2 trillion (US\$1.15 billion) into the southern exchange, equivalent to a trading volume of 880 million shares.

“The market recorded a volatile morning session with the VN-Index sometimes down nearly 10 points. However, the constant bottom-fishing demand helped the market recover. Towards the end of the afternoon session, most major sectors across the board rebounded significantly, helping VN-Index to close the trading session higher,” said financial news site cafe.vn.

The 30 biggest stocks tracker VN30-Index gained 1.06 per cent, to end at 1,533.12 points. Nineteen in the VN30 basket climbed, while nine decreased and one stayed flat.

In the VN-30 basket, the best performers were Masan Group (MSN), the Việt Nam Rubber Group (GVR), Vinhomes (VHM), Novaland (NVL), PetroVietnam Gas JSC (GAS), Hoà Phát Group

(HPG), SSI Securities Inc (SSI), Mobile World Group (MWG), Bảo Việt Holdings (BVH), FPT Corporation (FPT) and Vietjet (VJC).

The securities group performed positively with SSI Securities Inc (SSI), VNDirect (VND), and Agribank Securities Corporation (AGR) hitting the ceiling prices. This group has 21 out of 25 advancers.

Seafood stocks were also among the best gainers in the session. Nam Việt Corporation (ANV), I.D.I International Development & Investment Corporation (IDI), Camimex Group JSC (CMX) all hit the ceiling prices. Vĩnh Hoàn Corporation (VHC), Sao Ta Foods Joint Stock Company (FMC) and Cửu Long Fish Joint Stock Company (ACL) increased by 4 to 5 per cent.

Banking stocks were hit by profit-taking and performed poorly, with losers including Asia Commercial Bank (ACB), Bank for Investment and Development (BID), HDBank (HDB), Military Bank (MBB), Techcombank (TCB), Sacombank (STB) and VPBank (VPB).

On the Hà Nội Stock Exchange (HNX), the HNX-Index gained 0.89 per cent to end Tuesday at 448.60 points.

It had lost 2.06 per cent to end Monday at 444.62 points.

During the trading session, nearly 116.7 million shares were traded on HNX, worth nearly VNĐ3.2 trillion.

## Macro & Policies

### 2. FTAs momentum for Viet Nam's exports

Since joining the World Trade Organisation 15 years ago, Viet Nam has become a part of 17 FTAs, which are either under negotiation or underway. This has helped create a momentum for the country's exports.

Now, the Ministry of Industry and Trade (MoIT) is enhancing the formation of a portal that will make accessing information on the current and upcoming FTAs easier for Vietnamese businesses.

Ngo Chung Khanh, Deputy Director of the MoIT's Multilateral Trade Policy Department, said that 2021 has been a difficult year for businesses and the wider economy, but there is still hope for the future.

He mentioned export turnover as an example, in which traditional markets like China and other ASEAN countries were supplemented by the US and other countries that Viet Nam has signed Free Trade Agreements with.

Thanks to two newly-signed FTA's, Viet Nam's export turnover to Canada and Mexico maintained double-digit growth over the last year.

In addition, small markets like Peru also experienced growth in export turnover, up to 300 per cent in some periods, Khanh said, adding, "Although the absolute value is still low compared to other markets, the relative value shows that there is a strong shift of Vietnamese enterprises to the Peruvian market."

Export growth to the EU was nearly 12 per cent and the UK market also grew by double digits, said Khanh.

He also added that besides exports, import turnover from Canada, Mexico, EU and UK markets showed that Viet Nam has begun to import raw materials.

Sharing more about the opportunities and challenges of the implementation of the European Union-Viet Nam Free Trade Agreement (EVFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), or the Viet Nam-UK FTA (UKVFTA), Khanh said, "More businesses

should have a better, more complete and accurate understanding of FTAs."

"When they better understand the benefits of markets, they will not focus much on the traditional market, but begin to encroach on Vietnamese markets with FTAs such as Canada, Mexico or Peru. That is the new opportunity," said Khanh.

According to the Report on the Implementation Results of the EVFTA and CPTPP in 2020, many localities still focus heavily on traditional export markets.

As a result, the proportion of import and export turnover to markets with new FTAs is still modest, even in provinces with export turnover of more than US\$10 billion, said Khanh.

He added, "It is also an opportunity for localities to pay more attention and participate more strongly to coordinate with businesses to make effective use of FTAs."

According to a leader from the MoIT, law-making and institutional reform has been focused on the standards of a new generation FTAs, instead of the old WTO standards.

He said this can be seen in the decree guiding the Law on Foreign Investment, which brings all FTAs under one investment decree, adding it is a new way of thinking that will hopefully spread to many other fields.

To support businesses in quickly and effectively taking advantage of new FTAs, Khanh said the MoIT will continue to educate businesses to better understand FTAs.

In particular, the ministry will speed up the building of the FTA Portal (FTAP) as a one-stop shop to learn more about FTAs.

The portal is a smart online look-up tool for enterprises and others who wish to explore import duties, rules of origin, and services and investments relating to FTAs. It also offers information and knowledge essential to foreign traders, such as

market updates, local regulations on imports and exports and advice on sustainable development.

Khanh said enterprises interested in an export product just need to type the HS code into the portal to receive full information on the market, competitors, tax cuts, rules of origin, and instructions.

At the moment, only CPTPP, EVFTA, and UKVFTA are integrated, said Khanh, though the portal will soon be updated with all other FTAs.

Along with the dissemination of information, the MoIT promotes trade activities by organising online and offline activities and connecting domestic and foreign supply and demand.

MoIT recognises that local firms have maximised their advantages to boost exports and penetrate new markets.

The country's total export-import value rose from \$84.7 billion in 2006 to \$545.3 billion last year. In the first ten months of 2021, the figure was \$537.31 billion.

### 3. HoSE to develop other covered warrant products

The Ho Chi Minh Stock Exchange (HoSE) plans to develop products like covered warrants bought based on underlying assets including indices/ETF and put warrant, to further improve covered warrant products on the Vietnamese stock market.

These products will diversify investment products, provide more investment tools and effective risk prevention.

The legal framework for covered warrant products has also been revised by the regulatory agencies in the direction of promoting the sustainable development of the covered warrant market, improving its attractiveness to investors and enhancing management and surveillance efficiency.

The draft circular to replace Circular 107/2016/TT-BTC of the Ministry of Finance on guidelines for the offering and transactions of covered warrants is being consulted on by organisations and individuals in the market. The new circular is expected to be issued this year.

HoSE said that covered warrants can bring high returns for investors, but are also a relatively complex, leveraged and high-risk product. Therefore, investors should learn about and understand the product before entering the market, especially the valuation of covered warrants.

When participating in the market, investors should pay attention to prospects of covered warrant's underlying assets, issuers, covered warrant prices in the market and trading strategies.

After more than two years, the size of covered warrant issuance and listing has been constantly growing. As of September 30, there were a total of 414 covered warrant codes listed on HoSE, which were based on 26 underlying stocks issued by eight organisations, with a total volume of more than 1.1 billion covered warrants.

The total number of covered warrant codes that have expired or been delisted was 357. On average, there are 15 new listing codes and 13 expiring codes each month. Currently, the number of listed covered warrants is 57, which are based on 17 underlying stocks, with a listed volume of 321.9 million covered warrants, 15 times higher than the listed volume at the time of debut.

Since September 2020, the average daily covered warrant transaction value has surged many times. In the first nine months of 2021, the average transaction value of covered warrants reached VND79.6 billion per day (US\$3.5 million), up 268 per cent compared to 2020 and up 1,008 per cent compared to 2019.

Therefore, covered warrant products have a more important role in the stock market, bringing certain benefits to market participants and investors. It has contributed to the completion of the product structure of the stock market, and improved market liquidity.

With covered warrant product development, securities companies have opportunities to improve business activities, quality of operations, and add

new business lines, creating more diversified revenue sources.

On the other hand, investors have more flexible, low-cost, high-leverage alternatives based on expectations of the underlying stocks.

The product also provides chances for foreign investors to indirectly invest in underlying stocks that are out of room because covered warrant products do not limit the percentage of foreign investors' ownership.

#### 4. Tax rescheduling proposed to support local automobile industry

The Ministry of Finance (MoF) has proposed rescheduling excise tax payments for local automobile manufactures and assemblers. The draft decree recommends that payments over VND4.4 trillion (US\$191 million) for October and November be delayed until late December.

Under the draft decree the payment deadline of the October excise tax, or special consumption tax, for domestically manufactured or assembled cars will be extended to December 20, while the November deadline will be extended to December 30, according to the MoF.

The draft decree was set up following the results of Decree No 109, which allowed local auto firms to enjoy excise tax payment extensions in 2020 to provide support for enterprises impacted by the COVID-19 pandemic.

To be entitled to the extension, local automotive firms will have to submit online or written applications for extensions to tax agencies when making excise tax declarations, in line with current regulations.

If the application is not submitted while making tax declarations, the firms will have to submit the applications before December 15.

If automotive firms, who were not subject to the incentive during the extension period, are found to have obtained an extension, they will have to fully pay their excise taxes and delayed amounts.

After the extension period, if tax agencies discover firms who are not subject to the incentive but still

hold an extension, they will have to pay fines on top of fully paying their excise taxes and delayed amounts.

Most of the relevant ministries and agencies agree with the MoF's draft decree.

The Ministry of Foreign Affairs has agreed that it is essential to support businesses in overcoming the difficulties of the COVID-19 pandemic. By doing so, local automobile manufacturers and assemblers, as well as automobile joint-venture car makers and assemblers in Viet Nam, will benefit from the decree. This will allow them to gather more capital to maintain and expand their production.

The Viet Nam Chamber of Commerce and Industry (VCCI) has also come to a consensus on the extension policy to support businesses, as proposed by the Ministry of Finance. VCCI recognises that local automobile assemblers and manufacturers have played an important role in the country's economic development. The manufacturers and assemblers have made great contributions to the State budget through the collection of all kinds of taxes and fees, as well as creating jobs for hundreds of thousands of people.

Successfully maintaining a domestic automobile industry will also be an opportunity to transfer advanced technologies to the local auto industry.



## 5. Construct ceramics offer huge export opportunity: trade ministry

With its exports of ceramics for the construction sector accounting for just 0.9 per cent of the global total, Viet Nam has much more room to boost export of the products, according to the Ministry of Industry and Trade.

Its Centre for Industry and Trade Information said the country was the ninth largest exporter in 2016-20, with the value growing at an average 8.2 per cent a year.

Despite COVID-19, its exports grew by 9.9 per cent last year to US\$375.5 million.

Yet, Viet Nam's exports are very modest compared even to regional competitors such as Thailand, the centre said.

A study on the global ceramics market by global market research company Technavio found that the ceramics market is expected to reach \$64.52 billion by 2025 driven by factors such as surging demand for lightweight and high-performance materials.

A spokesperson for the centre said there is huge potential for construction ceramic exports since the material is widely used in structural details of

buildings from masonry and paving to wall cladding and hollow aggregates for lightweight concrete.

Acid- and heat-resistant ceramic products are also widely used in the chemical, metallurgy and other industries, he said.

They are durable and have a long life, are made from local raw materials, come in a diverse range, meet various demands from customers, their production technology is relatively simple, and their cost is competitive, he added.

The ministry said to promote the industry, it is necessary to establish centres for processing and standardising raw materials.

But it is also necessary to take advantage of tariff preferences offered by free trade agreements, import modern production technologies and machinery and expand global market share, it said.

Ceramic products are made in a number of craft villages in Binh Duong and Dong Nai provinces and Ha Noi, with Bat Trang Ceramic Village in Ha Noi's Gia Lam District being the oldest and most famous in the country.

## 6. Policy choices for Government to design economic master programme

Viet Nam's Government is planning a master programme to gear up for a post-pandemic recovery, which this time requires sophisticated organisation and effective implementation to ensure long-term efficiency.

With more and more scientists predicting that COVID-19 may never disappear, global policymakers are trying to avoid further lockdowns and have shifted their focus to recovery. Thus, policies that drive the economy in the long term will be the centrepiece of the post-pandemic programme.

"A master programme on economic recovery and development at this time is very necessary and needs to be promulgated and implemented soon,"

Phan Duc Hieu, a National Assembly deputy from Thai Binh Province and Deputy Director of the Central Institute for Economic Management (CIEM), told Viet Nam News.

The world has experienced unprecedented challenges from the COVID-19 crisis in the last two years and many governments, including Viet Nam, have introduced extraordinary stimulus packages to revive their economies.

In Viet Nam, the total amount of tax and State budget revenue that has been extended, exempted and reduced in 2020 reached VND129 trillion (US\$5.6 billion). In 2021, besides some policies issued in 2020, more support policies on taxes and fees have

been introduced with an estimated scale of about VND140 trillion.

The prolonged pandemic has significantly reduced the health of people and the financial capacity of businesses. The number of firms shutting down, dissolving, and leaving the market reached the highest level in many years. Several surveys also showed that businesses are facing both financial and market difficulties.

In the first session of the 15th National Assembly in July 2021, the Government was tasked to study and develop a programme on economic recovery and development.

“It should be noted that this is not simply a stimulus package and has yet to say how big it is. However, this economic recovery and development programme must be big enough and long enough to spearhead the economy in the long term,” Hieu said.

Support measures were mostly aimed at tackling urgent situations. The pandemic has posed unprecedented difficulties for policymakers to issue both timely and effective solutions, thus many policies in the latter stages have been issued based on experience from previous solutions.

The socio-economic recovery and development programme this time will be fundamentally different from the previous policies in terms of the overall goal and long-term vision.

Hieu said the plan must include both economic and social solutions, comprise different measures ranging from fiscal, monetary, and technical support and cover different subjects, industries, and fields to not only help restore production and business activities but also create room for sustainable development in the long run.

“In principle, this programme must ensure the basic requirements: support measures must be appropriate, meet the right needs and the right targets; in the long term create changes in the business model towards a strong digital transformation and sustainable development – with the goal of not following the old path but must develop strongly on the new road,” Hieu said.

“Thus, there must be an effective, timely and comprehensive implementation mechanism.”

## Policy space

The Government has only a few choices on its plate right now given shrinking space for fiscal and monetary policy.

According to Nguyen Minh Tan, deputy director of the State Budget Department under the Ministry of Finance, the efforts to keep the State budget deficit at 4 per cent of GDP in 2021 (equivalent to about 5.1 per cent of unadjusted GDP) according to the estimate approved by the National Assembly last November and expected 4 per cent of GDP in 2022 is pressuring the State budget balance in the coming years.

Amid the pandemic challenge, the pressure is great to ensure the average budget deficit within 3.7 per cent of GDP in the five-year period pursuant to the national financial plan, public borrowing, and debt payment plan for the 2021-25 period adopted in July this year.

Besides, the budget collection is also a challenge in the future given the fact that the businesses and economy need a longer time to recover. In its October report, the International Monetary Fund projected the world economy to grow 4.9 per cent in 2022, lower than 5.9 per cent in 2021.

Additionally, the continued implementation of tax exemption and reduction to support enterprises and enormous expenditure on disease prevention and control will also create pressure on the state budget balance, especially the central budget.

Some experts however believe there is still some room in the design of support measures.

According to Can Van Luc, chief economist of the Bank for Investment and Development of Vietnam (BIDV), the budget deficit and public debt have been controlled in the previous period and are lower than other countries in the region which will provide the opportunity to increase domestic debt (through the issuance of government bonds) to collect more resources to finance pandemic control and economic recovery.

Luc said the current scale of fiscal support is still quite modest so the public debt and budget deficit should be increased to supplement support packages, focusing on cash support, fee/cost

reduction, credit guarantees and preferential loans (interest support) rather than tax deferrals and debt repayment obligations.

However, Hieu cautioned to calculate potential domestic and international macro risks and the efficiency of fiscal and monetary policies.

“An important point in minimising macro risks is to pay special attention to the effectiveness of this programme – the more effectiveness increases, the more risk decreases and vice versa,” he said.

The Government has assigned the Ministry of Planning and Investment to coordinate with the Ministry of Finance and the State Bank of Viet Nam and relevant agencies to complete the socio-economic recovery and development programme and report to the Government before submitting it to the National Assembly at its special session in December 2021.

The master plan aims at not only solving short-term problems but more importantly to bring Viet Nam's economy back to a new growth cycle, re-establishing the growth momentum in the medium and long term.

## 7. HCM City businesses manage to overcome COVID-19 woes

Some HCM City businesses have been able to shrug off the difficulties caused by COVID-19 and achieve their targets thanks to thorough preparations.

DLG Ansen Electronic Co., Ltd. has been able to fulfil its contracts despite the pandemic, and even got plenty of new orders from satisfied customers.

Dang Cong Binh, director of the company, told Tuoi Tre (Youth) newspaper that many overseas customers had been greatly worried about whether the company could fulfil its orders, and so it had to prove to them production had not been interrupted.

“We had to live-stream our staff working normally and being healthy and show that we had abundant materials to sustain production to put our partners at ease.”

After the city began to reopen, the company started paying for more worker shifts to increase its production.

The company also prepared for global supply chain breakages by stocking up on raw materials months beforehand, allowing it to continue production throughout the pandemic.

Unlike many other businesses, it did not have much problem with retaining staff, since it mostly employed local workers who were able to return to work easily.

It has also been more proactive in dealing with COVID cases, setting up its own facility to treat patients.

Workers feel at ease since they are all fully vaccinated and people coming into contact with patients are stationed to work at separate locations and regularly monitored.

The company has its workers tested for COVID every three days, and they all wear masks and face shields at work and are distanced from each other.

Supermarket operator Saigon Co.op began making contingency plans for various scenarios in the third quarter last year, basing them on what some neighbouring countries are doing.

Le Truong Son, deputy director of the company, told Tuoi Tre newspaper that the planning allowed it to adapt quickly and sustain its activities to ensure steady supply of food to the city.

“The company encountered many difficulties due to the pandemic. We had to make quick decisions and carry out new selling methods which we had never done before, such as selling to customers in quarantine zones and working with union groups and the military.”

The city also greatly helped Saigon Co.op, he said.



Most businesses in HCM City have been able to reopen and resume production, but face problems such as low demand and high expenses.

The Ministry of Industry and Trade's Trade Facilitation Agency is organising a series of offline and online consultation programmes until the end of the year to offer businesses in a wide range of

industries information and advice on import-export opportunities.

Minister of Industry and Trade Nguyen Hong Dien said these events are aimed at helping businesses overcome challenges and sustain exports.

## Corporate News

### 8. PTC: Approved the plan for selling treasury shares

↑ 6.78%

The Board resolution dated November 19, 2021, the BOD of Post and Telecommunications Investment and Construction Joint Stock Company approved the plan to sell its treasury shares with details as follows:

- Number of treasury shares before trading: 1,815,700 shares
- Time for the latest treasury shares sale: 500,000 shares in Quarter IV.2013
- Ending date for stock issuance to raise charter capital: August 05, 2015

- Number of shares registered to sell: 1,700,000 shares
- Selling purpose: to supplement capital resources for the business activities.
- Expected trading period: after being approved by the State Securities Commission of Vietnam (SSC).
- Trading method: order matching or put through.
- Selling price: minimum VND15,000/share.

### 9. APG: Announcement of public offering certificate

↑ 4.98%

APG Securities Joint Stock Company announces the public offering certificate as follows:

- Name of company: APG Securities Joint Stock Company
- Stock code: APG
- Stock type: common share

- Par value: 10,000 dong/share
- Charter capital: VND731,533,060,000
- Registered offering volume: 73,153,306 shares
- Total value (based on par value): VND731,533,060,000
- Distribution time: Within 90 days as from the effective date of public offering certificate.

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