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Market Analysis

1. Shares extend gains, VN-Index hits 1,500 points

Shares extended gains for a third consecutive session on Thursday with the VN-Index hitting a record high, propped up by a slew of banking, securities and real estate stocks.

The market benchmark VN-Index on the Hồ Chí Minh Stock Exchange (HoSE) gained 0.80 per cent to end at a new high of 1,500.81 points.

The index had gained 1.72 per cent to end Wednesday at 1,488.87 points.

The market's breadth was positive with 266 stocks rising, while 189 slid.

Investors poured over VNĐ31.8 trillion (US\$1.6 billion) into the southern exchange, equivalent to a trading volume of VNĐ1 billion shares.

The 30 biggest stocks tracker VN30-Index gained 0.46 per cent, to end at 1,572.46 points. Seventeen in the VN30 basket climbed, while 11 decreased.

In the VN-30 basket, the best performers were insurer Bảo Việt Holdings (BVH), rising 0.5 per cent, FPT Corporation (FPT), gaining 2.1 per cent, Hoà Phát Group (HPG) rising 1.2 per cent, and Việt Nam National Petroleum Group (PLX) climbing 1.8 per cent.

“Movements of stocks in the VN-30 basket showed strong selling pressure in the middle of the afternoon trading session, causing this index to fluctuate and drop to near level reference, before fortunately recovering in the last minutes of trading,” said financial news site vietstock.vn.

Blue-chips in the real estate group outperformed such as Phát Đạt Real Estate Group (PDR), soaring by 4.2 per cent, Novaland (NVL) increasing by 2.4 per cent, and The Việt Nam Rubber Group (GVR) rising by 1.6 per cent.

In the banking group, VPBank (VPB) closed 2 per cent higher. Vietcombank (VCB) gained strongly for the second consecutive session with an increase of 2.2 per cent.

Other bank stocks in the VN-30 group gained steadily such as Sacombank (STB) and Tiên Phong Bank (TPB). About half of banking stocks dropped but the decrease was not significant.

Twenty-four of 25 sector indices on the market gained ground, including IT, oil and gas, retail, seafood production, logistics, banking, securities, insurance, wholesale and healthcare, rubber production, agriculture, and construction materials.

The only losing sector was food and beverage.

On the Hà Nội Stock Exchange (HNX), the HNX-Index rose 0.90 per cent to end Thursday at 459.67 points.

The index had lost 1.56 per cent to end Wednesday at 455.58 points.

During the trading session, nearly 106.6 million shares were traded on HNX, worth nearly VNĐ3.1 trillion.

Macro & Policies

2. Shrimp farming gradually recovers in the Mekong Delta, exports remain robust

Despite the prolonged COVID-19 pandemic, shrimp exports have remained strong this year, also causing local retail prices to rise in the Mekong Delta.

According to the Vietnam Association of Seafood Exporters and Producers (VASEP), in the first 10 months shrimp exports rose by 2.6 per cent to US\$3.2 billion, with shipments to the US rising sharply.

The US accounted for 24 per cent of exports as they rose 25 per cent to nearly \$1.7 billion.

The EU accounted for 12 per cent at \$864 million after rising by 7 per cent, and South Korea accounted for 9 per cent at \$643 million.

Exports to Japan fell by 7 per cent to \$1.08 billion, and to China, by a whopping 24 per cent to \$872 million.

Frozen small white shrimp, processed white-leg shrimp, fish balls, surimi, whole fillet, cut pieces, dried anchovies, and dried squid were some of the best-selling products.

Exports of frozen whole shrimp, especially tiger shrimp, decreased due to the high prices and tight control over frozen food imports in China.

According to experts and businesses, thanks to lifting of COVID restrictions in southern provinces and cities, supply chains have been re-established, with shrimp exports gradually recovering since October.

Besides, the fourth quarter is when demand for shrimp peaks in Europe and the US.

According to the Viet Nam Industry and Trade Information Centre, global demand for shrimp is generally on the rise, especially in large markets.

With supply from other countries still hit by the pandemic, Viet Nam's exports are likely to rise enormously in the next few months due to the numerous free trade agreements it has and its production remaining steady.

Exports by delta provinces will remain high due to the many sales contracts businesses there have signed, but rising transport costs and potential COVID-related complications remain major challenges, according to many provinces.

Viet Nam targets shrimp exports of \$4 billion this year.

3. Multi-billion dollar deals signed between Japan and Việt Nam at business conference

Prime Minister Phạm Minh Chính on Thursday participated in the Việt Nam-Japan investment promotion conference, during which 44 cooperation agreements worth billions of US dollars were signed between agencies and enterprises.

The annual event, co-organised by the Vietnamese Ministry of Planning and Investment and the Japan External Trade Organization (JETRO) in Tokyo, this year took place during PM Chính's visit to the country. It has been resumed after a two-year suspension due to COVID-19 outbreaks and

attracted thousands of participants, both in-person and virtually.

Addressing the conference, PM Chính said the bilateral extensive strategic partnership has entered a new stage of cooperation and development with this visit, and especially following his high-level talks held with Japanese Prime Minister Fumio Kishida and the release of a joint statement on bilateral cooperation earlier on Wednesday.

“This is a good opportunity to promote investment and create a better business environment,” said the

Vietnamese Government leader, adding that despite global complication and strategic competition, Việt Nam-Japan ties “have never been as well and so good.”

He went on to affirm that Việt Nam remains an attractive investment destination for foreign businesses thanks to its political stability coupled with an abundant skilled workforce.

“We will guarantee political stability for your long-term investment,” he assured a host of leading businesses in attendance at the forum.

In particular, the Prime Minister emphasised the importance of the human factor in attracting investors.

He said that Vietnamese people possess many valuable qualities that meet the requirements of investors such as creativity, hard work, humble listening, intelligence, flexibility in all conditions.

The PM added that the more difficulties they face, the more unity, endeavours they display to overcome the hardship, reaffirming themselves and becoming mature.

Human rights were enshrined in Việt Nam’s first-ever Constitution in 1946 and since then, human rights regulations have been increasingly improved. The 13th National Party Congress also emphasised the issue of human security, seeing people at the centre, the subject, the goal, and the driving force of development, PM Chính said, adding that investors coming to Việt Nam can be completely at ease in terms of security and Việt Nam will continue to promote the human factor in the development process.

Along with that, Việt Nam is actively implementing three strategic breakthroughs in institutional improvement, infrastructure development, and human resource training.

Việt Nam’s business investment environment is becoming increasingly attractive, stable, and transparent.

Việt Nam is committed to creating favourable conditions in terms of institutions and administrative procedures, paying attention to facilitating the operations of foreign businesses,

including Japanese, to enable their continued investment and expansion in the Việt Nam market.

According to the Vietnamese PM, the world is in the midst of confronting numerous challenges, including the COVID-19 pandemic, climate change, resource depletion, environmental pollution, and an aging population that needs to be addressed.

These issues are of global nature therefore global approaches are needed to overcome challenges and develop together, he said, adding that Việt Nam would need support from the international community, including investors, in terms of human resources training, application of new technology, green credit, and better governance.

He urged Japanese businesses to expand investment cooperation where Japan has strengths and Việt Nam has great needs and opportunities, such as digital transformation and high-quality human resource training, strategic infrastructure, agricultural development, green economy, circular economy, and climate change response.

“There are challenges for sure, but opportunities remain the dominant factor. On the basis of the profound ties between the two countries, the trust gained after 50 years of diplomatic relations, we can certainly overcome the momentary hardship, with eyes set on long-term vision and mutual wins,” the PM told the conference.

Representatives from Japan’s businesses said that investors’ trust has increased thanks to Việt Nam’s efforts in improving the business environment.

Japanese Minister of Economy, Trade and Industry, Koichi Hagiuda, pledged to boost economic and trade ties between the two nations in a more sustainable manner, adding that Japan will do its utmost to support the country in launching the US\$10 billion-Asia Energy Transition Initiative (AETI) which is sponsored by Japan.

Earlier, during the meeting between PM Chính and Koichi Hagiuda, the Japanese Minister suggested both sides continue the effective realisation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

As the Việt Nam National Green Growth Strategy was issued, PM Chính urged Japan to continue

supporting Việt Nam in completing institution, improving quality of human resources in line with innovation, green financial resources, and green technology, national management competence,

expanding export market, creating more jobs and increasing incomes for people.

4. Personal bank deposits decline amid decreasing saving interest rates

Personal bank deposits has decreased consecutively for the past two months as depositors have withdrawn their savings to pour into more attractive investment channels amid declining deposit interest rates.

According to data from the State Bank of Vietnam (SBV), personal bank deposits totalled nearly VNĐ5.29 quadrillion (US\$230 billion) by late September, down roughly VNĐ1.5 trillion against late August.

In July, monthly bank deposits also fell against previous months, the central bank stated, noting deposits in August decreased by some VNĐ1 trillion against July.

From early January to late September, personal deposits hit VNĐ150 trillion, a year-on-year decline of some 50 per cent.

Lower savings interest rates and more attractive stock market and cryptocurrency channels were blamed for falling deposits.

A recent report on the capital market by Saigon Securities Incorporation (SSI)'s Research Division showed the interbank interest rates declined thanks to abundant liquidity. The liquidity of the banking system last week was supported by a large volume of Vietnamese đồng that the central bank used to purchase matured foreign currency.

Particularly in the first three weeks of November, the amount of đồng injected into the market via the SBV's foreign currency purchase reached up to VNĐ60 trillion, which helped lower the interbank interest rates. The overnight rate closed the week at 0.65 per cent per year, down 4 basis points, while the one-week rate declined 3 basis points to 0.75 per cent per year.

Currently, four State-owned banks Vietcombank, VietinBank, Agribank and BIDV and some large banks such as Techcombank and Military Bank are listing the lowest interest rates in the banking system.

The highest savings interest rate for 12-month deposits at Vietcombank, Agribank and BIDV is 5.5 per cent per year while VietinBank is capping the rate at 5.6 per cent per year.

Previously, banks often raced to increase savings interest rates and launched promotional programmes to attract depositors in the last months of a year to meet rising capital demand in the peak business season ahead of the country's biggest holiday Tết (Lunar New Year). However, due to the adverse impacts of the COVID-19 pandemic, the savings interest rates have been dropping and remained stable since last year.

SSI's Research Division forecast savings and lending interest rates would continually remain at low levels in the last months of this year. Specifically, savings rates would fluctuate at 3-4 per cent per year for less than six month deposits; 3.7-5 per cent per year for six to 12 month deposits; and 4.2-6.5 per cent per year for over 12 month deposits.

Meanwhile, lending interest rates would be 5-7 per cent per year for short-term loans and 9-11 per cent per year for loans of over 12 months, the division predicted.

5. Cold storage is more attractive during the pandemic

There has been a sharp rise in demand for cold storage in the Asia-Pacific region which has pushed foreign investment into Viet Nam, strengthening the value of the local supply chain.

Supply is relatively scarce in most of the Asia-Pacific region, said experts, adding developed markets like Japan or Australia have relatively few cold storage facilities, with a lower total supply than markets like the US or Western European countries.

Factory-scale cold storage is a service that can provide freezers and refrigeration equipment to preserve frozen or fresh goods. Most food items are stored in cold storage, but cold storage can also be used to store pharmaceuticals, chemicals or wine. Tenants can be third parties, such as logistics companies, cold storage logistics units or supermarket chains.

According to Michael Fenton, Industrial and Logistics Director at Savills Australia, the investment cost of cold storage is of many times higher than the construction of conventional buildings, adding cold storage service providers will often have to lease the construction area from ten to 20 years.

Fenton said that cold storage is intrinsically related to the current issues of food security and essential retail spending because, no matter the state of the economy, consumers will still spend money on food. Essentially, cold storage facilities are at the heart of the food supply chain.

Fenton said due to an explosion in food delivery services during the pandemic, demand for cold storage continues to increase.

According to Savills, with online food delivery on the rise, some cold storage centres in China are seeing rent increases. The rapid development of fresh food distribution has also increased the demand for warehousing real estate, especially frozen storage.

The realty research firm also said that cold storage assets in Seoul, Korea, are becoming more valuable as demand for fresh food has increased. However, getting permits for new cold storage centres is not

easy according to the provisions of the law in the country.

Savills also recognises the potential of cold storage investment in Viet Nam. Troy Griffiths, Vice General Director of Savills Viet Nam, said, “The pandemic has strengthened the value of the supply chain, adding further viability to the segment.”

Savills Viet Nam recognises a lot of interest from foreign investors in developing cold storage facilities in Viet Nam. With major infrastructure investment and development, such as Long Thanh International Airport, supply routes will be reshaped in the future allowing cold storage facilities to continue to grow in the future, forecasted Troy Griffiths.

Large demand for cold storage in Viet Nam

According to the Ministry of Agriculture and Rural Development, in the first nine months of the year, the export turnover of agricultural, forestry and fishery products was estimated at US\$35.5 billion, up 17.7 per cent over the same period last year, despite the pandemic.

Agriculture experts said while the export of agricultural products and seafood has increased, the supply of cold storage can not currently meet demand. During the peak of the COVID-19 pandemic in the last three months, about 50 per cent of seafood export orders were cancelled, leading to escalating inventories and cold storage having to operate at maximum capacity.

Truong Dinh Hoe, General Secretary of the Viet Nam Association of Seafood Exporters and Producers (VASEP), told Viet Nam News, “To deal with the increased inventory, seafood enterprises have to rent cold storage, but there is a serious shortage of them.”

Seafood is not the only strain on cold storage facilities. Major demand also comes from meat, vegetables and retail. In particular, seafood and retail exports are the main driving force behind cold storage space demands in Viet Nam. This demand is the main influence over a number of free trade

agreements (FTAs) that Viet Nam has signed during the past years.

According to data, cold storage facilities are mainly concentrated in the southern provinces, of which about 60 per cent are held by foreign investors.

Trang Bui, Senior Director of JLL Viet Nam, told Viet Nam News: “Cold storage markets are mainly distributed in the south with major service providers of Emergent Cold, Minh Phu Gemadept, ABA, Hoang Phi Quan, Lotte, An Viet Cold Storage, Phan Duy, Satra, Meto, Alpha, Transimex, etc.”

In July, AJ Total Viet Nam started operating the largest cold storage service with the capacity of 30,000 pallets storage capacity, Long Hau Ward, Can Giuoc District, Long An Province.

However, Trang said that most providers only serve a small part of the market, and have not yet integrated multi-services in cold storage.

The director said not many big names in the field of cold storage investment yet entered the local market, therefore cold storage demand could continue to grow strongly for at least the next five years.

Trang said with the great potential of the market, cold storage is an attractive investment at the moment. She forecast that investors will consider cold storage in Viet Nam.

6. Việt Nam successfully synthesises compounds to produce COVID-19 drugs

Nitazoxanide has been successfully synthesized by the Institute of Chemistry, under the Việt Nam Academy of Science and Technology, to produce drugs to treat COVID-19 patients with mild and medium symptoms.

The compound was synthesized on a pilot scale, which is larger than on a laboratory scale but smaller than the production scale.

Professor and PhD Nguyễn Văn Tuyển, Director of the Institute of Chemistry, said that the institute’s scientists studied and succeeded in perfecting the process of synthesizing Nitazoxanide during the pilot phase.

The institute previously announced its success in synthesizing Favipiravir, while the Institute of Marine Biochemistry successfully synthesized Molnupiravir - an antiviral medication that inhibits the replication of certain RNA viruses, and is used to treat those infected with COVID-19.

“The nitazoxanide synthesis process achieves high efficiency through only two reaction steps, from low-cost raw materials. This is a generic drug with a very cheap price that can be used orally and is safe and suitable for use in Vietnamese conditions,” Tuyển said.

Nitazoxanide has a broad spectrum of antiviral activity against many different viruses. Particularly, Nitazoxanide is active against COVID-19 cultured on Vero cell6 with IC50 2 µM.

Nitazoxanide can enhance the immune response and improve the lungs and other organs of the body, meaning the drug can be used effectively in the treatment of COVID-19 patients with underlying health conditions, especially those suffering from cytokine storm - a syndrome in which the body’s own immune system goes into overdrive in response to the infection, mistakenly destroying other cells of the body in the process, which leads to organ failure and other severe damage.

The Institute of Chemistry signed a contract in principle to transfer technology and proposed a clinical trial of the low-cost drug Nitazoxanide to treat mild and moderate COVID-19 patients at home, Tuyển said.

Currently, 29 such clinical trials have been conducted around the world; eight trials have ended and proved that Nitazoxanide can be used safely for the early treatment of COVID-19 in mild and moderate forms through reducing the viral load, which reduces the number of hospitalised patients, Tuyển said.

“Nitazoxanide has also been shown to be effective for the treatment of pregnant patients and for

preventive use by healthcare professionals,” he added.

7. MoC to conduct inspections of land fund for social housing in 11 provinces and cities next year

The Ministry of Construction has planned to conduct inspections of the management and use of funds for the maintenance of apartment buildings as well as the implementation of holding land funds for building social housing in 11 provinces and cities next year.

The localities consist of Hà Nội, Bắc Giang, Hải Dương, Hải Phòng, Quảng Ninh, Ninh Bình, Đà Nẵng, HCM City, Bình Dương, Bà Rịa - Vũng Tàu and Long An.

The move came after Minister of Construction Nguyễn Thanh Nghị recently signed Decision No 1285 to issue the ministry’s 2022 inspection plan.

Nghị assigned the Chief Inspector of the Ministry of Construction Nguyễn Ngọc Tuấn to be in charge of the implementation of the plan and periodically report to the minister as prescribed.

Tuấn said the inspections of the management and use of funds for the maintenance of apartment buildings aim to solve the situation that some investors do not comply with regulations on management and use of for maintenance of apartment buildings.

This was one of the issues that received attention from the public, he said.

Data from the ministry showed that after 18 consecutive inspections from the end of 2020 until now, the ministry’s inspectors have ordered 12 investors to return over VNĐ338 billion (US\$14.8 million) to the management boards of apartment buildings in Hà Nội.

Tuấn also said the ministry scheduled to inspect the implementation of holding land funds for the construction of social housing in the 11 localities next year.

One of the reasons causing difficulties for social housing construction now is the lack of land fund, he said.

Some businesses and investors of projects are allegedly illegally converting and using the land fund to build social housing for improper purposes, inconsistent with the original plan of the Government as well as the ministry, he said.

Therefore, the inspections are expected to correct the situation, he said.

The inspections will also help to re-evaluate the efficiency of the use of the land fund for building social housing, thereby, making a reasonable plan for policy making in the future, he said.

Besides, in 2022, the ministry will also inspect the management of construction-investment activities at projects with a total investment of over VNĐ100 billion (\$4.4 million) at the Thăng Long Project Management Board, Ministry of Transport and Airports Corporation of Việt Nam.

The ministry will also inspect the State management of construction planning, planning implementation, construction and investment activities and real estate at the People’s Committees of three provinces of Lào Cai, Tuyên Quang and Hậu Giang.

Corporate News

8. SBV: Change of the foreign ownership ratio

↑ 0.58%

Siam Brothers Vietnam JSC on November 23 announced the increase in the foreign ownership

ratio by Siam Holdings Vietnam JSC (currently owning 17,902,909 shares of Siam Brothers Vietnam JSC) to 73%.

9. PHR: Resolution on the dividend payment

↑ 0.56%

The Board of Directors of Phuoc Hoa Rubber Joint Stock Company approved to pay for the 2020, 2021 dividend in cash:

1) To pay for the 2020 dividend in cash:

- Payment date: December 15, 2021

- Dividend pay-out ratio: 20%/ par value (VND2,000/ share).

2) To pay for the 2021 dividend in cash:

- Payment date: December 20, 2021

- Dividend pay-out ratio: 25%/ par value (VND2,500/ share).

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