



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. Selling pressure weighs on market, VN-Index loses nearly 30 points

The indices inched lower on Monday as stocks across all sectors witnessed a strong sell-off.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index dropped another 29.74 points, or 2.06 per cent, to 1,413.58 points after losing 38.73 points in the previous session.

The market's breadth remained negative, while the liquidity was lower than last Friday's session. Of which, more than 1 billion shares were traded on the southern bourse, worth nearly VND31.4 trillion (US\$1.4 billion).

The index extended losses as investors' risk appetite fell. The VN30-Index, tracking 30 biggest stocks on HoSE, fell 23.06 points, or 1.53 per cent, to end Monday's trade at 1,480.92 points.

Only five out of 30 stocks in the VN30 basket posted gains, while 22 declined and three ended flat.

Profit-taking activities occurred in all sectors, especially in bank stocks. Vietcombank led the market's downtrend yesterday with a loss of 2.65 per cent in capitalisation, followed by PetroVietnam Gas (PV Gas, GAS) and Hoa Phat Group (HPG), down at least 4 per cent.

Other pillar stocks weighing the benchmark were Vietinbank (CTG), Techcombank (TCB), HDBank (HDB) and Sabeco (SAB). These stocks fell in a range of 2.39 - 6.13 per cent.

Vinhomes (VHM) which rose in the morning trade reversed course in the last minutes and fell 0.62 per cent yesterday.

Experts from Saigon - Hanoi Securities SJC (SHS) said that the market's trend and sentiment are weakening and the VN-Index may be dragged down and test support levels to find bottom-fishing demand.

Investors who have taken some profits in the last week of November and maintained a moderate proportion of stocks last week can watch for corrections next week to fall back to the support area at 1,420- 1,425 points hit in July and psychological support of 1,400 points (if any) to increase the proportion of stocks, SHS added.

On the Ha Noi Stock Exchange (HNX), the HNX-Index slid by 13.42 points, or 2.99 per cent, to 435.85 points.

During the session, investors poured over VND4.09 trillion into the market, equivalent to a trading volume of 155.7 million shares.

Meanwhile, foreign investors returned to the market after net buying a value of VND305.72 billion. Of which, they net bought a value of VND308.83 billion on HoSE, while net sold a value of VND3.11 billion on HNX.

## Macro & Policies

### 2. Việt Nam continues to meet US Treasury criteria for not being labelled a currency manipulator

Việt Nam continues to meet the US Treasury's criteria for not being labelled a currency manipulator, according to the US Treasury.

In its latest report on forex and macro-economic policies of big trade partners of the US, the Treasury found that no major trading partners during the year through June 2021 sought to manipulate their currencies for a trade advantage or for preventing effective balance of payment adjustments.

Việt Nam and Taiwan (China) have met all three criteria on trade and current account surpluses and foreign exchange market interventions. However,

the department said it would continue to work with Việt Nam and Taiwan to address US concerns.

The Treasury said it was "satisfied with the progress made by Việt Nam to date" and would continue engagement started in May with Taiwan.

Earlier in April, the US Treasury announced in a similar report that the US had removed Việt Nam from the list of economies it considered currency manipulators as there was insufficient evidence to conclude the country was manipulating its exchange rate in the reviewed period in line with the Omnibus Foreign Trade and Competitiveness Act of 1988.

### 3. Agricultural, forestry and fishery exports reach new high amid pandemic

There is one month to go before year-end but eleven-month agro-forestry-fishery exports have almost hit the annual target for 2021, reaching nearly US\$43.5 billion, an all-time high that far exceeds 2020.

Exports in November alone reaching \$4.2 billion is a sign of the agro-forestry-fishery recovery after the lockdown, representing a year-on-year increase of 8.9 per cent. Such positive results mean the annual target of \$44 billion for 2021 is feasible.

Specifically, exports of main agricultural products were estimated at over \$19.3 billion, rising 13.7 per cent compared to the previous year; main forestry products at around \$14.3 billion, rising 20.9 per cent; fishery products at over \$7.9 billion, rising 3.5 per cent; livestock production at \$393 million, rising 4 per cent; and production input at more than \$1.5 billion, rising 25.9 per cent.

The rise in export value can also be seen in rubber, cashew, rice, and cassava products. Notably, rubber export went up by 40.5 per cent, rice 7.3 per cent, cashew 14.6 per cent, and cassava products up 23 per cent.

Despite a fall of 6.7 per cent in export volume, pepper still saw a spike of 44 per cent in export value

thanks to high price. Pepper is the commodity with the largest increase in price since the beginning of this year (more than 54 per cent). Likewise, a 4.4 per cent drop in volume and 11 per cent hike in price resulted in a 5.9 per cent rise in coffee export value.

In regard to market share, eleven-month exports of Vietnamese agro-forestry-fishery products to Asian markets account for 43.1 per cent, American 29.6 per cent, European 11.5 per cent, African 1.9 per cent and Oceanian 1.6 per cent.

The US is Viet Nam's largest export market with a value of \$11.9 billion. China comes second with \$8.4 billion, and Japan third with \$3 billion.

In a bid to promote agro-forestry-fishery trade, the Ministry of Agriculture and Rural Development said it would urge its two working groups in the north and south to work with local Departments of Agriculture and Rural Development and relevant entities to remove obstacles in the production, circulation and consumption of agricultural products.

The ministry is also asking its specialised units to further open the agricultural market to other countries such as Peru, Brazil and Russia, and develop a plan to implement the project on trade

defense improvement in the context of new-generation free trade agreements.

Additionally, those units are tasked with helping exporters to complete document preparation amid new regulations put in place in China, namely management and registration of firms producing, processing, preserving and trading foods exported to China, and a guide to registration of foreign firms.

In the future, the ministry will develop a plan to implement the cooperation agreement with the US on the control of illegal logging, draft a letter of objection to the DOC, USTR and US Department of Agriculture against the anti-dumping investigation of Vietnamese honey, and enter into negotiations on fishery subsidies within the WTO framework.

#### 4. Gap between domestic and global gold prices hits record high

The gap between the gold price in the domestic and global market has hit the highest level in years due to a restricted supply and rising local demand.

On Monday, while the gold price in the world market stayed unchanged against the previous week, the domestic price of the metal kept rising significantly, thus widening the international and domestic price gap to VND12.3 million per tael.

The world gold price on Monday was stable at around US\$1,780 per ounce. If including taxes and fees, a gold tael was equal to VND49.2 million. The international price plummeted last week amid the strong rise of the greenback and US Treasury bond yields. Experts believe that concerns over the US Fed's new action with monetary policy also caused the gold price to decrease.

However, gold prices in the domestic market were listed at VND61.5 million per tael on Monday, up some VND500,000 against late last week.

On Monday, gold bars were traded by SJC Jewellery Co at VND61.5 million per tael for selling and

VND60.8 million for buying, up VND400,000 against last Friday. This was the fourth consecutive gaining session of SJC gold bars since the middle of last week to date, lifting the total rise of the metal to nearly VND1 million per tael.

Phu Nhuan Jewelry Joint Stock Company (PNJ) increased the gold price for the fifth consecutive session on Monday after many days of decline in the second half of November. The company listed buying price at VND60.7 million per tael and VND61.4 million for selling price, up VND500,000 and VND400,000 against the end of last week, respectively. The prices were the highest levels that PNJ listed with gold bars in the past two weeks.

Domestic prices were usually higher than the world prices in previous years, but the price gap was no more than 10 per cent. So the current more than 20 per cent is a surprise.

Analysts attribute the unexpected rise to short supply and high demand for hoarding gold as an asset in the domestic market.

#### 5. Aviation enterprises again seek preferential loans

Local aviation enterprises have again asked for preferential loans to overcome difficulties caused by the pandemic.

The Viet Nam Aviation Business Association (VABA), sent another written request to the Ministry of Transport to propose the Government give airlines preferential loans.

VABA Secretary General Bui Doan Ne said in the document: "Since the 4th outbreak of COVID-19, local airlines are in a dangerous situation as their revenue has decreased by 80 to 90 per cent, cash flow is seriously falling and the accumulated financial and asset resources of the firms are exhausted."

Reports from local airlines all showed that they needed help to solve difficulties in capital.

In this case, VABA asked MoT to consider, approve and make a proposal to the Government and the National Assembly and relevant ministries and branches to lend local airlines a refinancing package of VND4 trillion to VND6 trillion with no interest like the package Vietnam Airlines was given.

Specific loans will be based on the needs of each firm and according to their size, market share, contribution to the budget and ability to meet the budget.

The association proposed to lend local airlines between VND25 trillion (US\$1.08 billion) and VND30 trillion in total, with preferential interest rates to help airlines with regular expenditure, procurement of supplies and equipment, implementation of programmes, maintenance, operations and development during and after the pandemic.

VABA also asked for adjustments to the environmental protection tax rate for jet fuel to a minimum level of about VND1,000 per litre from the current VND3,000.

The document also asked MoT to allow the reduction of most service fees at airports to a maximum 50 per cent from January 1, 2022 to the end of December 2022, adding that airlines should be given priority in support as the aviation industry was the driving force for the development of the country's economy.

The document said: "Despite difficulties due to the COVID-19 pandemic, aviation is a bright spot in pandemic prevention and control, making positive contributions to stimulating tourism, rescuing citizens, social security, transporting staff, doctors and medical personnel, as well as free transportation of vaccines and medical equipment."

According to VABA's assessment, aviation has very high prospects for development after the pandemic, especially private aviation, saying: "Thailand has a population of about 75 per cent of Viet Nam, but it has 15 airlines."

Meanwhile the rate of Vietnamese people using air travel is still low, so the development of Viet Nam's aviation market is still very high, said the association, adding the industry will make a large

contribution and support the budget and the economy.

A representative of VABA said: "According to international experts' calculations, the aviation growth of 2.5 per cent will contribute to growth of 1 per cent of GDP. The development of aviation will help the development of other industries, connecting supply chains, commodity chains, value chains and actively contributing to the recovery and development of our country's economy after the pandemic."

The industry's annual budget contribution was increasingly important. Vietnam Airlines, Vietjet Air, Vietnam Airport Corporation, and Vietnam Air Traffic Management Corporation have contributed more than VND22 trillion in taxes and fees in 2019, as much as the contribution of the top ten cities and provinces with the largest budget contributions.

Vietjet Air's annual budget payment increased from VND4.2 trillion in 2016 to VND9 trillion in 2019. Despite heavy losses due to the pandemic last year, the private airline still paid VND2.8 trillion to the State budget.

On December 2, Deputy Minister of Transport Nguyen Ngoc Dong said while MoT was developing a plan to open international routes, the recent resurgence of the pandemic and new variants would require more consideration.

While reviewing and negotiating with other countries before any decision to ensure the safe resumption of international routes, MoT and the Civil Aviation Administration of Vietnam allowed increases to frequency on a series of important local routes from December 5, as to return to normal exploitation in 2022 on the principle of flexibility and adaptation, with appropriate routes to ensure safety and effectively control the pandemic.

Head of the communications department of Vietnam Airlines Group Dang Anh Tuan said that, the group's members Vietnam Airlines, Pacific Airlines and VASCO urgently deployed plans to operate regular domestic passenger flights from December. Currently, the group ran about 140 flights per day on nearly 40 domestic routes, said Tuan, adding it was planning to meet the needs of passengers during the New Year and Lunar New Year in early 2022.



Vietravel Airlines, Bamboo Airways and Vietjet Air also increased domestic flights and stood ready to

serve regular international routes, as soon as the Government allows them to reopen.

## 6. Transport ministry proposes restarting regular international flights, airlines want quarantine rules eased

After nearly two years of suspended international flights, with exceptions only for returning citizens and foreign experts coming to work, the Ministry of Transport has requested the resumption of regular international flights to Việt Nam.

The ministry had a recent meeting with representatives of Vietnam Airlines, Vietjet Air, Bamboo Airways, and Pacific Airlines on the difficulties and solutions to restoring regular international routes.

The airlines and airport operators have proposed the resumption of regular international flights, deputy transport minister Lê Anh Tuấn said.

While foreign tourists can visit Việt Nam at the moment under a pilot scheme, the fees are expensive and the procedure is complicated, putting Vietnamese airlines at a competitive disadvantage compared to other countries.

Solutions to facilitate more arrivals include easing medical quarantine regulations and recognising 'vaccine passports' for international flights.

According to airport operators, airports are ready to receive international flights. All staff are vaccinated and airports have arranged areas and equipment to receive flights and passengers to ensure the prevention and control of COVID-19.

Representatives of the ministries and related agencies agree that the re-opening of international flights is consistent with the Government's policy on safe, flexible and effective adaptation to the COVID-19 pandemic. Reopening international flights will also meet people's travel needs and promote recovery in the tourism sector and the wider economy in general, said the deputy minister.

In the proposal, the Chairman of the management board of national carrier Vietnam Airlines Đặng Ngọc Hoà mentioned a series of risks if international routes are not reopened soon.

On the basis of realising the dual goals of pandemic prevention and socio-economic recovery, it is necessary to gradually open the door to international visitors from areas with high vaccination rates and good handle on the virus, Hoà said.

Việt Nam will lose its competitive advantage in terms of destination and face many other consequences should the country remain sluggish in reopening borders, according to airlines.

The aviation and tourism industry have been dealt a severe blow and is facing risks of bankruptcy along with highly limited ability to compete with other businesses in the region, making recovery after the pandemic even more difficult, he said.

In the first ten months this year, the total air transport market carried 13.4 million passengers, just 22.5 per cent compared to 2019.

From the beginning of the fourth wave of infections between May and mid-November this year, only 2.1 million passengers were transported, 5.8 per cent of the same period in 2019.

International visitors were only 1 per cent and domestic visitors were 10 per cent, respectively.

As vaccination rates increase around the world, many countries have launched competitive policies to attract international tourists, in anticipation of a rise in travel demand, Hoà said.

Vietjet Air's Vice General Director Nguyễn Thanh Sơn also said that reopening international routes is essential, especially for countries that have been a high vaccination rate.

### Easing medical quarantine

To ensure feasibility, airlines proposed lifting medical quarantine regulations for passengers who are either fully vaccinated, have recovered from

COVID-19 or tested negative via rapid antigen testing or RT-PCR within 72 hours before their flight.

The Ministry of Health said that it will draw up guidelines on easing medical quarantine regulations for people entering Việt Nam and that the regulations will be issued soon.

Meanwhile, the Ministry of Foreign Affairs is actively promoting negotiations with partners on the mutual recognition of 'vaccine passports', while the Ministry of Public Security is developing a COVID-19 app named IGOVN to integrate with immigration management, medical declaration, vaccination certifications and can be linked with the national PC-COVID software.

Discussing whether the Omicron variant will affect the progress of reopening international routes,

Deputy Director of the Civil Aviation Administration of Việt Nam (CAAV) Võ Huy Cường said: "We still have to actively prepare for re-opening as soon as the Ministry of Health has specific regulations on quarantine and completed negotiations with the countries we connected."

According to Cường, with the Omicron variant, the CAAV asked the Ministry of Transport to report to the Prime Minister for permission not to conduct flights, including relief flights, from ten African countries to Việt Nam.

Flights from other countries will continue as normal, Cường said.

"That is the way other countries are doing it," he said.

## 7. Full financial reports of SoEs not submitted: MoF

While Viet Nam was focusing on the assessment of State-owned enterprises (SOEs)'s performance, more than one third of ministries and ministerial-level bodies and about 20 per cent cities and provinces have neither submitted nor finished their reports on financial supervision results for their SOEs in the first half of the year.

According to the latest report by the Ministry of Finance (MoF), as of October 25, 2021, it has not received the full financial supervision reports for their managing SOEs, whose State investment accounted for more than 50 per cent of the charter capital, adding that this was a common issue.

MoF named three units which have not yet fully reported namely the Ministry of Culture, Sports and Tourism; Vietnam News Agency; and the Committee for Management of State Capital at Enterprises (CMSC). No reports had been received from the Ministry of Industry and Trade (MoIT) and the Ministry of Agriculture and Rural Development (MARD).

CMSC had only sent reports for six out of 19 SoEs they manage.

As the Voice of Viet Nam only managed one SoE with more than 50 per cent of State capital, it was not

required to submit a six-month financial supervision report.

Among cities and provinces, Soc Trang has not sent the full report while the provinces of Yen Bai, Kien Giang, Ba Ria-Vung Tau, Cao Bang, Hai Phong, Ha Nam, Hung Yen, Vinh Phuc and HCM City have not submitted a report at all.

MoF asked the Government to direct those units to complete and send their reports.

The ministry urged them to strengthen the financial supervision of SoEs according to regulations, especially those showing signs of financial insecurity, poor business results and accumulated losses.

As the report of State Bank of Vietnam (SBV), which manages SOEs with 100 per cent State capital, is considered confidential, MoF announced that SBV should send its reports directly to the Prime Minister.

MoF announced that it was developing a new bill on the management of State capital invested in enterprises with many fundamental changes, including a financial instrument to buy shares of private enterprises.

According to experts, many SoEs which used to make significant profits and contributed to the State budget, have become burdens on the economy when their investments caused losses of trillions of dong.

The bill will amend the Law on Management and Use of State Capital to invest in production and business in enterprises to replace the law of the same name in 2014. It would narrow the list of fields in which SOEs could participate and add regulations on management and supervision.

When investing, SOEs are also managed like public investment projects. Those with a capital scale of VND10 trillion (US\$434.78 million) or more must be decided by the National Assembly, while projects with lower capital will be decided or assigned by the Government.

The ministry said by the end of 2020, Viet Nam had more than 807 enterprises with State capital contributions, not counting SBIC and Global

Telecommunication Corporation which were undergoing restructuring and 44 unreported agencies. These enterprises hold total assets of more than VND3.67 quadrillion, total equity of more than VND1.7 quadrillion, total revenue of more than VND1.98 quadrillion and profit after tax of VND162.9 trillion.

Nguyen Dinh Cung, former director of the Central Institute for Economic Management and Research (CIEM), told local media: "The new bill must create a legal foundation for the reform and restructuring and improving the efficiency of State investment in enterprises."

Cung said the law needed to be changed so the State should only stand as an investor and let the enterprises work under market regulations.

In addition, Cung said: "The new bill should also force the SOEs to list on the stock market to make their business operations transparent."



## Corporate News

### 8. DLG: Divestment at 02 subsidiaries

↓ -5.14%

On November 30, 2021, the BOD of Duc Long Gia Lai Group Joint Stock Company approved the following contents:

1) Approving the transfer of all shares of 7,484,913 shares in Gia Lai Coffee Joint Stock Company (stock code: FGL), equivalent to 51.0% charter capital of FGL. After the transfer completes, Gia Lai Coffee Joint Stock Company will not be a subsidiary of DLG.

2) Approving the transfer of all shares of 4,557,178 shares in Bien Ho Tea Joint Stock Company (stock code: BHG), equivalent to 51.0% charter capital of BHG. After the transfer completes, Bien Ho Tea Joint Stock Company will not be a subsidiary of DLG.

3) Approving the time of implementation for transferring: March 31, 2022.

4) Approving the transfer method: order matching or put through.

### 9. MSN: Masan Group plans to raise 2021 cash dividend by 20 per cent by bonus shares

↑ 0.00%

The additional VND200(0.87 US cents) per share would result in a combined VND250 (1.1 US cents) per share to be paid in late December 2021 as VND950 (\$4.1) per share has already been paid to shareholders on July 16, 2021. In combination with the increased cash dividend, Masan's Board of Directors has approved to seek the opinion of the General Meeting of Shareholders for the issuance of bonus shares at a 5:1 ratio to its existing shareholders as of the book-closing date.

Over the past two years, the company's shareholders have remained patient as Masan implemented its turnaround plan for WinCommerce (WCM), laid the foundation for its "mini-mall" concept, and realigned the group's business units to evolve into a pure consumer platform. Masan's management view these corporate actions as a way to reward shareholders while adhering to its balance sheet's medium-term target, which has significantly strengthened in 2021. The issuance of bonus shares is also expected to benefit shareholders with improved trading liquidity since management believes the continued roll-out of its mini-mall concept will drive significant shareholder value creation.

Management has outlined a preliminary 2022 plan to re-expand the number of mini-market locations (Winmart+) by 700-1,000 in 2022 to reach 3,300-3,600 in total by the end of the year. Masan also has plans to convert at least 50 per cent of its existing Winmart+ locations into mini-malls, which currently combines WinMart+ (grocery), Phuc Long Kiosk (coffee and tea), pharmacy, Techcombank (financial services), and Reddi (mobile telecommunication) to provide consumers an integrated loyalty offering. Masan believes the mini-mall concept can drive value creation by improving the profitability of WCM despite the costs of re-expansion as more products and services are offered to drive higher foot traffic.

In addition, the concept will accelerate the time for new stores to break even via better unit economics due to revenue sharing schemes with kiosk brands. It will also help Masan to strengthen its position in the south and rural regions. The group is building a digital platform with Reddi at the core to transform Masan into a consumer-tech platform and generate new consumer and digital use cases that will lead to sustainable long-term growth.

In late December 2021, Masan and Masan Horizon expect to receive a cash dividend of VND1.406 trillion (\$61.13 million) from subsidiary Masan MEATLife, as part of the company's overall treasury initiative to upstream excess to the group level.

The VND250 per share will represent VND295 billion (\$12.83 million) in total cash and the bonus issuance will increase MSN share count by more than 236 million to 1.4 billion.

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