VIETNAM DAILY NEWS

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Market Analysis

1. Shares extend gains on soaring securities stocks

Shares extended gains on Tuesday thanks to a huge cash flow injected in the securities stock group which stirred up the stock market with non-stop rises.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 0.22 per cent to end the trading session at 1,083.45 points.

It had gained 1.28 per cent to end Monday's trading session at 1,081.08 points.

Market breadth on Tuesday was positive with 269 gainers and 167 decliners.

More than 756 million shares were traded on the southern bourse, worth VND14.6 trillion (US$634 million).

The large-cap tracker VN30-Index was up 0.24 per cent to 1,052.23 points.

Fifteen of the 30 large-cap stocks in the VN30 basket increased while 14 gained.

“The uptrend somewhat slowed down when the VN-Index passed 1,080 points after a series of strong rally sessions,” said BIDV Securities Co.

“Increased market liquidity, narrowed market amplitude and positive market breadth was hinting that investment cash flow was moving into small-cap and mid-cap stocks instead of large-cap stocks and blue-chip stocks.

“VN-Index is expected to maintain the movement in the region from 1,080 to 1,100 points in the coming sessions,” the company said.

Foreign investors net sold VND83.91 billion on HOSE, including Hoa Phat Group (HPG) with VND106.9 billion, Vinamilk (VNM) with VND46.3 billion and Vincom Retail (VRE) with VND34.2 billion. They were net buyers on the HNX with the value of VND1.39 billion.

Cash flow spread the market and lifted up eighteen out of 25 sector indices on the stock market, including logistics, wholesale, real estate, retail, IT, energy, securities, healthcare, seafood processing and construction materials.

They gained between 0.2 and 3 per cent.

On the opposite side, losers were insurance, banking, food and beverage, rubber production and construction.

Securities stocks were among the best performers, attracting a huge cash flow with notable gainers of SSI Securities Incorporation (SSI), Viet Capital Securities Joint Stock Company (VCI), MB Securities Joint Stock Company, Saigon - Hanoi Securities JSC and VNDirect Securities (VND).

On the Ha Noi Stock Exchange, the HNX-Index rose 3.15 per cent to end Tuesday at 187.85 points.

It had risen 2.88 per cent to end Monday at 182.11 points.

More than 72 million shares were traded on the northern market, worth VND998 billion.

Macro & Policies

2. Binh Dinh encourages investments in solar and wind power

Approved by the Binh Dinh Economic Zone and Industrial Parks Authority, these projects are invested in by Nam Quan Energy Co., Phuoc Hoa Production and Trade Co. and Quang Nam Industrial Investment and Construction Co., with a capacity of 990 KWP, 810 KWP and 974 KWP, respectively.

These are the three latest projects among many solar and wind power projects for which Binh Dinh is seeking investors.

Reportedly, the Binh Dinh Province People's Committee has submitted a proposal to the Ministry of Agriculture and Rural Development to report to the Prime Minister a plan to use 28.29 hectares of forest land to build the Phu My 3 solar power plant.

The plant with a capacity of 100MWp will need an estimated investment of more than VND2 trillion.

It is part of the large-scale Phu My solar power complex with a total capacity of 330MWp deployed on an area of 323 hectares.

Beginning late May 2020, the complex worth VND6.2 trillion was invested in by the Clean Energy Vision Development JSC - a member company of the Bamboo Capital Group.

It is estimated that once the project is put into operation, it would produce some 520 million kWh of electricity per year and help reduce CO2 emissions by some 146,000 tons.

According to Nguyen Phi Long, Chairman of Binh Dinh Provincial People's Committee, the central province has great potential to develop renewable energy, especially wind and solar power.

The province has submitted 24 solar power investment projects to the Government for approval. However, only five of them have been granted licenses.

Currently, the province is home to three operational renewable energy projects— the Phuong Mai 3 wind power plant, the Fujiwara Binh Dinh wind and solar power plant and the Cat Hiep solar power project.

Previously, German renewable energy group PNE was keen to invest in an offshore US$4.8 billion wind farm in the central province of Binh Dinh, in three phases.

3. Fee cut extension sought for Cai Mep-Thi Vai Port

The port has offered a 40% reduction on the marine fee for ships with an overall internal volume of 50,000 GT or more since 2016. This policy will expire on December 31, 2020.

Without an extension, the fee would return to normal from January 1, 2021, which is much higher than that of other seaports in the region. Without the fee reduction, the marine fee for a 140,000 GT ship at the Cai Mep-Thi Vai Port would be US$37,520.

Ships below 50,000 GT are currently not entitled to a fee reduction.

The Ba Ria-Vung Tau Province government said Singapore is offering 20% off on the marine fee for ships of all sizes. If the Cai Mep-Thi Vai Port terminates the fee reduction after December 31, 2020, ships would choose other ports in the region such as Singapore or Malaysia's Tanjung Pelepas.

Besides extending the fee reduction for ships with an overall internal volume of 50,000 GT or more, the province also proposed that the Cai Mep-Thi Vai Port offer 60% off on the marine fee for ships below 50,000 GT.

Developed at nearly VND13 trillion, the Cai Mep-Thi Vai port complex was put into service in Ba Ria-Vung Tau Province in 2013. The project was financed by Japan's official development assistance and Vietnam's reciprocal capital.

In late October 2020, the Cai Mep International Terminal of the Cai Mep-Thi Vai port complex received Margrethe Maersk, one of the world's largest container ships. The ship's port call marked an important milestone in the maritime industry of Vietnam, making the Cai Mep-Thi Vai Port one of the major ports worldwide capable of receiving ultra-large container ships.

4. Vietnam trade ministry calls for US fair treatment

Vietnam's Ministry of Industry and Trade (MoIT) urged fair treatment from the US regarding its review process on Vietnamese currency policies and practices to avoid damaging the bilateral relations.

The MoIT statement came shortly after Reuters reported that the US government is likely to impose tariffs on Vietnamese goods in December after branding Vietnam as currency manipulator.

“Vietnam regrets the US Trade Representative (USTR)'s decision to launch two investigations of Vietnam under Section 301 of the Trade Act of 1974 regarding currency undervaluation and wood products at a time when the two countries' cooperation in foreign affairs, trade, and investment is growing strongly,” stated the MoIT.

Right after the USTR move was announced, the MoIT had announced its willingness to cooperate with US counterparts during its investigation process.

A Vietnamese taskforce led by the State Bank of Vietnam (SBV), the country's central bank, is scheduled to hold a bilateral consultation with the US at the end of December.

“Communication at this period of time is essential,” noted the MoIT.

According to the MoIT, many business association, politicians and enterprises in the US have voiced their opposition against the USTR's investigation and any potential tariffs on Vietnamese goods, which are damaging the interests of both countries, enterprises and people.

“In case the USTR unilaterally accelerates the process of imposing more tariffs on Vietnamese exports, this will no doubt cause negative impacts not only on bilateral trading activities, but also the two countries' relation,” urged the MoIT.

The most affected from such decision are the two countries' business communities, manufacturers and customers, it continued.

Vietnamese enterprises would feel unsafe when doing businesses with their US peers, which could lead to a decline in imports of input materials and technologies from the US and reverse the growing trend of increasing imports from the US that has been going for a couple of years, stated the MoIT.

5. Vietnam is fastest growing national brand: Brand Finance

It climbed nine places from last year to 33rd in the list of the world's 100 most valuable brands compiled by Brand Finance, a U.K. consultancy.

Brand Finance measures the value of national brands based on three pillars: goods and services, investment, and society.

A strong national brand denotes a highly attractive environment for investment, encouraging inward investment, adding value to exports, and attracting tourists and skilled migrants, it explained.

"Vietnam, which has recorded staggeringly low Covid-19 cases and deaths, has emerged as one of the top locations within the Southeast Asian region for manufacturing, and has become an increasingly attractive destination for investors, particularly from the U.S., that are looking to relocate their China operations following the fallout from the U.S.-China trade war," Brand Finance said.

Vietnam's continuing rise in the list is primarily due to "Vietnam Value", a national program to endorse products and services that meet minimum standards set out by the government, and concentrated efforts to promote economic growth by the government, it said.

With global economies in turmoil, investors and businesses are seeking stability in markets that have been able to successfully manage the health crisis, providing nations like Vietnam, which have handled the Covid-19 crisis well, an opportunity.

Thanks to strict quarantine and contact tracing measures, Vietnam has managed to keep Covid-19 at bay with only 1,412 infections and 35 deaths in a population of 96 million and economic activities returning virtually to normal.

The U.S. remained the world's most valuable brand at $23.7 trillion followed by China and Japan.

6. Large-scale injection of Covid-19 vaccine expected to aid tourism

Although some foreign partners have asked local tour operators about the prices of tours to Vietnam, when these tours will resume remains undecided. Some partners have even canceled next year's tours.

Transtravel Company Deputy Director Nguyen Manh Ha said tours to Vietnam would be canceled for another six months, prolonging the cancelation period of these tours to 18 consecutive months.

The firm had earlier expected tours for French tourists to begin in September thanks to Vietnam's effective control of Covid-19. However, the complicated developments of the pandemic across the world have dented the expectation.

The tourism sector had planned to introduce tours to safe destinations during the pandemic. However, after the new Covid-19 waves and Thailand's unsuccessful models to welcome international tourists, the solution still remains on paper.

If many people are injected with the Covid-19 vaccine, it can help the resumption of international flights and tours, said Lux Group CEO Pham Ha.

International customers of the company are still postponing and canceling tours to Vietnam. However, when news about Vietnam's Covid-19 vaccine was announced, some partners asked for the company's tour prices in the second half of 2021 and early 2022.

Lux Group's partners in the United Kingdom and Germany have booked tours at the end of 2021, but they will go on these tours once the vaccine is injected on a large scale and they are not quarantined when they enter the country.

Vietnam has some 2,700 enterprises that have been licensed to organize outbound tours but most of them have suspended their operations. A majority of their staff has yet to resume full-time work.

Tran Xuan Hung, chairman of Viking Travel Company, said despite its experience in the domestic tourism segment, his company is still finding it hard to return to normal, as low demand and fierce competition have cause multiple difficulties for the firm.

Many other firms are facing the same fate, sharing that both tours for Vietnamese and international tourists have been unsalable. A plan to attract foreigners to Vietnam to visit local destinations has remained ineffective.

The director of a travel company in HCMC's District 1 said the company had been seeking customers since late March but received only a few bookings, explaining that its customers have also cut expenses due to the pandemic and the number of foreigners in Vietnam is dropping.

According to information disclosed at a recent conference of the HCMC Committee for Overseas Vietnamese Affairs, the number of foreigners in HCMC has halved to some 60,000 people and will continue falling in the coming periods.

As a result, some travel firms have to continue freezing their operations to reduce losses.

Nguyen Son Thuy, director of Indochina Unique Tourist, said his company had to fire more employees. It expected to welcome tourists at the end of this year but the plan has been delayed to June next year at the earliest.

In April, the company decided to temporarily suspend its operations to save costs but had still prepared a fund to pay the salaries of its employees until the end of the year. However, the fund has been exhausted.

7. Vietnam exports worth US$3.74 billion to 3 CPTPP Latin American members

Despite the Covid-19 pandemic causing disruption to global trade, Vietnam's exports to three members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in Latin America expanded by 4.6% year-on-year in the first 10 months of this year to US$3.74 billion.

The information was revealed at the conference promoting trade and investment via the CPTPP among Vietnam, Mexico, Chile and Peru on December 21, aiming to help Vietnamese companies gain a better understanding on these Latin American countries for greater market penetration.

Deputy Director of the European-American Market Department under the Ministry of Industry and Trade (MoIT) Vo Hong Anh said Vietnam's key export products to three markets included garment, footwear, seafood, wooden products and phone parts, among others.

Since the CPTPP took effect for Vietnam on January 14, 2019, bilateral trade between Vietnam and three Latin American countries in 2019 reached US$5.12 billion, of which Vietnam's exports earned US$4.11 billion, up 26.76% year-on-year.

"Mexico, Chile and Peru were three countries that Vietnam recorded the highest trade surplus in the Latin America, posting corresponding export growth rates of 26.3%, 20.3% and 36.4%, respectively," Ms. Anh noted.

Second Secretary of the Mexico Embassy in Vietnam Ivan Antonino Sosa said the three countries have agreed in a meeting in August to refrain from trade protection measures to ensure the continuity of global supply chains.

Mr. Sosa added this is an opportunity for Vietnam and Latin American countries to boost trade cooperation.

More room for cooperation

Among 11 country members of the CPTPP, Mexico, Peru and Chile have pledged to immediately cut 77%, 80% and 95%, respectively, of import tariffs for Vietnamese goods and products.

Commercial counselor of Vietnam Trade Office in Mexico Luu Van Khang said Mexico remains a potential market for Vietnam's seafood products, including frozen fish and shrimp, which are subject for 0% import duty in the third year of CPTPP.

The Mexican market imports US$351 million worth of frozen fish every year, added Mr. Khang.

"Requirement for market access in Mexico is not so strict compared to others, while Vietnamese firms can benefit from a large population and strong consumption demand," he continued.

Mexico currently is imposing a band on importing shrimp from Asian countries, including Vietnam. "Once the ban is lifted, Vietnamese products will have an opportunity to penetrate this market with a current tariff rate at 20%," Mr, Khang asserted.

Le Hong Quang, the commercial counselor of the Vietnam Trade Office in Brazil, said Peru is another market that Vietnam traders should focus on, especially for textile and footwear products.

"Peruvian market imports footwear worth US$350 million every year. The CPTPP in place will help Vietnamese products gain advantages against those from China and Brazil," Mr. Quang suggested.

In case of Chile, while the country has not ratified the CPTPP, Vietnam can utilize preferential treatments from bilateral trade agreement since 2011.

"Chile imports US$16-billion of consumer products every year, making it an attractive market for Vietnamese companies," Sai Thi Thu Thuy, head of the Vietnam Trade Office in Chile, suggested.

Corporate News

8. VHC: Board resolution on the investment in Singapore

↓ -0.12%

On December 16, 2020, the Board of Directors of Vinh Hoan Corporation approved the investment by establishing Vinh Technology Pte Ltd in Sinpapore as follows:

- Charter capital: USD150,000 (100% owned by Vinh Hoan Corporation)

- Legal representative of the project in Sinpapore: Ms. Phan Thi Kim Hoa.

9. VNM: Information on selling the treasury shares

↓ -0.99%

On December 21, 2020, Viet Nam Dairy Products Joint Stock Company announces the selling of treasury shares as follows:

- Number of treasury shares before trading: 310,099 shares

- Number of registered shares to sell: 310,099 shares

- Expected trading period: from January 04, 2021 to January 29, 2021.

- Trading method: Order matching or put through.

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