



VIETNAM DAILY NEWS

January 13th, 2021



Table of content

Table of content

1. Shares extend rally, getting closer to 1,200 points on Tuesday
2. Building materials market forecast to be robust in 2021
3. Binh Phuoc seeks to attract 6,000 investors in next 5 years
4. CPI faces two development scenarios this year: expert
5. Real estate accounts for 7.6% of Vietnam economy
6. Over US\$15 billion poured into Phu Quoc's tourism
7. Shrimp exporters bring home US\$3.85 billion in 2020
8. PDR: Resolution on the EGM 2021
9. RDP: Increasing charter capital

Market Analysis

1. Shares extend rally, getting closer to 1,200 points on Tuesday

Viet Nam's stock market ended higher on Tuesday with the HNX-Index reversing course in the afternoon session.

The market witnessed 424 stocks climbing. Of which, 78 stocks hit the intra-day limit growth of 7 per cent, while 290 stocks fell. Another 22 closed flat. Property developers including FLC Faros Construction Joint Stock Company (ROS) and Cotecons Construction Joint Stock Company (CTD) were among stocks hitting the ceiling price.

On the Ho Chi Minh Stock Exchange (HOSE), the VN-Index increased 0.62% to close Tuesday at 1,192.28 points. The gain was boosted by an increase of the large-cap tracker VN30-Index.

At the end of trading day, the VN-Index gained 0.48 per cent to 1,169.03 points as investors continued to focus on some sectors such as banking and real estate. Sixteen of the 30 large-cap stocks gained value and nine dropped.

Stocks witnessing big gains included Hoa Phat Group Joint Stock Company (HPG) with an increase of 4.3 per cent to VND44,900; Saigon Beer - Alcohol - Beverage Corporation (SAB) rose 1.58 per cent to close Tuesday at VND205,500. Vietcombank (VCB),

SSI Securities Corporation (SSI), JSC Bank For Investment And Development Of Vietnam (BID) also posted an increase of more than 1.0 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index edged higher after paring the morning decline. The HNX-Index was up 1.3 per cent at the end of Tuesday to 221.97 points.

In a daily report, Bao Viet Securities expected that large-cap stocks would continue the current rally to support the market. Cash flows would still focus on mid-cap and small-cap stocks to earn more during this period, the company added.

It also forecast that the VN-Index would soon reach its historic high territory of 1,200 - 1,220 points. But they warned that this would be a strong psychological resistance zone while the overbought trend in the market would continue to spread on a large scale in many stock groups. This might create a strong fluctuation during sessions.

On the other hand, foreign traders were net sellers on HOSE, unloading shares worth a net sell value of VND257 billion, while buying in VND10 billion on HXN.

Macro & Policies

2. Building materials market forecast to be robust in 2021

There were increases in demand for building materials this year, Pham Van Bac, Director of the ministry's Department of Building Materials said.

Repairing infrastructure damaged by the floods in the central region and landslides in mountainous areas would require a large volume of construction materials. In addition, the real estate market was expected to recover, which would lead to increases in real estate investment, pushing up demand for construction materials.

With such good demand, the construction materials market would be very robust this year, he said.

Bac said the supply industry needed to prioritise projects producing new material, of large-scale and advanced technology as well as projects which use waste from other sectors.

According to VNDirect Securities Company, the building materials industry would benefit greatly from the trend of increasing investment in development this year.

One of the notable infrastructure projects was the North-South Expressway.

VNDirect estimated that 40 per cent of the public investment for road and 11 component projects would be disbursed in 2021. Around VND23.7 trillion or 60 per cent of the construction costs would be allocated to building materials. It was

estimated that these projects would need asphalt worth around VND5.9 trillion, steel VND6.4 trillion and cement VND3.8 trillion this year.

To complete these projects by 2023, expenses for asphalt, steel and cement would be VND20.8 trillion, VND14.8 trillion and VND8.9 trillion respectively.

Viet Nam could also benefit from China's plan of investing in infrastructure development, which would push up China's demand for imported steel and cement, according to VNDirect which also forecast the trend would continue to mid-2021 at least.

According to S&P Global Platts, China approved 14 airport projects worth around \$15.3 billion last year, together with 22 railway projects.

Viet Nam's export of cement and steel to China saw significant increases in recent months.

Statistics showed that cement export to China rose by 102 per cent in volume in the first 11 months of last year while steel export to China jumped by 1,414 per cent in the January-October period.

In August, the Prime Minister approved the strategy of developing construction materials in 2021-30 period which encouraged investment in projects which used advanced technology in production, energy saving and environmentally friend buildings.

3. Binh Phuoc seeks to attract 6,000 investors in next 5 years

According to Nguyen Minh Chien, head of the Binh Phuoc Province Economic Zone Authority, the province has been streamlining administrative procedures, offering favourable policies for investors, carrying out activities to facilitate online investment, and adopting modern and smart technologies for administration.

It wants to also attract investors in high-tech agriculture, commerce and logistics.

The province and economic zone will continue to work closely with investors to resolve problems the latter face with policies and regulations, and plan to expand industrial parks.

During an investment facilitation conference held last December, the province issued investment registration certificates for 46 projects with a total investment of VND46.2 trillion (US\$2 billion), nearly

double the amount attracted through the previous conference held in 2018.

Deputy Prime Minister Truong Hoa Binh told the conference that to industrialise and achieve rapid and sustainable development, the province should work quickly on its 2021-30 plan and dovetail it with the South-east region's development plan.

It should also work with other South-eastern provinces and cities, and continue to improve its

investment climate and Province Competitiveness Index ranking and streamline administrative procedures, he added.

Situated in the southern key economic zone and an industrial hub, Binh Phuoc has 13 industrial parks with an area of nearly 4,700ha, of which eight are operational, and eight industrial clusters with an area of 380ha.

4. CPI faces two development scenarios this year: expert

In the first scenario, once the COVID-19 pandemic is brought under control, the global economy will gradually recover, with prices set to strongly increase due to the dual impact of economic recovery and the benefits of huge stimulus packages implemented by countries, according to Le Quoc Phuong, former Deputy Director of the Industry and Trade Information Centre under the Ministry of Industry and Trade.

Then, the nation's price level will be under increasing pressure. In the event that drastic price management measures are not realised, the average CPI could increase by 4 to 4.5 per cent.

In line with the second scenario and the COVID-19 pandemic is not brought under control, difficulties will occur in global economic recovery. As a result, prices will not sharply increase, therefore it will be unlikely for the country's price level to see a sharp increase, with annual average CPI forecast at roughly 3.8 to 4 per cent, Phuong said.

He said that a number of products will be adjusted throughout 2021 according to the roadmap, with price increases greatly dependent on the socio-economic situation.

This year, it will be vital to take the initiative in implementing the Government's solutions in line with the actual situation to control the price of commodities, especially essential goods, Phuong said.

"Inflation in 2021 at the beginning of the year is forecast to be low and increase gradually in the following months to the end of the year. It is

imperative to keep the CPI steady at a low level. If it is done well, inflation will be kept at just over 3 per cent by the end of this year," Phuong told the Voice of Vietnam (VoV).

According to Nguyen Duc Do, deputy director of the Institute of Economics and Finance, in 2021, when the COVID-19 pandemic is controlled thanks to vaccines, economies at home and abroad will recover and inflation will tend to increase again.

However, the average inflation in 2021 will not be high, especially when the economy is not likely to recover completely this year.

Dr Nguyen Ngoc Tuyen from the Ministry of Finance's Academy of Finance has forecast that many essential goods will fluctuate in 2021, so the CPI will rise higher than in 2020, but the average inflation for this whole year is just below 4 per cent as the target set by the National Assembly, reports bnews.vn.

In 2021, in order to control inflation according to that target, the Ministry of Finance said that it would closely monitor changes in supply and demand, and prices of essential goods, especially for some with high demand at the end of the year and essential goods for people in regions affected by natural disasters, floods and the pandemic.

It would proactively prepare reserves to meet demand, which often increases at the end of the year, to limit price increases.

At the same time, the ministry would continue to adjust fiscal and monetary policies as well as other macroeconomic policies to control inflation.

Those would contribute to removing difficulties in production and business and the lives of people affected by the COVID-19 pandemic, Tuyen said. Especially, the authorities needed to proactively forecast, calculate and build scenarios to control prices of essential goods according to the roadmap.

Phuong also said that to curb inflation in 2021, the Government should ensure a balance of supply and demand, as well as transparent market information.

Ngo Tri Long, an economic expert, believes that the year ahead will be very difficult to predict. As a result, price management should continue to be carried out in a prudent, flexible, and proactive manner, whilst the fiscal policy should be combined with monetary policy and other macroeconomic policies as a means of keeping inflation in check and in line with set targets.

A boost in commodity prices is anticipated to be very high and erratic due to consumer demand, requiring the Government and relevant ministries to devise specific solutions regarding price management.

Provided that the solutions are properly implemented during the first quarter of the year, it would serve as a premise for the following quarters to meet the target on inflation control as set by the National Assembly, Long said.

Despite suffering a slowdown in production and business activities as a result of the impact caused by the COVID-19 pandemic, the Vietnamese economy enjoyed positive annual growth of 2.91 per cent in 2020, according to the experts.

Macroeconomic stability and inflation being controlled at 3.23 per cent is seen an important

premise for the nation as it continues to meet the GDP growth target of approximately 6.5 per cent and control inflation at under 4 per cent as set out by the Government for the year ahead.

Last year saw the Government and Prime Minister Nguyen Xuan Phuc direct ministries, sectors, and localities to remain prudent in their management in order to ensure the harmonisation of common goals, while also ensuring the stability of market price levels, curbing inflation, and removing difficulties faced by firms.

Due to these efforts, the average CPI in 2020 witnessed a surge of 3.23 per cent compared to the average seen in 2019, lower than the target of below 4 per cent set by the National Assembly. Indeed, core inflation in 2020 saw an increase of 2.31 per cent compared to 2019's figures.

According to Nguyen Anh Tuan, director of the Price Management Department under the Ministry of Finance, there are a number of factors that adversely affect the price situation, with complicated developments occurring in fuel products, coupled with abrupt increases and declines that are difficult to forecast.

In addition, is also challenging to stabilise prices for essential commodities, including pork, in the scenario that disease is uncontrollable. Consequently, insufficient supply will impact the local market.

Tuan said there was the necessity of considering factors relating to natural disasters as a means of taking preventive steps, being more proactive to solve difficulties faced by businesses, boosting production as a means of ensuring continued supply and demand, and controlling inflation. Therefore, ministries and sectors must continue closely following the market price situation to achieve more effective management.

5. Real estate accounts for 7.6% of Vietnam economy

Real estate industry accounted for roughly 7.62% of Vietnam's gross domestic product (GDP) in 2019, information has been released by the Vietnam National Real Estate Association (VNREA).

The percentage is likely 13.6% if land is included, VNREA said in a research released last week.

In terms of assets, real estate likely accounted for 20.8% of the total assets of Vietnam's economy in

2020. The percentage is equivalent to US\$205.26 billion out of the country's total assets at US\$986.82 billion in 2020.

The ratio is forecast to reach 21.2% or US\$462.7 billion in 2025 and 22% or US\$1.23 trillion by 2030.

The research, which is an independent scientific study, showed that real estate has impacted on 40 important economic sectors in Vietnam, mostly construction, manufacturing, tourism, lodging and restaurant, finance and banking.

In terms of job attraction, real estate is just behind tourism and manufacturing and ahead of agriculture, forestry and aquaculture.

Commenting the research, economist Vo Tri Thanh, member of the State Bank of Vietnam's Financial and

Monetary Policy Consultation Council, said it has prioritized policies that should be put into practice, greatly contributing to the healthy and sustainable development of real estate sector.

Nguyen Manh Ha, deputy head of VNREA, emphasized the role of real estate in the country's economy, listing it the most important industry in many countries.

VNREA plans to submit the research and recommendations to the government, the Central Economic Commission, the National Assembly's Economic Committee, the Ministry of Construction, the Ministry of Finance, the Ministry of Natural Resources and Environment, and related agencies for the long-term policy making toward real estate sector.

6. Over US\$15 billion poured into Phu Quoc's tourism

At a seminar held by the Kien Giang Department of Tourism on January 10, experts said that only a few localities could attract such huge investment capital, proving the attractiveness of the city, Thanh Nien Online newspaper reported.

According to Associate Professor Dr. Tran Dinh Thien, former director of the Vietnam Institute of Economics, Phu Quoc's space, sea and island tourism and connected traffic infrastructure and investment attraction capacity have been readied. The investment from large firms, such as Sun Group and Vingroup, will create a foundation and motivation for the city's strong development in the future.

The city should issue policies to attract more large firms to invest in the city.

Dang Phuong Hang, general director of Property service provider CB Richard Ellis Vietnam, said the tourism ecosystem model, including tourism, entertainment and high-end property is appropriate for Phu Quoc to become a city worth living in and a world-class tourism hub. Therefore, the tourism segment will continue to grow strongly in the coming periods.

The city's economy, tourism, services, urban development and real estate are expected to see a boom, alongside large enterprises.

A Vietnam Airlines representative said the air carrier would continue considering Phu Quoc a key market in its development strategy, adding that it would expand the network connecting Phu Quoc with other localities in Vietnam and increase flights from Europe, Asia and Australia to Phu Quoc, transiting in Hanoi and HCMC.

In addition, the airline will gradually develop the Phu Quoc International Airport into a large aviation base of Vietnam and the region.

Nguyen Ngoc Thuy Linh, deputy general director of Sun Property Group, proposed that Phu Quoc should learn from the prosperous model city of Singapore to become an international island city and ensure its sustainable development.

Sun Group has worked with the city to develop a complete ecosystem, taking into account the growth of the city's population and the number of tourists.

Kien Giang Vice Chairman Nguyen Luu Trung said the province hoped the ideas and proposals of experts and enterprises at the seminar would help it

come up with a plan to develop Phu Quoc and propose special policies to ensure the significant growth of the city, including the development of real estate, in association with the tourism sector, to turn

Phu Quoc into a key economic center in the southern region and the whole country and a high-quality tourism center of international standards.

7. Shrimp exporters bring home US\$3.85 billion in 2020

Due to the low price of domestic raw shrimp as of late October, however, breeders were not keen on continuing to breed them, resulting in a shortage in the early days of this year.

Shrimp prices will continue to rise if the market remains the same, according to General Director of the Viet Nam Clean Seafood Corporation Vo Van Phuc.

Analysts say 2021 will be favourable for shrimp exports and processing thanks to more orders coming from abroad.

Exporters have suggested adopting a flexible approach to markets and diversifying products.

Enterprises have been advised to focus on meeting market demand amid the pandemic.

Secretary General of the Viet Nam Association of Seafood Exporters and Producers (VASEP) Truong Dinh Hoe said the EU-Viet Nam Free Trade Agreement (EVFTA), which took effect last August, has opened up opportunities for shrimp exporters

He proposed improving quality to persuade customers to pay higher prices.

Scarce supply would offer an advantage to shrimp exporters and processors, he said, adding that if they failed to assess the global situation and flexibly adjust production, they would face difficulties in finding opportunities this year.

Corporate News

8. PDR: Resolution on the EGM 2021

↑ 0.00%

Phat Dat Real Estate Development Corp announces the Resolution of Extraordinary General Meeting 2021 dated January 08, 2021 with the following contents:

1) Approving the plan to pay second stock dividend for 2020 to existing shareholders:

- Stock name: Phat Dat Real Estate Development Corp

- Stock code: PDR

- Stock type: common share

- Par value: VND 10,000/share

- Number of shares issued: 396,169,897 shares

- Number of outstanding shares: 396,169,897 shares

- Number of treasury shares: 0 share

- Number of shares expected to be issued: 39,616,989 shares

- Total value (based on par value): 396,169,890,000 dongs

- Exercise ratio: 10% (shareholder who owns 10 shares will receive 01 new share)

- Expected execution time: Quarter 1/2021

- How to deal with fractional shares: The number of newly issued shares bought by each existing shareholder will be rounded down, the fractional shares will be cancelled.

- The new shares are freely transferable.

2) Approving to raise its charter capital with the additional issuance.

3) Approving to amend its charter.

4) Approving to register to deposit at the Vietnam Securities Depository (VSD) and list on the Hochiminh Stock Exchange (HOSE) for new shares.

9. RDP: Increasing charter capital

↑ 1.65%

The Board resolution dated January 07, 2021, the BOD of Rang Dong Holding Joint Stock Company approved to raise its charter capital from VND

373,367,160,000 to VND 410,699,210,000. Accordingly, the Company will change its charter with new charter capital.

Research Team:**Tsugami Shoji**

Researcher

jsi@japan-sec.vn**Disclaimer:**

Copyright 2015 Japan Securities Incorporated (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.

Japan Securities Incorporated – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn