



VIETNAM DAILY NEWS

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Market Analysis

1. Stocks drop sharply after a bull run

After an extended period when stocks grew steadily, the local stock market plunged drastically today, January 19, seeing numerous stocks plunge into the red.

The benchmark VN-Index of the Hochiminh Stock Exchange lost 60.94 points, or 5.11%, against the session earlier to close the day at 1,131 points. The number of declining stocks was nearly 10 times higher than that of gainers, with 437 decliners, including 112 stocks dropping to the floor prices, and only 44 gainers.

There were 986.1 million shares worth nearly VND20.4 trillion changing hands, rising 32% in volume and 19% in value compared with the previous session. Over 63 million shares worth some VND2.4 trillion were transacted in block deals.

In the VN30 basket, retailer VRE fell slightly, closing the day down 0.13% to VND37,300. Refrigeration electric engineering corporation REE and real estate developer NVL fell 2% to VND52,800 and 2.4% to VND70,000, respectively. Others like VJC, SAB, SBT, VCB, VHM, MSN and VNM lost 3-5% while MWG, KDH, PLX, PNJ, EIB, GAS, TCB, FPT and HPG shed 5-6.7%.

Similarly, most speculative stocks fell sharply or dropped to the floor prices such as HQC, DLG, ITA, HAG, HNG, HCM, AMD, VND, ROS and HAI.

ROS led the southern market by liquidity with more than 90.8 million shares changing hands.

Among a few stocks that gained ground, railway corporation VRC was the biggest gainer, soaring 5.3% to VND11,000. Both mining consultancy service provider TNT and securities company TVB increased 3.8%, closing at VND2,750 and VND15,000, respectively.

The HNX-Index of the Hanoi Stock Exchange lost 2.81%, or 6.48 points, to end at 224.02 points, with losing stocks far outnumbering winners by 175 to 48. There were more than 162.6 million shares worth nearly VND2.44 trillion changing hands on the northern bourse.

Many large-cap stocks such as insurer PVI, petroleum stocks PVS and PVC, electric device producer MBG, lender NVB and industrial development corporation IDC dropped to the floor prices.

The worst performers also included lender SHB, gas firm PLC and stone processor VCS, falling 9.1% to VND16,900, 9.2% to VND27,700 and 4.4% to VND86,000, respectively.

In contrast, stainless steel firm KVC, investment and development company FID, property firm PVL and investment group VIG shot up to the ceiling prices, while investment company THD surged 5.5% to VND145,000.

Lender SHB took the lead in terms of liquidity on the northern bourse, with more than 53.1 million shares traded, followed by property firm HUT with 27.7 million shares.

Macro & Policies

2. New supply of condominiums down sharply in Ha Noi: CBRE Vietnam

In 2020, there were approximately 18,000 units launched in Ha Noi leading to totally new launches falling 52 per cent year-on-year. This was the lowest volume of annual new supply since 2015 when the market recovered, according to a CBRE report released on January 7.

Notably, new launch supply bounced back in Q4 after a relatively quiet first nine months of 2020 with more than 7,200 units, similar to pre-COVID-19 quarterly launch levels.

In terms of location, the new supply from the east surpassed other clusters for the first time making up 44 per cent of 2020's total new launches. The supply from this cluster mostly came from mega townships such as Vinhomes Ocean Park and EcoPark.

There were 18,500 units sold during 2020, exceeding the new launch. Local end-users were a major source of demand as suspended international flights disrupted sales to foreign buyers.

Selling prices in the primary market in Q4 averaged US\$1,412 per sq.m, up by 3 per cent year-on-year. The first high-end projects were introduced in locations such as Gia Lam and Long Bien districts in 2020, setting new pricing levels for the east.

In addition, the latest projects launched in townships across Ha Noi also sought higher pricing levels than previously launched projects in the same communities relying, on the completion of amenities and better connectivity.

In a year of disrupted activities due to local lockdowns and suspended travel, technology came into play to assist with sales and investment decision making.

“Local developers have looked into ways to embrace technology to streamline the sales process. This has come in even more relevant in the pandemic era, as the technology could help minimise disruption and risks,” said Nguyen Hoai An, director of Ha Noi Branch, CBRE Vietnam.

“In upcoming years, proptech, big data and technology will play critical parts in analysing and understanding the buyers, helping developers to capture the demand and seize new opportunities, as much as disrupting and challenging any outdated approach to market products.”

Retail, office markets

The report also said in 2020, the retail sector was one of the sectors most affected by the COVID-19 pandemic. Viet Nam's total sales and service consumption in the 2020 only grew by 2.6 per cent, much lower than the increase of 11.8 per cent in 2019.

Retail real estate also witnessed some significant impacts during the year of the outbreak. In Ha Noi, retail space saw vacancy rates increase in both central business district (CBD) and non-CBD area. In CBD, the vacancy rate increased by 12.9 percentage points year-on-year, reaching 14.3 per cent, the highest level since 2011.

At the same time, the vacancy rate in the non-CBD area increased by 3.3 percentage points year-on-year, to 12.3 per cent. As most tenants experienced challenges during this tough time, many tenants in fashion and F&B had to close.

However, with efforts to control the pandemic throughout the year, the retail market in Viet Nam regained its momentum, through the openings of two retail projects in Q4, namely the International Centre (renovated) and Vincom Mega Mall Ocean Park, adding 41,000 sq.m to Ha Noi's retail supply.

As a result, by the end of 2020, Ha Noi retail supply volume reached about 1 million sq.m, up 4 per cent compared to 2019. Still, the growth rate is lower than the rate of two recent years as some projects were not launched due to COVID-19.

Meanwhile, new supply in the Ha Noi office market in 2020 recorded a total of 126,000 sq.m, the highest since 2014. Total office space of both grades in Ha Noi surpassed 1.5 million sq.m, with more than a third of the total supply from Grade A projects.

Viet Nam's economy was heavily impacted by the COVID-19 pandemic. As a result, some tenants contracted their office space during the year. Even though the market performance improved in Q4, the total net absorption of the Ha Noi office market in 2020 was down around 9,000 sq.m.

Due to the contraction trend and large supply in 2020, vacancy rates of Grade A office in Ha Noi surged to 23.2 per cent, down by 1.1 percentage points quarter-on-quarter and up by 15.7 percentage points year-on-year.

3. Vietnam Top Coffee Shipper Intimex Plans to Offer 49% Stake

The former state-backed company, which is now owned by domestic investors, will issue new shares for the stake sale, according to Nam, who is also chief executive officer. Talks with foreign investors are expected to begin after the instant coffee factory in Binh Duong province, which borders Ho Chi Minh City, reaches its current designed capacity of 4,000 tons a year this quarter, he said.

Intimex eventually plans to list shares on one of Vietnam's stock exchanges, said Nam, who declined to provide further details, including the anticipated value of the stake sale. The company aims to surpass Nestle SA as Vietnam's biggest instant coffee supplier with a plan to boost the annual capacity of its Binh Duong plant to 20,000 tons by 2025.

"Several foreign investors have been interested in our stake," Nam said in an interview in Ho Chi Minh City. "There's been no other company in the world that exports as much coffee beans as we do."

Intimex exported 400,000 tons of robusta beans last year to companies including Nestle, Neumann Kaffee Gruppe and Jacobs Douwe Egberts BV. While that's a 20% drop from the previous year due to the global pandemic, it's still more than the 300,000 tons of green beans shipped by Cooxupe, Brazil's top producer and exporter of arabica coffee.

Export Outlook

Vietnam is the world's largest producer of robusta beans, used primarily for instant coffee. The country exported 1.57 million tons of coffee last year, according to the customs department. The nation's 2021 shipments are forecast at "no more than 1.5 million tons" due to lower output, said Nam, who is also the vice chairman of the Vietnam Coffee-Cocoa Association.

Intimex currently has nearly 35 million shares with 47% held by institutional investors, according to a report prepared for a shareholders' meeting last May. Do Thanh Motor Joint Stock Co. and Hanoi-based Vietnam Intimex Joint Stock Co. own more than a combined 30% stake in the company, said the chairman, whose family has a stake of about 20% in the company. He declined to say who owns the remaining shares.

The company, which also exports rice, cashews and black pepper, reported 2019 shipments of almost \$1 billion, the report said. Nam sees the company's 2021 total revenue at 40 trillion dong (\$1.7 billion), similar to last year.

State-run Simexco Daklak, Vietnam's second-largest coffee exporter, said in 2019 it was planning to sell a majority stake. Vietnam National Coffee Corp., the nation's largest state-owned robusta producer, has also said it plans a share sale.

4. Two wind power plants to be built in Tien Giang province

The People's Committee of the Mekong Delta province of Tien Giang on January 18 granted investment approval decisions to two wind power projects.

They are Tan Phu Dong 1 and Tan Phu Dong 2 wind power plants in Tan Phu Dong and Go Cong Dong districts.

Invested by Thanh Thanh Cong (TTC) Group, the 100-MW Tan Phu Dong 1 covering about 22 ha, will be built with a total investment of 4.46 trillion VND

(193.88 million USD). It is projected to generate about 307.6 million kWh of electricity per year.

Meanwhile, the second 50MW plant spans 10.25 ha and will be built at a cost of 2.24 trillion VND, producing 153.8 million kWh of power per year.

Construction of the two plants is expected to begin later this month and they will come into operation by October 2021. The projects will run for 50 years.

Vice Chairman of the provincial People's Committee Tran Van Dung pledged that the provincial authorities will create optimal conditions for businesses investing in the province.

For his part, TTC Group Chairman Dang Van Thanh vowed that the projects will be carried out on schedule.

5. Vietnamese car tyre exporters cleared in dumping determination

The MoIT said the US' conclusion on dumping and subsidies for car tyres from Viet Nam and some other economies, which was released on December 30, declared tyre exporters of Viet Nam were free from anti-dumping measures, while other countries and territories were alleged to have dumped in the market and face tariffs of 14.24 per cent to 38.07 per cent for South Korea; 52.42 per cent to 98.44 per cent for Taiwan (China) and from 13.25 per cent to 22.21 per cent for Thailand.

With the results, large Vietnamese exporters such as Sailun, Kenda, Bridgestone, Kumho and Yokohama are all considered free of anti-dumping duties, while other local tyres were subject to the national tax rate of 22.3 per cent.

MoIT said: "It is a very positive result for Viet Nam's tyre manufacturing and exporting enterprises because the US is the largest and most important market for the tyre industry as turnover of non-dumping enterprises accounted for 95.5 per cent of the total export turnover of car tyres to the United States in 2019."

According to data from US customs, the turnover reached US\$470 million in 2019.

The ministry said the DOC's determination created favourable conditions for Viet Nam to continue to export to the US, especially when domestic production was facing strong competition from China and Thailand.

In addition, the results also brought significant benefits to the local rubber industry and rubber farmers when a large amount of rubber exploited in Viet Nam is used to make tyres.

In the earlier conclusion, Vietnamese companies were considered to receive subsidies at a rate of between 6.23 per cent and 10.08 per cent, pushing the total preliminary tax rate with both dumping and subsidies to between 6.23 per cent and 29.04 per cent.

Tyre products of South Korea, Taiwan (China) and Thailand were set at a devaluation level of between 13.25 per cent and 98.44 per cent and they must deposit the corresponding amount when exporting their tyres to the US, said the MoIT, adding: "It is a significant competitive advantage for Vietnamese products in the US market."

According to the ministry, they have worked closely with local exporters, recommending them to cooperate as much as possible to participate in the questions from the US from the time DOC was preparing to investigate the case last June.

It said the active participation of businesses plays an important role in responding to cases, adding: "Enterprises enjoying low anti-dumping tax in the preliminary conclusion were those which actively responded and coordinated with DOC in providing information."

Although the above results were positive, MoIT considered it a preliminary stage, mentioning the continued close cooperation with the DOC would be a condition to keep this result in the final conclusion.

The ministry would continue to coordinate with relevant agencies and businesses to continue responding to the incident to ensure positive results to support the tyre manufacturing enterprises and exporters of Viet Nam.

For the content of the subsidy investigation, MoIT would coordinate with the State Bank of Vietnam (SBV), related cities and provinces and lawyers to continue to struggle against unfavourable conclusions at the preliminary stage of the incident.

Regarding monetary content, in a recent report by the United States Trade Representative (USTR) on the issue of undervalued currency in the framework of an investigation under Article 301 of the Commercial Act, the USTR did not mention or

recommend the US Government to impose tariffs or use sanctions on Vietnam's exported goods.

MoIT considered it a very positive result, reflecting a long-term and comprehensive struggle, demonstrating the active role of agencies in charge and focal points for handling such as MoIT, SBV, other ministries and related sectors and localities.

It is expected that the DOC will issue a final conclusion of the case on May 14.

6. Vietravel Airlines to offer 50,000 tickets at zero dong starting today

According to Vietnam's sixth carrier, it will offer 50,000 zero-dong tickets from January 19 to 25 or until the tickets are sold out.

Passengers can book tickets on its website www.vietravelairlines.com for commercial flights operated on the HCMC-Hanoi/Phu Quoc/Danang/Nha Trang and Hanoi-Phu Quoc/Danang/Hue routes.

Vu Duc Bien, general director of Vietravel Airlines, said that its first commercial flights are scheduled to take off on January 25.

The carrier is set to operate 1-2 daily flight(s) on each route and will increase the flight frequency as well as expand its flight network, especially during the upcoming Lunar New Year or Tet.

Aside from launching zero-dong tickets, the carrier is also offering various special deals. For instance, its first customers will receive vouchers and those traveling in groups can get a partial refund.

Chairman of Vietravel Airlines told the Saigon Times that the carrier has not announced its detailed ticket prices for commercial flights. Its airfare will be lower than that offered by national flag carrier Vietnam Airlines, but will be higher than that of local low-cost carrier Vietjet Air on some routes.

Vietravel Airlines is the first leisure airline in Vietnam. Its fleet comprises two aircraft, with a third one expected to arrive on January 21.

7. Dong Nai plans \$294 mln to build more roads connecting to Long Thanh Airport

They will connect it with the province's Dinh Quan, Thong Nhat, Vinh Cuu, and Trang Bom districts.

The airport, construction of whose first phase began earlier this month, is expected to become the country's largest.

The 53-kilometer Road 770B will be built between Dinh Quan and Long Thanh districts at a cost of VND2.6 trillion.

Besides improving the airport's connectivity, the highway will also enable transport of goods from industrial parks to Cai Mep – Thi Vai Port.

Dong Nai has many industrial parks and is becoming a major industrial hub as foreign companies continue to shift their production to Vietnam.

It ranked seventh nationwide in the value of foreign direct investment last year with over \$928 million, according to the Ministry of Planning and Investment.

Road 773, to run more than 51 km and costing VND1.7 trillion, will connect Xuan Loc and Cam My districts with the airport.

It will run parallel to National Highway 1.

The 11-km Belt Road 4 from National Highway 1 in Trang Bom District to Road 769 through Long Thanh District will be built with four lanes at a cost of over VND500 billion. It will go past the western entrance of the airport and ease the heavy traffic burden on Highway 51.

Road 769E, two kilometers long, will cost VND72 billion and share the heavy traffic expected at the airport's northern gate.

Province authorities are also considering construction of the 47-kilometer Road 772 from Trang Bom District to Long Khanh and Xuan Loc districts. The four-lane road will cost VND1.92 trillion.

The province Department of Transport said the cost of the construction of the roads would be borne by the national and provincial governments.

Work on the airport, 40 kilometers east of HCMC, began on January 5.

To be built in three phases, it is expected to be completed by 2040. By then, it will have four runways, four passenger terminals and other facilities to handle 100 million passengers and five million tons of cargo a year.

When it is complete, Tan Son Nhat airport in HCMC will mostly handle domestic flights.

Corporate News

8. VNM: Vinamilk exports plant-based and condensed milk to China

↓ -4.94%

Vinamilk said it exported ten containers of plant-based milk to China in the early days of 2021 and five more containers of condensed milk will soon depart for the world's largest market.

It is believed to be a good start for Vietnam's largest dairy producer this year.

Ten containers of high-quality plant-based milk – almond-flavoured soymilk and red bean-flavoured soymilk – have arrived in China and been available at local convenience stores while the State-owned corporation is ramping up production to deliver five containers of condensed milk before the Lunar New Year Festival.

In April last year, Vinamilk dispatched to China its first shipment of Ong Tho (Longevity) Brand Sweetened Condensed Milk, which has been well-received in the neighbouring country.

Last week, the Ministry of Industry and Trade announced that Truong Tho Dairy Factory, a member of Vinamilk, was granted with codes for exporting to China sterilized milk, modified milk, sweetened condensed milk and other condensed milk products. It is the third factories of the firm licensed to do so to date.

Vinamilk shipped plant-based milk products to China for the first time in late 2020, said the company's International Business Director Vo Trung Hieu. Thanks to positive feedback from Chinese consumers, the Vietnamese dairy producer has received more orders from China in early this year, he added.

China is a big, promising but very competitive market, so Vinamilk must be mindful in every step that it takes to gain a foothold in this market, Hieu noted.

Last year, Vinamilk exported more than 240 million USD worth of products, up over 8 percent from 2019. Its products have been available in 56 countries and territories so far.

China is the biggest milk importer in the world. In 2019, the country imported 39.43 million tonnes of milk and milk products. Of which, imported fresh milk was about 750,000 tonnes and milk powder was 650,000 tonnes.

The United Nations Food and Agriculture Organisation predicted that the demand for milk and milk products of this market would increase around 45 percent by 2025.

9. SAB: CEO says Sabeco affected by rumors of being sold to Chinese investor

↓ -3.69%

At a press briefing in HCMC on January 18, Neo affirmed that Sabeco, which is a Vietnamese firm with a Vietnamese brand and has more than 99% of its employees being Vietnamese, had to adjust many activities, suspend unnecessary expenditures and focus on take-away services in 2020.

The firm also worked out more innovative and creative business activities to improve its competitiveness.

The salaries of its employees were ensured. However, the allowances were lower than they were in the previous years. In 2020, Sabeco prioritized ensuring employment for laborers, so no one lost their jobs.

At the press conference, Sabeco transferred more than VND4.2 billion to the Vietnam General Federation of Labor so that the federation could give it to 4,200 workers who have been severely hit by the pandemic in 32 localities across the country.

Earlier, Sabeco had supported the central provinces of Quang Binh and Quang Tri with VND1 billion during the historic flooding season.

The total VND5.2 billion was donated by enterprises and individuals in the "Rise with Vietnam" relay race held by Sabeco on the occasion of its 145th anniversary.

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