



VIETNAM DAILY NEWS

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Market Analysis

1. Shares start new year on a positive note

Vietnamese markets started the first session of this year on a positive note, with the three major indices notching solid yearly gains despite an economy ravaged by COVID-19 as investors looked to a post-pandemic world.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 1.5 per cent to end Monday session at 1,120.47 points.

By the end of 2020, the VN-Index had increased by 142.88 points, equivalent to 14.87 per cent compared to the end of 2019. The minor HNX-Index had gained 98.1 per cent, UPCoM-Index 31.6 per cent.

On Monday, more than 764 million shares were traded on the southern bourse, worth VND16.2 trillion (US\$703 million).

Market breadth was positive with 380 gainers and 75 decliners.

The large-cap tracker VN30-Index was up 1.97 per cent to 1,091.87 points.

Twenty-six of the 30 large-cap stocks in the VN30 basket increased while two declined.

“The VN-Index increased gradually from the beginning of the morning session to the end of the afternoon session and closed the first session of 2021 at around 1,120,” said BIDV Securities Co.

“Foreign investors turned to be net sellers on both HoSE and HNX. In addition, market breadth was in a positive status and liquidity increased compared to the previous session.

“According to our assessment, VN-Index will aim to reach 1,130 in the next few sessions,” the company said.

On the Ha Noi Stock Exchange, the HNX-Index climbed 1.56 per cent to end Monday at 206.28 points.

Nearly 119 million shares were traded on the northern market, worth VND1.7 trillion.

First session of the year

“The Viet Nam stock market is anticipated to develop in both scale and quality of operation this year, affirming its role as an effective capital mobilising channel for the local economy,” said Minister of Finance Dinh Tien Dung.

Dung made the statement during a gong-beating ceremony, held by the State Securities Commission and the Ha Noi Stock Exchange on January 4, to mark the opening of the first trading session of 2021.

During the ceremony, the minister said that 2021 can be considered an important year for national politics due to the organisation of the upcoming 13th National Party Congress expected to provide a solid foundation for the local economy and the stock market this year.

The amendment of the Investment Law and Enterprise Law, especially the official enforcement of the Law on Securities, is anticipated to create a new legal foundation to enhance competitiveness, improve transparency, and the operational efficiency of stakeholders towards the sustainable development of the Vietnamese stock market.

With regard to key objectives ahead throughout the year, Minister Dung requested that the State Securities Commission and relevant units continue to fine-tune the legal system for the securities market, speed up the restructuring of the securities and insurance markets, whilst also accelerating the equitisation process of State-owned enterprises.

This should be done alongside increasing market size and liquidity, and introducing new products in transactions over the course of 2021, he said.

Macro & Policies

2. Vietnam makes progress in fight against IUU fishing

The European Commission (EC) has made positive assessment of Vietnam's fight against illegal, unreported and unregulated (IUU) fishing following two inspections in the past over three years since EC imposed a “yellow card” on Vietnam's export of aquatic products to Europe.

Vietnam has continued to intensify its supervision of fishing activities towards having the yellow card removed.

In the first nine months of last year, the Ministry of Agriculture and Rural Development (MARD) assigned the task of updating and using the Vnfishbase software to 28 coastal cities and provinces, said the Directorate of Fisheries.

The Directorate of Fisheries also established a team to conduct surprise inspections of the management of fishing vessels and fishing activities as well as the update of data on the software in several localities.

It was found that there had been cases when fishing vessels were cut off from the monitoring system. Localities attributed the problem to connection cut

due to delays in paying satellite fees, technical errors and unknown causes.

Director of the Ca Mau provincial Department of Information and Communications Tran Quoc Chinh said the number of local fishing vessels committing illegal fishing in foreign waters has reduced year after year thanks to the intensified inspection and communication activities.

Vice President of the Vietnam Association of Seafood Exporters and Producers Nguyen Thi Thu Sac said since the “yellow card” was imposed on Vietnam's aquatic products, export to the European market has dropped by 30 percent.

The Government has taken legal measures against vessels that violate the Law on Fisheries 2017, with some even facing a fine of up to 2 billion VND (86,000 USD).

Sac said the EU is a very important market for Vietnam, and stressed that businesses and fishermen must join hands with the Government to have the yellow card removed.

3. Retail market size to hit \$350 bln by 2025

The revenues reached VND5,060 trillion (\$219.6 billion) in 2020 and is set to record a growth rate of 9-9.5 percent in the 2021-2025 period, analysts with stock brokerage VNDirect say in a report, citing projected growth figures from the Ministry of Industry and Trade.

Vietnam's nationwide social distancing period in 2020 lasted only 22 days, considerably shorter than other countries, and this has reduced pressure on domestic consumption growth, the report says.

Consumer confidence in the country fell just 5 percent year-on-year in the second quarter, compared to the 26 percent drop in Singapore and 19 percent in Indonesia, according to market research company Nielsen.

With Vietnam able to contain two major Covid-19 outbreaks, the retail sector is set to see a jump in growth next year as consumer confidence rises and a vaccine becomes available, the report said.

VNDirect forecasts a 8.5-9 percent growth in revenues from the retail and services sector in 2021, compared to 2.6 percent in 2020.

The report says this growth will be achieved by several factors, one of them the expansion of major retailers such as electronics seller Mobile World and jewelry company Phu Nhuan Jewelry.

Mobile World increased its share of electronics consumption from 39 percent to 42 percent in the first six months of 2020.

Phu Nhuan Jewelry has expanded its market share from 23 percent in the first quarter of 2020 to nearly 36 percent by the third quarter.

Another growth driver for the sector will be the expansion of foreign retail chains. Japan's Muji in 2020 opened its first outlet in Vietnam, also its largest in the Southeast Asia.

Another Japanese company, medical and cosmetic chain Matsumoto Kiyoshi, also opened its first store

in HCMC, while fashion brand Uniqlo opened new outlets in Hanoi and HCMC.

Commercial rents in Hanoi and HCMC are still among the lowest in ASEAN cities, and this means that when the Covid-19 pandemic is contained, revenues and profits of retail real estate companies will soon recover to pre-pandemic levels and achieve strong growth afterward, the report says.

4. Vietnam manufacturing activity returns to growth in December

The Vietnam Manufacturing Purchasing Managers' Index™ (PMI) rose to 51.7 in December, up from 49.9 in November, signaling a modest improvement in business conditions in the Vietnamese manufacturing sector, the third in the past four months, according to Nikkei and IHS Markit.

A reading below the 50 neutral mark indicates no change from the previous month, while a reading below 50 indicates contractions and above 50 points to an expansion.

Data signaled a return to growth of manufacturing output as production volumes recovered from the storm-related disruption in the previous month. New order growth was central to the expansion in production.

"PMI data showed that the Vietnamese manufacturing sector ended 2020 on a positive note, as the temporary blip from storm disruption in November gave way to growth in output, new orders and employment in December," said Andrew Harker, associate director at IHS Markit, which compiles the survey.

"The average PMI reading over the fourth quarter was the highest of the year, suggesting building momentum heading into 2021. Firms are confident looking ahead to the coming year, with hopes that export demand in particular will recover should the Covid-19 pandemic be brought under control worldwide," he noted.

New business increased for the fourth successive month, and at a solid pace that was faster than that seen in November. Improving customer demand

was reported by panelists. Demand also strengthened in international markets. New export orders increased for the first time in three months.

Higher new orders fed through to increased production requirements, thereby encouraging firms to expand their staffing levels. December saw employment rise modestly for the second time in three months.

Rising production and expanded workforce numbers meant that firms were able to reduce backlogs of work, and to the greatest extent since August.

In line with the picture for output and employment, purchasing activity returned to growth in December.

Manufacturers stay positive

However, difficulties securing inputs and rising costs were a feature of the latest survey.

"The main issue hampering growth at present appears to be severe supply-chain disruption, often linked to the pandemic. Firms are finding it hard to source materials, particularly those from abroad. In turn, prices are rising sharply, with input costs up to the greatest extent in two and-a-half years," stated Mr. Harker.

Supply shortages, disruption caused by the Covid-19 pandemic and particular issues importing materials meant that suppliers' delivery times lengthened markedly. In fact, lead times increased to the

greatest extent since the height of the pandemic in April.

These challenges in securing raw materials contributed to a sharp increase in input prices. Moreover, the rate of input cost inflation quickened for the fourth successive month and was the fastest for two-and-a-half years.

Output prices also rose at a faster pace in December, albeit one that was still much weaker than seen for input costs. The increase in charges was the steepest since July 2018.

Despite difficulties sourcing materials, Vietnamese manufacturers were able to achieve a marginal increase in stocks of purchases. On the other hand, stocks of finished goods declined as firms used inventories to help fulfil new orders.

Manufacturers remained confident that output would increase over the coming year, with respondents expecting less disruption from the Covid-19 pandemic. Reports suggested that this would be especially true for export demand, which was severely impacted during 2020.

5. Construction of Long Thanh airport to begin on January 5

The Airports Corporation of Vietnam (ACV) plans to start work on the first detail of the Long Thanh International Airport project in the southern province of Dong Nai on January 5.

Specifically, the ACV, the investor of the third component project of Long Thanh airport's first stage, will begin the construction of the project with bomb and mine clearance in Long Thanh district.

The corporation said earlier that it would invest nearly 100 trillion VND (4.3 billion USD) in the third component project.

Of the total capital, more than 36.1 trillion VND will be sourced from ACV and the remainder from loans and other legitimate sources.

The airport will be built in three phases over three decades, and is expected to become the country's largest airport.

In the first phase, one runway with a length of 4,000m, taxiways, an apron, and a passenger

terminal with other auxiliary works sprawling 373,000 sq.m will be built to serve 25 million passengers and 1.2 million tonnes of cargo each year.

The airport is expected to have four runways, four passenger terminals, and other auxiliary works to ensure a capacity of 100 million passengers and 5 million tonnes of cargo a year by 2040.

Covering a total area of more than 5,580ha, the airport will straddle six communes in Long Thanh district. It is expected to cost 336.63 trillion VND, with the first phase needing over 109 trillion VND.

Around 4,800 households and 26 organisations are expected to be relocated to make way for it.

Located 40km to the east of Ho Chi Minh City, the Long Thanh airport is expected to relieve overloading at Tan Son Nhat international airport in the city, now the country's largest airport.

6. Thu Duc City officially established

This is the first time that a city is established inside a city. Thu Duc city, after its establishment, has an area of more than 211 square kilometres and more than a million people on the combined area of districts 2, 9, and Thu Duc. The city borders districts

1, 4, 7, 12, Binh Thanh, as well as Binh Duong province and Dong Nai province.

The resolution takes effect from January 1, 2021, after 60 days, agencies and organisations in the new

city must complete the restructuring of their organisations to ensure stability for locals.

Deputy Chairman Luu said that the establishment of Thu Duc City is not only a particularly important event for the people of three districts but also a milestone for the development of Ho Chi Minh City in general.

This embellishment also received the attention of the whole country because it is the first time when a city is established inside a city.

“Ho Chi Minh City must focus on building and submitting the construction planning of Thu Duc city towards a smart and creative city that will become the driving force of economic development for the whole of Ho Chi Minh City,” Luu said.

Besides, he added that the city should soon submit for approval specific policies and mechanisms for Thu Duc city and speed up investment in infrastructure development while attracting skilled quality workers to improve people's living standards.

Ho Chi Minh City People's Committee Chairman Nguyen Thanh Phong said that the establishment of Thu Duc city will help minimise local authorities and promote resources for the local socioeconomic development.

“Thu Duc city is not only a driving force for economic development but also a motivation to improve people's lives. It is expected to contribute 30 per cent of the GRDP of Ho Chi Minh City and 7 per cent of the national GDP,” Phong said.

7. Phu Quoc real estate market forecast to grow, driven by upgrade into first island city

According to Nguyen Manh Ha, Deputy President of the Viet Nam Real Estate Association, the upgrade into an island city would create a new push for the real estate market of Phu Quoc, especially as the island was among top tourist destinations in recent years.

Ha cited statistics that Phu Quoc welcomed more than five million tourist arrivals in 2019, a 27 per cent increase over 2018. In 2020 when the COVID-19 pandemic heavily affected the tourism industry, the island also saw significant increase of around 50 per cent in tourist arrivals in November and December when domestic travel resumed as the pandemic was brought under control.

It was estimated that Phu Quoc received more than three million tourist arrivals in 2020.

Ha pointed out that the favourable weather conditions and beautiful scenery made Phu Quoc an attractive destination for investment in tourism property.

Another important factor was Phu Quoc's developed infrastructure system which made travelling to the island easier and more convenient.

“Tourism property is the most attractive segment in Phu Quoc which is oriented to become a tourism city,” Ha said.

Ha predicted that the Phu Quoc real estate market would see significant increases in prices.

Economic expert Dinh Trong Thinh said that since the penetration of large developers into Phu Quoc with heavy investment in infrastructure like airport and roads, Phu Quoc was changing rapidly and becoming a tourism hub.

The developed infrastructure system also created a launching pad for the island to make breakthroughs, Thinh said.

The inland road system had very good connectivity while there were a high-speed ships from Rach Gia City and Ha Tien Town to Phu Quoc and flights from Ha Noi, HCM City, Can Tho and Vinh to the island.

According to Nguyen Van Dinh, General Secretary of the Viet Nam Association of Realtors, the developed infrastructure system coupled with a favourable administrative mechanism means the real estate market in Phu Quoc would develop rapidly.

The current land prices in the island's centre ranged from VND100 – 400 million per sq.m. In other areas, the prices fluctuated around VND20-50 million per sq.m.

Dinh said that there was still large room for land price increases.

He stressed that this wouldn't be a market bubble but would be increases in real land value because the potential was real.

According to Pham Thanh Hung, deputy president of the Viet Nam Real Estate Club, it is necessary for Phu Quoc to have innovations to develop property products of high quality, meeting international standards and setting new living standards.

Former Deputy Minister of Natural Resources and Environment Dang Hung Vo said that Phu Quoc was in an investment process.

Vo believed that the land prices in the island could be two to three times higher in the next ten years.

Still, experts said that investors should pay attention to the legality of property projects and products before making investment decisions.

The potential of the Phu Quoc real estate market was in over the long term, Vo stressed.

Recently, Phu Quoc People's Council approved the medium-term public investment plan in the 2021 - 2025 period. Accordingly, more than VND17 trillion would be raised for the State budget and land auctions to invest in the transport infrastructure system.

In 2020, Kien Giang Province attracted a total of 23 projects with a total investment of nearly VND20.5 trillion, 20 of which came to Phu Quoc.

Corporate News

8. DCM: Business plan for 2021

↑ 0.71%

On December 30, 2020, PetroVietnam Ca Mau Fertilizer Joint Stock Company announces the business plan for 2021 as follows:

1) Product:

Output: 1,014.91 thousand tons

Business output: 1,137.88 thousand tons

2) Consolidated financial statement:

- Total revenue: 7,838.89 billion dong;

- Profit before tax: 210.04 billion dong;

- Profit after tax: 197.38 billion dong;

- To pay the state budget: 56.91 billion dong.

- Dividend: 5%

3) Separate financial statement:

- Total revenue: 7,745.11 billion dong;

- Profit before tax: 208.44 billion dong;

- Profit after tax: 196.50 billion dong;

- To pay the state budget: 51.33 billion dong.

4) Investment plan: 115.06 billion dong.

9. DBC: BOD resolution dated December 31, 2020

↑ 3.17%

The Board resolution dated December 31, 2020, the BOD of DABACO Group approved the following issues:

1) Approving the business plan in 2021:

- Total revenue: 15,439,385,031,400 dong

- Profit before tax: 928,866,644,000 dong

- Profit after tax: 827,155,455,000 dong.

2) Approving the borrowing at banks, credit institutions, finance leasing companies for business and production activities in 2021.

3) Approving the transaction between DABACO Group and related parties.

4) Approving the establishment of subsidiary in Hap Linh Industrial Cluster, Bac Ninh city with the charter capital to VND 50,000,000,000 owned by DABACO Group.

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