



VIETNAM DAILY NEWS

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Market Analysis

1. Shares rise on the back of financial stocks

Vietnamese shares rose on Tuesday, with financial and banking shares leading the gains and pushing the VN-Index up to more than 1,130 points.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 1.08 per cent to end Monday's session at 1,132.55 points.

More than 763.4 million shares were traded on the southern bourse, worth VND16.2 trillion (US\$703 million).

Market breadth was positive with 277 gainers and 166 decliners.

The large-cap tracker VN30-Index was up 1.14 per cent to 1,104.30 points.

Nineteen of the 30 large-cap stocks in the VN30 basket increased while nine declined.

“Although the VN-Index was in down trend for the first few minutes, it quickly rebounded and surpassed 1,130 points,” said BIDV Securities Co.

“Meanwhile, foreign investors returned to be net buyers on the HoSE but still net sold on the HNX. Besides, market breadth was in a positive status and the liquidity was not much different from the previous session.

“According to our assessment, the VN-Index will fluctuate in the 1,130-1,135 area when this is the short term resistance level of the index,” the company said.

Foreign investors net bought VND517.8 billion on HOSE, including Vincom Retail (VRE) with

VND167.5 billion, Vinhomes (VHM) with VND79 billion and Military Bank (MBB) with VND73.9 billion. Foreigners were net sellers on the HNX with a value of VND6.76 billion.

A number of blue-chip stocks attracted cash flow such as steelmaker Hoa Phat Group (HPG), Masan Group (MSN), Vingroup (VIC), Vinamilk (VNM), Vietnam National Petroleum Group (PLX), Vincom Retail (VRE), FPT Corporation (FPT), Vinhomes (VHM) and Mobile World Group (MWG).

The banking group also rallied with Vietcombank (VCB), Military Bank (MBB), VPBank (PVB), Sacombank (STB) and Techcombank (TCB) all gaining.

Twenty of 25 sector indices on the stock market gained ground, including food and beverage, retail, wholesale, real estate, IT, energy, healthcare, construction materials, banking, securities, agriculture and construction.

They all gained between 0.3 and 3.6 per cent.

On the opposite side, losers were rubber production, insurance, logistics and seafood processing.

On the Ha Noi Stock Exchange, the HNX-Index climbed 0.9 per cent to end Tuesday at 208.13 points.

It had climbed 1.56 per cent to end Monday at 206.28 points.

Nearly 169 million shares were traded on the northern market, worth VND2.4 trillion.

Macro & Policies

2. Inflation control cannot be taken lightly

A representative of the Price Management Department under the Ministry of Finance said that in addition to the impact of developments in the world market, the pressure to increase domestic prices also came from the continued price adjustments of some public services according to the market roadmap.

In the context of many uncertainties related to the COVID-19 pandemic, it was difficult for the aggregate demand of the economy to recover, said the representative.

In particular, the business situation in some areas such as accommodation, tourism, entertainment and aviation was forecasted to face many difficulties, therefore, the price of essential goods was not expected to change.

Nguyen Anh Tuan, director of the Price Management Department, said that the department had built and set up a price management scenario for this year, closely following the target of controlling inflation below four per cent of the National Assembly.

It was difficult to predict prices of commodities this year, so the Price Management Department would continue to work closely with ministries, agencies and localities to drastically and effectively implement the public management, administration and price stabilisation under market mechanisms to control inflation according to set targets, said Tuan.

At the same time, it would continue to implement the market price roadmap for public services and essential goods.

The leader of the Price Management Department also said they would proactively forecast, calculate and build scenarios to control prices of essential commodities this year according to the market roadmap to ensure inflation control; increase inspections; promote communication and publicity of price information, to control inflation; limit false information, causing confusion for consumers and market instability.

Economist Can Van Luc said this year had a number of factors that could significantly push up inflationary pressures.

The first was the strong recovery of the global economy in general and of Viet Nam in particular on this year's low growth. When the economy recovered, the demand for goods and services would increase, thereby pushing up the price.

In addition, the amount of money that countries and central banks pumped out to prevent the pandemic, support major economic recovery, or continue to loosen monetary policies, and reduce interest rates would have a stronger impact next year, making global inflation increase.

In addition, forecasts all showed that prices of basic commodities, including oil prices, continue to increase again, although the increase was not large, it still created additional pressure.

Meanwhile, the domestic roadmap to increase the prices of some goods and services managed by the State would also affect the consumer price index.

"Inflationary pressure will be significantly higher this year. However, we forecast inflation will remain under control at less than four per cent, specifically in the range of 3.7-3.9 per cent, which means we also do not worry that inflation will emerge again," Luc told vov.vn online newspaper.

Luc recommended that there should be co-ordination between fiscal and monetary policy, including price control. Besides, it was necessary to consider delaying the roadmap for increasing prices of some goods managed by the State if the inflationary pressure was greater.

In the short term, in order to keep the market price from strong fluctuations in the first month of the year, the peak month before the Lunar New Year, it was necessary to strongly engage ministries, branches and localities in management and price stabilisation, especially for essential goods, he said.

3. Vietnam's garment-textile units see rising orders, issues

Revenues of many enterprises are just enough to cover expenses and labour costs.

Though with new free trade agreements (FTAs), the country can use raw materials from many countries, as companies have been using raw materials from China for a long time, they reportedly become passive in raising production when orders rise due to scarcity of raw materials.

According to the Vietnam Textile and Apparel Association (VITAS), the country's garment and textile industry imports raw materials, including yarn, fabric, and auxiliary materials, mainly from China. Of that, fabric imports accounted for nearly three-fifths of the total imports of \$13.5 billion in 2019, and fibre imports 55 per cent.

To limit the negative impacts on production and business, VITAS has recommended member enterprises to discuss with customers and focus on exploiting domestic raw materials and auxiliary materials, or import from other countries.

Another problem is raw materials from other countries like India, South Korea and European nations cannot match either the quality or the price of Chinese ones.

According to VITAS, the demand from Europe and the United States in 2020 decreased by 45 per cent and 40 per cent respectively for garments, and 27 per cent and 21 per cent respectively for footwear.

However, Vietnam's garment and footwear industries also have many opportunities in the context that global trade has changed. When China reduced its total exports by up to 50 per cent for some items, Vietnam's garment exporters still expanded their share in the US market, mainly thanks to high-value items.

VITAS chairman Vu Duc Giang says in future, besides the advantages, the country's garment and textile industry will also face difficulties when the supply of raw materials is inadequate and imbalanced, and there is a blockage in the phases of weaving and dyeing.

4. Long Thanh airport expected to contribute 3-5% of Vietnam's GDP: PM

The Government leader said the long-awaited project would be among the 16 most anticipated airport projects in the world. It is also Vietnam's largest ever infrastructure project, the local media reported.

Once in place, the airport will contribute to boosting the country's socioeconomic development and the connectivity between Vietnam and other countries.

Basic and connected infrastructure plays a decisive role in socio-economic development and national defense, the prime minister stressed, adding that the Party and the State have focused on investing in traffic infrastructure.

According to PM Phuc, the number of air passengers in the southern region would reach 65 million by 2025 and 80 million by 2030. In addition, the demand for air cargo transport is increasing, while most of local airports are overloaded.

However, he praised the State Appraisal Council and the relevant ministries and agencies for their directions to complete procedures on the groundbreaking of the project. He also hailed Dong Nai Province and its residents for handing over the cleared site for the project's first phase and the Airports Corporation of Vietnam (ACV) for ensuring funding for the project.

The project will help foster air routes and connectivity between Vietnam and the ASEAN countries, and between Vietnam and other countries and ease the chronic passenger overload at Tan Son Nhat International Airport in HCMC. After 2030, it may become a transit airport in Asia and the world as a whole as it will take only three hours to fly from the airport to Japan or South Korea.

The prime minister asked the Commission for the Management of State Capital at Enterprises to direct ACV to ensure the progress of the project and

compliance with the law during the project's execution, prevent any cost overruns and follow the approved design, while the relevant ministries and agencies were asked to quickly complete the investment procedures for the remaining components.

PM Phuc also required the governments of Dong Nai, HCMC and the adjacent southeastern provinces and the Ministry of Transport to connect the airport with the North-South expressway railway, HCMC-Long Thanh-Dau Giay Expressway and two forthcoming metro lines in HCMC to step up the development of the region.

The relevant ministries and agencies should pay special attention to the development of services at the airport to create more jobs for locals.

PM Phuc stressed that the Government would create favorable conditions to remove obstacles facing the project and asked the investor to enhance inspections to ensure the quality of the project and prevent losses and wastefulness.

He also expected to receive further support from the local residents to complete the project as scheduled.

The project's quality must be the top priority. In addition, the Dong Nai government must ensure the resettlement of households affected by the project.

ACV Chairman Lai Xuan Thanh said the airport is expected to meet the 4F standards of the International Civil Aviation Organization to become an international transit hub in the region

In the first phase, a passenger terminal, a runway and supporting facilities will be developed to transport 25 million passengers and 1.2 million tons of cargo per year. The total investment for phase one, which is expected to be completed by 2025, is estimated at some VND109.1 trillion.

ACV committed to ensuring the resources and coordinating with the Dong Nai government to ensure the quality and progress of the project and prevent a cost overrun, Thanh added.

5. Macroeconomic stabilisation in 2020 can create momentum for 2021

With 2020 now gone after an array of unprecedented uncertainties facing the global and the local economies, the novel coronavirus (COVID-19) pandemic is still spreading in many countries around the world and continues to disrupt socio-economic activities globally.

Furthermore, trade conflicts between various countries and regions are still going on, whilst natural disasters have also hit the nation. Despite these difficulties, the Vietnamese economy maintained growth of 2.91% in 2020 thanks to capable pandemic control and timely support policies aimed at people and businesses.

Despite reaching a GDP growth rate of 2.91%, the lowest growth rate for 10 years amid complicated developments relating to COVID-19 negatively affecting all socio-economic fields, last year can be considered a great success for the country. This can be seen as the nation's economic growth rate in 2020 was among the highest in the world, with GDP in the fourth quarter of last year increasing by 4.48% over the same period from last year.

"This shows the correction direction and the determination and unanimity of the entire political system, the Government, the Prime Minister, in addition to the efforts of the people and business community to effectively carry out the dual goal of ensuring pandemic prevention and control and boosting socio-economic development," says Nguyen Thi Huong, general director of the General Statistics Office (GSO).

With the achievements recorded in 2020 by the nation, many international organisations and financial institutions have given positive forecasts about economic growth prospect ahead in 2021.

The World Bank (WB) predicts that the Vietnamese economy will grow by 6.8% in 2021 and stabilise at 6.5% over the subsequent years. This forecast by the WB is based on the assumption that the COVID-19 crisis will gradually be brought under control, with COVID-19 vaccine proving to be effective.

Moreover, the World Economic Outlook in 2020 held by the International Monetary Fund (IMF)

stated that due to the tight control of the pandemic, the nation is one of the few places to maintain a stable growth rate, with an IMF forecast of a 1.6% increase in 2020 and a 6.7% rise ahead in 2021.

According to Dr. Le Duy Binh, macroeconomic stability and growth results in the context of the previous year will serve as a good foundation whilst creating good momentum for economic growth next year. In the short term, the V-shaped graph is likely to continue moving into 2021, especially given the global economic recovery with the COVID-19 vaccine being successfully mass-produced. This will help to support widespread economic recovery, with the graph of the country's economic growth set to depend on the global economic recovery, which still has many fluctuations.

“With the current efforts to keep the growth rate of 2020, we can fully expect the V-shaped growth scenario in the following years. However, the wide or narrow angle of this V shape depends on many other factors that are difficult to predict at present.

However, based on existing evidence and current trends, it is possible to believe that the growth rate in 2021 will be higher than in 2020,” Dr. Binh says.

Dr. Le Xuan Nghia, an economic expert, states that 2021 will be a difficult year, with no major expectations for the national economy. Therefore, a modest economic target should be devised with a growth rate of approximately 5%.

In an effort to achieve higher goals for the economy, he says that it is necessary to change perceptions in terms of digital technology development as a way of spurring economic development.

Dr. Nghia underlines the need to revive Vietnamese digitisation companies, due to digital technology playing an important role in production, business, and sales. Domestic businesses must therefore enhance their linkages with one another, and connect with manufacturers and consumers in a bid to revitalise the national economy, he adds.

6. Over 100,000 businesses pull out of market in 2020

Nearly 46,600 businesses registered to temporarily suspend their operations, rising 62.2% year-on-year. Among them, 1,417 registered to suspend their operations for under one year, accounting for 3%, 22,414 for one to five years (48.1%), 12,626 for five to 10 years (27.1%) and 10,135 for over 10 years (21.8%). All 17 industries saw an increase in the number of businesses registering to temporarily suspend their operations.

Some 37,660 businesses halted their operations pending dissolution, while over 17,460 completed procedures for disbandment last year.

The sectors with the largest number of businesses pulling out of the market included retail and automobile and motorbike repair with 17,360 businesses (up 56.2% year-on-year), construction with 6,412 businesses (up 54.8%) and accommodation and catering services with 2,897 businesses (up 86.5%).

Other sectors with a large number of businesses quitting the market were science, technology, consulting services, design and marketing, seeing

2,880 businesses leave the market, up 69.2% year-on-year, and tourism, job services, equipment rental and supporting services with 2,820 businesses, up 87.6% year-on-year.

The real estate sector saw 1,325 withdrawals. However, the number increased 121.6% compared with 2019, the highest growth rate among all sectors.

The education and entertainment sectors also saw a large number of businesses pull out of the market, with 878 businesses (up 89.6% year-on-year) and 350 businesses (up 73.3%), respectively.

Most of the suspended businesses were young and small ones, which were the most vulnerable to economic shocks. To reduce the number of businesses leaving the market, the Business Registration Department suggested that the Government and ministries improve the business environment, effectively implement supporting policies and extend stimulus packages.

On the other hand, 44,096 businesses resumed operations last year, rising 11.9% compared with 2019.

The sectors with the largest number of businesses returning to the market were retail and automobile and motorbike repair with 15,849 businesses (accounting for 35.9% of the total and increasing 3.7% year-on-year), construction with 6,545 businesses, the manufacturing and processing industry with 5,370 businesses and science,

technology, consulting services, design and marketing with 2,860 businesses.

The increasing number of businesses resuming their operations signaled a recovery in most of the sectors. The Business Registration Department said although Covid-19 is still developing complicatedly elsewhere around the world, Vietnam's effective containment of the pandemic and a population of nearly 100 million would facilitate the recovery of business.

7. Ministry to assess Sa Pa airport project

The assessment of the Sa Pa airport project proposed by the northern mountainous province of Lao Cai has received the authorities' nod to kick off.

Deputy Prime Minister Trinh Dinh Dung has assigned the Ministry of Planning and Investment to assess the project and make relevant submission to the Prime Minister for his decision on investment policy.

In 2018, Lao Cai proposed building an airport in Sa Pa resort town at a total cost of nearly 5.8 trillion VND (252 million USD) to the Ministry of Transport.

Covering 371ha in Cam Con commune, Bao Yen district, the joint-use airport will be built in association with a runway and a two-lane road linking to the Noi Bai – Lao highway route. The entire project will last for 50 years, with the

construction phase spanning four years under a public-private partnership.

According to a PM-approved aviation transport planning until 2020 with a vision toward 2030, the airport, once completed, will be capable of serving 3 million passengers per year.

Located on the economic corridor of Kunming – Lao Cai – Hanoi – Hai Phong, Lao Cai is an economic belt based on trade development among provinces in Southwest China.

Currently, the province's transport system incorporates only roads and railways. Therefore, an airport is viewed as crucial to improve local transport network, creating new engine for the development of Lao Cai and the northwest mountainous region at large.

Corporate News

8. CRE: BOD resolution on receiving the transfer of shares

↑ 2.85%

The Board resolution dated December 30, 2020, the BOD of Century Land Joint Stock Company (Cen Land) approved the following contents:

1) Approving to receive the transfer of all shares from shareholders of Century Homes TMĐT Joint Stock Company (Cenhomes):

- Number of shares owned: 2,550,000 shares, equivalent to 51% charter capital of Cenhomes

- Number of shares to receive the transfer: 2,450,000 shares, equivalent to 49% charter capital of Cenhomes; Of which:

- To receive the transfer from Mr. Pham Thanh Hung: 50,000 shares;

- To receive the transfer from Cen Group., JSC: 2,400,000 shares.

- Total shares of Cen Land after receiving the transfer in Cenhomes: 5,000,000 shares, equivalent to 100% charter capital of Cenhomes.

- Stock type: common share, freely transferable

- Estimated purchase price: VND 20,000

- Total value for settlement: VND 49,000,000,000

- Execution time: December 2020.

2) Approving to appoint Mr. Nguyen Trung Vu as representative of contributed capital of Cen Land in Cenhomes.

9. HVN: Vietnam Airlines launches new services on Ha Noi-HCM City route

↓ -0.88%

According to the Centre for Asia-Pacific Aviation (CAPA), the Ha Noi-HCM City route is the world's second-busiest route in terms of seat capacity, just after Seoul-Jeju in the Republic of Korea.

Twenty-five percent of the Vietnam Airlines Group's passengers this year flew on the Ha Noi-HCM City route.

Noting the strategic role the route plays, Vietnam Airlines has worked to improve products and services to provide a more comfortable experience to passengers.

It has developed its wide-body aircraft fleet by adding 14 Airbus A350-900, 11 Boeing 787-9, and three Boeing 787-10 aircraft to serve the route and international flights to Europe and Australia.

A “dual brand” has been built between Vietnam Airlines and Pacific Airlines to diversify products and services.

The Group has recently upgraded the Hanoi-HCM City route into a specialised product called the VNAXPRESS - HCM City air route to bring exciting experiences for customers.

A representative from the Group said the service allows customers to buy tickets 60 minutes before flights instead of 180 minutes as usual. If they arrive at the airport early, they can board earlier flights if there are seats available.

All flights on the route have boarding bridges while check-in counters are near the security gates to help passengers save time.

Passengers on Ha Noi-HCM City flights will also have the opportunity to experience four-star quality services, including wireless streaming, WIFI, VNA-FPT Play entertainment, E-reader, and food such as Vietnamese cha ca (grilled fish) and ca kho (stewed fish), Russian salad, and cheese egg rolls.

The Group provides 104,000 seats on the route, transporting 92,000 passengers each week, accounting for 98 per cent of the figures recorded at the same time last year and 57 per cent of the aviation market.

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