



# VIETNAM DAILY NEWS

January 8th, 2021



**Table of content**

## Table of content

1. VN-Index on fifth straight gaining streak
2. Disbursement of public investment at record since 2016, still misses Gov't target
3. Phù Mỹ solar power plant goes on stream
4. Covid-19 leaves 1.3 million Vietnamese jobless
5. New Vietnam-Germany partnership to save 6.3 bln kWh of electricity in 10 years
6. Vietnam hospitals expected to accelerate digitalization process
7. Property prices expected to rise 10 percent in 2021
8. CTG: VietinBank reports record profit
9. FMC: Resolution on the dividend payment

## Market Analysis

### 1. VN-Index on fifth straight gaining streak

The VN-Index surged 1.16 percent to 1,156.49 points Thursday, with blue chips outperforming the general market.

The Ho Chi Minh Stock Exchange (HoSE), on which the VN-Index is based, was a sea of green with 302 tickers gaining and 142 losing. Total trading volume abated slightly over the previous session, to VND17 trillion (\$734.32 million).

While the benchmark index had climbed 58.95 points, or 5.37 percent in the past five sessions, official macro reports show Vietnam's economic outlook has been improving.

According to the latest report by London-based data firm IHS Markit, Vietnam's Purchasing Managers' Index (PMI), an indicator of the health of its manufacturing sector, had improved from 49.9 points in November to 51.7 points in December.

The PMI is based on five major metrics of new orders, inventory levels, production, supplier deliveries, and employment.

"Last month's PMI showed Vietnam's economic sector had shown improvement thrice in the past four months," the report said. A reading above 50 indicates economic expansion, while one below 50 points indicates contraction.

The VN30-Index for the market's 30 largest caps soared 1.51 percent this session, with an overwhelming 23 stocks gaining and four losing.

Topping gains this session was NVL of real estate developer Novaland, hitting its upper daily limit day with 6.9 percent.

Private banks were among the best performers. HDB of HDBank rose 4.5 percent, TCB of Techcombank 4.2 percent, STB of Sacombank 2.5 percent, VPB of VPBank 1.5 percent, while EIB of Eximbank topped losses with 2 percent.

State owned banks also performed positively, with Vietnam's three largest lenders by assets, CTG of VietinBank, VCB of Vietcombank and BID of BIDV gaining 2.6 percent, 1.9 percent, and 0.2 percent respectively. MBB of mid-sized Military Bank added 2.4 percent.

Other major gainers this session included MSN of food conglomerate Masan Group, up 4.2 percent, GAS of energy giant PetroVietnam Gas, with 2.5 percent, REE of appliances maker Refrigeration Electrical Engineering, 2 percent, and TCH of real estate developer Hoang Huy Group, with 1.4 percent.

Stocks in the Vingroup family were more lackluster compared to the rest of the market this session. VIC of parent conglomerate Vingroup shed 0.1 percent, VHM of its real estate arm Vinhomes kept its opening price, while VRE of retail arm Vincom Retail was up 2.1 percent.

The other two losing tickers were SAB of brewer Sabeco and MWG of electronics retailer Mobile World, both having lost 0.4 percent.

Despite the overwhelmingly positive performance, brokerage BVSC warns the sheer amount of cash pouring into the market shows signs of a fever, and many stocks may be overbought at this point, meaning the VN-Index could very likely see corrective movements in the near future.

Meanwhile, the HNX-Index for the Hanoi Stock Exchange, home to mid-and small-caps, surged 2.08 percent, while the UPCoM-Index for the Unlisted Companies Market gained 0.75 percent.

Foreign investors turned net sellers to the tune of VND340 billion on all three bourses this session, with selling pressure mostly on HPG of steelmaker Hoa Phat Group, which kept its opening price, and VCI of brokerage Viet Capital Securities, a non-blue chip that gained 0.7 percent.

## Macro & Policies

### 2. Disbursement of public investment at record since 2016, still misses Gov't target

Deputy Minister of Planning and Investment Tran Quoc Phuong said that the record level was attributed to the Government's determination in speeding up the disbursement of public investment as a major driver for economic growth in the context of the COVID-19 pandemic.

In comparison, the disbursement rates were 80.3 per cent, 73.3 per cent, 68.87 per cent and 67.46 per cent in 2016, 2017, 2018 and 2019, respectively.

The disbursement of public investment sourced from the State budget was estimated at 91.1 per cent of the 2020 plan, the highest rate in the past ten years.

Seventeen ministries, central-level agencies and 17 provinces and cities had disbursement rates of 80 per cent or higher. However, 13 ministries and central-level agencies and five localities reported public investment disbursement rates of below 60 per cent.

Still, the disbursement missed the Government's target although public investment was identified to be the key driver for economic growth in the context of the COVID-19 pandemic.

The ministry pointed out that some major projects had very low disbursement rates.

For example, for the project of land clearance, compensation and resettlement for Long Thanh International Airport, the disbursement rate to date was only 27.69 per cent of the plan.

The ministry said that the COVID-19 pandemic was also significantly affecting the progress of public investment disbursement as well as the implementation of public-funded projects.

According to Phuong, the Law on Public Investment No 39/2019/QH14 took effect from the beginning of this year to replace the Law on Public Investment No 49/2004/QH13.

The new law regulated that ministries and localities must disburse all allocated public investment within the year and the sum which failed to be disbursed would be deducted from the planned medium-term public investment for that agency or localities, Phuong said, adding that with this regulation, the public investment plans of localities and ministries were expected to be more accurate and feasible.

With the new law, failure to disburse public investment would be a very big problem as the accountability would be enhanced, Phuong said, adding that careful consideration must be given to developing public investment plans to improve efficiency of public investment.

Public investment mainly focused on developing key social-economic infrastructure systems which played an important role in attracting private and foreign investment into the economy and contributed to maintaining reasonable economic growth.

According to the General Statistics Office, every increase by one per cent in public investment disbursement would push up GDP by 0.06 percentage points.

### 3. Phù Mỹ solar power plant goes on stream

Built by Clean Energy Vision Development JSC, a subsidiary of BCG Energy, at a cost of over VNĐ6.2 trillion (US\$268.6 million), it will have a capacity of 330 MW when the second phase is complete.

It now has a capacity of 216 MW.

The second phase is expected to go on stream before February 28 this year.

Thus, the first 216 MW will get a feed-in-tariff (FIT) of 7.09 US cents/kWh according to the Decision 13/2020/QĐ-TTg, which provided for that rate for

plants beginning commercial operation before December 31.

When fully operational, it will generate 520 million kilowatt-hours of power annually, meeting the needs of 200,000 households and helping offset roughly 146,000 tonnes of CO2 emissions a year.

BCG Energy is a pioneer in developing clean energy in Việt Nam that successfully raises fund in the international market. In December it raised \$43.6 million through convertible bonds to invest in renewable energy projects.

#### 4. Covid-19 leaves 1.3 million Vietnamese jobless

Vu Thi Thu Thuy, head of the department, said the number of jobless people is the highest in a decade, Tuoi Tre Online newspaper reported.

Thanks to the economic recovery in the fourth quarter of 2020, the labor market also showed some positive signs.

However, the number of laborers and jobs and laborers' incomes still fell in the final quarter of 2020 and the whole year.

In the last quarter of 2020, some 1.2 million people were left jobless, up 136,800 people over the same period in 2019.

According to the GSO, 32.1 million people aged from 15 were affected by the pandemic, including those who lost their jobs and saw their working hours and incomes reduced.

Of the total, 69.2% of laborers saw their incomes shrinking, 39.9% worked for fewer hours or were furloughed and 14% were forced to quit.

Thuy added that the service sector was most affected by the pandemic with 71.6% of laborers being affected. The industry and construction sector

came in second, followed by the agro-forestry-fishery sector, with 64.7% and 26.4% of laborers being affected, respectively.

Despite a hiring rise in the last quarter of last year over the two previous quarters, the number of jobless people was high in the second quarter. Therefore, the number of laborers aged from 15 in 2020 plummeted 1.3 million people over 2019 to 53.4 million.

The trend was completely contrary to the trend in 2010-2019, when the number of people with jobs increased by 600,000 on average.

The pandemic also caused a shortage of jobs. Without Covid-19, an additional 1.6 million laborers would have jobs.

Moreover, the average monthly income of workers was VND5.5 million each last year, down 2.3% against 2019.

The monthly incomes of laborers in the service sector faced the largest fall of some VND215,000, followed by those in the agro-forestry-fishery sector with a reduction of VND156,000 and the industry and construction sector with a decline of VND100,000.

#### 5. New Vietnam-Germany partnership to save 6.3 bln kWh of electricity in 10 years

The Ministry of Construction (MoC) and the German Cooperation Organisation (GIZ) on January 6 signed a Memorandum of Understanding (MoU) on cooperation in developing the Vietnam Green Housing Programme, expected to save about 6.3 billion kWh of electricity over the next decade.

The document was inked by Ha Quang Hung, Deputy Director General of the MoC's Housing and Real Estate Market Administration (HREMA), and Kia Fariborz, Director of the GIZ SIPA Programme.

The VGHP, implemented under the Programme for Energy Efficiency in Buildings (PEEB) in Vietnam,

aims to benefit the mid-income housing market through targeting the low-cost commercial housing segment. The MoU focuses on enabling greenhouse gas (GHG) emissions mitigation in the residential building sector.

Under the partnership, GIZ and HREMA will join hands to develop and implement the Vietnam Green Housing Programme. A particular focus of the programme is on improving energy efficiency and reducing GHG emissions in the affordable housing segment as per Vietnam's commitment in its Nationally Determined Contribution to the Paris Agreement on Climate Change.

Through the programme, the partnership aims to motivate private housing developers to move into the market for energy-efficient and green buildings, and stimulate local commercial banks to develop green financing products for energy efficient housing and green construction materials.

According to calculations, within 10 years after reaching the target of the Green Housing Programme, the apartment buildings will save about 6.3 billion kWh of electricity, equivalent to 15.8 trillion VND.

This is a significant cost saving that will benefit the home buyers if they use energy efficiently in the apartment, Hung said. In addition, in the short term, the programme will create a plentiful supply of low-cost commercial housing, thereby facilitating the people's access to affordable housing.

Fariborz, for his part, said, as an emerging economy, Vietnam is witnessing a sharp increase in demand for space and housing expansion as a result of the rapid growth of the middle class.

There is huge potential in reducing GHG through improving energy efficiency in the housing sector so this partnership will contribute to the fulfillment of Vietnam's goal of GHG reduction, he added.

## 6. Vietnam hospitals expected to accelerate digitalization process

Vietnam's medical systems will see greater integration of technology as a means to address shortcomings in healthcare access and enhance sector efficiency, according to Fitch Solutions, a subsidiary of Fitch Group.

During the country's fight against Covid-19, IT has contributed greatly to help Vietnam contain the pandemic.

“Vietnam is also one of the first countries to apply electronic medical declarations, Bluezone contact tracing application and Covid-19 safety maps,” noted Fitch Solutions.

The country also established Telehealth, a network aimed to connect around 14,000 health facilities nationwide and link them with other countries in the medical field, part of the nation's digital transformation program towards 2025, with a vision to 2030.

The network will allow people nationwide to access medical services, organize consultations among doctors from different level hospitals remotely, thus reducing patient congestion at central hospitals.

By late September 2020, the network had connected 1,000 medical examination and treatment facilities with nearly 30 key hospitals in Hanoi and Ho Chi Minh City. In late November 2020, it required all hospitals in the country to connect to the network for treatment, practice sharing, and learning.

Fitch Solutions, however, noted Vietnam's burgeoning health tech sector is still in its infancy, attracting significantly less investment.

“To help the health tech sector sustain the momentum post-pandemic, companies not only have to appeal to investors and consumers but they also have to be integrated with Vietnam's national health framework. The government will have to play a bigger role in encouraging collaboration between industry players and other stakeholders, provide incentives, and formulate clear policies,” it suggested.

Last June, the Ministry of Health approved a five-year project on remote medical examination and treatment involving 24 hospitals. Apps and medical services will be developed to manage files and knowledge systems, as well as helping patients find



medical information, make their appointments, and consult doctors.

“These measures will accelerate the digitalization across Vietnam’s hospital network, which is currently fragmented and mainly implemented in central level public hospitals and private hospitals in major cities,” stated Fitch Solutions.

#### Barriers remain for digital adoption

A number of important barriers still hinder digital adoption in Vietnamese hospitals, both public and private. At present, healthcare professionals and patients are reluctant to use digital-based systems due to unfamiliarity with these tools and technological constraints at home.

Meanwhile, unclear and complicated administrative processes slow digital adoption, while the output of data is not standardized across hospitals, and data

security remains a concern for healthcare providers, weakening inter-hospital integration.

The start-up sector in Vietnam, albeit small in size compared to that of other Southeast Asian countries such as Singapore or Indonesia, is also actively contributing to the digitalization of healthcare.

Like pharmaceuticals and medical devices, health tech start-ups operate in a highly regulated sector where there are still many uncertainties in the regulatory landscape.

The Government will have to play a bigger role in encouraging collaboration between industry players and other stakeholders, provide incentives, and formulate clear policies, stated Fitch Solutions.

“Thus, though there is still a lot of room for the health tech sector to grow, the digital transformation of healthcare in Vietnam is already well underway,” it concluded.

## 7. Property prices expected to rise 10 percent in 2021

Real estate prices in 2021 are expected to increase by 10 percent over the previous year, said Nguyen Van Dinh, deputy general secretary of the Vietnam Real Estate Association (VNREA).

Dinh told a forum held on January 6 that the COVID-19 pandemic affected the real estate sector, causing weakening demand in the market. In early 2020, the market was frozen. The Government has taken many measures to untie the sector’s difficulties such as the promulgation of legal regulations for condotel development. However, legal obstacles have hindered supply, creating double difficulties for the market.

In the second half of the year, although there were two waves of the pandemic, the property market still showed strong growth as there were 60,000 new housing products supplied to the market, equivalent to 67.5 percent compared to 2019. The market has recorded impressive numbers as the absorption rate in HCM City reached over 80 percent, while prices in many localities increased. Tourism real estate still increased strongly despite the pandemic.

“2021 will not have a risk of a virtual crisis or a bubble, but develop sustainably. Infrastructure projects with good business opportunities will become attractive forces. Real estate investment will spread to mountainous areas. In addition, the bank interest rates that could be maintained at 2020’s levels will lead to stronger investment stimulus,” he added.

Finally, movements from the Government in 2021 would remove difficulties for the market. Stronger FDI inflows would be the impetus in the real estate market next year.

Nguyen Tho Tuyen, chairman of BHS Group, said property prices would continue to rise in 2021.

“Real estate prices are a “marriage” between supply and demand. While the supply is very scarce, foreign investors enter the market with billions of dollars in deals in Hanoi and HCM City. In terms of demand, individual investors pouring money into the market even exceeded 30 per cent as mentioned in some studies,” he said.

In particular, at present, big investors in the market, mainly from Hanoi and HCM City, are in a state of capital preservation. They made big profits and withdrew from Da Nang, Nha Trang and Phu Quoc markets before the market plunged. Their capital is waiting to be invested.

Trinh Van Quyet, FLC Group's chairman, said in the 2011-12 period, the real estate market entered a period of oversupply. 2020 was a crisis of supply shortage. However, in the last five months of last year, the market witnessed many positive signs.

Taking the example of FLC's project in Ha Long, all apartments with unfavourable locations out of 2,500 shophouse apartments were sold with prices rising by 50 per cent. Inventory was completely liquidated. Investors think the worst is over.

However, experts all agreed that institutions are still the biggest bottleneck blocking the growth of the real estate market. Legal documents such as the Land Law, Construction Law and Investment Law have not kept up with market development requirements.

Le Hoang Chau, chairman of HCM City Real Estate Association (HoREA), said legal bottlenecks should be removed for real estate development in Vietnam,

because all firms want a fair, open and healthy business environment.

"The year 2020 marked a strong change in the construction of the legal mechanisms when the revised investment law and construction law were passed, solving many difficulties," he said.

"I think that the property market in 2021 will continue to develop because Vietnam has controlled the COVID-19 pandemic. The Vietnamese economy also saw positive growth. Next year, the Ministry of Construction will focus on revising the Housing Law, and some decrees on old condominiums to facilitate businesses participating in the development of this type of housing. But we should also pay attention to legal risk prevention and control in the financial sector, as well as corporate credit," he added.

Dang Hung Vo, former deputy minister of Natural Resources and Environment, warned that if management is not good, it will cause bubbles in the market. At this time, many real estate providers are in stock, but are waiting for prices to increase in the next few years.

"In 2021, revising laws to fill gaps and get rid of overlapping rules is the most important thing we need to do," he added.

## Corporate News

### 8. CTG: VietinBank reports record profit

↑ 2.64%

This is its highest ever profit, and chairman Le Duc Tho, speaking at a meeting on Wednesday, attributed it to a surge in non-interest income and reduction in operation costs.

While it has not published its financial statement for the year, the bank said in a press release that consolidated debts rose by 7.7 percent and non-performing loans were less than 1 percent.

Its non-interest income jumped 35 percent, lifting it as a ratio of total income from 16.5 percent in 2019 to 20 percent.

Income from services, foreign exchange trading and treasury operations increased by 12 percent, 24 percent and 70 percent.

Return on equity was 16.8 percent.

The bank targets 8-11 percent credit growth in 2021 and 10-20 percent growth in standalone profit and consolidated profit, and keeping non-performing loans to under 2 percent.

### 9. FMC: Resolution on the dividend payment

↑ 2.81%

The Board of Directors of Sao Ta Foods Joint Stock Company approved to pay for the first phase of 2020 dividend in cash:

- Dividend pay-out ratio: 20%/ par value (VND2,000/ share)
- Record date: January 19, 2021.





**Research Team:**

**Tsugami Shoji**    *Researcher*

[jsi@japan-sec.vn](mailto: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](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*