



VIETNAM DAILY NEWS

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Market Analysis

1. Market growth slows down ahead of Tet holiday

Shares continued their growth on Thursday but were restrained by slumps from many large companies.

On the Ho Chi Minh Stock Exchange, the VN-Index inched up 0.08 per cent to close Thursday at 1,112.19 points, lower than the growth of more than 3 per cent in the previous two sessions.

On the Ha Noi Stock Exchange, the HNX-Index edged up 0.03 per cent to end at 223.68 points, also much smaller than the previous expansion of more than 3 per cent.

According to BIDV Securities Co (BSC), the strong uptrend of the market cooled in Thursday's session. Investment cash flow also showed signs of slowing down when the market had only nine out of 19 sectors gaining points.

“Liquidity fell sharply. Market amplitude narrowed and market breadth was balanced, showing that trading activities are weakening before the Lunar New Year holiday,” BSC’s analysts wrote in their daily report.

The firm forecast that the market will not have big fluctuations before the holiday as investors focus on preparing for Tet.

A total of 618 million shares worth VND14 trillion (US\$603.4 million) were traded in the two markets on Thursday.

Blue chips dragged the market when 14 out of 30 largest shares by market value and liquidity on

HCM City’s exchange slipped while only 10 increased. Six others closed flat.

The losers included heavyweight shares including VinGroup (VIC), Vincom Retail (VRE), insurer Bao Viet Holdings (BVH), Vietinbank (CTG), Vinamilk (VNM) and Hoa Phat Group (HPG).

Energy companies gained on Thursday and big names such as PV Gas (GAS), Petrolimex (PLX) and PV Power (POW) increased by more than 1 per cent each.

Other big gainers included IT giant FPT Corp (FPT), VPBank (VPB) and Khang Dien House Trading and Investment (KDH), all with growth of more than 3 per cent.

According to Bao Viet Securities Co (BVSC), the market will possibly continue to improve in the short term. If the VN-Index crosses above 1,115-1,118 points through the week, the index will head towards strong resistance zone at 1,180-1,200 points in the future.

Liquidity remaining at a high level showed investors’ optimism about the market’s trend.

“However, the market’s movement may experience a wide divergence among stock sectors,” said BVSC’s stock analyst Tran Xuan Bach.

Foreign investors continued to be net buyers on both exchanges, picking up shares worth a net value of nearly VND187 billion.

Macro & Policies

2. Covid-19 resurgence derails Vietnam economic growth plan

Vietnam's GDP growth in the first quarter is set to be slower compared to the original plan due to the ongoing resurgence of the Covid-19 pandemic.

Minister of Planning and Investment Nguyen Chi Dung unveiled the information at a monthly government meeting on February 2.

“In case this outbreak is contained right in the first quarter, the GDP in the January – March period is estimated to expand by 4.46% year-on-year, 0.66 percentage points lower than the target set in government's Resolution No.01,” said Mr. Dung.

With a lower-than-expected growth rate in the first quarter, in case the economy keeps up with the growth targets for subsequent quarters under the Resolution No.01 of 7.11%, 6.71% and 6.67%, the GDP growth rate for 2021 would be around 6.23%, higher than the target set by the National Assembly of 6%, but lower than the government's aim of 6.5%.

According to Mr. Dung, to realize the GDP growth target of 6.5% under the resolution No.01, the GDP growth rates in the three remaining quarters should be at corresponding rates of 7.11%, 6.73% and 7.04%, for which the rates in the third and fourth quarters should be 0.02-0.37 percentage points higher than the original goal.

Mr. Dung, however, noted the Covid-19 impacts to the economy remain severe, referring to a high figure of enterprises temporarily suspending

operation in January, along with low foreign investment capital and slow recovery process of the services and tourism sectors.

“The pandemic would cause negative impacts to Vietnam's economy on both short- and long-term,” said Mr. Dung.

“Rising political, trade tensions and high public debts across economies in the world require Vietnam to have drastic measures to ensure the economic growth plan to stay on track,” stressed Mr. Dung.

In January, Vietnam's industrial production index stayed higher than that of in the same period of last year, but declined by 3.2% against last December. In which, the manufacturing and processing, a key driving force for growth, was down 3.1%.

While this could be due to the fact that manufacturers were boosting production capacity in the final month of the year, Mr. Dung urged government agencies to monitor the situation and provide supporting policies if this downtrend continues.

In January, Vietnam posted a trade surplus of US\$1.3 billion, while disbursement of public funds hit VND15 trillion (US\$652.4 million), 3.25% of the year's plan, significantly higher than the 0.95% rate recorded in the same period of last year, which Mr. Dung deemed as the positive points of the economy.

3. Logistics industry forecast to grow in 2021 on global recovery

SSI Securities Company expects the revenue of the seaport and logistics industry would expand by 10 per cent this year.

Despite being affected by the COVID-19 pandemic last year, the industry was fuelled by expectations about Viet Nam's trade growth thanks to positive impacts of free trade agreements (FTAs) which were signed recently, including the European Union – Viet Nam FTA (EVFTA) and the Regional Comprehensive

Economic Partnership (RCEP) as well as expectations about an increase in investment inflow triggered by the global production shift out of China.

“The growth prospect of the seaport and logistics industry is bright in 2021, driven by the global recovery,” SSI analysts wrote.

The COVID-19 pandemic would still be developing globally, SSI noted, however, adding that social

distancing measures would be diminished and vaccines become more ubiquitous, SSI expected that the “new normal” and the re-establishment of inventory would take place in the second half of this year.

Viet Nam's exports would benefit from the recovery of global consumption but not at a very high rate because other exporting countries would also resume production.

SSI predicted that Viet Nam's import-export value and total goods via seaports would increase by around 10 per cent in 2021, pushed by global recovery, FTAs' impacts and global production shift.

This expectation was also driving demand for logistics infrastructure. According to real estate services firm CBRE, the total areas of warehouses increased by 25 per cent in the north and 28 per cent in the south in 2020 with the prices up by 5 per cent to 10 per cent year-on-year.

SSI also pointed out that deep-water seaports would continue to be the spotlight of the industry. The

expansion of Cai Mep – Thi Vai and Lach Huyen seaports would attract big ships to Viet Nam instead of Singapore and Hong Kong, thus, these seaports were expected to see increases of around 20 per cent.

Despite expecting the revenue growth rate of the seaport and logistics industry at 10 per cent in 2021, SSI said that the profit would grow at a single-digit rate because the largest company in this industry Gemadebt would not see growth in profit in the first year the Gemalink seaport went operational.

There were also risks, SSI pointed out. The demand for containers could increase in the second half of this year.

According to the Viet Nam Maritime Administration, the total volume of goods transported via ports in Viet Nam rose by 9.8 per cent in 2020.

Statistics of the General Statistics Office showed that Viet Nam's total import-export value reached US\$543.9 billion in 2020, an increase by 5.1 per cent over the previous year.

4. Ministry of Transport endorses Metro Line 5

The Ministry of Transport (MoT) has submitted a document to the Ministry of Planning and Investment to collect opinion for the pre-feasibility report of Metro Line 5 linking Van Cao district to Hoa Lac area.

According to the MoT, the project aligns with Hanoi's master plan by 2030 with a vision to 2050.

“In the context of traffic jams and heavy environmental pollution, developing the metro line to complete the urban transport network is necessary and will contribute to completing the public transport system for Hanoi,” the document noted.

The MoT asked Hanoi People's Committee to clarify whether land funds can be allocated for stations, and evaluate the impact of these stations on their surroundings.

The MoT commented to Hanoi People's Committee that based on the implementation process of the

existing metro lines, which have been delayed for a long time, the proposal to develop Line 5 is unfeasible.

According to the plan, the project is estimated to have a total investment capital of VND65.4 trillion (\$2.84 billion) from Hanoi's budget, including VND24.84 trillion (\$1.08 billion) for construction and VND16.6 trillion (\$721.74 million) for equipment and other costs.

The route would include 21 stations, six underground at Van Cao, Lieu Giai, Nguyen Chi Thanh, and Tran Duy Hung streets, as well as Ring Road 3, before moving above-ground for the remaining 15 stations.

Under the proposal, up to 40 trains would run on the line, each consisting of 4-6 carriages and hitting speeds of 120 kilometers per hour above-ground and 90 kilometers an hour underground.

Officials hope to begin construction in 2022 and wrap up work in 2026. However, Hanoi's first two metro lines have been under construction for years and still have no clear visibility on an opening date, with the Cat Linh-Ha Dong route being 99 per cent complete for well over a year now due to ongoing administrative issues and safety personnel not being able to enter Vietnam.

Hanoi's Urban Transport Master Plan until 2030 with a vision to 2050 outlines the development of a core urban zone and additional satellite cities.

The metro system would serve as the backbone of this plan by connecting the inner zone to satellite cities, as well as other modes of public transport like the bus system.

According to the plan, the Hanoi metro system will run a total length of 417km, of which approximately 76km will be underground.

5. Quang Tri: Wind power projects worth over 250 million USD given go-ahead

The administration of central Quang Tri province has approved in principle three wind power projects with total capital approximating 5.8 trillion VND (251.7 million USD).

They consist of the Phong Nguyen project, worth over 1.9 trillion VND in Tan Thanh and Huong Phung communes; Phong Huy, worth 1.913 trillion VND in Tan Thanh and Huong Tan communes; and Lien Lap, worth 1.973 trillion VND in Tan Lien, Tan Lap, and Huong Tan communes and Khe Sanh township.

All of these localities are located in the mountainous district of Huong Hoa.

Each project will feature 12 wind turbines with designed capacity of 48 MW and an operational lifespan of 50 years, the office of the provincial People's Committee said on February 4.

Western mountainous areas of Quang Tri, especially border communes in Huong Hoa district, boast great potential for wind power development as wind speeds average 6 - 7 metres per second.

The province has already seen two wind power projects, Huong Linh 1 and 2, become operational.

The Ministry of Industry and Trade has approved planning for 31 wind power projects with combined capacity of over 1,177 MW in Quang Tri, 22 of which are scheduled to be put into commercial operation this year while seven others are currently under construction.

Studies and surveys are also being conducted on dozens of others in Quang Tri with total capacity of more than 3,600 MW.

Attracting investment to the energy sector, including wind power generation, is one of the priorities of Quang Tri province, which has also taken measures to support enterprises, such as developing e-administration, building an official database, and providing help relating to tax, insurance, land, and environmental matters.

Local authorities have committed that they will not sacrifice forest land for wind power development.

6. Vietnam state budget collection down nearly 20% in January amid Covid-19

Total state budget revenue in the first month of the year suffered a decline of 18.8% year-on-year to VND134 trillion (US\$5.82 billion), according to the General Department of Taxation (GDT), citing the Covid-19 impacts and tax revenue foregone as a result of financial support programs as main reasons.

"State budget revenue is highly dependent on economic performance," the GDT explained a decline of nearly VND5 trillion (US\$217.4 million) year-on-year in revenue, particularly as the current Covid-19 outbreak is causing severe difficulties to operation in many economic fields such as aviation, tourism, services, and trade.

Meanwhile, the fact that the government has risen the taxable personal income threshold from VND9 million (US\$389) per month to VND11 million (US\$475), and the family circumstance-based deduction for each dependent of a taxpayer from VND3.6 million (US\$155.42) per month to VND4.4 million (US\$189.96), also contributed to a decline of VND1.8 trillion (US\$78.28 million) in January's revenue.

To aid businesses overcome difficulties caused by the pandemic, the government has cut the corporate income tax rate by 30% for those with revenue below VND200 billion (US\$8.7 million) per year, leading to a further decrease of VND2.8 trillion (US\$121.7 million) year-on-year in the state budget collection.

Upon breaking down, domestic revenue made up a lion share of the total revenue at VND131.5 trillion

(US\$5.71 billion), and crude oil exports of VND2.45 trillion (US\$106.5 million).

According to the GDT, the state sector paid VND15.7 trillion (US\$682.7 million) to the state budget, less than half the figure of the private sector which stood at VND32.3 trillion (US\$1.4 billion) and the foreign-invested sector at VND28.8 trillion (US\$1.25 billion).

Revenue from income corporate tax amounted to VND35.1 trillion (US\$1.52 billion) and VND26 trillion (US\$1.13 billion) of value-added tax.

In February, the GDT estimated a further decline in state budget revenue by 13% year-on-year to VND74 trillion (US\$3.21 billion), as the one-week long Tet holiday in this month could play a key factor.

7. Dak Lak approves two wind-power plants, worth \$96 million

Financed by VNM investment company from Singapore, the two plants have a combined design capacity of 70 MW, according to the provincial Department of Planning and Investment.

The 20 MW-Alpha VNM plant, valued at VND650 billion, will be developed in three communes of Ea Sol, Dlie Yang and Ea Hiao on an area of nearly 6.5ha.

Meanwhile, the 50MW-Beta plant will cover 10.9ha in eight communes of Dat Hieu, An Binh, Doan Ket, Thong Nhat, Binh Tan, Cu Bao, Ea Ngai and Ea Tul with a cost of VND1.56 trillion.

With attractive investment attraction policies and favourable natural conditions, Dak Lak has become a destination for many solar and wind power projects.

Businesses have to date registered to pump investment into 29 solar power projects in the

province with a total capacity of 11,500MWp. Ten of the total have received the go-ahead from local authorities with a total capacity of 960MWp.

Meanwhile, 47 wind power projects have registered in the locality thus far with a total capacity of nearly 10,000MW.

In the future, Dak Lak is striving to become the second solar power capital of the country, only after Ninh Thuan Province, turning this place into a renewable energy "battery" of the Central Highlands, baodautu.vn reported.

According to local authorities, investors coming to the province would access transparent information and given enthusiastic and professional support because it always kept in mind how both businesses and localities would benefit.

Corporate News

8. PLX: Oil distributor Petrolimex profit falls 74 pct

↑ 1.58%

The profits for 2019 had been VND4.77 trillion, and the company, a fuel distributor with thousands of stations nationwide, attributed the 74 percent fall to the drying up of jet fuel sales after international flights were suspended due to Covid-19 almost for the whole of 2020.

Revenues fell by 35 percent to VND124 trillion. Energy demand slumped last year as the pandemic led to lockdowns and a dramatic drop in energy for uses such as transportation.

With a market share of over 50 percent, Petrolimex is the largest fuel retailer in Vietnam, followed by PV Oil with around 22 percent.

9. PDR: Board resolution on the first bond issue of 2021

↑ 0.00%

On January 29, 2021, the Board of Directors of Phat Dat Real Estate Development Corp approved the plan for the first bond issue of 2021 as follows:

- Issuer: Phat Dat Real Estate Development Corp
- Bond type: non-convertible, secured bond, no warrants
- Bond code: PDRH2123001
- Par value: VND100,000,000/bond
- Issue volume: 4,000 bonds
- Total issue value: VND400,000,000,000
- Currency unit: VND
- Bond term: 02 years from the issue date
- Interest rate: 13%/year (365 days)
- Selling price: 100% par value
- Interest payment period: once every three months
- Issue time: estimated on February 02, 2021.

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