



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index inches higher despite a turbulent session

The market benchmark VN-Index finished higher in Tuesday's trade but faced strong selling pressure during the session.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index climbed 0.04 per cent to 1,186.61 points. The index experienced a volatile session.

After rising to break 1,191.77 points earlier in the session, the index dropped on higher selling pressure. However, the VN-Index still closed the trading day with a small gain.

The trend was widely expected by analysts from securities firms.

"The VN-Index is expected to gain slightly in the next sessions. The index will test resistance territory of 1,190 - 1,200 points," Bao Viet Securities Co. wrote in a daily report.

The market might still face fluctuations and corrections at this resistance level, the firm added.

The market breadth turned positive with 227 stocks increasing, while 190 stocks declined. And 78 stocks ended flat.

Over 577 million shares were traded today on HoSE, worth over VND15.2 trillion.

The VN30-Index, which tracks the 30 biggest stocks on the southern bourse, also increased by 0.24 per cent to 1,194.71 points. Of the 30 large-cap stocks in VN30 basket, twelve stocks rose, while fourteen stocks slid.

Top stocks supporting the market's upward trend were in materials and banking sectors including Tien Phong Commercial Joint Stock Bank (TPB), up 6.25 per cent, Hoa Phat Group (HPG), up 1.08 per

cent, Viet Nam Rubber Group JSC (GVR), up 1.36 per cent, HDBank (HDB), up 3.49 per cent and Viet Nam International Commercial Joint Stock Bank (VIB), up 2.71 per cent.

Meanwhile, gas and oil stocks plunged after posting great performance in the previous session. The stocks were PetroVietnam Gas JSC (GAS), dropping 0.98 per cent, PetroVietnam Drilling & Well Services Corporation (PVD), down 1.84 per cent and PetroVietnam Technical Services Corporation (PVS), down 2.15 per cent.

Other big stocks in banking, materials and construction sectors also faced selling pressure including Vietnam Dairy Products JSC (VNM), Vingroup JSC (VIC), Vinhomes JSC (VHM), VPBank (VPB), MBBank (MBB) and VietinBank (CTG).

On the Ha Noi Stock Exchange (HNX), the HNX-Index fell 1.76 per cent to end Tuesday's session at 247.94 points. The HNX30-Index also lost 1.72 points, equivalent to 0.46 per cent, to 373.53 points.

During the session, investors poured over VND2.1 trillion into the northern bourse, with more than 119.48 million shares traded.

In general, the market's liquidity was high with total trading volume of 744 million shares (including shares traded on UPCOM), worth over VND18.08 trillion.

On the other hand, foreign investors kept selling out on both HoSE and HNX, with a net sold value of VND731.21 billion on the southern market and a net value of VND46.27 billion on the northern bourse..

Macro & Policies

2. Car prices in Vietnam set to be cheaper

Rising domestic production capacity and existing government's support policies to cut fees and taxes for locally made cars are expected to be major factors dragging down car prices in Vietnam in the coming time.

A representative from the Truong Hai Auto Corporation (Thaco), one of Vietnam's leading car manufacturers, expected the country's participation in free trade agreements (FTAs) with major partners, including the EU, Japan, UK and South Korea, would help further abate costs for importing car parts with import duty at 0%.

With the Covid-19 impacts still looming on local economy, domestic car prices have gone down but remain nearly double the prices of vehicles sold in Thailand and Indonesia, mainly due to high fees and taxes for locally made cars.

“High product quality and low base cost are essential for Vietnam cars to compete with their foreign peers,” said auto expert Nguyen Minh Dong, adding only a bigger market size could attract more investors to come in to produce cars in the country and enhance localization rate.

Director of Hien Toyota noted while car manufacturers can streamline operation to drive down the production cost, taxes and fees are dependent on state policies.

“Lowering taxes and fees for cars will no doubt reduce prices and bring more benefits for customers,” she said.

Booming market demand

A recent report from the SSI Securities Corporation suggested Vietnam's income per capita is on the rise

and set to grow at an average of 8-10% in the next decade.

“Compared to regional countries, the current income per capita is fast approaching to a point of bursting demand for cars,” asserted SSI, adding cars would soon move from the luxury category with a passenger vehicle density of 34 per 1,000 to a more ordinary one with a density level comparable to countries in the region.

The SSI also pointed to a key factor that the domestic car market is big enough for car manufacturers to shift from importing cars to assembling/manufacturing domestically.

At present, six major car manufacturers of Thaco, Hyundai, Toyota, Mitsubishi, Ford and Honda account for 90% of the market share in Vietnam with a combined production capacity of 30,000-60,000 units per year, exceeding the break-even point for domestically-produced cars of 30,000-40,000 cars per year for an assembling plant, or 10,000-20,000 units for each car model.

According to the SSI, domestic car production capacity is increasing rapidly to meet customers demand, a key step to lower car prices.

With more cars manufacturing and assembling plants scheduled to complete in the 2022-23 period, the SSI expects a heating up car markets with steep discount policies would drive up domestic car demands.

Along with existing Vietnam's support policies for the automobile industry, the National Assembly is currently discussing a possibility of reducing the excise tax rate for locally made cars, in which the specific reduced rate would be in line with the localization rate, aiming to boost sales of affordable car models.

3. Hanoi's industrial production jumps 7.5 percent

Hanoi's index of industrial production (IIP) during January-February rose 7.5 percent year-on-year, according to the municipal Statistics Office.

There were mixed fortunes across sectors, with processing and manufacturing witnessing an increase of 7.8 percent, electricity distribution and production 5.8 percent, and sewage disposal 5.7 percent, while mining fell 9.8 percent.

Most of the processing and manufacturing industries posted higher IIPs compared to the same time in 2020, including electronic products, computers and optical products (37.7 percent), motor vehicles (17.5 percent), electrical equipment (16.5 percent), and beverages (14.3 percent).

The IIP in February was down 23.2 percent against January and 11.4 percent year-on-year due to the

seven-day break for the traditional Lunar New Year (Tet) holiday.

Since production time was reduced by one-third, processing and manufacturing - responsible for a large proportion of domestic industrial production - reported a year-on-year decline of 12.4 percent in its IIP while electricity distribution and production, sewage disposal, and mining fell 13.9 percent, 1.6 percent, and 21.6 percent, respectively.

Relevant authorities in the capital joined hands right from the beginning of the year to promote supply chain links, making significant contributions to the development of the domestic market in tandem with the campaign "Vietnamese people prioritise Vietnamese products".

4. UKVFTA - a boost to Viet Nam-UK trade

Statistics from the General Department of Viet Nam Customs showed that total trade in goods between the two nations topped US\$657.35 million in January, a year-on-year hike of 78.57 per cent. The Ministry of Industry and Trade described it as an impressive growth, particularly in the context of COVID-19.

Notably, Viet Nam's shipments to the European country hit \$598.07 million, or 84.61 per cent higher than the same time last year, and 56.51 per cent higher than December 2020. Exports of agricultural products maintained stable growth in the month, with export revenue of seafood surging 18.1 per cent to \$19.72 million, and fruits and vegetables rising 148.6 per cent to \$1.04 million.

Under the UK trade deal, tariffs levied on Vietnamese shrimp materials is reduced from 10-20 per cent to zero per cent, while more than 94 per cent of 547 tariff lines on Vietnamese fruits and vegetables will be cut to zero per cent.

Experts said a wide range of Vietnamese fruits like lychee, longan, dragon fruit, pineapple and rambutan will hold more advantages to access the UK market over those from Brazil, Thailand and Malaysia who have not clinched an FTA with the European country.

Viet Nam also saw strong increase in its shipments of telephone and parts (up 371.6 per cent to \$252.59 million); machines, equipment and parts (up 109.9 per cent to US\$74.58 million); computers and parts (up 91 per cent to \$31.82 million), among others.

Meanwhile, Viet Nam spent \$59.297 million on imports from the UK, up 34.3 per cent year-on-year.

Last year, total trade value between the two nations reached \$5.64 billion, with Viet Nam posting positive trade balance of \$4.27 billion. The UK continued to be the 3rd largest trade partner of Viet Nam in Europe, following Germany and the Netherlands.

As of December 2020, the UK registered \$3.84 billion in 411 projects in Viet Nam, becoming the 15th biggest investor among 139 countries and territories landing investment in the nation. Most of the UK's projects were in finance, banking, oil and renewable energy.

The Ministry of Industry and Trade affirmed that the trade pact will boost trade growth between the two nations in the future thanks to its commitment to erasing 65 per cent of the total tariffs immediately after the pact took effect, and 99 per cent of the tariffs in six or seven years.

5. Trade surplus from agro-forestry-fisheries hit 1.37 mln USD in two months

Import-export value of agro-forestry-fisheries products hit nearly 11 billion USD in the first two months of 2021, resulting in 1.37 million USD in trade surplus, up 28.4 percent year on year, according to the Ministry of Agriculture and Rural Development (MARD).

The ministry reported that a year-on-year rise was recorded in the export value of many products such as rubber, tea, cashew, vegetables and fruit and forestry products.

In the first two months of this year, the US remained the largest market of Vietnamese agro-forestry-fisheries products with 2.04 billion USD, up 57.3 percent year on year and accounting for 33.05 percent of the market share. It was followed by China, ASEAN, the EU, Japan and the Republic of Korea.

The export value of aquatic products reached 405 million USD in February, pushing the figure in the first two months of 2021 to over 1 billion USD, up 2.2 percent over the same period last year, reported the Vietnam Association of Seafood Exporters and Producers (VASEP).

According to the association, exports of tra fish saw positive signals since the beginning of this year after consecutive drops in 2020, with a 1.7 percent rise in the first two months of 2021 to 214 million USD.

In January, excepting for China and the EU, upturn was seen in the majority of markets of Vietnamese tra fish, including the US with 51 percent, Mexico 73 percent, Australia 45 percent and Canada 42 percent. Other markets such as Brazil, Colombia, the UK and Russia also experienced an increase of 37-129 percent.

Meanwhile, shrimp export in February was estimated at 160 million USD, down 18 percent year on year, resulting in over 380 million USD in the first two months of 2021, a slight annual fall of 0.8 percent.

At the same time, seafood exports rose 31.4 percent to 264 million USD in January but dropped 21 percent to 156 million USD in February, resulting in the two-month export value of 420 million USD, up 5.5 percent.

The VASEP said that in the first two months of this year, exports of Vietnamese aquatic products were affected by demands of markets amidst COVID-19 pandemic.

The association forecast that aquatic export value in March will reach about 640 million USD, up 1.5 percent over the same period last year thanks to high demand in the US, EU and members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

6. Stock market size reaches 88% of GDP

The other two high rates recorded were in August 2018 at 84.57 per cent and March 2018 at 83.08 per cent.

Including the government bond market and corporate bond market, the value of Viet Nam's entire stock market by the end of 2020 exceeded 110.64 per cent of GDP, this is also the highest rate ever recorded.

New cash flow continuously pouring into the market since the second half of 2020 has boosted liquidity.

December 2020 and January 2021 were two months witnessing record matching value, of more than VND250 trillion (US\$10.8 billion) and more than VND300 trillion on the Ho Chi Minh City Stock Exchange (HoSE), respectively.

However, skyrocketing liquidity has far exceeded market forecasts, leading to frequent congestion in many sessions, causing a lot of trouble for investors and affecting the quality of the market.

The sudden increase in liquidity is unpredictable, causing undesired interruptions in trading, according to HoSE.

To tackle this issue, the State Securities Commission said it was speeding up the implementation of a new information technology system for the entire stock market, known as KRX.

The Vietnamese stock market has experienced a year of spectacular recovery from the bottom caused by the COVID-19 crisis, a trend that is in parallel with most of the major stock markets in the world. Since the bottom at the end of March 2020, the VN-Index has increased by nearly 50 per cent.

Billion-dollar companies

So far, the Vietnamese stock market recorded 38 companies whose value reaches billions of dollars. Vingroup is valued at \$15.95 billion in market capitalisation. It is followed by the State-owned Vietcombank (VCB), with \$15.82 billion. Third place belongs to Vinhomes (VHM) with \$14.52 billion.

Other notable names include Vinamilk with \$9.52 billion, Bank for Investment and Development of

Vietnam (BID) with \$7.62 billion, PetroVietnam Gas JSC (GAS) with \$7.43 billion, the Airports Corporation of Viet Nam (ACV) with \$7.03 billion, and Hoa Phat Group (HPG) with \$6.56 billion.

The Masan family is no less competitive as there are also three representatives, Masan Group (MSN) with \$4.61 billion, Masan Consumer Holdings (MCH) with \$2.92 billion and Masan High-Tech Materials Corporation (MHT) with \$1 billion.

Some unfamiliar names also appear in the billion-dollar business group, with surprises in value. Most notably ThaiHoldings (THD) valued at \$3.06 billion, became the third largest real estate company in the market by market capitalisation after Vinhomes and Novaland, the latter of which is valued at \$3.41 billion.

Another real estate company has also entered the group, namely Phat Dat Real Estate Development Corporation (PDR), valued at \$1.08 billion.

THD shares have risen 10 times since the end of November last year, now reaching VND201,000. While PDR has also nearly tripled from August last year, standing at at VND63,000.

7. Vietnamese and Japanese firms receive support to expand operations

According to a representative from the JETRO, the business matching programme will see the participation of 40 Japanese companies for the purpose of accelerating the development of the country's supporting industry.

At present, the scheme has received registration for 50 negotiations from enterprises from Japan, Vietnam, and Taiwan (China), whilst it is still receiving registration from businesses wishing to purchase and seek Japanese suppliers in the Monozukuri field until March 1.

A recent survey conducted by the JETRO unveiled that Japanese businesses remain keen on the Vietnamese market as the country is viewed as an alternative investment destinations for Japanese enterprises looking to move away from China due to the COVID-19 pandemic.

The survey indicates that approximately half of Japanese enterprises in the nation plan to expand their production activities, while roughly 70% of them seek opportunities to increase revenue in the local market.

Most notably, 46.8% of Japanese enterprises unveiled that they have initiated plans to expand their business in the nation over the course of the next two years, with the expansion rate ranking fourth, the highest in the Asia-Pacific region.

Japanese enterprises have therefore attributed their expansion to an increase in revenue in the domestic market and high growth potential.

Furthermore, Japanese firms are also considering re-establishing some supply chains which have been impacted by the COVID-19 pandemic, with Vietnam able to capture the attention of suppliers and buyers of materials globally.

Corporate News

8. RIC: Casino operator stock skyrockets despite sustained losses

↑ 6.89%

The company, which operates the largest casino in the northern province of Quang Ninh, ended its 31st session of consecutive ceiling increase Monday at VND37,750 (\$1.64).

On January 11, its price was VND5,000. The Ho Chi Minh City Stock Exchange (HoSE), on which RIC is traded, limits stock price increases to 7 percent a day.

A company's spokesperson told VnExpress that RIC leaders cannot explain the price surge as business was going on as usual and there was no special change in the company's financial situation.

Some stock analysts suspect that large investors are involved in blowing up the price by trading shares back and forth among themselves.

The main bourse HoSE had actually placed RIC on a watchlist for having reported losses repeatedly since 2013. Since April last year, it has only allowed RIC shares to be traded in the afternoon.

RIC posted a loss of VND82 billion (\$3.6 million) last year, taking its accumulated losses to VND310 billion.

It has blamed the loss on increasing number of casinos in the region, which has reduced the number of foreign patrons. Vietnam does not allow most casinos to serve locals.

The Covid-19 pandemic has worsened the situation with flight restrictions and its figures are likely to reflect that in the future, it said.

9. VIC: Vietnam's Richest Man Plans Electric Car Factory in the U.S

↓ -0.28%

VinFast, founded by billionaire Pham Nhat Vuong, began delivering gasoline autos to Vietnamese consumers with BMW-licensed engines in 2019. Vuong, who is also chairman of parent company Vingroup JSC, said late that year he would back the company's U.S. ambitions with \$2 billion of his own fortune.

The company plans to establish an automobile factory in the U.S., VinFast Chief Executive Officer Thai Thanh Hai said in an email response to questions, declining to provide details around timing or possible factory locations. The company is also planning sales in Canada and Europe next year.

"VinFast's vision is to become a global smart electric car company and the U.S. market is one of the first international markets that we will focus on," she said. "We initially will develop high-end models for the U.S."

The North American car market won't be an easy one to crack. Not only have big legacy carmakers like Ford Motor Co. and General Motors Co. been spending billions of dollars on electric cars, but investors have poured billions more into blank-check companies to take EV startups public via reverse mergers.

EV makers, many of which are yet to launch commercial products, have taken advantage of that. Nikola Corp. was the first high profile one to go public via a SPAC listing, followed by others including Lucid Motors Inc., Lordstown Motors Corp., Fisker Inc., Canoo Inc. and Xos, a maker of electric commercial vehicles.

VinFast sold about 30,000 vehicles last year. The company forecasts sales of more than 45,000 units in 2021. It will begin delivery of EVs produced at its factory in the northern port city of Haiphong to domestic customers by December.

Consumers in Vietnam purchased 296,634 cars last year, according to the Vietnam Automobile Manufacturers' Association. Hyundai Motor Co. was the leading brand, with sales of 81,368.

Hai said VinFast believes it can win over U.S. and other overseas customers leery of buying an automobile from a Vietnamese company they know little or nothing about by offering top-quality vehicles with high safety standards and advanced technology.

VinFast, which also produces electric motorbikes and electric buses, plans to open 35 California showrooms and service centers this year, she said. California regulators have granted VinFast a license to test autonomous vehicles on public streets. The company aims to deliver its first electric vehicles to U.S. customers next year.

Hai didn't say how much the company will invest in the U.S. VinFast still expects to be profitable after five years of operation, though the global pandemic has "made things more difficult," she said.

The VinFast R&D Institute, with offices in San Francisco, Australia and Vietnam, is working on autonomous automobile technology, according to Bui Hai Hung, head of VinAI Research, who oversees the company's global research. VinAI and the research institute are developing autopilot features for cars planned for the U.S. market in 2022, he said.

VinFast plans to offer two electric luxury SUVs -- the VF32 and VF33 -- in the U.S., Canada and Europe.

California Governor Gavin Newsom's executive order in September to phase out sales of new gasoline-powered cars by 2035 is an added impetus for the company to sell EVs in the U.S., Hai said.

"This will help VinFast enter the market faster and also inspire VinFast to invest more strongly in the U.S. market," she said.

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