



VIETNAM DAILY NEWS



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Market Analysis

1. Shares post gains thanks to banking, securities stocks

Shares extended gains on Thursday, bolstered by a significant injection of cash flow into banking and securities stocks.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index gained 2.35 per cent to end at 1,446.77 points.

It had gained 1.04 per cent to end at 1,467.98 points yesterday.

The market's breadth was positive with 321 gainers and 130 losers.

As many as 631 million shares were traded on the southern bourse, worth nearly VND18 trillion (US\$783.3 million).

On HoSE, foreign investors returned to net buy more than 7 million shares, with net buying value of VND349 billion.

The VN30-Index, tracking the 30 biggest stocks on HoSE, gained 0.89 per cent, to end at 1,529.61 points. Twenty-six out of 30 stocks in the VN30 basket posted gains, while three declined.

In the VN-30 group, gainers included Phu Nhuan Jewelry (PNJ), Vietinbank (CTG), PVPower (POW), Masan Group (MSN), Vietjet (VJC), FPT Corporation (FPT), HDBank (HDB), Vincom Retail (VRE) and Novaland (NVL).

The banking group outperformed and supported the gains of the market with notable gainers

including Vietinbank (CTG), Tien Phong Bank (TPB), Vietcombank (VCB), Military Bank (MBB), Sacombank (STB), Eximbank (EIB) and Bank for Investment and Development of Vietnam (BID).

Securities stocks outperformed as there were no losers in the sector. Petrovietnam Securities Incorporated (PSI), Guotai Junan Securities (Vietnam) Corp (IVS), Viet Nam Bank For Industry & Trade Securities JSC (CTS) and VIX Securities Joint Stock Company (VIX) all rose.

Other notable gainers included SSI Securities Inc (SSI), VNDirect Securities Co (VND), Viet Capital Inc (VCI) and Saigon-Hanoi Securities Co (SHS).

“VN-Index needs to stay around 1,450 points for a little bit to accumulate strength to be able to start the journey to conquer the top of 1,500 again,” said BIDV Securities CO.

As many as 21 out of 25 sector indices on the stock market posted gains, including IT, oil and gas, retail, logistics, banking, securities, insurance, wholesale and healthcare, rubber production and agriculture.

On the Ha Noi Stock Exchange (HNX), the HNX-Index rose 0.62 per cent, to 452.53 points.

During the session, investors poured over VND2.5 trillion into the market, equivalent to a trading volume of 88.3 million shares.

Macro & Policies

2. State Bank restrains banks investing in corporate bonds

The State Bank of Viet Nam (SBV) has recently introduced new regulations on the purchase and sale of corporate bonds by credit institutions and foreign bank branches, effectively curbing banks' investment in this market.

According to the new regulation, Circular No 16/2021/TT-NHNN, banks are not allowed to purchase corporate bonds if those bonds are issued to restructure debts of the issuer, to contribute capital or purchase shares of other enterprises, and to raise the issuer's working capital.

In the context of the real estate sector leading the bond market in the first ten months of 2021, with bond issues reaching VND163.9 trillion (US\$7.1 billion), experts believe the new regulation is mainly aimed to curb banks pouring money into real estate enterprises.

Bank loans and bond issues are two key channels for real estate enterprises to finance themselves. Normally, bank loans are more difficult to take out because banks require borrowers to put up collateral and hand in business plans as well as repayment plans in advance. With such strict requirements in place, real estate enterprises thus

take the easy way out and opt for bond issuance to raise money.

Unfortunately, many bond-issuing real estate enterprises are suffering from negative cash flows, except for the financial cash flows being supported by the growth of the stock market. If the stock market turns slightly unstable, the financial situations of those enterprises would worsen, adversely affecting their capability to service their debts.

"Therefore, State Bank's Circular No 16 is predictable and necessary to limit the flow of capital into real estate bonds," financial expert Le Xuan Nghia said.

Credit rating agency FiiRating reports that banks are holding a large amount of real estate bonds. By the end of June 2021, nearly 28.5 per cent of these bonds went to banks. Meanwhile, bonds also account for 46 per cent of total debts of real estate enterprises. Therefore, the credit quality of real estate sector is a matter of concern not only for the bond market but also the banking system.

3. Detailed policies required to successfully call investment in railway

Detailed policies on attracting investment in the railway industry are needed to meet the country's ambitious VND240 trillion (US\$10.5 billion) railway development plan in the next ten years, experts said.

Prime Minister Pham Minh Chinh recently signed a decision to approve the country's railway development plan for the 2021-30 period, which sets the goal of building nine new railways with a total length of 2,362km by 2030.

The longest is a 1,545km long high speed rail line running north-south from Ngoc Hoi Station in Ha Noi to Thu Thiem Station in HCM City, with priority of investment being given to the Ha Noi-Vinh and Nha Trang-HCM City sections.

The Yen Vien - Pha Lai - Ha Long - Cai Lan line will run 129km while the Ngoc Hoi - Lac Dao - Bac Hong will be 59km long.

The 102km long Ha Noi - Hai Phong line, part of the Lao Cai - Ha Noi - Hai Phong line, will run in parallel to the Ha Noi - Hai Phong Expressway and connect with the port of Hai Phong.

In the central region, a 103km line will run from Vung Ang Port to Mu Gia Pass on the Viet Nam-Laos border.

The Bien Hoa - Vung Tau line runs 84km from Trang Bom to Vung Tau stations.

There will also be two other lines linking HCM City with Can Tho and Loc Ninh, with respective lengths of 174km and 128km.

The Thu Thiem - Long Thanh line will link Long Thanh International Airport with Thu Thiem Station and only serve passengers.

Viet Nam will need an estimated VND240 trillion to fund the projects.

In order to achieve planning goals, Government will continue to provide incentives for organisations and individuals to invest in the railway transportation business, including the use of land funds to develop the national network. It will further mobilise domestic and foreign resources to invest in transportation by ensuring a fair and healthy competitive environment for all economic components in this field.

According to Nguyen Danh Huy, Director of the Ministry of Transport's Planning and Investment Department, with such a large capital need, the State's budget will play the leading role, accounting for 80 per cent of the total investment. The

remaining capital will come from the public-private partnership (PPP) investment model.

Vu Anh Minh, Chairman of the Members' Council of the Vietnam Railways Corporation (VNR) said it is necessary to clearly identify the capital sources to enable to success in calling for private and official development assistance (ODA) investment.

Director of the Vietnam Railway Authority Vu Quang Khoi said some new railway lines connecting to seaports have received more attention from investors because they have clearly defined the form of PPP investment model.

For example, the railway project from Vung Ang Port to Mu Gia Pass at the Viet Nam-Laos border has a total investment of more than \$5 billion, in which investment capital of Viet Nam is nearly \$1.6 billion under the PPP model. The consortium of Petroleum Trading Lao Public Company (PetroTrade) and Viet Nam's HT Investment Construction Management Co has so far completed researches and submitted the project's pre-feasibility study report to relevant authorities.

4. Ministries told to speed up disbursement of public investment

Central government agencies and ministries were told to speed up the disbursement of public investment funds, during a meeting with Deputy Prime Minister Vu Duc Dam in Ha Noi on Wednesday.

Citing the pandemic and prolonged lockdown as the reasons behind the slow disbursement, government officials asked the central government to grant more time, especially for projects that have been hit by the lockdown.

Other contributing factors to the problem included higher prices for construction materials, mobility restrictions due to COVID-19 prevention, difficulties in land clearing and poor management capacity among investors and contractors.

Deputy Minister of Information and Communication Pham Anh Tuan said his ministry only started receiving funding in the third quarter of 2021. Given the sheer amount of paperwork and protocols that

were to be followed, the ministry expects full disbursement of their projects by the end of June next year.

Deputy Minister of Sport, Culture and Tourism Doan Van Viet said his ministry has disbursed over 62 per cent of its allotted public investment fund for the year 2021. As paperwork has been completed for a number of projects by the end of September, the ministry has set a target to disburse 98 per cent of all received investment funds for the year.

A representative from the Ministry of Health voiced a number of difficulties in carrying out two construction projects at Viet Duc Friendship Hospital 2 and Bach Mai General Hospital 2.

Dam asked the Ministry of Planning and Investment to hand in a report on all projects using public investment funds in 2021 and analyse factors that have been causing delays.

5. VN plans to secure enough COVID-19 vaccines for booster shots by June 2022, in talks for shots for children aged 5-11

The Government Office on Wednesday has released Prime Minister Phạm Minh Chính's conclusions after the meeting on COVID-19 vaccines and therapeutics held on Sunday.

The Government leader gave the order that administration of second vaccine doses for all adults in the country must be wrapped up by December 15, 2021, or by year's end at the latest, especially for people over 50 years old with underlying health conditions.

The health minister and the chairs of the municipal/provincial people's committees of the localities that fail to meet this target will be held accountable in front of the Government and PM Chính himself.

So far, all COVID-19 vaccines have been given free of charge in Việt Nam, but PM said there must be a plan to 'socialise' the vaccination to be submitted to the Politburo.

This essentially means the COVID-19 vaccines and injections will be treated as a normal commodity and service in case COVID-19 turns into an endemic disease that requires frequent booster shots.

He wants the plan to vaccinate children aged 5-11 before December 10, 2021, and contracts for vaccines for this age group must be signed in December 2021.

Relevant agencies are asked to closely follow the progress of delivery and vaccination to ensure that there are enough vaccines for the 3rd dose for all people aged 18 and above before June 2022, and at the same, expediting the administration of the third dose, with priority given to people aged 50 and older and those on the front lines of COVID-19 prevention and control.

The health ministry is ordered to review and put forward recommendations for booster shots for children aged 12-18.

Relevant authorities and local governments should provide timely, sufficient, transparent information to the public on vaccine allocation plans, types of vaccines, vaccination progress, and side effects, to give them 'peace of mind' and avoid 'discrimination' between the different COVID-19 vaccines that have been approved for use in Việt Nam.

Talking with the media on Wednesday, deputy health minister Đỗ Xuân Tuyên said that Việt Nam is negotiating with manufacturers for COVID-19 vaccines for children aged 5-11, now that the country has secured enough doses for those aged 12 and above.

He said since the pandemic broke out, Việt Nam has been actively seeking vaccine access from different sources, from purchase deals to donations from countries and organisations.

To date, through supply agreements, COVAX commitments and other sources, Việt Nam has secured a sufficient number of vaccines to provide two shots plus a booster dose in the future, and for children aged 12-17. Over 150 million doses have already arrived, including nearly 71.5 million bought with the State budget and 79 million doses donated, out of the 200 million the country is slated to have for 2021.

122.9 million doses have been administered for adults, including 54 million second shots, as of today.

First dose coverage in Việt Nam's adult population has hit 97 per cent, with 70 per cent double vaccinated already.

About 5 million doses of vaccine have been administered for children aged 12-17 so far, using Pfizer vaccines, with first dose coverage reaching 53.6 per cent and second dose coverage at 10.8 per cent.

6. LEGO Group to build new US\$1 billion factory in Viet Nam

The Danish toy production company LEGO Group on December 8 signed a memorandum of understanding with the Vietnam–Singapore Industrial Park Joint Stock Company (VSIP) on the building of a new plant in southern Binh Duong Province.

Addressing the signing ceremony, Danish Ambassador to Viet Nam Kim Højlund Christensen said it was the largest investment in Viet Nam ever made by a Danish company, showing the confidence and optimism of Danish investors in the future of the important Denmark-Viet Nam partnership.

The LEGO Group will invest more than US\$1 million in the construction of its first-ever carbon neutral factory, including investment in solar energy on a 44-hectare site in Binh Duong, hoping to generate 4,000 jobs in the next 15 years.

The construction is scheduled for the second half of 2022, and the plant will go into operation two years later.

According to LEGO, the factory will be its sixth manufacturing site in the world and the second in Asia.

LEGO's decision to build its plant in Viet Nam was attributed to the Vietnamese Government's plans to invest in expanding renewable energy production infrastructure and a collaborative approach to working with foreign companies who are seeking to make high-quality investments, said Chief Operations Officer of Lego Group Carsten Rasmussen.

VSIP General Director Nguyen Phu Thinh pledged that VSIP was committed to offering international companies high-quality investments and sustainable solutions to create attractive long-term development opportunities.

The new factory will feature solar panels on its roof and VSIP will build a nearby solar project on behalf of the LEGO Group. They will together plant 50,000 trees in Viet Nam to compensate for vegetation removed during construction.

7. Gov't to seek \$8 bln in foreign investment to build three metro routes in HCM City

The Government is soliciting billions of dollars in foreign investment in metro routes and other infrastructure projects in HCM City in the next five years.

The metro projects are in an approved list of public projects seeking foreign investment in the 2021-25 period.

The Government is seeking US\$4.57 billion for the 36.2km metro line No 4 spanning districts 1, 3, 4, 7, 12, Gò Vấp, Phú Nhuận, and Nhà Bè, which are the most populous areas in the southern economic centre, and \$1.82 billion for line No 3 and \$1.48 billion for the second phase of line No 2.

The city plans to build eight metro routes in all, with the aim of having a complete and modern urban metro system, raising the capacity of public transport in the city.

The metro No 1 project is currently being built with official development assistance and funds from the Japan International Cooperation Agency, and is expected to be completed by the end of 2023 or early 2024.

The Government is also seeking investments in many other rail and road projects in the city and nearby provinces.

They include the Trảng Bom – Hòa Hưng rail link from HCM City to the neighbouring southern provinces of Bình Dương and Đồng Nai (\$2.97 billion) and the HCM City – Thủ Dầu Một – Chơn Thành expressway (\$1.1 billion).

In the next five years the Government hopes to find foreign investors for 157 projects in several areas, such as traffic infrastructure, industrial park infrastructure, sewage and waste processing projects, and other sectors.

Corporate News

8. CII: CII to increases charter capital

↑ 4.09%

On November 25, 2021, the State Securities Commission confirmed the receipt of sufficient documents on the share issue for bond conversion. Accordingly, Ho Chi Minh City Infrastructure Investment Joint Stock Company (CII) issued 95,193 shares to convert 2,299 CII42013 bonds in the second phase.

The Board of Directors of Ho Chi Minh City Infrastructure Investment Joint Stock Company allowed the Company to increase its charter capital from VND2,832,095,780,000 to VND2,833,047,710,000.

9. TPB: Approved the record date for stock issuance to raise capital

↑ 0.20%

Accordingly, after provisioning more than VND3.7 trillion, the bank will spend over VND3.8 trillion to pay cash dividend at a rate of 8 per cent, meaning a shareholder owning a share will receive VND800.

The rate increased by 3 percentage points compared to the plan previously approved at the annual meeting, with the total cash dividend rising by about VND1.44 trillion.

With the remaining of VND5.67 trillion, VietinBank will pay stock dividends to increase its charter capital.

It will close the list of shareholders on December 15 and is expected to pay in mid-January 2022. The State Bank of Viet Nam currently owns 64.46 per cent of VietinBank shares, so will receive approximately VND2.48 trillion.

Earlier in July, VietinBank issued more than 1.08 million shares to pay a dividend at the rate of 29 per cent. The source of issuance was from retained earnings after provisioning and paying cash dividends in 2017, 2018 and 2019.

The bank's shares ended Monday at VND32,100 a share, down 2.73 per cent.

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