



VIETNAM DAILY NEWS



December 13th, 2021

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Market Analysis

1. Shares decline after three days of gaining

Vietnamese stocks snapped a three-day winning streak on Friday, facing strong selling from investors, as they sought profits from those firms that made significant gains during the last sessions.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index lost 0.30 per cent to end at 1,463.54 points.

The index had gained 3.8 per cent in the last three sessions.

The market's breadth was negative with 169 gainers and 275 losers.

As many as 798.3 million shares were traded on the southern bourse, worth nearly VND23 trillion (US\$1 billion).

The VN30-Index, tracking the 30 biggest stocks on HoSE, declined 0.66 per cent, to end at 1,519.46 points. Twenty out of 30 stocks in the VN30 basket posted losses, while 10 increased.

After the lunch break, the market moved in a negative direction with a series of stocks in the VN30 "basket" plunging, of which the stock with the largest capitalisation stock on the market Vingroup (VIC) decreased by 2 per cent, Phu Nhuan Jewelry (PNJ) decreased by 1.8 per cent,

PetroVietnam Gas JSC (GAS) lost by 1.6 per cent, Vietnam National Petroleum Group (PLX) was down 1.3 per cent, Vinamilk (VNM) was down 1 per cent, and Masan Group (MSN) declined 1.1 per cent.

The banking group performed well and supported the market with notable gainers including Tien Phong Bank (TPB), Vietcombank (VCB), Bank for Investment and Development of Vietnam (BID) and ViBank (VIB).

Seafood stocks went against the general market when the industry's index closed up 1.96 per cent. In which, the Bac Lieu Fisheries Joint Stock Company (BLF) hit the daily limit gain of 10 per cent. I.D.I International Development & Investment Corporation (IDI) soared 5 per cent, Vinh Hoan Corporation (VHC) gained more than 3 per cent. Kien Hung JSC (KHS), Cuu Long Fish Joint Stock Company (ACL) and Sao Ta Foods Joint Stock Company (FMC) were the remaining gainers in the industry.

On the Ha Noi Stock Exchange (HNX), the HNX-Index lost 0.39 per cent, to 450.75 points.

During the session, investors poured over VND2.7 trillion into the market, equivalent to a trading volume of 103.3 million shares.

Macro & Policies

2. Viet Nam Stock Exchange officially debuts

The Viet Nam Stock Exchange (VNX) was officially put into operation on Saturday morning, marking a new development for the domestic stock market.

The opening ceremony was held directly in Ha Noi and HCM City and held online at some places by the Ministry of Finance.

At the event, Deputy Prime Minister Le Minh Khai handed the operations over to the Board of Directors of VNX.

According to the establishment decision, the exchange will operate under the parent-subsidiary model as per the rearrangement of the Ha Noi Stock Exchange (HNX) and the Ho Chi Minh Stock Exchange (HoSE).

VNX has a charter capital of VND3 trillion, with the headquarters located in Ha Noi, and is a limited company with 100 per cent capital owned by the State.

The exchange is also the parent company holding 100 per cent of capital in HNX and HoSE.

After VNX comes into operation, HNX will have the main task of organising and operating the derivatives, bond and other securities markets.

Meanwhile HoSE is responsible for organising and operating the stock market and other securities according to regulations.

The Deputy Prime Minister said that developing the stock market to create a medium- and long-term capital mobilisation channel for economic development was a consistent policy of the Party and State.

Khai also said attention needed to be paid to the modernisation of technology infrastructure to master and strengthen the application of science and technology.

Digital transformation to promote market development in combination with risk management, ensuring the safety of the stock market and meeting the growth demand of the country was also needed, he added.

Nguyen Thanh Long, chairman of the VNX's Board of Directors, said that in the past, the size of the Vietnamese stock market was fragmented, indices were not consistent, and there was a lack of a general index that fully represented the whole market.

This has affected the position of the country stock market and the upgrade process. Therefore, the establishment and operation of VNX was necessary.

The consolidation and merger of exchanges is a reasonable trend and follows the international trend, Long added.

The restructuring and reorganisation of the exchanges will unify the stock market to ensure the market's efficient, fair, open and transparent operation, heading to a unified Vietnamese stock market.

Since September, the exchange has completed seven regulations and one plan to restructure the corporate bond market, which is expected to be issued this December.

According to the plan, the system of regulations will be officially applied and implemented in 2022.

In the medium term, Long said that VNX had directed HoSE and HNX to develop a 3-year plan, while VNX will develop a medium- and longer-term development strategy.

3. Banks offer higher deposit rates after credit growth quota expanded

Many banks have increased their interest rates to attract more depositors after getting a credit growth quota expansion from the State Bank of Viet Nam (SBV).

Last month, SBV decided to extend the credit growth limit for 11 banks to meet the rising capital demands of the economy at the end of the year.

Following this, many banks have raised their interest rates by 0.5-0.8 per cent and have implemented a series of incentive programmes that offer additional interest rates for online savings or gifts to attract depositors.

With the adjustment, the highest savings interest rate in the market currently is 7.1 per cent per year, but customers must meet various strict conditions, including minimum deposits.

Techcombank announced a special interest rate of 7.1 per cent per year for customers depositing VND999 billion or more with a commitment of not withdrawing the money before maturity.

For smaller deposits of only a few hundred million dong or less, depositors can choose many other banks to enjoy an interest rate of around 7 per cent per year.

For deposits made at the counter, the Vietnam Russia Joint Venture Bank (VRB) tops the list with a rate of 7 per cent per year, applicable for 24 and 36-month terms.

Saigon Commercial Joint Stock Bank (SCB) is also applying a high rate of 6.8 per cent per year for 12, 18, 24 and 36 month deposits.

The rate of 6.7 per cent per year for deposits, with terms of 12 months or more, is available at BacABank, CBBank and Kienlongbank.

For online savings, the interest rates are roughly 0.1-0.6 per cent higher per year than at the counter.

NamABank offers the highest interest rate for online savings without the requirement for a large deposit amount. Customers depositing money via the bank's e-banking application on terms of 18, 24 and 36 months can enjoy a rate of 7.1 per cent per year. In addition, the rate for terms of 12 and 15 months at the bank is 6.9 per cent per year, a high level in the market.

Personal bank deposit growth has slowed consecutively since March this year as depositors pour their savings into more attractive investment channels such as stock, real estate and cryptocurrency markets, amid declining deposit interest rates.

According to the SBV's data, personal bank deposits totalled nearly VND5.29 quadrillion (US\$230 billion) by late September, down roughly VND1.5 trillion on late August.

In July, monthly bank deposits also fell against previous months, the central bank stated, noting deposits in August decreased by some VND1 trillion against July.

From early January to late September, personal deposits hit VND150 trillion, a year-on-year decline of around 50 per cent.

4. Work starts on VinES battery manufacturing factory in Vung Ang EZ

Construction of VinES battery manufacturing factory costing VND4 trillion (nearly US\$173.7 million) began on Sunday in central Ha Tinh Province's Vung Ang Economic Zone with the presence of President Nguyen Xuan Phuc.

Financed by local conglomerate Vingroup, the factory will be developed on 8ha in its initial phase, providing lithium batteries for VinFast's electric cars and buses.

A spokesperson for Vingroup said in a statement: "It marks a significant step in implementing Vingroup's 'three-pillars' battery strategy, including procuring batteries from the world's top manufacturers, collaborating with partners to produce the world's best batteries, and conducting in-house research and development for battery production.

"This is very first and most advanced battery plant in Viet Nam to be equipped with European and American-standard technologies that boast an astounding workflow automation rate of 80 per cent. Vingroup is also working with strategic partners, including the world's leading companies in pioneering technologies for the production of electric vehicle batteries."

The entire infrastructure of the factory, including a casting shop, a welding shop, and a packaging (battery pack) shop, is designed to produce 100,000 battery packs per year. The second phase of the factory will expand production to include battery cells manufacturing and upgrade capacity to one million battery packs per year.

During the factory's groundbreaking ceremony, President Phuc spoke highly on Vingroup's operational strategy adjustment, that has shifted from the field of real estate investment and trading to hi-tech and services industries. The timely adjustment also demonstrated Vingroup's significant participation in the process of restructuring and modernising the nation's economy.

The president said the success of Vingroup is gradually becoming an industrial and technological

group that would not only create inspiration for other economic groups in Viet Nam but also play an important role in creating the "Make-in-Viet Nam" eco-system on producing, recycling, and reusing renewable energy batteries.

He added that proactively capturing and developing battery technology was a key component to help VinFast quickly realise its strategic goal of becoming a global smart electric vehicle company. Self battery production would ensure the supply of diverse and suitable batteries for each line of VinFast electric vehicles while better meeting the battery needs of the domestic and international electric vehicle market, contributing to the global electric vehicle revolution.

Nguyen Viet Quang, Vice President cum CEO of Vingroup said the construction of this factory reflected his firm's efforts to establish a clean energy ecosystem that contributes to the localisation of VinFast's supply.

He added: "Furthermore, we have been promoting collaboration with many prestigious partners around the world, including firms in the US, Israel, Taiwan, and mainland China, to research, develop and apply cutting-edge battery technologies such as super-fast charging, 100 per cent solid-state batteries and highly advanced battery materials," he said.

Vo Trong Hai, Chairman of Ha Tinh People's Committee praised Vingroup's important contributions to the provincial socio-economic development in the past.

5. Domestic gas market needs more specific regulations

The Ministry of Industry and Trade's Department of Petroleum and Coal has reported that the domestic gas output is about 9-10 billion cubic metres per year, of which 85 per cent is for power plants, 11 per cent for fertiliser production factories, and 4 per cent for other consumers.

The annual demand on liquefied petroleum gas (LPG) consumption in Viet Nam has been about 2.3 million tonnes, mainly for civil and commercial consumption.

According to the Viet Nam Gas Association, a system of regulations on gas trading has been established to regulate entities joining the domestic gas trading market and help State management agencies manage the market.

However, the association said this market has had a lack of cooperation in business, unfair competition and violations in trading activities. These include appropriation of LPG (liquefied gas) cylinders, illegal filling of gas and violation on trademark regulations. In addition, some gas traders have not

made business registrations or not met conditions for trading gas under existing regulations.

According to the association's Vice Chairman Tran Minh Loan, those results are due to not completing the legal system on gas trading activities.

Nguyen Thi Hanh, a representative of Totalgaz Vietnam Co said: "At present, each locality has applied administrative sanctions for the violator based on different legal regulations, causing many difficulties for enterprises."

Hoang Anh Tuan, deputy director of the Department of Domestic Market, also said there were not full and specific regulations for the gas distribution system, causing difficulties for regulators and businesses in the implementation of the regulations.

In addition, there are also no specific regulations on exchange of gas cylinders for enterprises trading LPG cylinders and LPG cylinder filling stations, making it difficult to control gas trading activities.

There still are difficulties in implementing regulations to stop appropriation of such cylinders on the market.

Do Thang Hai, deputy minister of Industry and Trade, said the Prime Minister had approved a project on developing a competitive energy market. Accordingly, the goal for the gas market is to build a legal framework as a basis for developing a competitive business model for compressed natural gas, LPG and liquefied natural gas.

At the same time, a legal framework relating to the right of rent and use third-party infrastructure will be completed to develop the gas market in the 2021-2025 period, including financial regulations, and technical and commercial standards.

The system of legal documents on gas trading has been developed, Hai said, but a number of policies must be reviewed and adjusted to ensure feasibility.

Tran Minh Loan, vice chairman of the Viet Nam Gas Association, said the State needs to continue completing the regulations on the management of LPG trading activities and sanctions for violations. At the same time, the State must strengthen inspection and strictly handle violations.

"During completing the regulations, the State management agencies should discuss with the association and enterprises to remove difficulties and obstacles of enterprises and make regulations suitable with production and business activities," said Loan.

Hanh, the Totalgaz Vietnam representative, said that there should be consistency in regulations on dealing with violations in the gas business, including anti-counterfeiting stamps, product packaging, illegal filling and trading of counterfeit goods.

"The State needs to increase value of fines, add articles on fines for gas extraction stations and handle strictly violations in gas trading. If the violations are repeated, that company shall bear the criminal responsibility for the infringement upon industrial property rights," Hanh said.

6. Several factors in the mix, pose serious threat of inflation

In early November Tran Ngọc Hoa, a vegetable vendor in Ha Noi's Kim Lien market, had to stop selling for three days after fruit and vegetable prices surged in wholesale markets.

Most vegetable prices doubled or tripled within a week.

She would have earned little, even lost, since people would not have bought from her at such high prices, she said.

"I sold a bundle of water spinach for VND25,000, earning only VND2,000. If just a few bundles were unsold, I would have made a loss."

In HCM City, in late October the prices of many fruits and vegetables increased by VND5,000-15,000 per kilogramme within just a week.

A kilogramme of runner beans cost VND36,000, bok choy was VND30,000, calabash was VND30,000, Dutch tomato was VND41,000, water spinach was VND30,000, and choysum was VND30,000.

The prices of fresh meat, poultry, dairy products, rice, and cooking oil were also up by 10-30 per cent.

Market observers said the prices of not only agricultural goods but also that of many other items of daily use were up.

The General Statistics Office (GSO) said the cost of raw materials used in several industries has risen sharply in recent months, especially October, pushing up the prices of many goods, including essential consumer items.

It pointed to the rise in fuel costs as a major factor in increasing the prices of all kinds of goods.

Petrol prices have been adjusted upward 18 times this year, making A95 VND7,860 per litre higher from a year ago and E5 petrol VND7,600 higher. Cooking gas prices have been hiked eight times.

Inputs used to make livestock feed have seen a 22 per cent rise in prices. Other industries affected include plastics (12.9 per cent) and textiles (10.8 per cent).

The GSO said an increase of 1 per cent in raw material prices translates into a 2.06 per cent increase in product prices.

The International Monetary Fund said the global Price Index increased by 47.82 per cent year-on-year in the first half of 2021.

Notable rises included logistics, which saw rates increase by 500 per cent on certain routes compared to pre-pandemic levels, raw materials for industrial production (56.4 per cent) and food and beverages (26.3 per cent).

What does this mean for Việt Nam?

With the country now deeply integrated into the global economy, the effects of international demand and fluctuations in raw material prices and exchange rates are felt increasingly strongly.

Imports of raw materials account for 37 per cent of the country's total production costs.

Dinh Trọng Thịnh of the Institute of Finance said the threat of inflation this year and next year is also

because the country is under pressure to reopen its economy after several months of stringent restrictions to combat COVID-19.

Phạm Thé Anh of the National Economics University said the pressure to step up production of most goods and the sharp increase in the prices of inputs threatens to cause inflation.

The recovery in consumer demand is another enabling factor.

Senior economist Le Dang Doanh pointed out some other possible causes for inflation this year including the relief packages the Government has rolled out to support people and businesses affected by the pandemic, and cuts in banks' lending rates to increase credit to revive the business sector.

The result is a sharp increase in money supply in the market and thus the inflation threat, he explained.

Other analysts offered more reasons for the possible rise in prices this year and next year, including the prolonged social distancing measures that caused companies' costs to skyrocket.

As major cities and provinces across the country went into lockdown for months starting in late April when the fourth wave of COVID began, thousands of workers left for their hometowns.

The resultant labour shortage meant enterprises had to recruit and train new people, Nguyen Bich Lam, former head of the GSO, said.

Businesses also had to keep workers on-site to prevent the spread of infection, which was also a very expensive proposition. In fact, many could not sustain it for long since it cost too much.

The model required them to follow strict anti-COVID guidelines consisting of regular testing besides providing workers with food and accommodation. In many cases, they had to build bathrooms and others for the workers.

Solution

Faced with the unexpected return of high inflation, the Government has tasked the Ministry of Industry and Trade with monitoring global oil prices and work with Ministry of Finance to analyse price- and

tax-related factors to manage them closely and effectively to limit inflationary pressures.

The ministries and oil companies have been instructed to properly use the Petrol Price Stabilisation Fund.

Managing petrol prices carefully would help dampen their impact on prices and economic growth, a finance ministry official said.

Economists said to curb inflation the Government should carry out mass drives to vaccinate industrial workers and business households so that they could return to work, boosting the supply of goods and services.

The Government should also review administrative procedures to identify areas where red tape and squander could be eliminated, speed up investment in logistics infrastructure and provide interest rate cuts and subsidies and credit support, they said.

Oil could hold key

Winter this year is forecast to be bitterly cold, meaning many countries will have to expand their fuel reserves, posing upward pressure on oil prices.

The Organisation of the Petroleum Exporting Countries has announced it will not increase production as called for by major oil consumers like the US and India.

In Việt Nam, fuel accounts for around 3.52 per cent of total production costs.

A 10 per cent rise in fuel prices is estimated to pull the GDP down by around 0.7 percentage points.

Besides, since fuel accounts for 1.5 per cent of household expenses, a rise in prices results in people reallocating their income and cutting spending, reducing aggregate demand as a result.

Thinh of the Institute of Finance said the recent rise in fuel prices is likely to impact prices in the coming months.

7. HCM City looks to link up businesses, banks to revive the economy

To speed up recovery post-COVID-19, HCM City authorities are trying to link up businesses and banks to address the former's financial needs.

Hoc Mon District has organised several conferences to find out the difficulties they face such as lack of capital and ways to put them in touch with lenders.

Nguyen Thanh Hai, director of Saigon Ngoc Diem Orchid Garden in Hoc Mon, said: "Foxtail orchids only blossom once a year, mainly during Tet (Lunar New Year) and many traders arrive in October and November every year to buy. But this year and last year tens of thousands of orchids went unsold. To maintain their orchid gardens, businesses need financial support."

Nguyen Thi Phuoc, director of Lan Phuong Trading Production Company Limited in Phu Nhuan District, said her company had to stop operating for many months because of social distancing but still had to pay taxes, interest on bank loans and salaries, and so is mired in difficulties.

Businesses said they want banks to restructure loans and provide new loans at low interest rates so that they could resume operations.

Business executives and experts said to resume operations companies desperately need funds.

As the end of the year approaches, businesses have been stepping up efforts to get back into the market as demand for goods and services surges in the holiday season.

Food producers need large sums of money soon to stockpile raw materials and make production plans for Christmas and Tet in early February, Ly Kim Chi, president of the HCM City Food and Foodstuff Association, said.

Deputy director of the Agriculture and Rural Development Bank's Hoc Mon branch, Le Trung Hau, said the bank has a programme to reduce interest rates to help restore production and restructure old debts and not designate them bad debts.

Nguyen Van Than, director of the Joint Stock Commercial Bank for Investment and Development of Viet Nam's Binh Thanh District branch, said the current demand for loans to revive and expand businesses is huge, and banks have cut interest rates and rolled over debts.

Banks said they plan to cut interest rates by one per cent and waive fees, and it has been well received by the business community.

The State Bank of Viet Nam's HCM City branch estimates 400,000 businesses will benefit from this.

Corporate News

8. KDC: Adjustment of foreign ownership limit to 50 percent

↓ -1.94%

On December 02, 2021, the Vietnam Securities Depository (VSD) issued an official document announcing the adjustment of foreign ownership

limit at KIDO Group Corporation (KDC) from 100% to 50%.

Adjustment date: December 03, 2021.

9. NAV: Nam Viet Joint Stock Company pays cash dividend in interim 3, 2020 with the ratio of 10.00%

↑ 6.91%

NAV - Nam Viet Joint Stock Company pays cash dividend in interim 3, 2020 with the ratio of 10.00%

Nam Viet Joint Stock Company (ticker: NAV) announces 12/20/2021 as record-date for cash dividend in the interim 3, 2020 with the ratio of 10.00% (1,000 dong per share). The payment is planned on 12/30/2021.

The company has 8.00 million outstanding shares of Nam Viet Joint Stock Company. As a result, the company is going to pay 8.00 billion dong for the shareholders.

In 2020, Nam Viet Joint Stock Company generated 70.80 billion dong in revenue and 24.71 billion dong in net profit, increasing -32.72% and 71.42% compared to figures in same period of previous year, respectively.

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