



VIETNAM DAILY NEWS



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Table of content

Table of content

1. Shares start week higher on real estate stocks
2. New securities accounts reach record high in November
3. Smart and sustainable cities to attract quality FDI
4. Shortage of containers, high logistics costs hit textile exports
5. More fruit and vegetable export opportunities for Vietnamese produce next year
6. Creativity and innovation standards set for Vietnamese firms
7. Hà Nội confirms record 1,000 COVID cases on Monday, 15,377 infections reported nationwide
8. VCB: Announcement of the foreign ownership limit
9. MSN: The CrownX raises 350 million USD in final chapter of funding

Market Analysis

1. Shares start week higher on real estate stocks

Vietnamese markets had a good start on Monday thanks to the strong performance of real estate stocks.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index gained 0.87 per cent to end at 1,476.21 points.

The index gained 1.4 per cent last week.

The market's breadth was positive with 312 gainers and 145 losers.

As many as 866 million shares were traded on the southern bourse, worth nearly VND25.9 trillion (US\$1.1 billion).

The VN30-Index, tracking the 30 biggest stocks on HoSE, rose 0.09 per cent, to end at 1,520.80 points. Nineteen out of 30 stocks in the VN30 basket posted gains, while nine decreased.

In the VN-30 basket, Khang Dien House (KDH) surged above 3 per cent and was the largest gainer in the group, followed by The Viet Nam Rubber Group (GVR) and Bank for Investment and Development of Vietnam (BID). Masan Group (MSN), Vinhomes (VHM), PetroVietnam Gas JSC (GAS), Phu Nhuan Jewelry (PNJ) and Vietjet (VJC) were the ones that gained more than one per cent. On the negative side, most banking codes reported losses; Tien Phong Bank (TPB) and HDBank (HDB) both fell over two per cent, VPBank (VPB) dropped more than one per cent.

A series of real estate stocks hit ceiling prices and strongly pushed up the indices, including FLC Group JSC (FLC), Nam Long Investment Corporation (NLG), Binh Duong Trade And Development JSC (TDC), Tu Liem Urban Development Joint-Stock Company (NTL), Development Investment Construction JSC (DIG), NBB Investment Corporation (NBB) and Sai Gon Thuong Tin Real Estate JSC (SCR).

Twenty-four out of 25 sector indices on the stock market posted gains, including IT, oil and gas, retail, seafood production, logistics, securities, insurance, wholesale and healthcare, rubber production, agriculture, and construction materials, and food and beverage.

The only losing sector was banking, pressured by VPBank (VPB), Tien Phong Bank (TPB), Vietcombank (VCB), HDBank (HDB), Saigon-Hanoi Bank (SHB), Techcombank (TCB), Eximbank (EIB) and Vietinbank (CTG).

On the Ha Noi Stock Exchange (HNX), the HNX-Index rose 0.51 per cent, to 457.56 points.

The index had increased 0.33 per cent last week.

During the session, investors poured over VND2.9 trillion into the market, equivalent to a trading volume of 108 million shares.

Macro & Policies

2. New securities accounts reach record high in November

The number of newly registered securities accounts hit 221,314 in November, surpassing the yearly figure for 2019 and far exceeding the old record of 140,193 set in June, according to Viet Nam Securities Depository.

This is also the highest monthly figure ever recorded throughout the market's 21-year history.

A large majority (220,602) of these accounts were opened by domestic individual investors, whereas 215 accounts went to domestic institutional investors. Meanwhile, foreign individual investors opened 437 accounts and foreign institutional ones claimed the rest with 24 accounts.

Experts believe the soaring number of new securities accounts was due to low deposit rates, the Government's tightened control on corporate bonds and expected economic recovery after the pandemic. Currently, Viet Nam's security market is growing more attractive to investors compared to other countries in the region.

Besides, Viet Nam's reclassification to emerging market status is considered highly feasible in the next two years. With online customer identity verification eKYC in place, account opening is much easier, allowing more investors to enter the market to keep liquidity ample.

By November 30, there were 4,083,325 accounts in Viet Nam's security market, 1.3 million higher than the number in late 2020.

3. Smart and sustainable cities to attract quality FDI

While sustainable smart cities are considered a solution to sustain international business investments, for Việt Nam experts have advised local cities and provinces to prioritise building them to attract FDI.

According to the World Bank, Việt Nam is amongst the fastest-growing economies globally, with an average GDP growth rate of 6.31 per cent from 2000 to 2020, adding that it has been an attractive destination for international businesses for the last 30 years due to its rapid economic reforms, rich resources and high population.

Talking to Việt Nam News, RMIT University Senior Program Manager for International Business and Master of International Business Erhan Atay said: "Việt Nam is finding itself in a new era of globalisation that requires a different approach to sustain its attractiveness for international business."

He explained that while earlier forms of globalisation were mostly about the trade of labour-intensive, tangible manufactured items across borders, new globalisation is about providing

integrated and intangible digital services to companies and individuals. This can be called "digital globalisation."

"New business models rely on IT-based applications and instant information sharing. The information flows help organisations and individuals establish new local, regional, national and international connections in trade, finance and society. All such links may help trade actors to expand their trade volume," he said.

Atay remarked that the competition between countries and cities was increasing day by day. Each region has to "up its game" to attract investors, especially as global organisations are now more selective.

"International investors will consider new factors when choosing where to invest. These include how digitalised the destination is, how sustainable the economy is, and how social the environment is. These factors will outweigh traditional investment decisions such as cheap labour, rich resources and high population," said the RMIT professor.

“In the new era, sustainable smart cities that enable the transfer of data, technology, ideas and best practices, while providing a liveable and sustainable environment, may affect the investment decisions of international business actors.”

Bùi Tuyển, technical director and senior advisor of international engineering advisory company Aurecon Việt Nam said: “Sustainable smart city initiatives will be an important criterion for new FDI investments.”

“Robust digital infrastructure is particularly important for smart cities to function. That means a focus on solutions such as wireless networks, smart water and energy management, wastewater recycling, intelligent transport system and automated parking management, among others.”

RMIT University’s Atay added: “HCM City, Hà Nội, Đà Nẵng, Nha Trang and Bình Dương are carrying out administrative reforms to initiate and accelerate smart city projects to attract more foreign investors.

“Việt Nam should accelerate its sustainable smart city investments to maintain its high growth rates in the last 30 years, be a centre of attraction for foreign investors, and, above all, offer a high quality of life to its residents.”

Among those actively working to have smart cities, Bình Dương has carried out the Smart City Project for the last four years and is now working with the project in the so-called Bình Dương Innovation Region.

Earlier this year, in the framework of the ICF Smart21 Summit, the World Smart Community

Forum has announced the list of 21 cities and regions with typical smart city development strategies in the world. Bình Dương was the only locality in Việt Nam to be honoured in this list for the last three consecutive years.

The secretary of the Provincial Party Committee Trần Văn Nam said: “The project of Bình Dương Innovation Region will create an ecosystem that promotes the culture of entrepreneurship and innovation, attracting investment projects that bring high added value, gradually turning the province into a smart city, in which, the key projects that are considered as the bright spots of the region are the World Trade Center Bình Dương New City.”

He said the new city would be a “door” for the local business community to connect with the world by supporting and accompanying businesses to develop trade and services and promote trade, thereby contributing to economic restructuring to bring more added value.

According to the Ministry of Planning and Investment, FDI registered in Việt Nam reached US\$26.46 billion as of November 20, up 0.1 per cent year-on-year, adding that total additional registered capital stood at over US\$8 billion, an annual rise of 26.7 per cent.

In the first 11 months, \$14.1 billion was poured into 1,577 newly-licensed projects, up 3.76 per cent in value but down 31.8 per cent in volume over the same period last year.

The remaining investment was used for capital contribution and share purchases in a total 3,466 transactions.

4. Shortage of containers, high logistics costs hit textile exports

Container and warehouse shortages and surging container shipping costs have hit the textile and garment industry hard, insiders told a seminar in HCM City.

Speaking at the seminar organised by the Viet Nam Textile and Apparel Association (VITAS) and Saigon Newport Corporation last Friday (December 10), Nguyen Thi Tuyet Mai, deputy general secretary of the association, said container shortages and delays

at ports are causing a headache for exporters and importers globally.

Delivery delays mean textile and garment businesses could have to pay compensation to buyers, she said.

Logistics costs threaten to affect Viet Nam’s economic competitiveness, particularly its textile and garment industry, she said.

Viet Nam needs to develop shipping lines for shipments to Europe and the US, which are large markets for its textile and garment businesses, making it less reliant on international shipping lines, she added.

Nguyen Thi My Le, deputy marketing director of Saigon Newport Corporation, said her company has made efforts to provide a full package of logistics

services and solutions to help customers reduce costs.

Textiles are among the country's major export items, and Saigon Newport accounted for their largest cargo throughput last month, she said.

Exports this year are estimated at US\$39 billion, up 11.2 per cent, according to VITAS.

5. More fruit and vegetable export opportunities for Vietnamese produce next year

Viet Nam will have many more opportunities to export fruit and vegetables to potential markets in 2022, providing local producers meet international standards on quality and management of growing regions, according to the Ministry of Agriculture and Rural Development (MARD).

It is expected that China will next year issue permits allowing the import of passion fruit from Viet Nam, said Le Van Thiet, deputy director of MARD's Plant Protection Department. If it weren't for the COVID-19 pandemic, China would have inspected the sweet potato and durian growing areas too.

Due to the pandemic, it is thought that it will not be until next year that Chinese authorities will inspect Vietnamese passion fruit, sweet potato and durian.

Viet Nam currently exports ten different kinds of fruit, under official quotas, to China.

Authorities have also asked Japan to provide export licenses for Vietnamese fresh longan from 2022.

According to the Viet Nam Trade Office in Japan, the country mainly imports dried or frozen longan products for processing tea and beverage products.

If Viet Nam is issued with an import license for Japan, the longan could enjoy as much success as other fruits such as lychee. However, exporting Vietnamese fruits to fastidious markets like Japan requires a lot of time and effort from both countries.

Japan has licensed Viet Nam's lychees for export since December 2019.

Nguyen Minh Vu, Deputy Minister of Foreign Affairs, said that Viet Nam still has many opportunities to

increase the export of agricultural products, including fruits and vegetables, especially to the EU market.

Viet Nam is the only country in the Asia Pacific region that has a free trade agreement with the EU. After the European-Viet Nam free trade agreement (EVFTA) came into effect, the tax rate for many kinds of Vietnamese fruit and vegetables was reduced from 10-20 per cent to zero.

The EU is the largest fruit and vegetable import market in the world, worth around 135 billion euros per year. This accounts for 45 per cent of the global trade value of fruit and vegetables.

EU countries are recovering strongly after their social distancing period, and demand for food products is increasing rapidly, including Viet Nam's tropical fruits and vegetables, according to Vu.

However, fruit and vegetables from Viet Nam only account for 1 per cent of this market's total imports.

Tran Van Cong, Agricultural Counselor in the EU, said that Viet Nam has exported many kinds of fruits to the EU, including dragon fruit, passion fruit, coconut, durian, longan, lychee, mangosteen, and seedless lemon. Viet Nam's fruit and vegetable export turnover to this market in the first eight months of 2021 reached 88.5 million euros, including fresh products which increased by 7.7 per cent.

Viet Nam has improved the quality and competitiveness of its fruit and vegetable products to boost the export of those products to the EU market.

However, the volume of Vietnamese vegetables and fruits meeting the quality standards and certification of the region is still small. Post-harvest preservation and processing have not met the requirements, while packaging and design are not suitable with EU consumer trends.

Other challenges for local businesses include high logistics costs and a lack of efficient cooperation among them.

To promote the export of vegetables and fruits to the EU market, Cong said the Government, localities, ministries and sectors need to provide solutions that encourage investment in technology and reduce post-harvest losses.

It is necessary to develop supporting industries that have specific mechanisms for logistics and transportation, to reduce production costs and increase the competitiveness of Vietnamese fruit and vegetables.

In addition, Viet Nam needs to develop national trade promotion programmes, he said.

According to the ministry, the demand for fruits in the global market is increasing. This is a great opportunity for Viet Nam to expand its international presence.

However, there are still many obstacles to expand the export fruit market.

Le Quoc Dien, deputy director of the Department of Agriculture and Rural Development of Dong Thap Province, said there is a lack of cooperation among localities in the Mekong Delta to enhance exports of 22 kinds of regional speciality fruit.

In addition, farmers still implement small-scale production with no uniform technical production, so it is difficult to improve the competitiveness of fruit products.

Dien said if agriculture wants to export large quantities, those products need to be produced under unified technique and process.

He also stressed the importance of promoting market forecasts for each fruit product and improving the value chain. It is especially necessary to connect cooperatives with businesses.

Le Thanh Tung, deputy director of MARD's Department of Crop Production, said that producing according to the standards of importers, traceability and quality certification are the prerequisites of expanding Vietnamese fruit exports.

According to the ministry, the export value of fruit and vegetables produced in Viet Nam in the first ten months of 2021 was estimated at about US\$3 billion, up 10.4 per cent compared to the same period in 2020.

6. Creativity and innovation standards set for Vietnamese firms

Work is underway to build criteria to set the standard for Vietnamese firms' creativity and innovation capacity, according to the Ministry of Planning and Investment.

Speaking at an event to publicise the report in Ha Noi on Sunday, government officials and business experts said there was a need to build customised criteria for Vietnamese firms as many of them were not mature enough to be measured using existing international standards.

Director of the Vietnam National Innovation Center Vu Quoc Huy said the standards had been built based on successful international practices, which

would serve as a tool for policymakers to create an ecosystem that promotes and nurtures Vietnamese firms' creative and innovative spirit to improve productivity and quality of goods and services.

In addition, the criteria will help policymakers understand firms' level of creativity and innovation, which will help the government in allocating resources to support them more efficiently.

The ministry has released a five-part report on the current level of creativity and innovation among Vietnamese firms, as well as recommendations to address a number of shortcomings and limitations.

"We [the ministry] expect the report to serve as a useful tool for Vietnamese firms to grasp an idea about their own level and find ways to boost creativity and innovation from within the organisations and to improve productivity," said Huy.

In addition, the report focused on the firms' internal capacity for creativity and innovation with regards

to their long-term strategy, operation, customers, human resources, leadership and business culture. It is also a tool to help managers to understand the impact of infrastructure and the business environment on the growth potential of businesses.

Meanwhile, the criteria will serve to find good practices among Vietnamese firms and help spread them on a national scale.

7. Hà Nội confirms record 1,000 COVID cases on Monday, 15,377 infections reported nationwide

The capital city of Hà Nội confirmed a record 1,000 COVID-19 cases on Monday, as Việt Nam posted a daily rise of 15,377 infections.

This is the first time that Hà Nội's daily transmissions reached four digits since the start of the pandemic. The city was also the locality with the highest number of daily infections in the country on Monday.

The number of COVID-19 related fatalities was 242, including 75 in HCM City.

The total number of cases since the start of the pandemic now stands at 1,428,428, of which 1,423,004 have occurred since the fourth wave started in late April.

Monday's figures include 28 imported cases; with 15,349 domestic infections. A total of 8,891 new transmissions were detected in the community.

Bình Phước recorded the second-most cases with 998, followed by Tây Ninh with 919.

The remaining infections were detected in Hồ Chí Minh City (915), Bến Tre (867), Cà Mau (793), Đồng Tháp (740), Cần Thơ (680), Khánh Hòa (594), Vĩnh Long (581), Trà Vinh (476), Sóc Trăng (466), An Giang (422), Bình Định (395), Bà Rịa - Vũng Tàu (371), Thừa Thiên Huế (346), Bạc Liêu (334), Đồng Nai (329), Kiên Giang (328), Tiền Giang (322), Hậu Giang (306), Bình Dương (304), Bình Thuận (268), Gia Lai (211), Đà Nẵng (205), Bắc Ninh (194), Hải Phòng (183), Thanh Hóa (182), Lâm Đồng (165), Nghệ An (145), Hưng Yên (134), Quảng Ngãi (122), Đắk Nông (103), Quảng Nam (103), Lạng Sơn (96),

Hà Giang (81), Ninh Thuận (81), Long An (72), Vĩnh Phúc (58), Hải Dương (56), Thái Bình (54), Phú Yên (51), Quảng Ninh (49), Hòa Bình (40), Thái Nguyên (32), Nam Định (30), Quảng Bình (30), Hà Nam (20), Bắc Giang (17), Sơn La (16), Phú Thọ (15), Tuyên Quang (12), Lào Cai (9), Hà Tĩnh (8), Kon Tum (8), Quảng Trị (5), Yên Bái (4), Cao Bằng (2), Điện Biên (1) and Lai Châu (1).

Việt Nam's COVID death toll now stands at 28,081, about 2 per cent of total infections.

There are currently 7,730 COVID-19 patients nationwide in serious condition, with 817 requiring invasive ventilation and 19 on life support.

A further 1,192 patients were given the all-clear on Monday, bringing the total number of recoveries to 1,055,912.

A total of 593,374 doses of vaccine was administered in Việt Nam on Monday. Almost 58 million people in Việt Nam have now been fully inoculated; while around 75 million people have received at least one dose of vaccine.

Corporate News

8. VCB: Announcement of the foreign ownership limit

↓ -0.40%

On December 08, 2021, Joint Stock Commercial Bank for Foreign Trade of Viet Nam (VCB) received an official letter dated December 07, 2021 by the State Securities Commission confirming that the Company's dossier on the ownership limit of

foreign investors at VCB at 30% is sufficient and valid as prescribed in the Decree No.155/2020/ND-CP dated December 31, 2021 by the Government detailing the implementation of several articles of Securities Law.

9. MSN: The CrownX raises 350 million USD in final chapter of funding

↑ 1.50%

Masan Group Corporation on December 13 announced it has signed a deal for 350 million USD primary investment in The CrownX Corporation (TCX) by a consortium of investors comprising TPG, Platinum Orchid – wholly owned by the Abu Dhabi Investment Authority, and SeaTown Master Fund – managed by an indirect subsidiary of Temasek Holdings.

It marks the final round of funding for the TCX ecosystem, which now adds up to over 1.5 billion USD from marquee global investors since it began in the first half of 2020.

It gives TCX a valuation of 8.2 billion USD, equivalent to 105 USD per share and representing a 12 percent increase since the previous round.

After the deal, Masan will own 81.4 percent of The CrownX. It intends to use the proceeds to invest in growth initiatives and do a share buyback.

The mini-mall concept, a unique integrated format offline and online offering a broad array of daily, essential products and services, gives The CrownX a cost-efficient model to win consumer wallet share across multiple industries.

Danny Le, CEO of Masan Group, said: "We have outlined our Point of Life vision for over seven years now. The partnership with TPG, ADIA and SeaTown is a validation of our ability to bring to life our Point of Life vision."

"We [plan to next] shift our entire focus to scaling up our Point of Life platform nation-wide both off and online.

"We look forward to a 2023-2024 international IPO of The CrownX with three simple KPIs: increasing our share of the consumer wallet by expanding our network, digitising our entire platform to become a consumer tech company and double-digit profit margins."

"Powered by its rising middle class and rapid urbanisation, Vietnam is well-positioned to be a significant driver of the next chapter of Asia's consumption story," said David Tan, managing director, TPG Capital Asia.

"Having witnessed Masan's turnaround of WinCommerce (WCM), we believe that The CrownX is the platform to capture this opportunity. They will develop the eco-system further to expand their services to create value for all Vietnamese consumers."

Steven Chua, Deputy CIO at SeaTown Master Fund, said: "We see a compelling long-term consumption growth story in Vietnam and The CrownX is well-positioned to capture this growth through the company's transformative initiatives."

Credit Suisse (Singapore) Limited acted as the exclusive financial advisor to Masan Group./.

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