



VIETNAM DAILY NEWS



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Market Analysis

1. Shares manage to gain on real estate stocks

The market's upward trend weakened during the afternoon trading session on Tuesday with the market experiencing drops in large-caps' prices, but gains in real estate stocks pushed up indices.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index inched up 0.1 per cent to end at 1,478.74 points.

The market's breadth was positive with 247 gainers and 220 losers.

Some 866 million shares were traded on the southern bourse, worth nearly VND26.8 trillion (US\$1.17 billion).

The VN30-Index, tracking the 30 biggest stocks on HoSE, lost 0.14 per cent to end at 1,511.48 points. Twelve out of 30 stocks in the VN30 basket posted gains, while 15 decreased.

In the VN-30 basket, many blue-chips lost ground such as VIBank (VIB), down 3.1 per cent, PetroVietnam Gas JSC (GAS) fell 2.8 per cent, Tien Phong Bank (TPB) lost 2.5 per cent, Bank for Investment and Development of Vietnam (BID) fell 1.8 per cent, Hanoi-Saigon Bank (SHB) dropped 1.6 per cent and Vingroup (VIC) down 0.9 per cent.

In the real estate group, the gaining momentum of Vinhomes (VHM), Novaland (NVL), Development Investment Construction Corporation (DIG), Kinh Bac Corporation (KBC) and Novaland (NVL) was the main driving force of the market during the session. Many small and medium-cap codes such as C.E.O Group JSC (CEO), LDG Investment JSC (LDG), The HCM City Infrastructure Investment JSC (CII) also hit the ceiling prices.

Twelve out of 25 sector indices on the stock market posted losses, including securities, IT, retail, banking, rubber production, construction materials and logistics.

On the other side, gainers were healthcare, agriculture, food and beverage, real estate, insurance and seafood production, wholesale, oil and gas, and construction.

On the Ha Noi Stock Exchange (HNX), the HNX-Index gained 0.09 per cent to end Tuesday at 455.01 points.

During the session, investors poured over VND3.3 trillion into the market, equivalent to a trading volume of 111 million shares.

Macro & Policies

2. Steel producers expected to recover in Q4

The market's attention is now turning to steel stocks after they corrected strongly from recent peaks.

However, in strategy reports for December, many securities companies expressed optimism about the sector, as the price level has dropped enough and the business index continues to grow in the fourth quarter of 2021.

Since mid-October, steel stock prices have fallen steeply, with Hoa Phat Group (HPG) plunging about 19.5 per cent and Nam Kim Steel JSC (NKG) dropping 31.6 per cent.

A monthly report from the Viet Nam Steel Association (VSA) showed that finished steel output in November rose 9 per cent year on year to 2.9 million tonnes.

For the first 11 months of the year, finished steel output reached 30.5 million tonnes, up 21 per cent over the same period last year, of which, hot rolled coil output alone rose 68.2 per cent.

Steel consumption decreased 13.6 per cent over last year in November to 2.3 million tonnes. But as of the end of November, steel consumption rose 18 per cent to 26.9 million tonnes. Of which, steel exports of VSA members reached 7.1 million tonnes, up significantly compared to the same period in 2020.

According to VSA, the gains in production and consumption of steel products during the period were due to good business results in the first months of 2021.

Exports were still the driving force behind the success of the steel industry. With the capacity reduction of the blast furnaces in Japan and China, the value of steel exports stayed above US\$1 billion for the fourth consecutive month.

The prospect of public investment helped support the industry as gradually loosening social distancing measures accelerated public investment projects in October and November.

Specifically, investment capital from the state budget was estimated at VND41.7 trillion, up 18.6 per cent from the previous month in October, and VND48.5 trillion in November, up 14.7 per cent. In the first 11 months of 2021, investment capital from the state budget will reach VND367.7 trillion, equaling 73.8 per cent of the year's plan.

Mirae Asset Securities believes that public investment will become the engine of economic recovery in 2021 and following years, as other economic growth drivers were negatively impacted by the fourth outbreak of COVID-19 and need more time to recover.

Of which, the securities firm said that Hoa Phat Group (HPG) was expected to post record profit after tax in 2021, equivalent to over VND36.7 trillion, up 172 per cent over the same period last year. The company's projected gross profit margin and profit after tax in 2021 would reach 26.8 per cent and 20.6 per cent, respectively, both increasing strongly compared to 2020.

Meanwhile, Mirae Asset said that from October, work resumed at Nam Kim Steel's factories, so the output in the fourth quarter would recover strongly, especially in the domestic market. Mirae Asset forecasts that the company's output of galvanised sheet and steel pipe in 2021 would, respectively, reach 995,400 tonnes, up 70 per cent and 184,306 tonnes, up 30 per cent over last year.

Therefore, the steel producer's revenue for the year was expected to rise 141 per cent to nearly VND28 trillion, and its net profit for the whole year would reach a record of over VND2.5 trillion, up 759 per cent.

Similarly, SSI Research also emphasised that these two enterprises' growth prospects outperformed the general market thanks to commodity prices or strong export activities.

SSI Research forecast Hoa Phat's business index would continue to grow compared to last year. Specifically, its fourth quarter profit might more than double thanks to the growth of both steel output and price.

Although steel prices are decreasing according to the global trend, it is still about 40-60 per cent higher than the same period last year due to pent-up demand and pre-signed price contracts. Iron ore

prices as well as steel prices in China tend to recover from the bottom, which is also a factor supporting the domestic steel price level.

3. Viet Nam's e-vehicles to consume over 71.87 billion kWh by 2050: experts

Domestic e-vehicles will consume about 71.87 billion kWh by 2050 when the whole population will use 100 per cent e-bikes and 70 per cent e-automobiles, according to experts.

The comments were made during a seminar to discuss the future of e-vehicle development in Viet Nam held yesterday in Ha Noi.

Energy expert Nguyen Quoc Khanh said the consumption was equivalent to 10 times the output of the Hoa Binh hydropower plant.

He said in the 2014-2020 period, some 5.14 million motorbikes and 255,000 cars were registered. Of this figure, the energy consumption for the traffic sector accounted for 21.4 per cent of the country's total energy consumption in 2014, or an increase of 4.9 per cent between 2014-19. The emissions totalled 33.2 million tonnes, or 19.3 per cent of the country's energy sector.

During the seminar, Khanh outlined three main scenarios for e-vehicle development.

In the first scenario, the number e-motorbikes will be low, mainly focusing on e-motorbikes with 18 per cent by 2030 and 40 per cent by 2050.

For the second scenario, the ratio of e-motorbikes will account for 34 per cent by 2030 and 65 per cent by 2050. And e-automobiles will account for 30 per cent by 2030; 70 per cent by 2050; e-buses 10 per cent by 2030; 30 per cent by 2050 and medium and light trucks will account for five per cent by 2030 and 30 per cent by 2050.

Khanh said with such scenarios, the power consumption demand will be huge. Of which, the electricity consumption for the transport sector will reach 3.99 billion kWh by 2030. This figure will reach 17.57 billion kWh by 2050.

Electric and battery safety is a must

Nguyen Duc Tuyen of the University of Science and Technology said apart from Viet Nam's automotive manufacturer (Vinfast)'s 200 charging stations, there was no infrastructure for e-vehicle development in Viet Nam. Vietnamese standards for the development of e-vehicles were not available.

To promote the development of e-vehicles in Viet Nam, it was essential to complete technical standards relating to electric safety for fast charging stations and battery systems. In addition, the Government needed to offer incentives for purchasing prices, charging costs, installation of charging stations and tariffs on high carbon emissions. Private e-vehicle lanes should also be developed, said Tuyen.

Sharing Tuyen's view, Tran Quang Ha of the Ministry of Transport said that electrical and battery safety was a must for e-vehicles.

The country has worked out a plan to develop a battery standard by 2022. To invest and conduct testing in line with international standards is a problem, involving technical factors such as vibrations and the environment, according to industry insiders.

4. Health ministry officially introduces Viet Nam's COVID-19 vaccine passport

The Ministry of Health on Tuesday announces procedures for the issuance of Viet Nam's official COVID-19 'vaccine passports' along with the

passport templates effective starting December 20, 2021.

The COVID-19 vaccine certificates are to be issued for people who have received the primary course of one of eight types of COVID-19 vaccines licensed for use in Việt Nam by the health ministry: AstraZeneca's Vaxzevria, Gamaleya Research Institute's Sputnik V, Sinopharm's Vero Cell Inactivated along with the manufactured-in-UAE version Hayat-Vax, Pfizer/BioNTech's Comirnaty, Moderna's Spikevax, Johnson & Johnson's Janssen, and Cuba Centre for Genetic Engineering and Biotechnology (CIGB)'s Abdala.

The QR code-based passport will be valid for 12 months.

An example of Việt Nam's COVID-19 vaccine passport, which the health ministry said will follow EU's digital COVID-19 vaccine certificates. — Photo from the Ministry of Health

The vaccine passports have 11 fields of information: name, date of birth, nationality, targeted disease, doses of vaccines received, date of vaccination, lot number of the vaccine batch, type of vaccine, vaccine product received, the vaccine manufacturer, and a code for the certification.

The name and date of birth will be integrated with other personal identification documents (passports or citizen identification cards).

Information in the targeted disease, vaccine, vaccine product or manufacturer will be compatible with the values provided for in the World Health Organisation's "COVID-19 vaccine tracker and landscape" and "Value sets for EU Digital COVID Certificates" issued by the European Union.

National epidemic prevention and control apps (like PC-COVID or the e-health app Sức khỏe điện tử) and other utility apps (if given permission by the individual users) could receive and store the vaccination certificates in the form of a QR code according to instructions for medical data sharing as regulated by the Ministry of Health.

The issuance of the vaccine passports is applied uniformly across vaccination sites in the country, following three-step procedures, according to the Ministry of Health.

First, vaccination sites are asked to review and verify the information of people to whom they have administered vaccines.

Second, vaccination sites will conduct 'digital signing' of vaccination records on the national platform for COVID-19 vaccination management used by health authorities, which will share its data with the management system for certification of vaccinations against COVID-19.

Third, the Department of Preventive Medicine (Ministry of Health) digitally signs the COVID-19 vaccine certificates. The certificates are then issued using QR codes in accordance with EU regulatory standards.

By the end of December 20, Việt Nam has administered over 140 million doses of COVID-19 vaccines, with over 130 million given to the adult population (69.1 million first dose, nearly 60 million second doses, and upwards of 1 million third doses for Cuban Abdala vaccines), along with 40,524 additional doses and 241,237 booster shots.

First-dose coverage in the adult population hits 96.9 per cent and the fully vaccinated portion reaches 83.6 per cent.

A total of 9.2 million doses have been administered for children aged 12-17, including 6.7 million first doses and 2.5 million second doses.

First-dose coverage in this age group hit 73.4 per cent, and 28.2 per cent have been fully vaccinated.

Việt Nam only clears Pfizer and Moderna vaccines for children aged 12-17.

5. MoMo closes its series E funding, becomes a unicorn

E-wallet MoMo announced the successful completion of its Series E fundraising round on

Tuesday with \$200 million in equity financing from leading global investors.

The Series E was led by leading Japanese global bank Mizuho with the participation of Ward Ferry, Goodwater Capital and Kora Management.

Regarding the value of the firm so far after the deal, Nguyễn Mạnh Tường, MoMo's Executive Vice Chairman and Co-CEO, said: "We are not officially releasing the valuation because we focus on performance not valuation, but the answer is that we crossed \$2 billion valuation after this round."

With the valuation, the e-wallet would go into the local unicorn club with tech firms VNPAY, VNG, and Sky Mavis (the owner of Axie Infinity).

As the country's No.1 super app, MoMo will use the new capital to consolidate the leading position of its super app platform by growing the penetration of its financial services products among its 31 million users, expanding its presence to serve millions of MSME merchants across Việt Nam, and further

investing in Vietnamese companies that could strengthen MoMo's ecosystem.

The firm will also expand and strengthen its services in tier 2 and 3 cities, and in rural areas.

Over the past ten years, MoMo has continually invested in technology solutions in order to improve the life of the Vietnamese people. MoMo has been a strong supporter of the Vietnamese Government's strategic goals of developing the digital economy through promoting cashless payments, increasing financial inclusion, and helping overcome the challenges brought about by the pandemic.

MoMo's donation platform has facilitated user donations of US\$4 million to various causes. Additionally, MoMo has helped accelerate the digital transformation of thousands of business partners in MoMo's ecosystem, with more than 140,000 payment acceptance points spread across all business verticals.

6. Retail market increasingly attractive to investors

Viet Nam's retail market is becoming a magnet for investors thanks to favourable conditions such as political stability, transparent capital control and large market size.

AEON, Lotte, Circle K and K-Mart, to name a few, are among large retailers that have been expanding their retail chains in the country recently.

In late November, Motoya Okada, chairman of AEON, disclosed that the company regarded Viet Nam as a market no less important than its primary Japan market. The company is thus set to double the number of its shopping centres in the country in the near future.

In May, Masan Corporation and a group of investors, including Alibaba and Baring Private Equity Asia, entered into an agreement to buy newly-issued shares of The CrownX worth up to US\$400 million.

Previously, SK Group also spent more than US\$410 million to gain a 16.26 per cent stake in VinCommerce, a company that runs the retail chain WinMart of Masan Corporation.

Although a few foreign retailers did not follow suit and left the market, many domestic retailers have successfully turned the pull-out to their advantages, quickly implementing M&A to fill the gap and gain market share. Domestic brand names such as Vingroup, Masan and MWG still remain dominant in the market despite increasing participation of foreign players.

Overall, modern retail accounts for 26 per cent of market share, with an annual growth of 12 per cent, whereas traditional retail, which consists of grocery stores and open-air markets, takes the lion's share (74 per cent) with a growth of 1 per cent per year.

During the pandemic, the retail market made a huge contribution to the continuity of supply chains. Notably, retailers kept the circulation of essential goods uninterrupted and kept prices stable even though strict lockdowns were put in place.

Nguyen Anh Duc, general director of Saigon Co.op, noted that amid the pandemic, many traditional open-air markets were closed. Co.op Mart retail chains thus had to go all-out to take up the slack, maintain the supply of goods and keep prices stable.

“Retail chains have allowed sufficient supply of goods to meet people’s demand,” said Pham Thu Huong, a consumer in Ha Noi.

As Vietnamese products are over-represented (90 per cent) in supermarkets, production and distribution firms are paying closer attention to those products.

They aim to deliver made-in-Viet Nam products with higher quality and a wider variety in order to improve their competitiveness, win customer loyalty and maintain a sustainable supply chain of domestic products.

A strong supply chain of Vietnamese products would require close connections between regions and local

specialisations in product development, as well as better directions from the authorities, Nguyen Anh Duc said.

To create more favourable conditions for the development of the domestic market, the Prime Minister has issued Decision No.1163/QĐ-TTĐ on Strategy for the development of domestic trade by 2030 with a vision towards 2045.

The decision was aimed at developing domestic trade; promoting Vietnamese brand names; safeguarding the economy, domestic firms and consumers; and creating a foundation for further economic integration.

7. ADB: Viet Nam’s employment rate fell during pandemic

The pandemic has taken its toll on Viet Nam’s labour market conditions, according to the report “A crisis like no other: COVID-19 and labour markets in Southeast Asia - Evidences from Indonesia, Malaysia, the Philippines, Thailand, and Viet Nam” published last week by the Asian Development Bank (ADB).

According to the report, Viet Nam’s unemployment rate (UR) increased by 0.3 per cent from 2.1 in Q1 to 2.4 in Q2 2021.

The country also saw its labour force participation rate (LFPR) and employment-to-population ratio (EPR) fall slightly in the same period, to 68.1 per cent and 66.5 per cent respectively.

Notably, when employment losses in Viet Nam peaked in Q2 2020 with 2.4 million people rendered jobless, only about 220,000 of these people joined the ranks of the unemployed, while the rest exited the labour force entirely. This means that nearly 91 per cent of those who lost their jobs in Q2 2020 quit looking for new jobs.

Youth were hit hard across the region and Viet Nam was no exception. By Q2 2021, the EPR for youth in the country has plunged by more than 12 per cent compared to its pre-crisis levels, standing at 39.9 per cent. Worse still, the UR for youth has reached the highest point since the onset of the pandemic.

Women were disproportionately affected as well, recording a greater share in job losses than their share in employment. In Viet Nam, they made up 47 per cent of the workforce and accounted for half of the net job losses. This disparity could be observed in manufacturing, financial intermediation and insurance, administrative and support services, human health, and other service activities.

Although the survey data for the second half of this year are unavailable, the ADB believe the labour market recovery, the prospects of which had seemed favourable at the end of 2020 in the region, suffered a major setback in 2021.

The ADB is concerned that the devastating impact of the Delta wave of the virus in 2021, coupled with a slow vaccination rollout, has required further containment measures and derailed, or at least delayed, recovery.

The development bank thus suggests countries in the regions shift fiscal policies more strongly from relief to stimulus, and from stimulus to structural investments as soon as recovery set in.

According to the recent report on labour and employment in Q3 2021 published by the General Statistics Office of Viet Nam, out of more than 28.2 million people negatively impacted by the pandemic, 4.7 million lost their jobs; 14.7 million had to suspend production and business operations;

12 million had their working hours cut, got furloughed or were forced to work on rotational shifts; and 18.9 million had their income reduced.

The national statistics agency also reported that the unusual development of the pandemic has pushed

the unemployment rate to a new high, far exceeding the usually observed 2 per cent figure.

The statutory working-age unemployment rate in Q3 2021 was 3.98 per cent, representing the highest increase in the past 10 years.

Corporate News

8. NVL: Novaland ties up with VinaLiving to build Aqua City component

↑ 1.13%

Property developer Novaland Group has signed a deal with VinaLiving Group to develop River Mansion, a component of the Aqua City urban area it is building in the southern province of Dong Nai.

The two have signed up Fusion Hotel Group to manage and operate the Aqua City Resort to be built at River Mansion.

Novaland and VinaLiving will develop River Mansion on an area of 11ha with 200 villas and town houses and the resort to be designed in French Colonial style.

At the signing ceremony, the companies gave away membership cards to the first residents of River

Mansion with discounts including 40 per cent on room rate and 30 per cent on food and beverages at Aqua City Resort.

Do Chi Hieu, chairman of VinaLiving, highly rated the “Aqua City smart eco-urban project because of its prime location and complete planning of high-class utilities. The decision to jointly develop River Mansion with Novaland Group and Fusion Hotel Group is a strategic one, one we hope will open up many potential investment opportunities.”

Aqua City spreads over 1,000ha and has facilities for education, healthcare, entertainment, and shopping.

9. HDB: HDBank and IFC signed a cooperation agreement of 70 million USD, promoting the fight against climate change in Vietnam

↓ -0.68%

Ho Chi Minh City Development Commercial Joint Stock Bank (HDBank) and International Finance Corporation (IFC) - a member of the World Bank - signed a loan agreement to provide a loan of 70 million USD to increase capital for renewable energy projects in Viet Nam. In the context that Vietnam is accelerating the progress of its growth strategy with the goal of reducing carbon emissions, with this signing, HDBank will expand its portfolio of climate finance to \$800 million by 2025, contributing to reduce emissions by more than 54,000 tons of carbon dioxide per year from 2021-2025 and beyond.

Looking to the future, HDBank views climate finance as a development engine, especially in the context that countries around the world are trying to adapt and mitigate the impacts of climate change with the goal of increasing climate change sustainable economic growth.

“IFC's long-term financing and expertise in combating climate change will help fuel our continued efforts in that shared mission with a

more holistic approach; supporting the expansion of the climate portfolio by developing climate change related financial products and services with global best practices”, said Mr. Pham Quoc Thanh, General Director HDBank shared.

“Partnering with banks will help scale up climate finance markets, supporting climate change adaptation and resilience. Furthermore, the climate sector offers huge economic opportunities that can boost growth, create jobs and accelerate the shift in carbon emissions-oriented development. As Vietnam recovers from COVID-19, it is a historic opportunity for the country to prioritize climate-smart solutions and link sustainability with increased private sector engagement. This will help revive a greener and more sustainable Vietnam, and diversify the energy mix by promoting renewable energy,” said Alfonso Garcia Mora, Vice President of IFC Asia-Thailand Binh Duong said.

In addition to developing safe and effective business activities, and being active in community

activities, HDBank is a pioneer in contributing to the Green Economy development and sustainable growth of Vietnam.

At the beginning of November 2021, HDBank and DEG (Development Finance institution under Germany's KFW Reconstruction Bank) signed a cooperation agreement on arranging capital from 200-300 million USD ; signed a cooperation agreement with Proparco (French Development Finance Organization) for long-term credit financing of USD 100 million .

Previously, in October 2021 HDBank and Affinity International Investment Fund also signed a cooperation agreement on supporting and mobilizing capital for HDBank for Vietnamese businesses worth 300 million USD , in order to finance businesses. program meets ESG criteria.

The agreements are based on cooperation for sustainable development, creating long-term values for the economy as well as the community and society.

Since 2018, HDBank has started sponsoring green projects in Vietnam. Up to now, HDBank has disbursed more than VND 13,000 billion into green funding projects.

IFC – a member of the World Bank – works in more than 100 countries, using capital and expertise to create markets and opportunities in developing countries. In fiscal year 2021, the IFC has committed a record \$ 31.5 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end the situation. poverty and promote shared prosperity as economies face the impact of the COVID-19 pandemic.

Research Team:**Tsugami Shoji**

Researcher

jsi@japan-sec.vn**Disclaimer:**

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Japan Securities Co., Ltd – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn