



# VIETNAM DAILY NEWS



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**Table of content**

## **Table of content**

- 1. Indices retreat, money flows in speculative stocks**
- 2. Real estate stocks continue to shine bright in 2022**
- 3. Deposit interest rates surge to meet rising capital ahead of Tết**
- 4. Fitch affirms outlook on Standard Chartered Vietnam as positive**
- 5. HCM City trying to improve investment environment but has miles to go**
- 6. Thousands of trucks still stuck at border gates**
- 7. Three packages to help businesses with digital transformation**
- 8. HVN: Vietnam Airlines Group to offer nearly 2 million tickets for Tết**
- 9. TBC: TBC closes the right to advance the dividend for the 1st period of 2021, at the rate of 10%**

## Market Analysis

### 1. Indices retreat, money flows in speculative stocks

The market retreated on Wednesday but money was still poured into speculative stocks which pushed the liquidity to a very high level.

Nearly 1.1 billion shares worth VND33.6 trillion (US\$1.5 billion) were traded on the Ho Chi Minh Stock Exchange, up 18.5 per cent in volume and 17.5 per cent in value compared to the previous session.

Liquidity also grew strongly on the Ha Noi Stock Exchange with more than 151 million shares worth VND4.5 trillion exchanged, up 27 per cent in volume and 20 per cent in value against Tuesday.

The foreign traders were net buyers, picking shares worth a net value of VND216 billion.

However, investors were not happy with scores when the benchmark VN-Index inched down 0.07 per cent to close at 1,477.67 points while the HNX-Index decreased 0.42 per cent to end at 453.10 points.

Realty shares attracted investors with the largest firm by capitalisation Vingroup (VIC) rising 1.5 per cent. Other gainers included Development Investment Corp (DIG), Khang Dien House Trading and Investment (KDH) and Tan Tao Investment and Industry (ITA) each growing between 3 per cent and 6 per cent.

Real estate contributed 3.4 points to the VN-Index but was held back by slumps of the banking, securities and steel industries.

Among big banks, only Vietcombank expanded 0.4 per cent, other major lenders such as Vietinbank (CTG), BIDV (BID), VPBank (VPB), Military Bank (MBB) and Sacombank (STB) all fell by more than 1 per cent.

Speculative stocks attracted many investors which pushed many to hit the ceiling, including electrical equipment manufacturer SAM Holdings (SAM), Duc Long Gia Lai Group (DLG), Sao Mai Group (ASM), Yeah1 Group (YEG), real estate company An Duong Thao Dien (HAR) and FLC Faros Construction (ROS).

According to Viet Capital Securities Co, when the VN30 signals a less positive direction, it may boost selling in large-cap stocks and money will flow in small-and mid-cap speculative stocks.

Meanwhile, analysts at BOS Securities Co predicted the VN-Index may accumulate in the range of 1,470-1,480 and needs strong economic growth data in the fourth quarter to overcome this zone.

“Investors may partially disburse in the stocks with good business prospects in the last quarter and the industries that are attracting cash flows such as electricity and food,” they wrote in a daily report.

## Macro & Policies

### 2. Real estate stocks continue to shine bright in 2022

After continuously rising and hitting new price levels since the beginning of the year, real estate stocks once again have emerged as the market's leader in recent sessions.

The stock group also benefitted from the land auction in Thu Thiem, HCM City, with the extremely high price of up to VND2.4 billion (US\$104,552) per square metre.

The industry insiders said that the real estate sector has been at a fairly high price level after the first rising wave of the year, which related to the plan to increase capital and expand the land fund of enterprises.

Therefore, experts have sent technical warnings to investors. Accordingly, the investment strategy for real estate stocks is to wait for a clear signal of breaking over the resistance zone or to look for stocks that have just escaped the recent resistance level.

Le Quang Minh, analysis director of Mirae Asset Securities, sees a positive outlook for the industry. "Real estate stocks are bright spots in 2021 after continuous increases, and still have room to inch higher," Minh said.

Although there is a risk from China, which relates to the difficulties of Evergrande Group, raising concerns in the Vietnamese market. However, the story in Viet Nam is completely different, said Minh and adding that after reviewing the financial health of large property developers in Viet Nam, the result is even better than it was in 2020. Thus it is not possible to compare Evergrande's weak debt service coverage in China with other businesses in Viet Nam.

In the real estate industry, there are two metrics to keep in mind, which are operation efficiency and inventory turnover. Of which, inventory turnover is more important. If the inventory is turned, the property is sold. And this factor is not the concern at the moment.

According to Mirae Asset, some big players in the real estate group such as Novaland (NVL), Phat Dat

Real Estate Development (PDR), Development Investment Construction (DIG) and Gelex Group generally benefit in the low interest rate environment.

In addition, the positive regulatory environment, as well as reforms that speed up the regulatory approval processes, are among factors driving the growth of the industry.

Real estate stocks with strong gains are all having their own growth story related to the potential of the accumulated land bank, the absorption of projects, and the development plan to expand activities in the future.

Moreover, experts widely forecast the stock market may continue to grow strongly in 2022, boosted by the increase in business activities, which pulls up earning per share (EPS).

Based on data tracking price per earning ratio (P/E), Mirae Asset said that the appropriate P/E ranges from 15 to 17x.

With a forecast EPS for the 2020-2022 period of about 29 per cent a year, which is lower than the market expectation of 30 per cent a year, and a P/E of about 16x, the market benchmark VN-Index is expected at about 1,700 points in the basic scenario, up 15 per cent from the closing level at the end of November, the securities firm said.

The market's drivers were investors' optimism about the Government's ability to control the pandemic, fiscal support packages, economic growth and corporate profits.

And amid low savings interest rates, it is expected that the idle money will continue to shift to the securities investment channel, so the market liquidity will continue to be abundant.

Low interest rates also help to stimulate growth through investment stimulus, and restore production with lower capital costs.

State capital divestment and the prospect of a market upgrade also provide support for the market.

On the other hand, the biggest risk now is the possibility of out-of-control COVID-19 outbreaks,

and the development of new coronavirus strains, causing panic among investors.

However, with the long-term bullish outlook, experts believe that the market's deep corrections are an opportunity to buy and accumulate good stocks.

### 3. Deposit interest rates surge to meet rising capital ahead of Tết

Bank depositors are happy while firms are worried, as savings interest rates are increasing significantly in the last months of the year.

Many banks have recently increased their deposit interest rates by 0.1-0.8 percentage points per year to mobilise amid rising capital demands ahead of Tết (Lunar New Year), the country's largest holiday.

Statistics from the State Bank of Việt Nam (SBV) showed deposit interest rates at small- and medium-sized commercial banks have increased sharply since early this month. Currently, the highest deposit interest rates in the market range from 7.15 to 8 per cent per year.

GPBank, for example, has raised its deposit interest rates twice in December, pushing its rate up 0.8 percentage points per year compared to the end of November. The 13-month term deposit interest rate at the bank is currently at 6.8 per cent per year against 6 per cent at the end of last month. The rates for six- and nine-month deposits at the bank have also increased strongly to 6.5 per cent and 6.6 per cent per year, respectively.

Besides increasing deposit interest rates at bank counters, some banks have also offered additional interest rates for people who deposit savings online. For example, at ABBank, depositors receive an additional 0.4 per cent interest rate when depositing online.

Similarly, at VPBank, online savings interest rates have increased sharply by 0.2-0.8 percentage points per year for some accounts. For example, for a one-month term when customers deposit online with VNĐ50 million or more, they will enjoy an interest rate of up to 4 per cent per year, 0.8 percentage points higher than that at the end of last month.

SSI Securities Company attributed the deposit interest rate hike to the reason that banks have begun to enter the peak payment period at year-end, causing the liquidity of the banking system to be temporarily restricted.

Moreover, higher inflation pressure in 2022 and competition from other investment channels such as real estate and securities markets have also forced banks to increase savings interest rates to attract depositors.

In addition, SBV stopped injecting money through open market operation (OMO) and foreign currency purchase channels from the beginning of December. This move caused interest rates on the interbank market to increase by 0.05- 0.06 percentage points compared to the end of November.

According to the forecast of VNDirect Securities Company, deposit interest rates will increase by 0.3-0.5 percentage points per year in 2022.

Many firms are worried that the deposit interest rate hike will push up the lending rates as a domino effect, especially with firms suffering difficulties due to the COVID-19 pandemic.

A director of a food processing enterprise in Hà Nội, who declined to be named, said his company was borrowing a loan at an interest rate of 9 per cent per year from a small-sized commercial joint stock bank.

As the deposit rates increase, the lending rate would obviously be adjusted up next time, he said.

However, experts say firms do not need to worry as the increase in savings interest rates is not a trend, but only a temporary end-of-the-year as capital demands surge.

The SBV has affirmed to manage monetary policies to maintain the current lending rate.

#### 4. Fitch affirms outlook on Standard Chartered Vietnam as positive

Fitch Ratings has affirmed the outlook on Standard Chartered Bank (Vietnam) Limited as positive, with long-term foreign currency and local currency issuer default ratings at BB and BBB respectively.

Fitch's ratings are driven by institutional support from 100 per shareholders, with Standard Chartered Vietnam given an important role in the group's broader South-East Asia strategy.

The ratings are capped by a potentially higher Country Ceiling should the sovereign rating be upgraded.

“As an international bank with 117 years of history in Viet Nam, the country has been always one of the key markets in our global footprint. The ratings from Fitch have reaffirmed us as a strong partner to Viet Nam and to our clients as they seek to meet their growth ambitions. We will continue to contribute to Viet Nam’s sustainable development journey to secure a prosperous future for the people and the

communities,” said Michele Wee, CEO of Standard Chartered Bank Vietnam.

Standard Chartered Bank increased its charter capital to over VND6.9 trillion, the third capital injection since 2018, reinforcing the bank's long-term commitment to the country.

With regards to endeavours for a sustainable green future at COP26, the bank signed three Memorandums of Understanding worth up to US\$8.5 billion in sustainable financing for three Vietnamese businesses to support their sustainability goals.

By the end of 2024, Standard Chartered is committed to providing \$75 billion towards sustainable development goals (US\$40 billion of project financing services for infrastructure that promote sustainable development and US\$35 billion for renewables and clean-tech projects).

#### 5. HCM City trying to improve investment environment but has miles to go

HCM City has taken a number of measures to improve its investment environment so that it can improve its ranking in the provincial competitiveness index, but the effort has not yielded results yet.

The city was in 14th place in 2020 and 2019 after slipping from 10th in 2018.

Associate Professor Tran Hoang Ngan, rector of the HCM City Institute for Development Studies, said in 2021 the city made major efforts to improve the investment environment.

But a survey by the Viet Nam Chamber of Commerce and Industry (VCCI) found that many criteria are yet to be achieved, and the city's PCI is still low compared to other localities.

Dau Anh Tuan, director general of the VCCI's legal department, said problems still plague investment, construction, land, taxation, and social insurance. Besides, administrative procedures and information related to business activities are not transparent enough.

City leaders, refusing to countenance the low competitiveness, decided to crack down: Now, if an agency does not reply in writing to a business within 15 working days, it is liable for possible damages.

Ngan said they should look at how to reduce by at least 30 per cent the time it takes to handle enterprises' petitions from the current 10 days.

Besides, the city has decided that over 60 per cent of administrative procedures will be carried out online.

The Departments of Planning and Investment, Finance, Planning and Architecture, Construction, Natural Resources and Environment, and other such agencies should directly provide online public services and not through sub-agencies to resolve the problems faced by enterprises to improve the investment environment, it has decreed.

To foster efficiency, inspectors will audit and penalise government agencies that fail to perform well.

The People's Committee has also tasked specialised agencies like the Development Research Institute to study and make recommendations to improve efficiency.

By improving the business environment and making things easier, more transparent and fairer for

investors, the city expects to enter the top five in the list by 2025.

It particularly aims to do well in the rankings for socio-economic management quality by speeding up digital transformation.

But it also has ambitious targets for online business registration and licence issuance rates, and plans to enhance the efficiency of the centre for land development to benefit investors.

It will make public all administrative procedures to make it easier for applicants, reduce processing time and generally improve the quality of public services.

The People's Committee has instructed the Department of Planning and Investment to work with the VCCI to create benchmarks for the quality of work done by various departments and localities to improve the business environment and rise up the PCI list.

## 6. Thousands of trucks still stuck at border gates

Thousands of container trucks still lie stranded at border gates in northern provinces, queuing for customs clearance, according to Au Anh Tuan, director of the Customs Control and Supervision Department.

Tuan said traffic still tailed back at the Viet Nam-China border while new trucks continued to arrive in northern provinces, worsening the situation.

Authorities are now looking at ways to ease the congestion and get container trucks cleared to cross the border at a faster pace.

China's tightened COVID-19 preventive measures on people, vehicles and goods packaging has led to sluggish customs clearance. Some border gates are processing customs procedures at a rate much below normal.

Tuan said another contributing factor was crops recently harvested in Viet Nam's southern provinces and rising demand in China has resulted in vehicles, loaded with agricultural produce, coming to northern border gates in large numbers.

The news that China would temporarily suspend the imports of frozen preserved goods during the Lunar New Year holiday has also compounded the problem, leaving many firms in a rush to export. A large flow of traffic to the border in a short period of time gives rise to congestion.

At a conference held Tuesday to look at solutions to ease the congestion, Tuan said: "The number of trucks passing customs clearance has been dropping recently to around 300-400 trucks per day in Lang Son.

"Meanwhile, new trucks from inland keep coming to the province in large numbers. This mass exodus, coupled with a limited capacity of car parks, continue to fuel congestions at border gates."

By December 21, the number of trucks lying idle at Lang Son was 4,461, of which 1,389 were at Huu Nghi border gate, 2,456 at Tan Thanh and 616 at Chi Ma.

Many trucks have taken alternative routes and headed for Mong Cai (Quang Ninh) to circumvent the bottleneck, but found themselves jammed in

Quang Ninh as well. In total, about 6,200 trucks are bumper-to-bumper at border gates waiting for customs clearance so far.

Since Chinese customs authorities can only accept a small number of vehicles in the long line at the border, congestion increased.

To make the situation worse, the Chinese authorities announced on December 22 the temporary closure of the Mong Cai border gate due to a COVID-19 case being detected. This was bad news for more than 1,000 vehicles awaiting importing procedures as they have been on hold for nearly two weeks.

In Lang Son, there used to be three border gates working, Huu Nghi, Tan Thanh and Chi Ma, but now only Huu Nghi performs customs clearance. Chi Ma has suspended clearance since December 8 and Tan Thanh followed suit on December 18.

At the press conference, some solutions were discussed including splitting each border gate into two new gates, one for agricultural produce and the other for industrial products, round-the-clock customs clearance, and increasing the number of transit drivers between the two countries.

Tuan said the division of the border gate was difficult to pull off as it required approval from China. Customs clearance time has been specified in bilateral agreements, so adjustment requires re-negotiation as well. The last solution is also problematic as transit drivers are difficult to find.

With strict measures in place and a low rate of customs clearances at border gates, it will take another 44 days for more than 4,400 trucks lining up in Lang Son to pass the border.

## 7. Three packages to help businesses with digital transformation

Three aid packages will be carried out in 2022 to help promote digital transformation in Vietnamese enterprises, according to the Ministry of Planning and Investment (MPI).

The support is part of a programme assisting businesses in digital transformation in the 2021 - 2025 period. This programme, approved by the Minister of Planning and Investment on January 7 this year, aims to help boost digital transformation in businesses through the application of digital technology, thus improving their efficiency, capacity, and competitiveness and creating new values for them.

Of the three packages to be launched, the first is designed for small-scale firms, helping them embark on digital transformation. Each enterprise will be provided with VND20 million - VND50 million (US\$870-2,180) funded by the State budget per year.

The second one will assist medium-sized ones with a maximum of VND100 million per year. Meanwhile, the third targets exporters and will cover a maximum of 50 per cent of the costs to open and maintain their accounts on transnational e-commerce platforms.

Bui Thu Thuy, Deputy Director of the MPI's Enterprise Development Agency, said businesses were still facing many barriers and difficulties in digital transformation such as high investment expenses, underdeveloped IT infrastructure, cybersecurity risks, and limited human resources.

However, she noted, Vietnamese enterprises were holding numerous opportunities to boost digital transformation, which would help them grasp chances relevant to changes in consumption behaviour, the shift in global supply chains, and the surge in online transactions as a result of the pandemic's impact.

## Corporate News

### 8. HVN: Vietnam Airlines Group to offer nearly 2 million tickets for Tết

↓ -1.07%

Vietnam Airlines Group, comprising Vietnam Airlines, Pacific Airlines and VASCO, will put up for sale nearly 2 million tickets on domestic flights during the upcoming Tết (Lunar New Year) holiday.

The tickets, each priced about VNĐ643,000 (US\$28.04) for one way, will be for flights from January 6 to February 15, mainly between Hà Nội and HCM City, Đà Nẵng, Nha Trang, Đà Lạt, Phú Quốc, and between HCM City and Đà Nẵng, Hải

Phòng, Vinh, Thanh Hóa, Huế, Chu Lai, Quy Nhơn, Phú Quốc, Nha Trang and Côn Đảo.

The airlines have officially sold 1.2 million tickets, and would increase the number based on market demand as well as the permission of competent agencies, a representative from the group said.

Notably, discount tickets will be available from December 22 to February 22 for flights to HCM City from January 21 to 31, and those from HCM City from February 6 to 13.

### 9. TBC: TBC closes the right to advance the dividend for the 1st period of 2021, at the rate of 10%

↑ 0.81%

On January 3, 2022, Thac Ba Hydropower Joint Stock Company ( HOSE : TBC ) will finalize the right to advance the first dividend of 2021 for shareholders. The ex-rights date is December 31, 2021.

TBC will advance cash dividends to shareholders at the rate of 10%, shareholders owning 1 share will receive VNĐ1,000. Expected dividend payment time from January 21, 2022.

With 63.5 million shares outstanding , it is estimated that TBC will spend nearly VNĐ 64 billion to pay dividends to existing shareholders.

Closing the session on December 22, 2021 , TBC's stock price stopped at VNĐ 30,600/share, up 31% compared to the beginning of 2021.

In the first 9 months of 2021, TBC recorded a flat business result over the same period with VNĐ 385 billion in revenue and VNĐ 173 billion in profit after tax.

In 2021, the Company sets a business target of nearly VNĐ 505 billion in revenue and nearly VNĐ 184 billion in profit after tax. Thus, TBC has fulfilled 76% of revenue target and 94% of profit target for the whole year after 9 months.



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