



VIETNAM DAILY NEWS



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Market Analysis

1. Shares recover strongly in pre-holiday trading

Vietnamese stocks recovered to end higher in pre-Christmas trading on Friday, largely on the strength of a handful of banking and securities blue-chips.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index gained 1.38 per cent to end Friday at 1,477.03 points.

The index had plunged 1.40 per cent to end Thursday at 1,456.96 points.

The market's breadth was positive with 270 gainers and 191 losers.

Liquidity declined compared to the previous session with VND889.5 million shares traded on the southern bourse, worth nearly VND25.4 trillion (US\$1.1 billion).

The VN30-Index, tracking the 30 biggest stocks on HoSE, gained 1.98 per cent to end at 1,506.67 points. Eighteen out of 30 stocks in the VN30 basket posted gains, while seven decreased.

Banking and securities stock performed well and attracted huge cash flow with many gainers such as Military Bank (MBB), Asia Commercial Bank (ACB), Bank for Investment and Development of Vietnam (BID), VPBank (VPB), Sacombank (STB), Vietcombank (VCB), Tien Phong Bank (TPB), Techcombank (TCB), SSI Securities Inc (SSI), FPT Securities Joint Stock Company (FTS), Ho Chi Minh City Securities Corporation (HCM), Viet Capital Incorporation (VCI), SSI Securities Incorporation

(SSI), Agribank Securities Corporation (AGR) and APG Securities Joint Stock Company (APG).

Among them, HDBank (HDB) and Tien Phong Bank (TPB) hit the daily limit gain of 7 per cent.

Seventeen out of 25 sector indices on the stock market posted gains, including agriculture, oil and gas, construction, securities, IT, retail, banking, rubber production, construction materials, logistics, food and beverage, real estate, insurance and wholesale.

On the other side, losers were healthcare and seafood production.

On the Ha Noi Stock Exchange (HNX), the HNX-Index gained 0.68 per cent to end Friday at 445.61 points.

The northern market index had lost 2.32 per cent to end Thursday at 442.61 points.

During the session, investors poured over VND3 trillion into the market, equivalent to a trading volume of 115 million shares.

Foreign investors net sold slightly over VND29 billion on HOSE and net sold more than VND172 billion on HNX.

The net selling concentrated on Hoa Phat Group (HPG), Masan Group (MSN) and PetroVietnam Gas JSC (GAS) stocks on HOSE. C.E.O Group JSC (CEO) and Saigon-Hanoi Securities Inc (SHS) were net sold the most on the HNX.

Macro & Policies

2. Viet Nam eyes raising average floor area per person

Viet Nam is looking to increase the average housing floor area per person to 27sq.m by 2025, aiming for 28sq.m in urban areas, and 26sq.m in rural areas.

The target is set in the national housing development strategy for 2021-2030, recently signed by Deputy Prime Minister Le Van Thanh.

By 2030, Viet Nam strives to increase the proportion of solid houses nationwide to 85-90 per cent, with 100 per cent in urban areas and 75-80 per cent in rural areas; and equip 90 per cent of houses with electricity and water supply and wastewater drainage systems.

The strategy focuses on renewing specific policies for each kind of housing, and the target group of social housing policies including workers and low-income people in urban areas, and officers and soldiers of the people's armed forces.

Poor households in rural areas, and ethnic minority and mountainous areas will receive support from the State budget, preferential loans and other local resources to build houses.

Families living in areas frequently affected by natural disasters and climate change such as storms, floods and landslides, will be offered preferential loans to build or repair houses.

The strategy also set the goal of developing and repairing more than 1 billion sq.m of houses, equivalent to about 11.9 million apartments.

The move aims to create conditions for everyone to have a place to live, and focus on improving the

quality of housing, as well as implementing the trend of green and smart housing.

The strategy also sets out tasks and solutions on housing development: complete housing policies; planning and development of land funds; national housing development activities and local housing development programmes; to increase rental housing products; and promote the development of commercial housing with reasonable prices.

Housing development must include urban development, urban upgrading and re-construction of old apartment buildings.

The housing development will be implemented according to targets on sustainable real estate market development.

Policies on real estate business as well as policies related to transactions, housing business and housing projects will also be completed.

The strategy also aims to simplify administrative procedures in the housing investment and development process from selecting investors, allocating land, investing in construction, granting certificates of land use rights and home-ownership.

Regulations on housing management and development will also be amended according to housing development master plans, strategies and programmes.

Viet Nam's average housing floor area reached 25sq.m per person in 2021, about 1sq.m higher than in 2020, according to the Ministry of Construction.

3. A tael of gold in Viet Nam worth \$500 more than world prices

Gold prices in Viet Nam are much higher than international prices, driven by a supply-demand imbalance and price manipulation. A tael (37.5g) of gold in Viet Nam is about US\$500 more than in the rest of the world.

While the price of local SJC gold has increased by nearly 10 per cent, or VND 5 million, the price of world gold decreased by about this amount in the same period.

The Saigon Gold and Jewelry Company rated each tael of SJC gold at VND61.55 million (US\$2,676), and VND60.8million for sell-buy.

Compared to the prices listed on the global gold exchange, which rated gold at \$1,810 per ounce, or \$2,175, each tael of gold in Viet Nam was \$500 higher than the world prices.

Gold buyer Kim Oanh, in Tan Binh District, HCM City, said that she used to buy gold to keep as an asset and only sold when she needed money.

Oanh now does not dare to buy gold for that reason as the big gap in prices between domestic and world market. She said: " Now if I buy a tael of SJC gold, I immediately lose more than VND11 million for it, compared with the world prices."

Nguyen Thi Thanh, the owner of a gold shop in District 9 in the city, told local media: "Since earlier this year, many of my customers tell me they would patiently wait for the domestic gold price to close with the world prices for buying. But the longer they wait the bigger gap. In the past, the domestic gold price was usually only VND1 million or VND2 million higher than the world's prices; now it was much higher."

Thanh said at the beginning of this year, the gap was about VND7 million, but now the difference was up to VND11 million to VND12 million per tael. Thanh added: "It is because domestic gold is too expensive, so purchasing power is meagre and the market is quiet."

Explaining the unusual gap between the domestic and international gold prices, To Thanh Hiep, General Director of SBJ, said: "The scarcity of SJC gold supply is the main reason leading to the difference between gold prices around the world."

Hiep said that the price of SJC gold was higher than the world's prices because there was an unbalanced supply and demand in the market, adding: "Whenever the buying volume exceeds the selling volume, the SJC gold price increases sharply compared to the world and vice versa."

Huynh Trung Khanh, senior advisor of the World Gold Council in Viet Nam, and Vice Chairman of the Viet Nam Gold Traders Association, said: "The State Bank of Viet Nam (SBV) is the only place authorised

to import gold, including raw gold. In the past ten years, SBV has not imported more raw gold to produce SJC gold bars while people's demand to buy SJC gold still exists."

Khanh said: "When the supply of SJC gold bars to the market is low when demand increases, it is unlikely that the SJC gold price will be close to the world gold price. Only when the supply and demand for SJC gold bars are in balance, will the gold bar price return to its true value, which is equal to the world gold price."

According to Decree 24/2012 on the management of gold trading activities, gold bars are produced exclusively by the State and SBV is assigned to organise and manage gold bar production activities.

As a financial expert, Duong Anh Vu said inexperienced gold investors who "surf" gold were almost certain to lose money in this context when the gap between domestic and world gold prices was so obvious.

Therefore, Vu said: "It is not the right time for investors and people to choose gold as an investment channel in large quantities."

In other words, he said if investors bought gold at this time, it would be difficult to make a profit. He advised: "If there is an urgent need to buy gold, people should only buy a small amount. Investors, especially ones with low capital, should only hold gold in the medium and long term and spend about 20 per cent of their savings to buy gold."

As a professional gold investor, Tuan Minh said that there was a phenomenon of speculation in the gold market as some businesses had pushed the price of gold up very high when they saw that the supply was not enough.

Minh told local media: "Some businesses keep the gold price high or push the difference between the buying and selling prices to increase the risk to consumers."

Therefore, Minh said the authorities needed to find solutions to limit speculation and price manipulation and suggested that SBV should create policies for the local gold market integrating with the world to reduce disadvantages for local gold buyers.

4. Domestic investors help to create records in securities market

The stock market has set records in terms of scores, liquidity and the number of new accounts this year, as investors have seen it a shelter amid complex developments of the COVID-19 pandemic.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HOSE) reached a new record high of 1,500.8 on November 25, up nearly 36 per cent from late 2020.

Liquidity is regularly at US\$1 billion, even hitting nearly VND53 trillion (roughly \$2.3 billion) on December 23.

According to the Viet Nam Securities Depository (VSD), by November 30, there were 4,083,325 accounts in Viet Nam's securities market, 1.3 million higher than the number in late 2020.

Mirae Asset Securities (MAS) said in 2021, the VN-Index had successfully surpassed the 1,200 point mark and conquered the 1,500 point threshold, despite the economy experiencing two consecutive pandemic outbreaks.

Banking, real estate, materials, basic construction and financial services were the market leaders, contributing 31 per cent, 23 per cent, 15 per cent, 10 per cent, and 8 per cent, respectively to the growth of the VN-Index.

The firm reported that by the end of November 2021, the VN-Index increased by nearly 34 per cent compared to 2020 and was named among the markets with the highest profitability in the world.

Foreign investors maintained a net selling strategy in 2021, with a total net selling value of nearly VND61.6 trillion by December 17, more than four times higher than the net selling level last year.

Domestic individual investors net bought more than VND84 trillion in the first 11 months of the year, which was the main driving force to increase market liquidity and VN-Index continuously set new peaks in 2021.

In the context of low interest rates, the population's idle money shifted to the securities investment channel, with the number of new accounts opened by domestic individuals remaining above 100,000 accounts each month.

Experts from the Vietcombank Securities Company (VCBS) forecast that the securities market would continue to be an attractive investment channel, especially for individuals.

Nguyen Thi Hoa, from ACB Securities Company (ACBS), held that the increasing engagement of domestic investors had signalled the continuous development of the market.

A new trading platform of the HOSE, scheduled to be put into operation in the second quarter of 2022, would help to facilitate the development of new products and lure more investments in the market, she said.

Echoing Hoa's view, Tran Khanh Hien, Research Director of VNDirect Securities Corporation, said the growth pace would be maintained thanks to economic recovery and the participation of domestic individuals.

However, the main risk for the market in 2022 would still be higher-than-expected inflation, which might lead to the roll out of tightened monetary policies, she said.

5. WB official optimistic about Viet Nam's 2022 GDP growth prospects

Viet Nam's target of bringing its GDP growth to 6-6.5 per cent in 2022 as set in the recent session of the National Assembly is entirely possible if it can effectively control COVID-19, and improve the

supply – demand balance, an official of the World Bank (WB) has said.

According to Jacques Morisset, WB Lead Economist and Programme Leader for Viet Nam, the biggest risk to Viet Nam's economy in 2022 can be the complicated developments of the pandemic with the emergence of new variants.

He also mentioned internal economic risks, saying that Viet Nam was an open economy which would depend on the situation in other countries in the world.

Another risk is related to inflation, according to the economist. Viet Nam's economy is currently facing import inflation, while domestic commodity prices have not yet increased because demand remains lower than supply.

Regarding Viet Nam's economic prospects, Morisset pointed out three new motivations for growth.

The emergence of the COVID-19 pandemic has indirectly made Viet Nam one of the reliable destinations for many large foreign enterprises, which have the goal of diversifying their supply chains.

The country can also take advantage of opportunities from green economy. Viet Nam is one of the most affected by climate change, but it can also take advantage of this.

The third growth driver is domestic demand. As Viet Nam becomes a higher income country with a growing number of middle class people, the domestic demand will be stronger.

Morisset affirmed that the WB would continue to support Viet Nam in achieving its ambitious goal of

becoming a high-income and prosperous country by 2045.

The bank was working closely with the Vietnamese Government to promote sustainable development and effectively respond to climate change in the Mekong Delta region, and reduce air pollution in big cities, he said.

In addition, the two sides were working in areas of inclusive development and gender-related issues in order to ensure people's participation in the economy, minimise the impact of the pandemic, and fully tap future opportunities, the economist said.

Meanwhile, HSBC has also been optimistic about Viet Nam's economy. Viet Nam's economy should get back to GDP growth of 6.8 per cent next year, which will be driven by a return of strong foreign direct investment into the market, mainly focusing on the manufacturing sector, according to HSBC Vietnam.

HSBC Vietnam said this would benefit Viet Nam's exports, especially as free trade agreements that have been signed over the past two years start to bear fruit.

The continued expansion of the middle class and in particular the rising affluent sector would lead to changes in consumption as Vietnamese people start spending more and more on leisure and travel.

Infrastructure roll-out would also continue to fuel economic activities especially in the renewable/green arena given the strong ambitions made by the Vietnamese Government following the recent 26th United Nations Climate Change Conference of the Parties in Glasgow, the UK.

6. Basa fish industry may lack material for export processing next year

The Directorate of Fisheries forecasts a shortage of raw materials for export basa processing in the first quarter of 2022 due to the impact of COVID-19.

Nhu Van Can, head of the directorate's Aquaculture Department, said the area of farming basa in the third quarter of 2021 decreased by about 30-55 per cent on year because aquaculture activities were suspended in many Mekong Delta provinces due to the COVID-19 outbreak.

With a sharp reduction in the farming area, the industry is likely to lack raw materials for export processing in the first quarter of 2022, according to Can.

Therefore, after the Government's Resolution 128/NQ-CP on temporary regulations for safe, flexible adaptation to and effective control of COVID-19, basa farming activities have been enhanced to

meet demand at processing plants which have restored their operation.

"Basa producers have proposed the Ministry of Agriculture and Rural Development (MARD) and those localities to create favourable conditions for them to expand the basa farming area," said Tran Van Hung, chairman of the Hung Ca Company.

Nguyen Ngo Vi Tam, general director of the Vinh Hoan Joint Stock Company, said besides the impact of COVID-19, the challenges for the basa industry next year included increasing price of feed, shortage of labour and higher electricity prices.

"Basa fish processing enterprises have had support in reducing electricity bills but the basa fish producers have not. This has greatly affected farmers and enterprises producing raw material of basa. The basa fish producers need this support," said Tam.

She has also suggested the MARD start a supportive programme in terms of fingerling for the basa fish producers, ensuring supply of better quality varieties.

By this year-end, the fishery industry would remove difficulties caused by the COVID-19 to restore production. The industry would enhance production of the fingerling and input materials to supply fingerling for basa fish producers in the first quarter next year, according to the ministry.

MARD Deputy Minister Phung Duc Tien said: "The industry needs to have specific, synchronous and timely solutions to develop the farming of basa. That would ensure food quality and safety for the consumption in the last month of 2021, and raw materials for export processing in the first months of 2022."

Accordingly, the provinces need to have appropriate policies to develop basa fish farming areas associated with processing facilities and consumption enterprises. This cooperation will help the producers regulate production according to market demand.

The localities need to implement solutions on supporting basa fish producers affected by COVID-19, such as reducing electricity prices, taxes, and fees

and providing soft loans, to ensure the stability of the basa production chain and control of food quality and safety, Tien said.

He has requested the Department of Agriculture, Forestry and Fisheries Quality Control to control quality and food safety at basa farming regions, meeting quality requirements of export markets. Besides that, the department needs to promote measures on recovering the export of basa products to the Saudi Arabian market.

The Department of Agricultural Products Processing and Market Development updates market information for enterprises and farms. That will help the producers have suitable production plans.

Associations, enterprises and business facilities in basa production chains need to develop production scenarios in the pandemic period and build brand and sustainable development strategies.

Meanwhile, Tien also proposed the enterprises diversify products according to market needs and promote electronic transactions during the pandemic.

They also need to comply with regulations on the use of chemicals and antibiotics in basa farming, product quality and traceability.

Besides that, localities should promote linkage between processing enterprises with small basa farms to ensure stable production.

According to the General Department of Fisheries, the output of basa in 2021 is estimated to reach about 1.5 million tonnes, the same output in 2020. Basa export value is estimated at over US\$1.5 billion this year.

The basa industry has set ambitious goals for next year of basa output at over 1.7 million tonnes and export value of US\$1.6 billion.

7. VCCI: Banks should be allowed to lodge complaints against low credit ratings

In cases where banks disagree with the credit assessment of banking authorities, they should be allowed to ask for clarifications on the credit ratings assigned to them, according to the Vietnam Chamber of Commerce and Industry (VCCI) in response to a draft circular amending and supplementing credit rating assessments.

According to VCCI, credit scores are crucial to credit institutions because low-scores are more likely to be inspected and closely supervised by banking authorities. For this reason, banks should be allowed to file complaints when they disagree with the credit results, and the authorities have to respond to the complaints and clarify their assessments.

Thus far no regulations have been introduced to regulate complaints, settlement of complaints and time frames to respond to complaints in regard to credit ratings. Such regulations, if put in place, would add more transparency to assessments and incur no additional administrative costs.

The VCCI believes foreign bank branches should be allowed to provide the results to their parent banks on condition the results be kept secret.

“Such an amendment to Article 23 is reasonable and would not affect the banking authorities as well as

other credit institutions,” according to the chamber of commerce and industry.

Under the draft circular, credit institutions and foreign bank branches shall be classified into five credit levels: A (excellent), B (good), C (average), D (fair) and E (poor). This classification is based on the CAMELS rating system that has been accepted by many countries worldwide.

However, VCCI said the five-level system was ineffective as they were not good indicators of bank performances. Many banks with huge performance differences had ended up in the same credit level.

For instance, banks are ranked B if their total score is less than 4.5 and greater than or equal to 3.5. This means banks with 4.4 score and banks with 3.5 score are treated equally.

In fact, the credit risk gap between a 4.4-score banks and 3.5-score bank is huge. Therefore, sub-levels are needed to assess credit institutions properly.

“Each credit level should be divided into sub-levels based on different credit scores in order to better classify credit institutions,” VCCI said.

Corporate News

8. NSC: Vietnam National Seed Group Joint Stock Company pays cash dividend in interim 2, 2020 with the ratio of 20.00%

↑ 1.23%

Vietnam National Seed Group Joint Stock Company pays cash dividend in interim 2, 2020 with the ratio of 20.00%

Vietnam National Seed Group Joint Stock Company (ticker: NSC) announces 01/04/2022 as record-date for cash dividend in the interim 2, 2020 with the ratio of 20.00% (2,000 dong per share). The payment is planned on 01/28/2022.

The company has 17.57 million outstanding shares of Vietnam National Seed Group Joint Stock Company. As a result, the company is going to pay 35.15 billion dong for the shareholders.

In 2020, Vietnam National Seed Group Joint Stock Company generated 1,634.55 billion dong in revenue and 190.20 billion dong in net profit, increasing 7.65% and -5.79% compared to figures in same period of previous year, respectively.

9. TLG: Thien Long Group Corporation pays cash dividend in interim 2, 2021 with the ratio of 5.00%

↓ -0.22%

Thien Long Group Corporation pays cash dividend in interim 2, 2021 with the ratio of 5.00%

Thien Long Group Corporation (ticker: TLG) announces 01/06/2022 as record-date for cash dividend in the interim 2, 2021 with the ratio of 5.00% (500 dong per share). The payment is planned on 01/20/2022.

The company has 77.79 million outstanding shares of Thien Long Group Corporation. As a result, the company is going to pay 38.90 billion dong for the shareholders.

In 2020, Thien Long Group Corporation generated 2,684.55 billion dong in revenue and 239.85 billion dong in net profit, increasing -17.46% and -31.29% compared to figures in same period of previous year, respectively.

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