



VIETNAM DAILY NEWS



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Market Analysis

1. Shares tumble after three-day rising streak

Shares tumbled on Wednesday following a three-day rising streak as investors reacted to the economic data released by the General Statistics Office.

On the Ho Chi Minh Stock Exchange, the VN-Index decreased 0.57 per cent to close at 1,485.82 points. The benchmark index gained 2.6 per in the previous three sessions.

On the Ha Noi Stock Exchange, the HNX-Index inched down 0.05 per cent to end at 457.83 points. The northern market index increased 3.5 per cent since last Friday.

Gross domestic product (GDP) expanded 5.22 per cent in the fourth quarter, higher than the same period last year, but the yearly growth is estimated to reach a decade low of 2.58 per cent as the prolonged lockdown in the third quarter hit the economy.

“Macroeconomic information in the fourth quarter has not yet been the driving force to extend investors’ excitement. The cash flow into the market was not as strong as in the previous session,” stock analysts at vietstock.vn said in a daily report.

Almost 960 million shares worth VND28.9 trillion (US\$1.3 billion) were traded in the two markets, down around 14 per cent in both volume and value compared to Tuesday’s levels.

Banks were still a good supporter as only five out of 19 listed lenders lost value. The biggest loser was Vietcombank (VCB), down 0.63 per cent, and with it being the top three largest listed companies by

market capitalisation, its slump had a significant impact on the VN-Index’s decline. Meanwhile, Vietinbank (CTG), Vietnam International Bank (VIB), VPBank (VPB), Military Bank (MBB) and Ho Chi Minh Development Bank (HDB) were on the positive side, helping cushion the market’s fall.

Securities shares also gained with biggest gainers including Saigon Securities Inc (SSI), VNDirect Securities (VND), Ho Chi Minh Securities JSC (HCM), Viet Capital Securities (VCI) and Vietinbank Securities (CTS) all increasing by more than 1 per cent.

Steelmakers were also big gainers on Wednesday. Hoa Phat Group (HPG) increased 0.44 per cent while Hoa Sen Group (HSG) grew 2.8 per cent and Nam Kim Group (NKG) increased 4.3 per cent. Only Viet-Italy Steel (VIS) was down 3.39 per cent.

According to La Giang Trung, general director of Passion Investment, demand for cash usually increases at the end of the year and the liquidity of the banking system will be more strained than at other times. Meanwhile, on the stock market, there will be businesses and investors withdrawing money, affecting the investment cash flow.

“However, monetary policy in the world and in Viet Nam, in general, is still at the stage of expansion and has not been tightened. Therefore, the concern of reduced liquidity is not a big problem of the stock market,” Trung told tinnhanhchungkhoan.vn.

If the market corrects due to weak cash flow, the decrease will not be too strong and will become an opportunity for investors to disburse for 2022, he said.

Macro & Policies

2. Credit growth likely to hit 14 per cent in 2021: SBV Deputy Governor

Credit growth has reached 12.97 per cent so far and is likely to hit 14 per cent this year as credit expands very strongly towards the end of the year, the head of the State Bank of Viet Nam (SBV) revealed.

This year, the bad debt ratio has to date edged up to 3.79 per cent, but may reach 8.2 per cent if taking into account restructured debts.

Standing Deputy Governor Dao Minh Tu voiced his concerns over an increase in non-performing loans this year, saying it is one of the big challenges for the banking system in 2022 and the following years.

In a press conference on Tuesday, Tu attributed the increase to the worst-ever fourth wave of COVID-19 in Viet Nam, noting that bad debts are unwanted consequences of the COVID-19 outbreak and can rise even if the pandemic continues to cause trouble to businesses.

This year, the SBV has undertaken measures to improve credit quality, direct credit to production and priority sectors and tighten control on that poured into high-risk areas, such as real estate, the stock market, Build-Operate-Transfer (BOT) and Build-Transfer (BT) transport projects. It has also strengthened risk management on consumer credit and provided enterprises and individuals with broader access to bank loans.

In 2022, Tu said the central bank will continue flexibly governing monetary policy tools in tandem with fiscal and other macro-economic policies to support post-pandemic economic growth.

Remittances up 10 per cent

Vietnamese abroad sent home some US\$12.5 billion this year, a year-on-year increase of 10 per cent.

These are official numbers that must be used in reports, Tu emphasised.

About 28 per cent of the remittances to Viet Nam were sent through international money transfer companies, 7 per cent via credit institutions and 2 per cent by post.

The official said though Vietnamese living overseas have been also struggling due to the impacts of COVID-19, they remained devoted to the homeland, affirming that remittances are an important source of capital for Viet Nam at this time. — VNS

It is also a key project in Thanh Hoa's plan to become a quality tourism hub in the region.

Speaking at the event, Vice Chairman of the provincial People's Committee Mai Xuan Liem said the project is also meant to realise the province's goal of becoming one of the four new growth pillars of Ha Noi – Hai Phong – Quang Ninh – Thanh Hoa quadruple in line with the Politburo's Resolution No.58.

A highlight of the complex is a park with indoor and outdoor entertainment spaces, onsen bathing, spa and special wellness services, a 1,000-seat convention hall, a pedestrian street and a commercial housing area in Japanese style.

3. Viet Nam's GDP grows by 2.58 per cent in 2021: GSO

Viet Nam's gross domestic product (GDP) in 2021 is estimated to have expanded by 2.58 per cent on the previous year, despite the adverse impact of the COVID-19 pandemic on all fields of the national economy.

The figures were released at a press conference held to announce the socio-economic figures of the fourth quarter, and the year as a whole, Wednesday.

"This is a great achievement of Viet Nam, especially as in the third quarter of 2021, many key economic

localities had to implement prolonged social distancing to prevent the pandemic spreading," said General Director of the General Statistics Office (GSO) Nguyen Thi Huong.

Huong said that GDP in the fourth quarter is estimated to increase by 5.22 per cent over the same period last year. This figure is higher than the growth rate of 4.61 per cent seen in the fourth quarter of 2020, but lower than the average fourth-quarter growth rates of the 2011-2019 period.

The agricultural-forestry-fishery sector grew by 3.16 per cent; the industry and construction rose by 5.61 per cent; the service sector expanded by 5.42 per cent in the fourth quarter.

Over the whole year, the agricultural-forestry-fishery sector grew by 2.9 per cent, contributing 13.97 per cent to the growth rate of the total added value of the whole economy. The industrial and construction sector expanded by 4.05 per cent and contributed 63.80 per cent and the service sector rose by 1.22 per cent, contributing 22.23 per cent.

"Growth in all three sectors (agriculture, industrial production and services) contributed to the whole year's economic growth of 2.58 per cent. This is a good growth rate as the country's resources must be prioritised for disease prevention and control," Huong said.

Final consumption rose by 2.09 per cent against 2020 while accumulated assets increased by 3.96 per cent. The export of goods and services hiked 14.01 per cent. Imports were also up by 16.16 per cent.

Labour productivity of the whole economy in 2021 is estimated at VND171.3 million (US\$7,398) per worker, \$538 higher than that of 2020. Labour productivity increased by 4.71 per cent, thanks to improved qualifications among workers; the proportion of trained workers with degrees and certificates reached 26.1 per cent, higher than the 25.3 per cent of 2020.

CPI lowest in five years

Viet Nam's Consumer Price Index (CPI) edged up 1.84 per cent year-on-year in 2021, the lowest ever recorded since 2016, according to the GSO.

The CPI picked up compared to 2020, largely due to a 31.74 per cent surge in fuel prices this year, which made up a 1.14 per cent increase in the overall CPI, GSO General Director Huong said.

The CPI hike was also driven by the domestic retail price of gas which has been revised up nine times throughout the year, expanding 25.89 per cent year-on-year. This contributed to a 0.38 per cent rise in the CPI.

She also noted upturns in rice, construction materials and education service prices this year, which advanced 5.79 per cent, 7.03 per cent and 1.87 per cent respectively against last year.

The price of food dropped 0.54 per cent year-on-year, and the price of pork plunged 10.52 per cent, causing the overall CPI to fall 0.12 per cent, she said.

Electricity prices declined 0.89 per cent as part of Viet Nam Electricity (EVN)'s aid package for customers affected by the COVID-19 pandemic, pushing the CPI down by 0.03 per cent.

The pandemic has forced people to refrain from travelling, resulting in contractions of 21.15 per cent in airfares and 2.32 per cent in holiday packages.

The core inflation grew by 0.81 per cent in 2021, the lowest since 2011, she added.

In December, the index slid 0.18 per cent month-on-month but increased 1.81 per cent from a year earlier.

Firms optimistic about IIP growth next year

Data from GSO showed that the country's industrial production in the fourth quarter of 2021 had positive growth, thanks to the Government's Resolution No 128/NQ-CP on safe adaptation to the COVID-19 pandemic. The value-added growth rate was 6.52 per cent over the same period last year.

The Index of Industrial Production (IIP) for the whole year increased by 4.82 per cent compared to 2020.

The processing and manufacturing industry increased by 6.37 per cent, contributing 1.61 per cent to the overall growth of the economy.

This was followed by the electricity production and distribution industry with a 5.24 per cent year-on-year increase; water supply, waste and wastewater management and treatment activities increased by 4 per cent. Meanwhile, the mining sector decreased by 6.21 per cent, due to a decrease in crude oil and natural gas production by 5.7 and 19.4 per cent respectively.

IIP of a number of key secondary industries increased sharply compared to the previous year; metals were up 22.1 per cent; vehicles increased by 10.2 per cent; electronic products, computers and optical products by 9.6 per cent; coal mining increased by 9 per cent; textile increased by 8.3 per cent; coke, refined petroleum products by 8.1 per cent; and apparel production increased by 7.6 per cent.

IIP in 2021 increased in 48 localities and decreased in 15 localities across the country.

The processing and manufacturing industry continued to take the lead in attracting Foreign

Direct Investment (FDI) with a registered capital of \$7.25 billion, accounting for 47.6 per cent of the total newly registered capital. Including newly registered capital and adjusted registered capital of projects licensed, FDI in the sector reached \$14.60 billion, accounting for 60.2 per cent of total new and additionally registered capital.

Enterprises are optimistic about the IIP growth prospects next year. Of all the business sectors, 45.6 per cent of firms think in the first quarter of 2022, the trend will be better compared to the fourth quarter of 2021; 36.1 per cent believe that the production and business situation will be stable and 18.3 per cent forecast more difficulties.

Of these, the foreign-invested business sector is the most optimistic with 83.1 per cent of enterprises forecasting the production and business situation in the first quarter of 2022 to be better and more stable than the fourth quarter of 2021. The rate in State-owned enterprises and non-state enterprises is 82 per cent and 81.2 per cent, respectively.

4. Ministry points out challenges in applying digital technology

The COVID-19 pandemic has boosted enterprises to change models, shifting business activities to digital platforms to find more markets, cut costs and improve operational efficiency.

Digital transformation has taken place in recent years as a natural need to meet changes in consumer behaviour and management demand.

Many businesses have applied software solutions in sales management, online marketing, distribution channel management, business administration, and creating new products and services.

However enterprises still struggle during the process for many reasons, even if they are well prepared.

A recent survey of 1,300 enterprises conducted by the Enterprises Development Agency showed that the biggest challenge was the large investment capital needed for carrying out the process.

Accordingly, up to 60.1 per cent of respondents said that the biggest barrier they faced when applying

digital technology was application costs. This is partly due to the impact of the COVID-19 pandemic, causing falling revenues and lack of capital, which affect funds for investment, implementation and solutions for digital transformation.

Another big challenge was difficulties in changing business habits and practices, affecting 52.3 per cent of participants.

The transformation leads to changes in habits and ways of working, but not all employees are willing to adapt to the new norms. Some businesses said that they had applied software, but employees do not use it, or only partially used it, making enterprises fail to achieve digital transformation goals.

The report also pointed out that the lack of internal human resources to apply digital technology was another difficulty, affecting 52.3 per cent of enterprises.

In the past year, awareness of businesses on digital transformation has improved a lot, as many businesses have the intention and need for it.

However, “when businesses start carrying out the transformation plan, they lack staff with experience, knowledge and skills to implement digital transformation projects for their businesses,” the report said.

The fourth biggest challenge for businesses in the process of transforming is a lack of digital infrastructure, while short of information on digital technology and difficulty in integrating digital technology solutions are other obstacles.

On the other hand, not many enterprises were concerned over securities issues like personal and business data leakage.

The difficulties are somewhat different between micro-enterprises, small-sized enterprises, medium-sized enterprises, and large-scale enterprises, the report noted.

At the moment, Việt Nam has about 870,000 enterprises in operation, with more than 97 per cent of enterprises being small- and medium-sized.

In general, the biggest challenge of micro- and small-sized enterprises with limited financial potential is capital for investment and technology application.

Meanwhile medium- and large-sized enterprises that have better financial conditions are struggling in changing business habits and practices.

This is partly because medium- and large-enterprises have more complex apparatus and procedures than micro- and small-sized enterprises, so it is more difficult to adapt to changes.

The report also showed that 39.5 per cent of the enterprises approach digital transformation knowledge to apply and improve their production and management activities, while more than 22 per cent said that they just wanted to study and research the process.

5. HCM City set to approve outdoor advertising plans

The HCM City government needs to have plans to develop outdoor advertising, experts said.

Nguyen Quang Nhut, head of the HCM City Outdoor Advertising Club, said outdoor advertising revenues account for about 20 per cent of the country’s total advertising spending of US\$1.5-2 billion a year.

But admittedly they have fallen by 30-40 per cent during the pandemic.

At the 2021 Outdoor Advertising Awards last week, Tran Thi Thanh Mai, general director of Kantar Media Viet Nam, said this year global advertising revenues increased by 16 per cent, and are expected to grow by 25 per cent next year.

The segment has enormous potential for development in Viet Nam, she said.

Tran Thanh Vuong of the City Department of Culture and Sports said for nearly 16 years the city has not

had an outdoor advertising plan, and so hoardings and advertising board positions are not well organised.

At the event, many advertising enterprises raised questions about the status of outdoor advertising plans.

It is expected to hold a meeting this week to approve the plans.

“This time the outdoor advertising plan is expected to be approved,” Vuong said.

According to the city Department of Culture and Sports received 2,200 outdoor advertising applications in 2021, down 26 per cent from last year.

But the numbers have been increasing since the lifting of COVID restrictions.

6. Da Nang, FPT boost ‘smart city’ project

The central city and IT giant FPT Group have inked a Memorandum of Understanding (MoU) on digital transforming in 2021-25, accelerating the ‘smart city’ project in 2030.

The MoU, which was signed on Tuesday, was developed from the cooperation deal between FPT and Da Nang in 2018-20 in boosting the digitalisation process and putting the city on the list of ASEAN smart city network in 2030.

Chairman of the city’s people’s committee, Le Trung Chinh said the MoU was part of the positive cooperation in the IT industry – one of four key roles of the city’s strategic socio-economic development plan in 2030.

He said the new deal would help speed up the digital transformation process in the city and build Da Nang into an eco-urban and a ‘liveable and smart’ city in the coming years.

The 2021-25 MoU will focus on the smart city framework in traffic, education, natural resources and environment, health, agriculture, trade and industry and information and communications.

FPT will begin the digitalisation among business and administration in tourism hub Ngu Hanh Son

District before expanding to the other six districts in 2021-25.

The IT group had launched a management system at 12 hospitals in the city in providing service for 3 million patients per year.

FPT said it had enrolled 5,000 students for training at its own education system, including a secondary school, high school and university.

Chairman of FPT Group, Truong Gia Binh, said the group, which has invested VND2.5 trillion (US\$108 million) in Da Nang, earned revenue of VND5 trillion in 2021 – making up a 30 per cent share in the city’s information and communications industry revenue.

FPT also helped Da Nang in the development of the 10,000-Bridge Software Engineer programme in boosting the Japan market, and built up an IT service centre and urban, the FTP City Complex.

Earlier, Da Nang and Viettel signed an MoU on the ‘smart city’ project in 2021-25, launching a 5G network at Da Nang Software Park No 1 and No 2, with an Internet of Things service, a digital database centre and cybersecurity services.

7. Binh Thuan strives to optimise protected GI of dragon fruit in Japan

The acquisition of a protected geographical indication (PGI) certificate in Japan for dragon fruit is a success for south-central Binh Thuan province but maintaining this status is the next challenge.

“Thanh long Binh Thuan” (Binh Thuan dragon fruit) officially became protected in Japan on October 7 this year. The acquisition of this certificate is an important milestone in the export of dragon fruit to Japan, and may open the door for other products, Dinh Huu Phi, Director of the Intellectual Property Office of Vietnam, told a meeting held by the Binh Thuan provincial People’s Committee on December 29.

He added it will help Vietnamese farm produce enter other strictly-managed markets like Europe, the Republic of Korea and New Zealand.

Chairman of the Binh Thuan Dragon Fruit Association Vu Huy Hoang said products with protected status in Japan are trusted more by local consumers and so can be sold at a much higher price.

By the end of this year, Binh Thuan will have over 33,000ha under dragon fruit cultivation, with an output of more than 690,000 tonnes.

Phi noted that while gaining PGI certificates is important, maintaining them is just as vital.

With a number of strict requirements in terms of production unit codes, quality and food safety from Japan, the entire political system needs to engage in the management and maintenance of this certificate.

All parties involved in farming, processing, trading, and distribution should cooperate with one another to ensure the sustainable development of the sector.

Between 2016-20, businesses in Binh Thuan exported nearly 32,000 tonnes of fresh dragon fruit worth 37 million USD via official channels. However, the volume accounted for only 2-3 per cent of the total shipments, while the rest was exported via unofficial channels.

Nguyen Minh, Vice Chairman of the provincial People's Committee, called for compliance from farmers and traders with regards to PGI regulations, an increase in advertising of the Binh Thuan dragon fruit, the creation of a dragon fruit value chain, developing an e-commerce platform for the fruit, and forming specialised farming zones applying VietGAP standards.

Corporate News

8. VCB: Vietcombank waives all money transfer fees from January 1

↑ 0.25%

The Joint Stock Commercial Bank for Foreign Trade of Việt Nam (Vietcombank) announced that it will waive fees for maintaining services and money transfer transactions on VCB Digibank application from January 1.

Accordingly, Vietcombank will offer completely free money transfers on VCB Digibank digital banking channel, as well as maintaining VCB Digibank service and one default account registered for VCB Digibank.

Currently, the bank is applying a fee of VNĐ2,000 per month for the default account management, VNĐ10,000 per monthly maintenance for VCB Digibank service, and from VNĐ2,000 per transaction for money transfer services inside and outside its system.

In addition, Vietcombank also adjusted the maintenance fee for the active SMS service. The current fee is VNĐ10,000 per month per phone number.

The active SMS service maintenance fee will be calculated according to the number of messages in the month from January 1.

Specifically, users will be charged VNĐ10,000 per month per phone number with less than 20 messages; VNĐ25,000 per month per phone number for 20 to less than 50 messages; VNĐ50,000 for 50 to less than 100 messages; and VNĐ70,000 for 100 messages or more.

Vietcombank also noted that customers can replace the active SMS service by switching to using the balance notification service via OTT Alert.

In addition, Vietcombank officially stopped registering new account packages for individual customers, including VCB Eco, VCB Plus, VCB Pro, and VCB Advanced from January 1.

For customers who have registered and are using these account packages, the bank continues to provide services, and at the same time applies the policy of free account packages and does not require a minimum balance on the account.

Thus, from the beginning of next year, Vietcombank is the second "Big 4" bank after Agribank that offers free online money transfers without requiring attached conditions.

9. PNJ: PNJ will offer 15 million shares individually

↓ -0.42%

Phu Nhuan Jewelry Joint Stock Company (HOSE : PNJ) plans to use the raised capital to expand production plants, improve technology.

According to the Resolution of the General Meeting of Shareholders to collect written opinions, PNJ shareholders have approved the plan to adjust the private placement approved at the 2021 Annual General Meeting of Shareholders.

Specifically, PNJ will offer 15 million individual shares, equivalent to 6.6% of the total number of

outstanding shares. The PNJ has not disclosed the specific selling price, but said it will ensure that the issue price is not lower than the average closing price of the last 30 trading days before the issuance time.

According to PNJ , the purpose of the stock offering is to help the Company have more capital to expand its business. Specifically, expanding the production plant at PNJ Jewelry Manufacturing and Trading One Member Company Limited to increase production capacity and serve the retail segment.

In addition, PNJ also wants to improve and innovate production technology and product designs, sponsor the development of retail store chains and the digital transformation roadmap at the enterprise.

The private placement period is expected to be implemented from the fourth quarter of 2021 to June 2022, after being approved by the State Securities Commission.

After completing the offering, the charter capital of PNJ will increase by VND 150 billion, to more than VND 2,426 billion.

If based on the market price of VND 95,000/share being traded in the morning session of December 29 , 2021 of PNJ , it is estimated that the business can earn approximately VND 1,425 billion.

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