



VIETNAM DAILY NEWS

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Table of content

Table of content

1. Investor excitement lifts VN-Index over 1,500 points in New Year's first session
2. State budget collection estimated at almost US\$62 billion for 2022
3. NA extraordinary session discusses important issues
4. GSO points out factors for economic growth in 2022
5. HCM City to earmark \$24.9 billion for housing development by 2025
6. HCM City seeks more Govt funds for public projects
7. PetroVietnam's revenue hits over US\$27.1 billion in 2021
8. VIC: VinFast announces opening of pre-orders for electric vehicles in Viet Nam, US
9. GEG: Establishing a subsidiary

Market Analysis

1. Investor excitement lifts VN-Index over 1,500 points in New Year's first session

Markets opened the New Year's first trading day on a positive note amid investors' excitement, betting on the bright prospects for Viet Nam's economy in 2022.

On the Ho Chi Minh Stock Exchange, the VN-Index made up for last year's regret by surpassing the threshold of 1,500 points on Tuesday, ending the trade at 1,525.58 points.

Liquidity also rose with more than 891 million shares worth VND28.6 trillion (US\$1.24 billion) traded, up 2 per cent in volume and 10 per cent in value compared to last Friday's levels.

Small- and mid-cap shares extended gains from last year with many hitting the ceiling prices such as Development Investment Construction (DIG), Gelex Group (GEX), Ho Chi Minh City Infrastructure Development (CII), Hoa Binh Construction Group (HBC) and LDG Investment (LDG).

However, large caps were still the main market's growing engine on Tuesday. Growth of the trio shares – Vingroup (VIC), Vinhomes (VHM) and Vincom Retail (VRE) – contributed 10 points or more than one-third of the market's gain. VIC jumped 6.2 per cent while VHM and VRE each increased nearly 4 per cent.

Other big gainers included PV Gas (GAS), brewer Sabeco (SAB), Vietinbank (CTG), Techcombank (TCB) and Vietnam Rubber Group (GVR), each rising between 1.7 per cent and 5.9 per cent.

According to market insiders, the short-term trend is positive. In January, the market is expected to

receive supportive information including the fourth-quarter business results of listed companies and the Government's decision on the economic stimulus package.

Some optimistic analysts predict the VN-Index may rise to 1,600 points in the first quarter of 2022.

"I think the market is in a favourable condition to surpass the historical peak in the first week of the New Year when receiving a lot of supportive information, notably four important contents of the 15th National Assembly's first extraordinary session opening on January 4 and information from the fourth quarter and 2020 business results," said Ngo Quoc Hung, senior analysts at MB Securities JSC.

"This is the time when the market faces the least barriers as negative factors in 2021 or the Omicron variant has been absorbed by the market," Hung added.

Assessing the role of stock groups, experts predict blue-chips will have a better chance, after a long period of accumulation and growth far behind small- and mid-cap stocks.

"There is a gradual shift of smart money flow from the group of excessively bullish speculators without fundamental factors to good stocks with sound indicators including blue-chips. It is quite possible that blue-chips will return to their glory days and help the VN-Index conquer new highs," said Nguyen Viet Quang, director of Yuanta Securities Vietnam Co's Ha Noi branch.

Macro & Policies

2. State budget collection estimated at almost US\$62 billion for 2022

The State budget collection in 2022 is expected to reach over VND1.41 quadrillion (US\$61.7 billion), according to a report on State budget estimates for 2022 made public by the Ministry of Finance.

Meanwhile, expenditure is estimated at about VND1.78 quadrillion, up 4.5 per cent compared to 2021.

The “Budget Report for Citizens-State Budget Estimates for 2022” provides the public with essential information on macro-economic indices in 2022.

Accordingly, revenues of the central budget are estimated to account for 52.36 per cent of the total budget collection, equivalent to VND739.13 trillion,

while 47.64 per cent, or VND627.57 trillion, will be collected for local budget.

The State budget deficit for the year is estimated at VND372.9 trillion (\$16.31 billion), equivalent to 4 per cent of the GDP.

Notably, according to the report, in 2022, two more localities are expected to contribute to the central budget, raising the number of such localities to 18.

Other macro-economic indices for 2022 include GDP growth of 6 to 6.5 per cent, an average consumer price index rise of about 4 per cent, total export revenue expansion of about 5.4 per cent, and total social development investment accounting for about 32 to 34 per cent of GDP.

3. NA extraordinary session discusses important issues

The 15th National Assembly convened its first-ever extraordinary session in Hà Nội on Tuesday, debating four draft documents and their verification reports on important issues of the national economy.

They included the draft Resolution on fiscal and monetary policies in support of the socio-economic recovery and development programme and the draft investment policy on a project to build the eastern section of the North-South expressway in the 2021-2025 period.

The draft Law on amendments and supplements to several articles of the Law on Public Investment, the Law on Public-Private Partnership, the Investment Law, the Bidding Law, the Electricity Law, the Enterprise Law, the Law on Special Consumption Tax and the Law on Enforcement of Civil Judgments; and the draft Resolution on piloting several special policies and mechanisms for the development of Cần Thơ City were also discussed.

Opening the session, NA Chairman Vương Đình Huệ said the fourth wave of the COVID-19 pandemic had seriously affected all aspects of life. However, thanks to the right direction and leadership in a timely

manner of the Party and State in moving to safe, flexible adaptation to and effective control of COVID-19, the socio-economic situation in the last months of 2021 recorded positive changes. The inflation was kept at a low rate, State budget collection exceeded the target and the monetary and foreign exchange markets were stabilised.

However, the economy still faced many challenges and difficulties, he said. The pandemic continued to develop complicatedly in both Việt Nam and the world. The economic growth rate for the whole year 2021 was 2.58 per cent, the lowest in the past ten years; risks of bad debts increased; production and business activities and the life of people met many difficulties, which all affected the implementation of the socio-economic targets of not only 2022 but for the whole 2021-2025 periods.

The NA Chairman stressed that in response to the urgent requirements of the country and based on preparation tasks and legal foundation, the NA Standing Committee decided to summon the extraordinary session to quickly consider and decide a number of important issues relating to socio-economic development, finance and State budget to support the COVID-19 prevention and

control programme and the socio-economic recovery and development programme.

Monetary policies

Minister of Planning and Investment Nguyễn Chí Dũng presented a proposal on the draft Resolution on fiscal and monetary policies in support of the socio-economic recovery and development programme, which he said set the goals of quickly recovering production and supply chains, promoting growth drives, achieving the average growth rate of 6.5-6.7 per cent during the 2021-25 periods and stabilising the macroeconomy.

It also aimed to ensure social security and people's livelihoods, particularly the poor and vulnerable groups and those who have been seriously affected by the pandemic.

The programme set five key groups of solutions, including opening the economy in connection with investment in improving medical and pandemic prevention and control capacity; ensuring social security and job support, assisting recovery for businesses, cooperatives and household businesses; developing infrastructure and mobilising social resources for development investment; promoting institutional and administrative reforms and improving investment and business environment.

The Government proposed the NA consider and give opinions about some fiscal and monetary policies, including increasing the State budget overspending to have resources to implement the programme with a total estimated VNĐ240 trillion (US\$10.5 billion) for the two years of 2022-2023, including VNĐ102 trillion for 2022, equivalent to 5.08 per cent of GDP (up 1.1 per cent of GDP in comparison with the State budget estimate approved by the NA for 2022).

Chairman of the NA Economic Committee Vũ Hồng Thanh then presented a verification report on the draft Resolution, saying that the committee basically agreed with the proposal but asked to supplement viewpoints about the improvement of the autonomy, resilience and adaptability of the economy and to only use the State budget expending for development investment.

North-South expressway

Later the same day, Minister of Transport Nguyễn Văn Thể presented a proposal about the draft investment policy on a project to build the eastern section of the North-South expressway in the 2021-2025 period.

He said implementing the Party and NA policies to mobilise social resources for infrastructure development, the Government directed to study to invest the project under the Public-Private-Partnership (PPP). However, the PPP investment has met many difficulties.

With the project's special role as a backbone for the nation's roadways, the Government proposed to shift to invest in the project under the form of public investment. Upon completion, the fee collection rights will be franchised to recover the State investment capital (this is also a form of mobilising social resources to continue investing in infrastructure).

As planned, the total investment for the eastern section of the expressway is estimated at VNĐ146.990 trillion (\$6.40 billion). An estimated amount of over VNĐ119 trillion will be earmarked for the 2021-25 period.

The eastern wing will have a total length of 2,063km, of which 478km have been put into operation, 829km invested, and 756km waiting for investment, according to Thể.

Regarding the implementation of the project, the preparation is made during 2021-2022, land clearance and resettlement will be carried out in 2022-2023 and construction is scheduled to start in 2023 and be complete by 2025.

The same day, Minister of Justice Lê Thành Long delivered a proposal and Chairman of the NA Economic Committee Thanh presented an examination report on the draft law on amendments and supplements to several articles of the Law on Public Investment, the Law on Public-Private Partnership, the Investment Law, the Bidding Law, the Electricity Law, the Enterprise Law, the Law on Special Consumption Tax and the Law on Enforcement of Civil Judgments.

Chairman of the NA Finance Budget Committee Nguyễn Phú Cường also presented a report examining the draft resolution on piloting several

special policies for the development of Cần Thơ City, after the Minister of Planning and Investment Dũng presented his proposal.

Minister Dũng highlighted that Cần Thơ was the centre of the Mekong Delta region, helping connect Việt Nam with other countries in the Greater Mekong Sub-Region.

He said that with its location in the middle of the two most dynamic economic-urban corridors in the

region – the HCM City – Cần Thơ and the Hậu River (An Giang-Cần Thơ-Sóc Trăng), Cần Thơ City plays the role of an important transit centre for road, waterway, railway and aviation transport systems. It is also a locality of strategic importance in the defence and security of the whole region.

In the afternoon, legislators discussed the draft resolution on fiscal and monetary policies in support of the socio-economic recovery and development programme.

4. GSO points out factors for economic growth in 2022

Industry continued to prosper last year, with added value increasing by 4.82 per cent compared to 2020, which will be an important factor in boosting national economic growth in 2022.

Nguyễn Thị Hương, general director of the General Statistics Office (GSO), said industrial production in the fourth quarter of 2021 prospered after localities implemented Resolution No. 128/NQ-CP dated October 11, 2021, on safe, flexible adaptation and effective control of the COVID-19 pandemic.

"For the whole of 2021, the added value of the industry increased by 4.82 per cent compared to 2020, in which, the processing and manufacturing industry increased by 6.37 per cent, contributing 1.61 percentage points to the overall growth of the whole economy," Hương said.

The GSO said the production index in 2021 of a number of key secondary industries increased sharply compared to the previous year, including metals, motor vehicles, electronic products, computers and optical products, hard coal and lignite mining, coke, refined petroleum, textile and apparel products.

According to the assessment of the Ministry of Industry and Trade (MoIT), since Resolution No. 128, many provinces and cities have developed and implemented safe, flexible and effective control plans against the pandemic to gradually recover and develop the economy.

The MoIT said Bắc Ninh, Bắc Giang, Hải Phòng, Quảng Ninh, Đà Nẵng, Cần Thơ, Bình Dương, Đồng

Nai, HCM City and Hà Nội were localities with positive production activities.

Especially in HCM City and southern provinces, which were badly attacked by the fourth wave, production has resumed and businesses have accelerated production to promptly deliver goods according to signed contracts, said MoIT.

The ministry said in order to accelerate industrial production development in 2022, it will continue to deploy the contents of Resolution No. 128.

It would also focus on removing difficulties and obstacles for important industrial projects, maximise support for factories to maintain and restore production, and improve the supply chain.

The MoIT would also speed up the implementation of large public investment projects, especially projects on energy and infrastructure for industry development to promote consumption and trade demand in the economy, developing markets for a number of key manufacturing industries such as steel, engineering, construction materials and automobiles.

Lê Trung Hiếu, head of GSO's Department of National Accounts System, said: "The pandemic will continue to develop complicatedly across the country. However, with a safe adaptive approach to economic development, localities will handle the outbreaks."

At the same time, Hiếu said that as international routes could be reopened this month, more international tourists could come to Việt Nam and

Vietnamese people could travel abroad, which was an opportunity for the tourism industry to have a strong recovery, thereby stimulating development of other industries such as accommodation, catering, wholesale and retail industries.

Hiếu added that the expansion modes of transport together with the connection with international trade, would be more flexible for both goods and passengers, and Việt Nam's transport industry would have high growth expectations again.

Đào Quang Dũng, CEO of Eastern Sun Company, said that digital transformation would be the spearhead of the country's economic development in 2022 as well as the following years so enterprises needed to develop a suitable plan, restructure and apply science and technology to the process of production, business and digital transformation.

Dũng said the economic recovery and businesses needed support from government policies, such as financial policies, training, investment in technology, to improve production efficiency, business, economic development, and solve the problem of social security.

Report predicts strong results for manufacturing sector

IHS Markit's latest report says that Việt Nam's manufacturing sector would continue to grow at the

end of 2021, and employment had rebounded after a period of continuous decline.

Cost upward pressure remains substantial but has slowed compared to November, partly reflecting signs that supply chain delays are less severe.

In December, the Purchasing Managers Index (PMI) increased to 52.5, slightly increasing from 52.2 in November, showing business conditions improved for the third consecutive month.

Furthermore, the improvement in the health of the manufacturing sector was the most significant since May. New orders continued to increase at the end of the year, and the rate of increase was almost the same as in November.

The report saw new export orders increase in December, forming an eight-month high, adding that the increase had helped manufacturing output continue to rise, although growth had slowed due to the pandemic.

There was also a positive increase in employment at the end of the year when the index rebounded after six months of decline, though the increase was still small and there were still signs of continued labour shortage, especially in the increasing number of new orders.

5. HCM City to earmark \$24.9 billion for housing development by 2025

HCM City will allocate nearly VND567 trillion (US\$24.9 billion) and 974 hectares of land for housing in the next four years to increase the per capita housing space to at least 23.5 square metres.

It has approved a programme to develop commercial housing, especially low-priced, social housing and renovate or rebuild degraded apartment buildings until 2025.

It seeks to increase housing space per person to at least 23.5sq.m from the current 20.65sq.m, and 25.6sq.m in the city centre.

The city will allocate nearly 800.9ha of land for commercial housing development and 173.5ha for social housing, and spend VND239.7 trillion on

commercial housing, VND37.7 trillion on social housing and VND289.5 trillion on private housing.

The programme's mission is to develop social housing and cheap commercial housing to meet the demands of blue-collar workers and people living along canals and in other areas unfit for habitation.

In districts 5, 6, 8, 11, 10, Phu Nhuan, and Tan Binh, and especially 4, Go Vap, Tan Phu, and Binh Thanh, where there is large demand for upgrading and building private housing, the city will invest in infrastructure.

In districts 7 and Binh Tan and Thu Duc City, it will invest in infrastructure near industrial parks and

clusters and call on the private sector to build rental housing for workers.

Some 1.3 million workers in the city need housing. Most now live in rented rooms, paying 10-15 per cent of their income as rent, according to the Department of Construction.

The average worker's house is 14 square metres in size, costs VND1.6 million to rent, and is shared by four people.

Since the end of 2019 the city has implemented 15 housing projects for workers, but the number is too small compared to demand.

6. HCM City seeks more Govt funds for public projects

HCM City wants the Government to increase the financial allocation for its public works this year, hoping it can help speed up economic recovery.

It has asked for over VND5.14 trillion (US\$225.7 million) as against the VND2.48 trillion it has been allotted.

It has also been promised VND142 trillion worth of medium-term credit by the Government but needs nearly VND180 trillion to complete around 4,200 ongoing projects.

If it is allotted the extra funds, the city will be able to carry out many key traffic projects to increase regional connectivity and reduce traffic jams, such as the widening of the congested National Highway 50 in Binh Chanh District.

The city had also sought over VND17.23 trillion for three urgent projects: upgrading the Hy Vong and Xuyen Tam canals and building the HCM City – Moc Bai Highway.

Work will also begin on many key infrastructure projects this year including a new road connecting Tran Quoc Hoan and Cong Hoa streets in Tan Binh District to ease congestion around Tan Son Nhat Airport, and the An Phu Intersection in Thu Duc City at the junction of three of the city's main roads.

Many other roads are set to be widened.

Promoting public investment has been identified as one of five solutions for economic recovery in 2022-23, according to Deputy Minister of Planning and Investment Tran Quoc Phuong.

7. PetroVietnam's revenue hits over US\$27.1 billion in 2021

The Vietnam Oil and Gas Group (PetroVietnam) reported that it had met its revenue target in 2021 two months ahead of schedule, generating VND620.2 trillion (US\$27.1 billion), surpassing the yearly plan by 26.4 per cent, and up 28 per cent year-on-year.

Besides revenues, the group has fulfilled most yearly targets despite difficulties caused by the COVID-19 pandemic, the complicated development in the East Sea and obstacles in legal framework.

The oil output in 2021 reached 10.97 million tonnes, 13 per cent higher than the plan set for the year, and fertiliser production 1.91 million tonnes, exceeding

the yearly plan by 18 per cent, and up 6 per cent compared to 2020.

Meanwhile, oil and petrol output totalled 6.37 million tonnes, representing a year-on-year rise of 9.5 per cent and surpassing the plan by 0.1 per cent.

The group's pre-tax profit in the year surpassed the plan by 2.6 times, and up 2.2 times year-on-year, reaching VND45 trillion.

PetroVietnam contributed VND112.5 trillion to the State budget, 80 per cent higher than the set plan, and up 36 per cent compared to the previous year.

In 2021, the group's subsidiaries have closely and effectively coordinated to create a value chain, and regularly shared information to balance production, inventory and product distribution. In 2021, the group reduced costs by a record VND3 trillion, surpassing the plan by 10.4 per cent.

PetroVietnam has concentrated its resources in order to accelerate the progress of investment projects and remove "bottlenecks" in this work.

The investment portfolio management is implemented effectively and synchronously, while digital transformation has been also gradually expanded to each unit.

In addition, in order to ensure efficiency in management and administration, and create a legal corridor for the group's production and business activities, it has made recommendations to authorised agencies in order to remove obstacles on mechanisms and policies for the group's operations, and actively coordinated with relevant agencies in finalising the revised Oil and Gas Law.

It also spent more than VND1 trillion for social security activities, including contribution to the national COVID-19 vaccine fund.

Corporate News

8. VIC: VinFast announces opening of pre-orders for electric vehicles in Viet Nam, US

↑ 6.20%

Accordingly, pre-orders for the vehicles will open at 5pm on January 5 (Las Vegas time), or 8am of January 6 (Hanoi time). Special offers from VinFirst programme will be given to those who book the two models within the first three months.

In Viet Nam, customers who will have to pay VND15 million (US\$659) in advance for VF e35 and VND20 million for VF e36 will receive gift vouchers worth VND150 million and VND250 million, respectively. Meanwhile, customers in the US who pay \$200 in advance will get an e-voucher worth \$3,000 for VF e35 and \$5,000 for VF e36. In both markets, the pre-orders are refundable.

During the event, VinFast will introduce blockchain application in the process of ordering ownership verification as well as future promotion for customers, becoming a pioneering automaker in the field.

Prices of VF e35 and VF e36 for Vietnamese and US markets will be announced at the same time, while their prices in Europe and Canada will be revealed later.

VF e35 and VF e36 are two electric SUV models in the respective segments D and E, which debut at the Los Angeles Auto Show in 2021.

These two electric vehicles integrate Advanced Driver-Assistance Systems, featuring lane assist, collision warning, driver monitoring, fully automated parking, summon vehicle, and more.

They are also equipped with Smart Infotainment, including in-car control features with voice assistant, virtual assistant, and e-commerce services.

VinFast Global EV Day will take place at 4pm on January 5 (Las Vegas time), or 7am on January 6 (Hanoi time).

9. GEG: Establishing a subsidiary

↑ 6.82%

On December 30, 2021, Gia Lai Electricity Joint Stock Company issued a decision to approve the establishment of a subsidiary with details as follows:

1) Company name: Ca Mau Green Energy Joint Stock Company

2) Address: 155 Nguyen Tat Thanh, ward 8, Ca Mau.

3) Charter capital: VND150 billion (GEG contributed 99.93%, equivalent to VND149.9 billion).

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