



VIETNAM DAILY NEWS



January 6th, 2022

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Market Analysis

1. Selling force weighs on sentiment, VN-Index reverses course

The market ended mixed on Wednesday, as rising selling force triggered losses in many large-cap stocks, especially in manufacturing, real estate and banking sectors.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index finished lower but still hovered above the 1,500 point-level. Accordingly, the market benchmark declined 3.08 points, or 0.2 per cent, to 1,522.5 points after gaining nearly 20 points in the opening session of 2022.

The market's breadth was negative with 221 stocks rising, while 240 stocks dropped. Liquidity increased compared to yesterday as nearly VND33 trillion (US\$1.45 billion) was poured into HoSE, equivalent to a trading volume of more than 1 billion shares.

The index's reversal was due to strong selling pressure that weighed on many large-cap stocks. Of which the 30 biggest stocks tracker VN30-Index fell 12.86 points, or 0.82 per cent, to 1,546.01 points.

Nineteen stocks in the VN30 basket inched down, while ten stocks climbed with one stock hitting the biggest daily gain. And one stock ended flat.

Masan Group (MSN) led the downtrend yesterday, down 5.29 per cent. Other stocks that contributed to the fall were Vingroup (VIC), down 0.99 per cent, Vinhomes (VHM), down 1.29 per cent, Vietcombank (VCB), down 1.27 per cent and VPBank (VPB), down 1.53 per cent.

After opening the first session of the new year on a positive note, big bank stocks witnessed strong correction due to profit-taking activities. MBBank (MBB), HDBank (HDB), Techcombank (TCB), BIDV (BID) and Asia Commercial Joint Stock Bank (ACB) lost at least 0.8 per cent.

However, the losses were capped by gains in some pillar stocks. Accordingly, PV Gas (GAS) was the biggest gainer on Wednesday, boosted by skyrocketing global oil price that hit \$80 per barrel on January 4. GAS shares climbed 3.04 per cent.

Also helping to limit the downtrend, Vincom Retail (VRE), Development Investment Construction JSC (DIG) and Vietnam Rubber Group (GVR) posted big gains, with VRE and DIG both hitting the maximum daily gain of 7 per cent, while GVR was up more than 2.1 per cent.

The HNX-Index on the Ha Noi Stock Exchange (HNX), meanwhile, still edged up 6.26 points, or 1.32 per cent, to 480.36 points.

During the session, over 137.6 million shares were traded on the northern bourse, worth nearly VND4.1 trillion.

On the other hand, foreign investors fled from the market after net selling a value of VND220.77 billion on both main exchanges. Of which, they net sold a value of VND256.48 billion on HoSE, while net bought a value of VND35.71 billion on HNX.

Macro & Policies

2. Inflation forecast to be under control in 2022

Though there will be pressure on inflation in 2022, experts forecast it will remain under control and the National Assembly's target of 4 per cent target is still feasible.

At a seminar on market and pricing held in Ha Noi on Tuesday, the director of the Institute of Economics and Finance Nguyen Ba Minh forecast the average consumer price index (CPI) in 2022 will increase roughly 2-3 per cent compared to 2021.

According to Minh, inflation in 2022 will be well controlled as it will be difficult for global raw material prices to increase significantly due to the complicated spread of new variant Omicron, trade wars and political conflicts in the world.

Purchasing power in the domestic market will be still weak because the income of workers has been reduced, as production stagnated during the pandemic.

Minh forecast gasoline prices to be stable at US\$65-80 per barrel.

He explained if the oil price increases sharply, the US will increase the supply of shale oil. At that time, the US will gain the oil market share of OPEC and OPEC + countries, meaning the latter will then have to increase the supply to cause oil prices to fall again.

Discussing pork prices in 2022, Minh said the domestic supply of pork is quite abundant. The product's price has decreased sharply compared to December 2020 and will also be stable at VND45,000-60,000 per kg until the end of 2022.

Expert Nguyen Duc Do also agreed that CPI in 2022 will remain at a low level. Though the economy is recovering, the output of 2022 will still be below potential. If Viet Nam's GDP in 2022 grows by 6.5 per cent, the Government's target, or even 8-9 per cent as some forecast, the average GDP growth rate in the 2020-22 period is only at 4-5 per cent, much lower than 6 per cent in the 2011-20 period, he explained.

However, experts said controlling inflation in 2022 will not be easy as the index can increase quite high from the beginning of this year, in the wake of the global economic recovery and commodity prices on an upward trend.

The economic recovery in 2022, under the impacts of economic development support packages, will cause consumption and investment demands to increase, putting pressure on prices.

Experts suggested pandemic prevention will provide the prerequisite for production and market stability to keep CPI under 4 per cent this year, as set by the National Assembly.

According to economist Ngo Tri Long, the authorities should closely monitor supply and demand sources in the domestic market, especially before Lunar New Year, to take appropriate measures to control prices.

At the event, representatives from the Ministry of Finance's Price Management Department said the department will closely monitor the world's economic developments and inflation, promptly taking effective action in managing domestic production and balancing local supply and demand in a move to successfully control inflation right from the first months of 2022.

3. Việt Nam sets GDP target 6-6.5 per cent, vaccine coverage highest among nations

Việt Nam has set a 6-6.5 per cent GDP growth target and US\$3,900 in GDP per capita for 2022 with a focus on COVID-19 prevention and control and economic recovery, said top leaders during an

online conference with localities across the country yesterday.

Speaking at the conference, General Secretary of the Communist Party of Việt Nam Nguyễn Phú Trọng

said against all odds Việt Nam has managed to check the spread of the virus, minimise the damage done and provide ample support for the population as well as the business community.

He expressed his gratitude to the tremendous efforts of health workers, police officers, soldiers and other frontline workers, who have been putting their own health on the line in the fight against the virus.

The fight against corruption and effort to improve transparency is one of the Government's top priorities in 2022, said Prime Minister Phạm Minh Chính.

The year 2022 is to be the year Việt Nam will overcome the pandemic, get back on track with its economy and development while maintaining social order, sovereign rights and peace, he said.

The Government has identified three major tasks for economic development in 2022, noting that the country is to capitalise on every opportunity to promote socio-economic recovery and development nationwide, maintain long-term growth momentum, and make use of new and sustainable drivers, said Deputy Prime Minister Lê Minh Khái.

Among these, the first is to revive and promote production and business activities, boost exports, accelerate public investment disbursement, and encourage public-private partnerships for developing infrastructure, especially strategic infrastructure facilities.

The second is to persistently maintain macro-economic stability, control inflation, and improve the economy's self-reliance, resilience, and adaptability. The third is to boost substantive and effective economic restructuring; develop e-commerce, the digital economy, and new business models applying information and digital technology; and deal with outstanding problems that have lasted for years, according to the Deputy PM.

Another top priority for the Government in 2022 is to improve Việt Nam's business environment with a coordinated effort by central and local governments to make the country an attractive and dynamic investment destination for foreign investors.

During the last decade, the country has gained some ground as its Global Competitive Index (published by the World Economic Forum) jumped 10 places to 67 of 141 in 2019 - the last release by WEF before the pandemic, Innovation to 44 of 132 for 2021, Digital Governance 86 of 193 and Sustainable Development 51 of 165 for 2020.

The country has set a target to further improve its ranking by breaking into the top 50 of the Global Competitive Index, top 40 of the Innovation Index and top 60 of the Digital Governance Index.

In order to realise said objectives, the central Government is to hold ministers and high-ranking government officials accountable and responsible for the improvement in their respective fields. In addition, the central Government is to continue to push its decentralisation effort to grant local governments additional autonomy as well as responsibilities.

Vaccine coverage

Việt Nam is among countries with the highest vaccine coverage, ranking 6th among nations around the world, said Deputy PM Phạm Bình Minh.

By the end of 2021, 99.6 per cent of those 18 and over received at least one shot of vaccine, with 90.9 per cent fully inoculated. Vaccine coverage among children from 12 to 17 are 85.6 per cent and 57 per cent, respectively. Work is underway to purchase vaccines for children from 5 to 11 years old.

Minh said the Government is to make the best use of every opportunity for national socio-economic development in every sector and locality and maintain drivers of growth for the long term. He required ministries, agencies and localities to prioritise resources for the effective implementation of the COVID-19 prevention and control programme and the socio-economic recovery and development programme.

Last year, Việt Nam's gross domestic product expanded by 2.58 per cent. Revenue of the State budget surpassed VNĐ1.56 quadrillion (US\$67.8 billion), or 16.4 per cent higher than forecast. With a record \$668.5 billion in export-import value, Việt Nam's trade surplus was estimated at \$4 billion, making it one of the 20 countries with the biggest trade scale in the world.

The country saw a 9.2 per cent rise in FDI inflows, demonstrating foreign investors' confidence in Việt Nam's investment and business environment, Minh said.

At the same time, he called attention to existing problems, including potential macro-economic risks, rising inflation pressure and bad debts, exports' reliance on the FDI sector and several markets, falling domestic purchasing power, and disruption in several manufacturing and supply chains.

Equitisation of State-owned enterprises fails to pick up while the service sector, especially tourism, lodging and transportation, still faces difficulties. The handling of weak banks and less-efficient enterprises and projects remains ineffective and the disbursement of ODA and concessional loans is slow.

The Government has submitted to the extraordinary session of the 15th National Assembly fiscal and monetary policies to support the implementation of the programmes on COVID-19 prevention and control and on socio-economic recovery and development.

4. Trade remedies aid domestic sugar industry

Trade remedies have helped the domestic sugar production industry to recover and farmers to stabilise production, according to experts.

Nguyen Van Loc, general secretary of the Viet Nam Sugarcane Association, said that in 2020, Viet Nam began to reduce the import tariff to 5 per cent on sugar from ASEAN according to the ASEAN Trade in Goods Agreement (ATIGA). This has seen a rapid increase in sugar imported from Thailand.

In 2020, sugar imported from Thailand reached nearly 1.5 million tonnes, an increase of 330 per cent compared to 2019.

The sugar imported from Thailand with a large volume and low price has affected the domestic sugar production industry.

This imported sugar volume has completely dominated the local market and forced the price of local sugar to drop to a low level.

The low price has forced farmers to reduce sugarcane cultivation and to switch to other crops, leading to a reduction in sugarcane growing area.

Meanwhile, a high sugar inventory due to the lower sugar price has put factories at risk of stopping operation.

Accordingly, Viet Nam's sugar industry is in danger of being wiped out.

According to the association, after implementing ATIGA, Viet Nam had only 30 factories in operation and 11 factories were forced to close. Of the 30 factories in operation, 17 are running at a loss.

About 3,300 workers have lost their jobs and 93,225 farming households have been affected due to difficulties in the domestic sugar industry.

Therefore, six sugar factories represented by the association have filed a request to apply anti-dumping and anti-subsidy measures to cane sugar products from Thailand.

After a thorough investigation, the Ministry of Industry and Trade on June 15, 2021 imposed the anti-dumping duty of 42.99 per cent and the anti-subsidy duty of 4.65 per cent on cane sugar originating from Thailand.

The application of trade remedies has seen sugar imported from Thailand decrease by 75 per cent.

This slows down the unfair competition of Thai sugar for the domestic industry, thereby helping to increase the price of locally produced sugar.

The purchase price of sugarcane from farmers has also increased from VND100,000 to 200,000 per tonne.

This is an effective solution to gradually restore the raw material areas and reduce pressure on the domestic sugarcane businesses.

Loc said that the trade remedies had reduced unfair competition of Thai sugar with local sugar products, thereby helping to increase the price of domestically produced sugarcane, saving a series of sugarcane factories and stabilising sugarcane production for farmers.

"Since the decision to apply the trade remedies on Thai sugar, the local sugarcane companies have determined that it is the time for them to restore production. Therefore, Son Duong Sugar and Sugarcane JSC has continued investment policies and increase the purchasing price of sugarcane for farmers," said Nguyen Hong Minh, general director of the Son Duong Sugar and Sugarcane JSC.

"The higher purchasing price has left the farmers rest assured in restoring the raw material areas. Now, if the market is stable, the sugar factories will recover and develop production in the next 3-4 years."

However, there are signs of tax evasion, anti-dumping and anti-subsidy in other ASEAN countries other than Thailand, Minh said.

Therefore, the company proposes the State to apply trade remedies for sugar from ASEAN countries.

Chu Thang Trung, deputy director of the Trade Remedies Department, said that sugar production industry was one of the industries having regional and global market integration, so the industry

knows that there are trade remedies that can be applied to protect the legitimate interests of the manufacturing industry.

Trung said that in the context of liberalisation and globalisation, more countries were reducing tariffs, especially when participating in free trade agreements.

That reduces import taxes on many items and even completely eliminate them, creating more and more competition between imported goods and domestically produced goods.

"The application of trade remedies is to ensure a fair competitive environment between imports and domestically produced goods. For the domestic sugar processing companies and industry themselves, they need to improve their competitiveness to compete with imported goods," said Trung.

According to Trung, up to now, Viet Nam has conducted trade remedy investigations for 25 cases in total, including 15 anti-dumping cases, six self-defence cases, one anti subsidies case and two tax evasion cases.

Among them, most cases were for metal products such as steel and steel products. There is also a number of cases related to wood, sugar and some other items.

5. Still plenty of potential for tech companies to tap

Although Viet Nam is placing great emphasis on the technology sector, the growth of technology stocks on the stock market is still modest compared to their potential.

Prices of Viet Nam's giant FPT Corporation (FPT) fluctuate in a narrow range and have not exceeded three-digit numbers so far, although the company recorded strong increases in business results over the quarters.

FPT, the largest software company in Viet Nam, achieved revenue of VND28.21 trillion (US\$1.24 billion) in the first 10 months of 2021, up 19.4 per cent, and profit after tax of VND4.3 trillion, up 20 per cent over the same period in 2020.

Revenue from new contracts in the technology segment reached VND19.5 trillion, up 27 per cent.

At the current price, a share's price/earnings (P/E) ratio is approximately 23 times, much lower than the P/E of technology corporations around the world.

Contrary to FPT, CMG shares of The CMC Corporation, the second-largest Information and Communications (ICT) group in Viet Nam, are traded at quite high prices. At the end of November this year, CMG was priced at VND62,500 per share, P/E was up to nearly 40 times. However, the liquidity of these stocks is very low, at less than 100,000 units per session.

CMG's share price has increased sharply, nearly doubling compared to the beginning of 2021. Many large shareholders wanted to sell out, such as Agribank which registered to sell more than 3 million shares.

In terms of operations, after partnering with strategic shareholder Samsung SDS, CMC Group has not made any breakthroughs to show that the partnership has begun to bear fruit. The two sides need time to resolve the challenges in cultural differences and working methods.

Apart from the two giants above, there are other small-cap technology enterprises in the market such as Joint Stock Company For Telecom & Informatics (ICT), Electronics Communications Technology Investment Development Corporation (ELC), Innovative Technology Development Corporation (ITD) and Information and Networking Technology JSC (CMT).

These enterprises have charter capital from VND100 billion to VND500 billion, with stock prices fluctuating around 2x. There are stocks with P/E of just around 5 times, which is relatively low in the valuation of stocks in the technology industry.

Some newbies in the technology sector have used the “tech label” to tell their compelling stories, pushing the stock prices upwards.

Simco Song Da Joint Stock Company (SDA) reported shares increasing 14 times in three months from VND4,485 per share to VND75,000 per share.

The sharp rise was attributed to the company's promotion of artificial intelligence applications in the COVID-19 tracing product, and a series of other technology solutions. However, with poor business results, SDA stock then flipped and fell to the floor prices for many sessions.

Another technology company, Sai Gon Telecommunication & Technologies Corporation (SGT), was known for technology but has shifted to the real estate segment. Thanks to some industrial park projects, the market prices of SGT have risen from VND7,000 per share to over VND30,000 per share.

Bright future

In the past five years, Viet Nam's information technology industry has made great progress with an average growth rate of 26.1 per cent per year, becoming one of the key economic sectors with large revenue contribution to the State budget.

A number of small-scale technology businesses are starting to transform and actively seeking out new business activities.

Joint Stock Company For Telecom & Informatics (ICT) earns some VND2 trillion in revenue and VND75 billion in after-tax profit each year. It has also become the operator and provider of a phone-based lottery sales system for Viet Nam Lottery Company (Vietlott) with sales via mobile apps reaching more than VND1 trillion per year.

Mobile Money and 5G telecommunications networks are now the two important trends that positively affect the long-term prospects of telecommunications businesses. Information technology businesses are expected to benefit from public investment and the Government applying digital transformation to “Make in Viet Nam” products.

The information technology package for 11 routes of the North-South expressway will have a total value of VND4 trillion, focusing on services such as intelligent traffic, operating supervision, and automatic toll collection. The businesses on the stock market that are expected to be beneficiaries are Pioneer Technology and Elcom.

Digital transformation for uninterrupted businesses in a difficult context such as the pandemic will continue to be a big trend in the future. Deloitte's survey of 2,750 private businesses found that business leaders around the world believe that the impacts of the pandemic on a large scale will not only last for the next 12 months, but for the next several years.

In this context, businesses must renovate in all aspects, with development strategies focusing on improving labour productivity and digital transformation.

About 69 per cent of businesses in the survey said that they had significantly accelerated the digital transformation process during the crisis, with the belief that digital transformation will ensure trading

is uninterrupted, along with many other benefits such as improved customer experience, increased

sales, enhanced manageability and reduced costs, thereby bringing higher profits.

6. Year-end e-commerce boom portends economic revival

Viet Nam, like many other countries, suffered economically from the COVID-19 pandemic in the second half of 2021, but the boom in demand during the peak year-end shopping season augurs well for a recovery and provides momentum for 2022.

According to a study by Facebook and Bain & Company, the pandemic has caused a paradigm shift in shopping habits.

The way Vietnamese consumers shop has undergone a great change, with online channels playing an increasingly larger role in each stage such as awareness, research and purchase.

Furthermore, the number of categories of goods bought online has increased by half and of online stores by 40 per cent, resulting in a 150 per cent increase in total online retail sales from 2020.

According to statistics from J&T Express, an international express delivery company, the number of orders in November with Mega Days on 11/11 and Black Friday increased sharply compared to the same period in 2020.

The orders were no longer concentrated in big cities but came from provinces across the country.

A survey by Facebook and GroupM Vietnam found that 46 per cent of internet users in rural areas shop online.

The report also predicted that the monthly spending on FMCG in rural areas will increase by 7 per cent annually until 2025, faster than in tier 1 urban areas (4 per cent).

Year-end shopping season

The Facebook-Bain study, 'SYNC Southeast Asia,' said after a long period of restrictions, the 2022 Lunar New Year is expected to explode across the country as consumers spend and shop earlier than usual for Tet.

At the same time, e-commerce is gradually becoming familiar to many people, with 79 per cent saying they purchased online during Tet 2021 and 90 per cent saying they would consider shopping online in future, it said.

7. Businesses urged to invest in marine farming

Businesses investing in marine aquaculture contribute to sustainable development and building marine eco-systems, Deputy Minister of Agriculture and Rural Development Phùng Đức Tiến said.

Việt Nam has great potential for marine aquaculture, but technical infrastructure, especially for industrial farming of marine species, is lacking, according to the ministry.

Experts say coastal aquaculture remains very modest compared to the country's potential.

The marine aquaculture area and output have increased by 20 per cent every year since 2010 to 70,000ha and 650,000 tonnes now.

The Government recently approved a project for its development until 2030 with the overall goal of developing into a safe, effective, sustainable, and eco-friendly industry that produces branded products for the domestic and export markets and generates jobs and improves incomes in coastal areas, contributing to improving the security of the country's seas and islands.

It will focus on adapting to climate change, restructuring production activities and building value chains for various products.

By 2025 it targets having an area of 280,000ha for aquaculture, an output of 850,000 tonnes and exports of US\$800 million to \$1 billion.

A fleet of logistics vessels and offshore marine farming areas will be set up in key provinces.

Incentives will be offered for offshore industrial aquaculture to encourage investments in major coastal cities and provinces like Quảng Ninh, Hải Phòng, Bình Định, Phú Yên, Khánh Hòa, Ninh Thuận, Bình Thuận, Bà Rịa - Vũng Tàu, Cà Mau, and Kiên Giang.

Priority will be given to multi-species farming and supporting a shift away from traditional to industrial models.

The use of technology, international technology transfer and investments will be also promoted, and research projects will be supported.

Việt Nam aims to have an advanced marine farming industry with sustainable development and systematic management by 2045.

It hopes to increase annual output and exports to three million tonnes and over \$10 billion.

Corporate News

8. TPB: TPBank posts US\$263 million pre-tax profit in 2021

↓ -1.75%

TPBank posted a pre-tax profit of more than VNĐ6 trillion (US\$263.3 million) in 2021, increasing 40 per cent from the previous year.

TPBank was the first bank in the country announcing its business results for the whole year, with positive results.

By the end of 2021, its total assets reached VNĐ295 trillion, representing 42 per cent year-on-year increase and surpassing 17 per cent of the set target. Its total operating income (TOI) rose by 30 per cent from the previous year. Its bad debt was controlled at 0.9 per cent.

The bank last year mobilised more than VNĐ262 trillion, increasing VNĐ77 trillion from 2020, of which the capital mobilisation mainly came from deposits of organisations and individuals.

In addition to profit from lending activities, the bank's net income from services also rose by 65 per cent from the previous year, reaching VNĐ1.5 trillion.

Its market capitalisation reached over \$2.8 billion by the end of last year.

In 2021, TPBank was approved twice by the State Bank of Việt Nam to increase its charter capital, bringing the total charter capital to more than VNĐ15.8 trillion by issuing private offering and issuing shares to pay dividends.

As a result, its capital adequacy ratio was enhanced. By the end of 2021, TPBank's capital adequacy ratio (CAR) was nearly 14 per cent, nearly double the 8 per cent required by the central bank.

"Improving capital base is one of the factors that helped TPBank to keep its growth momentum during a difficult period due to the pandemic's impact, especially when the bank completes and applies Basel III and IFRS9 international standards in the fourth quarter of 2021," said Nguyễn Hưng, TPBank's general director.

Facing complicated developments of COVID-19, in 2021, TPBank has made adjustments to diversify its revenue sources.

"We have deployed many digital technology products and services to meet the contactless needs of customers during the pandemic period, especially, focusing on exploiting the number of customers with good quality and low risk ratio."

TPBank's products and services have been continued to be applied to artificial intelligence and modern technologies. Its cost income ratio (CIR) last year decreased from 40 to 33 per cent. Its return on asset (ROA) and return on equity (ROE) were 1.94 and 22.61 per cent, respectively.

Digitisation also contributed to TPBank's growth in the number of customers, from 1.7 million in 2017 to 5 million by the end of 2021, of which more than 2.4 million were regular customers on electronic transaction channels.

9. GIL: Notice of foreign ownership ratio limit

↑ 5.79%

According to the Official Document No.9090/UBCK-PTTT dated December 31, 2021 by the Vietnam Securities Commission of Vietnam

(SSC), SSC approved that the foreign ownership ratio limit of Binh Thanh Import Export Production and Trade Joint Stock Company (GIL) will be 50%.

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