



VIETNAM DAILY NEWS

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Market Analysis

1. Shares plunged, dragged down by realty group

Shares plunged on Thursday on the two national stock exchanges as negative information continued to weigh on the real estate group.

On the Ho Chi Minh Stock Exchange, the VN-Index decreased 0.96 per cent after a brief recovery on Wednesday, closing the trade at 1,496.05 points. The southern market's index declined for four out of the last five sessions.

On the Ha Noi Stock Exchange, the HNX-Index dropped for four days in a row, falling 2.71 per cent to end at 460.83 points. The northern market's index has lost nearly 7 per cent this week.

Liquidity also declined strongly with more than 1.1 billion shares worth over VND34.4 trillion (US\$1.5 billion) traded in the two markets, down 15 per cent in both volume and value compared to Wednesday's levels.

Realty stocks continued to suffer huge selling pressure.

The “super hot” shares in recent times dropped to the floor price with no buyers, such as Nam Bay Bay Investment Corp (NBB), Ho Chi Minh Infrastructure Investment (CII), Tan Tao Investment and Industry (ITA), Sai Gon Thuong Tin Real Estate (SCR), Dat Xanh Group (DXG), Development Investment Construction (DIG), IDJ Investment (IDJ), IDICO Corp (IDC) and Licogi 14 (L14).

Slumps of the realty group were attributable to the “scandal” of property developer Tan Hoang Minh Group reportedly dropping the land plot purchase that it successfully bid at a record price of VND24.5

trillion (\$1.08 billion) in Thu Thiem Peninsula in HCM City.

Meanwhile, shares under the FLC umbrella such as FLC Group (FLC), FLC Faros Construction (ROS), FLC Stone Mining and Investment (AMD), HAI Agrochem (HAI) and CFS Investment and Import Export Trading (KLF) also hit the floor for several days, of which ROS was locked at the floor for four days in a row, falling from VND16,000 per share to VND14,000 each.

The Ho Chi Minh Stock Exchange decided to cancel the entire transaction involving the undisclosed sale of 74.8 million FLC shares by its chairman Trinh Van Quyet on January 10.

At the price of VND21,000-VND24,000 per share, the record “underground” transaction was valued at approximately VND1.6-VND1.8 trillion.

According to Do Bao Ngoc, deputy general director of Vietnam Construction Securities Co (CSI), despite the floor prices for several sessions, the price level of many realty shares is still by far beyond their value.

“When investors realise their expectations are too high and the profit-taking selling pressure is increasing robustly, speculative realty stocks will likely fall further if there is no supportive information,” Ngoc said.

He predicted that the upcoming cash flow may shift to the stocks such as banking, technology and retail which are expected to disclose positive business results in the fourth quarter.

Macro & Policies

2. Rubber exports recover strong growth in 2021

The domestic rubber industry had a strong recovery in export turnover last year, after 10 years of plunging due to a strong reduction in the export price of rubber.

Vietnamese rubber products are exported to more than 80 countries and territories in the world. Viet Nam now ranks third on the global market in terms of export value.

According to the Ministry of Agriculture and Rural Development, Viet Nam's rubber exports in 2021 reached 1.93 million tonnes, earning US\$3.24 billion. The exports rose by 11.7 per cent in volume and 36.2 per cent in value on year. The strong growth in value was due to the continuous increase in export rubber prices.

The industry achieved the export turnover of \$3.2 billion in 2011 due to the record high export rubber price. However, in nine following years, the rubber export turnover dropped below \$3 billion due to the sharp decline in export rubber prices, even falling to below \$2 billion. By 2020, thanks to the recovery of export prices, the rubber export turnover reached \$2.38 billion.

In addition, Vietnamese rubber products entered many key markets, partly pushing the total rubber export value up in 2021.

Last year, rubber exports grew strongly in many key markets, such as the US, EU, Malaysia, South Korea and India.

In the first 10 months of 2021, exports surged by 96.4 per cent in volume and 153.6 per cent in value to India; 57.8 per cent in volume and 95.2 per cent in value to South Korea; 80.5 per cent in volume and 130 per cent in value to the US; and 79 per cent in volume and 129.7 per cent in value to Germany.

China continued to be the largest export market for Vietnamese rubber products with the exports of 1.2 million tons of rubber, earning \$1.96 billion in 11 months of 2021, according to the General Department of Customs. The export increased by

1.71 per cent in volume and 26.3 per cent in value over the same period in 2020.

Tran Ngoc Thuan, chairman of the Viet Nam Rubber Association (VRA), said rubber was a key export agricultural product, accounting for a large part of the total export turnover of Viet Nam's agricultural products.

In 2021, the rubber industry achieved impressive growth in exports despite COVID-19. Many processed rubber products such as tires, gloves and rubber gaskets had a large segment in the industry's export turnover.

According to the association, the scarcity of rubber materials made the export price rise in 2021. The global natural rubber supply was in short due to a prolonged rainy season in some Asian countries.

That low supply of latex is likely to continue in 2022, leading to the price to continue to be high.

Meanwhile, the easing of restrictions related to the pandemic would significantly contribute to the recovery of rubber demand in 2022, such as the reopening of international borders of some countries and the resumption of more economic activities using rubber.

Therefore, the prospect of the domestic rubber industry in 2022 will be very bright, with strong growth in exports and export prices continuing to stay high.

The industry expects its export value of rubber to reach \$3.5 billion for this year, according to the association

However, regional and world markets are forecast to continue to experience complicated and unpredictable developments such as slow economic growth, trade wars between major economies, and increasing use of technical barriers and trade remedies. Other factors include the impact from Industry 4.0 and customer demand for sustainable products.

The Ministry of Industry and Trade and the Ministry of Agriculture and Rural Development are coordinating with localities, associations and businesses to implement solutions on developing

the value chain for Viet Nam's rubber industry and increasing connection between production and export. It will develop products associated with branding in a sustainable manner.

3. The stock market sets new record on billion dollars of capital inflow

The Vietnamese stock market continued to reach another historic record, with the largest number of new accounts opened in December after 21 years of operation.

A recent report from Viet Nam Securities Depository (VSD) showed that in December, domestic investors opened 226,580 new securities accounts, an increase of more than 6,000 compared to the previous month.

By the end of 2021, domestic investors opened a total of more than 4.27 million accounts, of which retail investors accounted for nearly 4.26 million.

Meanwhile, foreign investors opened 39,510 accounts.

Thus, in 2021, investors opened 1.5 million new accounts, mainly of domestic individual investors. The amount is equal to the combined amount over the last four years.

VSD said that this is an important factor helping the stock market increase strongly last year, reaching a record at the 1,500-point level.

Tran Van Dung, chairman of the State Securities Commission of Viet Nam (SSC), said that the 1.5 million new accounts opened in 2021 have a much higher quality than before in terms of transaction size and do not use as much margin as before. Individual investors are the group leading the stock market to a record high in 2021, he added.

The country's stock market recorded extraordinary performance with all indices of the three exchanges skyrocketing compared to the end of 2020. The exchanges are the Ho Chi Minh Stock Exchange (HoSE), the Ha Noi Stock Exchange (HNX) and UpCOM.

Accordingly, the market benchmark VN-Index surged by 394.41 points, equivalent to 35.7 per cent, to 1,488.88 points.

The HNX-Index climbed 133.3 per cent to 473.99 points while the UpCOM-Index rose by 51.3 per cent to 112.68 points.

Liquidity in 2021 was 2.6 times higher than that of 2020, reaching VND26.6 trillion per session (US\$1.17 billion). In September, the trading value continuously crossed over \$1 billion, with some sessions reaching \$2 billion.

The stock market capitalisation reached VND7.77 quadrillion last year, up 46.8 per cent year-on-year, reaching 123 per cent of the unadjusted 2020's GDP and 92.6 per cent of the adjusted GDP.

The strong cash flows into the stock market last year was thanks to low bank interest rates in recent years and less attraction to other investment channels.

Besides, securities became an attractive and widely known investment channel, and the opening of new accounts is also easier due to e-KYC technology.

With cash flow still as strong as at the beginning of the new year, the stock market is forecast to set new highs. Many large enterprises made breakthroughs in the difficult year of 2021 and have good prospects going into 2022.

Opening the first trading day of the New Year, the VN-Index once again broke over the 1,500-point level, boosted by bullish sentiment. It continued to hit a new record high at 1,528.57 points in the third session of the year, before falling below 1,500.

Analysts from VNDirect said that the growth of listed businesses' profits will continue to support the VN-Index, therefore, the Vietnamese stock market can grow higher this year.

The securities firm expects the market's benchmark may hit new peaks at around 1,700 - 1,760 points in 2022, on the basis that price-per-earning (P/E)

valuation is at 16-16.5 times and the profit growth of all enterprises is 21 per cent.

4. VN's GDP to bounce back in 2022 at 5.5%: WB

Việt Nam's GDP growth has been forecast to accelerate at a 5.5 per cent rate in 2022 from a dismal 2.58 per cent during the previous year, according to a report released by World Bank yesterday.

Fiscal deficit and debt are expected to remain sustainable, with the debt-to-GDP ratio projected at 58.8 per cent, well below the limit set by the National Assembly.

World Bank's forecast for the Southeast Asian economy is to be taken with the usual caveat that the COVID-19 pandemic will be brought under control at home and abroad. According to the report, the country's services sector will gradually recover as consumer and investor confidence firms, while the manufacturing sector benefits from steady demand from the US, the EU and China.

The World Bank, however, warned of possible new variants of the virus, which may prompt renewed social distancing measures, hampering economic activity. Weaker-than-expected domestic demand could weigh on the recovery.

In addition, Việt Nam's trading partners are facing dwindling fiscal and monetary space, potentially restricting their ability to further support their economies if the crisis persists, which in turn could slow the global recovery and weaken demand for Vietnamese exports.

The World Bank called for careful policy responses that may help mitigate risks including temporary reduction of VAT rates and more spending on health and education, which stimulate domestic demand.

Support for affected businesses and citizens should be more substantial while social protection programmes could be more carefully targeted and efficiently implemented to address the severe and uneven social consequences of the crisis. Heightened risks in the financial sector should be closely monitored and addressed proactively.

Greener trade

The report also called for Việt Nam's trade to become less carbon-intensive. In the past two decades, trade has accounted for one-third of the country's total greenhouse gas emissions and pollution.

"Trade will be a key component of Việt Nam's climate actions in the years to come," said Carolyn Turk, World Bank Country Director for Việt Nam.

"Promoting greener trade will not only help Việt Nam follow through on its pledge to reach net-zero emissions in 2050 but will also help it keep its competitive edge in international markets and ensure trade remains a critical income and job generator," she said.

While the country has started to decarbonise activity associated with trade, more needs to be done to respond to mounting pressures from main destination markets, customers, and multinational companies for greener products and services.

The report recommends the Government act on three fronts: facilitate the trade of green goods and services, incentivise green foreign direct investment, and develop more resilient and carbon-free industrial zones.

5. Viet Nam looking to expand exports to Eurasian market

Being flexible in accessing distribution systems, overcoming logistical difficulties and making good

use of free trade agreements (FTA) are important factors for Vietnamese goods to better access the Eurasian market, said insiders.

Ta Hoang Linh, director of the Europe-America Market Department under the Ministry of Industry and Trade (MoIT), said the large Eurasian region, consisting of 28 countries, stretching from Eastern Europe to Central Asia, is a potential export market for Viet Nam.

According to statistics of the General Department of Customs, two-way trade between Viet Nam and the Eurasian region hit US\$12.7 billion in 2020, representing a year-on-year increase of 20.4 per cent, accounting for 2.3 per cent of Viet Nam's total export turnover.

Despite difficulties caused by the COVID-19 pandemic, the two-way trade in the first 11 months of 2021 reached \$12.7 billion, 13.1 per cent higher than that of the same period of 2020.

According to Vietnamese Trade Counselor in Russia Duong Hoang Minh, Russia is one of the main partners of Viet Nam in the Eurasian market.

Russian people are becoming more interested in Vietnamese food, he said, noting that dried fruit such as mango and custard apple has gradually made inroads into this market.

Recently, the Eurasian Economic Union (EAEU) has removed 76 countries, including many of Viet Nam's export competitors to Russia and the EAEU in general like China, Malaysia, Turkey, Brazil, Peru, and Chile, from the list of those enjoying its tariff preferences.

Meanwhile, after 5 years of implementing the Viet Nam-EAEU FTA, most of Viet Nam's goods exported to the region are entitled to a zero per cent tax rate, Minh said, adding that this is an advantage for Vietnamese businesses to expand their exports, especially agro-forestry-aquaculture products, to Russia.

According to Natalia Zhynkina, Charge d'Affaires of Ukraine in Viet Nam, her country needed to import \$6.5 billion worth of agricultural products in 2021 but the import value from Viet Nam reached only \$900 million. This shows that there is huge potential for Viet Nam to increase exports to the market.

In order to fully tap incentives from FTAs and promote import-export growth with the Eurasian market in general and the Russian market in particular, Vietnamese enterprises should actively conduct market surveys, join more trade fairs in Russia, and co-operate with Vietnamese firms operating in this country to introduce products in EAEU member states, Minh said.

6. Textile firms urged to go green to attract more credit

While textiles is one of the key industries in Viet Nam with high export revenue, it is also among industries that pose a high environmental and social risk, according to Nguyen Quoc Hung, general secretary of Viet Nam Bankers Association.

He was speaking at a seminar on risk assessment and credit extension to textiles on Wednesday.

Hung said textiles have been affecting water resources and contributing to greenhouse gas emissions as textile production consumes massive amounts of water and energy.

For this reason, the industry has always been under careful assessments of environmental risk by credit institutions during the credit extension process.

To reduce the impact of industrial production on the environment, institutions have granted credit with preferential terms to clients who embark on projects supporting green growth.

By November 2021, 67 credit institutions have been engaged in "green credit". Total credit to green projects accounted for over 4 per cent of domestic credit, up 0.46 per cent compared to 2020.

Meanwhile, credit to textiles stood at just VND145 trillion (US\$6.39 billion), equivalent to approximately 1.5 per cent of domestic credit.

The general secretary urged textile firms to embrace green growth and strictly comply with green

regulations on production in order to become more appealing to bank credit, notably green credit.

Hoang Thi Thanh Nga, head of textile group World Wide Fund For Nature, said a greener industry is crucial to Viet Nam as the country would not be eligible for tariff reduction/exemption under free trade agreements (FTAs) unless it meets the FTAs' requirements for environmental protection.

Additionally, the Vietnamese government has been tightening regulations on water, energy, and chemicals to observe international agreements on climate change and improve water and energy security. That means the environmental impacts of textile projects will be assessed more closely by local authorities before any investment permit could be granted. Accordingly, green growth should be factored in textile production.

Another reason for green textiles is that more and more foreign partners are committed to sustainable development goals and raising the bar for their supply chains in terms of the environment. If Vietnamese textiles do not follow suit, its partners would find their supply elsewhere.

Traditional competitive advantages that Viet Nam always takes for granted, including low price and low requirements for FDI, are no longer making any difference. To hold ground in the international market, the country should create new competitive advantages by shifting focus to sustainable production, Nga added.

Textiles normally take up a low proportion in banks' investment portfolio. Credit to the industry always pales in comparison with credit to the real estate or energy industry. Therefore, textiles firms are strongly advised to turn greener to be able to tap into the "green credit" offered by the banking sector.

7. Viet Nam among key markets of Ford Motor Company

Viet Nam has been named among four key markets of Ford Motor Company together with Thailand, South Africa and Australia, serving as a driving force for the development of Ford Vietnam in the coming years.

Five new car models of Ford will be sold in the Vietnamese market this year, Ford Vietnam General Director Pham Van Dung has said.

In addition, the automaker will improve its sales process and new services.

Despite challenges, 2021 marked important milestones for Ford Vietnam as it sold more than 23,700 cars and finished the expansion of its

automobile factory in the northern province of Hai Duong.

Ford Ranger was the carmaker's best-seller in the previous year as a total of 15,650 units were sold, posting a year-on-year rise of 18 per cent and making up nearly 60 per cent of Viet Nam's pickup truck segment.

Ford Vietnam sold 5,485 Everest mid-size body-on-frame sport utility vehicles (SUV) in 2021, accounting for 40 per cent of the market for the first time.

Ford Transit 16-seater minibus was the best-selling commercial car model in Viet Nam for the last nine years, with 898 units sold.

Corporate News

8. MSH: Establishing a subsidiary

↑ 2.67%

The Board resolution dated January 12, 2022, the BOD of Song Hong Garment Joint Stock Company approved to contribute capital for establishing a subsidiary with details as follows:

- Company name: Song Hong – Xuan Truong Garment Joint Stock Company

- Charter capital: VND150,000,000,000 (MSH contributed VND76,500,000,000, equivalent to 51% charter capital).

- Address: hamlet 17, Xuan Hoa Commune, Xuan Truong District, Nam Dinh Province, Vietnam.

- Legal Representative: Bui Duc Thinh.

9. PHR: Adjustment to the investment of Vietnam Singapore project III

↓ -3.66%

On January 12, 2022, Phuoc Hoa Rubber Joint Stock Company received a decision dated January 10, 2022 from the Prime Minister on adjusting the investment policy of construction project and infrastructure business in Vietnam – Singapore III

Industrial Park to serve as a basis for the People's Committee of Binh Duong Province to recover land and approve the compensation plan for Phuoc Hoa Rubber Joint Stock Company.

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