



VIETNAM DAILY NEWS



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Table of content

Table of content

1. Shares struggle as large-caps vary
2. Investment, export, domestic consumption: three main pillars of economic growth in 2022
3. Ships and goods through Cai Mep – Thi Vai port up 2 per cent in 2021
4. Viet Nam expects US\$1.7 billion in tra fish exports in 2022
5. Nova Consumer announces IPO plan
6. HCM City industrial parks eye \$500m investment in 2022
7. Luxury brands see great potential in Viet Nam
8. VPB: Receiving the transfer of shares in ASC
9. VCB: Vietcombank could lift its FOL to 35 per cent

Market Analysis

1. Shares struggle as large-caps vary

Shares struggled on Friday with the market experiencing strong volatility with big variations in large-caps' prices.

On the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index stayed flat to end at 1,496.02 points.

It had decreased 0.96 per cent to end Thursday at 1,496.05 points.

The market's breadth was negative with 174 gainers and 285 losers.

During the session, over 785.6 million shares were traded on the southern bourse, worth nearly VND22.9 trillion (US\$1 billion).

The VN30-Index, which tracks the 30 biggest stocks on HoSE, lost 0.19 per cent, to end at 1,523.57 points.

Of the VN30 basket, 14 stocks rose, while 12 inched lower and three ended flat.

According to financial news site vietstock.vn, large-cap stocks in the VN-30 basket experienced big variations in prices. Of them PVPower (POW) was the biggest gainer with an increase of 4.73 per cent. It was followed by Sacombank (STB), up by 2 per cent. Phat Dat Real Estate (PDR), Vinamilk (VNM), Vietcombank (VCB) and Vincom Retail (VRE) ended the session with an increase of 1.4-1.9 per cent.

The remaining stocks such as Sabeco (SAB), Bank for Investment and Development of Vietnam (BID),

PetroVietnam Gas JSC (GAS) and Vingroup (VIC) increased by less than 1 per cent.

On the other side, Novaland (NVL) led the decline with a decrease of 1.8 per cent, Techcombank (TCB) was down 1.5 per cent, VPBank (VPB) and Mobile World Group (MWG) dropped 1.1 per cent, Hoa Phat Group (HPG) lost 1 per cent. The other stocks of FPT Corporation (FPT), Phu Nhuan Jewellery (PNJ), SSI Securities Inc (SSI) dropped slightly below 1 per cent.

Foreign investors were net buyers on both exchanges, the value of net buying on HOSE reached VND770 billion and on HNX reached VND11.2 billion.

Twelve out of 25 sector indices on the market recorded losses, including insurance, real estate, securities, information and technology, retail, rubber production, construction materials and logistics.

Gainers, meanwhile, included oil and gas, banking, wholesale, real estate, healthcare, agriculture, food and beverage, seafood production, and construction.

On the Ha Noi Stock Exchange (HNX), the HNX-Index increased 1.31 per cent to end Friday at 466.86 points.

On Thursday, the northern market index had fallen 2.71 per cent to end at 460.83 points.

During the trading session, investors poured nearly VND2.7 trillion into the bourse, equivalent to a trading volume of more than 86 million shares.

Macro & Policies

2. Investment, export, domestic consumption: three main pillars of economic growth in 2022

Investment, export and domestic consumption are defined as three main pillars of the country's economic development in 2022, according to economist Vu Vinh Phu.

Phu told online paper laodongthudo that Viet Nam needed a great amount of investment for its development, adding that effectively attracting domestic and foreign investment capital would lead to the launch of new production factories and agricultural farms and the development of new roads, airports and ports. That would not only help create new jobs for local people but also foster the country's economic growth.

However, Phu said Viet Nam could not attract investment at any cost. It was necessary for the country to seek investment selectively, including projects on developing factories and farms that would apply 4.0 technology in production towards a green and circular economy and churn out products that could compete well in both domestic and international markets.

Phu also explained why he outlined export as the second pillar of economic growth this year. He said that despite many difficulties caused by the prolonged COVID-19 pandemic, Viet Nam remained one of the countries with large export turnover in the region and world. Last year, Viet Nam's trade value topped US\$668 billion with exports accounting for \$336 billion, up 19 per cent year-on-year.

But, in order to increase its export turnover, Viet Nam should overcome many shortcomings such as goods being mainly exported in raw and processed form, dependence on imported raw materials, high production and export costs, and unstable export markets with dependence on one or two importing countries, Phu said.

The lack of official distribution systems in foreign countries led to many Vietnamese-made goods labelled under foreign branding when exported, he added.

He emphasised the importance of reducing imported raw materials, focusing on product creation and design, and reducing the proportion of processing in exports in order to enhance the efficiency of exports.

It was also necessary for Vietnamese exporters to create long-term trust for the importing country, to do business responsibly, seriously and honestly with partners around the world.

In terms of domestic consumption, the third pillar, many countries around the world assessed that the potential of Viet Nam's domestic market remained huge. With the final consumption of the entire population accounting for 65-70 per cent of GDP growth, the domestic market was attractive to domestic and international investors.

According to Phu, if Viet Nam wants to speed up domestic consumption, the country should restructure its trade system so that goods, especially Vietnamese-made ones, could be presented properly in supermarkets, traditional markets and grocery shops.

Regular and effective inspection should be also included to prevent organisations and individuals from smuggling, committing commercial fraud and manufacturers importing counterfeit goods that might hurt customers and domestic producers.

Viet Nam's gross domestic product in 2021 expanded by 2.58 per cent over the previous year, despite the adverse impact of the COVID-19 pandemic in all fields, according to the General Statistics Office (GSO).

"This is a great achievement for 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 GSO General Director of Nguyen Thi Huong.

Huong said that GDP in the fourth quarter rose 5.22 per cent over the same period last year. This figure was 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 in 2011-19.

Final consumption rose by 2.09 per cent against 2020, while accumulated assets increased by 3.96 per cent.

3. Ships and goods through Cai Mep – Thi Vai port up 2 per cent in 2021

Due to the adverse impacts of COVID-19, the total number of ships passing through seaports in Ba Ria – Vung Tau Province decreased in 2021. However, the number using Cai Mep – Thi Vai increased in both the number of vessels and the volume of goods compared to those in 2020, according to the Vung Tau Maritime Administration.

The total volume of goods passing through seaports was at more than 113 million tonnes, up 0.37 per cent. Cai Mep – Thi Vai hit nearly 105 million tonnes, up 2 per cent year-on-year. In particular, the total volume of container cargo through the port reached about 8.35 million TEUs (twenty-foot equivalent units), up 11 per cent against the previous year.

The total number of ships passing through seaports in the province was around 90,100, down 5 per cent year-on-year, but Cai Mep – Thi Vai port accounted for about 11,300 of these, up 2 per cent.

In 2021, Cai Mep – Thi Vai port cluster received more than 1,320 large container ships, between 80,000 to 214,000 deadweight tonnage, a year-on-year rise of 1 per cent.

4. Viet Nam expects US\$1.7 billion in tra fish exports in 2022

Viet Nam's pangasius (tra fish) export turnover is forecast to reach US\$1.7 billion this year, up 13 per cent year on year, according to the Viet Nam Association of Seafood Exporters and Producers (VASEP).

Higher tra fish prices due to an increase in shipping freight would also affect exports to the market. European consumers consider pangasius a white fish with a cheap price and will not easily accept the price increase in pangasius.

The pangasius export market is gradually brightening and is expected to recover this year with companies' adaptive efforts and the State supportive mechanisms, said VASEP general secretary Truong Dinh Hoe.

The US market is also forecast to be stable in 2022 and unlikely to experience sudden growth like in 2021.

In 2021, the impact of the pandemic outbreak in the third quarter in Viet Nam caused many difficulties for tra fish production and export.

Other markets, such as Mexico, Brazil, Colombia, Russia and Egypt, are expected to recover with strong growth this year. They may partially offset the decline of China and EU markets.

Hoe said that China was likely to still maintain the largest import market for Vietnamese pangasius in 2022. However, the exports to the market would continue to be affected by COVID-19 as China tightens the control of imported goods.

This forecast is based on the results of pangasius exports in 2021 with double-digit growth rates between 44 per cent and 84 per cent for those markets.

For the EU market, it will be difficult to have sudden growth in 2022 because it is still affected by the pandemic, according to Hoe.

However, the pangasius export is forecast to face many difficulties this year. Of which, the prices of feed and fingerlings remain high, leading to a significant increase in the cost of farming pangasius.

Other difficulties come from market factors, transportation charges and measures on controlling COVID-19.

The increase in transport freight is putting great pressure on the export of key seafood products, including pangasius products.

In addition, China is opening the door for Cambodian exports of the fish. This will partly affect Vietnamese pangasius exports to the market.

The solutions for developing pangasius production in 2022 include a flexible response to COVID-19 to maintain production, and improving quality to meet the strict demands of export markets.

To restore the pangasius industry, Deputy Minister of Agriculture and Rural Development Phung Duc Tien has suggested the Directorate of Fisheries coordinate with localities and businesses to have market forecasts, avoiding the situation of a bumper crop creating a low price.

He also proposed expanding the export market for Vietnamese pangasius to diversify products and facilitate consumption. It is also necessary to pay attention to the domestic market.

5. Nova Consumer announces IPO plan

Nova Consumer, a member of NovaGroup, has announced plans for an initial public offering of 10.9 million shares at a minimum price of VND43,462.

The minimum application is for 1,000 shares and the maximum for 5.44 million.

The application period will be from February 7 to 28, and the allotment announcement will be made on March 4.

The IPO is equivalent to 10 per cent of the company's registered capital of VND1.09 trillion. At the minimum price, Nova Consumer's pre-IPO value will be over VND4.7 trillion, and it is expected to jump to VND5.2 trillion after the IPO.

Deputy Minister Tien has suggested Mekong Delta provinces maintain support for tra fish production affected by COVID-19, such as electricity price reductions, tax cuts and support in capital and loan interest rates.

Departments of agriculture and rural development of the Mekong Delta provinces must support businesses and farmers in maintaining production of fingerlings and feed, aquaculture and processing, and ensuring the pangasius production chain with control of food safety.

Pangasius associations, businesses, and production and business facilities need to develop scenarios on responding to the epidemic, build brands for tra fish products, and promote e-commerce transactions.

Despite many difficulties due to the pandemic, VASEP said that Viet Nam's pangasius export turnover for 2021 was estimated at \$1.54 billion, up 3 per cent year on year.

The good result was due to recovery in pangasius demand in some major markets. Of which, China market accounted for 28 per cent of exports.

In the third and fourth quarters of 2021, the US also increased its imports of pangasius from Viet Nam by nearly 50 per cent, offsetting a significant decrease in some other markets.

Of the money raised, the company plans to use VND430 billion to buy a stake of the Consumption Investment Joint Company in Sunrise Foods Company Limited to develop food products.

Some VND35 billion will be invested in Sunrise Foods Company Limited.

Nova Consumer has 11 subsidiaries and three affiliated companies operating in the farm sector. Of them, two are in animal vaccine sector and four in animal healthcare.

Two make veterinary medicines using modern technologies to WHO-GMP standards.

Nova Consumer has three plants making animal feed with a total capacity of 730,000 tonnes a year.

It owns seven animal farms around the country.

Since 2021 Nova Consumer has been diversifying its business ranging from agriculture to consumption goods. This strategy aims at developing the 3F (feed-farm-food) model.

Its income now comes mainly from veterinary medicines/vaccines, animal feed, high-tech feeding solutions, and farm and food products.

It is now the leader in the veterinary medicines market.

The 3F chain the company is developing is expected to grow rapidly thanks to the increasing demand for meat. Yet the demand is lower than in other countries in the neighborhood, and it will surely

increase strongly as consumers' incomes keep increasing.

The driving force for the agricultural sector still comes as many small-scale productions been shifted to centralization to increase production and reduce the spread of diseases when there are major epidemics.

Raising awareness about the use of vaccines, veterinary medicines and solutions used in biosecurity measures and even industrial animal feed will contribute significantly to the growth of the industry in future.

In fiscal year 2021 Nova Consumer aims to achieve revenues of over VND 4.1 trillion and profit after tax of VND 279 billion.

In the first nine months they were VND2.7 trillion and VND342 billion.

6. HCM City industrial parks eye \$500m investment in 2022

The HCM City Export Processing and Industrial Zones Authority said the city's industrial parks and processing zones hope to attract investment worth US\$500 million this year.

They attracted \$600.79 million last year, well above the target, including foreign investment of \$220.26 million, it said.

Speaking at a meeting held to finalise plans for 2022 last week, Hua Quoc Hung, head of the authority (HEPZA), said to achieve the goal, HEPZA would continue to promote investment incentives, strengthen COVID-19 prevention efforts, enhance support for businesses to help them stabilise operations, and step up administrative reform.

Other key targets would include quickly starting the construction of the proposed 668 hectares Pham Van Hai Industrial Park, speeding up land clearance for building the Le Minh Xuan 2 Industrial Park, expanding the Le Minh Xuan IP, Northwest Cu Chi IP, Vinh Loc IP, and Hiep Phuoc third phase, he said.

"HEPZA also plans to develop new industrial park models and ... develop criteria for attracting

investment in export processing zones and industrial parks."

It would strengthen investment promotion through foreign industry trade groups in Viet Nam and enhance the HEPZA image and brand by offering all possible support for businesses to help them overcome difficulties caused by the COVID-19 pandemic, he said.

It would also develop high-rise factories to improve land-use efficiency, monitor the implementation of land use by investment projects, and take back land from tardy projects.

With COVID-19 still lingering, HEPZA was continuing to cut or defer payment of factory/warehouse rents, land rents and infrastructure maintenance and service fees.

It planned to work with banks and authorities to help enterprises borrow, hire employees, build accommodation for employees, and resolve other difficulties.

In 2022 Hepza also planned to put more effort into administrative reforms and hopefully achieve an

'excellent' rating in the city's public administrative reform (PAR) index.

To effectively carry out its tasks in 2022 and implement the "one-stop shop, on-site" mechanism,

HEPZA had called on the city to strengthen decentralisation and devolve power to it to perform management tasks related to enterprises in export processing zones and industrial parks.

7. Luxury brands see great potential in Viet Nam

Viet Nam pales in comparison with Japan and China in regard to the size of the luxury market, but it has a great potential to become a highly profitable market in the near future, according to Jing Daily, a leading digital publication on luxuries in China.

Jing Daily said the bright outlook for Viet Nam's luxury market could be attributed to the rising income of its people in recent years as high-income consumers are the backbone of luxury consumption.

Between 2002 and 2020, Viet Nam's GDP per capita grew 2.7 times, reaching nearly US\$2,800. A 2016 report prepared by the World Bank has also highlighted that the country could reach upper-middle-income status by 2035, with a per capita income topping \$7,000.

Viet Nam's middle class population has been expanding massively as well, expectedly climbing to 95 million by 2030, according to predictions by Nielsen. Meanwhile, the number of High Earners, Not Rich Yet Individuals, and ultra-wealthy are also growing. The number of people with a net worth of \$1-30 million will soar by 32 per cent to over 25,800 by 2025.

In addition, luxury brands should be bullish on Viet Nam because their goods are increasingly in high demand in the country. This is even more the case now as consumers are restricted at home and cannot travel to Singapore or China to gratify their appetite for luxuries.

"The appetite for luxury goods is more pronounced than ever in Ha Noi and HCM City", said Tran Thi Hoai Anh, founder of GlobalLink Co Ltd.

Just one decade ago, it was all about knowing the difference between Gucci and Prada, but now a new generation of high-end shoppers are driven by the

quest for quality, distinctiveness and craftsmanship, the founder added.

For obvious reasons, the luxury sector benefited from the EU-Viet Nam trade agreement and the investment protection agreement in 2019 that removed 99 per cent of all tariffs and lowered many regulatory barriers.

With luxuries becoming more affordable, consumers could get their hands on these high-end products more easily.

At that point, some renowned brands have sensed the opportunity and turned the growing domestic demand for luxuries to their advantage by gaining footholds in the country.

Porsche has inaugurated Porsche Studio in Ha Noi, its second retail space in Southeast Asia. According to Arthur Willmann, chief executive officer of Porsche Asia Pacific, Viet Nam has become one of Porsche's fastest-growing markets.

At the same time, DAFC, which runs over 60 luxury brands, including Cartier and Rolex, announced its sales in Viet Nam were up by 35 per cent in 2020.

Likewise, Bvlgari decided to return to the market in March 2021 with the inauguration of its first physical store in HCM City.

"It was the right time to return since we were able to approach our potential customers", a Bvlgari Viet Nam spokesperson noted.

According to Statista, revenue from Viet Nam's personal luxury goods market reached \$976 million in 2021 and is expected to grow by 6.67 per cent annually in 2021-2025.

Corporate News

8. VPB: Receiving the transfer of shares in ASC

↓ -1.13%

The Board of Directors of VietNam Prosperity Joint Stock Commercial Bank approved to receive the transfer of shares in ASC Securities Corporation (ASC) with details as follows:

- Company name to receive the transfer:: ASC Securities Corporation (ASC)

- Charter capital: VND268,800,000,000

- Number of shares to receive the transfer: 26,186,000 shares

- Ownership ratio of VPBank in ASC after receiving the transfer: 97.42% charter capital.

9. VCB: Vietcombank could lift its FOL to 35 per cent

↑ 1.83%

Despite upbeat business outcomes in 2021, Vietcombank's officials continue to advocate for the State Bank of Vietnam (SBV) and the government to establish a framework to support capital and credit expansion in order to assure long-term sustainable development.

"To maintain the system's leadership position and to continue participating in the rehabilitation of weak financial organisations, it is proposed that the government and the SBV establish a special mechanism for credit growth limitations on state-owned commercial banks like Vietcombank. Moreover, state-owned commercial banks should be permitted to expand credit based on risk management," said Nguyen Thanh Tung, deputy general director in charge of Vietcombank's executive board in last week's year-end summary meeting.

Tung also proposed that the SBV continues to foster Vietcombank's capital growth by allowing the bank to keep earnings after tax to pay dividends in shares.

Simultaneously, there should be a specific blueprint for lifting Vietcombank's FOL restriction,

which is scheduled to expand to 35 per cent in the near term.

Mizuho Bank of Japan is currently the largest foreign shareholder of Vietcombank, followed by Singapore's sovereign wealth fund, GIC Private Limited.

In early 2019, GIC purchased nearly 94,500,000 new shares of Vietcombank, equivalent to a 2.55 per cent ownership, while Mizuho purchased another almost 16,700,000 new shares to maintain its existing 15 per cent stake in the bank.

In addition, Vietcombank executives also stressed that digital transformation is a crucial and critical job for their long-term growth. All relevant departments and sectors must thus evaluate legislation governing digital data and online transactions in order to facilitate banks' digital transformation efforts.

Looking forward, the bank's total assets are expected to expand by 8 per cent in 2022 compared to the previous year. When compared to 2021, credit will grow by 12 per cent, while bad debt will be kept at less than 1.5 per cent, and profit before tax will grow by at least 12 per cent in 2022.

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