



VIETNAM DAILY NEWS

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Market Analysis

1. Shares finish higher in final session prior to Tet holiday

Shares finished higher during the final trading session prior to the Tet holiday on Friday, propped up by the growth of banking and textile stocks.

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) rose 0.56 per cent to close at 1,478.96 points.

The index had declined 0.73 per cent, to finish Thursday at 1,470.76 points.

The market's breadth was positive with 307 gainers and 129 decliners.

On HoSE, investors poured over VND20.7 trillion (US\$913.9 million) into the market, equivalent to a trading volume of nearly 703 million shares.

The VN30-Index, tracking the 30 biggest stocks on HoSE, gained 1.03 per cent, to 1,532.24 points.

Of the VN30 basket, 21 stocks rose to cushion the market, while seven declined.

In the VN-30 basket, the most notable gainers were Tien Phong Bank (TPB) and FPT Corporation (FPT) as they both surpassed 4 per cent. They were followed by Phat Dat Real Estate (PDR), SSI Securities Inc (SSI), VPBank (VPB) and Phu Nhuan Jewelry (PNJ), all rising above 3 per cent. PVPower (POW), Vincom Retail (VRE) and Military Bank (MBB) all advanced more than 2 per cent

Meanwhile, PetroVietnam Gas JSC (GAS) was the strongest loser of the group as the company dropped 2 per cent.

Stocks in industry groups of banking and textile grew strongly, helping the VN-Index to end the session higher.

The banking group outperformed and supported the gains of the market with notable gainers including Bank for Investment and Development of Vietnam (BID), Tien Phong Bank (TPB), Techcombank (TCB), VPBank (VPB), Military Bank (MBB), Sacombank (STB) and Eximbank (EIB).

The textile and garment industry experienced a positive trading day with notable industry-representative stocks increased strongly. In which, Century Synthetic Fiber Corporation (STK) hit the daily limit gain of 7 per cent. Song Hong Garment Joint Stock Company (MSH), Thanh Cong Textile Garment Investment Trading Joint Stock Company (TCM) and Viet Thang Corporation (TVT) all gained more than 6 per cent. TNG Investment and Trading JSC (TNG) advanced more than 2 per cent and Viet Nam National Textile & Garment Group (VGT) inched slightly above 1 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index gained 1.33 per cent, to close Friday at 416.73 points.

It had lost 0.13 per cent to close Thursday at 411.27 points.

More than 67.6 million shares were traded on the southern exchange, worth VND1.8 trillion.

Macro & Policies

2. Enterprises prepare workforce shortage after Tet

Every year after the Tet (Lunar New Year) holiday, many businesses face a serious shortage of workers. Last year, due to the impact of social distancing orders, enterprises struggled with a shortage of labour. Therefore, the need to prepare the workforce for the post-Tet period is even more urgent.

To prepare to return to production after the week-long holiday, representatives of many businesses said that they had focused on attracting and recruiting workers a month in advance.

Companies had participated in many different recruitment channels such as job sessions, forums and social networks. They even encouraged workers to introduce acquaintances but so far companies have not yet recruited enough people.

Nguyen Thi Thuy Van, chairwoman of the Union of Long Rich Co. said that the company had lost about 500 workers during the pandemic, so it is necessary to retain current employees to return to work after Tet.

"Every year, there is a small number of workers who go home for Tet holiday and do not return to work, and the company can still manage to recruit new workers. But this year the situation is very unpredictable," Van told VNeconomy. "Many workers who returned to their hometown due to the spread of COVID-19 have not come back yet."

Nguyen Dang Hien, general director of Bidrico Company, also said that ensuring the workforce after Tet was now a challenge for many businesses.

Every year workers don't return to work at the same time, but this year it is expected that more workers will stay at home longer than previous years because their family members test positive with coronavirus or are afraid of getting the virus if using public transport.

According to Hien, to retain employees, the company continues to ensure salaries, bonuses and seniority allowances for employees. It also allows workers to

receive an advance payment of VND5 - 10 million (US\$220 - 441) to prepare for Tet.

"If enterprises take good care of workers and have adequate remuneration, workers will stay with the enterprises, and return to work soon," said Hien.

Regularly the southern factories under the Viet Nam National Textile and Garment Group (Vinatex) are short of about 10 per cent of workers, equivalent to 6,000 people after the Tet holiday. Therefore, they have created many plans to retain workers.

Nguyen Thi Thuy, vice chairwoman of the Union of Vinatex, said that during this period, commitments to ensuring jobs and income were the most effective way to retain workers.

The Union of Industrial Parks and Export Processing Zones in HCM City said that due to the varying quarantine rules among localities, this year many businesses allowed workers in remote provinces to return home 1-2 weeks earlier.

To retain workers, many businesses also organise shuttle buses and reward employees who return to work on time.

Many businesses have increased bonuses to keep workers in the city, helping factories complete orders on schedule.

It is estimated that about 98,000 workers will be staying in industrial parks and export processing zones during this year's Tet holiday.

However, the survey showed that after Tet, businesses still need to recruit about 10 per cent more workers to expand their production scale.

Coordinating after Tet

The People's Committee of Ho Chi Minh City had sent guidelines to organisations to support workers, especially those who don't return home.

The City is also preparing plans to coordinate human resources after Tet.

Nguyen Van Lam, vice president of the HCM City Department of Labour, Invalids and Social Affairs, said that after the Tet holiday, the city was expected to need about 45,000 skilled workers, especially in trading, leather and footwear, and mechanical engineering.

To provide enough resources for businesses in the area, the HCM City Department of Labour, Invalids and Social Affairs had directed employment service centres to organise meetings and introduce workers from other provinces and cities to HCM City to work after Tet.

3. Sustainable development in fashion industry

As sustainable development is becoming the order of the day, Vietnamese fashion firms are having no choice but to adapt themselves to greener production.

Nguyen Thi Tuyet Mai, deputy general secretary of Vietnam Textile and Apparel Association (VITAS), acknowledged that eco-fashion was riding high in many countries, and Viet Nam could not afford to lag behind.

“Vietnamese fashion producers have no other choice but to innovate to keep pace with change,” said the deputy general secretary.

For this reason, fashion firms have begun to shift their focus to green input and use environment-friendly fibres in their designs. Fabric making is changing accordingly.

Notably, a young designer named Vo Cong Khanh has successfully produced such a fibre from coffee grounds and used PET (polyethylene terephthalate) bottles.

Khanh and the fashion firm Faslink have brought the new material into use by launching a fashion collection made completely from coffee-derived fibres.

Their fashion exhibition has met with great success as the fibres turned out to be soft, dry and odour-quelling.

Faslink’s General Director Tran Hoang Phu Xuan said her firm aimed to become a leading supplier of sustainable materials in Viet Nam’s fashion industry and the region.

Owen is another fashion product that has been leading the way in eco-fashion.

The producer took its first step on green growth in 2014 by incorporating bamboo textile into T-shirts.

Years later, Owen’s initial success was quickly followed up by the introduction of many other eco-friendly materials including peppermint-, tea- and eucalyptus-derived fibres.

Now, natural fibres are an integral part of all its fashion designs and a perfect alternative to its traditional fibres.

Sen Dai Viet Jsc. is also a noteworthy producer that has succeeded in reclaiming lotus.

Thanks to the company's extraction techniques, hundreds of thousands of lotus plants no longer end up in landfills every year but are collected to produce lotus yarns.

These natural yarns are lightweight, skin-friendly and ultraviolet resistant, thereby lending themselves to high-quality apparel.

The only downside of such yarns is that their production process is completely manual and highly time-consuming.

That means only limited amounts can be produced each year, making lotus-derived clothes luxuries for only deep-pocket buyers.

Min Zhao, vice president of Consumer Industry Performance Materials Asia Pacific under BASF Group, noted that fashion brands were committing themselves to sustainable development since climate change had begun to take its toll.

As a material supplier for the footwear industry, BASF feels a strong responsibility to develop sustainable materials that would help original equipment manufacturers (OEMs) achieve their goals of CO2 reduction.

"We've discovered Freeflex TPU which is a highly elastic material that can retain its shape for a long time. Remarkably, shoes made from TPU are 100 per cent recyclable. Additionally, TPU production is more energy-efficient and solvent-free," said the vice president.

4. Non-life insurance enterprises expand in market

Over the past year, the economic situation has changed a lot due to the pandemic, which has affected non-life insurance revenue, but many businesses still achieved high profits.

PVI Insurance Corporation said that its pre-tax profit reached VND790 billion (US\$34.3 million) last year, exceeding 22.4 per cent of its plan.

The new year begins in the context of the "new normal", and although the pandemic continues to be complicated, insurance companies are still confident in the set development strategy.

"In 2021, we spent a lot of time expanding our business while strengthening our internal infrastructure in line with our profitable growth business strategy. During the past year, all employees of the company have effectively pursued both directions together. Entering 2022, we will focus on strengthening the internal resources of the supporting departments at the head office," said a representative of Post and Telecommunication Joint Stock Insurance Corporation (PTI) to *Dau tu chung khoan* (Securities Investment) online newspaper.

Similarly, PVI has set a sustainable growth target with double-digit revenue growth, while maintaining the leading position in the field of

commercial and industrial insurance in the domestic market, and gradually reaching out to the Southeast Asian market.

The company is also confident of completing its target this year and becoming a high-ranking international insurer in Southeast Asia.

A quick report of non-life insurance businesses shows that this sector only grew 1.7 per cent in revenue last year compared to 2020, a record low growth compared to previous years.

Declining revenue growth is expected by businesses, because the revenue of the two main business lines, which are personal insurance and motor vehicle insurance, has continuously decreased, even recording negative growth for many months.

The revenue growth rate dropped sharply, but some businesses said that last year was not a year of great fluctuations, because the non-life insurance market in Viet Nam was always changing and the competition was getting fiercer.

Although there are different views and assessments about the market's recovery, businesses believe that the non-life insurance market will continue to grow.

5. HCMC office-leasing market recovers after pandemic

The market for leasing offices in HCM City is improving with the bright spot being combined offices as a viable and cost-optimal solution, according to Savills Vietnam.

Tu Thi Hong An, director of the Commercial Leasing Department for Savill Viet Nam, said the information technology industry was the most dynamic group of

tenants, looking for rental space in all three office grades.

Despite tight supply, rents have barely increased as the absorption rate for small offices is slowing.

The hybrid working model is also gaining ground. According to An, co-working is growing slowly,

while the hybrid working form is receiving attention from business owners after a long period of social distancing.

An said with limited supply in central areas of HCM City, the combined office model was a feasible method to optimise operating costs while still meeting requirements such as office amenities, employee satisfaction and business performance.

The combined office model brings benefits to those businesses that need expansion but faces limited supply. It also creates sustainable value for businesses to adapt to changes after the pandemic.

For the prospects for the office market, according to Savills Viet Nam, by 2025, the office market will have a new supply of 550,000m² of floor space from 21 projects; including 11 projects outside the centre accounting for 48 per cent of the total area.

There will be four large-scale Grade A office projects entering the market from 2023, with an average floor area of 67,000 square metres per project, accounting for 49 per cent of the total future supply.

FocusEconomics forecasts that Viet Nam's GDP growth will be 6.9 per cent each year from 2022 to 2024. Meanwhile, the Centre for Human Resource Forecasting and Labour Market Information of HCM City has estimated that if the pandemic is well controlled, the city this year will need 310,000 jobs, mainly for trade, real estate and electronics manufacturing industries.

These industries, along with the information technology and communication sectors, accounted for the majority of foreign direct investment in 2021.

These industries will become key industries having a high demand for office space. With positive economic forecasts for 2022, the demand for

locations building co-working offices is expected to grow.

In the fourth quarter of 2021, the total office supply in HCM City was over 2.4 million square metres, relatively stable quarter-on-quarter and up 5 per cent on the year.

With 84 per cent of total new supply in 2021 from non-central business district areas, growing 9 per cent year-on-year, the trend of moving offices out of the centre is set to continue.

Grade B supply grew the fastest at 6 per cent year-on-year, followed by Grade C with 5 per cent.

Occupancy of the office market in HCM City increased by 1 percentage point quarter-on-quarter with stable average rent.

New large-scale projects in non-CBD areas, which had difficulty finding tenants in the past two years, improved once social distancing ended.

Average occupancy was 94 per cent for Grade A offices and 88 per cent for Grade B, both grades up 1 percentage point quarter-on-quarter.

Although the pandemic affected the office market, this segment still gained positive performance in 2021.

The occupancy rate in 2021 will reach 90 per cent, down 3 percentage points year-on-year while the average rental price decreased 3 per cent to about VND715,000 per square metre per month. All three grades had a reduction of 1 per cent year-on-year on average last year.

The demand for office space mainly came from enterprises in the distribution, information technology, communication and manufacturing industries.

6. Gov't agrees to buy 21.9m Pfizer vaccine shots for children aged 5-11 years

The Vietnamese Government has approved the Ministry of Health's proposal to purchase 21.9 million doses of Pfizer/BioNTech COVID-19 vaccines for children from five to under 12 years old.

The contractor selection will follow the special circumstances model specified in Article 26 of the Law on Bidding, due to the urgent nature of ongoing pandemic prevention and control efforts.

The Ministry of Health is to be responsible for organising the purchase and deployment of Pfizer's COVID-19 vaccine for children from 5 to under 12 years old, ensuring safety and effectiveness.

A survey from the ministry indicated that about 50 per cent of parents in the country agree to let their children in the 5-11 age group get the vaccines, with further details on this survey expected after the Tết (Lunar New Year) holiday that ended on Sunday.

There is also no information yet available on the rollout plan of the vaccines, but it has been suggested that children in this age group will only be recommended to get the shots, no mandate will be enforced.

Health minister Nguyễn Thanh Long in an interview with local media last month has admitted administration to this age group would be more difficult than the rollout for adults and teenagers aged 12-17 that the country has been doing, and it has accepted the likelihood that there will be some amount of doses going unused.

181.1 million doses of COVID-19 vaccines have been administered in Việt Nam with about 98 million

people, including 165.4 million in adults – 70.6 million first doses, 67.8 million second doses, 10.3 million additional doses and 16.6 million booster doses.

16.25 million doses of Pfizer vaccines have been given to children aged 12-17 years, including 7.8 million second doses.

Pfizer shots so far are the only ones to have been recommended by the World Health Organisation (WHO) for use in children this young, with a lower dosage compared to the adult shots.

“WHO recommends that countries should consider using the vaccine in children aged 5 to 17 only when high vaccine coverage with two doses has been achieved in the high priority groups as identified in the WHO Prioritization Roadmap,” WHO said in a statement.

“Children and adolescents aged 5-17 years of age with comorbidities that put them at significantly higher risk of serious COVID-19 disease, should be offered vaccination, alongside other high-risk groups.”

7. HCM City COVID risk remains low for 5th straight week

HCM City's COVID-19 alert level remains at level 1 for a fifth week in a row, its People's Committee announced.

All 21 districts and Thủ Đức City remain designated as green zones.

Green indicates low risk of COVID.

The other colours are yellow for medium risk, orange for high risk and red for very high risk.

Of the city's 312 wards, communes and towns, only one is at level 2 (yellow), three down from last week.

Besides, for a second consecutive week the number of new COVID cases has been less than 1,000.

The city has administered at least one dose of a COVID vaccine to every resident aged 18 and over, and two shots to 94 per cent of people aged 50 and more.

The risk level is assessed based on three criteria: the number of new cases in the community, vaccine coverage and the ability to care for people with COVID-19 in the community.

Corporate News

8. HPG: Business performance in Quarter 4.2021

↑ 0.12%

Hoa Phat Group Joint Stock Company disclosed its business performance in Quarter 4.2021:

“In the fourth quarter of 2021, Hoa Phat Group achieved VND45 trillion in revenue, up 73 per cent over the same period last year. Its after-tax profit was VND7.4 trillion, posting 59 per cent year-on-year increase. In 2021, Hoa Phat Group recorded a revenue of VND150.8 trillion, an increase of 65 per cent compared to 2020. The group's after-tax profit for the first time reached VND34.5 trillion, exceeding 92 per cent of the whole year's set plan and increasing 1.56 times against the previous year.

Despite of facing many difficulties caused by the COVID-19 pandemic, Hoa Phat iron and steel production complexes in Hai Duong, Dung Quat - Quang Ngai and Hung Yen have still been operating at full capacity to serve domestic and foreign markets. Last year, the group supplied to the market a total of 8.8 million tons of steels including steel billet, construction steel, hot rolled coil (HRC), steel pipe and galvanized sheet, up 35 per cent over the previous year.

Export activities have made an important contribution to the output in 2021 with 2.6 million tons of products of all kinds, double that of 2020. The export promotion helps Hoa Phat Group diversify its consumption markets while the domestic market was affected by the COVID-19 pandemic. At the same time, it contributes to foreign currency collection and Vietnam's trade balance.

With its performance, Hoa Phat remains to hold the No. 1 market share in Vietnam for construction steel and steel pipes with 32.6 percent and 24.7 percent respectively. Hoa Phat is also the only Vietnamese enterprise that can produce HRC.

In addition to having the largest Australian cow herd in the country, the group is taking the lead in the northern market with an output of 800,000 eggs a day.

The group's real estate sector is focusing on expanding existing industrial parks, and at the same time researching and investing in a number of housing projects and service urban areas.

Operating in 25 provinces and cities across the country, Hoa Phat Group contributed VND12.4 trillion to the State budget last year, 70 per cent higher than the amount in 2020.

Hoa Phat is carrying out major projects including Hoa Phat Dung Quat 2 Steel Integrated Complex, Hoa Phat general port in the Dung Quat economic zone, a container manufacturing factory in Ba Ria-Vung Tau province and the home appliances producing plant in Ha Nam province. Once completed, these projects will raise the scale and promote long-term growth for Hoa Phat Group.”

9. VGC: Viglacera attracts nearly \$15 billion in FDI

↑ 1.26%

Viglacera Corporation JSC, the largest real estate and building materials group in Viet Nam, has developed 11 industrial parks in the country and one economic zone in Cuba, attracting nearly

US\$15 billion worth of foreign direct investment from more than 300 enterprises.

The corporation's IPs offer clean land and modern infrastructure, meeting enterprises' needs and diverse options for investors.

Viglacera is continuing to expand investment in industrial real estate to strengthen its position as one of the leading operators of industrial property and workers' housing.

The corporation said in 2022, it will also invest in social housing, housing for workers as well as resort property while improving service quality.

Real estate contributed VND1.03 trillion (\$45.61 million) in pre-tax profit to the corporation's business result in 2021, surpassing target by 22 per cent and up VND326 billion from 2020.

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