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Market Analysis

1. VN-Index inches closer to 1,500 points after Tet holidays

The market inched higher on Monday as risk appetite improved after the Lunar New Year holiday.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index climbed 18.7 points, or 1.26 per cent, to 1,497.66 points, heading toward the 1,500 point-level.

The market breadth was positive with 382 stocks increasing, while only 91 stocks declined. However, liquidity was lower than the last trading session before the holiday. Accordingly, investors poured over VND18 trillion (US\$796.5 million) into the southern market, equivalent to a trading volume of 578.2 million shares.

The benchmark's rally was mainly driven by gains in large-cap stocks across sectors on bullish sentiment. The VN30-Index, tracking 30 biggest stocks on HoSE, rose 9.01 points, or 0.59 per cent, to 1,541.25 points.

Of the VN30 basket, 23 stocks increased with one hitting the biggest intraday gain of 7 per cent, while five slid and two stayed unchanged.

Vietcombank (VCB) led the market's uptrend, with a gain of 3.82 per cent. It was followed by PV Gas (GAS), Vinhomes (VHM), Masan (MSN) and Vietjet

Aviation JSC (VJC). These stocks were up at least 2.4 per cent, with VJC even increasing up to 7 per cent.

Supporting the index, other big stocks like Viet Nam Rubber Group (GVR), Hoa Phat Group (HPG) and Petrolimex (PLX) also posted strong performance, up in a range of 2.01 - 5 per cent.

However, profit-taking activities still weighed some large-cap stocks in real estate and banking. Vingroup (VIC) saw the biggest loss, down nearly 6 per cent, while BIDV (BID) and Vietinbank (CTG) were down 1.15 per cent and 1.63 per cent, respectively.

On the Ha Noi Stock Exchange (HNX), the HNX-Index also edged up 2.6 points, or 0.62 per cent, to 419.22 points.

During the session, 54.9 million shares were traded on the northern bourse, worth VND1.5 trillion.

The market's rally was in line with the expectations from experts that it might rise in the first trading week after the Lunar New Year holiday.

Foreign investors continued to flock to the market after they net bought a total of VND332.57 billion. Of which, they net bought a value of VND304.54 billion on HoSE, and a value of VND28.03 billion on HNX.

Macro & Policies

2. Viet Nam working to become innovation magnet in Southeast Asia

The COVID-19 pandemic, which has touched every aspect of society, has failed to cool down the startup and innovation spirit but, on the contrary, created major influence, contributing to economic development and recovery, according to insiders.

Viet Nam's booming startup and innovation environment is attributable to efforts by the Government and relevant ministries, sectors and communication agencies, especially the Vietnam National Innovation Centre (NIC) under the Ministry of Planning and Investment, they said.

In an interview with the Vietnam News Agency (VNA), Nguyen Thi Ngoc Dung, a representative from NIC, said domestic enterprises were aware of innovation, particularly following the pandemic fight.

The centre has brought together more than 1,000 Vietnamese experts who are working at well-known universities and research institutes globally, and connected nearly 100 venture capital funds across the world with startups in the local innovation ecosystem.

Dung took Genetica, a US-based medtech startup that mainly provides its services in Southeast Asia, as an example. The firm announced in October 2021 that it would develop the largest gene sequencing centre in the region, located at NIC, with an annual capacity of 500,000 genomes.

Genetica's founders graduated from leading US universities, said Dung, who has worked to persuade the firm to set up its Southeast Asian headquarters in Viet Nam.

Cao Anh Tuan, Genetica Co-founder and CEO, said his firm initially picked Singapore to open the centre in, but later selected Viet Nam instead after his first meeting in the US with Minister of Planning and Investment Nguyen Chi Dung who assured him that the Vietnamese Government would create the best

possible conditions for scientists returning home from the US.

The Genetica centre at the NIC building is designed to the standard of US-based labs, the most rigorous for genetic testing in the world. Accordingly, Viet Nam will be one of very few Southeast Asian countries running CAP (College of American Pathologists) and CLIA (Clinical Laboratory Improvement Amendments) standard genetic testing laboratories.

More importantly, Genetica's gene sequencing results are accepted worldwide, allowing users to decode once and apply for a lifetime.

Last year, Viet Nam ranked 44th on the global innovation index. The country's startup ecosystem also claimed the 59th position out of 100 countries. Viet Nam has been ranked third by international organisations in the group of the three most dynamic innovative startup ecosystems in Southeast Asia, only after Indonesia and Singapore.

Dung suggested changes in the mindset of policymaking and the adaptation of new business models and new technologies as innovation and startup is intended to create breakthroughs that can influence the society.

Tuan also emphasised three factors to the development, innovation and creation of startups, namely human resources, connectivity with mentors and partnerships with support networks (peer coaching).

Despite such encouraging results, Viet Nam's innovation environment still needs to be consolidated, according to experts. Cooperation between stakeholders will continue to create opportunities for domestic businesses to connect, utilise and boost financial strength, improve knowledge and human resources, and create products, services and useful development platforms for the community.

3. Many limitations persist in megaproject Long Thành Airport: PM

Prime Minister Phạm Minh Chính has urged authorities to speed up the progress of the Long Thành International Airport project in southern province of Đồng Nai, complaining that it may fall behind schedule during an on-site inspection on Sunday.

Long Thành airport, set to replace HCM City's Tân Sơn Nhất airport as Việt Nam's largest when completed, will have an annual capacity of 100 million passengers and five million tonnes of cargo.

"Long Thành International Airport is a large national key project, however there are still many limitations in implementation," said the Prime Minister.

"How can the project (phase 1) finish in the next four years when even the office of the management board is unavailable.

"The ministries, agencies and relevant stakeholders must closely cooperate with each other to find a way to push the pace of the project," he said.

"They must clearly identify their own responsibilities and tasks. Those who are unable to fulfill the tasks must step aside and let others do it," the PM said.

He ordered relevant stakeholders to change their mindset, methodology and approach to solve existing problems, ensure proper inspection and control to avoid wrongdoings and group interests.

It is necessary to have a roadmap for each segment of the projects and ensure smooth cooperation among ministries and agencies, as well as proper allocation of tasks and responsibilities, he said.

The construction of the airport will be made in three phases, with a total investment of VNĐ336.6 trillion (US\$16 billion). The estimated investment for the first phase of the project, which is to be finalised by 2025, totals VNĐ114.4 trillion (\$5.4 billion).

The State-owned Airports Corporation of Việt Nam is the main investor of the Long Thành International Airport.

Earlier the PM has approved two projects: site clearance and resettlement; and airport investment and construction project phase 1.

The site clearance and resettlement project, to be conducted from 2017-2021, had a total investment of nearly VNĐ23 trillion.

The project will need the acquisition of about 5,000ha in Long Thành District, with 5,541 households and 18 organisations being affected. More than 4,108ha (about 85 per cent) has been acquired.

The construction project phase 1 is scheduled to last from 2020-2025. However, the progress of the project is lagged behind schedule.

The PM said the chairman of Đồng Nai's People's Committee must be held accountable with the site clearance and resettlement project. It is crucial to push the progress of site clearance and ensure people enjoy a better life in the resettlement area upon relocation.

He added that the transport ministry must be held accountable for the construction project phase 1 and ensure relevant ministries and agencies cooperate with the local authorities to build infrastructures connected to Long Thành airport.

The Prime Minister also ordered relevant authorities to diversify capital sources and have specific and feasible capital mobilisation plans, while well preparing materials for project construction and ensuring bidding work strictly complies with regulations to avoid wrongdoings.

PM Chính assigned Deputy Prime Minister Lê Văn Thành to be responsible for directing the project implementation.

He said phase 1 of Long Thành International Airport must inaugurate by 2025.

After visiting the construction site and working with the Project Management Board of the project, the Prime Minister visited the resettlement area.

He affirmed that the Government pays due attention to and has directed relevant authorities to ensure that resettled people have better life upon relocation.

Located 40km to the east of HCM City, Long Thành airport is expected to relieve overloading at Tân Sơn

Nhất International Airport in the southern metropolis, currently the country's largest airport.

In the first phase, one runway with a length of 4,000m, taxiways, an apron, and a passenger terminal with other auxiliary works sprawling 373,000sq.m will be built to serve 25 million passengers and 1.2 million tonnes of cargo each year.

The airport is designed to have four runways, four passenger terminals, and other auxiliary facilities to ensure a capacity of 100 million passengers and five million tonnes of cargo a year by 2040.

This key national project has a crucial role in transport infrastructure development, acting as a driving force for the socio-economic development of the region and the country..

"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. Remittances to HCM City reach record \$7b in 2021

HCM City received a record US\$7.1 billion worth of remittances last year, a 16 per cent increase from 2020 and accounting for more than half of the country's total remittances, according to the State Bank of Viet Nam.

Nguyen Duc Lenh, deputy director of the central bank's HCM City office, said most of the remittances were sent by overseas Vietnamese to help their families overcome the pandemic or invest in business without elaborating on the source of this information.

The remittances as usual mainly came from the US, Australia, Canada, and the EU.

"The strong remittance inflows amid the pandemic have helped stimulate [the economy]," Lenh said.

Banks should launch promotional programmes to attract more remittances, he said.

Despite the impact of the pandemic, the country received \$12.5 billion worth of remittances last year, a 10 per cent increase from 2020, he said.

Total outstanding loans at credit institutions in HCM City was up 11.4 per cent for the year, according to the Department of Statistics.

The department said demand for funds increased despite the pandemic, which is a good sign.

5. 7th to 12th graders return to school in HCM City

More than 600,000 students in grades 7 to 12 in HCM City returned to school for in-person learning on Monday.

After a long period of studying online due to the pandemic, they began classes after the Tết (Lunar New Year) holidays, which lasted from January 31 to February 4.

Nguyễn Văn Hiếu, director of the city's Department of Education and Training, said the city's COVID-19 alert level remained at level 1, meaning the risk of COVID was low for a fifth consecutive week.

"The regulation of arranging direct teaching for 12-30 lessons per week or 50 per cent of the students study in class is no longer relevant to the current pandemic situation," Hiếu said.

The department has assigned principals of secondary and high schools to develop plans for combining online and offline learning, providing semi-boarding and boarding services, opening canteens or offering day-boarding meals.

The principals can decide the number of offered lessons for both online and offline learning.

Schools must arrange schedules to enable parents to pick up and drop off their children and comply with pandemic safety requirements.

They are required to fully organise physical education and extracurricular activities on school grounds.

Schools can offer two sessions a day, semi-boarding and boarding services, and open canteens if they meet all safety regulations, according to Hiếu.

“They will not be allowed to have direct learning or organise other activities outside their campus,” he said

About 1.7 million students at preschools and primary, secondary and high schools in the city will return to school from February 7.

According to the Ministry of Education and Training, secondary and high schools at all provinces and cities across the country have announced plans to resume in-person learning for their students, between February 7 and 14.

Sixty out of 63 provinces and cities now allow students at preschools and primary schools back to school in February.

All universities and colleges have planned for their students to return to class in February.

The ministry has asked departments of education and training in collaboration with health departments to welcome students back and deal with pandemic safety during in-person teaching.

6. Flights increased to meet post-Tet travel demand

Airlines plan to make an increase of more than 100 flights, mostly on the Ha Noi – HCM City route, from February 6 to 12 to serve travel demand after the Lunar New Year Celebration that ended on Sunday.

Pham Van Hao, deputy director of the Civil Aviation Administration of Viet Nam, said that the aviation authority asked airline operators to add more night flights to meet the demand as there were a high number of daytime flights already.

The Northern Airport Authority said that on Sunday, Noi Bai International Airport operated more than 370 flights including 168 domestic departures, 166 domestic arrivals, 18 international departures and 20 international arrivals.

The number of domestic passengers travelling from the airport reached about 56,000.

A representative of the airport said that the number of flights and passengers passing through the airport on February 5 - 6 was higher than the peak day before Tet.

On January 29, Noi Bai Airport operated nearly 400 flights with 40,600 passengers.

On the peak day of the Tet holiday this year, the airport saw the number of passengers nearly double the number of passengers on the peak day of the Lunar New Year 2021 with 383 flights and 29,000 passengers.

However, this year's passenger number was still far from that of the Lunar New Year 2020 with 620 trips and 91,000 guests.

On Sunday, a delegation of the Civil Aviation Administration of Vietnam inspected the service of flight passengers at Noi Bai International Airport. It was seen that passengers could check-in flights smoothly, without any congestion at passenger numbers did not exceed capacity.

The airport actively developed an operational plan to meet increased demand after the Tet holiday. Currently, 102 check-in counters at the T1 terminal and 22 security screening points are capable of handling 4,000 passengers per hour.

The airport operator also coordinated with airlines to fully and accurately master flight plans, arrange aircraft parking positions, open all the security screening systems, reopen the E lobby, flexibly adjust the check-in counters, and arrange the

aircraft doors and luggage conveyor belts to meet demand.

7. Fruit exports to China cleared earlier than expected

Viet Nam's fruit container trucks have been allowed custom clearance through China earlier than expected despite China's original plan to cease custom clearance for a week for the Lunar New Year holiday.

A Viet Nam Fruit and Vegetable Association spokesperson said on January 5 that this was "good news for Viet Nam's fruit and vegetable export [for the start of the 2022 Lunar New Year.]"

In January China had announced that it would stop customs clearance of goods at the bordering Lang Son Province for the holiday from January 31 to February 6.

However, two of three of the province's border gates to China resumed custom clearance on February 3, with 115 containers exporting fruit cleared that day.

Dang Phuc Nguyen, general secretary of the association, said that during the spring season, price of fruits exported to China would be high due to the country's cold weather, leading to high demand for imported fruits.

China is Viet Nam's largest buyer of fruits and vegetables, accounting for 53.7 per cent of Viet Nam's export in 2021.

However, exports to the country have been falling over the last two years.

The country has been enforcing stricter regulations on agricultural produce imports in recent years.

Nguyen Thanh Binh, chairman of the association, said that domestic businesses need to improve their capabilities to better satisfy China's requirements and not lose market share to other exporting countries.

Viet Nam aims to export up to \$4 billion worth of fruit and vegetables in 2022.

Fruit and vegetable exports in 2021 hit \$3.56 billion, an 8.6 per cent rise compared to 2020.

Exports to the US and Europe saw high growth at 17.4 per cent and 29.1 per cent respectively.

Corporate News

8. HPG: Hoa Phat group to export 35,000 tonnes of HRC to Europe

↑ 2.01%

Steel maker Hoa Phat Group announced that its subsidiary Hoa Phat Dung Quat Steel Joint Stock Company has signed a contract to export the first batch of 35,000 tonnes of hot rolled coil (HRC) steel to Italy.

The first order of the year to Europe opens up a large consumption market for the Hoa Phat Group's products.

According to Tran Ngoc An, deputy head of the company's sales department, the shipment is expected to be delivered between February 15 and 20.

Hoa Phat's HRC is produced on a modern European rolling casting line, meeting strict world standards such as American Society for Testing and Materials (ASTM), is an international standards organisation that develops and publishes voluntary consensus technical standards for a wide range of materials, products, systems, and services as well as Japanese Industrial Standards (JIS). The products are used as raw materials for the production of steel pipes,

roofing sheets and other special items such as container shells.

Last year, the Hoa Phat Dung Quat Steel Joint Stock Company supplied 2.6 million tonnes of HRC steel to the market, of which the export volume accounts for less than 30,000 tonnes.

Many foreign customers want to order HRC products. However, the Hoa Phat Group has not been able to meet all the market's needs. This is also the motivation for the group to promote the implementation of the Hoa Phat Dung Quat 2 Steel Integrated Complex project, focusing on producing hot rolled coil with a capacity of 5.6 million tonnes a year.

Hoa Phat's annual steel production capacity reaches about 14 million tonnes, including 8.6 million tonnes of HRC when the complex becomes operational.

9. HSG: Hoa Sen Group posted US\$28.2 million after-tax profit in Q1

↑ 5.11%

Hoa Sen Group has reported an after-tax profit of VND638 billion (US\$28.2 million) in the first three months of its financial year 2021-22 starting from October, increasing 12 per cent from the same period last year.

Its steel sales in the period reached 604,518 tonnes, posting a 13 per cent year-on-year increase while its revenue reached a record high of VND16.9 trillion, up 86 per cent from the same period last year.

The group saw positive business results in the first phase of adapting to the "new normal" situation.

Its exports posted impressive results with galvanized steel export volume of more than 115,000 tonnes per month. With this result, Hoa Sen took the lead and accounted for 40 per cent of the total exports of galvanized steel in the country, according to statistics from the Viet Nam Steel Association.

The group would continue to promote exports by seeking and expanding new potential markets as well as diversifying its products this year.

This year is expected to have prospects as the construction demand would recover strongly, increasing steel consumption.

The group would continue to diversify its products in the local market such as building materials and interiors, developing its Hoa Sen Home supermarket system and enhancing online sales channels through its website and app.

By the end of last year, it brought over 80 Hoa Sen Home supermarkets into operation nationwide with the aim of becoming the leading galvanized steel, building material and interior group in Viet Nam.

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