



VIETNAM DAILY NEWS

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Market Analysis

1. Shares gain on banking and steel stocks

Vietnamese shares rose on Tuesday, bolstered by market heavyweights as demand force increased significantly towards the closing minutes of trading, especially in the steel and banking groups.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) increased 0.22 per cent, to finish the trading day at 1,500.99 points.

The index had climbed 18.7 points, or 1.26 per cent, ending Monday at 1,497.66 points.

The market breadth was negative as 169 stocks declined while 282 rose and 52 ended flat.

The market's liquidity was lower than the previous session with nearly 735 million shares traded on the southern market, worth VND22.6 trillion (US\$995 million).

The steel stock group attracted cash flow and increased sharply, with giant steelmaker Hoa Phat Group (HPG) soaring 5.8 per cent, thereby contributing nearly 3 points to the increase of the VN-Index. Hoa Sen Group (HSG), Nam Kim Group (NKG), Pomina Steel Corporation (POM) and Tien Len Steel Group Joint Stock Company (TLH) all hit the ceiling prices.

Banking stocks also performed positively, such as Orient Commercial Bank (OCB), Asia Commercial Bank (ACB), Vietinbank (CTG), Vpbank (VPB), Techcombank (TCB), HDBank (HDB) and Sacombank (STB). But there were still some losers

in the group like Vietcombank (VCB), Bank for Investment and Development of Vietnam (BID) and Eximbank (EIB)

The securities group recorded strong divergence. Viet Nam Bank For Industry & Trade Securities JSC (CTS), Bank for Investment & Development of Vietnam Securities Company (BSI), Bank for Investment & Development of Vietnam Securities Company (EVS), Saigon-Hanoi Securities Co (SHS), FPT Securities JSC (FTS) and Thanh Cong Securities Company (TCI) all ended up gaining. In contrast, VNDirect Securities Inc (VND), SSI Securities Inc (SSI), APG Securities JSC (APG), VIX Securities Joint Stock Company (VIX) and Viet Dragon Securities Corporation (VDS) all declined.

The 30 biggest stocks tracker, VN30-Index, climbed 0.60 per cent to finish at 1,550.46 points.

Of the VN30 basket, 15 stocks increased while 13 decreased, while two ended flat.

Meanwhile, on the Ha Noi Stock Exchange (HNX), the HNX-Index gained 0.22 per cent to close at 417.89 points.

The northern market index had also edged up 2.6 points, or 0.62 per cent, to end Monday at 419.22 points.

During the session, over 59 million shares were traded on HNX, worth VND1.6 trillion.

Macro & Policies

2. LNG market attracts investors

Investors are eyeing the Vietnamese liquefied natural gas (LNG) market since environmental protection has become a major factor in energy development in the country, experts have said.

In a report on its website, EVNGenco3 said using and developing LNG had been a solution for the energy sector.

It said that since the mid-1990s, people have been moving towards more sustainable, cleaner and less polluting fuels after seeing the impact of climate change on their daily lives.

As the cleanest fossil fuel, LNG is popular in many countries around the world and is considered a fuel of the future.

In Viet Nam, the Government has been adopting policies to develop LNG including infrastructure to import and generate power from the fuel.

To foster energy transition, it has been soliciting investment and managed to attract many investors from Japan and the US.

In December, Japan Petroleum Exploration Company Limited bought stakes in ITECO JSC, which plans an LNG project at the South Dinh Vu Industrial Park in Hai Phong City.

The supply of natural gas in the north is declining and there are fears there may be no supply in future, and the tie-up between JAPEX and ITECO is expected to mitigate the problem.

Their business model is to import LNG and market, store and distribute it both by pipeline and truck.

Expected for the fourth quarter of 2024 is 50,000 cubic metres of storage tanks, 10 truck loading stations, a vaporiser with a loading capacity of 70 cubic metres per hour, and a wharf to receive ships delivering up to 45,000 cubic metres of the gas.

Mathew Tan, vice chairman of JAPEX, said like in other markets there was competition in Viet Nam too, but enterprises could focus on different market segments.

Typically, for customers in the industrial sector who want to use clean energy, green energy, renewable energy, and hydrogen, LNG is one of their top priorities, he said.

In the long run, JAPEX and ITECO aim to introduce a variety of clean fuel solutions and seek opportunities in new projects, he added.

3. HCM City to turn Thu Duc into knowledge-based economy

HCM City is drafting plans to develop the new Thu Duc City into a knowledge-based economy with a highly skilled workforce by 2030.

The plans envisage developing Thu Duc into the country's largest innovation hub with well-trained human resources.

They will also address critical problems related to pollution, traffic congestion and lack of affordable housing among others.

A roadmap will soon be developed for this.

HCM City targets attracting 50,000 people to live and work in Thu Duc by 2025, including 20,000 engineers and other experts.

Residents, including teachers and lecturers at universities and research institutes and experts working in technology zones, need to have proper housing, a secure living environment and other facilities such as parks, schools, hospitals, and public transport.

It wants 25 per cent of the Thu Duc's population to use public transportation, and it will improve public transport, including BRT lines.

It will complete major transport infrastructure projects such as Ring Road 2 and National Highways 13 and 3.

HCM City established Thu Duc City in early 2021 by merging districts 2, 9 and Thu Duc, the first city to be under the jurisdiction of a centrally run city in the country.

It spreads over some 211.5 square kilometres and is home to more than a million people.

It is expected to account for a third of HCM City's economy, and thus 7 per cent of the country's economy.

HCM City authorities have extensively sought advice from foreign experts and investors in technology, finance and urban development for building the new city, and studied the experiences of major cities in other countries..

4. FDI enterprises in Bình Dương resume production after long Tet holiday

Workers are returning to factories in the southern province of Binh Duong as firms gather pace to bring production back to normal after the nine-day Tet (Lunar New Year) festival, the country's biggest and longest holiday.

On the first day after the holiday ended, up to 95 per cent of workers at Gunzental Vietnam in the Viet Nam – Singapore Industrial Park II (VSIP II) have been back to work, enabling production to carry on as normal.

At Esquel Vietnam Co., Ltd in Thuan An City's VSIP I, about 2,500 workers, or over 80 per cent of the total, have returned to work as production needs to be resumed immediately to fulfil export orders.

All workers have come back to the nearby Apparel Far Eastern (Vietnam) where COVID-19 prevention rules are strictly observed right on the first day after Tet.

President of VSIP's trade union Dang Thi Kim Chi said 315 enterprises at VSIPs have resumed operations after the New Year holiday, many of which had capacity reaching nearly 100 per cent. It marked the start of a better year for local companies with the virus kept at bay, she said.

The industrial province is now classified as a "green" or low-risk zone in terms of COVID-19 infection.

This year, Binh Duong expects to achieve a Gross Regional Domestic Product (GRDP) growth of 8 – 8.3 per cent. The Industrial Production Index is projected to expand 8.9 per cent compared to 2021. It also aims to raise total social investment by 10 per cent year-on-year to make it account for 33.3 per cent of the GRDP. FDI flows into the province is hoped to exceed US\$1.8 billion.

5. Tourism companies recover thanks to restructuring

In the past two years, the impact of COVID-19 has hit listed tourism companies' activities hard, leading to persistent losses and some stocks being given a warning status, and even risk being delisted. However as many businesses turn to restructuring operations, their results have become more positive.

Restructuring boost

In its recently released fourth-quarter business result, Đông Á Hotel Group (DAH) reported bullish results, despite damage from the pandemic to tourism activities.

The company's net revenue was over VNĐ377.5 billion (US\$16.6 million) in the fourth quarter of last year, while in the same period last year it was just VNĐ4.5 billion.

Therefore, DAH posted a profit after tax of VNĐ24.7 billion, after losing VNĐ31.5 billion in the fourth quarter of 2020.

Đông Á said that the surge in revenue was driven by its restructuring of operations and expansion into other business sectors. This helped the company offset losses from the tourism business.

At the annual general meeting of shareholders held in mid-May 2021, the Board of Directors of the company asked for shareholders' opinions on expanding into construction, ground filling and building materials. The change clearly had a positive impact on the company's business activities in 2021.

Thanks to restructuring in the second half of 2021, the company's profit after tax reached VNĐ39.1 billion last year, while it lost more than VNĐ33.1 billion in 2020.

In the first six months of last year, Đông Á was still under the negative impact of the COVID-19 pandemic, with its profit just being VNĐ465 million.

Recently, as part of the restructuring, it announced a suspension of business of Đông Á Nha Trang Co., Ltd. from January 16 to December 31, 2022, due to inefficient operation.

Hội An Tourist Service JSC (HOT) also witnessed some outstanding performances in the fourth quarter of 2021. Even though it still record a loss of VNĐ3.1 billion during the period, the loss declined by more than VNĐ4 billion compared to the same period of 2020.

The company said that, with the goal of reducing losses, in 2021, it has switched to attracting Vietnamese citizens from abroad to repatriate, who have to be quarantined to prevent the spread of COVID-19, at two affiliated hotels. This helped the company's net revenue in the fourth quarter of 2021 jump by 170 per cent year-on-year to VNĐ8.1 billion.

Hội An Tourist also strengthened monitoring measures and cuts costs, reducing losses from business activities. Profits from the liquidation of fixed assets at its branches also reduced the loss of the whole company.

Therefore, for the whole 2021, the company posted a loss of just VNĐ20.8 billion, down from the 2020's loss of VNĐ25.1 billion.

Similarly, Bến Thành Tourist Service Corporation (BTV)'s losses in the last quarter of 2021 fell by 44 per cent on-year, thanks to a cut in general, administrative and sales expenses, down 34 per cent and 41 per cent, respectively.

Investment opportunities

Statistics of Fiinpro showed that in 2021, tourism and entertainment is one of the three industry groups with the lowest growth in the stock market, up only 6.3 per cent. This figure is much lower than the 36 per cent gain of the market benchmark VN-Index.

On the liquidity front, the trade of travel and tourism stocks was even quieter, as most stocks were not traded or traded in a small volume. Most small-cap travel and tourism stocks are on the warning list because of negative profit after tax in 2020.

The gloomy performance on the stock market is also in line with the heavy impact of the COVID-19 pandemic on this industry group. The financial statements of the fourth quarter of 2021 of listed tourism companies show that many businesses are still making losses due to the severe devastation of the COVID-19 epidemic.

The general picture of the industry is still very pessimistic and many businesses are struggling to find solutions to adapt and increase revenue.

Experts from KB Securities Việt Nam JSC (KBSV) said the restaurant service and tourism industry is expected to recover in 2022, though maybe not to pre-pandemic levels.

The industry, recently, also sees more positive signals, thanks to the reopening of internal and international flights. This not only helps the tourism industry recover but also many other sectors, especially businesses with foreign experts.

In addition, domestic tourism has resumed since the fourth quarter of 2021, corresponding to the Google Mobility index inching up from the low at the end of last September.

Right before the Tết holiday, the National Assembly approved a programme for socio-economic recovery and development in 2022 - 2023, while the Việt Nam Tourism Association has sent a dispatch to Prime Minister Phạm Minh Chính to propose some solutions to restore international tourism.

With these solutions, listed tourism companies are expected to recover. Therefore, travel and tourism stocks may be active again.

Currently, travel and tourism stock prices are traded at low levels. This will be an opportunity for investors, especially long-term investors, to invest in with expectations of the recovery of the industry in the near future.

6. Vietnamese rice well-received in Europe

The EU-Viet Nam Free Trade Agreement (EVFTA) has opened up unprecedented opportunities for Vietnamese rice. Thanks to the preferential tariffs, the export of jasmine rice and high-quality rice to the EU has never been so good.

Viet Nam Customs reported that the country's rice exports to the EU market have not yet recorded a sharp increase in volume, but the export price and value had increased significantly.

Rice exports to the market reached 53,910 tonnes in the first 11 months of last year, worth US\$38.07 million, up only 0.8 per cent year-on-year in volume but the value grew by 21.6 per cent.

The Import-Export Department said this result showed that businesses had effectively taken advantage of the EVFTA to increase the value of rice exports to the EU, especially amid the pandemic, increasing sea freight rates and declining rice imports in the past year.

Statistics from Eurostat showed that the EU rice imports fell by 10.9 per cent in volume in the first nine months of last year and 9.3 per cent in value.

However, among the 10 major foreign rice suppliers to the EU in the nine months, the Vietnamese rice export price to the EU achieved the strongest growth, up 20.3 per cent, reaching an average of \$781 per tonne.

Therefore, although the country's rice exports to the EU dropped, the export turnover still rose by 13.2 per cent.

With 27 member countries, a population of about 516 million people, and a GDP per capita of more

than \$35,000 per year, the EU market needs to import a large number of goods, especially agricultural produce.

For Viet Nam, this is the third-largest export market of agricultural products, with a turnover of about \$5.5 billion per year. But Vietnamese agricultural produce only accounts for 4 per cent of the EU's import market share, and rice accounts for just over 1 per cent of the market share.

The Viet Nam Food Association (VFA) forecast the country's rice exports to the EU to increase significantly this year.

In particular, the quality of Vietnamese rice has improved, mainly jasmine rice varieties, hitting the tastes of European consumers, said VFA.

Taking advantage of the EVFTA to export jasmine rice with 0 per cent tax was in the hands of enterprises with large raw material areas and cultivated in high standards such as Loc Troi, Tan Long and Trung An.

In the last days of last year, amid the chaos and difficulties caused by the pandemic, Loc Troi Group (LTG) completed its export of one final batch of rice to Europe, including 4,170 tonnes of jasmine and white rice.

It was also the first batch shipped in the form of the bulk carrier to save transport costs amid the pandemic.

For the whole year, LTG has exported more than 80,000 tonnes of rice to the EU, the UK, Africa, Australia, the Middle East and neighbouring countries in Asia, earning over VND1 trillion (\$43.47

million), or nearly 24 per cent of the group's total revenue.

Nguyen Duy Thuan, general director of the group, said that with an order of more than 4,000 tonnes just exported to the EU, the group believed that there would be more rice and agricultural produce produced in a greener and more sustainable direction to meet the strict requirements of the import market.

Loc Troi was also the first enterprise to export an order of 126 tonnes of jasmine rice to the EU under the EVFTA, right after the agreement took effect. The

group's rice exports accounted for nearly 70 per cent of Viet Nam's total rice exports to the EU last year.

Meanwhile, Trung An High-Tech Agriculture Joint Stock Company has also taken advantage of the EVFTA to export thousands of tonnes of rice to Switzerland, France and Germany.

Pham Thai Binh, general director of the company, said that the EVFTA continued to bring greater opportunities for Vietnamese agricultural products, including rice.

7. HCM City wholesale markets see rapid increase in supply

The volume of foodstuffs pouring into HCM City's wholesale markets has been increasing rapidly in recent days and prices are mostly steady.

According to the management of the Hoc Mon Wholesale Market, on February 6 it reached 1,320 tonnes, 1,030 tonnes up from February 2, with vegetables accounting for 919 tonnes, fruits for 288 tonnes and pork for 113 tonnes.

Pork prices are unchanged since before Tet at VND75,000-90,000 (US\$3.2-3.9) for a kilo, but the prices of some vegetables increased by 10-25 per cent due to high demand and the fact supply has to pick up after Tet (the Lunar New Year).

A Thu Duc Agricultural Wholesale Market manager said on February 6 some 689 tonnes of vegetables

and 794 tonnes of fruits were delivered to the market, many times higher than on February 2, the day it had reopened.

At the Binh Dien Wholesale Market, 966 tonnes were delivered on February 6, an increase of nearly 400 tonnes from the opening day.

However, supply remains at only 40-50 per cent of normal since many growers and traders have not resumed after the holidays.

In the next few days, volumes will continue to soar as most suppliers return to work.

So the prices of pork and fruits are likely to remain steady and low though some vegetable prices could rise further.

Corporate News

8. GAS: PVGAS Trading imports 30 tonnes of refrigerated LPG

↓ -0.61%

PetroVietnam Gas Trading Co (PVGAS Trading) on February 7 completed the pipe connection, importing the first ship of refrigerated LPG for floating storage on the first working day after the Tet (Lunar New Year) holiday.

The carrier of 30 tonnes of refrigerated LPG (liquefied petroleum gas) transported by Gysis Corporation from Kuwait's Mina Al Ahmadi Port is the eighth ship that the subsidiary of PV Gas has imported to this floating storage vessel since it came into operation on July 6, 2021, at the Hai Ha anchorage area in Thai Binh Province.

Viet Dragon 68 with a deadweight tonnage of 60,000 and capacity of over 44,000 tonnes of refrigerated LPG has been used to receive and store refrigerated LPG, and transported it to pressure vessels on domestic and international markets.

After seven months of operation, the vessel has received a total of more than 220,000 tonnes of refrigerated LPG, equivalent to more than VND4 trillion (US\$174 million) from the international markets to serve the civil and industrial energy demand of the north and central regions in Viet Nam.

This is an important source of fuel and raw materials for the complex of large industrial production plants in the North such as Samsung, Vinfast and Hoa Phat Group, as well as to meet the needs of Vietnamese households.

In 2021, for the first time since its establishment, PVGAS Trading topped the domestic LGP market with a 70 per cent market share and revenue of about \$1.5 billion.

9. VGC: Ground broken for new industrial park, workers' housing projects in Bac Ninh

↑ 3.81%

State-owned Viglacera Corporation on February 8 broke ground on a 250-ha industrial park and a 2,000-unit housing project for factory workers and experts in the northern province of Bac Ninh.

The event marked a step forward for Vietnam's largest construction materials producer.

To be operational in the second quarter of this year, Thuan Thanh Industrial Park I has a total investment of nearly 3 trillion VND (over 132 million USD). Located near National Roads 17 and 38 and Ring Road 4, it is easy for the park to reach all the international airports in the region – Noi Bai (Hanoi), Cat Bi (Hai Phong) and Van Don (Quang Ninh) – as well as major sea ports of Dinh Vu (Hai Phong) and Cai Lan (Quang Ninh).

It aims to become a multi-functional industrial park which can attract projects in supporting industries, electronics, information technology, household appliances, machinery, and environmentally-friendly ones.

The affordable housing project will offer accommodation for around 10,000 factory workers and experts from Yen Phong Industrial Park in Bac Ninh. Each apartment unit will have one to three bedrooms and cost just about 8.5 million VND per sqm. The project also includes a medical centre, a cultural house, a kindergarten, an outdoor sporting venue, and a supermarket.

Speaking at the ground-breaking ceremony, Minister of Construction Nguyen Thanh Nghi highly spoke of the two projects, saying the Party and Government have exerted considerable efforts

in developing social housing projects, particularly those for industrial park workers.

By the end of 2021, Vietnam has completed 266 social housing projects in urban areas, including 121 affordable housing projects for factory workers, offering around 54,000 apartment units, he said, adding a total of 278 others are underway,

100 of which are for workers, providing some 134 units.

The minister expressed his hope that authorities of Bac Ninh, Viglacera and other developers will pay more attention to developing affordable apartments for workers. He pledged that his ministry will help the firms resolve challenges when constructing these projects./.

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