



VIETNAM DAILY NEWS



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Market Analysis

1. Market struggles as large-cap stocks face strong sell-off

The market ended mixed on Friday with the benchmark VN-Index falling due to weak risk appetite, while the HNX-Index extended gains for four straight sessions.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index inched down 3.15 points, or 0.21 per cent, to 1,504.84 points after breaching above the 1,500 point-level in the previous session.

However, the market's breadth was positive with 243 stocks increasing, while 190 stocks declined. Liquidity was also higher than the previous trade as 697.5 million shares were traded on the southern market, worth VND22 trillion (US\$964.2 million).

The benchmark's reversal was mainly due to strong sell-offs in large-cap stocks. The VN30-Index, tracking 30 biggest stocks in market capitalisation on HoSE, dropped 9.04 points, or 0.59 per cent, to 1,531.47 points.

Of the VN30 basket, 25 stocks slid and only five stocks climbed.

BIDV (BID) led the downtrend, according to data compiled by vietstock.vn, down 2.83 per cent.

Other blue chip stocks weighing on market sentiment were the trio stocks of the Vin family, consisting of Vinhomes (VHM), Vingroup (VIC) and Vincom Retail (VRE), PV Gas (Gas), Techcombank (TCB), Techcombank (TCB), VPBank (VPB), MBBank (MBB) and Vietnam Rubber Group (GVR). These stocks all plunged at least 1 per cent.

The losses were limited by gains in some stocks, with Vietjet Aviation JSC (VJC) posting the best performance, up 5.23 per cent. It was followed by Development Investment Construction JSC (DIG), Hoa Phat Group (HPG) and Vietnam Airlines JSC (HVN), up in a range of 1.18 - 6.77 per cent.

Meanwhile, on the Ha Noi Stock Exchange (HoSE), the HNX-Index rose 5.37 points, or 1.25 per cent, to 435.61 points, marking the fourth straight session of gains on Friday.

During the session, investors poured VND2.4 trillion into the northern bourse, equivalent to a trading volume of over 85 million shares.

On the other hand, foreign investors continued to be net buyers on HoSE, with a value of VND99.86 billion. However, they net sold a value of VND48.96 billion on HNX.

Macro & Policies

2. Current, savings account ratio on the rise

A financial report analysis of 24 Vietnamese banks shows that the average Current and Savings Account (CASA) ratio of the banks rose from 17 per cent in 2020 to 19.4 per cent in late 2021.

Techcombank led the field with the highest CASA ratio of 50.5 per cent, equivalent to total non-term deposits of VND158.9 trillion (US\$6.99 billion).

MB came in second with a climb of 47.3 percentage points, to about 48.7 per cent.

MSB surpassed Vietcombank to secure third with around 37.7 per cent.

Kienlongbank was among the banks with the fastest-growing CASA, increasing 5.8 times to 15.5 per cent.

BacABank followed suit with a roughly twofold increase, to 3.3 per cent last year.

The uplift in CASA could also be observed in the other banks, including VIB with an increase of 4.1 percentage points and TPB with 3.9 points.

As non-term deposits incur almost no cost of capital, banks with higher CASA are more likely to enjoy higher net interest income.

Accordingly, non-term deposits are taking up an increasing portion of banks' capital structure.

While some banks managed to raise their non-term deposits to nearly half of total deposits, others still kept it below 20 per cent.

Experts believe a low CASA ratio indicates that some banks are still clinging to wholesale banking and have yet to expand to other market segments.

However, as CASAs give depositors immediate access to their deposits, it also creates uncertainty regarding when money is withdrawn.

Consequently, a high CASA ratio comes with a high risk of deposit withdrawal during times of volatile interest rates.

The Government has recently called for the reconsideration of a directive that requires banks to bring down their ratio of short-term capital for medium- and long-term loans.

That means the ratio is not going to be adjusted down as planned in the short term.

Banks with a high CASA ratio are expected to benefit greatly from the reconsideration.

3. Labour market recovery looks toward flexible, safe adaptation

Although it is under control, the fourth wave of the COVID-19 pandemic has hit all aspects of social life, seriously affecting businesses and people.

The labour market is facing a risk of crisis with unemployment and underemployment rates rising sharply and workers incomes falling significantly.

To revive the labour market, create more jobs, and ensure the continuity of production and business activities, Viet Nam is focusing on solutions aimed at flexibly and safely adapting to the new normal.

According to a report of the General Statistics Office, nearly 160,000 enterprises entered or re-entered the market in 2021, a decrease compared to the previous year, while 119,800 enterprises withdrew from the market, an increase of nearly 18 per cent year-on-year.

Along with unemployment, the pandemic has seen labour markets from urban to rural areas, and from major economic centres to provinces, leading to a risk of temporary labour shortages and the pressure to solve onsite jobs in the big cities.

Labour shortages in labour-intensive industries such as garment and textiles, footwear, e-commerce

and retail have left many businesses unable to increase their capacity when production is recovered. Many are only operating at 75 per cent compared to before the pandemic.

The Ministry of Labour, Invalids and Social Affairs has issued a programme to support the recovery and development of the labour market.

The programme will focus on training employees, improving the quality of labour supply, stepping up

digital transformation and in-person teaching in vocational education, and investing in high-quality schools.

Minister Dao Ngoc Dung affirmed the need to build labour market support policies in line with respecting the market and addressing inadequacies, especially factors that cause an imbalance between labour supply and demand.

4. Signals of market recovery not clear: experts

Experts from securities firms said the market's recovery trend is uncertain this year and investors are recommended to pursue surfing investment in the short term.

The market finished a choppy week with the VN-Index hovering above the key 1,500-point level.

Accordingly, on the Ho Chi Minh Stock Exchange (HoSE), the market benchmark VN-Index ended last week at 1,504.84 points, down 0.21 per cent. However, it still recorded a third weekly gain, up 0.2 per cent for the week.

The HNX-Index on the Ha Noi Stock Exchange (HNX) closed the last trading session at 435.61 points. For the week, it rose 2.04 per cent.

The market's liquidity remained weak, hovering below the average for the fourth straight week, with around VND23.5 trillion (US\$1.02 billion) traded per session on two main exchanges.

Meanwhile, foreign investor sentiment was quite positive. For the week, they net bought 23.5 million shares, worth over VND1.54 trillion.

Analysts from Saigon-Hanoi Securities JSC (SHS) said that the past week was quite dramatic, with a series of negative reports such as sharp increases in inflation in some major countries, and escalating geopolitical tensions between Russia and Ukraine.

However, demand at low price zones was still quite good, which helped the benchmark recover quickly.

After posting an extraordinary opening in the first week after the Tet holiday, bank shares reversed

and fell sharply last week. These stocks lost by 4.2 per cent in market capitalisation, creating correcting pressure on the market.

The losses were limited thanks to gains in the remaining groups of stocks. Of which, consumer services industry reported an increase of 4.5 per cent in market capitalisation, boosted by the positive performance of retail stocks such as Digiworld Corporation (DGW) up 3.6 per cent, and airline stocks like Vietnam Airlines (HVN) up 4.2 per cent and Vietjet Aviation JSC (VJC) up 12.2 per cent.

The consumer goods industry also cushioned the market with a gain of 3.8 per cent in market capitalisation, mainly thanks to the strong rise of the pillar stocks, including Masan Group (MSN), up 9 per cent.

Although the market remained above the psychological threshold of 1,500 points, helping to strengthen the sentiment of investors holding stocks, the weak cash flow was reflected in lower than average liquidity.

SHS said that if the cash flow does not improve this week, the benchmark is likely to continue struggling and accumulate in the area of 1,480-1,520 points.

Investors who participated in buying sprees before Tet in the sessions of January 12, January 18 and January 24 can continue to hold the current portfolio to wait for the market to head toward the resistance zone of 1,530-1,550 points, which can be achieved in the near future.

Meanwhile, Vietcombank Securities Company (VCBS) said that even though the VN-Index has sent

more optimistic signals after ending the week above 1,500 points, despite negative news from the global stock market, it will still tend to recreate the accumulation base of around 1,500 points this week, up or down in a range of 10 points.

During this period, the appropriate investment strategy would be a short-term surfing trade in a narrow range, with strict adherence to stop-loss and profit-taking levels in case the market suddenly corrects, VCBS recommends.

SSI Securities Corporation (SSI) said to really return to the uptrend, the VN-Index still needs to overcome resistance level at 1,512 points with rising trading volume to consolidate for the possibility that the index will move to the next resistance zone of 1,537 points.

On the contrary, if the benchmark breaks the support zone of 1,470 points first, there is a risk of a correction to fall back to a range of 1,425 - 1,400 points.

5. HCM City makes sure petrol retail market stable

The HCM City Department of Industry and Trade has instructed major fuel traders and distributors to ensure adequate supply of petrol and diesel to meet demand and prevent illegal hoarding by petrol stations.

It called on people committees at all levels to closely monitor fuel traders and distributors and promptly punish those found hoarding and committing other violations.

The penalties would be publicized in the media to deter others, it said.

It said petrol dealers and retailers should file a complaint with it if they face any interruption in fuel supply.

Its deputy director, Nguyen Nguyen Phuong, said since global supply has fluctuated lately,

wholesalers and distributors need to increase supply to distributors as contracted.

On February 11 inspectors from the department carried out a surprise check of petrol stations, but found no hoarding by any of them.

Of the 548 petrol stations in the city, all but two are functioning normally.

The two closed temporarily due to repairs to the fire safety system.

City authorities have instructed fuel distributors and retailers to ensure sufficient supply to meet demand and prevent hoarding.

They have also been told not to sell fuel to customers in containers.

6. VN's economy to grow at 6.7 per cent in 2022: Standard Chartered

Việt Nam's economy is predicted to bounce back strongly, growing at 6.7 per cent this year and 7.0 per cent in 2023, according to Standard Chartered Bank.

The global economy, meanwhile, has been forecast to grow at a 4.4 per cent rate this year, said Edward Lee, chief economist for ASEAN and South Asia at Standard Chartered Bank, against the 5.8 per cent growth rate in 2021.

High base effects, tighter monetary and fiscal policies, global supply-chain disruptions, and

elevated inflation are expected to moderate the recovery momentum, following a strong bounce earlier in 2021 driven by initial vaccine rollouts and government stimuli were contributing factors.

Việt Nam's economic recovery should kick into high gear by the end of the first quarter of 2022, gaining momentum for the rest of the year as well as for the medium-term growth, said Tim Leelahaphan, economist for Vietnam and Thailand at Standard Chartered Bank.

Leelahaphan said he expected the South East Asian country to remain a key part of the global supply chain as rising wages in China, US-China trade tensions have compelled companies to relocate their production centres out of China or to opt for a China+1 strategy.

As this diversification process continues over the medium term, Việt Nam has a strong appeal to become an alternative manufacturing base.

Ben Hung, CEO for Asia at Standard Chartered Bank added: "The future of sustainability and our journey towards net-zero require joint efforts and collective action.

"Việt Nam is an important market in Standard Chartered's Asia footprint and we are committed to investing in the country to help finance its sustainable development and secure greater economic prosperity.

"We will continue to connect Việt Nam with the world and provide sustainable finance to areas where it matters most. And we believe that the Government's enhanced focus on greening the economy will offer businesses and investors increased confidence to invest more into Việt Nam's sustainability agenda for the long term."

Michele Wee, CEO at Standard Chartered Bank Vietnam commented, "The Vietnamese economy is now on a recovery trajectory. In our market research, our clients have told us that Việt Nam

holds tremendous potential for growth and investment attraction.

"The country is playing an increasingly important role in international trade and the global supply chain. As a leading international bank in Việt Nam, we remain fully committed to supporting the country's strong, sustainable recovery and growth in 2022 and the years to come."

The recovery process was discussed at a forum in Hà Nội last week organised by the bank and Ministry of Foreign Affairs as part of the bank's ongoing efforts to support the country's sustainable development process.

In November, the bank teamed up with the Ministry of Planning and Investment and the Embassy of Việt Nam in the UK to organise a conference in the UK with the Prime Minister of Việt Nam on securing a prosperous and sustainable future through private investment. As part of this event, the bank exchanged MoU worth US\$8.5 billion with three Vietnamese businesses on projects to support their sustainability goals.

Aspiring to become the world's most sustainable bank, it has set out its ambitious new targets to reach net-zero carbon emissions from its activities by 2050, including interim 2030 targets for the most carbon-intensive sectors. The bank also plans to mobilise \$300 billion for green and transition finance by 2030.

7. Vietnam confirms 47,192 new local Covid-19 cases

The Health Ministry announced 47,192 new domestic Covid-19 patients in 63 cities and provinces Sunday, marking a new high in single-day tally.

Hanoi continues to lead the number of infections with 5,102 cases, followed by the northern provinces Bac Ninh with 2,360 and Phu Tho with 1,981.

The Ministry of Health confirmed 78 Covid-19 deaths on the same day, raising the national death toll to 39,504. Hanoi and HCMC recorded no deaths.

On Sunday, 13,414 patients recovered, pushing the number of recoveries to over 2.28 million.

The fourth wave that hit Vietnam last April has infected over 2.74 million cases now.

Nearly 76 million people in the country have been vaccinated with two doses and over 36.5 million with three doses.

Corporate News

8. VPB: VPBank brand value reaches nearly 900 million USD

↓ -1.1%

In the “Top 500 most valuable banking and financial brands in the world 2022” (Global Banking 500), VPBank ranked 38 places, from 243 to position 205. With this result, VPBank is one of them. Few Vietnamese banks are rated outstanding growth by Brand Finance.

According to Brand Finance, the world's leading brand valuation company, VPBank 's brand value has increased by 73% to \$871 million. Thus, within just 6 years, VPBank 's brand value has increased 15 times since it was first valued at \$57 million by Brand Finance in 2016.

At the same time, the bank's brand rating index is also rated AA on a rating scale from D to AAA+. And the Brand Strength Index was scored by Brand Finance 73.6 points (on a scale of 0 - 100), an increase of 14.84 points compared to the first time VPBank entered the Top 500 in 2019.

Also according to this global valuation company, the brands selected and ranked in 2022 are based on the main pillars: Brand strength, business results and future growth forecast. In which, business results and growth forecasts are extracted from Bloomberg's information sources, ensuring objectivity and transparency for all brands worldwide.

A representative of VPBank said that the fact that VPBank 's brand indexes achieved positive values and surpassed nearly 40 places in the valuation table of Brand Finance this year is something to be proud of in the context that Vietnam's economy is constantly suffering, affected by major Covid-19 outbreaks. This result once again affirms that over the past years, VPBank has built a good foundation, helping the bank to grow sustainably despite any difficulties, challenges as well as the trust that investors and customers have received. customers and partners for VPBank are more evident than ever.

“This is a well-deserved recognition for the Bank's efforts as the Board of Management continuously

improves its business model, invests in technology, products and service quality to bring outstanding value. for customers, shareholders and the people of Vietnam, towards the highest goal "For a prosperous Vietnam", this representative affirmed.

By the end of 2021, VPBank 's total assets reached nearly VND 548 trillion; pre-tax profit reached VND 14,580 billion, up 12% over the same period last year; Total outstanding loans reached over 348 trillion dong, total equity reached more than 86 trillion dong, ranked among the top banks in Vietnam. The total number of customers reaching more than 19 million people.

Besides, since the outbreak of the Covid-19 pandemic, VPBank has always been in the top 3 banks that accompany and actively support businesses and people. It is estimated that in 2021, the total amount of interest reduced by VPBank to customers is 605 billion VND with the total value of debt reduced interest rate is 214.312 billion VND for nearly 275 thousand customers.

In addition, the bank also spent more than 500 billion VND to support Covid-19 prevention activities of the Government and localities in many forms such as supporting the Vaccine Fund, donating facilities, medical equipment, etc. Medical equipment to treat patients.

As a result, VPBank 's brand name continues to be highly appreciated by prestigious international and domestic organizations through prestigious awards and titles such as: Best Bank in 2021 - House of the Year (by Asia Risk) Awarded), the Bank with the typical Digital banking initiative (voted by The Digital Banker), the Top 4 leading financial brands in Vietnam (rated by the prestigious Forbes magazine), the Bank with the responsible project best society (awarded by The Asiamoney), and rating agency Moody's rated the credit rating at Ba3 - Positive, equal to the national rating.

Brand Finance is a global leader in consulting and brand valuation, founded in 1996, with headquarters in London (United Kingdom). The rankings made by Brand Finance are always highly appreciated by experts and have won great attention from the public. Prominent among them

are Global 100 Brands - 100 most expensive brands in the world, Brand Finance Banking 500 - 500 most prestigious banks in the world, Top 25 Football Club Brands - 25 most expensive football brands in the world.

9. LCG: Chairman completed the withdrawal of 2 million shares of LCG

↑ 1.23%

During the period from January 19 to February 17, 2022, Mr. Bui Duong Hung - Chairman of Licogi 16 Joint Stock Company (HOSE : LCG) sold 2 million LCG shares .

After the transaction, Mr. Hung reduced his ownership in LCG from 4.17% (more than 7 million shares) to 3.02% (more than 5 million shares).

With the average price during Mr. Hung's selling period was 19,187 VND/share, the Chairman is estimated to have collected more than 38 billion VND after the deal.

Regarding business activities in the fourth quarter of 2021, LCG recorded net revenue of nearly VND 471 billion, down 63% over the same period and net profit decreased by 82% to VND 23 billion. According to the explanation of LCG , the reason is that the Company and the units in the system have the main field of activity is construction and installation, so with the situation of the Covid-19 epidemic, in addition to the Parent Company, all subsidiaries are affected. affected Q4 revenue and profit decrease compared to the same period last year.

For the whole year of 2021, net revenue reached more than VND 2,120 billion, down 40% compared to the performance in 2020 and a net profit of more than VND 184 billion, down 41%.

In 2021, LCG plans to achieve total revenue of VND 3,600 billion, up 2% compared to 2020. However, profit after tax is expected to reach VND 300 billion, down 4%. Thus, the Company achieved 59% of net revenue target and 61% of profit target.

LCG 's total assets as of December 31, 2021 were nearly VND5,829 billion, down 5% compared to the beginning of the year. In which, short-term receivables accounted for the largest proportion in the asset structure with the rate of 61%, recorded at nearly VND 2,249 billion, down 27%.

Liabilities at this time are nearly VND 3,438 billion, down 20%. In which, short-term loan balance was more than VND 229 billion, down 63% and long-term loan balance was nearly VND 743 billion, up slightly compared to the beginning of the year.

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