



VIETNAM DAILY NEWS



February 22nd, 2022

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Market Analysis

1. VN-Index hits six-week high

Vietnam's benchmark VN-Index rose 0.4 percent to 1,510.84 points, highest in nearly six weeks, with trading value hitting five-session high.

The index stayed in the green most of the day and closed six points higher. This was its third session in a row above 1,500 points.

Trading value on the Ho Chi Minh Stock Exchange (HoSE), on which the index is based, rose 6.3 percent to VND23.42 trillion (\$1.03 billion).

The VN30 basket, comprising the 30 largest capped stocks, saw 15 tickers in the green, led by GVR of Vietnam Rubber Group with a 3 percent gain to the highest in five weeks.

SSI of leading brokerage SSI Securities Corporation rose 1.8 percent, and VIC of biggest private conglomerate Vingroup gained 1.7 percent.

Other gainers included ACB of Asia Commercial Bank, up 1.6 percent, VRE of retail real estate arm Vincom Retail, up 1.5 percent, and FPT of IT giant FPT Corporation, up 1.4 percent.

Eleven blue chip tickers fell, with VJC of budget airline Vietjet falling 2 percent, and MSN of conglomerate Masan Group losing 1.8 percent.

Foreign investors were net buyers for the third straight session to the tune of VND175 billion.

The HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, rose 1.24 percent while the UPCoM-Index for the Unlisted Public Companies Market gained 0.84 percent.

Macro & Policies

2. VN likely to be upgraded to an emerging market after KRX system installed

Experts believe that once the KRX trading system begins official operations, many international organisations will re-evaluate the Vietnamese market to upgrade it to an emerging market.

Speaking at the Financial Street Talkshow last week, Duong Ngoc Tuan, Deputy General Director of the Viet Nam Securities Depository (VSD), said that solutions for the new information technology system, T+0 day trading mechanism and other solutions to help upgrade the market will be implemented this year. In addition, new products, especially products for the domestic derivatives market, are allowed to develop.

Tuan also revealed the plan to submit to the Government the market development strategy project for 2021-2030, which sets out roadmaps for development in all aspects, helping market activities become more active and sustainable.

The KRX trading system, provided by South Korea's bourse operator, the Korea Exchange (KRX), can handle 3-5 million orders per day, aiming to tackle system overloads which had troubled investors last year. It is expected to be completed and run in the first half of 2022 after a pause last year due to the COVID-19 pandemic.

Le Chi Phuc, General Director of SGI Investment Fund Management JSC (SGI Capital), said that it is necessary to introduce the new KRX trading system soon, so all participants in the market can proactively make their own plans in product development, as well as attracting new customers.

"When the KRX system is officially put into operation, many international organisations will re-evaluate the Vietnamese market to upgrade it to an emerging market," Phuc said.

Similarly, in its base scenario, VNDirect Securities Corporation said that if Viet Nam completes the implementation of the new trading system in the first half of 2022, the country's market could be included on the MSCI (Morgan Stanley Capital International)'s watch list for upgrading to an emerging market in its annual market assessment in May 2023. Viet Nam may then be notified of its

upgrade to emerging market during the MSCI annual market review in May 2024.

Meanwhile, in the optimistic scenario, VNDirect said that the FTSE (Financial Times Stock Exchange) may announce the inclusion of the Vietnamese stock market in the secondary emerging market group during its annual market review in September 2022.

Although it has not been officially recognised as an emerging market, the domestic market has achieved many criteria such as liquidity surpassing that of many other emerging markets in 2021, ranking only second in ASEAN after Thailand. Many large funds in the world specialising in investing in emerging markets have also begun to show up in Viet Nam, the leader of SGI Capital added.

According to Phuc, if other solutions are followed such as continuing to maintain and further improve asset quality, the prestige of the Vietnamese market will increase.

On the other hand, up to now, the criteria for organisations to evaluate updating Viet Nam into the emerging market category have reduced a lot. The remaining issues are only technical and will be solved, Tuan said.

On the foreign capital flows front, both Tuan and Phuc agreed that the cash flow into the market recorded the strongest growth in more than two decades. Of which the majority was cash flow from domestic investors and lacked cash flow from foreign investors.

Although domestic investors in the past two years have played a leading role in the market, experts say that foreign capital flows cannot be ignored, because this is an essential factor for any stock market.

"Foreign capital inflows will bring great and potential financial resources," Tuan said.

"The participation of major international investors will play a significant role in leading the investment trend, bringing a lot of experience and international practices to make the market more active and healthy.

Meanwhile, Phuc said Viet Nam needs both domestic and foreign capital flows to develop the market, as well as develop businesses.

New technologies, the experience of foreign investors and international standards they bring into the market will help the country connect with the world in a more comprehensive way.

3. Domestic businesses redraw Viet Nam's retail map

Viet Nam's retail market has recently recorded strong growth and its excitement is also reflected via the successful deals of injecting capital from foreign investors into potential domestic retailers.

In 2016, more than 50 per cent of Viet Nam's retail market share belonged to foreign enterprises but now Vietnamese retailers account for about 70-80 per cent of the number of points of sale across the country. Notably, Vietnamese businesses have worked together to create a foothold in the retail market. The most prominent example is the merger between Masan Group and Vingroup, becoming one of the largest retail and production chains in Viet Nam.

In fact, Vietnamese retail businesses have aligned and found each other's strengths to develop. In particular, leading retail enterprises in Viet Nam have developed multi-channel sales to keep up with the development of the digital technology era.

They have also produced agricultural products, food and consumer goods by themselves to bring to customers, thus minimising intermediaries and reducing costs to enhance competitiveness in terms of price in the market.

According to economic experts, it is time for Vietnamese businesses to confidently redraw the retail map of Viet Nam, act together, firmly master the distribution system and be ready to open doors to welcome Vietnamese goods to serve domestic consumers.

Vietnamese retail firms have not only changed production and business models to adapt to the COVID-19 pandemic and meet the needs of consumers but also continuously attracted new sources of foreign investment capital.

Specifically, Masan and the Republic of Korea's conglomerate SK Group have announced the signing of an agreement to buy shares of The CrownX (the Consumer-Retail platform that owns Masan Consumer Holdings and WinCommerce) with a total value of US\$345 million. After the transaction, Masan and SK's ownership ratio in The CrownX is 85 per cent and 4.9 per cent, respectively.

Besides SK Group, a group of investors, including Alibaba and Baring Private Equity Asia, invested \$400 million to acquire a 5.5 per cent stake of The CrownX in May 2021. The continuous pouring of capital by foreign investors has shown the potential of Masan's "Point of Life" - "All-in-one" strategy from offline to online.

Danny Le, General Director of the Masan Group, said the investment agreement of SK Group has asserted the firm's belief in the success of the "mini-mall" model on a national scale, adding that Masan's next step is to accelerate digitisation to fully serve the essential needs of consumers, from products to services on both offline and online channels.

A recent survey by the Vietnam Report JSC showed that the retail channel is still playing an important role in the distribution of goods and the connection between production and consumption. In particular, the modern retail system previously accounted for only 30 per cent of consumers' shopping needs, but when many traditional markets are still closed, chain stores and supermarket systems have been making efforts to promptly respond.

According to retail expert Vu Vinh Phu, it's time to redraw the retail map of Viet Nam with domestic enterprises dominating the market. Notably, the leading enterprises today are focusing on multi-channel development. They engage in all stages from production to retail or cooperate with each other to bring products directly to consumers, helping to lower costs and improve competitiveness, he said.

4. EU committed to helping Vietnam in green transition

Executive Vice President of the European Commission (EC) Frans Timmermans has expressed his wish to step up cooperation with Vietnam in green energy development.

During his three-day visit to Vietnam from Feb. 17 to 19 to discuss Vietnam's promises at 2021 U.N. Climate Change Conference (COP26) in Scotland last November, Timmermans said "Vietnam has taken an ambitious step forward by setting a target of net zero emissions by 2050. This is an important goal that requires first and foremost a halt to new coal-fired power projects that have no technologies to keep carbon dioxin."

"The EU is willing to continue to support Vietnam in its green transition. Vietnam has great potential to continue developing renewable energy. Over the past few days, we have discussed the directions to apply Europe's experience, expertise and financial support to accelerate this transition," according to the Delegation of the European Union in Vietnam.

The visit of Timmermans also marks the implementation of the international cooperation and development program between the EU and Vietnam for the period of 2021-2027, which was approved last December.

The EU will provide non-refundable aid of 210 million euros (more than \$237.6 million) over four years of 2021-2024 for Vietnam to strengthen bilateral cooperation and promote common interests in the fields of priority areas like climate-responsive digital circular economy, responsible entrepreneurship and enhanced skills for decent employment, and strengthening governance, rule of law and institutional reform.

Prime Minister Pham Minh Chinh affirmed Vietnam would actively develop sustainable energy and work towards reducing coal-fired power in a video sent to Russian Energy Week International Forum last October.

The country would diversify its energy sources, focusing on developing clean and renewable energy via wind power, solar power, biomass power, and waste to energy power, aiming to increase the share of clean energy to at least 20 percent by 2030 and 30 percent by 2045 in its total primary energy supply, he said.

At COP26, Vietnam was among a 190-strong coalition of countries and organizations pledging to phase out coal-fueled power generation and stop building new plants.

5. Gasoline prices reach new historic peak in Vietnam

Vietnam gasoline prices climbed to a new peak Monday after authorities adjusted them upwards for the fifth time in a row.

The price of popular gasoline RON 95 rose 3.79 percent to VND26,280, while that of biofuel E5 RON 92 rose 3.9 percent to VND25,530.

These prices topped the previous peak reached in July 2014. Monday's was the fifth hike in a row since December 10, 2021.

The Ministry of Industry and Trade and the Ministry of Finance, which are responsible for regulating gas prices, said the gasoline components' prices have

risen by nearly 6 percent from February 11 until now.

Meanwhile, global crude prices dropped marginally as news of fresh diplomatic efforts to resolve the Ukraine crisis soothed some concerns over supply.

Vietnamese authorities make gasoline price adjustments on the 1st, 11th or 21st day of the month; therefore, changes follow global movements after a delay.

The country imported 6.96 million tonnes of oil and gasoline last year, down 15.5 percent from 2020, according to Vietnam Customs.

6. Việt Nam ready to welcome back tourists

Almost two years on from the border being shut, Việt Nam's tourism sector is ready to welcome back foreign tourists from next month.

In an effort to accelerate economic recovery and revive the tourism sector, the Vietnamese Government last week decided to fully reopen its borders to foreign tourists from March 15, about three months earlier than previously planned.

On Monday, domestic airlines were allowed to resume regular international flights. Restrictions on flight frequency, quarantine and testing requirements were abolished or loosened. Tourists now only need to have a certificate showing a negative COVID-19 test result (test taken within 24 hours prior to arrival in case of rapid test, or 72 hours in case of RT-PCR test).

This policy is in line with other Southeast Asian countries that are planning to fully reopen their borders.

According to Đinh Việt Thắng, general director of the Civil Aviation Authority of Việt Nam, now is a good time to open as it not only facilitates airlines to restore and re-use their existing capacity, but also presents them an opportunity to access new markets at a time when not all international airlines have resumed their full services.

"If we are slow at this stage, waiting a few more months for when airlines simultaneously restore their routes, it will be very difficult for latecomers," Thắng said.

Last week, Thai tourism businesses called on the government to declare COVID-19 an endemic disease and fully reopen the country to international tourists by lifting all restrictions from next month on fears that if not doing so, the country may lose their ability to compete with other nations in the region.

On February 1, the Thai government resumed their Test & Go programme, allowing foreign tourists to visit the country without quarantine as long as they take a negative COVID test on the first and fifth day of their trip.

On February 10, the Philippines opened their borders to vaccinated tourists and business travellers, without a quarantine requirement.

Other nations such as Malaysia, Singapore and Japan are also considering resuming border reopening after a pause due to the Omicron outbreak.

April used to be a busy time for the Asian tourism industry, as Western tourists usually like to travel to Asia during the Easter holidays. Around the world, several countries including Sweden, Denmark, Norway and the United Kingdom have cancelled almost all of their COVID curbs.

According to experts, if Asian countries are late in reopening their doors, international tourists may lose interest in the region and turn to other destinations.

"Việt Nam is one of the countries in Southeast Asia that opened border quite early and this is a golden opportunity for our tourism industry," Lê Hồng Thái, deputy director of Hanoi Tourist, told Việt Nam News.

"It can't be said that we will have tourists right after we open the border and the number of visitors can be the same and even more than before the pandemic broke out in 2019. However, if we have a good preparation and promotion, I think in a short time, maybe one or two years, it's possible for the tourism industry to recover to near the level it was at in 2019," Thái said.

Businesses are ready

Hanoi Tourist have been preparing for this occasion. The company will develop new tourism products to meet the changing demands of customers in the new period.

"Our new tourism products are completely different from the old ones. They are closely attached to health regulations involving pandemic safety and prevention," Thái said, adding the company has built a safety-critical process to serve tourists, including what to do if travellers have COVID-19 symptoms.

Vietravel has also prepared plans to welcome international tourists in 2022. It has completed product sets in accordance with the requirements of the pilot programme to welcome international tourists and the demand of customers from Southeast Asia, the Middle East, America and Europe. The company is strengthening marketing campaigns to partners and customers in these markets.

“In the new normal situation, we have to be more flexible and innovative,” the company’s representative said, focusing on increasing safety by applying safety standards and procedures suitable for each destination, and strengthening search, survey and launch of new product sets.

This year’s tourism product requires green zone connectivity which satisfies “5 green” criteria including green passports, green businesses (human resources with full vaccination), green corridors, green destinations and green services, the company said.

Five-stars hotels are also ready.

Anthony Slewka, director of Sales and Marketing at Sofitel Legend Metropole Hanoi Hotel, said the hotel would aggressively step-up room services, food and beverage and personnel, to match rising demand.

He predicted business travellers would likely come in quickly but some habits would change, such as the growth of software packages to communicate online. Meanwhile, it would take a good number of weeks for leisure travellers to come back, because it would not be just about access to Việt Nam but also about access back to their country, costs of flight, flight availability and so on.

“Our expectation is that by Q4, essentially by October, November, we should have business at approximately 30 to 40 per cent of what we consider to be normal in a very busy normal year, if we are well,” he said.

In HCM City, the city’s Department of Tourism has just announced 13 hotels from 3 to 5 stars and two international travel agencies that are eligible to welcome international guests under the pilot programme to welcome foreign tourists to the city.

Hotels such as Grand Saigon, Rex Saigon, Continental and Majestic are now ready from the stages of safety standards, facilities, and human resources, to welcome international guests.

Airlines such as Vietnam Airlines, Vietjet and Bamboo have all restored international routes as usual to Northeast Asia, Southeast Asia, Australia, Europe and the United States.

Đặng Tất Thắng, CEO of Bamboo, said one advantage of opening at this time was that the airline could get a slot at a good flight time that it couldn’t get before.

“The opening at this time is very accurate and will help Việt Nam have many advantages over other countries in the region,” Thắng said.

Under the Ministry of Culture, Sports and Tourism’s two-phase tourism recovery plan between 2022 and 2024, the sector is expected to attract around 8-9 million international tourist arrivals, equivalent to 45-50 per cent of the figure recorded in 2019, and 65-70 million domestic arrivals, equivalent to 75-80 per cent of the 2019 figure from 2022 to 2023. Total travel revenue will reach an estimated VNĐ400-450 trillion (US\$17-\$19.6 billion), or 50 per cent of the pre-pandemic figure.

In the second phase from 2024 to 2026, the sector is set to serve some 16 million international tourist arrivals and around 80 million domestic ones by 2025, with total expected revenue reaching VNĐ780 trillion.

7. Farm exports boom in new year

Farm exports to difficult markets like Japan, South Korea, Australia, and the EU have been prolific in the

first two months of this year, raising hopes for a successful year.

Pham Thai Binh, general director of Trung An Hi-tech Agriculture Joint Stock Company in Can Tho City, said his company has fulfilled five orders for nearly 1,000 tonnes of fragrant rice from Germany, Malaysia and Qatar.

"It is expected that this year rice exports will be very successful thanks to many import markets around the world beginning to reopen after the Covid-19 epidemic was brought under control and trade agreements were signed."

Loc Troi Agriculture Products JSC, a subsidiary of Loc Troi Group, has exported more than 4,500 tonnes of fragrant, white, brown, and glutinous rice varieties worth US\$3 million to Europe, the US, the Middle East, and Asia.

Nguyen Van Thu, director of GC Food Company in Dong Nai Province, said his firm shipped a container of aloe vera and coconut jelly on February 7.

His company's exports have increased by 30 per cent in the first two months of 2022 and it has many

more export orders to markets like Japan, Korea and Southeast Asia, he said.

It targets exports of VND350 billion (US\$15.2 million) this year, up 67 per cent from 2021.

"The Viet Nam - EU Free Trade Agreement has creates very favourable conditions for the export of agricultural products."

General secretary of the Viet Nam Fruit and Vegetable Association, Dang Phuc Nguyen, said in January exports of vegetables and fruits to key markets such as Japan, Korea, Russia, Australia, the Netherlands and the US grew by 12-69 per cent.

Vietnamese firms are familiar with the quality and other requirements in these markets, which has helped increase exports significantly, he added.

With the forecast being that in 2022 the Covid-19 epidemic will be full controlled and the global economy will recover, GC Food has invested in modern production lines to double its total capacity to 35,000 tonnes of products a year, Thu added.

Corporate News

8. MWG: Mobile World to expand into Indonesia this year

↓ -0.07%

Mobile World is all set to enter Indonesia, its second overseas foray after setting up shop in Cambodia five years ago.

"We are trying our best to open our first Indonesian store this year," CEO Doan Van Hieu Em told shareholders last weekend.

Vietnam's biggest electronics retailer opened a BigPhone smartphone store in Cambodia's Phnom Penh in 2017. Three years later it changed the name to Bluetronics and expanded to selling other electronics products too.

By the end of last year it had 50 stores in the neighboring country and revenues of nearly VND500 billion (\$21.9 million), or 0.4 percent of overall sales.

The company had earlier been eyeing Laos and Myanmar, but it is unclear now if they are still in its plans.

Mobile World targets growth in post-tax profits of 30 percent this year to VND6.35 trillion.

9. PNJ: PNJ is about to issue 15 million individual shares at 95,000 VND/share

↓ -0.47%

The Board of Directors of Phu Nhuan Jewelry Joint Stock Company (HOSE : PNJ) has just approved the Resolution to implement the plan to issue private shares. If the issuance plan is successful, the charter capital of PNJ will increase from VND 2,276 billion to VND 2,426 billion.

Specifically, PNJ plans to issue up to 15 million individual shares at the price of 95,000 VND/share (10% lower than the market price at the beginning of the session on the afternoon of February 21).

This stock will be restricted from transferring for 3 years for strategic investors and 1 year for professional securities investors from the date of completion of the offering.

The issuance is expected to be in the first half of 2022 after being approved by the State Securities Commission.

The entire proceeds from the sale is expected to be VND 1,425 billion, which will be used by PNJ to strengthen production capacity, improve and innovate production technology, expand the jewelry market and implement the transformation roadmap.

On the market, PNJ stock at the beginning of the afternoon session on February 21 was at 106,300 VND/share, up 11% over the past 1 month, the average trading volume is more than 840,000 shares/session.

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