



VIETNAM DAILY NEWS



March 7th, 2022

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Market Analysis

1. Market steady due to deeper divergence in large-cap stocks

Indices were little changed on Friday, as large-cap stocks faced strong divergence after surging in the previous session.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) ended at 1,505.33 points, up 0.33 points or 0.02 per cent. The index fell nearly 1.1 points in morning trade, before bouncing back in the last minutes.

It surged nearly 19.5 points and broke over the psychological level of 1,500 points on Thursday.

The market's breadth remained positive with more stocks increasing, while liquidity fell slightly compared to the previous session. Of which over 928.9 million shares were traded on the southern bourse, worth nearly VND29.6 trillion (US\$1.3 billion).

The benchmark extended gains as cash flows still ran into some pillar stocks. The VN30-index rose 2.85 points, or 0.19 per cent, to 1,525.34 points.

Fourteen of HoSE's 30 biggest stocks in market capitalisation in the VN30 basket increased, while 14 stocks declined and two stayed flat.

Data compiled by vietstock.vn showed that the uptrend was mainly led by banking, realty and commodities stocks.

Of which VPBank (VPB) was the biggest gainer today, followed by Masan Group (MSN), BIDV

(BID), Vincom Retail (VRE) and Asia Commercial Joint Stock Bank (ACB). All the stocks rose in a range of 1.17-3.21 per cent.

It also received support from other big stocks like Development Investment Construction JSC (DIG), up 3 per cent, Phat Dat Real Estate Development JSC (PDR), up 2.84 per cent and SSI Securities Corporation (SSI), up 2.42 per cent.

However, gains were capped by losses in many other large-cap stocks as investors attempted to take profit after the market surged in the previous session.

PV Gas (GAS) saw the worst performance after losing 2.24 per cent. Sabeco (SAB), Vietcombank (VCB), Vietjet Aviation JSC (VJC), Petrolimex (PLX) and Novaland (NVL) also weighed on the market.

The HNX-Index on the Ha Noi Stock Exchange (HNX) also finished higher yesterday, with a gain of 1.28 points, or 0.28 per cent, to 450.59 points.

Nearly VND4 trillion worth of shares were traded on the northern market, equivalent to a trading volume of over 141.3 million shares.

Foreign investors were still net buyers, with a total net value on both main exchanges of VND474.12 billion. Of which they net bought a value of VND475.19 billion on HoSE, but net sold a value of VND1.07 billion on HNX.

Macro & Policies

2. PM orders gradual normalisation of COVID-19 pandemic

Prime Minister Phạm Minh Chính on Saturday requested the gradual normalisation of the COVID-19 pandemic.

He was speaking at a teleconference between the National Steering Committee for COVID-19 Prevention and Control with ministries, sectors, and 63 provinces and cities.

PM Chính ordered readiness without neglect and subjectivity as the pandemic may continue developing in a complicated and unpredictable manner, especially with the Omicron variant.

He stressed the importance of continuing to prevent the spread of the virus, focus on curbing the risks, limiting the number of severe cases and fatalities, promoting rapid recovery and sustainable development, ensuring social welfare and maintaining national defence and security.

It is necessary to speed up the implementation of the vaccination drive, with the goals of completing the injection of the booster shot for people aged from 18 in the first quarter of 2022, completing the second injection for those aged 12-17 in March, preparing a vaccination campaign for children from five to 11 years old, and studying the administration of the fourth shot for adults and injection for children under five years old.

The Ministry of Health was required to urgently license drugs for pandemic prevention and treatment, and intensify guidance on treatment measures at home, at medical facilities, while the Ministry of Information and Communications was asked to continue perfecting technologies serving pandemic prevention and control based on the population database.

The Government leader also ordered the Ministry of Culture, Sports and Tourism to coordinate with other agencies to prepare for the official reopening of tourism activities on March 15.

As the spirit of pandemic prevention and control is without precedent, so agencies do not need perfectionism, cannot be hurried, but need to closely follow the situation to continue to learn from experience and make appropriate adjustments, he stressed.

According to a report by the health ministry, Việt Nam has to date recorded more than 4.2 million infections, of whom 2.6 million have fully recovered and 40,726 deaths.

As of March 3, Việt Nam had received 218 million doses of COVID-19 vaccines of all kinds, of which over 196 million doses have been administered.

3. Infrastructure boosts HCM City property market

The HCM City property market is expected to develop strongly in 2022 on the back of a number of infrastructure projects being completed or started during the period, experts said.

Many of the projects are meant to improve connectivity or reduce congestion.

They include the An Phu Intersection in Thu Duc City.

The junction of three major roads, the HCM City-Long Thanh-Dau Giay Highway, Mai Chi Tho

Boulevard and Luong Dinh Cua Street, suffers from constant congestion, which peaks during weekends and other holidays as people travel to Dong Nai and Ba Ria-Vung Tau provinces.

To cost nearly VND4 trillion (US\$175 million), it will be a three-level road including two tunnels.

Another project to be taken up is the widening of National Road 50 in Binh Chanh District.

The My Thuy Intersection will be finished this year, helping reduce traffic jams and accidents around Cat Lai Port and increase cargo transportation capacity.

Situated three kilometres from An Phu Intersection at the junction of Vo Chi Cong, Dong Van Cong and Nguyen Thi Dinh streets, work on it began in 2016 at a cost of VND840 billion for phase one and over VND1.4 trillion for phase two.

The first phase includes the Ky Ha 3 Bridge and an overpass and underpass on Ring Road 2.

Other projects in the city include widening of Tan Ky-Tan Quy Street, upgrades to Tran Van Muoi Street and Thi Tran-Thoi Tam Thon, construction of Rach Kinh Bridge, and works to prevent landslides near Giong Ong To Bridge.

Tran Quang Lam, director of the HCM City Department of Transport, said efforts were on to complete three tasks in time: complete construction of metro route No 1 between Ben Thanh and Suoi Tien and start its commercial operation, and begin work on route No 2.

The development of infrastructure in the city is expected to drive property prices up.

Cao Huu Phi, general director of COPiHOME, told cafeland.vn that prices this year would rise sharply in areas where robust infrastructure development is taking place.

Nguyen Thai Phien, deputy general director of NovaGroup, said the COVID-19 pandemic was a big

obstacle to the market's development, but investment in infrastructure was driving it up now.

Property consultant CBRE forecast supply to recover in the next two years with nearly 22,000 new units launched in 2022 alone at subsequent phases of existing projects like Grand Marina Saigon and Grand Manhattan in District 1 and Metropole, Masteri Centre Point and The 9 Stellars in Thu Duc City.

Marketing campaigns and bookings had been launched for numerous projects set to begin in 2022, it said.

Prices in the primary market were expected to increase slowly when more projects in the suburb would be levelled to higher segments. But high prices and limited land availability in the city would push demand to neighbouring areas like Binh Duong, Dong Nai and Long An provinces, it said.

Duong Thuy Dung, senior director, CBRE Vietnam, said: "Customers' tastes have changed after Covid-19 with some brand-new features like technology, influencers and staycation. In addition the property market saw increasing interest from Gen Z and Millennial customers, who are and will be the main buyers in the high-end and higher segments.

"So developers need to thoroughly understand the needs of this demographic to offer the right products. The resumption of international flights, back-to-normal business operations and sustainable housing demand will help sustain prices and transaction rates of residential property."

4. Government approves development plan for Mekong Delta

Deputy Prime Minister Lê Văn Thành has signed a decision giving the green light to a master plan for the Mekong Delta, which consists of Cần Thơ City and 12 provinces, in the 2021-30 period, with a vision to 2050.

It aims to promote the strength of the local agricultural economy towards sustainability and technology application; maintain the proportion of added value at a high level of about 20-25 per cent by 2030; and make effective use of free trade agreements for market expansion.

It sets a target of the regional economy growth at an average rate of about 6.5 per cent annually, with its regional gross domestic product in 2030 being 2-2.5 times larger than in 2021. Also by 2030, the Delta will build and upgrade some 830km of expressways; about 4,000km of national highways; four airports; and 13 seaports.

The plan pays attention to developing high-quality agricultural goods and an environmentally friendly industry, using the development of processing and

supporting industries to raise the value and competitiveness of agricultural products.

Regarding tourism, the Mekong Delta hopes to become an international brand for agro-rural, eco

and marine tourism, with Cần Thơ and Phú Quốc earmarked to become two international tourist hubs and a gateway to welcome visitors to the entire region.

5. Viet Nam enjoys strong growth in agricultural trade surplus

Viet Nam has enjoyed a trade surplus of US\$1.8 billion from agriculture, forestries and fisheries during the first two months of the year, 86.7 per cent higher last year's figure, according to the Ministry of Agriculture and Rural Development (MARD).

Foreign trade of agricultural, forestry and aquatic products reached \$14.2 billion in the first two months of 2022, a year-on-year increase of 15.8 per cent. The revenue of these exports was estimated at \$8 billion, up 20.9 per cent year-on-year, while imports exceeded \$6.2 billion, up 10 per cent.

From January-February, shipments of key agricultural products totalled over \$3.2 billion, up 10.2 per cent. Aquatic exports saw a significant surge of 47.2 per cent to \$1.5 billion. Forestry exports also increased 17 per cent to nearly \$2.9 billion during the period. Animal products, meanwhile, slid 3.5 per cent to just \$54.1 million.

Commodities posting high export growth included coffee (36 per cent), rice (22 per cent), pepper (44 per cent), tra fish (83 per cent), shrimp (34 per cent), and wood and timber products (15.5 per cent).

The US remained Viet Nam's biggest buyer, purchasing over \$2.3 billion worth of the products, or 28.2 per cent of the total. Some 70 per cent of exports to the US were wood and timber products.

China followed in second place and Japan in third. China imported nearly \$1.3 billion (16.2 per cent) from Viet Nam, some 33.3 per cent of which was rubber.

Shipments to Japan stood at \$586 million (7.3 per cent), 44.8 per cent of which was wood and timber products.

In recent years, difficulties in exporting to China at border gates have led to a change in the structure of Viet Nam's agricultural products exported to China.

For many years, vegetables and fruits have always been the most significant exports from Viet Nam to China, according to the MARD.

The Ministry of Industry and Trade's Import and Export Department said that the pandemic is expected not to affect the global processed fruit and vegetable production industry.

The supply of processed fruits and vegetables has increased as exports of fresh or frozen products have decreased.

In 2022, with the increasing demand for processed fruits and vegetables on the world market due to COVID-19, Viet Nam's fruit and vegetable industry would continue to promote processing and reduce exports of fresh products.

Businesses need to invest in technology for the post-harvest stage and logistics for transporting fruits and vegetables. The promotion of investment in the processing stage will help the local fruit and vegetable industry increase export value.

Along with promoting investment in processing, Viet Nam needs to take opportunities from new-generation free trade agreements such as EVFTA and CPTTP to boost exportation of Vietnamese vegetables and fruits, the department said.

China is still a potential market for Viet Nam's fruit and vegetable products due to large demand, although China's fruit and vegetable imports from Viet Nam have decreased.

Vietnamese enterprises should strictly comply with China's import regulations to avoid interruption of export activities.

Official export contracts to China are doing well because official exports have more compulsory conditions for both sellers and buyers. This is

encouraged among local businesses and traders when exporting vegetables and fruits to China.

Nguyen Lam Vien, general director of Vinamit Company, said that his company had maintained exports of agricultural produce to China due to planting areas, preliminary processing areas, and packaging meeting market requirements.

However, according to Vien, the organic food consumption in Europe and the US is forecast to increase by 30 per cent. This would be an opportunity for local enterprises to enhance exports of organic products to these markets.

Viet Nam's fruit and vegetable exports in 2021 increased by 8.6 per cent compared to 2020 due to diversifying export markets and the quality of Viet Nam's fruit and vegetable products.

The Ministry of Industry and Trade forecasts that Viet Nam's fruit and vegetable exports in 2022 will increase by about 10-15 per cent on-year to \$3.9-4.1 billion.

Meanwhile, MARD is focusing on expanding market share for Vietnamese agro, forestry and seafood exports at some major markets, such as Peru, Australia, Brazil and the US.

It has coordinated with other ministries and sectors to organise Viet Nam Agricultural Products Week at EXPO 2022 Dubai and has worked with several partners in India, Argentina and the UAE.

The ministry will continue to guide local businesses in implementing new regulations of China for exporting goods. So far, the General Administration of Customs of China has granted codes for 1,763 Vietnamese products.

The ministry will also update notices on the application of Sanitary and Phytosanitary (SPS regulations) of the World Trade Organisation member countries that could affect Viet Nam's agricultural exports.

6. Vietnam to cap coal exports at two mln tons in 2022

Vietnam will cap its coal exports at 2.03 million tons this year, according to the Ministry of Industry and Trade.

That represents a 22.5 percent increase from last year's 1.55 million tons. But Vietnam also imported a lot of coal and its net exports were 50,000 tons.

The ministry said coal exporters must first ensure there is adequate supply for domestic use.

There are two coal exporters, Vietnam National Coal and Mineral Industries Group and Dong Bac Corporation, both state-owned.

On the global market, coal prices reached a 14-year high of US\$401 per ton Wednesday, driven by the effect of the Russia-Ukraine conflict on supply.

7. Banking sector optimistic despite ongoing conflict in Europe

It's too early to tell how the ongoing Russia-Ukraine conflict will affect Viet Nam's banking sector, said industry experts.

However, the conflict almost certainly will drive oil prices up, disrupt the global supply chain and create inflationary pressure. As a result, firms will likely be more hesitant to make investments, consumers cut back on spending and demand for credit drops.

During 2021, the banking sector reported VNĐ146 trillion in profit, or US\$6.39 billion, a 33 per cent increase year-on-year, mainly from interest and banking fees. The profit trend has been said to likely continue in the near future but the sector's profitability is not without risks.

A large part of future success depends on the banks' ability to recover and restructure debts. Assets tied

up in bad debts will likely rise as government measures to support businesses are set to expire at the end of June, said Yuanta Securities, a Taiwanese investment bank.

"In the event of increased bad debts, banks, especially those with already-low loan loss provision, will have to set aside additional provision funds, resulting in lower profitability," said the firm.

Inflation poses another risk to profitability. In the event inflation hits 4 per cent this year, most banks are to face 2-4 per cent lower profitability, according to Maybank Kim Eng Securities.

This is, however, a worst-case scenario situation, the firms said inflation will likely stay well under the 4 per cent mark while there shouldn't be a major surge in interest rates this year by the State Bank of Vietnam (SBV).

As the country has been trying to maintain a recovery path, the SBV has every reason to keep interest rates low to support the economy. Meanwhile, commercial banks must already employ numerous measures to protect and maintain profitability.

The firm forecast an 8 per cent interest rate for most commercial banks and slightly higher deposit interest rates at 4.5 per cent (from 4 per cent in the previous year), which should not affect businesses and the banking sector in a significant manner.

In a draft document to be presented to shareholders in the next meeting, Vietnam International Commercial Joint Stock Bank (VIB) said it has set a target of VNĐ10.5 trillion in pre-tax revenue, a 31 per cent increase from 2021.

Trần Thu Hương, director of VIB's retail unit, said the target was set based on strong confidence in a robust recovery of the economy this year, especially after the Government announced a large support package for 2022 and 2023.

Similarly, Vietnam Maritime Commercial Joint Stock Bank (MSB) has set a target of VNĐ6.8 trillion in pre-tax revenue, a 34 per cent increase from the previous year.

The bank's strategy is to invest and focus on small and medium-sized businesses to boost profitability, as well as digital services to reduce costs, according to Nguyễn Hoàng Linh, MSB's director-general.

Meanwhile, the "Big 4" - Vietcombank, VietinBank, BIDV và Agribank - have set more conservative year-on-year profitability targets with Vietcombank at 12 per cent and Vietinbank at 10-20 per cent.

Vietcombank recorded VNĐ27.4 trillion in pre-tax revenue during 2021, a 19 per cent increase year-on-year, making it the most profitable bank in Việt Nam.

Corporate News

8. HPG: Hoa Phat to start selling containers this year

↓ -0.6%

Steelmaker Hoa Phat Group will start selling containers in the final quarter of this year.

It said its container manufacturing plant in the Phu My II Industrial Park in Ba Ria - Vung Tau Province, was topped out in February.

It has a capacity of 500,000 TEUs of containers a year using Hoa Phat's own steel.

"Shipping containers are a part of Hoa Phat's ecosystem", Nguyen Manh Tuan, vice chairman of the company, told VnExpress.

Vu Duc Sinh, head of Hoa Phat's container manufacturing unit, said the first batch of machinery and equipment for the factory are

expected to arrive this month, and construction would be completely finished in April.

Hoa Phat began building the plant amid a worldwide shortage of shipping containers as empty containers were stranded at ports due to Covid-19 even as demand for exports recovered.

The company wanted to build the factory as soon as possible to take advantage of the shortage, Sinh said.

In Vietnam, Hoa Phat is the first container producer. Tuan explained that the price of weather-resistant hot-rolled coil steel used for making containers is high, and would cause losses for companies if they have to import it.

"Hoa Phat can produce this type of steel," he said.

9. STB: Sacombank launches one chip debit cum credit card

↑0.47%

Sacombank and Mastercard have launched a high-tech international card line that features both credit and debit cards on a single card.

Sacombank Mastercard Only One, which is Viet Nam's first one chip debit cum credit card, enables customers to have a card that integrates both a monthly salary payment account and a backup financial source for their financial needs.

They will be able to withdraw cash of up to 90 per cent of their credit limit at all domestic and

international ATMs, get a credit limit of VND10 million (US\$437.9) or more, make zero interest instalment purchases, and benefit from special offers from around the world from Mastercard.

Besides conveniences such as scanning QR codes to pay, withdrawing money without a plastic card and enjoying discounts of up to 50 per cent when dining, shopping and traveling, cardholders also get e-commerce payment insurance when shopping online in case goods are not delivered or are not the same as described.

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