



VIETNAM DAILY NEWS

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Market Analysis

1. VN stocks fall for second day as sellers become more active

Vietnamese shares fell for a second day as investors pulled the large-cap sector down on stronger profit-taking while securities firms posted gains.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange slid 0.22 per cent to end Thursday at 832.40 points, totalling a two-day decline of 0.35 per cent.

The HNX-Index on the Ha Noi Stock Exchange lost 0.46 per cent to close at 111.34 points, retreating from a six-day rally of 6.12 per cent.

Nearly 403 million shares were exchanged on the two bourses, worth VND8.02 trillion (US\$341.7 million).

The figure included more than 333 million shares traded on the order-matching system, worth VND4.95 trillion.

Blue-chip stocks in the large-cap VN30 basket suppressed the market, dragging the large-cap tracker down 0.38 per cent.

Two-thirds of the 30 largest stocks by market capitalisation and trading liquidity in the VN30 basket declined while only 10 increased.

Among the worst-performing stocks were HDBank (HDB), construction firm Cotecons (CTD), retailers Phu Nhuan Jewellery (PNJ) and Mobile World Investment (MWG), realty firm Vincom Retail (VRE) and insurer Bao Viet Holdings (BVH).

They fell between 1.1 and 3.0 per cent.

Cash ran away from large-caps into mid-cap and small-cap companies' stocks, boosting the two trackers by 0.36 per cent and 0.46 per cent, respectively.

The worst-declining sector indices on Thursday included technology, plastics and chemicals, rubber, retail, and seafood processing, which fell between 0.7 per cent and 1.7 per cent, according to vietstock.vn.

On the opposite side, securities firms' shares spiked, pulling the sector's index up 2.1 per cent to cushion the market.

The four biggest securities firms – VietCapital Securities (VCI), HCM City Securities (HCM), SSI Securities (SSI) and VNDirect Securities (VND) – saw their shares increase by 1.4-3.6 per cent.

Large-cap stocks varied but high trading liquidity proved investors were willing to purchase, Thanh Cong Securities Co (TCSC) said in its daily report.

Low-priced purchasing power remained positive and it was the main reason for the market avoiding a collapse, TCSC said.

"The market's short-term uptrend remains optimistic and the VN-Index is expected to head to 850-860 points soon," TCSC forecast.

But since the market had rallied from its three-year low of 660 points in late March, it would struggle against profit-taking at some point, the company warned.

Macro & Policies

2. Vung Tau Airport to be rebuilt into urban area

The standing board of the Party Committee of Ba Ria-Vung Tau Province has met with representatives of a consortium comprising Van Phu-Invest Investment JSC and VCI Investment JSC, and of consulting firms to discuss the development of Hai Dang new urban area and another residential area at the existing airport in Vung Tau City.

The provincial government stated that the consortium had earlier written to the province seeking approval to study and invest in Go Gang Airport in Long Son Commune. Besides this, the two firms proposed developing the two residential areas.

As for the Vung Tau airport, which covers some 172 hectares of land, the consortium proposed building a new urban area comprising a 35-hectare compact city, a 46-hectare central park, a 24-hectare transit and trading service complex, a 20-hectare financial and technology center and a 25-hectare complex.

The standing board praised the idea, calling on the consortium to carefully assess the density of the

population, the number of vehicles and the traffic flow at the projected area to work out a solution for traffic connections and the construction of parking lots.

Apart from this, the consortium should reconsider the feasibility of constructing a financial center, the standing board said, suggesting gathering branches of banks in the province at the center.

Nguyen Hong Linh, secretary of the provincial Party Committee, told the relevant agencies to add the urban area project at the existing airport to the province's list of key projects to speed up preparatory procedures and promptly remove obstacles to progress, *Nguoi Lao Dong* newspaper reported.

Many urban traffic experts threw their support behind the relocation of Vung Tau Airport to Go Gang Island, pointing out that moving the airport from the city center would contribute to the establishment of new urban areas in both parts of Vung Tau.

3. Saigon Autotech & Accessories Show postponed till December

The 17th edition of the Saigon International Autotech & Accessories Show (Saigon Autotech & Accessories) will be postponed until the end of this year due to impacts of the COVID-19 pandemic.

Specifically, the event will be organised from December 9-12, instead of May 21-24 as planned.

It will be jointly held at the Saigon Exhibition and Convention Centre by the Ministry of Industry and Trade's Department of Industry, the Asia Trade Fair and Business Promotion JSC (ATFA) and the K-Wellness association of the Republic of Korea.

ATFA representative Ninh Minh Uyen said the upcoming event will feature more than 500 booths on 15,000 sq.m. of ground. It is expected to see a rise of 15 – 20 percent in the number of

foreign participating businesses and attract 15,000 visitors.

The show will keep up with the common trend of the global auto industry, which has been applying artificial intelligence (AI), robotics technology and big data to every stage of the production process in recent years.

It will also zone more space for supporting industries like the manufacturing of plastic, rubber and steel components and spare parts to help domestic firms seek partners to improve their production capacity and expand market.

Notably, a sub-exhibition named Smart E-mobility World will be held as part of the show. It will display electric and smart vehicles, components and spare parts for these vehicles, battery

technology, along with unmanned devices from developed countries.

Aside from thematic business-to-business events, workshops or business forums, Saigon Autotech &

Accessories 2020 will also include many new activities like vehicle repair and maintenance contests, according to organisers./.

4. Local foundation to assist startups in Australia

The Startup Vietnam Foundation Australia (SVFA) was put into operation in early May, offering a startup and innovation ecosystem for Vietnamese students and entrepreneurs in Australia.

The SVFA's mission is to connect Vietnam's startup community with international resources and, to that end, will soon carry out programmes supporting startups and helping them increase their capacity.

SVFA Managing Director Do Bach said the organisation will not only connect Vietnamese businesses with Australian partners but also bring Australian businesses to Vietnam and the entire Southeast Asian region.

In the second half of this year, it will better its organisational structure and implement support programmes, he added.

The SVFA established with sponsorship from the Startup Vietnam Foundation (SVF) and will inherit all missions and targets of the SVF in Australia.

Founded in 2014, the SVF is the first socialized, non-profit foundation supporting Vietnam's startup and innovation ecosystem. Its mission is to impact economic growth via the use of two tools: innovation and entrepreneurship.

The foundation has provided support for 261 startups since its inception, connected startups with 131 investors and 30 investment funds, called for capital for 37 projects, and formed a network of 360 foreign startup consultants./.

5. In good stead to capitalise on digital tech

Vietnam's sci-tech market is expected to open more opportunities for foreign tech firms when a number of new supporting policies come into effect, and 5G is commercially launched. What are the possible challenges ahead?

In introducing digital transformation to markets, one will need to understand the acceptability, IT awareness, and the user skill set to adopt the technology. Digitalisation helps to reduce human errors, bringing with it savings and efficiencies. However, it may also mean making certain roles redundant. This may then lead to an unintended pushback in employee acceptability of the new technology, due to a perceived potential loss of jobs.

With the implementation of transformation, a new set of headcounts may need to be added to help implement and troubleshoot, as well as to do user acceptance tests. A new organisation structure

and digital strategy may be required, thereby requiring investment, piloting, and additional equipment costs. Furthermore, cybersecurity and IT support teams will have to come online to support the core business.

These are potential challenges that companies adopting 5G technology will have to adapt to and transform. The availability of the skilled labour force well-trained in the aforementioned is a challenge for many companies, in particular small- and medium-sized enterprises.

Companies may have to seek help externally or from consultancies to help supplement their lack of expertise or in-house talent in those areas, thus incurring additional costs.

Singapore is an outstanding example of successful digital transformation. Are there any comparisons to be made between Vietnam

and Singapore in terms of growth potential, market size, and conditions?

Singapore started its IT roadmap in the late 1990s, rolling it out to the schools and universities in a more top-down approach with grants and support to government agencies and businesses. The general public's IT knowledge and adaptability were strong. The older generation were also encouraged to pick up new skills, especially in IT applications or mobile computing, for example.

At present, Vietnam has a very young, versatile, and highly IT-literate population, which adopts new technology very quickly. Thus the climate and times are different.

However, in order to further accelerate the adoption and implementation of tech transformation, the Vietnamese government can take the lead by providing more tangible support to complement the already substantial monetary support to further encourage adoption and implementation.

It is said that 5G will be the game for the country's three biggest telecoms service operators – Viettel, VNPT, and MobiFone. What do you think about competition in the market, and what are the future plans of Singaporean tech giants in Vietnam?

Opportunities through 5G technology are promising, with a suite of potential game changers from industrial and automotives to analytics and finance. The 5G deployment will come with its risks, for example the stability of coverage, the costs to build and buy, support and security, and more.

Therefore, emphasis should be placed on the usage and the first advantage of adopting 5G, having hardware and software ready for multinationals to benefit from 5G implementation. This includes enabling smart factories in the manufacturing process and integration, autonomous vehicles, Internet of Things integration, among others.

Vietnam offers several advantage in land costs, warehousing, logistics, manpower, and a big domestic market. Singapore companies, with experience and strength in digital implementation and utilisation, will be able to complement the existing infrastructure.

With their global connections and the advantage of English being its first language, Singaporean groups can act as a bridge for Vietnamese companies and businesses to the rest of the world, to help integrate and benefit from the efficiency and savings of 5G.

6. Gov't to cut, simplify at least 20% regulations on business

The Government will also slash at least 20% of business procedure compliance costs as currently regulated while minimizing the number of legal documents related to business operations

In 2020, the Government targets to launch a statistics system to control business regulations and improve capacity of staff in charge of calculating compliance costs and evaluating the business regulations.

Ministries and Governmental bodies are assigned to adopt and implement annual plans on reduction and simplification of business-related regulations in order to rule out the regulations that hinder business operations.

They are also tasked to collect comments sent by businesses and people to the National Public Service Portal, or via dialogues and consultations to have a list of procedures/regulations that need to be cut or simplified./.

Corporate News

7. NT2: Cancellation of record date for holding AGM 2020

↓ -1.17%

Petrovietnam Power Nhon Trach 2 Joint Stock Company announces the cancellation of the record date (March 30, 2020) for holding the Annual General Meeting 2020.

Reason for cancellation: The change of the time to hold the Annual General Meeting due to the outbreak of Coronavirus (Covid-19) pandemic.

8. GEX: BOD resolution on the selling of shares in Gelex Logistics

↑ 6.84%

The Board resolution dated May 12, 2020, the BOD of Viet Nam Electrical Equipment Joint Stock Corporation agreed to approve the selling of the

whole of shares in Gelex Logistics Com Ltd in the Quarter 2/2020 or Quarter 3/2020

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