



# VIETNAM DAILY NEWS

May 29th, 2020



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## Market Analysis

### 1. Local stocks gain slower, as banks and petrochemical firms keep increasing

Vietnamese shares' growth contracted on Thursday as banks extended rallies and lower crude futures benefited oil-consuming companies.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 0.46 per cent to close at 861.39 points, slowing its pace from as much as 1.01 per cent during the day.

The minor HNX-Index on the Ha Noi Stock Exchange rose 0.68 per cent to end at 109.64 points.

The two indices respectively fell 1.34 per cent and 1.45 per cent on Wednesday.

More than 363.6 million shares were traded on the two exchanges, worth nearly VND7.80 trillion (US\$335 million).

The figure included VND2.2 trillion of Vinhomes shares (VHM) being traded via put-through deals. Vinhomes shares inched up 0.4 per cent.

Banks and plastic and petrochemical firms were the driving factors of the market.

The banking sector was up 1.6 per cent, lifted by Vietcombank (VCB), Bank for Investment and Development of Vietnam (BID), Sai Gon-Ha Noi Bank (SHB), and Sacombank (STB).

The four banks increased by 1.9-3.7 per cent.

Below-reference crude futures helped boost oil-consuming businesses, including plastic and petrochemical producers.

The sector index was up 0.9 per cent on Thursday.

Gainers in the plastic-petrochemical sector included Tien Phong Plastic (NTP), PetroVietnam Ca Mau Fertiliser JSC (DCM), and Duc Giang Chemicals (DGC).

On the negative side, energy stocks declined such as PetroVietnam Drilling and Well Services (PVD), PetroVietnam Technical Services (PVS), and PetroVietnam Gas (GAS).

The market had a slight gain on Thursday as large-cap stocks varied in different sectors, Thanh Cong Securities (TCSC) said in its daily report.

Negative breadth with 242 gainers against 270 decliners on both exchanges proved selling persisted and hit stocks that had made significant rallies, the company said.

TCSC said the market may struggle, and even correct, as the rally had been going for the last two months.

In addition, the domestic market was still weighed down by a lack of positive news as the Vietnamese economy had been hit by the COVID-19 pandemic in the second quarter, the company said.

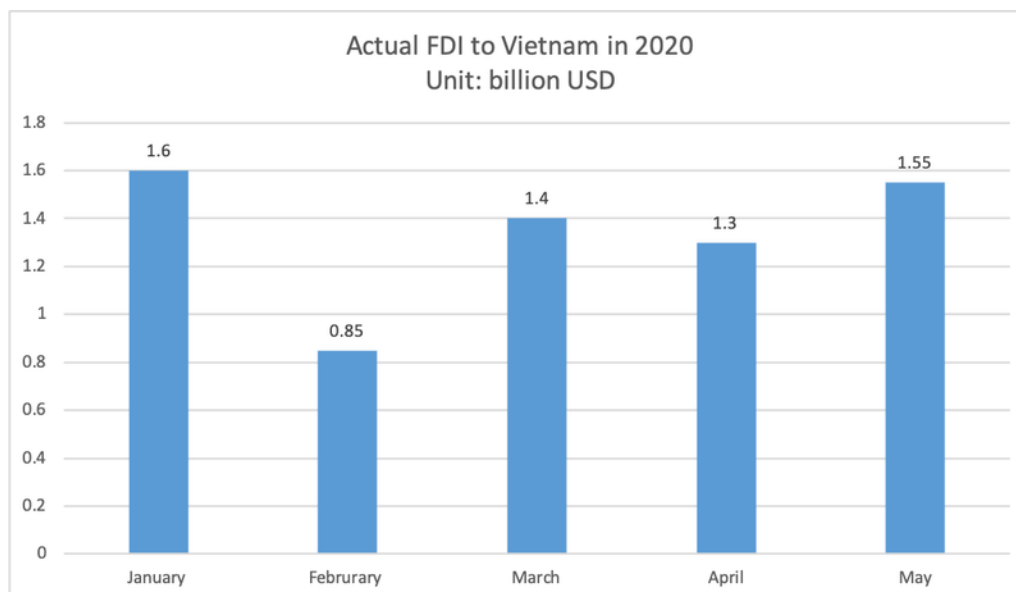
The VN-Index is forecast to struggle and stay between 840-880 points, according to Sai Gon-Ha Noi Securities (SHS), as investors are still pessimistic about the market's short-term uptrend.

## Macro & Policies

### 2. Actual FDI to Vietnam rebounds in May

Disbursement of foreign direct investment (FDI) to Vietnam in May is estimated at US\$1.55 billion, the highest monthly figure since February, a report of the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment has shown.

The data indicates a positive sign that foreign investors are accelerating their projects' progress as the Covid-19 pandemic has been initially contained in Vietnam.

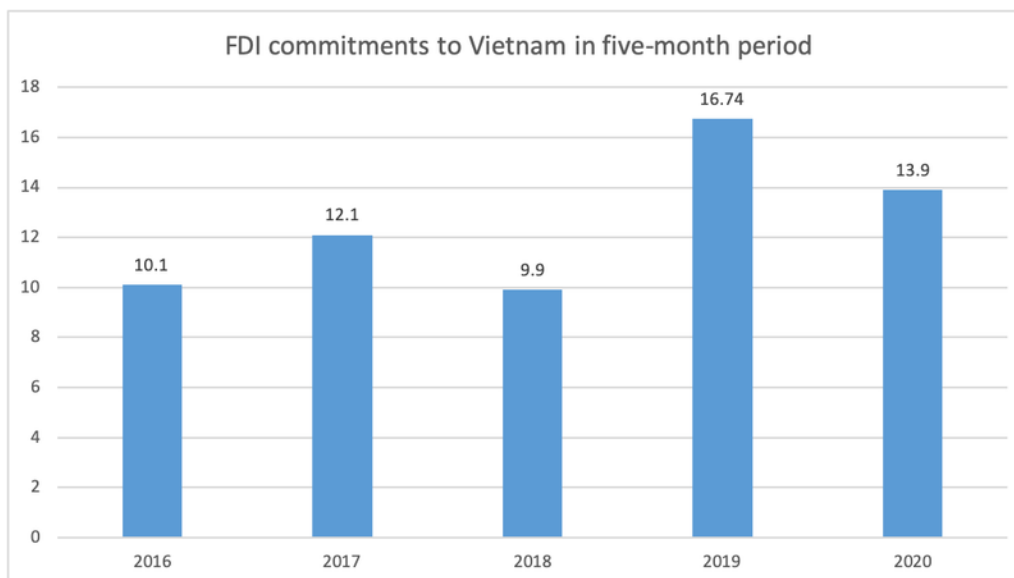


Data: MPI. Chart: Ngoc Thuy.

Notably, this month also marked the actual FDI significantly higher than the combined of US\$1.04 billion in new FDI commitments and additions to existing projects.

Overall, disbursement of FDI projects in Vietnam totaled US\$6.7 billion in the first five months of 2020, representing a decline of 8.2% year-on-year.

Meanwhile, FDI approvals in the January – May period fell 17% year-on-year to US\$13.9 billion. The figure, however, is higher than that of the same five-month period from 2016 to 2018, posting increases of 37.6%, 14.8% and 40.4% compared to the corresponding period of 2016, 2017 and 2018, respectively.



Data: MPI. Chart: Ngoc Thuy.

Year to May 20, 1,212 new projects were approved with a total committed amount of US\$7.44 billion, up 15.1% in capital but down 11% in the number of projects year-on-year. Meanwhile, 436 existing projects have been injected an additional US\$3.45 billion, up 31.1% in capital and down 13.6% in the number of projects.

A surge in newly registered FDI in the five-month period was thanks to the liquefied natural gas (LNG) plant project worth US\$4 billion in the southern province of Bac Lieu.

During this period, 3,528 projects have had nearly US\$2.99 billion in capital contributed by foreign investors, up 11.6% in the number of projects but down 60.9% in value year-on-year.

Investors have poured money into 18 fields and sectors, in which manufacturing and processing led the pack with capital exceeding US\$6.87 billion, accounting for 49.4% of the registered tally.

Electricity production and supply came second with US\$3.9 billion, or 28% of the total, followed

by wholesale and retail with US\$945 million, and real estate with US\$801.2 million.

The data shows that out of 96 countries and territories investing in Vietnam in the first five months of 2020, Singapore took the lead with US\$5.3 billion. Thailand came second with US\$1.46 billion, while the third place belonged to China with US\$1.27 billion.

Among cities and provinces having received FDI in the five-month period, Bac Lieu has attracted the largest portion of capital commitments with US\$4 billion. It is followed by Ba Ria – Vung Tau with US\$1.93 billion, and Ho Chi Minh City with US\$1.6 billion.

Besides the US\$4-billion LNG plant project financed by a Singaporean investor, some other big-ticket projects in January – May include a tire manufacturing plant worth US\$300 million from a Chinese investor in Tay Ninh province; an additional injection of US\$138 million into a Chinese-invested radian tire production facility; an additional of US\$75.2 million to Japan's Sews-components Vietnam manufacturing plant for electronic and auto parts; Hong Kong's Ce Link Vietnam 2 plant worth US\$49.8 million in Bac Giang for electronic parts and products.

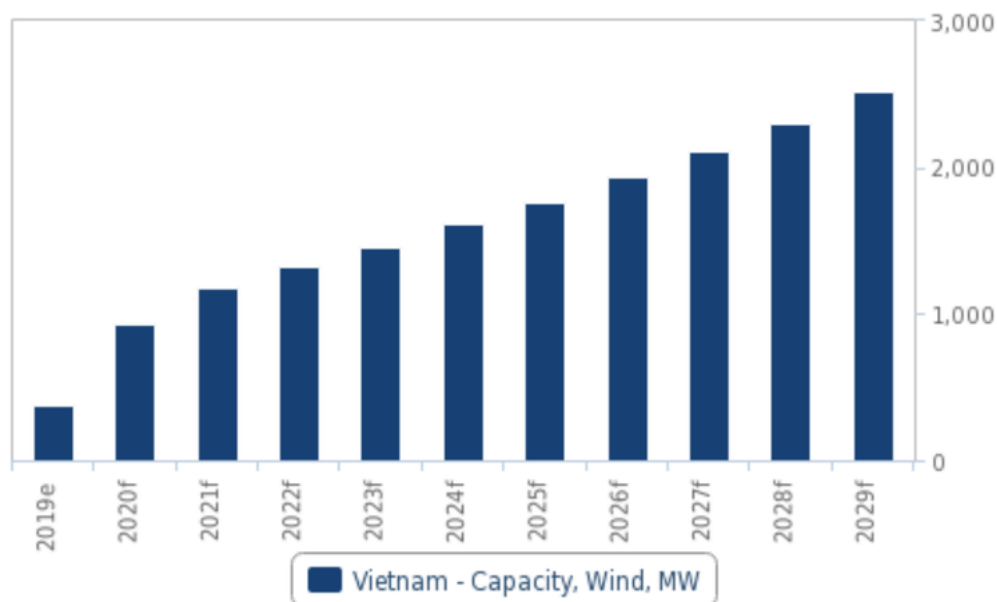
### 3. Vietnam wind sector to see growing opportunities: Fitch Solutions

Fitch Solutions, a subsidiary of Fitch Group, expects growing opportunities in Vietnam's wind

sector, mainly thanks to stronger regulatory support announced in recent weeks and rising investor interest.

The Vietnamese government has proposed several policies in recent months to boost the development of the wind sector, in particular offshore wind, which bodes well for the industry, Fitch Solutions said in its latest report.

It noted that Vietnam contains one of the highest potential for wind power in the region, as it is endowed with high wind speeds particularly in the offshore or near-shore areas, with the Ministry of Industry and Trade (MoIT) estimating this potential to be at approximately 475GW.



e/f = Fitch Solutions estimate/forecast. Source: EIA, IRENA, National Sources, Fitch Solutions

Vietnam - Total Installed Wind Power Capacity, MW.

In March 2020, Prime Minister Nguyen Xuan Phuc issued a resolution for a five-year plan to 2025 to develop renewable energy sources 'off the coast', with specific mechanisms and policies to attract both foreign and local developers to invest in the sector.

In particular, Binh Thuan, Bac Lieu and Ca Mau were highlighted as prioritized provinces for offshore wind development. The offshore wind sector was also emphasized under the National Energy Development Strategy of Vietnam to 2030, and the MoIT has proposed to include several wind projects into the upcoming Power Development Plan.

According to Fitch Solutions, the government is also in process of amending seabed lease and licensing requirements for large-scale offshore

wind farms, alongside the Ministry of Natural Resource and Environment of Vietnam (MONRE).

In contrast to Vietnam's approach toward its solar sector, the MoIT has also proposed to extend the feed-in-tariff (FiT) deadlines for wind by two years, from the original commercial operation date (COD) deadline in November 2021 to the end of 2023, before implementing auctions thereafter.

The current FiTs for offshore wind is highly attractive at 9.8 US cents/kWh, which were increased from the previous rate of 7.8 US cents/kWh. This extension follows the appeals from several wind energy developers, industry associations and local governments from nine provinces, after the Covid-19 outbreak has caused some near-term headwinds to the sector.

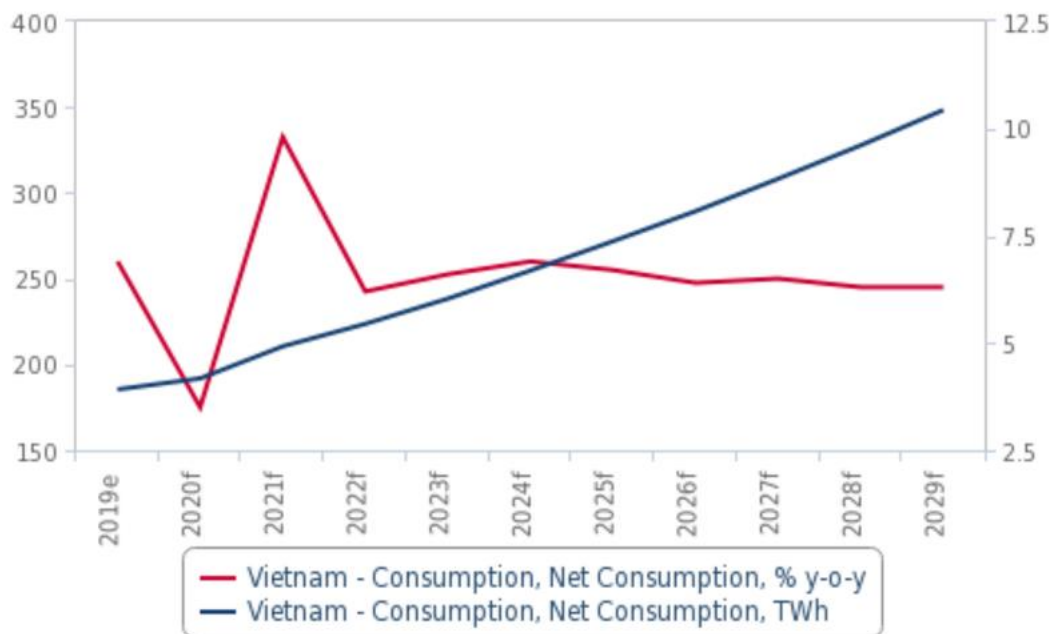
This is largely due to project delays stemming from supply chain disruptions, labor shortages, and construction being forced to stop temporarily

from the Covid-19 outbreak, as well as delays to several wind project approvals.

Fitch Solution expected that the more amenable approach the government is taking to the wind sector when compared to the solar sector is because growth to date has been at a more manageable pace for the system to cope with, given that the development of wind projects are typically longer and more complicated.

### Surge in power demand expected

This also occurs against a broad support for renewable energy in general, particularly as Vietnam is set to see a surge in power demand, which offers capacity growth opportunities for the sector.



e/f = Fitch Solutions estimate/forecast. Source: EIA, National Sources, Fitch Solutions

Vietnam - Net Power Consumption Growth, TWh and % y-o-y.

While the government is expected to announce a new Power Development Plan VIII in June 2020, Fitch Solution said renewable energy will likely see a greater focus.

Capacity targets for the wind sector is expected to increase to 6GW by 2025 and 10GW by 2030, from the existing targets of 2GW and 6GW respectively. The government is also looking to introduce a new Direct Power Purchase Agreement (DPPA), where renewable energy producers can sell and deliver electricity directly to corporate customers.

The size of the DPPA program is expected to range 400-1000MW, and will be available for wind and solar producers with a capacity greater than 30MW and consumers in industrial manufacturing

purchasing electricity at a voltage level of 22 kV or larger. Fitch Solutions believed these developments will encourage further growth and investment in the sector.

Additionally, there has been growing investor interest across Vietnam's wind sector over the past year, which has strengthened the pipeline significantly. Most notably, Enterprise Energy has plans to build the Ke Ga offshore windfarm in Vietnam with a 3.4GW capacity, which will be the largest offshore wind farm in the region if it comes to fruition. The project has registered some progress, given that PM Phuc has requested for a formal proposal for the project to be included into the country's power development plan.

Based on Fitch Solutions' Key Projects Database, Vietnam has over 900MW of wind power plants that are under construction at present, and it is



estimated that there is approximately another 13GW of plants in the pipeline.

Fitch Solutions forecast the wind sector to grow from an estimated 375MW as at end-2019 to over 2.5GW by 2029.

#### 4. Vietnam unlikely to reopen to international tourists on July 1

The Vietnamese Government on May 25 issued the resolution listing 80 countries and territories whose citizens would apply for e-visas to Vietnam from July 1. But this resolution does not mean foreign nationals can travel to Vietnam from early July as the Covid-19-induced ban on international commercial flights remains in force.

“Representatives of TripAdvisor have contacted us to ask whether Vietnam's tourism market will reopen for international tourists from July 1,” said Nguyen Son Thuy, director of Indochina Unique Tourist.

Speaking to The Saigon Times, a representative of the Vietnam National Administration of Tourism (VNAT) stated that Resolution 79/NQ-CP is not related to the reopening of the international tourism market in Vietnam.

Vietnam had piloted e-visas a while ago, but the new regulations were only added to the Law on Entry, Exit, Transit and Residence of Foreigners in Vietnam in late 2019.

Resolution 79/NQ-CP has only one addition, which draws up a list of eight airports, 16 land border gates and 13 sea border gates through which foreign visitors can enter and exit the country with e-visas.

When will Vietnam reopen for international tourists?

The VNAT representative noted that the administration is consulting with ministries to decide when Vietnam will reopen for tourism, keeping in mind safety and Covid-19 prevention protocols, while also helping the virus-battered tourism sector recover.

Speaking at a conference last week on boosting the demand for local tourism and the post-pandemic recovery of the tourism sector, Dinh Viet Phuong, deputy general director of VietJet Air, remarked that local demand alone cannot salvage the country's tourism sector.

Many travel firms have suggested reopening the doors to low-risk countries and territories such as Australia, New Zealand, South Korea and Taiwan to help tourism recover gradually.

Once Vietnam reopens its doors to international tourists, the country should focus on promoting itself as a safe destination with many exciting activities on offer, said Pham Ha, CEO of Luxury Travel Group.

“After the pandemic, the slogan 'Vietnam Now' should be changed to 'Wow Vietnam,' promising that the country will amaze tourists with its marvelous coasts, food and culture,” he added.

#### 5. FDI capital disbursement bounces back

This figure is US\$250 million higher than in April. It has also inched up by US\$150 million and US\$700 million against the figures recorded in March and February, respectively. The decline of FDI disbursement in the previous months was attributed to the coronavirus pandemic and Vietnam's social distancing measures to curb the spread of the disease.

The FDI disbursement rise in May indicated that foreign investors are confident in Vietnam's efforts to contain Covid-19 and have thus taken steps to accelerate capital disbursement to roll out new or suspending projects.

The capital disbursed to FDI projects this month has surpassed the total amount of freshly pledged capital and additional funding for existing projects, at some US\$1 billion. Even if US\$512

million in funding from capital contributions and stake purchases conducted by foreign investors is included, the new figure is still not higher than the capital disbursement in May.

In the year to May, foreign investors poured some US\$6.7 billion into projects nationwide, dropping around US\$600 million over the same period last year.

According to the ministry's Foreign Investment Agency, roughly 31,900 FDI projects remain active

to date, with total registered capital exceeding US\$373 billion.

Given the difficulties in investment promotion activities, Phan Huu Thang, former head of the Foreign Investment Agency, noted that favorable conditions should be created for foreign investors of licensed yet incomplete projects so they will spend more money to continue the execution of the projects.

## 6. Pandemic prods Vietnamese consumers toward healthy food and drinks

The consumers are also more aware of specific health benefits of particular products, according to a new report by market research firm Nielsen Vietnam.

Shopping at a supermarket on May 1, Hong Hoa, a resident of HCMC's District 5, put four packs of herbal tea into her shopping cart before looking for the usual essential items of milk, fruits and vegetables.

This has become a new habit for the mother of two for several months now. Worried about the immune system amid the coronavirus pandemic, Hoa has begun to give priority to healthy foods and drinks.

"I used to drink herbal tea, but not often, just for refreshment. I believe in traditional medicine and also find this tea good for health, eating and sleeping," she said.

The consumption of healthy food has been a rising trend for several years now, as seen in the "clean-eating" drive in western European countries and America; as also macrobiotic diets in Asian countries. But the Covid-19 pandemic has provided added impetus. For many, it has been a wake-up call to adopt a healthy lifestyle and consume healthy products.

"People often wish for many things in life, like jobs, money and love, but when they fall ill, they only look for health. I want to equip myself and my family with strong resistance to avoid risks," Hong Hoa said.

Researching post Covid-19 consumer behavior, a survey conducted by Nielsen Vietnam shows a sharp increase in demand for products that boost health and immune system. Even after society returned to a more or less normal life, people still have shown increased attention to health issues, thereby generating a major change in the consumption of food, beverage and fast moving consumer goods.

Among items that have seen robust consumption recently, consumers are prioritizing healthy food along with essential items. There is stronger focus on measures to boost immune system and maintain health, including fresh foods, healthy foods and drinks with immune boosting ingredients.

Respondents in the Nielsen Vietnam survey also listed the top five benefits of food and drinks that they considered the most important. This included products containing auxiliary nutrients like vitamin C, D, Omega 3 or probiotics, keeping the immune system healthy. They focus on products made with natural and quality ingredients, not to mention safe production.

For essential commodities such as milk, Vietnamese consumers have switched from pasteurized or sterilized milk to plant-based milk such as dark sesame milk, beans, walnuts and rice milk. Top dairy enterprises report increased import of raw materials to meet this new market demand.

From the perspective of beverage manufacturers, Tran Uyen Phuong, Deputy General Director of



Tan Hiep Phat Group - a market leader in bottled tea in Vietnam, confirmed this trend. She said that despite the general decline in sales due to measures taken to contain the epidemic, the two good-for-health products of Tan Hiep Phat, Zero Degree Green Tea and Dr. Thanh Tea, continued to do well.

Phuong explained that the increase in purchasing bottled tea may come from customers' attention to traditional herbal medicine that boost the immune system and help prevent diseases. For instance, Dr. Thanh Tea, a herbal drink that contains extracts of chrysanthemum, arhat fruit, rhinacanthus communis nees, licorice, bombax ceiba, lamiaceae, red frangipani flower, microcos panicutula L, honeysuckle and other herbs, has garnered greater attention from customers, she said. Dr Thanh herbal tea is also widely known in Vietnam for its ability to relieve inner heat, a concept linked to traditional medicine used to describe the body's state in which too much "heat" and "dampness" accumulate internally due to a number of factors like hot, humid environment, consuming too much spicy and oily food, or staying up late.

In addition, EGCG in the composition of Zero Degree Green Tea also gained popularity as it

contributes to reducing stress, soothing the nerves and slowing the aging process, Phuong added.

The World Health Organization (WHO) recommends that global consumers need to maintain their consumption of low-fat, low-sugar and low-salt foods and beverages, while increasing high-vitamin and food groups, minerals, compounds that help increase resistance to diseases.

A research team to study food and communication at Belgium's Antwerp University has also released results of a survey of 11,000 consumers in 11 countries including Australia, Belgium, Chile, the Netherlands, France, Austria, Greece and Canada. This shows that during social distancing periods, consumers form healthier eating habits, cooking by themselves and eating more fruits and vegetables. Healthy foods were being preferred to junk food, a change from the normal situation, the survey found.

The research team also predicts that even after the Covid-19 crisis is over, consumers will maintain the habit of consuming healthy food, along with a more eco-friendly lifestyle, increasing consumption of natural products.

## Corporate News

### 7. STB: Resolution of the General Meeting of Shareholders

↑ 1.98%

Sai Gon Thuong Tin Commercial Joint Stock Bank announces the Resolution of the General Meeting of Shareholders in form of collecting shareholders' opinions in writing as follows:

- Approving the Regulation for organizing online the General Meeting of Shareholders and electronic voting.
- Approving the holding of the online Annual General Meeting for the fiscal year 2019, electronic voting.

### 8. VRE: Information on Annual General Meeting 2020

↑ 5.49%

According to the document dated May 16, 2020, Vincom Retail Joint Stock Company announces the following issues:

1) Vincom Retail Joint Stock Company cancels collecting shareholders' opinions in writing according to Document No.052/2020/CV-TGD-VCR JSC dated April 06, 2020 due to the non-necessity to supplement the form of shareholder meetings.

2) Vincom Retail Joint Stock Company adopted the agenda for Annual General Meeting 2020 and sent invitation letters to its shareholders.

- Meeting date: 9:00AM, May 26, 2020

- Meeting venue: The 2020 Annual General Meeting of Shareholders will be convened via video conference at the following places:

Vingroup Office. No.07 Bang Lang 1 Street, Vinhomes Riverside, Viet Hung Ward, Long Bien District, Hanoi, Vietnam.

Almaz Convention Center, Hoa Lan Street, Vinhomes Riverside Eco-Logical Urban Area, Phuc Loi Ward, Long Bien District, Hanoi, Vietnam.

Symphony Office Building. Chu Huy Man Street, Vinhomes Riverside, Phuc Loi Ward, Long Bien District, Hanoi, Vietnam.

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