



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Shares bounce back on bargain hunting

Vietnamese shares rebounded sharply on Tuesday to end in positive territory as investors went bargain hunting for stocks that fell in previous trading sessions.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HOSE) gained 3.59 per cent to end trading at 813.36 points.

Nearly 328.5 million shares were traded on the southern bourse, worth VND5 trillion (US\$215.9 million).

Market breadth was positive with 360 shares gaining and 49 declining.

The southern market index suffered its biggest daily percentage drop in four months on Monday, losing 5.31 per cent to end the day's trading session at 785.17 points.

The move came after new cases of COVID-19 community transmission were confirmed in Da Nang and nearby Quang Ngai Province on Sunday evening.

The new cases intensified fears of another round of Government restrictions and worsening economic damage.

“The next development of the COVID-19 pandemic will determine the VN-Index trend. If there is no new case, the market can return to 830-840 points. If there are more new cases, the market will likely to correct to 780 points,” said BIDV Securities Co.

The large-cap VN30-Index, tracking the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, soared 3.59 per cent to close Tuesday at 756.17 points.

Buying demand increased towards the last trading minutes on Tuesday session and helped most stock groups increase sharply.

In the VN30 basket, SSI Securities Corporation (SSI) and Vinhomes (VHM) hit the ceiling price, Bank for Investment and Development (BID) soared 6.5 per cent, Vinamilk (VNM) rose by 6.3 per cent, Petro Vietnam Gas JSC (GAS), Hoa Phat Group (HPG), brewery firm Sabeco (SAB), Vietinbank (CTG) and VPBank (VPB) all rose more than 4 per cent.

Small- and mid-cap stocks also recorded strong gains.

On a sector basis, all 25 sectors on the stock market increased, including insurance, securities, banking, real estate, retail, agriculture, information and technology, food and beverage, healthcare, mining, rubber production, seafood processing, logistics, construction and construction materials.

On the Ha Noi Stock Exchange, the HNX-Index also surged 4.99 per cent to end at 107.98 points.

More than 53 million shares were traded on the northern exchange, worth VND439.6 billion.

## Macro & Policies

### 2. Fintech firms monitor sandbox plans

FPT Telecom was last week granted a licence by the State Bank of Vietnam (SBV) after two years as a non-bank intermediary payment service, with its soon-to-be-launched Foxpay as the core product.

Since the beginning of 2020, the SBV has approved two other non-bank firms, Gpay and Vindiva, to provide payment services.

Vietnam is now home to more than 150 fintech firms, rising from 40 in 2016. Thirty-five of them operate in payment and 40 in peer-to-peer (P2P) lending, while others have provided banking support services without directly collecting fees from end-users.

“Foxpay is slated to deliver seamless services to clients, including e-payment gateway, e-wallet, and special payment intermediaries services,” FPT Telecom noted.

The potential for cashless payment in Vietnam is enormous thanks to the growing middle class and rapidly improving telecom infrastructure. Some 70 per cent of the population is still unbanked, especially in remote areas, and at least half of the total population has access to the internet. Only around 37 per cent of Vietnamese consumers are using contactless card payments and around 42 per cent are making mobile contactless payments, cited from VISA research.

In terms of funding, Asia-Pacific consultancy Solidiance pointed out that Vietnam's fintech market was expected to \$7.8 billion this year, from \$4.4 billion in 2017.

Finance lecturer Huy Pham from the School of Business and Management at RMIT Vietnam emphasised there are over 20 e-wallets in the country, but the majority of the market falls into big names such as MoMo, Moca, and ZaloPay.

“MoMo is one of the oldest players and the most notable e-wallet in this market with a huge customer database, while Grab and Zalo are taking advantage of their own ecosystems so the competition in this market is quite stiff, leaving a tiny opportunity for

newcomers,” Pham told VIR. “Together with the changing landscape in this market from a basic e-wallet to a super app, the old and experienced players will definitely have a competitive advantage over the new ones.”

According to Pham's colleague Huy Doan, also a finance lecturer, a typical way for e-wallet providers to expand their customer base is to build their own business ecosystem (such as associated e-commerce and delivery platforms) so this opens up the chance to increase customers' awareness if the firm can build up a user-friendly ecosystem to facilitate the use of e-wallets.

Besides, the e-wallet firms can also work with banks to reach customers without having to expand their network of branches and offices, saving costs and improving business efficiency.

On the other hand, the SBV once revealed its intention to tighten regulations on the domestic fintech sector by setting a foreign ownership limit of 49 per cent. However, the central bank scrapped the cap a few months ago.

Doan cautioned that the SBV is concerned about the manipulation of foreign investors and the safety of the national monetary policy. This leads to limiting activities of e-wallets such as limit on top-up and withdrawal methods. Currently, the only official method to top up or withdraw money from an e-wallet is by using an account with a bank that is partnered with the e-wallet provider.

“To allow customers to top up and withdraw money using bank accounts at non-partnered banks, the e-wallet provider must connect with an entity providing e-payment infrastructure services such as Napas,” said Doan. “Besides, no access to non-bank customers is also a challenge – by law, customers are required to have bank accounts linked to their e-wallets to use the service.”

Looking on the bright side, there has been increasing interest in the Vietnamese e-payment market in the last few years, with domestic fintech companies attracting considerable interest from foreign investors.

A report by UOB, PwC, and the Singapore Fintech Association reveals that \$420 million, equivalent to 36 per cent of all fintech funding in Southeast Asia, was raised for Vietnamese firms in the first nine months of 2019.

This includes funding from Warburg Pincus to MoMo, from Softbank and GIC to VNPAY, and from Ant Financial to eMonkey, making Vietnam the second amongst ASEAN members in regard to fintech funding behind Singapore (\$714 million, or 51 per cent).

In addition, foreign investors who are unable or unwilling to wait for the removal of foreign ownership in the banking sector to enter the market are now taking detours to get into the payment industry.

According to the Korea Trade-Investment Promotion Agency, deals are currently being reviewed by major South Korean financial institutions, including Shinhan Bank and KEB Hana Bank. Other South Korean banks which have a presence in Vietnam or are seeking to enter the market are also looking at fintech firms to add value to their banking system.

Newsire KoreaHerald reported that seven fintech companies headquartered in South Korea are preparing to make further inroads into 14 markets including Vietnam, Thailand, Indonesia, and Hong Kong, as part of their efforts to become unicorn startups.

### 3. Vietnam finance ministry extends program to support stock market

Vietnam's Ministry of Finance (MoF) has decided to extend the validity period of Circular No.14 that exempts fees for six securities services and lowers the fees for nine others for another 10 months to June 30, 2021 in a move to support traders.

The free services include registration for listing; securities registration; securities borrowing and lending via the Vietnam Securities Depository (VDS); membership registration for derivatives transaction; registration for clearing participant; and first-time online connection.

Meanwhile, nine other securities services are subject to reductions from 10% to 50% of the current fees, including a 10% reduction for transaction fees on the share and derivatives market, securities depository; 15 – 20% reduction

for position management fee, management of margin assets on the derivatives market; 30 – 50% reduction for management of covered warrants after listing, information registration, stock transfer, auction and competitive offering.

Circular No.14 was enacted on March 18 and was initially set to take effect until August 31 to help stock investors overcome impacts of the Covid-19 pandemic.

At the close today, Vietnam's benchmark VN-Index plunged 5.3% to 785.17 as news about the local coronavirus infections in Danang spooked investors. This was the sharpest drop among stock markets globally during Monday's trading session.

### 4. Vietnam credit system overcomes biggest test yet in Covid-19: PM

In the past six months, Vietnam's credit system has not only overcome difficulties caused by the Covid-19 pandemic, its biggest test yet, but also plays a great part in ensuring the country's positive economic growth, according to Prime Minister Nguyen Xuan Phuc.

While the banking sector has to continue its efforts to deal with bad debts, credit institutions are required to support the economic recovery efficiently, Phuc said at a government meeting to discuss the results of the three-year implementation of Resolution No.42 on restructuring of credit institutions and handling of bad debt on July 27.

Over the past three years, the country's banking system has transformed significantly, Phuc asserted.

To date, its total assets and equity have increased by 5%, and more importantly, the bad debt ratio have been reduced to 1.63% of total outstanding loans, or 4.43% if included bad debts sold to the central bank – run Vietnam Asset Management Company (VAMC) and potential non-performing loans.

According to Phuc, state-owned commercial banks (BIDV, Vietinbank, Vietcombank, Agribank) continue to play a key role in the banking system, accounting for 42.8% of total assets and 47.9% of outstanding loans in the banking sector.

In the coming time, Phuc requested the banking system to step up restructuring process of credit institutions to ensure smooth operation and provide much-needed support for the economy during the Covid-19 crisis.

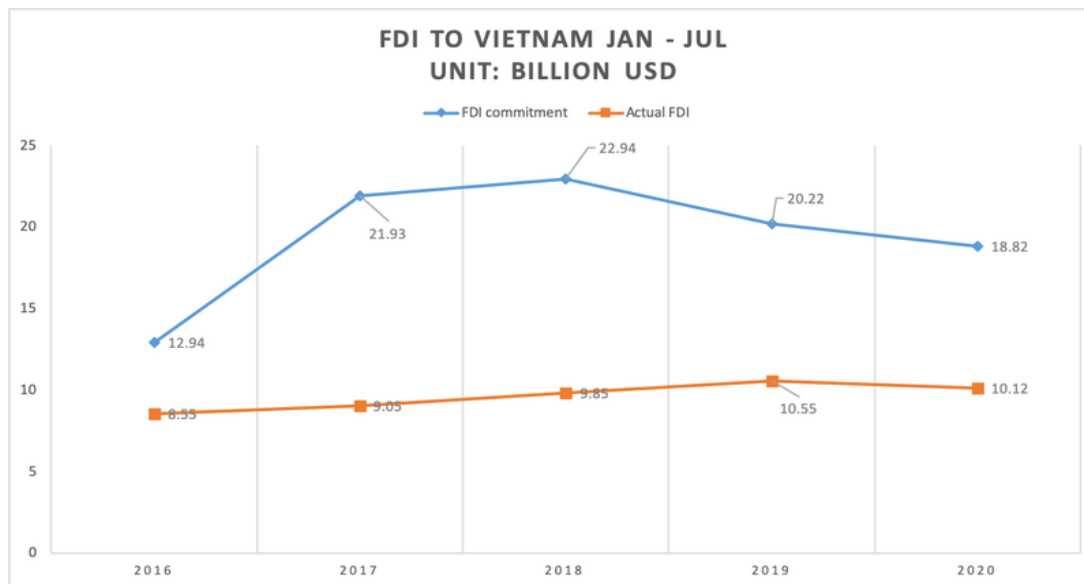
As of June 29, Vietnam's credit growth stood at 3.26% against end-2019, a significant increase compared to a 1.96% expansion recorded at the end of May.

Governor of the State Bank of Vietnam Le Minh Hung said at a government meeting on July 2 this indicated the credit demand has partially recovered following low growth rates in April and May at 0.12% and 0.53%, respectively.

## 5. Actual FDI in Vietnam down 4% to US\$10.12 billion in 7 months

Disbursements of foreign direct investment (FDI) projects in Vietnam totaled US\$10.12 billion in the first seven months of this year, representing a decline of 4% year-on-year, a report of the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment has shown.

Year to July 20, 1,620 new projects have been approved with total registered capital of US\$9.46 billion, up 14.4% in capital year-on-year, while 619 existing projects have been injected an additional US\$4.7 billion, up 37% in capital.



Data: MPI. Chart: Hai Yen.

Meanwhile, FDI commitments in the January – July period totaled US\$18.82 billion, down 6.9% year-on-year.

A surge in fresh FDI commitments in the seven-month period was thanks to the liquefied natural gas (LNG) plant project worth US\$4 billion in the southern province of Bac Lieu. Meanwhile, injections of US\$1.38 billion in the Petrochemical

Complex project in Ba Ria – Vung Tau province (Long Son Petrochemical) and US\$774 million in the West Lake Urban project have directly contributed to higher capital committed for existing projects.

During this period, 4,459 projects have had nearly US\$4.64 billion in capital contributed by foreign investors, up 1.64% in the number of projects and down 45.5% in value year-on-year.

Investors have poured money into 18 fields and sectors, in which manufacturing and processing led the pack with investment capital of over US\$8.96 billion, accounting for 47.6% of total registered capital. Electricity production and supply came second with US\$3.95 billion, or 21% of the total, followed by real estate with US\$2.8 billion, wholesale and retail with US\$1.1 billion.

The report shows that out of 104 countries and territories investing in Vietnam in the first seven months of 2020, Singapore took the lead with

US\$6.44 billion, followed by South Korea with US\$2.8 billion, and China with US\$1.7 billion.

Among 59 cities and provinces having received FDI in the seven-month period, Bac Lieu has attracted the largest portion of capital commitments with US\$4 billion. Hanoi came second with nearly US\$2.82 billion, followed by Ho Chi Minh City with US\$2.4 billion.

Besides the US\$4-billion LNG plant project financed by a Singaporean investor, some other big-ticket projects in January – July 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 increase of US\$75.2 million to Japan's Sews-components Vietnam manufacturing plant for electronic and auto parts; and Hong Kong's Ce Link Vietnam 2 plant worth US\$49.8 million in Bac Giang for electronic parts and products.

## 6. Airlines increase flights to transfer passengers from Đà Nẵng

The airlines also announced policies to support ticket exchange for passengers in the city, one of the most popular tourism spots in Viet Nam, which resumed tourism activities earlier in July.

According to booking data of the local airlines, from July 27 to July 31, the number of passengers expected to arrive and stay in the city could reach 80,000. There are now 11 routes from domestic airports to the airport with approximately 100 one-way flights per day.

On Monday, director of the Civil Aviation Authority of Viet Nam (CAAV) Dinh Viet Thang told local media the CAAV requested all airlines in the country to increase flights to and from Da Nang. Thang expected to take all passengers out of the city before 12am on Tuesday.

Vietnam Airlines announced plans to increase flights and operate wide-body aircraft including the Airbus A350 and Boeing 787 to serve and support passengers who arrive and depart from the central city.

The airline representative said: “We will closely monitor the situation to make timely flight adjustments based on the direction of the Government and aviation authorities.”

Vietnam Airlines will support passengers with tickets issued before July 25, 2020 travelling to and from Da Nang for departures before August 31, 2020 to change their flight date and itinerary free with new flights that depart before October 31, 2020. Customers will pay the difference in price, taxes and fees if any.

The airline encouraged passengers to keep hold of their unused tickets to change to the new flight date. Though Vietnam Airlines won't refund tickets in cash, according to its fare conditions, it will waive the refund fee if the customers want to turn the refund into a travel voucher.

Vietnam Airlines told local media that it is committed to making every effort to arrange flights to bring passengers back on schedule.

Representatives of Bamboo Airways also said the airline increased flights to and from Da Nang on

Sunday and Monday to meet the needs of passengers. The airline also allowed passengers to change flight dates and itinerary and refund tickets for flights to and from the city at least four hours before departure. Customers can choose new flights that depart before October 24.

For customers who have tickets including a resort combo, they are also allowed to change the flight date and itinerary for one time free of charge, but they need to notify the airline at least 12 hours from the first departure time on the combo applicable for the period of July 26 - July 31 and 72 hours the from first departure time on the combo applicable for the period after August 1.

On July 26, Vietjet Air also announced an additional 15 flights between Da Nang, Ha Noi and HCM City. Vietjet would help customers change their tickets after July 26. Under the Vietjet Air policies, passengers who notified the change three hours before departure are allowed to change the flight date free one time and pay the difference in fare (if any). The new flight time will be from July 26, 2020 to October 31, 2020.

To ensure the safety and health of passengers and the community, all the airlines will maintain disinfection of the entire fleet of aircraft, as well as implement measures to conduct health checks. The flight crew are equipped with masks, gloves and alcohol wipes while passengers on the plane are required to wear a mask during the flight.

## 7. Vietfood Beverage - Propack Việt Nam expo returns next month

Covering 5,000sq.m at the Sài Gòn Exhibition and Convention Centre, the upcoming exhibition will showcase a wide range of products including food, agriculture products, seafood, drinks, nutritional supplements in addition to raw materials, manufacturing and packaging equipment.

The event will help Vietnamese businesses expand cooperation, promote joint ventures of production, apply advanced science and technology, seek opportunities, build cooperation and investment relations in the field of food and beverage manufacturing and processing, its organiser - the National Trade Fair and Advertising JSC, said in a statement.

With the goal of promoting post-pandemic trade activities, direct business-to-business (B2B) trade

activities will be held on the sidelines of the event in order to increase trade promotion, connecting manufacturers with distributors, importers, overcome all gaps and barriers towards cooperation and development, the company said.

The forthcoming event will attract big brand names in the beverage industry to attend with the majestic display areas of the sponsors such as Saigon Beer - Alcohol Beverage - Corporation (SABECO), Suntory Pepsico Vietnam Beverage Company, Tân Hiệp Phát Beverage Group and Hanoi Beer Alcohol And Beverage Joint Stock Corporation (Habeco).

Last year's edition lured nearly 16,500 visitors including 10,400 traders.

## Corporate News

### 8. HSG: Hoa Sen Group seeks to withdraw from US\$10 billion Ca Na steel project

↑ 7.00%

At the board of directors meeting on July 21, Hoa Sen leaders revealed that they are withdrawing from the project because the current situation is no longer suitable with the initial goal and the group wants to focus on its traditional strengths including corrugated iron, steel and plastic.

The group will disband six affiliates that were founded to develop the project including the Hoa Sen Ca Na - Ninh Thuan International General Port Company, the Hoa Sen Ca Na - Ninh Thuan Industrial Zone Infrastructure Development Company, the Hoa Sen Ca Na - Ninh Thuan Steel Complex Investment Company, the Hoa Sen Ca Na - Ninh Thuan Cement Company and Hoa Sen Quy Nhon JSC.

The Hoa Sen board of directors said they would ask the chairman and vice chairman to work with partners who have a strong financial capability and are developing projects in Ninh Thuan to accelerate the transfer.

The Ca Na steel project requires an investment of over US\$10 billion and will have an annual capacity of 16 million tons. It has been included in the steel

industry development plan till 2025 with a vision to 2035 by the Ministry of Industry and Trade.

When the project was proposed in 2016, it sparked controversies over possible marine environment pollution.

In April 2017, the prime minister asked the Ninh Thuan Province government to suspend the project, explaining that it was poorly planned, as it did not provide sufficient information, data and assessment.

At the annual shareholders' meeting in January 2018, Le Phuoc Vu, chairman of Hoa Sen Group, said the project was undergoing legal procedures to register for investment and working with partners to choose suitable technology and machinery.

In April 2018, the Ninh Thuan Province government approved the first phase of the Ca Na - Ninh Thuan General Port project. It will cover over 314 hectares with three ports capable of receiving 20,000-100,000 DWT ships. In November 2018, the province approved the scale 1/500 detailed zoning plan for the project.

### 9. VNM: Another factory licensed to export milk to China

↑ 6.29%

Another Vietnamese factory has been granted with a transaction code to export dairy products to China, according to the Asia-Africa Market Department under the Ministry of Industry and Trade.

The department said the Chinese General Administration of Customs on July 27 granted the code to the Saigon Dairy Factory of the Vietnam Dairy Products JSC (Vinamilk), allowing this plant to export flavoured fermented milk to this major market.

So far, Chinese authorities have permitted five companies and factories of Vietnam to sell dairy products to China.

They consist of TH True Milk (with sterilised and modified milk), Hanoimilk (fermented milk), Bel Vietnam (cheese), Thong Nhat Dairy Factory (condensed milk), and Saigon Dairy Factory (flavoured fermented milk).



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