



VIETNAM DAILY NEWS

July 30th, 2020



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Market Analysis

1. VN-Index plummets again as Covid-19 situation escalates

The VN-Index fell 2.77 percent to 790.84 points Wednesday, after eight new intra-community Covid-19 transmissions were confirmed in the morning.

The index had fallen to 780 points by around 1.15 a.m from 813.36 points at the beginning of the session, but managed to pick up 10 points by the end of the session.

News of the new Covid-19 infected patients in coastal Da Nang City in the morning had triggered sell-offs from investors again, although the market managed to recover in the afternoon upon hitting the 780-point support level, with bottom-fishing cash narrowing losses, analysts said.

In the past five days, Da Nang with a population of 1.1 million has reported 26 cases alone. Its neighbour Quang Nam Province has reported three patients and the nearby province of Quang Ngai one case, all linked to Da Nang, bringing Vietnam's total infected count to 30.

The Ho Chi Minh Stock Exchange (HoSE), on which the VN-Index is based, was a sea of red with 352 stocks losing and 59 gaining. Total trading volume rose slightly over the previous session, to VND5.46 trillion (\$235.92 million).

The VN30-Index for the stock market's 30 largest caps fell 2.78 percent, with 29 tickers in the red and one in the green.

ROS of real estate developer FLC Faros topped losses, plummeting 6.7 percent, its floor price, followed by GAS of energy giant PetroVietnam Gas, down 6.3 percent, and VRE of mall operator Vincom Retail, down 6.1 percent.

SBT of agricultural firm TTC-Sugar, CTD of construction giant Cotecons, and SAB of major brewer Sabeco slid 5.7 percent, 5.6 percent and 5 percent respectively.

Mid-sized banks were some of the worse performers this session. MBB of state-owned Military Bank shed 4 percent, STB of private Sacombank 3.8 percent, VPB of private VPBank 3.6 percent, and TCB of private Techcombank 3.2 percent.

Of Vietnam's three biggest state-owned lenders by assets, CTG of VietinBank dropped 3.9 percent, BID of BIDV 2.4 percent, and VCB of Vietcombank 1.3 percent.

VIC of private conglomerate Vingroup, HoSE's biggest cap, shed 2 percent, while VHM of its real estate subsidiary and HoSE's third largest cap Vinhomes dropped 2.4 percent.

EIB of private Eximbank was the only stock that bucked the trend this session, having shot up 7 percent, its ceiling price.

Meanwhile, the HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, shed 1.05 percent; and the UPCoM-Index for stocks on the Unlisted Public Companies Market slipped 1.99 percent.

Foreign investors were net buyers for the fourth consecutive session on all three bourses to the tune of VND310 billion (\$13.39 million), with buying pressure focused VCB and two exchange traded funds.

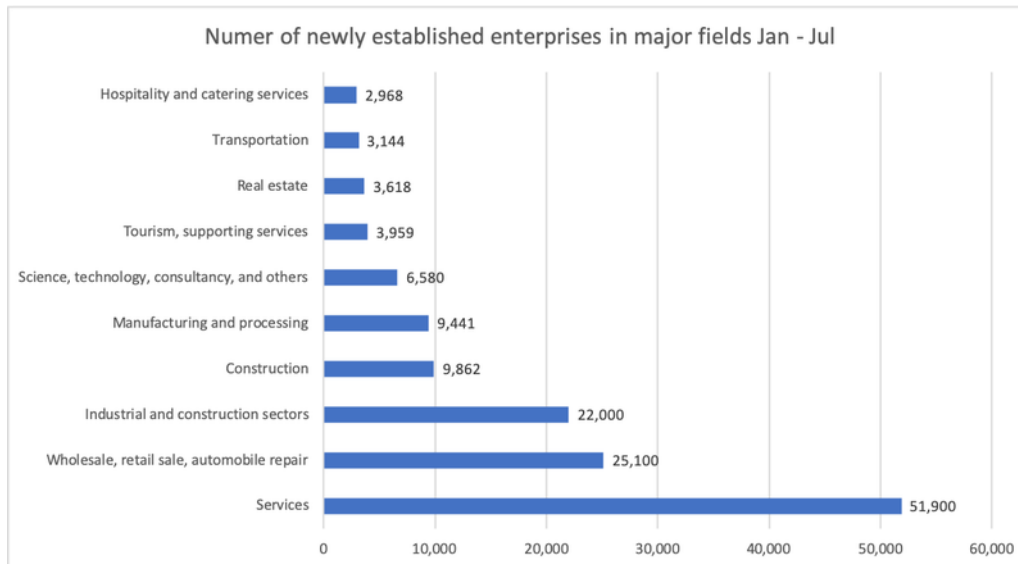
Macro & Policies

2. Vietnam: Revived businesses rise 17.6% to 28,600 in Jan-Jul

The number of businesses resuming operations in the first seven months of 2020 rose 17.6% year-on-year to 28,600, indicating positive effects from the government's supporting programs for the business community, according to the General Statistics Office.

trillion (US\$90.32 billion), down 15.4% year-on-year.

Among economic sectors, only electricity, gas and water production and distribution saw the sharpest increase in the number of fresh enterprises with 2,340, up 190.7% year-on-year, followed by the



Data: GSO. Chart: Ngoc Thuy.

In July, new business formations decreased by 3.8% month-on-month to 13,200. Notably, this month also witnessed sharp increases of 72% month-on-month in combined registered capital of VND239.3 trillion (US\$10.31 billion) but saw a decline of 8.7% in the number of workers employed by new enterprises to 91,400.

agro-forestry-fishery sector with 1,372, up 20.9%, and the construction and industry sector with 22,000, up 2.1%.

Overall, the number of newly-established enterprises in Vietnam in the first seven months of 2020 was 75,200 with registered capital of a combined VND936.4 trillion (US\$40.37 billion), down 5.1% in number and 6.3% in registered capital year-on-year. Average registered capital per newly-established enterprise was VND12.4 billion (US\$534,610) during this period, down 1.2% year-on-year.

Meanwhile, most of the newly-established enterprises operate in the fields of services with 51,900, down 8.4% year-on-year; wholesale, retail, automobile repair with 25,100 enterprises, down 3% year-on-year. New businesses in the construction sector totaled 9,862, down 4%; followed by manufacturing and processing (9,441, down 6.4%); science, technology, consultancy, design, advertising and others (6,580, down 0.4%), among others.

Taking into account VND1,158.4 trillion (US\$49.94 billion) of additional capital pumped by active enterprises, total registered capital injected into the economy in the January-July period was VND2,094.8

The government-run office informed the total number of newly-registered and reinstated enterprises in the seven-month period to 103,800, up 0.2% year-on-year.

The GSO added that the number of laborers of newly-established enterprises between January and

July was 598,600, down 19.5% against the same period last year.

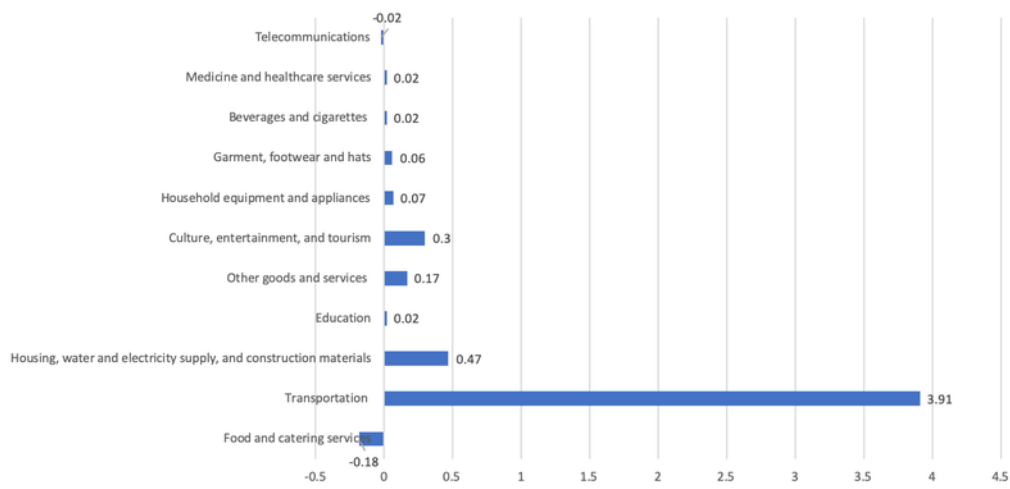
During this period, the number of enterprises temporarily ceasing operations surged 41.5% year-on-year to 32,700.

Moreover, enterprises which completed procedures for bankruptcy totaled 8,900, down 3.5%, of which 7,900 enterprises had a capital base of less than VND10 billion (US\$429,700).

3. Vietnam's cost of living rises 0.4% in July

Vietnam's consumer price index (CPI), the main gauge of inflation, in July increased 0.4% against the previous month, but dipped 0.19% versus the end of 2019, the lowest rate recorded in 2016 – 2020, according to the General Statistics Office (GSO).

entertainment, and tourism (0.3%); household equipment and appliances (0,07%); garment, footwear and hats (0,06%); beverages and cigarettes (0.02%); medicine and healthcare services (0.02%); education (0.02%); and other goods and services (0.17%).



Data: GSO. Chart: Ngoc Mai.

Increases in prices of petroleum products and a surge in demand for electricity and water led to an expansion of the CPI in July, stated the GSO.

The two groups that saw their prices down in July were food and catering services (-0.18%), and post and telecommunications (-0.02%).

Overall, the CPI in the first seven months of this year increased by 4.07% year-on-year.

According to the GSO, core inflation in July went down 0.09% month-on-month, resulting in an increase of 2.31% year-on-year and a rise of 2.74% in the January – July period compared to the same period of 2019.

Nine out of 11 commodity groups that are components of the basket for CPI calculation witnessed month-on-month increases in prices. Among them, transportation posted the sharpest increase of 3.91%, mainly due to petroleum price hikes on June 27, contributing 0.37 percentage points to the overall growth of CPI.

Domestic gold prices continued the growing trend due to global uncertainties. Meanwhile, low interest rates and risky corporate bonds prompted investors to turn to gold as a safe investment option.

Other groups that saw their prices up in July were housing, water and electricity supply, and construction materials (0.47%); culture,

In July, gold prices increased 3.49% month-on-month, 20.89% against last December and 28.57% year-on-year.

4. E-wallets seek to grab opportunity as pandemic keeps people shopping online

MoMo announced on Tuesday that it plans to tie up with ride-hailing company Be Group to offer its popular e-wallet services to the latter's customers.

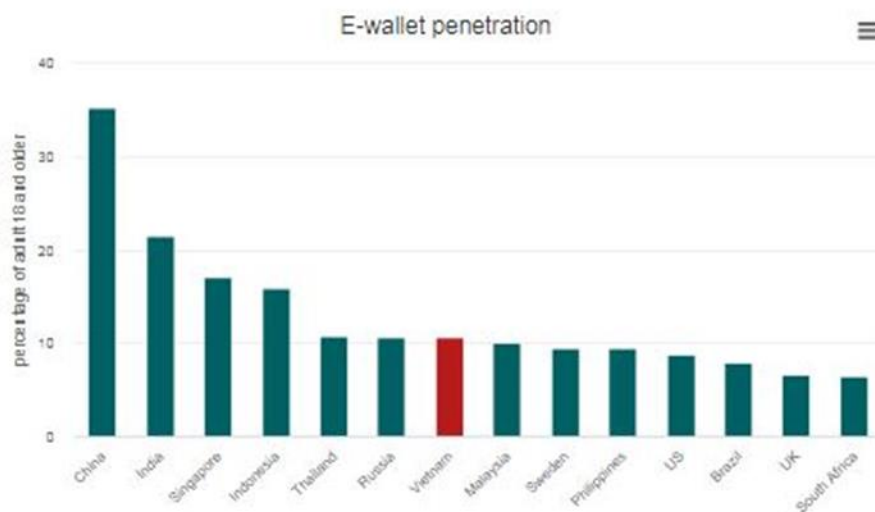
SmartPay earlier this month signed a deal with Viet Capital Bank to allow the lender's customers to open saving accounts using its e-wallet.

The company, which entered the market in May last year, targets big in Vietnam's increasingly crowded e-payment market. It seeks to increase the number of users from 1.7 million to 4 million in the near future.

Eighty percent of cashless transactions in Hanoi, Da Nang and central Thua Thien Thue Province are done by users aged 18-34, Shopee said.

Industry insiders said fintech companies and banks are seeking to boost cashless payment as people refrain from going to physical stores amid pandemic fears.

"Banks have been increasing partnerships with fintech companies during the pandemic for payment and other types of financial services," Do Thanh Nam, director of Viet Capital Bank's digibanking department, said.



Another player, AirPay, which has been partnering with online shopping platform Shopee for months, is offering gifts worth hundreds of thousands of dong (VND100,000 = \$4.3) to attract customers.

Shopee said its cashless transactions, through credit cards and AirPay, have been rising rapidly in number since Vietnam reported the first Covid-19 case early in the first quarter.

His bank saw online savings increase six-fold year-on-year in the first half, he revealed.

An estimated 10.6 percent of the population aged above 15 use e-wallets, compared to 10.7 percent in Thailand, 17.1 percent in Singapore and 35.2 percent in China, according to global consulting firm Boston Consulting Group.

The government has been seeking to promote cashless payments for transactions like payment of electricity bills and tuition.

5. Vietnam may cancel 17.1GW of planned coal-fired power projects, push renewables and gas

Speaking at an internal consultation earlier this month, the Vietnam Energy Institute revealed the eighth Power Development Plan (PDP8), set to take effect early next year, would stipulate a rapid expansion of renewables and natural gas in the country, suggesting the government could cancel seven planned coal projects and postpone six others until after 2030 or 2035.

Together, the 13 plants concerned boast a staggering capacity of 17.1 gigawatts (GW), almost matching the current 18.9 GW of coal power installed. Development scenarios presented at the meeting, seen by Eco-Business, show Vietnam expects wind and solar energy together to comprise the largest share in its capacity mix by as early as 2030.

The PDP8 charts a development path for each electricity generation type through to 2030, with a “vision” extending to 2045. With Vietnam's power

demand set to more than double in the coming decade, the plan is critical to the nation's efforts to rein in carbon emissions and align its development path with the Paris climate goals.

“In the next period, [Vietnam] will not strongly develop coal power but only proceed with the development of the projects which are already listed in the PDP7 and revised PDP7,” the country's vice-minister of industry and trade, Hoang Quoc Vuong, was quoted saying at the meeting by local media. “[We] will no longer develop new projects.”

In a statement released last week, the Institute for Energy Economics and Financial Analysis (IEEFA) and Vietnam-based environmental group Green Innovation and Development Centre (GreenID) said amid plummeting clean energy prices, difficulties in obtaining financing and increasingly ambitious climate targets, it was unlikely the 13 projects would be revived, once shelved.

6. Hoi An suspends all tourism activities amid Covid-19 concerns

The drastic steps have been taken due to its proximity to Danang City, a tourism hotspot, where new local infections had been recently discovered after 99 straight days without local coronavirus transmission, said Nguyen Van Son, chairman of the city.

It has also postponed all activities that require the gathering of more than 10 people in public and over 20 at meeting halls. The city called on local residents to limit nonessential outings, wash hands regularly and practice personal hygiene as instructed by the health authority.

Hoi An is also seeking the provincial government's approval for a plan to temporarily shut down nonessential businesses such as bars, karaoke and massage parlors in the city, Son added.

In addition, the city had tested samples of 70 cases linked to the four Covid-19 patients that contracted the disease via community transmission in Danang, tagged as the 416th, 418th, 419th and 420th cases. All of their test results came back negative. It also quarantined 21 other people.

7. Shrimp exports in first six months up 5.7%

June alone saw a 19.2 per cent growth in exports, the highest growth rate since March.

White leg shrimp accounted for 70.1 per cent of the exports, and their export value rose by 11 per cent. Meanwhile, giant tiger shrimp accounted for 18.2 per cent of exports and their value dropped by 15 per cent.

Processed shrimp products had higher sales than raw or frozen shrimp.

The US is Viet Nam's biggest importer of shrimp, accounting for 21.2 per cent of exports. Exports to the US in the first six months rose by 29 per cent compared to the same period last year, at \$323.3 million.

Vietnamese shrimp are more competitive in the US than other supply countries because Viet Nam was able to stabilise its production faster after COVID-19, while exporters and processors in countries like India and Ecuador are still affected by lockdowns and an undersupply of factory workers.

Exports to China in June rose by 23 per cent year-on-year. Major suppliers of shrimp to China have faced problems, leaving more room for Vietnamese

exports. China suspended shrimp imports, for example, from three Ecuadorian businesses this month after detecting a virus in their recent shipments.

Exports to the EU in the first six months dropped by 7 per cent.

According to the association, the prices of Viet Nam's shrimp are trending upward, and the shrimp stock within main markets such as Japan, the US and the EU is not as high as before, so Viet Nam's shrimp exports are expected to grow in the next few months.

Viet Nam is one of the world's biggest producers of shrimp. It exported \$3.4 billion worth of shrimp in 2019.

Corporate News

8. DXG: Announcement on share buyback

↓ -3.29%

Dat Xanh Group Joint Stock Company has intention to repurchase its stock as follows:

- Stock symbol: DXG
- Number of treasury shares before trading: 1,238,375 shares

- Number of shares registered to buy back: 509,111 shares

- Expected trading period: after 7 days from the date of information disclosure

- Purpose: to buy back shares from employees who retired

9. AAA: Board resolution on the use of capital from the share issue

↓ -4.35%

The Board of Directors of An Phat Bioplastics Joint Stock Company approved a plan for the use of capital from the share issue for exercising the warrants which were issued in conjunction with bonds as follows:

- All proceeds of 560,000,000,000 dongs from the share issue for exercising the warrants which were issued in conjunction with bonds, which were adopted by the 2018 extraordinary general meeting of shareholders dated October 10, 2018,

including capital surplus, will be used for the following purposes:

- To purchase the shares of An Vinh Packaging Join Stock Company or/and invest in other potential companies;
- To restructure the Company's liabilities;
- To raise the Company's working capital.

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