



# VIETNAM DAILY NEWS

July 31st, 2020



**Table of content**

## Table of content

1. **Blue chips pull VN-Index back into the green**
2. **Vietnam pilots extension of night activities to 6am in major cities**
3. **Vietnamese customers spend more during year-end seasons**
4. **First online platform for exhibitions to be launched in VN**
5. **Vietnam fiscal deficit widens to US\$4.3 billion in 7 months on Covid-19**
6. **Businesses explore cooperation opportunities under EVFTA**
7. **Firms to re-enter COVID-19 prevention mode**
8. **SAB: Brewer Sabeco sees profits plummet**
9. **TCB: Techcombank achieved US\$288.4 million before-tax profit in H1**

## Market Analysis

### 1. Blue chips pull VN-Index back into the green

The VN-Index gained 1.3 percent to 801.13 points Thursday, with most of the market's big caps in the green.

The Ho Chi Minh Stock Exchange (HoSE), on which the VN-Index is based, saw 256 stocks gain and 104 lose. Total transaction volume, after having exploded in the week's first sessions, going as high as VND7 trillion (\$302 million), slumped Thursday to VND3.2 trillion (\$138 million), the lowest so far this month.

The VN30-Index for HoSE's 30 biggest capped stocks gained 1.48 percent, with 25 tickers in the green and 4 in the red.

Ever since Vietnam confirmed its first intra-community Covid-19 transmission in more than three months last Saturday, the benchmark VN-Index has been fluctuating wildly. After diving 5.31 percent Monday, it pulled back 3.59 percent, then fell 2.77 percent, then proceeded to pull back again this session. The number of new community transmissions in the country has risen to 43.

Leading gains Thursday session were VHM of real estate developer Vinhomes, up 3.5 percent, GAS of energy giant PetroVietnam Gas, up 3.1 percent, and VNM of dairy giant Vinamilk, with 2.8 percent.

In the banking sector, the bigger gainers included TCB of Techcombank, Vietnam's biggest capped private bank, up 2.5 percent, and CTG of state-owned giant VietinBank, with 2.4 percent.

VPB of private VPBank rose 1.6 percent, HDB of private HDBank and MBB of state-owned Military Bank both gained 1.3 percent, while BID of state-owned giant BIDV added 0.7 percent.

VIC of private conglomerate Vingroup, HoSE's biggest cap, added 1.9 percent.

Other major gainers this session included SBT of agricultural firm TTC-Sugar, up 2.3 percent, CTD of construction giant Coteccons, up 1.8 percent, and MWG of electronics retailer Mobile World, with 1.8 percent.

In the opposite direction, EIB of private Eximbank led losses with 3.5 percent. The ticker had just surged 7 percent, its ceiling price, in the previous session.

ROS of real estate developer FLC Faros dropped 0.9 percent, SAB of major brewer Sabeco, 0.5 percent, and VCB of state-owned Vietcombank, 0.1 percent.

Meanwhile, the HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, rose 1.17 percent; and the UPCoM-Index for stocks on the Unlisted Public Companies Market added 1.27 percent.

Foreign investors were net buyers for the fifth consecutive session on all three bourses to the tune of VND18 billion (\$776,386), with buying pressure focused mainly on VHM of Vinhomes and VNM of Vinamilk.

## Macro & Policies

### 2. Vietnam pilots extension of night activities to 6am in major cities

The Vietnamese government has allowed night activities to remain active until 6am in the next day in some big cities and tourist areas instead of being closed at midnight in a bid to give a boost to the local tourism industry.

The prime minister-approved project is aimed to tap into the new potential for economic development, raise people's incomes and improve their living standards while limiting risks and negative impacts on political security, and social order and safety.

To materialize the project, some solutions will be taken, including raising awareness on the benefits and risks of the night economy; improving policies and legal frameworks to facilitate the development of the night economy and risk control; and managing night economy activities through planning.

Currently, the development of the model has not been promoted due to security issues and poor entertainment activities at midnight, leading to visitor's modest spending.

A study on the development of night time industry in Hanoi, Danang and Ho Chi Minh City shows that economic activities in Vietnam are bustling from 7am to 5pm, according to the Institute for Tourism Development Research.

However, day light activities only generate 30% of the overall tourism revenue. Meanwhile, the favorite time for tourists to dig deep into their pockets is from 6pm to 3am the next day and so the tourism sector earns 70% its revenue from night consumption.

According to the pilot scheme, night activities will be organized on the high streets of some major cities, and places of interest with large affluence of tourists such as Hanoi, Quang Ninh, Hai Phong, Ho Chi Minh City, Danang, Hoi An, Thua Thien-Hue, Can Tho, Da Lat and Phu Quoc.

Therefore, the government decided to pilot the model in the major cities, then the relevant authorities will assess the performance and management of nightlife activities to perfect the model and then multiply it in other localities.

#### Supporting policies

Under the project, a number of policies to encourage and give incentives to businesses and households for joining the night economy model will be carried out, such as increasing capacity and enabling businesses to access formal financial resources, especially bank credit.

It also targets tourism and night economy promotion; building night tourism products based on local cultural factors, creating highlights according to local characteristics.

The prime minister asked provincial People's Committees to develop the night economy models suitable to their local advantages and actual conditions. The formulation of programs/plans for developing night economy should take into consideration the impacts on the locality, the local needs and the strengths as well as the management capacity and resources.

In the process of working out provincial planning for the new term, the prime minister also requested local authorities to zone places suitable for the night economy so as to prepare in terms of legal framework, policy and investment.

Vietnam received some 18 million international visitors last year, a new record high. Tourism contributes nearly 10% to Vietnam's GDP, according to HSBC.

However, the ongoing global health crisis has hurt this industry, with nearly 3.8 million foreign guests coming to Vietnam in the first seven months of 2020, a drop of 61.6% over the same period last year as the country keeps its borders closed to foreigners to contain Covid-19.

### 3. Vietnamese customers spend more during year-end seasons

The survey said that in Viet Nam, 62 per cent of Gen X and Boomers (groups of customers aged above 40 years old) cared about “Online Shopping and In-store Pick Up” while 70 per cent have sent messages to at least one business during the year-end season.

On a global scale, shopping through mobile devices has become more and more popular, with 65 per cent of Gen X and Boomers spending more time using mobiles since the start of the COVID-19 pandemic. For Boomers, mobile research during holidays has grown by 20 per cent compared to the same period last year.

In Viet Nam, 82 per cent of year-end shoppers agreed that they looked for sales and bargains. Seventy per cent of surveyed shoppers say the Tet period was a good time to find the best deals. In fact, businesses in Viet Nam reported an increase in number of orders by almost two-three times compared to normal days during the three biggest shopping days, including November 11, Black Friday (last Friday of November) and December 12, according to the survey.

Treating oneself with some “small luxuries” reflects the way people approach mega sale days and shopping for Tet.

In Viet Nam, eight out of 10 year-end shoppers said they looked to reward themselves with apparel, confectionery, food, household appliances and health & beauty products across the season. Up to 69 per cent of surveyed customers said that they had plans to spend “much or somewhat more” on Tet shopping in 2020 than in the previous year, said the survey.

The survey found that Vietnamese customers were more open to new products and services, both online and offline, during year-end seasons. 40 per cent of year-end shoppers in Viet Nam wanted authentic products and services with transparent information.

The survey suggested brands should personalise their approach to the GenX and Boomers on a large scale and deliver relevant messages to different target groups to enhance the customer interests and conversion during the year-end shopping seasons and Lunar new year celebration.

Discounts and promotions will continue to play a significant role as users have pushed back their purchase decisions due to COVID-19. Brands should give consumers more reasons and trust to reward themselves through relevant content and well-rounded customer consultation and care policies.

The year-end and Tet shopping seasons are opportunities for businesses to expand to their potential customers and reach new customers. Brands need an effective Omni-channel marketing strategy and take advantage of the power of social media to increase their customer interests and conversion in the upcoming holiday season. Brands should always be honest with customers, try new interactive formats like shopping via Live, games, and talking to consumers.

The online survey on shopping habits of shoppers across Southeast Asia from December 2019 to February 2020 was conducted by Facebook and YouGov, a global public opinion and data company.

### 4. First online platform for exhibitions to be launched in VN

Developed by the Handicraft and Wood Industry Association of HCM City (HAWA), HOPE features vivid images of 360-degree showrooms, factories and workshops, a 3D product catalogue, social apps to enable 24/7 interaction between exhibitors and visitors, digital marketing, life events, and others.

HOPE will display thousands of products from hundreds of manufacturers and exporters that are verified by HAWA so that buyers can have peace of mind when they experience, search and select their potential suppliers as well as connect with the Vietnamese wood and furniture business community, said HAWA Deputy Chairman Nguyễn Chánh Phương.

With the message "Virtual Gateway to Vietnam Furniture Industry", HOPE is an effective channel to help international buyers find products and suppliers during a time when many trade fairs and exhibitions have been delayed or cancelled due to COVID-19, he said.

HOPE's mission is to help place Việt Nam's wood and furniture industry among the top in the world, he added.

Nguyễn Thanh Phong, deputy chairman of HAWA, said: "Previously, furniture firms mainly sought orders through fairs and exhibitions. However, from the beginning of 2020 until now, due to the impact of the COVID-19 pandemic, finding customers and direct orders has been very difficult. In this context, many businesses in the wood and furniture industry have stepped up their diversification of marketing and sales channels to maintain their operations.

"The establishment of HOPE will contribute to perfecting trade promotion channels, giving member businesses and shoppers a seamless and fast connection."

Đinh Thị Hương Nga, CEO of Hương Nga Fine Arts, one of the first companies to display products and showroom on HOPE, said that within one month of introducing her company's showroom on HOPE to

customers, the company received two contracts, with one order from an long-time customer and another from a new customer.

"Shoppers, especially those who want to buy wood and handicraft products, often had to come to an exhibition or showroom to see, touch and study a company and its products before deciding to place an order. During the pandemic period, although customers have demands and the company often contacted customers, no order was signed. The vivid image technology and detailed information about products and factories on HOPE has created great confidence for customers to decide to place an order," she said.

Trần Viết Huân, deputy chairman of CIO Vietnam, said the HOPE platform not only helps local producers connect with international buyers amid the pandemic, but also meets changes in marketing and trading in line with the trends of digital transformation and use of technologies to boost sales.

There are 50 virtual showrooms of Vietnamese furniture manufacturers and exporters on <http://hopefairs.com>, according to Phương. The number is expected to be about 100 showrooms by the year-end.

## 5. Vietnam fiscal deficit widens to US\$4.3 billion in 7 months on Covid-19

Vietnam recorded a state budget deficit of VND101.1 trillion (US\$4.37 billion) in the year to July 15, 2020, a stark contrast from a budget surplus of VN114.84 trillion (US\$4.96 billion) in the same period of last year, according to the General Statistics Office (GSO).

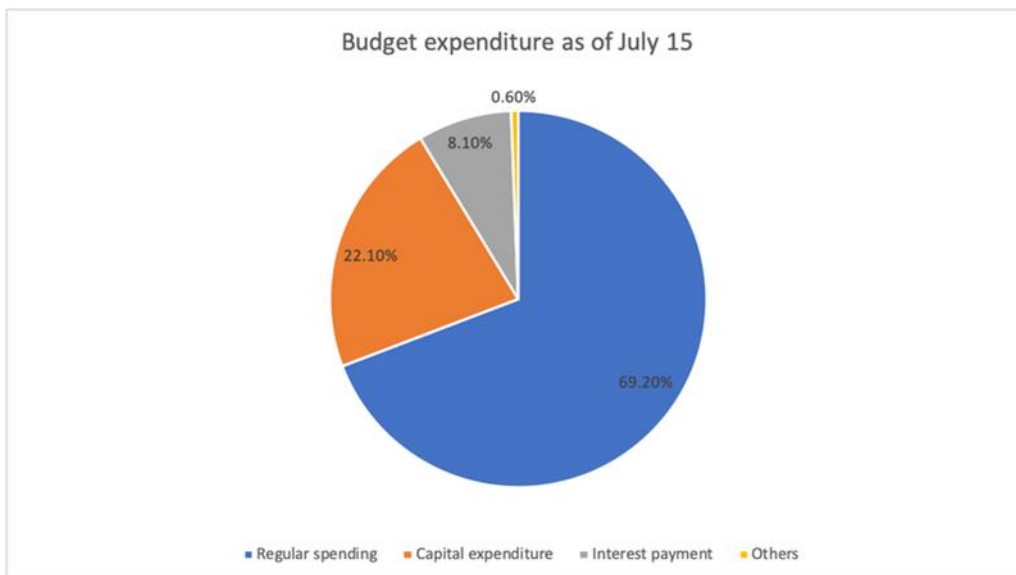
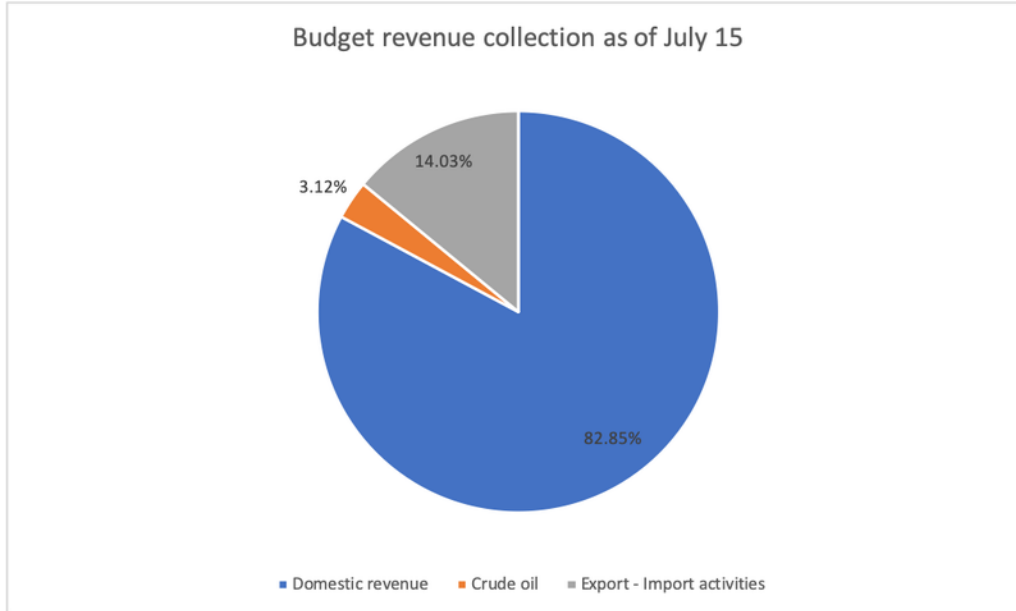
The large deficit was due to the government's supporting programs in forms of tax deferrals and delay in payment of land rental fees, while more financial resources are mobilized to support the economic recovery process and those affected by the pandemic, stated the GSO.

As of July 15, budget revenue collection reached VND697.5 trillion (US\$30.17 billion), equivalent to 46.1% of the year's estimate.

Upon breaking down, domestic revenue during the period stood at VND577.3 trillion (US\$24.97 billion), equivalent to 45.7% of the year's estimate. Of the sum, the state sector contributed VND67 trillion (US\$2.89 billion), or 37.7% of the year's estimate, the FDI sector grossed VND96.8 trillion (US\$4.18 billion), meeting 42.3% of the plan.

Moreover, VND103.2 trillion (US\$4.46 billion) was collected from non-state industrial, commercial and service taxes, equaling 38.1% of the plan, and VND30 trillion (US\$1.29 billion) from tax on environmental protection or 44.3%.

Revenue from import-export activities hit VND98 trillion (US\$4.23 billion), or 47.1% of the year's estimate, and that from crude oil totaled VND21.9



Data: GSO. Chart: Ngoc Mai.

trillion (US\$947.25 million), meeting 62.1% of the year's plan.

Additionally, personal income tax contributed VND66.7 trillion (US\$2.88 billion) to the state budget or 51.8% of the year's estimate, and land use rights VND71.1 trillion (US\$3.07 billion), or 74.1% of the plan.

Meanwhile, state budget expenditures as of July 15 totaled VND798.6 (US\$34.54 billion), equivalent to

45.7% of the year's plan. Of the total, regular spending reached VND52.5 trillion (US\$23.89 billion) or 52.3% of the plan. Capital expenditure reached VND176.4 trillion (US\$7.63 billion) or 37.5%, and interest payment, VND64.6 trillion (US\$2.79 billion) or 54.6%.

The Ministry of Finance estimated fiscal deficit could increase to 5 – 5.1% of GDP, significantly higher than the target of 3.4% (excluding debt principal repayments) set in December 2019.

## 6. Businesses explore cooperation opportunities under EVFTA

Nearly 150 businesses in Hanoi, Binh Phuoc, Ho Chi Minh City and Europe were brought together at an online forum on July 29 to get the latest updates on cooperation opportunities to be presented by the EU-Vietnam Free Trade Agreement (EVFTA).

The event was jointly held by Radio The Voice of Vietnam, the Union of Vietnamese Business Associations in Europe, and the State Committee on Overseas Vietnamese Affairs.

Sharing difficulties when exporting goods to the European market, Chairwoman of the Binh Phuoc People's Committee Tran Tue Hien said businesses are bearing the brunt of unfavourable weather patterns and abnormal developments of the international market.

EU importers' policies have regularly changed with stricter standards about food safety and traceability, especially for agricultural and forestry products, she added.

Chairman of the association of Vietnamese businesses in Poland Hoang Xuan Binh said Vietnam mainly exports raw materials and semi-processed products to the EU. However, Vietnam has experience in implementing the Eurasian Economic Union (EAEU) Free Trade Agreement, while e-commerce has become popular in Vietnam and the EU.

Tens of thousands of Vietnamese businesses are active in Europe, he said, adding that they can serve as a bridge to connect the two sides.

Most of the panels held that the EVFTA will bring about numerous opportunities for Vietnamese and European enterprises. However, opportunities will go with challenges, so the two sides' businesses should prepare plans to capitalise on the deal's benefits, according to insiders.

## 7. Firms to re-enter COVID-19 prevention mode

Big companies such as Viet Nam Textile and Garment Group (Vinatex), Vietnam Electricity (EVN), Masan Group, supermarkets and transportation services providers have all required employees to wear masks, measure body temperature, practice social distancing and work from home.

Vinatex's director general Le Tien Truong said the company's employees are obligated to fill in health declaration forms, wear face masks, sanitise hands and remain at least one metre from other people. Employees are also requested not to travel to infected areas.

EVN's representative also said the group on Monday requested body temperature checks for staff members and visitors to the office. In case of fever or other symptoms, it requires workers to stay at home until they are confirmed to be virus-free.

Staffs returning from Da Nang are asked to self-quarantine at home for 14 days.

All employees and guests coming in and out of the corporate headquarters are required to wear a mask and have their temperature checked. Group meetings will be conducted online or with distancing measures.

The electricity units in Quang Nam and Da Nang have to declare and conduct epidemiological investigations on people whom may come into contact with infected people and suspected infected people to monitor or put in isolation.

Transportation services such as Grab and Be are also taking serious measures in response to the pandemic. Grab and Be requests drivers to fill in health declaration forms once a day and requires both drivers and passengers to wear face masks while travelling.

"Passengers have the right to cancel the ride if the driver does not wear face masks, and vice versa," a Grab Viet Nam representative told vnexpress.net.

Grab has also paused its GrabCar, GrabTaxi, GrabCar Plus and GrabCar Business operation in districts of Hai Chau, Thanh Khe, Son Tra, Ngu Hanh Son, Cam Le and Lien Chieu of Da Nang.

F&B firms and supermarkets are restarting pandemic prevention mode as well.

Golden Gate restaurants in Da Nang will be closed starting Monday, its representative said. In Ha Noi and HCM City, customers are required to wash their hands and have their temperature taken before entering the restaurant.

Big C said they have stocked enough goods and pledged not to increase prices. The supermarket chain also boosted sales through online and phone services for each supermarket, as well as increased deliveries to customers.

"We offer free shipping with totals from VND200,000 within 10km," a Big C representative said.

Eight new cases of COVID-19 in central Viet Nam were reported on Wednesday morning, bringing the total number of infections in Viet Nam to 446.



## Corporate News

### 8. SAB: Brewer Sabeco sees profits plummet

↓ -0.53%

Revenues fell 35 percent to VND12 trillion (\$518 million), 89 percent of it from beer and the rest from wine and other beverages.

The company, owned by Thai beverage giant ThaiBev, said that the profit plunge came as Vietnam imposed social distancing measures and closed non-essential businesses to contain the novel coronavirus. Authorities ordered most businesses, including restaurants and bars, to close in March and April.

Vietnam's new regulations on drunk driving have also impacted its business, Sabeco said. The country's new regime of fines - up to VND8 million (\$345) for DUI motorbike drivers and VND40 million (\$1,730) for car drivers have kept drinkers away from restaurants and bars.

Sabeco forecasts a post-tax profit fall of 37 percent this year to VND3.25 trillion (\$140 million).

### 9. TCB: Techcombank achieved US\$288.4 million before-tax profit in H1

↑ 2.48%

Its after-tax profit of VND5.4 trillion increased 19 per cent over VND4.5 trillion for the first half of 2019. The bank continued to lead the market with a healthy 2.9 per cent return on assets (ROA) for the last twelve months ended June 30, 2020. Capital position is strong with Basel II CAR at 16.9 per cent.

Techcombank's Total Operating Income (TOI) grew 30 per cent to VND11.8 trillion for the six months ended June 30, 2020 from VND9.1 trillion in the first half of 2019.

Net interest income (NII) for the first half grew to VND8.1 trillion, up 23 per cent from the same period last year. Net Fee and Commission Income (NFI) was VND2 trillion, posting 57 per cent year-on-year increase. NFI was 16.8 per cent of TOI as compared to 13.8 per cent in the first half of 2019, with a strong contribution from bond underwriting activity during the period.

In the second quarter of 2020, Techcombank continued to proactively write off selected non-performing loans. Provision expenses for the first half 2020 prudently increased to VND1.2 trillion from VND239 billion against the same period last year.

Its total assets were VND395.9 trillion, an increase of 9.8 per cent. Total credit extended to customers

as of June 30 was VND265 trillion, an increase of 7.4 per cent over the corresponding period last year.

Techcombank maintained ample liquidity exceeding regulatory requirements with a loan-to-deposit ratio of 72.5 per cent and short-term funds to medium-to-long-term loans ratio of 25.5 per cent, improving from the 38.4 per cent at the end of 2019.

In the second quarter of 2020, Techcombank successfully raised \$500 million in its Inaugural Syndicated Offshore Loan Facility – a 3-year senior unsecured loan which offers an interest margin of 1.5 per cent per annum over London Inter-Bank Offered Rate (LIBOR). Loan proceeds are for general corporate and working capital purposes and will serve as an additional liquidity cushion for the bank.

“The overwhelming success of this transaction and pricing achieved affirms the international lenders' solid confidence in Techcombank's robust credit profile and customer-centric business strategy,” said Phung Quang Hung, Managing Director and Standing Deputy CEO of Techcombank.

NPL ratio was 0.9 per cent as of June 30, 2020, against 1.8 per cent in the same period last year.



NPL ratio decreased due to the bank's proactive writing off of bad debts in the first half of 2020.

**Research Team:**

**Tsugami Shoji**    *Researcher*

[jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)

**Disclaimer:**

*Copyright 2015 Japan Securities Incorporated (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.*

***Japan Securities Incorporated – JSI***

*Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi*

*Tel: (024) 3791 1818*

*Fax: (024) 3791 5805*

*Email: [info@japan-sec.vn](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*