



VIETNAM DAILY NEWS

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Market Analysis

1. Shares extend losses on foreign net selling

Vietnamese shares extended losses on Friday after foreign investors extended their net selling streak, further damping investor sentiment.

The benchmark VN-Index in the Ho Chi Minh Stock Exchange lost 0.03 per cent to close trading at 908.27 points.

It had declined 0.43 per cent to close trading at 908.58 points.

More than 361.2 million shares were traded on the southern bourse, worth VND6.3 trillion (US\$271.8 million).

Market breadth was negative with 239 decliners and 162 gainers.

Foreign investors net sold for two consecutive sessions, worth VND131.25 billion on HOSE. They were net buyers on the HNX with the value of VND1.57 billion.

Thanh Cong Securities Co said there would be a positive trend for the VN-Index when approaching the resistance levels at 920-930 points with support from good fundamental large-cap stocks.

The company recommended investors to consider maintaining the holding rate in the portfolio at 50-60 per cent for medium and long-term goals.

BIDV Securities Co said the VN-Index isn't likely to be volatile in coming sessions as investors are

waiting for the results of economic growth in the third quarter of 2020.

The VN30-Index, which tracks the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, increased 0.18 per cent to close Friday at 854.71 points.

In the VN-30 basket, 16 stocks lost ground and nine increased while five remained flat.

On a sector basis, 10 out of 25 sector indices lost steam, including real estate, securities, retail, agriculture, rubber production and logistics.

Gainers were wholesale, insurance, information and technology, mining, banking, chemicals and plastic production, food and beverage, seafood processing and construction materials.

Many bluechips in key sectors suffered from the rise of profit-taking pressure such as Vingroup (VIC), Vietcombank (VCB), Mobile World Group (MWG), Vincom Retail (VRE), Masan Group (MSN) and PetroVietnam Gas JSC (GAS).

The minor HNX-Index on the Ha Noi Stock Exchange lost 0.14 per cent to end Friday at 131.52 points.

The index had slumped 0.70 per cent to end Thursday at 131.71 points.

Nearly 62.7 million shares were traded on the northern exchange, worth VND905.6 billion.

Macro & Policies

2. Bright prospects for fisheries sector in final quarter

The COVID-19 pandemic could provide a good opportunity for the Vietnamese fisheries sector to increase its share in oversea markets, especially with foreign rivals engulfed by lockdowns or other forms of restrictions, experts have said.

Braving certain difficulties, fishery exports had shown signs of recovery with export orders rising more than 10 percent recently, according to the Ministry of Agriculture and Rural Development (MARD).

State management agencies and seafood exporters both predict better business prospects in the last three months as the demand for fishery products post-pandemic in both domestic and overseas markets will increase sharply.

Ngo Tuong Lan, deputy secretary general of the Vietnam Association of Seafood Exporters and Producers (VASEP), said COVID-19 was an opportunity for the domestic fishery industry to adapt and develop.

Vietnam's rivals such as India, Indonesia and Ecuador are under lockdown and quarantines to combat the pandemic, which has driven their production and exports down by 30-50 percent.

“This is a great opportunity for Vietnamese seafood exporters to increase their market shares,” Lan told a recent conference on promoting seafood production and consumption.

Particularly, the EU-Vietnam Free Trade Agreement (EVFTA) will open doors to the EU, along with a recovery in other important markets like China, Japan and the United States.

Under the EVFTA, about 220 fishery products will enjoy tariff lines ranging from zero to 22 percent, most of the high tax lines of 6-22 percent will be reduced to zero percent immediately after the agreement takes effect and the remaining tax lines will be phased out after 3-7 years.

According to Lan, tra (pangasidu) fish – one of Vietnam's staples – faced many difficulties, with production output and exports declining by nearly 30 percent, so solution were needed to recover exports. Meanwhile, shrimp had maintained stable production and shown signs of rebound.

The five main export markets for Vietnamese shrimp are the US, Japan, China, the EU and the Republic of Korea. The US and the RoK had continued to maintain positive growth of 32 percent and 8.5 percent, respectively.

Earlier this month, 12 Vietnamese enterprises were given permission to re-export some seafood products to the Saudi Arabia market after nearly three years of a temporary suspension order.

However, in order to take advantage of new opportunities, MARD's specialised agencies recommended both farmers and exporters improve quality and ensure food safety in all stages from farming to seafood exploitation and processing.

The National Agro-Forestry-Fisheries Quality Assurance Department has updated and sent out the new regulations, quality control systems and food safety for products that meet the requirements of importing markets such as the EU, China and the RoK.

Deputy Minister of Agriculture and Rural Development Phung Duc Tien said in anticipation of the free trade deal, Vietnamese fishery enterprises had made necessary preparations to meet the requirements of the EVFTA.

He added that Vietnam was also mobilising the entire political system to address the problem of illegal, unreported and unregulated (IUU) fishing in order to have the EU's “yellow card” removed.

The country's fishery exports reached 5.6 billion USD by mid-September, while the industry is striving for total export turnover of 8.9 billion USD this year.

3. Steel exports to China multiplies 19 times

This was nearly 35 percent of Vietnam's total steel exports in the period, and its value rose 15 times to \$844.5 million, according to Vietnam Customs.

China's customs data shows that steel imports in the first eight months rose 11 percent year-on-year to 759.9 million tonnes.

The country, the largest steel producer in the world, became a net steel importer in June for the first time since the last global recession in 2009 as demand

overshot supply in the rapidly recovering economy, the South China Morning Post reported.

The surge in domestic demand for steel has been driven by infrastructure projects and the property market, the report said, citing China's commodity price reporting agency.

Vietnam's steel exports in the first eight months to all markets rose nearly 37 percent year-on-year to 5.96 million tonnes, with increases of 195 percent to Brazil and 143 percent to Germany.

4. Affordable \$43,000 apartments vanish in HCMC

Most small apartments of 45-50 square meters are being sold for VND1.5-1.7 billion, 50-70 percent higher than five years ago, data compiled by VnExpress shows.

This is a per-meter price of around VND34 million, compared to VND22 million in 2015. Some projects in the eastern, southern and western parts of the city are selling at VND30-40 million per square meter.

In District 9, which borders Dong Nai Province, many projects have the lowest price of VND40 million per square meter.

With VND1.9 billion, a buyer can now get a 49-square meter apartment in District 12, but five years ago the same amount would have fetched a 65-square meter apartment in the same location.

Nguyen Loc Hanh, CEO of HCMC-based Asia Gem Real Estate Investment Jsc, confirmed that supply of apartments priced VND1 billion was dwindling and could soon disappear in the city.

Within 10 kilometers of the downtown Ben Thanh Market, there are only mid- and high-tier apartments available and their prices have been rising in recent years, he said.

Industry insiders say that rising prices of materials, construction and land fees and legal challenges in

acquiring licenses were causing retail prices to surge.

Le Huu Nghia, CEO of real estate developer Le Thanh, said that land prices in some prime areas in the city had doubled or tripled in the last five years.

As land prices account for a third of project development costs, apartment prices have surged, making it almost impossible to find a billion-dong apartment, he added.

Hanh of Asia Gem Real Estate said that one of the reasons for lopsided and unstable development in the residential real estate market was the tendency for developers getting into a "race" to build similar properties in an area.

For instance, if one developer began a high-end segment project, other developers in the area tended to follow suit and a "race" would ensue.

Data from the Ho Chi Minh City Real Estate Association (HoREA) shows that between 2016 and the first half this year, only 21.8 percent of new supply was in the affordable segment.

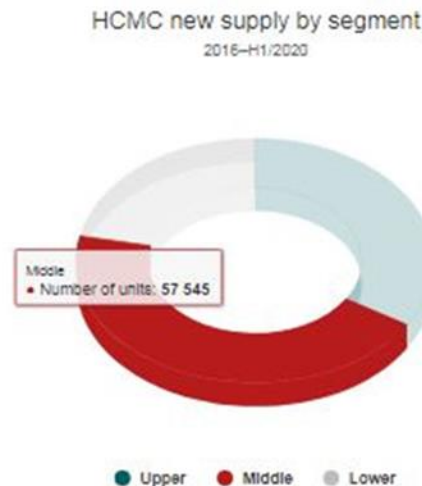
It also shows that in the last three years, average- and low-income people and rural-urban migrants have been most affected by the shortage of affordable housing. Many workers are forced to live

in small and low-quality rented houses which lack security and proper services.

HoREA said that since October 2015 until now, over a hundred residential projects have faced administrative roadblocks such as determining the price of public land that was part of the project. Some of them had to go through a long process of inspection to ensure the land was rightfully owned, it added.

Data from the Construction Ministry shows that between 2015 and 2020, social housing projects met only 41.4 percent of the target with 248 projects contributing just 100,000 apartments.

Hanh said this was a big challenge for new home buyers, and the most popular option at present is to move to suburban areas and accept longer commutes.



5. VBI Fast Track luring investment inflows from US

Vietnam Business and Investment (VBI) Fast Track, an organisation that offers assistance in promoting business and investment opportunities in Vietnam, is rushing to organise consultancy and investment promotion activities to connect with US investors.

This week, VBI Fast Track will organise a dialogue on improving the business environment and boosting private investment and new-generation foreign investment with the participation of the American Chamber of Commerce (Amcham). A representative of Amcham will share the concerns of US investors as well as propose solutions to lure more large-scale US investment. Last month the two parties signed a new MoU in Ho Chi Minh City.

Mary Tarnowka, director of AmCham Vietnam, said that the memorandum is expected to draw more US investment flows to Vietnam in the near future. She added that US entrepreneurs are paying particular

attention to the sectors of renewable energy, infrastructure, and healthcare.

Pham Phu Truong, CEO of VBI Fast Track, told VIR, “Investment inflows from the United States to Vietnam have yet to reach potential due to the difference in culture and the geographical distance, and a lack of information about the investment environment in Vietnam.”

Thus, the organisation's target is to remove these obstacles to foreign direct investment (FDI) inflows, including capital from the US. “Notably, we will introduce distinctive features about the country and culture. In addition, VBI will also address difficulties that they may face when investing in Vietnam and are willing to help deal with these problems in order that they can feel secure about their choice,” Truong said.

VBI Fast Track focuses on luring in projects of at least \$500 million and plans to become a bridge that brings foreign investors, including US entrepreneurs, closer to the Vietnamese government.

The Vietnamese government has recently announced many policies with a view to attracting FDI, with US investors being a prime target.

At an online discussion in Washington DC in July, Vietnamese Ambassador to the US Ha Kim Ngoc highlighted the favourable factors for US investors in Vietnam, including the two countries' flourishing comprehensive partnership and Vietnam's network of free trade agreements.

Vietnam is home to the manufacturing arms of billion-dollar US groups like Intel, Microsoft, IBM, Coca-Cola, GE and PepsiCo. Furthermore, other groups like AIG, ExxonMobil, and Boeing, are also looking for opportunities to invest.

Most recently, Millennium Group announced plans to develop a 600-hectare liquefied natural gas project with the capacity of 9,600MW in the South Van Phong area in Ninh Hoa town of the central province of Khanh Hoa.

The Party's Central Economic Committee (CEC) is cooperating with the United Nations Development Programme to build a new initiative on FDI attraction. This is one of the major plans of the CEC to improve the investment environment, infrastructure, and skilled workforce – which are the main factors to lure in high-profile foreign-invested projects.

The plan matches the directions of the Politburo's Resolution No.50-NQ/TW on orientations to perfect institutions, policies, improve the quality and efficiency of foreign investment cooperation. Last year, the CEC organised 64 meetings with representatives of international organisations in order to improve foreign relations, discuss the socioeconomic situation, infrastructure, and foreign capital attraction.

6. Ministry: Gasoline price review period may be shortened

According to Nguoi Lao Dong Online, the first scenario stipulates that oil and gas prices should be reviewed on the 1st, 11th and 21st day every month. If the day is a holiday, the revision will be deferred to the following working day.

In case of an abnormal rise compared to the previous review that may result in a significant impact on the economy, such as a more than 10% rise in price constituent factors, the ministry has to report it to the Government for consideration and guidance.

Under the second scenario, the duration between two reviews will remain at 15 days as it is now. In case of a more than 7% rise in constituent factors, the ministry will report the situation to the Government.

Commenting on the proposal, economic expert Le Dang Doanh said it is necessary to shorten the duration between two price reviews as oil and gas prices are changing hourly.

The current applicable period of 15 days has many shortcomings and fails to follow market developments. In fact, petroleum prices may vary repeatedly but Vietnamese regulators fail to follow suit because of the 15-day duration.

In the future, the duration should be shortened so that gasoline prices will be more market driven. Otherwise, the country may consider allowing a revision in domestic prices following the global prices, instead of applying a specific duration of seven, 10 or 15 days, Doanh said.

In addition, the ministry has proposed changes in the base price calculation, as domestically made products now make up a high ratio in the total structure.

Ngo Tri Long, former head of Price and Market Research Institute under the Ministry of Finance, said the new calculation method has been suggested given the changes in the ratios of domestic and imported fuel inputs. At present, the country only takes imported prices into account, which is no longer suitable.

However, the expert said there would be no major changes in retail prices as the ratios of taxes and fees are still high under the new calculation method.

7. Commercial flights resumed between Vietnam, Republic of Korea

A Vietnam Airlines airplane took off at the Incheon International Airport in the Republic of Korea for Vietnam's Noi Bai airport on September 25 morning, marking the resumption of routine commercial flights between the two nations after a hiatus due to COVID-19.

Carrying over 100 passengers, the flight coded VN417 uses Airbus A350 aircraft.

Tight disease prevention and control measures have been applied, with passengers having to submit negative COVID-19 results by real time RT-PCR method within three days before the departure. All people on board are set to have their health checked and be quarantined upon arrival in line with regulations.

The resumption of flights received warm welcome from Vietnamese citizens in the RoK as well as

Korean people, particularly businessmen and investors.

Vietnam Airlines is working to resume international flights in line with Government directions and approvals from foreign authorities. Resumption has already been seen on its routes between Vietnam and Japan and the Republic of Korea, with China, Taiwan (China), Laos and Cambodia expected to follow shortly.

Meanwhile, the RoK Government announced on September 24 that air routes between Incheon and Vietnam's Hanoi and Ho Chi Minh City will be reopened this month, with two flights a week. Accordingly, the Korean Air scheduled its launch of the first flight to Ho Chi Minh City on September 25 and to Hanoi on September 29.

Corporate News

8. VIC: Vingroup starts construction of \$126m resort complex in Quang Ninh

↓ -0.22%

Financed by conglomerate Vingroup, the development will cost more than VND2.93 billion (US\$126 million) and covers an area of 32.2ha in Cam Pha City.

The new complex will have shops, apartments, villas, restaurants, hotels, schools and leisure facilities.

Deputy chairman and Chief Executive Officer of Vingroup Nguyen Viet Quang said the complex will help attract more domestic and foreign tourists contributing to the development and modernisation of Cam Pha City and Quang Ninh Province.

The whole Quang Hanh complex which spans over 162ha is slated for completion in 2023.

9. VHC: BOD resolution on the first cash dividend for 2020

↑ 1.99%

The Board resolution dated September 24, 2020, the BOD of Vinh Hoan Corporation approved to pay first cash dividend for 2020 as follows:

- Exercise ratio: 20%/share (2,000 dongs/share)

- Record date: October 09, 2020
- Payment date: expected in October 16, 2020.

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