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Market Analysis

1. SMEs drive local market amid rising caution

Mid-cap and small-cap stocks boosted the local market on Wednesday while the market sentiment was weighed down by the US presidential election debate.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange inched up 0.14 per cent to 905.21 points after having declined as much as 0.39 per cent during the day.

The VN-Index dropped 0.93 per cent on Tuesday.

The southern market was driven by the gains of mid-cap and small-cap groups, which were up 0.87 per cent and 0.79 per cent, respectively.

The best gainers among those stocks were Da Nang Rubber JSC (DRC), construction firms Sao Mai Corporation (ASM) and Cotecons (CTD), Binh Minh Plastic (BMP), and PetroVietnam Fertiliser and Chemicals (DPM).

The large-cap tracker VN30-Index rose 0.27 per cent to 858.54 points with 18 of the 30 largest stocks by market capitalisation and trading liquidity making gains.

The VN30 futures due on October 15 gained 0.67 per cent to 859.8 points.

Top large-cap gainers included Sacombank (STB), consumer firm Masan (MSN), SSI Securities (SSI), PetroVietnam Power Corp (POW), and retailer Mobile World Investment (MWG).

STB was the most active stock on the market with more than 28.3 million shares being traded. Sacombank shares jumped 3.8 per cent to VND13,800 apiece.

By sector, the rubber sector had the best growth as the industry index jumped 4.2 per cent, according to vietstock.vn.

Other increasing industries included brokerage, agriculture-forestry-aquaculture, retail, plastics and chemicals, seafood processing, food and beverage, and insurance.

On the negative side, the market sentiment was clouded by prolonged foreign net selling, which was VND252.3 billion on Wednesday. The figure was down 59 per cent from Tuesday.

Most international and regional markets on Wednesday declined as investors waited for the results of the debate between US President Donald Trump and candidate Joe Biden.

“The local market is struggling with rising caution after it was struck on Tuesday,” Thanh Cong Securities Co (TCSC) said in its daily report.

“The VN-Index bounced back when it hit 900 points,” BIDV Securities Co (BSC) said.

Trading liquidity declined and the market breadth was quite balance, so it means the market will keep swinging in coming days, BSC said.

TCSC said the zone of 895 points and 905 points could be the strong support level for the VN-Index in the next few days.

On the Ha Noi Stock Exchange, the HNX-Index added 0.91 per cent to 132.93 points.

The northern market index dived 1.04 per cent on Tuesday.

Nearly 390 million shares were traded on the two exchanges, worth VND7.05 trillion (US\$304 million).

Macro & Policies

2. First private-invested 500/220kV transmission line in Vietnam connected

A privately-invested 500/220kV substation and transmission line was plugged in the national grid on September 29, marking it the first power transmission infrastructure of its kind, which is traditionally run by state-owned Vietnam Electricity (EVN).

This transformer combined with a 450-megawatt (MW) solar farm that belongs to a VND12 trillion (US\$522 million) project invested by Trungnam Group, one of the leading private power developers in Vietnam.

The 500kV line with a length of more than 17 kilometers connecting Ninh Thuan and Binh Thuan will improve the transmission capacity in the two provinces in the central region which is considered Vietnam's renewable energy hub.

The transformer having two 500 kV/900 MVA designed and manufactured by Siemens AG is capable of supplying sufficient power to an area of two provinces or cities.

Once put into operation, the project materializes the government's resolution on turning Ninh Thuan into the country's renewable energy hub by easing

transmission overload that has harmed the generation situation by dozens of power plants in the region.

An overload on the national grid has been reported for the past two years when a raft of new solar farms began transmitting their output to the grid.

Almost 4,900 MW from 86 projects were added to the grid by the end of June 2020 to beat the deadline for the price incentive, overloading the transmission lines.

As a result, the power plants have been running at 30%-40% of their capacity since.

Encouraging private investment in the power sector has been stated in a resolution by the Politburo, the country's most powerful body, under which, private companies will be eligible to develop transmission network that has so far been solely EVN's job.

In the National Power Development Plan VIII (PDP8) for 2021-2030 which is expected to be submitted to the prime minister in October, private investment will also be encouraged in the power sector in the face that the country needs roughly US\$133.3 billion for power projects by 2030.

3. Bình Dương seeks to attract foreign investors

It has greatly improved road infrastructure to enhance transport connectivity with HCM City and nearby provinces, developed concentrated industrial zones and attracted workers from provinces and cities around the country.

According to Bùi Minh Trí, head of the province industrial zones (IZs), management, as one of the fastest growing provinces in the key southern economic zone, Bình Dương is among the hottest investment destinations in the country.

Therefore, it is always looking for means to develop transport infrastructure to help ship goods to other provinces as well as abroad without suffering from congestion.

It plans to further improve connectivity by developing waterways and, in the future, a rail link to transport goods to ports in HCM City and Đồng Nai Province.

Mai Hùng Dũng, deputy chairman of the province People's Committee, said one factor that had attracted investors to Bình Dương was its infrastructure development.

The widening of major roads such as Highway No.13 and Mỹ Phước - Tân Vạn that run between concentrated industrial zones had created a big advantage in transporting quickly efficiently to ports.

Sompob Witworrasakul, general director of Vina Kraft Paper Co., Ltd, said his company chose Binh Duong to invest in because it had modern infrastructure and offered convenience in goods transport.

Besides, it was a leading province in plans to create a smart city.

Under the smart city scheme, Binh Duong aims to improve its workforce's skills and education, expand R&D activities and develop a start-up eco-system, attract more FDI in high-tech manufacturing, and improve transport, ICT infrastructure and living conditions.

Binh Duong New City will be the centre of the Binh Duong Smart Province and house the most important urban areas, research and educational institutions and industrial zones.

Dũng said the province had prioritised investment in high-tech industries, supporting industries, IT, precision engineering, trade, and services.

A total of 3,999 companies have been incorporated in the southern province this year with total capital of VNĐ26.95 trillion (\$1.16 billion).

The figures represent year-on-year declines of 2.5 per cent in number and 1 per cent in total capital caused mainly by the impacts of the COVID-19 pandemic.

4. Timo Plus Digital Bank is officially launched in a strategic partnership with Viet Capital Bank

Timo Digital bank – an amalgamation of “Time” and “Money” – is pioneering the digitalisation trend in Vietnam.

After five years in the market, Timo now has more than 350,000 accounts and opened four hybrid coffee shops called “Hangouts” across four key cities nationwide where customers can experience a digitised financial product in a comfortable and modern environment that is not a typical bank.

At the ceremony, Timo officially announced its partnership with Viet Capital Bank in this next stage of development under the name Timo Plus. Viet Capital Bank is one of the banks that have made steady progress recently in digital transformation with an explicit strategy of prioritising the customer experience. With a solid core banking system and a shared vision for the future, this partnership promises to help Timo Plus become a leading Digital bank trusted by many customers.

Ngo Quang Trung, CEO of Viet Capital Bank, explained, “Digital transformation is an inevitable trend at the moment and in the future for banks because of the social context as well as the rapid change of technology that has shifted customer habits. Viet Capital Bank is not an exception to this trend. Fintech is the future and Viet Capital Bank has

been quick to capitalise on this trend for development and growth.”

“In the upcoming roadmap for development, Viet Capital Bank is pivoting towards providing a banking platform and services to partners operating in the fintech space,” he added. “Besides, we also accelerate cooperation and tighten relationships with fintech firms aiming to create new experiences based on the combination of digital technology and traditional banking practices. Timo Plus is a partner that we highly appreciate not only for their experience and the similarity of our visions but also their customer experience efforts over time. Therefore, Viet Capital Bank and Timo Plus have become strategic partners to bring a better experience to customers.”

In just under two months post-transition, Timo Plus has noted impressive numbers with over 100,000 new accounts. The company has been quick to expand its capacity by continuously deploying pop up events in the weekends to meet the overwhelming demand of customers. In addition, Viet Capital Bank branches also welcome Timo Plus customers looking to make transactions directly. This cooperation will connect and enhance the strategic partnership between Timo Plus and Viet Capital Bank, at the same time enabling both sides to build customer trust.

Nguyen Bao Hoang (Henry Nguyen), CEO of Timo Plus said, “Compared to other developed markets, digital banking in Vietnam is still nascent but has huge potential for development. With its large population of young and technologically-advanced workforce, this is a huge advantage for digital financial solutions. The younger generations of millennials and GenZ are open minded, quick to adopt new experiences, and value cutting-edge and modern technology. I consider this to be an enabler and a golden time for fintech in general, and for Timo Plus in particular to continue to develop, attract, and broaden our customer base.”

Timo Plus' goal is to provide a seamless digital banking experience using smartphones. Right from onboarding and authenticating users securely to a simple and easy-to-use interface – creating value through convenient and smart features designed with customers in mind is Timo Plus' mandate. Timo

Plus will invest significantly in training and developing personnel to continue to innovate customer experiences. By partnering with Viet Capital Bank, Timo Plus will be able to leverage regular upgrades to the core banking system, bringing customers a secure banking product. Timo Plus will also be actively expanding its financial partner network. By leveraging its fast application programming interface (API) integration technologies, Timo plus will provide more innovative products and even greater value to customers.

The future of Vietnam's financial industry is still in infancy and has a few years before it reaches its full potential. Amidst this, Timo Plus will attempt to be a strategic and central piece in adapting to the ever-changing consumption behaviours of customers in the 4.0 era where technology is the key to balancing their financial and lifestyle needs.

5. Moon cake market competition heats up

The big day is Thursday, but the moon cake market is still quiet. Popular moon cake brands like Kinh Do, Nhu Lan, Dong Khanh, Ha Noi Confectionery and Thu Huong Bakery are traded on stalls in the most crowded areas in Ha Noi and HCM City. Despite an increase in discounts and promotions, fewer people are shopping at moon cake stalls than last year.

Nguyen Thi Huong, the owner of a moon cake stall on Pham Van Dong Street, Thu Duc District, HCM City has struggled this year.

“I have to use a 'buy 1 get 1' board to attract customers but some just stop to see the price list. Some still buy the products but they are much fewer than ever before,” she said.

Le Minh Tam, who runs a moon cake stall on An Duong Vuong Street, District 5 told Tin Tuc newspaper: “At this time of the year, the number of moon cake consumers starts to increase significantly but this year the sales are very low.”

After selling its confectionery segment to Mondelez, Kido (KDC) announced its entry into the moon cake market in 2020 under the brand Kingdom. According to Tran Le Nguyen, general director of Kido, though the competition in the moon cake

market has increased, there hasn't been a major change in moon cake production.

As moon cakes sell well at this time of year, hotels, restaurant and coffee chains have entered the market, while it's also a chance for housewives and office workers to earn some extra money with homemade products.

Tea and coffee chains such as Phuc Long Coffee & Tea, MyLife Coffee and The Coffee House have all joined the market.

While the price of a box of four moon cakes in most popular confectionery firms ranges from VND250,000 (US\$11) and VND500,000, similar products in the chains go for VND300,00 to VND800,000.

While the chains can't compete on price, they do have a baked-in customer base and offer unique moon cakes with a variety of specialities such as ginger jam, lemon, lime leaves, malt, dragon fruit and cheese.

Homemade moon cake producers, meanwhile, make smaller cakes and sell them at lower prices at VND150,000 to VND200,000 for each box.

Nguyen Thanh Quyen, a sales employee for an electronic firm in Ha Noi, makes moon cakes to sell in the season.

"I use less sugar and make smaller cakes as I know many people just want a cake as a symbol of the festival. They don't want to spend and to eat a big cake," she told Viet Nam News.

Another reason for fewer customers at the stalls is because they have offered free delivery for safer shopping amid the COVID-19 pandemic.

Nguyen Phuong Mai, a Hanoian who ordered a box of Kinh Do moon cakes on Shopee, told Viet Nam News: "I have both free shipping and a 25 per cent promotion from the buyer while I still enjoy a brand I prefer."

Mai said she also saves time to bring the cake to her mother-in-law's home, adding: "Without COVID-19, I will do the same thing next year as it is super easy."

Together with e-commerce sites like Shopee, Lazada, VinID and SpeedL, supermarkets and moon cake brands also offer free shipping and festivals gifts to attract online customers.

Ly Kim Chi, president of the HCM City Food and Food Association, said the entry of restaurants, hotels, bakeries and cafes in the moon cake market brings excellent products to consumers and creates a motivation for all to increase their quality and brands to gain customers.

"Though stalls look quiet, customers still spend on good products and reputable brands. Therefore, businesses that are constantly innovating and launching good products will retain customers and develop sustainably," Chi said.

6. Tra fish exports to major markets bounce back

Ong Hang Van, deputy general director of Truong Giang Seafood JSC, told the Saigon Times that a drop in tra fish demand still exists, but tra fish exports to major markets such as the United States, the European Union and China have recovered since August.

Before August, his firm exported some 2,000 tons of tra fish per month. The figure rose to some 2,500 tons and then 3,000 tons in August and September, respectively, although it remained lower than last year's average amount at 4,000 tons, Van said.

He asserted that tra fish exports will continue the upward trend in the coming months.

According to the Truong Giang seafood company representative, if local tra fish businesses accept late payments, the number of importers will rise. However, transactions with late payments pose many risks, so local exporters should be cautious if they approve this payment method.

The director of a tra fish exporting company, who declined to be named, also confirmed that tra fish

exports have made a rebound over the past month. Despite not revealing a specific export volume of tra fish, the director said the purchasing power of the import markets has improved around 15% against the previous months.

As the Covid-19 pandemic has been brought under control, especially in China, and the demand from residents for the fish during the rest of the year remains high, importers increased purchases of the fish, the director explained.

According to a report of the Vietnam Association of Seafood Exporters and Producers, Vietnam exported tra fish worth over US\$913 million as of August this year, dropping 30% compared to the same period last year. Tra fish exports to major markets such as China, Hong Kong, the U.S. and the EU fell sharply.

The tra fish export revenue earned from the China-Hong Kong market contracted 24% to US\$295.8 million and that obtained from the U.S. and the EU declined 17.8% and 34% to US\$154 million and US\$86 million, respectively.

7. Nine-month social investment growth lowest in 5 years: GSO

Total social investment in the first nine months of this year increased just 4.8 percent year-on-year to 1,445 trillion VND, the lowest pace during the 2016-2020 period, the General Statistics Office (GSO) revealed on September 29.

Of the figure, 484.8 trillion VND was sourced from the state sector, up 13.4 percent; 641.5 trillion VND came from the non-state sector, increasing by 2.8 percent; and 319.1 trillion VND was from the foreign direct investment sector, down 2.5 percent.

The COVID-19 pandemic has adversely impacted all production and business activities, the office explained.

However, the disbursement of State budget capital during September and the first nine months were at their highest levels for five years, it said, attributing this to efforts made to step up such disbursement in order to maintain economic growth given the pandemic has been largely contained in Vietnam.

According to the GSO, thanks to instructions from sectors and agencies and community efforts, the daily life has been maintained with attention paid to social security.

In September and the third quarter, no localities faced poverty, the office reported. The rate of household poverty dropped 75.5 percent between January and September.

Up to 733.6 tonnes of rice was allocated to people in need while gifts worth over 9.4 trillion VND (406 million USD) were presented to social policy beneficiaries, national contributors, and other people in need.

More than 24 million health insurance cards and medical books were also granted free-of-charge to social policy beneficiaries.

As of mid-September, more than 12.5 trillion VND had been disbursed in support of those affected by COVID-19, the GSO said.

Corporate News

8. DMC: Board resolution on dividend payment

↑ 1.87%

On September 28, 2020, the Board of Directors of Domesco Medical Import Export Joint Stock Corporation (stock code: DMC) approved to pay cash dividend for 2019 as follows:

- Exercise ratio: 25%/par value (2,500 dongs/share)
- Record date: October 09, 2020
- Payment date: October 22, 2020.

9. SSI: SSI named among 500 most profitable companies

↑ 1.19%

It is 45th in the list of the Top 500 Most Profitable Private Companies.

The securities company makes it to the former list for a third consecutive year, despite the volatility in the market due to the COVID-19 pandemic, enjoying a year-on-year pre-tax profit growth of 29 per cent in the first half of the year to VND659.5 billion (US\$28.4 million).

SSI continues to hold the top position in brokerage market share on the Ho Chi Minh City Stock Exchange with 14.13 per cent.

The number of new accounts increased by nearly 10 per cent to take the total number to 180,000.

The Profit500 ranking is based on profit before tax, total revenues and indicators reflecting the profitability of the company like return on assets, return on equity and rate of return.

Besides, asset and labour size, revenue and profit prospects and the credibility of the company in corporate communications are also used.

SSI also ranks among the 500 fastest-growing companies (FAST500) and the 500 largest enterprises in Viet Nam (VNR500) in Vietnam Report and VietnamNet's lists.

Research Team: **Tsugami Shoji** *Researcher* jsi@japan-sec.vn

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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

Website: www.japan-sec.vn