



VIETNAM DAILY NEWS

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Market Analysis

1. Banking and securities stocks push markets up

Markets had a good start on Monday, driven by banking and securities stocks but selling pressure at the end of the trading session weighed on some individual large-cap stocks.

The benchmark VN-Index in the Ho Chi Minh Stock Exchange gained 0.04 per cent to close trading at 943.69 points.

The index finished last week at 940.30 points, marking its highest level since February 2020.

“The narrow fluctuation range, positive market breadth and declining liquidity indicated that the VN-Index’s rally was cooling down,” said BIDV Securities Co (BSC).

BSC recommended investors limit transactions and wait for short-term movements of the market during this week.

Nearly 389.5 million shares were traded on the southern bourse, worth VND7.9 trillion (US\$348 million).

Market breadth was positive with 197 decliners and 205 gainers.

The VN30-Index, which tracks the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, increased 0.21 per cent to close Monday at 903.51 points.

In the VN-30 basket, 17 stocks lost ground and 12 increased while one remained flat.

Banking stocks performed well and supported indexes such as Asia Commercial Joint Stock bank

(ACB), Vietinbank (CTG), Military Bank (MBB), VPBank (VPB) and Techcombank (TCB).

Securities stocks also attracted cash flow and gained ground, with notable gainers of Saigon Securities Inc (SSI), Ho Chi Minh Securities Corp (HCM), VNDirect Securities Co (VND), Vietinbank Securities Co (CTS) and Sai Gon-Ha Noi Securities Co (SHS).

Selling pressure appeared at the end of the trading session and weighed down some large-caps such as PetroVietnam Gas JSC (GAS), Hoa Phat Group (HPG), Mobile World Group (MWG) and PV Power (POW).

On a sector basis, 12 out of 25 sector indices gained ground, including wholesale, insurance, real estate, securities, information and technology, banking, rubber production, food and beverage and logistics.

On the other side, 13 sector indices lost steam, including retail, healthcare, energy, agriculture, chemicals and plastic production, seafood processing and construction materials.

The minor HNX-Index on the Ha Noi Stock Exchange increased 0.76 per cent to end Monday at 140.88 points.

More than 49.5 million shares were traded on the northern exchange, worth VND773 billion.

Foreign investors net sold VND368.92 billion on HOSE. They were net buyers on the HNX with a value of VND710 million.

Macro & Policies

2. New Japanese PM cementing bonds

Traditionally in Japan, an official visit overseas by the prime minister takes many months to prepare and has to be approved by the government's cabinet in an official resolution. However, PM Yoshihide's visit on October 18-20 to Vietnam, also his official overseas trip since taking office in mid-September, may be an exception.

The event, attracting special attention from local and foreign media, was prepared in less than three weeks, and takes place only a month after Yoshihide was elected prime minister on September 16. Vietnam's safe status for such a visit, with effective control over the current pandemic and no community infections for over a month, also plays in its favour in terms of welcoming foreign leaders. After leaving Vietnam, the Japanese leader will fly to Indonesia for another official visit.

"This visit demonstrates that Japan is attaching very special importance to its extensive strategic partnership with Vietnam. After he became the Japanese prime minister, one of the first two foreign diplomats Yoshihide met with was the Vietnamese Ambassador to Japan, Vu Hong Nam," a representative from the Vietnamese Ministry of Foreign Affairs told VIR. "PM Yoshihide is also the first to be directly welcomed by Vietnam since early this year."

While serving as chief cabinet secretary under former PM Abe Shinzo's government, Yoshihide paid very few overseas trips. In 2007, he visited Vietnam when he was Japanese Minister for Internal Affairs and Communications.

Commenting on the new visit, Carlyle A. Thayer, emeritus professor from the University of New South Wales at the Australian Defence Force Academy said, "Prime Minister Yoshihide's prospective visits to Vietnam and Indonesia are to demonstrate continuity in Japan's relations with Southeast Asia and give reassurance of Yoshihide's continued support for former Prime Minister Shinzo's free and open Indo-Pacific."

PM Yoshihide's visit to the two countries is also recognition of their international and regional roles, Thayer added. "Vietnam is currently chair of ASEAN,

and will continue next year as non-permanent member of the UN Security Council."

Revealing the plan for the visits at an executive meeting of Japan's main governing Liberal Democratic Party on October 13, PM Yoshihide described ASEAN as the key to a free and open Indo-Pacific region. He said he aims to show that Japan will take the lead in promoting peace and prosperity in the region.

VIR was also told that the Japanese PM will visit the Vietnam Japan University, where he will deliver an important speech on Japan's policies in Southeast Asia. The visit to Vietnam will be accompanied by about 30 people, mostly leaders of Japanese ministries and agencies.

It is expected that there will be the signing of some cooperation deals between Vietnam and Japan, including an MoU between Vietnam's Ministry of Transport and Japan's Ministry of Land, Infrastructure, Transport, and Tourism on building up national technical standards for Vietnam's seaports; and an MoU between Vietnam's Foreign Investment Agency with the Japan External Trade Organization and the Japan International Cooperation Agency on boosting investment promotion.

Besides that, AEON Group will also ink an MoU with Hanoi and Ho Chi Minh City, while Sumitomo Corporation will also follow suit with the northern province of Hung Yen to expand its project there. One year ago, Sumitomo announced a plan to invest over ¥14 billion (\$133 million) in Thang Long Industrial Park II in Hung Yen, 30km to the east of Hanoi, expanding its size by 52 per cent to 526 hectares.

Construction is set to start in 2021. When finished, the park will be one of the largest Japanese-run industrial parks in the country.

According to Vietnam's Ministry of Planning and Investment, as of September 20, Japan was Vietnam's second largest foreign investor (after South Korea), with nearly 4,600 investment projects in Vietnam, registered at \$59.87 billion. Vietnam-

Japan bilateral trade turnover in the first nine months of 2020 hit \$28.7 billion, with Vietnam earning \$14.1 billion, down 5.7 per cent on-year, and

spending \$14.6 billion on imports from Japan, up 2.8 per cent on-year.

3. Work starts on expanding aircraft apron at Da Nang Airport

The Airports Corporation of Vietnam (ACV) held a ground-breaking ceremony on October 19 for a project expanding an aircraft apron at the Da Nang International Airport in the central city of Da Nang.

Invested by ACV, the project has a total budget of around 420 billion VND and is to be completed within 11 months.

ACV said the project is necessary to meet growing demand at the airport and contribute to promoting socio-economic, tourism and investment development in Da Nang and nearby localities in the central and Central Highlands regions.

It is also hoped to contribute to implementing the recommendations of the Ministry of National Defence and the US Agency for International Development (USAID) on the environmental remediation of dioxin contamination at the airport.

The Da Nang International Airport is one of Vietnam's three largest and an important gateway for air transport in the central and Central Highlands

regions. It catered to more than 98,700 flights last year with over 15.5 million passengers and more than 45,000 tonnes of cargo.

It is expected to meet the "4E" standards of the International Civil Aviation Organisation (ICAO) and be able to welcome aircraft such as the Boeing B747, B777, and B787, and Airbus A320, A321, and A350.

By 2030, it is to handle up to 28 million passengers and 200,000 tonnes of cargo each year.

ACV is currently managing, investing in, and operating 22 airports nationwide, including nine international airports. Passenger numbers and cargo stood at over 116 million and 1.5 million tonnes, respectively, last year.

The corporation is focusing on promoting its investment projects, especially key projects at Tan Son Nhat International Airport in HCM City, Noi Bai International Airport in Hanoi, and Phu Bai International Airport in the central city of Hue.

4. Government support needed for investment in cold storage, says VASEP

Nguyễn Thanh Khuê, director of a food import company in the city, said: "Goods cannot be exported, imported goods cannot be sold because people limit spending, and so inventories continue to increase. Many enterprises that plan to import have to stop because there is no storage space."

The price of renting cold storage in city is US\$0.8-1 per tonne per day. But since investing in cold storage is very expensive, enterprises mainly rent space, he said.

General secretary of the Việt Nam Association of Seafood Exporters and Producers (VASEP), Trương Đình Hoà, said seafood companies face a severe

shortage of cold storage space, forcing them to cut purchases of fresh produce.

It would be difficult for Việt Nam to find new markets after the pandemic, he said.

VASEP has asked the Ministry of Agriculture and Rural Development for policy support to help companies build their own cold storage facilities with a minimum capacity of 5,000 pallets including long-term loans without interest for the first two years and a 50 per cent rate cut for the next four and a 50 per cent cut corporate income tax for the first two years for cold storage businesses.

The domestic market too needs cold storage for the distribution of foods, and this demand is increasing with the development of modern retail, it said.

"Seafood processing factories now have cold storage facilities in place but their capacity is small and only meets a part of demand, and the rest must be outsourced. If their storage capacity is larger, businesses can buy more from farmers."

Real estate research firm CBRE Việt Nam told the media that the lack of cold storage units was an opportunity for the cold storage sector. The growth of online sales and multi-channel retail could be an advantage for firms that have cold storage units near cities.

Last month ABA Cooltrans, Việt Nam's leading cold chain logistics provider, inaugurated a new refrigerated distribution centre at the Linh Trung II Export Processing Zone in HCM City's Thủ Đức District.

It is the company's third distribution centre after one more in HCM City and another in Hà Nội. It

increases the company's total area to around 5,000 square metres and capacity to 8,000 tonnes.

With its strategic location, the new centre, which cost VNĐ250 billion (\$10.76 million), is expected to meet ABA customers' expanding storage, distribution and delivery needs for frozen and fresh foods in HCM City and other cities in the south-east.

According to a report by FiinGroup, an integrated service provider of financial data, business information, industry research, and other services, Việt Nam's total cold storage capacity stood at 600,234 pallets in 2018.

It said due to rising demand for cold storage services, many providers are expected to expand.

Ken Research, a global publisher of market intelligence, said in 2016-21 Việt Nam's cold chain industry achieved estimated CAGR of 10.4 per cent thanks to its growing number of supermarkets and seafood exporters.

It estimated the market to grow to \$1.8 billion by next year.

5. Vietnam maintains rising position in Asian Power Index 2020

The Lowy Institute partly attributed the country's improved ranking over the past year to an increase in Vietnamese diplomatic influence index, judging that it has risen three notches to ninth place in comparison to last year.

According to the Lowy Institute, the nation has been an effective participant in regional trade forums and initiatives, serving to promote negotiations for the Regional Comprehensive Economic Partnership (RCEP). In addition, as the ASEAN Chair the country has helped to ramp up efforts and accelerate the implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) alongside 10 other member states.

Furthermore, the past year has also seen the nation significantly improve its economic capacity, therefore moving up three spots in terms its national defence network index.

Last year's rankings also saw the Vietnam climb by one place in the Asian Power Index due to its major achievements in economic and human resource development.

Herve Lemahieu, director of the Asian Power and Diplomacy Program at the Lowy Institute, emphasised that competent control of the novel coronavirus (COVID-19) pandemic has been a factor, but is not the only condition, in improving the country's regional position in Asia.

The five highest ranked countries in the Asia Power Index 2020 remains unchanged from last year, in which the United States is considered the largest power in the region, followed by China, Japan, India, and Russia.

The Asia Power Index an analytical tool by the Lowy Institute that tracks changes in terms of the influence of countries and territories throughout the region. The index is based on assessments of many

areas, including military capability and defence networks, resources and economic relations,

diplomatic-cultural influence, capacity to deal with risks, and resources for the future.

6. Work on My Thuan-Can Tho expy set to start in December?

The project comprises three bidding packages, but the Construction Management Agency has appraised and approved only one of them. As for funds set aside for site clearance, the ministry had earlier allocated VND785 billion to Vinh Long Province and VND127 billion to Dong Thap Province.

and allowing the province to advance funding to build three resettlement areas for the affected residents, Phap Luat Online reported.

In addition, the Dong Thap Department of Transport proposed the ministry include some VND221 billion to be used for site clearance and compensation.

Speaking at a working session between Minister The, the two localities and some relevant units on October 14, the leader of the Vinh Long Department of Transport said that the province had disbursed over VND381 billion for compensation, support, resettlement and site clearance, meeting 53.4% of the target.

The My Thuan-Can Tho expressway project is set to span 11 kilometers in the province, so it will recall a total area of some 73 hectares for the project, affecting 533 households.

Closing the session, Minister The told the investors of the project to collaborate with the relevant agencies to quickly remove obstacles facing the project.

The remaining VND333 billion for compensation is not enough, the leader said, proposing the ministry allocate an additional VND262 billion to the province so that it can compensate households affected by the project.

The minister also ordered some agencies under the ministry to allocate some VND900 billion to Dong Thap and Vinh Long provinces so that the two localities can complete site clearance as soon as possible and ensure work on the expressway project begins in December.

Besides, the provincial department proposed adding funds worth over VND509 billion for site clearance

7. Local conditions entice relocation of factories

While companies are ramping up efforts to relocate operations, seven out of 10 small- and medium-sized South Korean companies in China have no interest in returning home, according to a survey from Seoul-based Korea Federation of SMEs conducted in June, with nine out of 10 companies in Vietnam also indicating no plans to go home. The businesses considering cutting back operations in China are instead looking to relocate to Southeast Asia, particularly to Vietnam, to restructure supply chain and maintain competitiveness.

In addition to South Korean investors, EU counterparts have similar considerations. As many as 56 per cent of EU businesses plan to expand operations in ASEAN, including Vietnam, according to the sixth Business Sentiment Survey published last week by the EU-ASEAN Business Council. Meanwhile, 72 per cent of respondents in Vietnam plan to expand and 53 per cent of respondents see ASEAN as the region with the best economic opportunities.

In fact, factory workers' monthly salaries in South Korea averaged at \$3,400 in 2019, according to the International Labour Organization. The same data showed their pay was more than 13 times higher than factory staff in Vietnam in 2018 and four times higher than in China in 2016.

Donald Kanak, who is chairman of the EU-ASEAN Business Council said, "ASEAN is still seen as the region of best economic opportunity, but as would be expected during the COVID-19 crisis, the outlook for increased trade and investment shows signs of softening."

In the opinion of Nguyen Mai, chairman of the Vietnam Association of Foreign-Invested Enterprises, relocation from China is a growing trend due to the changing relations between China and the United States, the European Union, and Japan. “It is hard to foresee massive relocation from China. I think 10 per cent of foreign investment will return to Japan and the US, while 3-5 per cent will pour into third countries like Vietnam,” said Mai.

China has reported holding \$2 trillion in foreign direct investment. By Mai's estimates, this could mean \$60-100 billion coming Vietnam's way. “This would prove quite a boon for Vietnam because only \$20.4 billion of the registered \$38 billion of foreign investment was disbursed in 2019,” he added.

In order to promote Vietnam as a destination for foreign investors and push them to make decisions more quickly, Mai emphasised that preparing enough clear land to accommodate \$100 billion of investment is essential. “If around half of the total

area of the approximately 380 economic and industrial zones still available can be cleared, that will be the most appealing aspect for eagles and sparrows alike,” he said.

Besides this, the labour force is another top concern for foreign investors. However, there have been significant improvements in Vietnam in recent times. Samsung has assessed Vietnamese labour skills as similar to the ones in their home country – but at half the cost.

“With the efforts Vietnam has made in education and training recently, I believe that soon no-one will scoff at the skills of the Vietnamese labour force,” Mai added.

Thus, with carefully prepared infrastructure, labour, and policies, along with the attention foreign investors pay Vietnam, the dreams of tapping into the gold mine that is the relocation wave will be brought within reach.

Corporate News

8. SMB: Board resolution on dividend payment

↑ 1.18%

The Board of Directors of Sai Gon - Mien Trung Beer Joint Stock Company (stock code: SMB) approved the 2020 cash dividend payment as follows:

- Stock code: SMB
- Stock type: common stock
- Par value: VND10,000
- Payment method: in cash
- Exercise ratio: 25%/par value (2,500 dongs/share)
- Record date: October 29, 2020
- Payment date: November 10, 2020.

9. MWG: Report on purchasing the treasury shares

↓ -0.10%

Mobile World Investment Corporation reports the result of the purchase of treasury shares as follows:

- Stock symbol: MWG
- Number of treasury shares before trading: 530,230 shares
- Number of shares registered to buy: 73,863 shares
- Bought volume: 73,863 shares
- Trading period: October 2020
- Current treasury shares volume: 604,093 shares
- Trading price: according to the ESOP regulation
- Trading method: to transfer rights to the Vietnam Securities Depository (VSD).

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