



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Shares increase on the rise of heavy-weight stocks

Shares ended Friday on a positive note as a series of large-cap stocks climbed and spurred the market.

The benchmark VN-Index in the Ho Chi Minh Stock Exchange gained 1.20 per cent to close the trading session at 961.26 points.

The southern index had gained 1.16 per cent to close Thursday at 949.90 points.

Liquidity rose sharply compared to the previous trading session with nearly 452.5 million shares traded on the southern bourse, worth VND9.5 trillion (US\$410 million).

Market breadth was positive with 249 gainers and 161 decliners.

The slightly narrowed fluctuation band, positive market breadth and increased liquidity indicated that the excited trading sentiment was likely to continue, said BIDV Securities Co.

The company said the VN-Index might fluctuate in the 960-980 point range in the next sessions.

Steel maker Hoa Phat Group was a notable gainer as it soared 4.4 per cent to hit an all-time peak of VND30,900 per share, surpassing its historic peak recorded on March 1, 2018, at VND29,980 per share.

Other pillar stocks also outperformed such as Vingroup (VIC), rising 3.9 per cent, Vinhomes (VHM), increasing 3.6 per cent, Masan Group

(MSN), climbing 1.2 per cent, Bao Viet Holdings (BVH), up 2.2 per cent and Mobile World Group (MWG), up 1.4 per cent.

The VN30-Index, which tracks the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, increased 1.31 per cent to close Friday at 930.30 points.

In the VN-30 basket, 19 stocks gained ground and 10 decreased while one remained flat.

The cash flow continued to spread into the market, pushing up 18 out of 25 sector indices, including wholesale, insurance, real estate, retail, healthcare, mining, banking, agriculture, rubber production, food and beverage, seafood processing, construction material and logistics.

On the other hand, among decliners were securities and information and technology.

The minor HNX-Index on the Ha Noi Stock Exchange increased 0.60 per cent to end Friday at 141.70 points.

The northern market index had risen 1.16 per cent to close at 949.90 points on Thursday.

More than 65 billion shares were traded on the northern exchange, worth VND732 billion.

Foreign investors net sold VND232.02 billion on HOSE. They were net sellers on the HNX with the value of VND2.26 billion.

## Macro & Policies

### 2. Vietnam to finalize legal framework for smart city model

The Vietnamese Ministry of Construction (MoC) will focus on perfecting the legal framework for the smart city model, according to Minister of Construction Pham Hong Ha.

By 2022, the MoC is scheduled to submit a draft law on urban management and development to the National Assembly, and finalize related national standards and criteria, said Mr. Ha at the ASEAN Smart Cities Summit and Expo 2020 on October 22.

Mr. Ha also informed that the MoC would be responsible for approval, master planning and drafting technical design for smart city projects during the 2021 – 2022 period.

In the meantime, the MoC is developing assessment criteria for smart city projects, including a common evaluation framework for smart city development in different urban types; information and communication technology (ICT) framework for reference; specialized socio-economic indicators for smart cities and green projects.

Notably, Minister Ha said the MoC would soon complete a strategy stipulating resource allocation for smart city projects, providing which types would be financed with funding from the state budget, provincial budget or social resources.

At the summit, Head of the Party Central Committee's Economic Commission Nguyen Van Binh said the development of smart cities has become more urgent, mainly due to rapid urbanization globally.

Mr. Binh referred to a study that estimates around 55% of the world population is living in urban areas, and by 2050, the rate would rise to 70%.

While urban cities make up 80% of global GDP, they also account for 70% of carbon emissions. Additionally, high population density in cities also poses challenges to natural resource consumption and risk of overloaded infrastructure.

These issues are of particular concern amid the Covid-19 pandemic and climate changes, as countries with long coastal lines are among the most vulnerable, Mr. Binh stated, adding the sustainable development of smart cities is essential in this situation.

Minister of Construction Ha also expected smart cities would help enhance efficiency in socio-economic development and accelerate the economic restructuring process, among other benefits.

In the case of Vietnam, the country has already held a number of advantages for smart city development, including a broad coverage of 4G network, high accessibility of IT services and smartphone penetration in the country.

In August 2018, Prime Minister Nguyen Xuan Phuc approved the strategy for sustainable smart city development in the 2018 – 2025 period, with a vision to 2030.

Under the plan, by 2025, Vietnam would have at least six metropolises representing six major economic zones. In five years' time, Vietnam is set to form a network of smart cities nationwide.

### 3. China, US make up more than 50% of export value for Vietnamese tra fish

Despite making up a significant proportion in terms of the export structure, Vietnam's tra fish exports to the US market have yet to recover due to the adverse impacts caused by the novel coronavirus (COVID-19) pandemic.

Furthermore, since the end of September and early October, pangasius exports to China (Hong Kong) have enjoyed a rebound, with the majority of demand being centred around large-sized pangasius.

By the end of September pangasius exports to ASEAN, the nation's third largest export market, had recorded a drop of 30.3% to US\$102.8 million, of which export value to three major markets within the region, including Thailand, Singapore, and Malaysia, endured a decline of 27.4%, 1.4%, and 25.8%, respectively.

Throughout the nine-month period pangasius exports to the EU market experienced a downward trajectory, with the total export value to the fastidious market recording a drop of 33.8% to US\$98.4 million.

In terms of EU importers, the Netherlands and Belgium saw a sharp fall of 27.7%, while exports to Germany and Spain decreased by 35.4% and 17.2%, respectively, in comparison with the same period from last year.

Most notably, pangasius exports to the UK market enjoyed a surge of 68.4% to US\$4.8 million in September alone, with the total export value to the market during the reviewed period seeing an annual rise of 27% to US\$30.78 million.

This rise means that the UK is the only location among the top 10 largest export markets of Vietnamese Tra fish to successfully maintain positive growth.

With a recovery occurring in some major export markets coupled with a boost in trade promotion activities by local enterprises, the price of raw pangasius by mid-October recorded an increase of VND3,500 to approximately VND22,000 per kilo for tra fish weighing between 0.7 and 0.8 kilo compared to the previous month.

Moreover, the prices of some large sized pangasius also recorded an increase to VND23,500 per kilo, which marks a positive outlook for the market ahead during the remaining months of the year.

Despite this, experts have advised farmers and export enterprises to remain cautious about expanding aquaculture areas for raw Tra fish moving forward.

#### 4. Government cuts procedures, time for starting a business

With the above cut, time required for implementing three procedures reduces from 16 to six days, as stipulated in Decree No. 122/2020/NQ-CP on coordination and interconnection of procedures for registration of establishment of enterprises, branches, representative offices.

Viet Nam's global ranking of starting a business remains low, standing at 115th out of 190 economies, according to the World Bank's Ease of Doing Business 2020 report.

The key reason behind the low ranking is because businesses are required to provide overlapping or unnecessary information while some procedures are not interconnected between related agencies, according to Bui Anh Tuan, Director-General of the Business Registration Department under the Ministry of Planning and Investment.

In addition, Viet Nam's reform process remains slow compared to other countries, Tuan added.

Starting a business is one of the 10 subindices used by the World Bank to evaluate annual regulatory reforms and rank economies around the world.

These subindices have been introduced in the Vietnamese Government's Resolution No. 19 from 2014-2018 which was renamed as Resolution No. 02 from 2019. The resolution has been renewed annually and promulgated on the first day of each year, figuring out measures to improve the country's business environment and sharpen national competitiveness.

Regarding the subindice of starting a business, the Government sets goal to raise the ranking of starting a business by 10-15 places this year, making Viet Nam one of the four easiest economies to do business in ASEAN.

The promulgation of this Decree is part of the Government's effort to realize the aforesaid goal, said Tuan, adding that it will help facilitate market

entry by reducing procedures, information required to be declared, and number of related agencies.

## 5. Vietnam has potential for developing energy service companies market

There is great potential for the energy service companies market to develop in Vietnam as power consumption is forecast to increase sharply in the coming years, heard a workshop heard in HCM City on October 22.

According to Nguyen Dinh Hiep of the Vietnam Association of Science and Technology for Economical and Efficient Use of Energy, in this context, the economical and efficient use of energy has become compulsory.

“Energy service companies (ESCO) are one way to promote economical and efficient energy use,” he said.

He said ESCO would provide a comprehensive energy services package including energy efficiency consulting, planning, construction, installation, operation, maintenance, optimisation, and financial contribution, and apprise customers about investment costs, energy saving results and investment risks.

“By applying the ESCO model, businesses can gain access to green solutions, equipment and technology innovation and achieve efficiency in investment,” he said.

It also helps businesses participate in national and international programmes and projects in the economical and efficient use of energy, contributing to environmental protection and coping with climate change, he added.

Public lighting, commercial and service buildings, industrial manufacturing, power distribution, and renewable energy are potential areas for ESCO investment.

Statistics show there are more than 220 energy efficiency service suppliers and energy efficiency consulting firms, but the number following the ESCO model is low.

Hiep said to boost ESCO activities, improving the institution and legal framework for it, developing a sustainable financial mechanism, and creating linkages between ESCO enterprises and credit institutions are imperative.

Markus Bissel, head of the component energy efficiency, renewable energy and energy efficiency project, EU-Vietnam Energy Facility, GIZ Vietnam, said that still one of the highest energy intensities in Southeast Asia, the Vietnamese Government faces many challenges to improve energy efficiency, particularly in the commercial and industrial sectors.

“Even though the Vietnamese Government successfully implemented the Vietnam Energy Efficiency Programme 1 and 2 and is currently implementing No.3 with very ambitious objectives, it is foreseeable that it is getting more and more challenging to meet the increasing energy demand.”

Bissel said ESCO provide services related to energy efficiency and financing of energy efficiency measures.

“The ESCO model world-wide is a driver of investments in energy efficiency measures. And even in Vietnam, in some specific sectors, the ESCO model is successfully applied.”

Speakers at the workshop agreed that the model is still new in Vietnam and faces hurdles due to a lack of legal support, mechanisms and financial support for implementation of energy-efficient projects and unavailability of manpower.

Besides, customers' distrust, risks in undertaking energy efficiency projects and businesses' greater focus on boosting sales than reducing costs through energy savings are other obstacles to ESCO activities, they said.

The workshop heard about lessons learnt in other ESCO markets such as the US and China and the

experiences in Vietnam from foreign experts and representatives of local companies.

Organised by the EU-Vietnam Energy Facility project and the Ministry of Industry and Trade, the

workshop, titled “ESCO, a future business model for Vietnam”, sought to share experiences in developing the model in Vietnam and raise awareness of government management agencies so that an appropriate policy framework could be adopted in the future.

## 6. Power consumption rises as economy recovers from pandemic

The report on nine-month power production and consumption showed that EVN's commercial power output was estimated at 19.93 billion kWh in September, representing a rise of 1.05 per cent against August and 8.41 per cent against the same period last year.

Power for industrial production and construction increased by 7.7 per cent, while electricity for daily consumption was up 13.17 per cent. Power for services and trade was down 10.99 per cent.

The country is undergoing socio-economic recovery after COVID-19 was successfully contained, with no new community transmissions recorded for 50 days.

EVN's total commercial power output for January-September stood at 162.31 billion kWh, a rise of 3.09 per cent over the same period last year.

From the beginning of this year, EVN produced and imported a total of 185.37 billion kWh, up by 2.68 per cent.

Of the figure, hydroelectricity plants provided 48.38 billion kWh, a drop of 6.93 per cent, gas-fired power plants were at 27.42 billion kWh, falling 16.56 per cent, coal-fired power plants accounted for 97.29

billion kWh, an increase of 10.5 per cent and oil-fired power produced 1.04 billion kWh, up 33 per cent.

Of note, EVN purchased 8.16 billion kWh of renewable power in the first nine months of this year, of which 7.23 billion kWh, or 88.6 per cent, was generated by solar power projects.

The nine-month solar power buyback was 2.6 times higher year-on-year.

For rooftop solar power, more than 55,980 projects were put into operation with a total capacity of 1,531 MWp.

In the last quarter of this year, EVN will focus on hastening the progress of power generation projects, including the Thuong Kon Tum hydropower plant and Se San 4 solar power projects.

EVN also plans to start expansions at Hoa Binh hydropower plant and Quang Trach 1 thermoelectricity plant, and build infrastructure for the Dung Quat 1 and 3 gas-fired plants.

EVN has broken ground on 107 power projects this year and put into operation 100 110-500kV transmission lines.

## 7. Shrimp exports projected to up 9.8 percent to 3.7 billion USD this year

Vietnam's shrimp exports are forecast to reach 3.7 billion USD this year, posting a year-on-year increase of 9.8 percent, fuelled by the EU – Vietnam Free Trade Agreement (EVFTA) which facilitated export to the EU markets, according to Vietnam Association of Seafood Exporters and Producers (VASEP).

Accounting for 13.8 percent of the country's shrimp export value, the EU was the fourth largest shrimp export market of Vietnam, coming after the US, Japan and China.

Despite declines at the start of this year, shrimp exports to the EU saw significant growth in the third quarter, thanks to the impact of the EVFTA which

came into effect from the beginning of August, the association said.

In September alone, Vietnam exported shrimp worth 57.6 million USD to the EU, representing a rise of 35.4 percent against September last year.

January-September shrimp exports to the EU totalled more than 371 million USD, up by 2.3 percent.

The association said that in the EU, restaurants and catering services were reopening together with the tourism industry, adding that the EU's demand for shrimp was expected to increase significantly in the coming months to serve year-end holidays.

The EU was a market with good profit margins and this would be the market that many enterprises would focus on to expand exports in the remaining months of this year, the association said, adding that Vietnam's shrimp exports to the EU would continue to see considerable increases.

Vietnam's shrimp exports in September totalled nearly 385 million USD, up by more than 25 percent against the same month last year, the highest growth

rate recorded since March, according to VASEP's statistics.

Besides the EU, exports to other major markets also saw significant increases, such as to the US by 39.6 percent, China by 22.9 percent, the Republic of Korea 3.2 percent, the UK 54.3 percent, Canada 47 percent and Australia 50.7 percent.

Shrimp exports totalled 2.7 billion USD in January – September, a year-on-year increase of 10.5 percent.

The US was the largest shrimp export market of Vietnam, accounting for 24 percent of the country's shrimp export value. Vietnam exported shrimp worth more than 634.4 million USD to the US in January – September, up by 33 percent over the same period last year.

According to the Ministry of Industry and Trade's Import-Export Department, Vietnam's shrimp export would continue to increase in the last months of this year due to the low shrimp supply globally, especially from India.

The department added that Vietnam's shrimp export also benefited from the EVFTA.

## Corporate News

### 8. VHM: Change of personnel

↑ 2.58%

Vinhomes Joint Stock Company announced personnel change as follows:

- Ms. Nguyen Thu Hang and Ms. Mai Thu Thuy were appointed as Deputy CEO.

- Approving the resignation of Mr. Le Huu Thanh as Chief Accountant.

- Mr. Le Tien Cong was appointed as Chief Accountant.

### 9. L10: Result of the public tender offer by Dang Van Long

↑ 0.00%

Viet Nam Electrical Equipment Joint Stock Corporation (“GELEX”) reports the result of the public tender offer for L10 shares as follows:

- Buyer: Dang Van Long

- Target company: Lilama 10 Joint Stock Company (HOSE: L10)

- Number of owning shares before trading:

Of which:

- Number of shares represented by the buyer: 1,186,800 shares (12.12% of the total outstanding volume);

- Number of shares owned by the buyer: 1,999,498 shares (20.42% of the total outstanding volume).

- Number of shares expected for purchase: 2,000,000 shares (20.43% of the total outstanding volume)

- Number of bought shares: 2,000,000 shares (20.43% of the total outstanding volume)

- Number of owning shares after trading:

Of which:

- Number of shares represented by the buyer: 1,186,800 shares (12.12% of the total outstanding volume);

- Number of shares owned by the buyer: 3,999,498 shares (40.85% of the total outstanding volume).

- Trading time: from September 17, 2020 to October 16, 2020.



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