



# VIETNAM DAILY NEWS

October 8th, 2020



**Table of content**

## Table of content

1. Strong cash flow pushes shares up
2. Husbandry to undergo modernisation
3. Viet Nam gains manufacturing growth in September
4. Negotiations on Vietnam-UK FTA expected to be completed late this year
5. Public investment contributes to Vietnam's economic recovery: JICA official
6. Labour market posts signs of recovery in Q3
7. EVNHCMC to complete installation of electronic meters next year
8. VJC: Vietjet restores all domestic network, increases daily flight frequency
9. TCB: Board resolution on agreements with related parties

## Market Analysis

### 1. Strong cash flow pushes shares up

Shares rose on Wednesday thanks to a boost from heavy-weighted stocks, but selling pressure increased strongly at the end of the session and narrowed the market rally.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 0.44 per cent to 919.72 points.

It had risen 0.11 per cent to close Tuesday at 915.67 points.

According to BIDV Securities Co, the VN-Index is likely to fluctuate around 920 points in the last two sessions of the week when the current demand is not strong enough for a breakthrough.

Nearly 524 million shares were traded on the southern bourse, worth VND8.8 trillion (US\$378.7 million).

Market breadth was negative with 217 losers and 187 gainers.

Strong cash flow poured into blue-chips, spurring the market's gains, including Vingroup (VIC), Vinhomes (VHM), Vincom Retail (VRE), Vietcombank (VCB), Vinamilk (VNM), PetroVietnam Gas JSC (GAS), Sabeco (SAB) and Mobile World Group (MWG).

Some other pillar stocks were strongly hit by selling pressure, including Vietinbank (CTG), Military Bank (MBB), VPBank (VPB), Vietjet (VJC), Techcombank (TCB), SSI Securities Incorporation

(SSI), the Refrigeration Electrical Engineering Corporation (REE), Hoa Phat Group (HPG), Vietnam National Petroleum Group (PLX) and FPT Corporation (FPT).

The large-cap tracker VN30-Index declined 0.06 per cent to 870.85 points with 16 of the 30 largest stocks by market value and trading liquidity dropping.

On a sector basis, 16 out of 25 sectors on the market made gains, such as retail, wholesale, insurance, real estate, healthcare, agriculture, banking, food and beverage, construction and logistics.

The losers included securities, information and technology, mining, rubber production, seafood processing and construction materials.

Foreign investors net sold VND193.04 billion on HOSE. They were net sellers on the HNX with a value of VND1.67 billion.

On the Ha Noi Stock Exchange, the HNX-Index was down 1.19 per cent to close Wednesday at 136.13 points.

The northern market index had gained 0.43 per cent to close at 915.67 points.

More than 70 million shares were traded on the northern exchange, worth VND984.4 billion.

## Macro & Policies

### 2. Husbandry to undergo modernisation

New technologies from the fourth Industrial Revolution will be applied in livestock breeding in order to produce safe and high-quality output while improving the husbandry sector's competitive edge, according to the husbandry development strategy for the 2021-2030 period and vision to 2045.

Under the strategy, which was approved by Prime Minister Nguyen Xuan Phuc on October 6, Vietnam aims to be among regional countries with modern livestock production, with professional farms and farming households meeting food safety and quality standards for domestic consumption and export.

The animal husbandry sector envisions average growth of 4 to 5 percent during 2021-2025 and 3-4 percent in 2026-2030. The total carcass weight is to rise from 5-5.5 million tonnes in 2021-2025 to 6-6.5 million tonnes by 2030.

By 2025, the country expects to produce 18-19 billion eggs and 1.7-1.8 million tonnes of milk, which are to rise to 23 billion and 2.6 million by 2030. This translates into output per capita of 50-55 kilos of meat, 180-190 eggs, and 16-18 kilos of milk by 2025, rising to 58-62 kilos, 220-225, and 24-26 kilos by 2030.

Regarding disease-free cattle and poultry zones, the country plans to build at least 10 district-level facilities by 2025 and 20 by 2030.

The husbandry sector is to become a modern technical economic sector that is industrialised, from production, processing, and preservation to market development, by 2045.

The national strategy states that Vietnam is to be among the leading Southeast Asian countries in terms of livestock production capacity. Key products, including meat, eggs, and milk, must be produced at farming facilities that are friendly with the environment.

It targets having all poultry and cattle products and more than 70 percent of processed food provided by concentrated slaughterhouses over the next 25 years.

In a bid to realise these goals, specific measures have been detailed in the strategy, including completing policies on livestock development, enhancing capacity to prevent disease and protect the environment, promoting international cooperation, improving breeding varieties and quality, and developing a support industry, among others.

State budget funds will prioritise technical infrastructure for research, human resources training, food safety, and the preservation of indigenous animal genes.

PM Phuc asked the Ministry of Agriculture and Rural Development to join hands with relevant ministries, sectors, and localities to carry out the strategy.

### 3. Viet Nam gains manufacturing growth in September

According to a monthly survey by Nikkei and IHS Markit, the Viet Nam Manufacturing Purchasing Index (PMI) rose back above the 50.0 no-change mark in September, posting 52.2 from 45.7 in August. That pointed to the first improvement in business conditions for three months, and the most marked since July 2019.

Control over the COVID-19 pandemic was a key factor helping to support improvements in

operating conditions, after increasing case numbers had been seen in the previous survey period.

Reduced case numbers contributed to stronger client demand, leading to a solid increase in new orders. New business from abroad also increased in September, the first time this has been the case since January.

Solid expansion in production was also registered, helped by higher new orders. In fact, the rise in output was the sharpest in 14 months.

Business confidence also improved at the end of the third quarter of the year, rising sharply from August to the highest since July 2019. Projected growth of new orders is expected to lead to increases in output over the coming year, but a number of firms mentioned that positive expectations were based on assumptions that the pandemic will remain under control in the country.

Rising new orders encouraged manufacturers to expand their purchasing activity for the first time in three months, and at a solid pace. This increase in purchasing contributed to a renewed accumulation of pre-production inventories. Some panelists reported efforts to build reserves.

The rate of input cost inflation quickened to a 22-month high and was broadly in line with the series average. Panelists often linked higher input prices to supply shortages for raw materials. This was also a factor behind a lengthening of suppliers' delivery times.

In response to higher input costs, firms raised their selling prices for the first time in eight months. The rate of inflation was only slight, however, amid ongoing competitive pressures.

Commenting on the latest survey results, Andrew Harker, Economics Director at IHS Markit, said: "After a rise in COVID-19 cases in late-July and early August briefly threw the sector's recovery off track in August, the September PMI results were much more positive.

"With control of the pandemic regained, firms saw an influx of new orders, ramped up production and were at their most optimistic for over a year. As ever though, sustaining these positive trends is dependent on virus cases not picking up again."

One new development in the latest survey was a return to growth of new export orders for the first time since the pandemic began, a welcome signal that international demand is becoming more supportive of the sector's recovery, he said.

### IIP in 9 months

In a monthly report on the industry and trade sector in the first nine months of this year, the Ministry of Industry and Trade (MoIT) said that the domestic industrial production had prospered in September and is expected to grow again in the last months of the year because the pandemic is basically under control.

According to its statistics, the index of industrial production (IIP) of Viet Nam in September increased by 2.3 per cent against August and by 3.8 per cent over the same period last year.

The IIP in the first nine months of 2020 rose by 2.4 per cent over the same period last year. This rate was lower than the growth rate of 9.6 per cent in the first nine months of 2019.

The ministry said this was the lowest growth rate in many years.

The industry saw a reduction or low growth rates in IIP of some key industrial products during the first nine months. Of which, the index decreased by 16.7 per cent for the liquefied gas (LPG); 14.6 per cent for beer; 13.7 per cent for crude oil exploitation; 11.8 per cent for cars; and 9.1 per cent for natural gas.

However, there were also a number of industries with a high growth rate in IIP over the past nine months, creating a great contribution to the overall growth of the industry. They included metal ore mining (up by 14.8 per cent); manufacturing electronic products, computers and optical products (up by 8.6 per cent); and tobacco product production (up by 8.2 per cent).

## 4. Negotiations on Vietnam-UK FTA expected to be completed late this year

Vietnam and the United Kingdom are speeding up negotiations on a new-generation free trade agreement between the two sides, which is expected to be completed at the end of this year.

The information was released at a webinar themed "Vietnam's Trade and Economic Future: Opportunities for British and Vietnamese Businesses", which was jointly held by the Ministry

of Industry and Trade's European-American Market Department, the UK-ASEAN Business Council, the Vietnamese Embassy in the UK and the UK Embassy in Vietnam on October 6.

British Ambassador to Vietnam Gareth Ward highlighted the importance of the FTA to help boost trade between Vietnam and the UK.

He expressed his hope that the two sides will gain success in negotiations this year, especially in the context of the UK having left the European Union on January 31.

Speaking at the event, Deputy Minister of Industry and Trade Hoang Quoc Vuong said that in recent years, the business and investment environment in Vietnam has improved in a more transparent and convenient manner.

The country's Government is determined to step up administrative reform to meet requirements of the market economy and create a reliable and attractive investment climate for enterprises.

Of note, amidst the movement of FDI flows, Vietnam's maintenance of positive growth in disbursed capital is an encouraging result, affirming its attractiveness as an investment destination, Vuong stated.

Regarding bilateral relations, he stressed that the UK is an important market and always a prioritized cooperation partner of Vietnam.

The UK is a potential market for Vietnam's tropical farm produce, garment and textiles, footwear, wood products and mobile phones, while Vietnam is a gateway market for UK businesses to approach the wider regional market, he added.

Since the two countries signed a strategic partnership agreement in 2010, their two-way trade had increased by 3.5 times to hit 6.61 billion USD in 2019.

As of August 2020, the UK had 400 valid investment projects in Vietnam with combined registered capital of 2.6 billion USD, ranking 16th out of 137 nations and territories pouring capital into the Southeast Asian country.

## 5. Public investment contributes to Vietnam's economic recovery: JICA official

The implementation of projects funded by the Japanese Government through the Japan International Cooperation Agency (JICA) amid the COVID-19 pandemic has contributed to Vietnam's economic recovery, an official from the agency has said.

Addressing a press conference on October 6 in Hanoi, Shimizu Akira, Chief Representative of JICA in Vietnam, said that in accordance with the Vietnamese Government's instructions to maintain the construction of public works amid the pandemic, JICA has continued to carry out Japanese ODA projects even during the social distancing period and these have helped sustain employment for Vietnamese engineers.

There are also about 2,000 workers involved in the project on building HCM City's urban railway line.

Newly-signed loan projects are in decline, as is the disbursement rate of ODA capital, but the early

disbursement of public investment could be a catalyst that has contributed to economic recovery and development in Vietnam, he noted.

The Vietnamese Government and Prime Minister Nguyen Xuan Phuc have paid significant attention to and adopted specific plans to promote the disbursement of public investment capital, he said, expressing his hope that this effort would help JICA accelerate the progress of projects in Vietnam.

JICA has provided financial support worth 77.4 billion JPY (over 733 million USD) in loan projects and technical cooperation projects for Vietnam's healthcare sector.

In the context of the COVID-19 pandemic, it will promote medical cooperation with Vietnam on the basis of putting experience collected in the country to use, he said.

Commenting on global supply chain shifts, Akira said the trend gives Vietnam new opportunities but the country needs to improve human resources quality and develop high-quality infrastructure to attract foreign investment.

Regarding support in attracting foreign investment, JICA is implementing a technical cooperation project to strengthen Vietnam's capacity for improving equity and transparency in its stock market and

promoting transparent information disclosure in corporate financial accounting, towards the application of international financial reporting standards.

In the time to come, he affirmed, JICA will continue to support Vietnam in developing infrastructure and will enhance its technical cooperation with the country, contributing to Vietnam's development.

## 6. Labour market posts signs of recovery in Q3

More jobs were created in the third quarter of this year on the back of the country's economic resurgence, a press conference held by the General Statistics Office (GSO) on October 6 heard.

The workforce in the quarter totaled 54.6 million people aged 15 or above, an increase of 1.4 million against the second quarter but a decline of 1.1 million compared to the third quarter of 2019.

The number of employed labourers IN Q3 was up 1.5 million from Q2, with most new jobs in the informal economic sector.

Monthly incomes averaged 5.5 million VND (237.7 USD), up 258,000 VND against Q2 but down 115,000 VND against Q3 2019.

While the labour market showed signs of improvement after hitting record lows in the second

quarter, more work must be done to create more jobs and achieve full employment, according to the GSO.

From January to September, 31.8 million people aged 15 and above were adversely affected by the COVID-19 pandemic, either becoming jobless or having their working hours and salaries seriously slashed.

The service sector was hardest hit, with 68.9 percent of workers clobbered by the outbreak, followed by industry and construction, with 66.4 percent of workers affected. The rate in the agriculture, forestry, and fisheries sector was 27 percent.

Director of the GSO's Population and Labour Statistics Department, Vu Thi Thu Thuy, said the pandemic may have taken away the opportunity for some 1.8 million people to join the labour market.

## 7. EVNHCMC to complete installation of electronic meters next year

The HCM City Power Corporation (EVNHCMC) plans to complete the installation of electronic meters connected to a remote data collection system for all customers in the city next year.

Under the Government's direction on the use of information technology, EVNHCMC is installing smart meters for Automatic Meter Reading (AMR) with the aim of having an Advanced Metering Infrastructure (AMI).

As of September, the corporation had installed nearly 1.5 million electronic meters with the

function of transmitting telemetry data, accounting for 56.7 percent of the total number of customers.

Bui Trung Kien, deputy general director of the corporation, said the free replacement of existing meters aims to improve the quality of infrastructure and customer services.

The electronic meters provide higher accuracy and can help monitor power consumption, resulting in power savings. They are also integrated with communication technologies to support remote automatic meter reading.

Data collection by this method helps to monitor the operation status of substations and cables, and improves grid safety.

“It will also improve labour productivity and reduce labour costs and risks of human errors,” Kien said. Workers' accidents on the job are also expected to be reduced.

Nguyen Thi Hong Lien, a customer in District 10, said she now pays her electricity bill through customer service software on mobile phones.

“It's convenient because my husband and I are really busy with work, and often go abroad for a long time, so no one is at home to make direct payments to EVNHCMC employees,” she said.

Trinh Minh Long, a customer in Tan Phu district, said: “Through online payment, I can directly pay my electricity bills through internet banking.”

All electronic meters were bought by EVNHCMC through competitive bidding and are in compliance with current bidding regulations, according to Kien.

The technical specifications for the procurement of meters were determined in compliance with EVN requirements, international electrical technical standards IEC: 62052-11 and IEC: 62053-21, and Vietnam's technical regulations on measurement management.

Before installation, the meters are approved based on qualified samples and inspected under procedures issued by the Directorate for Standards, Metrology and Quality under the Ministry of Science and Technology.

“The electricity sector only installs meters with satisfactory testing results in order to ensure accurate operation and use,” Kien said.

Customers can directly call EVN's customer care centre if they have questions. The centre will notify the power company and send employees to the customer's house to handle any failure within a day or less.

Customers can also monitor their power consumption anytime and anywhere through a customer care application installed on their phone or other digital devices. This can help customers adjust their power consumption.

“The electronic meters also improve data transparency and communication with customers,” Kien said.

Through online data tracking, the electricity sector will be able to promptly detect incidents and solve them as promptly as possible.

The Da Nang Power Company has installed electronic meters applying the remote data transmission system to all of its customers. The company was the first unit under EVN's Central Power Corporation (EVNCPC) to apply daily electricity data lookup software and provide a trial use for customers.

This system automatically sends alerts on power consumption through the telemetry system, and automatically sends alerts about consumption exceeding the threshold set by the customer, sending the information to the customer via email and SMS.

## Corporate News

### 8. VJC: Vietjet restores all domestic network, increases daily flight frequency

↓ -0.48%

New-age carrier Vietjet has restored the entire domestic network and increased the frequency to 250 flights per day to celebrate the jubilant year-end travel season.

Vietjet increases flight frequency of routes such as Ho Chi Minh City - Phu Quoc/ Da Lat/ Nha Trang or Hanoi - Phu Quoc / Da Lat / Nha Trang / Can Tho to maximise the service for the year-end tourist season.

The routes from Ho Chi Minh City and Hanoi to Hue, Da Nang, Vinh, Thanh Hoa, Hai Phong are also put into full forces to bring more choices to passengers when traveling and doing business.

In particular, the number of flights on the Ho Chi Minh City – Ha Noi route, connecting the two largest cities in Vietnam, has been increased to 25 a day at the best timeframes, stable flight times and using modern aircraft to best serve the people and tourists.

In the context that localities across the country have good control of the pandemic, Vietjet pioneers in supporting the local economic recovery through a reasonable, flexible fare product system; diverse and convenient flight options; and tourism promotion programs in conjunction with reputable and quality partners.

### 9. TCB: Board resolution on agreements with related parties

↓ -2.68%

According to the Board resolution dated October 06, 2020, the Board of Directors of Vietnam Technological and Commercial Joint Stock Bank (Techcombank) approved agreements between Techcombank and related persons, as follows:

1) Approving a credit limit:

- Credit limit: VND1,000 billion
- Loan term: 12 months

- Purpose: to raise the working capital for business operations

- Collateral: no assets; unconditional and irrevocable guarantee letter of Masan Consumer Corporation

2) Approving to sign credit agreements between Techcombank and Vincommerce, the credit holder.



**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)*