



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index hits one-year peak

The VN-Index posted its fifth consecutive gaining session Monday, rising 0.42 percent to 994.19 points, its highest level since November 21 last year.

Liquidity soared at the Ho Chi Minh Stock Exchange (HoSE), on which the VN-Index is based, with trade value rising to VND10.53 trillion (\$454.61 million), the highest in several years.

On the bourse, 243 stocks gained and 188 lost, with 19 hitting their ceiling prices, the highest they can go in a trading session.

The VN30-Index for the HoSE's 30 biggest caps soared 0.96 percent, accounting for over 55 percent of trading volume. The basket saw 17 tickers gain and 10 lose.

HPG of steelmaker Hoa Phat Group topped gains with 5 percent, followed by PNJ of jewelry retailer Phu Nhuan Jewelry, up 4.2 percent, and REE of appliances maker Refrigeration Electrical Engineering, with 3.5 percent.

STB of private Sacombank and TCB of private Techcombank were the only two tickers in the banking sector to post gains, up 3.2 percent and 0.9 percent respectively.

Other major gainers included SSI of top brokerage Saigon Securities Inc., with 2.7 percent, MWG of electronics retailer Mobile World, 2.2 percent, and GAS of energy giant PetroVietnam Gas, with 2.1 percent.

Most stocks in the real estate sector closed positively. TCH of Hoang Huy Group and VHM of Vinhomes both climbed 2.7 percent, KDH of Khang Dien House added 0.6 percent, NVL of Novaland, up 0.2 percent and ROS of FLC Faros, 0.5 percent.

State-owned banking stocks were the worst performers this session. Of Vietnam's three biggest lenders by assets, VCB of Vietcombank dropped 1 percent, CTG of VietinBank, 0.9 percent, BID of BIDV, 0.2 percent, MBB of mid-sized Military Bank, 0.5 percent.

In the private sector, EIB of Eximbank shed 0.6 percent and HDB of HDBank, 0.2 percent, while VPB of VPBank kept its opening price.

Oil and gas stocks did not fare well this session, with GAS of energy giant PetroVietnam Gas dropping 0.4 percent and PLX of petroleum distributor Petrolimex down 0.2 percent. However, POW of electricity generator PetroVietnam Power went up 0.3 percent.

Meanwhile, the HNX-Index for the Hanoi Stock Exchange, home to mid- and small-caps, closed up 0.66 percent, and the UPCoM-Index for the Unlisted Companies Market added 0.39 percent.

After seven consecutive week of net sells, foreign investors were net buyers of Vietnamese stocks for the fourth straight session to the tune of VND135 billion on all three bourses. The most net bought stocks were VHM of Vinhomes and HPG of Hoa Phat Group.

Macro & Policies

2. Work on Long Thanh international airport to start next month

Construction of the proposed Long Thanh international airport in the southern province of Dong Nai is expected to start next month as promised by the State-owned Airports Corporation of Vietnam (ACV), the airport's main developer.

Lai Xuan Thanh, chairman of ACV, which operates 22 airports across the country, said the first phase of the airport, with an investment of more than 4.6 billion USD, is projected to be completed by 2025.

ACV will need to raise about 99 trillion VND (4.28 billion USD), or 90 percent of total capital needed for the first phase of the airport.

It is set to have 36.6 trillion VND (1.57 billion USD) by 2025, or 37 percent of the investment, and the rest from commercial loans and bonds.

The corporation has been working with 12 domestic and international credit institutions to borrow the remaining at an interest rate of 5-5.5 percent a year with a loan term of 15 years.

In addition, the Government has proposed that the Vietnam Air Traffic Management Corp should be the investor of the control tower and other safety features.

The Government has also proposed building two additional roads to enhance better connections between the city and the new airport.

Dong Nai province has already handed over 1,800 hectares to make way for the airport. The corporation is making a detailed plan for the construction.

According to Thanh, ACV is also the developer of other key projects such as the third terminal at Tan Son Nhat international airport in HCM City, and the expansion of the international terminal at Hanoi's Noi Bai international airport.

The government last week officially approved the first phase of the airport.

The project has four component projects such as the headquarters of State management agencies, flight management services, essential airport facilities, and other works.

ACV will invest in the first runway, taxiways, a terminal, an aircraft parking space, and other major infrastructure at the airport.

The investment was approved by the National Assembly in 2017, which also issued a resolution on compensation and resettlement of and support for affected individuals and organisations.

The airport will be built in three phases over three decades, and is expected to become the country's largest airport.

In the first phase, one runway with a length of 4,000m, taxiways, an apron, and a passenger terminal with other auxiliary works with a total floor area of 373,000 sq.m will be built to serve 25 million passengers and 1.2 million tonnes of cargo each year.

The airport is expected to have four runways, four passenger terminals, and other auxiliary works to ensure a capacity of 100 million passengers and 5 million tonnes of cargo a year by 2040.

Covering a total area of more than 5,580ha, the airport will straddle six communes in Long Thanh district. It is expected to cost 336.63 trillion VND (14.47 billion USD).

The airport work requires more than 5,000ha of land and more than 364ha elsewhere to build two resettlement sites.

Around 4,800 households and 26 organisations are expected to be relocated to make way for it.

Located 40km to the east of HCM City, the Long Thanh airport is expected to relieve overloading at Tan Son Nhat International Airport in HCM City, the country's largest airport.

3. State agencies try to increase hog herds for Tet holiday consumer demand

Eight outbreaks of the African swine fever in 40 households in the Mekong Delta Province of Tien Giang. From October till now, 20 households the province have had pigs contract the dangerous virus with most cases in Tan Phu Dong District. The local administration has announced the epidemic in Tan Thoi Commune.

Director of the Department of Agriculture and Rural Development in Tien Giang Province Nguyen van Man said that competent state agencies are spraying disinfectants to prevent the pandemic and increase supervision to curb wide spread.

In the meantime, Bac Tuan Kiet, head of the center for disease control under the Department of animal husbandry, dairy and fisheries in Dong Thap Province said that the African swine fever is attacking herds of hogs in communes including Binh Thanh, Tan Binh, Tan Long, Binh Thanh, Hoa An in Cao Lanh Town. Around 84 pigs have been killed. The local government has disinfected the area where outbreaks of the disease occurred.

Breeder Huynh Van Hon in Tan Phu Trung Commune in Chau Thanh District, in Dong Thap province said that residents in the commune produce rice powder and farmers have made use of by-products to raise pigs.

Since the African swine fever outbreaks re-occurred, agricultural agencies have run refresher course on biosecurity of pigs at the farm level - the set of practical measures taken to help pig farmers prevent entrance of infection into a pig farm and control the spread of infection within that their farms. Accordingly, despite of re-occurrence of the African swine fever, just a few of pigs in farms were killed.

Being considered a center for pig farms in the South region, Dong Nai Province is expected to supply enough pork for Tet holidays.

Presently, more than 2.1 million hogs are raised in the province, a year-on-year increase of 10.76 percent to provide approximately 35.489 tons of pork in local markets.

This proves small-scaled farms have well reorganized pig raising, prevented the disease and restore piglets for farms to satisfy meat consumption in the special holiday.

Deputy Chairman of the Livestock Association in Dong Nai Nguyen Kim Doan said that the province targeted to restore around 2.5 millions of pigs like before the outbreaks of the African swine fever to ensure supply of meat for local markets in the special holiday. However, amid the African swine fever outbreaks and flood devastation in the Central region, the supply of meat may not meet consumer demand.

According to the Department of Industry and Trade, port is an subsidized items; therefore, the Department will work with related units and large farms to assess the situation to keep suitable price in the special holiday.

Worse, due to impact of the African swine fever, some localities have been suffering shortage of piglets despite pig price surge to VND3 million (US\$129) a piglet. Traders in some places sold pig without clear indication of origin but farmers still buy for re-raising- this easily leads to spread of the pandemic.

Additionally, some pig farmers switched to breed another animal for fear of the African swine fever while others were short of capital to re-raise; hence , hog herds in the Mekong Delta region reduced much.

A leader of Department of animal husbandry, dairy and fisheries in Dong Thap Province said that the number of hogs in the province dipped from 300,000 – 500,000 yearly to 70,000 – 80,000 annually. Dong Thap authorities have had to purchase pigs from other provinces for consumption daily.

At the same time, a leader of the Department of animal husbandry and animal health in Ca Mai revealed about 84,480 hogs in the province can satisfy half of consumer demand.

There is no choice but the province will have to buy pigs from neighboring provinces. It is inevitable that the province will buy pigs from other places in the

Lunar New Year when the consumer demand is higher than normal days.

4. FDI inflows into real estate soar in Q3

Specifically, FDI inflows into real estate rose from US\$0.264 billion in Q1 to US\$0.536 billion in Q2 and US\$2.35 billion in Q3.

Property experts said this is a good signal for the addition of an important capital source to development investment in the real estate sector in particular and a significant contribution to Viet Nam's socio-economic development investment as a whole.

Actual developments in the real estate market show that, after the two COVID-19 waves, most real estate businesses have gradually restarted their operations.

Property developers have begun to sell projects and announce their post-pandemic business plans, as well as recruiting workers and seeking suitable staff for the long-term plans.

Although the market still faces many difficulties, real estate traders and developers have taken solutions to approach customers, changing the development areas to leapfrog the FDI shifting trend and the trend of urbanization in localities outside big cities.

In addition, with special incentives from nature, improved transport system, open investment policy and favorable conditions for domestic and foreign investors, Viet Nam currently has its own advantages to attract domestic and foreign real estate investors compared to other countries in the region firms compared to other countries in the region, regarding the attraction of investment capital for the tourism sector and the segment of investment in resort tourism real estate.

The Construction Ministry said despite the double impact by the return of the COVID-19 pandemic in July and the low season in the seventh lunar month which is considered a “bad luck” period, the surge in FDI in the sector is a positive signal.

According to the ministry, most businesses in the real estate sector have resumed operation after two waves of COVID-19.

They have taken measures to approach customers, and even look to new areas to anticipate the shift in the FDI flow and the trend of urbanization outside major cities.

5. More M&A deals in the banking sector next year: local media

Vietnamese banks, especially small-cap ones, are targeting more foreign capital to improve their performances, financial expert Huynh Trung Minh said.

However, the global markets have been hit by the COVID-19 pandemic, so it is difficult for foreign investors to hunt Vietnamese banking shares at the moment, he said, cited by tinnhanhchungkhoan.vn.

So the banks lock their foreign ownership ratios to wait for the opportunities to come and keep their shares from the market volatility, Minh said.

Among those banks making the move was the Viet Nam Technological and Commercial Joint Stock Bank (Techcombank), which capped its foreign capital ratio at 22.5 per cent.

HCM City Development Joint Stock Commercial Bank (HDBank) also decided to curb foreign investors' ownership limit to 21.5 per cent from 30 per cent in order to attract potential buyers.

Viet Nam Prosperity Joint Stock Commercial Bank also cut the foreign ownership limit by 7.77 per cent to 15 per cent.

Among others, VietCapital Bank and NamA Bank are discussing similar ideas with shareholders.

Techcombank shares (HoSE: TCB) have gained as much as 32.6 per cent since July 30 to touch the six-month high of around VND24,000 apiece.

HDBank shares (HoSE: HDB) and VPBank shares (HoSE: VPB) have respectively increased by as much as 7.7 per cent and 29 per cent in the same time.

According to bank officials, the banks will not sell their shares on the market at any cost and they will select the buyers carefully.

Under Decree 01/2014/ND-CP, a foreign investor cannot own more than 20 per cent of a Vietnamese financial institution and the total ownership among all foreign investors cannot exceed 30 per cent.

Some Vietnamese banks have completed selling stakes to foreign buyers but many of them still have room to welcome overseas investors.

On the other hand, the European Union-Viet Nam Free Trade Agreement (EVFTA) may facilitate European financial firms to penetrate Vietnamese market. One of the key things under the trade pact is European investors may increase their ownership ratios to maximum 49 per cent in two Vietnamese banks.

Those beneficial banks will not include the top four State-controlled banks – Joint Stock Commercial Bank for Foreign Trade of Viet Nam (Vietcombank), Joint Stock Commercial Bank for Industry and Trade (Vietinbank), Joint Stock Commercial Bank for Investment and Development of Viet Nam (BIDV), and Agribank.

That rule now puts private-equity banks, including VPBank, Techcombank, Asia Commercial Joint Stock Bank (ACB) and Viet Nam International Joint Stock Commercial Bank (VIB), at the centre of attention, according to Viet Nam International Securities Co.

Aside from Techcombank, VIB and VPBank – which have locked foreign ownership limits – ACB has run out of room for foreign ownership.

In the last five years, the Vietnamese market has seen more share purchasing deals between foreign investors and local banks.

Foreign investors had done buying shares at Techcombank, HDBank and TPBank before those banks were listed on the stock market.

In November 2019, BIDV sold more than 603 million shares to the South Korean lender KEB Hana Bank for nearly VND20.3 trillion (US\$875 million).

6. Supporting industry firms welcome new investment wave

At present, a series of giant manufacturers such as Panasonic, Bosch, TTI, Samsung, and Klaus, are looking for additional suppliers and increasing the localisation rate in order to optimise production efficiency

Most notably, following the country's successful efforts to contain the novel coronavirus (COVID-19) pandemic, several enterprises from Europe and the United States are seeking Vietnamese suppliers of spare parts due to the global disruption of supply sources.

To welcome the shifting of foreign investment, numerous domestic companies have made great strides to improve their capacity in the race to

become the main suppliers for large international corporations.

Dinh Xuan Cuong, vice chairman and CEO of APH Group, said the firm is anticipated to increase the localisation rate for components and spare parts that are used to manufacture mobile phones, cars, motorbikes, printers, and washing machines.

“We are proud to be a leading enterprise based in Hai Duong province that is capable of manufacturing spare parts for mobile phones and printers, meeting international standards,” Cuong told congthuong.vn.

Dao Duy Luan, deputy director of Systech Technology & Trading JSC, revealed that several Vietnamese enterprises have become product

suppliers for large corporations, including Samsung, LG, Canon, Meiko, Brother, and Nidec, due to their automated production lines which make use of advanced technologies.

He underlined the importance of improving product quality and offer affordable prices to establish stable long-term relationships with foreign businesses, adding that the company has so far provided accessories to approximately 300 customers that are FDI enterprises originating from Japan and the Republic of Korea, including giants such as Samsung, Canon, and Brother.

According to data released by localities nationwide, the supporting industry has rapidly become a magnet for foreign investment. Ho Chi Minh City for instance has attracted 23 newly licensed projects capitalized at roughly US\$141 million in the

supporting industry during the initial ten months of the year.

Le Bich Loan, deputy director of Saigon High-Tech Park (SHTP), stated that several SHTP businesses have received enquiries from foreign investors about the possibility of becoming their suppliers. However, she said local firms should work to enhance their capacity in order to fully grasp the opportunity.

She pointed out that in line with current financial capacity, production capacity, technological level, and human resources, only a few Vietnamese enterprises are able to meet the criteria set by foreign corporations. In addition, with the support of state management agencies, banks, and buyers, these firms will be able to gradually fulfill their goals and become suppliers for international groups.

7. Tra fish export value expected to hit 1.5 billion USD this year

Revenue from tra fish export is expected to reach 1.5 billion USD this year, reported the Vietnam Pangasius Association (VPA).

China and Hong Kong (China) have become the largest importer with 33.4 percent, followed by the US with 16.6 percent, ASEAN 9.9 percent and the European Union 9.4 percent.

In the recent decade, China has imported tra fish mostly from Vietnam and sold them to Russia and Europe.

Vice Chairman of An Giang province's People's Committee Tran Anh Thu said An Giang had held fact-finding trips to tra fish breeding countries. Compared to India, China and Bangladesh, Vietnam fared better in terms of both quantity and quality of tra fish.

However, Vietnam's export of the fish are facing several obstacles, including a loose connection between processing and trading businesses and farmers, while many farmers fail to meet firms' requirements for food hygiene and safety.

According to the VPA, another problem for the tra fish sector is a decline in the quality of fries, low

water levels in rivers in Mekong Delta localities and saltwater intrusion in coastal provinces.

At the same time, trade and technical barriers remain, for example new regulations in the Chinese market, and stipulations in the European Union – Vietnam Free Trade Agreement (EVFTA).

VPA Vice President Vo Hung Dung said the EVFTA will enable the Vietnamese fisheries sector, including tra fish, to expand export markets and enhance competitiveness.

To develop the sustainability of tra fish sector, the VPA urged firms to improve product quality, comply with tra fish breeding and processing requirements in line with the Government's Decree No.55/2017/ND-CP.

They were advised to build trademark for Vietnamese tra fish, and develop new selling channels in both domestic and international markets.

To navigate demanding markets such as Europe, the US and the Middle East, An Giang has formed a 600ha intensive farming zone using advanced technologies, and is working on three other zones.

Due to the impacts of COVID-19 pandemic, Vietnam only earned nearly 1.04 billion USD from tra fish export in nine months of this year.

As of late October, over 1.5 billion fries were released in the Mekong Delta. Fry prices also increased in October after falling in the past nine months.

Corporate News

8. CRE: Setting up branch in Ho Chi Minh

↑ 6.87%

The Board resolution dated November 18, 2020, the BOD of Century Land Joint Stock Company approved to establish branch in Ho Chi Minh as follows:

- Century Land Joint Stock Company - Cen Ho Chi Minh Branch

- Short name: CEN Ho Chi Minh City
- Address: No.59 Nguyen Co Thach, An Loi Dong Ward, district 2, Ho Chi Minh.
- Head of branch: Chu Huu Chien.

9. NKG: Board resolution on dividend payment

↑ 0.43%

On November 17, 2020, the Board of Directors of Nam Kim Steel Joint Stock Company (stock code: NKG) approved the first cash dividend payment for 2020 as follows:

- Stock code: NKG
- Stock type: common stock

- Par value: VND10,000
- Payment method: in cash
- Exercise ratio: 3%/par value (300 dongs/share)
- Payment date: in December 2020 and January 2021.

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