



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. VN market steady above 1,000 points

Vietnamese shares were steady on Friday with retail, material and brokerage sectors at the centre of attention.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 0.42 per cent to 1,010.22 points, extending its rally to a ninth day with total growth of 6.25 per cent.

The index this week increased by a total of 2.04 per cent.

Brokerage, retail and material industries lifted the market on Friday.

The three sectors were up 1.5 per cent, 2.1 per cent and 2.2 per cent, respectively, according to vietstock.vn.

Top companies in the three industries advanced.

VNDirect Securities (VND) jumped 4.3 per cent, HCM City Securities (HCM) gained 1.7 per cent, and VietCapital Securities (VCI) was up 2.4 per cent.

The retail sector was driven up by Mobile World Investment (MWG), which increased by 2.4 per cent.

Steel producers Hoa Phat (HPG) jumped 3.3 per cent and Pomina (POM) soared nearly 7.0 per cent.

Bank stocks remained positive. HDBank (HDB) surged 6.7 per cent, followed by Military Bank (MBB) and TPBank (STB) – which rose 2.6 per cent and 2.8 per cent, respectively.

Other gainers included insurer Bao Viet (BVH), residential property firm Vinhomes (VHM) and Investment and Industrial Development Corp (BCM).

On the negative side, large-cap stocks such as Vingroup (VIC), aviation firm Vietjet (VJC), brewer Sabeco (SAB), Viet Nam Rubber Group (GVR), VPBank (VPB) and Eximbank (EIB) weighed on the market development.

The large-cap tracker VN30-Index gained 0.72 per cent to 971.11 points while the VN30 futures due on December 17 were up 0.44 per cent to 974.50 points.

According to Sai Gon-Ha Noi Securities (SHS), investors would remain confident in the future growth of large-cap stocks and the market in the next few days.

The mid-cap and small-cap trackers on HoSE also advanced, rising 0.95 per cent and 0.73 per cent, respectively.

The minor HNX-Index on the Ha Noi Stock Exchange slid 0.15 per cent to 148.17 points on Friday.

The northern market index had risen total 0.55 per cent in the previous two days.

The HNX-Index this week was up total 0.65 per cent.

Nearly 505 million shares were traded on the two exchanges, worth VND10.75 trillion (US\$463.5 million).

BIDV Securities Corp (BSC) said in its daily report that the market would keep increasing in the coming days and head to challenge the 1,025 point level.

## Macro & Policies

### 2. Logistics firms in Hanoi only meet 25% of demand: City Party chief

Logistics firms in Hanoi only meet 25% of the city's demand and the local government is attracting investment in the logistics infrastructure to realize the goal of becoming a major logistics hub of Vietnam and the region by 2025, according to Secretary of the Hanoi Party Committee Vuong Dinh Hue.

This year, Hanoi's gross regional domestic product (GRDP) is set to expand by over 4% year-on-year, significantly higher than the national average estimated at 2.5 – 3%. Its state budget revenue could reach VND280 trillion (US\$12.1 billion), informed Mr. Hue at the Vietnam Logistics Forum 2020 held on November 26.

Additionally, the city's industrial production index is forecast to grow by 4.7% and retail sales by over 10%. All these major economic indicators are much higher than the corresponding national average amid the Covid-19 pandemic, added Mr. Hue, who used to be a deputy prime minister until February 2020.

According to Mr. Hue, while the country's logistics sector remains third in Southeast Asia with a market size of US\$40 – 42 billion, logistics costs are still high compared to those in other regional countries and continue to be a bottleneck to local firms' competitiveness.

This is particularly important as Vietnam is now a member of a number of free trade agreements, including the CPTPP, EVFTA and RCEP.

#### Vietnam to become regional logistics hub

Deputy Prime Minister Trinh Dinh Dung said despite the severe impacts of the Covid-19 pandemic, Vietnam has succeeded in realizing the dual target of both containing the pandemic and boosting economic recovery, which is reflected by a consensus among international organizations that

the country would secure positive economic growth this year.

Mr. Dung noted such an achievement is thanks to the contribution of all economic components, including the logistics sector.

In 2018, Vietnam's Logistics Performance Index (LPI) was ranked 39th out of 160 countries and territories, up 25 places against 2016 and staying third among ASEAN countries.

Regarding the issue of high logistics costs, Mr. Dung pointed to the lack of efficient cooperation among various sectors, while shortcomings in transport, trade and IT infrastructure are affecting the country's connectivity with its regional peers.

Additionally, Mr. Dung said the competitiveness of local logistics firms remains weak, as such, Vietnam currently does not have large-scale logistics firms that could provide a wide range of logistics services.

The Deputy PM requested the logistics sector to continue lowering logistics costs to enhance the economy's competitiveness.

In this process, a healthy development of the logistics market is essential to ensure fair competition among all economic components and attract investment in the sector.

Given Vietnam's strategic location in the region, the country has potential to become a logistics hub of the region, Mr. Dung stressed.

Mr. Dung said the government will revise the existing planning to ensure consistency of the current transport infrastructure and priorities for the development of the logistics sector.

Meanwhile, more efforts are needed for logistics firms, including small and medium ones, to access funds for growth.

### 3. Rooftop solar: New segment helps investors diversify investment portfolios in Vietnam

Rooftop solar power has been designated as an emerging energy segment in Vietnam that enables investors to expand their business.

Rooftop solar in Vietnam has received growing attention in terms of both policy making and capital investment over the past years as part of the government's efforts to increase the country's power capacity for the double-digit annual energy growth.

As of September 2020, Vietnam is home to some 50,000 operational rooftop solar projects with a combined capacity of about 1,200 MWp, according to Vietnam Electricity (EVN).

Half of the project with capacity of 758.2 MWp were installed in the first eight months of 2020.

Industry insiders revealed that rooftop solar installation prices have dropped by half in the last three years to VND14-VND18 million (US\$608-US\$782) per kWp now and this has prompted increasing demand.

To meet the need for understanding and overview in this sector, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH launched in October 2020 "Investment Guidelines for Commercial-Industrial Rooftop Solar Systems in Vietnam."

The instruction is aimed to provide factual, practical and up-to-date information to developers or investors of commercial or industrial rooftop solar systems.

In a latest move, GIZ for the first time cooperated with Ho Chi Minh Hepza Businesses Association (HBA) to organize a workshop titled "Innovative

Industrial & Commercial Solar Rooftop PV Power Solutions for Vietnam."

The workshop that was held earlier this week introduced the guidelines discussed investment opportunities for rooftop solar systems (RTS) for industry and commerce.

Main contents of the guidelines presented during the workshop included information on the development of the new RTS market in Vietnam, current policies and legal frameworks, and guidance on choosing the most suited business investment model.

The guidelines also describe all critical steps of RTS project development, and provide practical tips and insights based on the experience of companies in Vietnam that have developed rooftop solar projects in the past.

At the workshop, EVN introduced EVNSOLAR (<http://solar.evn.com.vn/>) – a rooftop solar platform providing a comprehensive solution for household and business investors with a roof and interested in RTS projects.

Speaking at the workshop, Mr. Tran Thien Long, HBA's deputy chairman emphasized that businesses are paying great attention to rooftop solar after noticing the impressive market grown during the past year and a half.

Mr. Sven Ernedal, Project Director of the Renewable Energy and Energy Efficiency (4E) Project in Vietnam, expressed hope to contribute to the development of solar energy as a reliable, affordable and sustainable energy source for industry and commerce in Vietnam.

### 4. Disruptions from COVID-19 create opportunities for investment in innovation

The COVID-19 pandemic may have caused disruptions to start-ups and innovative enterprises, but it had also created opportunities for them to turn into real businesses.

At the Vietnam Venture Summit 2020 with the theme "Going Digital" in Hà Nội on Wednesday, Minister of Planning and Investment Nguyễn Chí Dũng said Vietnamese start-ups grew well last year

with investments worth more than US\$800 million. However, the pandemic had completely changed the investment picture this year, revealing the limitations of many start-ups.

Local and foreign investors, funds and start-ups including Golden Gate Ventures, Softbank Venture, Sequoia, ADB Venture, Quiming Venture, VNG, Grab Vietnam, MoMo, GoJek, VNPAY and Tiki Sendo represented the different sectors at the summit.

According to the National Centre for Innovation (NIC), Việt Nam was a destination for international investors in both FDI and start-up and innovation.

Dũng said: “This is the right time to continue connecting investors, financial funds and the innovative ecosystem in the region to expand opportunities for co-operation and investment.”

“It is also time for an initiative to attract innovation investment by the Government of Việt Nam,” he added.

Though mentioning the pandemic's influence on many start-ups, Dũng considered some business models and tech firms had become more attractive and grown rapidly. They included online meeting applications, distance teaching apps, e-commerce and logistics for e-commerce.

“This is a pivotal period for Việt Nam, marking the beginning of a new development wave of the Vietnamese innovation ecosystem. It is time for the country to focus on promoting its creative capacity through science, technology and innovation, making it a driving force for rapid and sustainable economic development,” he said.

At the summit, Joonpyo Lee, CEO of SoftBank Venture Asia, said the pandemic had caused disruptions in many areas of the market but had also created an opportunity to turn new technologies into real businesses.”

The lock-down from the pandemic had limited travel but made online shopping, working remotely and transferring money online the best ways to survive, he said.

Changes in consumer behaviour had created great opportunities.

Lee said: “As a start-up investor, I see many opportunities in the transition, which is creating a legacy for the world.”

Nguyễn Thái Hải Vân, a representative of Grab Venture, the first unicorn business in Southeast Asia, said in this difficult context, the advice given to start-ups was to have real preparations that stick to a growth strategy. Of which, team-building was the core factor.

Vân told the summit: “It is better to build talents than to buy talents,” mentioning after six years more than 90 per cent of Grab employees in Việt Nam were Vietnamese.

Sharing about market fluctuations in the post-pandemic world, Lukasz Roszczyc, CEO of Publicis Groupe in Việt Nam, said: “Thinking positively about new opportunities, people are spending more time on digital interfaces, smart devices such as TVs, smart home solutions and phones, bringing value to consumers and brands that innovate their approach and create meaningful stories to convey to consumers.”

Serving brands in Việt Nam, the Publicis Groupe leader said: “Many businesses own data about customers who have purchased products, but customer interaction is ineffective. We, with the help of technology and innovation, have helped them to best use the data to promote and attract more potential customers.”

He said the smart communication industry could develop by about 30 per cent in the next two years and a further 50 per cent after that.

Talking at the fintech discussion, one of four topics at the summit, Nguyễn Bá Diệp, vice chairman of MoMo E-wallet, said: “Instead of just being a rooster, we want to be an eagle in our own territory. Even though Việt Nam is inviting many international “eagles” to nest, we could become an eagle with support from the Government.”

Diệp said the pandemic had led to remarkable growth for the e-wallet market, with 20 million domestic users currently.

He added: “Before the pandemic, there were 10 million customers, now we have double that.”



Seeing the State Bank of Việt Nam had licensed 38 e-wallets and promoted the use of fintech in the country to encourage digital transformation, Marcin Miller, associate partner of McKinsey & Company, said many Vietnamese people were still using cash, meaning there was more potential for fintech including e-wallets to grow.

MoMo leader Diệp said he aimed to reach at least 50 per cent of the population, or 50 million users, with their wallet.

Co-hosted by the Ministry of Planning and Investment, Ministry of Science and Technology, and co-organised by the National Innovation Centre and Golden Gate Ventures, the summit included seminars combining online and offline speakers in

Việt Nam and in the region on the topics of unicorn hunters, education, technology, fintech and payment in ASEAN and regional logistics.

According to a new report by McKinsey & Company, Việt Nam could capture VNĐ2,400 trillion (more than \$100 billion) by 2025 through the formation of 12 large digital ecosystems across retail and institutional services.

These digital ecosystems constituted interconnected services from different industries that enabled automation on a large scale and integrated purchasing pathways, giving customers access to a variety of products and services on a single platform, said the report.

## 5. Lenders pledge to help revive regional economy via RCEP

The newly-inked Regional Comprehensive Economic Partnership (RCEP) agreement is expected to provide an impetus for other multilateral deals for its members, with a number of financial institutions leaving the door open for their plans to ensuring sustainable financing.

On November 14, government-sponsored development banks from Japan, China, and South Korea expressed their optimism through an agreement signed during the virtual ASEAN+3 Summit, which aims to revive the vulnerable Southeast Asian economy and speed up regional infrastructure projects.

The Japan Bank for International Cooperation (JBIC), the China Development Bank, and the Korea Development Bank emphasised their commitment to strengthen ties with their ASEAN peers in a bid to stabilise the financial system and improve liquidity in global markets.

A representative from JBIC highlighted that many Japanese corporations are forging partnerships with ASEAN firms in an attempt to diversify their business operation. The lender also said that as many Japanese companies have entered the rapidly-growing market, they are looking to help revive economic activity in the ASEAN region through interbank cooperation.

Other lenders participating in the agreement include PT Bank Mandiri (Persero) Tbk. of Indonesia, DBS Bank Ltd. of Singapore, Kasikornbank Public Co. of Thailand, CIMB Group Sdn Bhd of Malaysia, BDO Unibank Inc. of the Philippines, Lao Development Bank, and Vietnam's own BIDV.

The 15 countries – which includes China, Japan, South Korea, Australia, New Zealand, and the 10 members of ASEAN – signed the RCEP agreement on November 15. Touted as the world's largest free trade deal ever signed in terms of GDP, the RCEP will have a significant impact on 29.7 per cent of the world's population accounting for 28.9 per cent of the global GDP and \$26.2 trillion in global output. The timing of this pact could never have been better as the world begins its recovery from the COVID-19 pandemic with encouraging reports on successful vaccines clinical trials from leading pharmaceutical institutions.

### Economic openness

Hirai Shinji, chief representative of the Japan Trade Promotion Organization in Ho Chi Minh City, told VIR that Japanese companies are among many more from Japan that are pursuing a “Vietnam+1” approach to expand their production here, prompting local suppliers to step up the game to meet their requirements. Many other major

Japanese investors are also planning to shift their manufacturing operations to Vietnam.

According to Nikkei Asian Review, the RCEP marks the first time that China has entered a non-bilateral free trade agreement of this scale. Coming at a time when the US has been less enthusiastic about joining global trade deals, and as talks on a post-Brexit trade deal between the European Union and the UK stall, Asia looks to take the lead in shaping the new global trade architecture.

For China and Japan, Asia's largest and second-largest economies, the RCEP is the first free trade agreement to connect them.

“The RCEP's important role will be further highlighted to help drive the economic recovery after the COVID-19 pandemic. The deal will boost regional supply chains and help Vietnam and ASEAN economies thrive. Intra-Asian trade, which is already larger than Asia's trade with North America and Europe combined, will continue to power global economic growth and move the economic centre of gravity towards Asia,” said Tim Evans, CEO of HSBC Vietnam.

“We can see the prominence of Vietnam as the current chair of ASEAN this year, through the decision to take an unconventional approach in pushing the deal to be signed. With the substantial benefits that are expected to be gained, RCEP is one of the most important priorities in Vietnam's trade integration strategies,” Evans added.

Vietnam has been a strong advocate of economic openness and has already signed 14 multi- and bilateral trade agreements, the most recent being the EU-Vietnam Free Trade Agreement.

The RCEP meanwhile is expected to help provide additional impetus for Vietnamese companies to expand into new export markets, take a greater part in regional supply chains, and ultimately attract more foreign investment.

### **New initiatives**

Moreover, local enterprises are looking forward to the agreement taking effect to reduce tariffs together with customs simplification, as well as expanding their market of exports.

On the other hand, the COVID-19 pandemic is likely to spur banks across Southeast Asia to accelerate their digital transformation strategies, with laggards likely to suffer swifter franchise deterioration as customer preferences and competition evolves more rapidly.

Global financial analysts Fitch Ratings believes that the significantly higher adoption rate of digital banking in Southeast Asia is likely to help more of the well-established, digitally advanced banks to widen their competitive advantage further against the less agile players, as well as the incoming digital-only banks, in the medium term.

In Vietnam, lenders are also actively boosting their digitally-led transformation to enhance the customer experience. For instance, privately-held lender HDBank officially launched its online identifiers from the beginning of August. After one month of e-Know-Your-Customer (eKYC) implementation, HDBank has garnered over 35,000 new customers registering for iMoney and 15,000 verified accounts.

“We have started digital initiatives in two countries, the Philippines and Vietnam, where we launched our complete mobile-banking services and we're seeing the results. It is something that we'll see moving faster than people think, because if you look at the adoption of technology by customers when it comes to banking, it is very, very fast,” said Tengku Zafrul Aziz, CEO and executive director of CIMB Group Holdings – a leading Malaysian financial group.

On the other hand, given that the global economy is significantly affected by climate change and environmental degradation, there has been an increasing emphasis on green and sustainable financing among the RCEP's financial institutions.

Last week, South Korea-headquartered Shinhan Financial Group, which is also expanding its business to Vietnam, announced its ambition to go carbon-neutral by 2050, the first such move by a financial services firm in Southeast Asia. Shinhan will reorient investment and lending rules from carbon-heavy firms and industries to ones whose business models are environmentally-conscious and therefore sustainable.

Furthermore, other banks in RCEP countries such as Sumitomo Mitsui Financial Group, Mizuho, and

Mitsubishi UFJ Financial Group have previously confirmed they would stop financing new power projects involved in fossil fuels.

## 6. MUJI opens Southeast Asia’s largest store in HCMC

MUJI's first flagship store in Vietnam covers 2,000 square meters and offers over 5,000 items, from household appliances and beauty and healthcare products to fashion goods, stationery and food, some of which are exclusively available in Vietnam.

General director of MUJI Vietnam Tetsuya Nagaiwa said Vietnam is one of the most prospective retail markets in the world, with a stable and fast growing economy, young population, increasing per capita income and improved living standard. MUJI has a vision to open 10 stores in the countries.

Besides imported products, MUJI's flagship store in HCMC also offers goods manufactured by its

Vietnamese partners. These Vietnamese made products will also be exported to other Asian countries.

Founded in Japan in 1980, Mujirushi Ryohin, or MUJI, sells a wide variety of household and consumer goods with the minimalist design philosophy. The company places an emphasis on recycling, reducing production and packaging waste and a no-logo policy. “Mujirushi Ryohin” means “no-brand quality goods” in Japanese.

As of August 2020, MUJI had more than 1,000 stores in 31 countries and territories around the world.

## 7. Rate of Vietnam households reporting lower income narrows more than half: WB

A survey conducted by the World Bank with nearly 4,000 households nationwide from July 27 to August 12 – during which the second wave of Covid-19 infections hit, revealed 1/3 of the households reported a decline in income over the previous month, compared to 70% recorded in the first round of survey from February to June, suggesting signs of economic recovery.

Across the six regions of Vietnam, the decline in income ranged from 29% in the Midlands and Northern Mountainous areas to 38% in the Northern and Coastal Central region.

Some households are experiencing modest declines in household income. Among households who experienced a decline in income, about 40% reported their household income declining by at least 50% compared to the previous month. A small number (1.3% of all households) reported a complete loss of income.

Notably, those with family businesses were the most likely to report declining household income, while

respondents working in agriculture or the public sector were the least likely.

Reasons cited for declines in household income reflect differences in economic activity across groups. For example, the top reason for income decline among urban households is reduced household business income. Rural households are three times as likely as urban households to cite farming disruptions as sources of income loss. Most households have a diversification of income sources.

Reduced farm and non-farm incomes are likely to affect the levels of input application – and could lead to a disruption in farming activities. Food price signals do not indicate that agriculture has been largely impacted.

Meanwhile, economic vulnerabilities do not appear to be significantly spreading to new households, but some households are experiencing prolonged economic hardships. Poor economic conditions are impacting some households consistently. About 4 out of 10 households who experienced income loss in Round 1 also saw continued income declines in



Round 2. Among those that did not see their incomes decline in Round 1, only 17% reported a decrease in Round 2.

### **Job loss remains a challenge**

Among main respondents, job loss and job changes remain challenges. Job churning is still high, among respondents who were working, as many as 17% were working in a different job just one month ago. Reductions in wages and salaries was experienced by about 10% of total households.

The share of urban main respondents who were not working in Round 2 was slightly higher than in Round 1, 29.3% compared to 27.9% respectively. In Round 2, a higher share of urban respondents also reported they had stopped working recently.

Meanwhile, the vast majority of family businesses remain open, but a small share is struggling. Closures in family businesses also increased in Round 2 (reference period: June/July). Compared to results from Round 1 pertaining to May/June, the percentage of businesses that were operating in June/July declined from 95% to 90%.

### **Few households receive relief from gov't support programs**

By the end of July and mid-August, very few households reported receiving relief from the three new Covid-19 relief programs. About 13% of

households in a panel of approximately 4,000 households had applied for at least one of three new Covid-19 programs since February, but only 2.3% of these households received any money by July/August. These rates are not substantially different than results from Round 1 since the government had discontinued the set of new Covid-19 relief programs at the end of July.

A much larger share of households was receiving benefits from pre-existing social assistance programs. However, negatively affected households during the pandemic were not necessarily the poorest who were already receiving social assistance, as is suggested by the larger share of urban households who applied to new Covid-19 programs.

A second outbreak in Danang and a continued economic slow-down are prolonging the negative economic effects of the pandemic borne by households.

The government estimates that job loss will likely continue through the end of the year. The Ministry of Labor, Invalids and Social Affairs (MOLISA) estimates 60,000-70,000 people will lose their jobs every month through the end of 2020.

Affected jobs are in services, tourism, construction, transport, and manufacturing sectors. The Vietnamese government has also estimated that over 31.8 million workers were negatively affected by the pandemic by September.

## Corporate News

### 8. FCN: Board resolution on dividend payment

↑ 2.04%

On November 24, 2020, the Board of Directors of FECON Corporation (stock code: FCN) approved the 2019 dividend payment as follows:

- Stock code: FCN
- Stock type: common stock
- Par value: VND10,000
- Payment method: in cash
- Exercise ratio: 5%/par value (500 dong/share)
- Record date: December 07, 2020
- Payment date: December 18, 2020.

### 9. NNC: Report on Change in Ownership by Major Shareholders -AMERICA LLC

↓ -2.28%

Report on Change in Ownership by Major Shareholders -AMERICA LLC of Nui Nho Stone Co-Operation as follows:

- Stock code: NNC
- Number of shares before trading: 1,757,730 shares, equivalent to 8.02% stakes.
- Number of shares sold: 38,000 shares
- Number of shares after trading: 1,719,730 shares, equivalent to 7.85% stakes.
- Reason of changing: restructure of portfolio
- Date of changing: November 19, 2020.

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