



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN-Index rebounds after profit-taking session

The VN-Index soared 1.46 percent to 1,045 points Friday, with buying pressure on blue chips propping the market up after a single losing session.

Although investors had rushed to sell off stocks in the previous session, causing the benchmark index to fall 0.79 percent, buying pressure on the market's largest caps seem to have revived demand, helping the VN-Index stay green for the whole trading day.

The Ho Chi Minh Stock Exchange (HoSE), on which the VN-Index is based, was a sea of green with 313 stocks gaining and 124 losing, of which 12 hit their ceiling prices.

Total trading volume fell over 15 percent compared to the previous session, to VND10.56 trillion (\$457.99 million), of which just under half went towards the VN30, a basket of the HoSE's 30 largest caps.

The VN30-Index this session climbed 1.45 percent, with 24 of its tickers gaining and only three losing.

Topping gains this session was PNJ of jewelry retailer Phu Nhuan jewelry, up 6 percent. Some of the biggest gainers outside the banking sector, which often drive the VN30 in either direction, were SAB of major brewer Sabeco, up 3.3 percent, SSI of top brokerage Saigon Securities Inc., up 3.3 percent, and HPG of steelmaker Hoa Phat Group, with 3.2 percent.

Of Vietnam's state-owned banks, its three biggest by assets, BID of BIDV, and CTG of VietinBank gained 4.2 percent and 2.2 percent respectively,

while VCB of Vietcombank kept its opening price. MBB of mid-sized Military Bank was up 2.1 percent.

Private banks did slightly worse, with STB of Sacombank up 1.6 percent, TCB of Techcombank up 1.4 percent, VPB of VPB up 1.1 percent, HDB keeping its opening price, while EIB of Eximbank topped losses with 0.6 percent.

Oil and gas were some of the biggest gainers. POW of electricity generator PetroVietnam Power surged 3.1 percent, PLX of petroleum distributor Petrolimex rose 2.7 percent, and GAS of energy giant PetroVietnam Gas added 2 percent.

VIC of private conglomerate Vingroup, HoSE's biggest cap, rose by 1.8 percent, while its two subsidiaries, VHM of real estate arm Vinhomes and VRE of retail arm Vincom Retail, were up 1.7 percent and 1.4 percent respectively.

In the opposite direction, the only other losing stocks were ROS of construction firm FLC Faros, down 0.5 percent, and KDH of real estate developer Khang Dien House, down 0.2 percent.

Similar to the main bourse, the Hanoi Stock Exchange (HNX), Vietnam's second main bourse and home to small and mid-caps, saw its index soar 1.9 percent, but the UPCOM-Index for the Unlisted Public Companies Market edged up only 0.01 percent.

Foreign investors continued to be net buyers to the tune of VND672 billion on all three bourses, with buying pressure mostly on VCB of Vietcombank and VHM of Vinhomes.

## Macro & Policies

### 2. Car sales in Vietnam surge 22% in November

The number of cars sold in Vietnam in November increased by 9% month-on-month and 22% year-on-year to 36,359 units, which came on the back of strong growth of 22% inter-monthly in the sales volume in October, according to data released monthly by the Vietnam Automobile Manufacturers' Association (VAMA).

The volume included 28,755 passenger cars, up 13% inter-monthly; 7,122 commercial cars, down 5%; and 482 special-purpose vehicles, up 25%.

As many as 23,509 locally assembled cars were sold in November, up 15% against the previous month, and 12,850 imported cars were sold, up 0.7%.

However, car sales in Vietnam in the January–November period dropped 14% year-on-year to 246,768 units across all segments. Meanwhile, sales of domestically assembled cars reached 158,306 units during the period, down 7% compared to the same period of last year, while imported completely-built-units (CBUs) totaled 90,462 units (-24%).

Truong Hai Auto Corporation (Thaco) led the market in the first eleven months with 84,858 units sold, up 2% year-on-year and accounting for 35.5% of the total sales number, followed by TC Motor with 68,062 and Toyota with 59,394.

The market expects the number of car sold in the final month of this year to exceed that of in

November, as the government's policy of 50% reduction in the registration fee for domestically-produced cars is set to expired by year-end.

That policy, along with other sales promotion program during the final festive period of the year, is expected to further heat up the domestic car market.

#### 92% of car imports from Thailand, Indonesia and China

Data from the General Department of Vietnam Customs showed the number of imported cars increased by 7.8% month-on-month in October to 13,653 units, worth US\$283 million.

Notably, 92% of imported cars in Vietnam in October came from Thailand, Indonesia and China, with the corresponding volumes of 7,599, 4,048 and 918 units.

Overall, 80,110 cars were imported into Vietnam between January and October, down 33.8% year-on-year.

Car making is considered a key industry in Vietnam, accounting for approximately 3% of national GDP. However, the industry has severely been impacted by the Covid-19 pandemic. Viet Dragon Securities Company predicted a decline of 15% made-in-Vietnam cars in sales volume this year.

### 3. Foreign inflows for Vietnam's real estate bouncing back

Japanese giant Takashimaya, which invested into a retail centre in Ho Chi Minh City, has expanded its portfolios to other segments of the real estate market with commercial and office projects.

Takashimaya expects to invest around ¥20 billion (around \$192 million) in the next three to four years, mostly in real estate.

Along with this flow, Takashimaya, through its subsidiary Toshin Development Company, is now investing more than \$12.5 million into construction

and operation of a school project with domestic partner Edufit International Education at Starlake Tay Ho Tay. Located in a golden residential area next to Hanoi's West Lake, Takashimaya's property aims to bring international-standard education to the local community.

Apart from the school, the company will also be involved in developing commercial and office spaces at the project from 2022 to 2025, alongside two other large-scale commercial projects in Hanoi.

The Starlake residential area in Hanoi is the first overseas real estate project that Takashimaya has participated in at all stages, from land acquisition to renovating a number of mixed-use buildings.

Meanwhile, South Korean investors Liftec and Kumkang Kind have recently joined forces with domestic Smart Construction Group to bring high-tech construction into Vietnam. Smart Construction Group will give priority to Liftec for supplying equipment and to Kumkang for technology transfer and real estate projects.

Swire Properties, a Hong Kong real estate developer with investments across Hong Kong, China, Singapore, and the United States, has also recently partnered with City Garden to develop The River in District 2 of Ho Chi Minh City. According to Guy Bradley, CEO of Swire Properties, with its rising income levels, high rate of urbanisation, and growing foreign investment, Vietnam has great potential and the company looks forward to exploring more investment opportunities here.

“With its robust economic growth and favourable demographics, Vietnam is one of the world's fastest emerging markets. An innovative masterplan, rapidly improving connectivity, and close proximity to the traditional central business district make the development one of the most enticing in the region,” Bradley said.

The past month also saw the presence of Australia-based Spire Property Group, which is introducing assets from the country to Vietnamese customers.

In the third quarter of 2020 although the real estate market has been impacted by the pandemic and slow sales months, a positive response has nevertheless been shown through data on total foreign direct investment registered in the sector, increasing sharply by 400 per cent in comparison with the second quarter of 2020.

From January to the end of October, around \$3.8 billion was poured into real estate sector with more than \$940 million of newly-registered investment capital in 66 projects.

According to Hieu Do, head of the Real Estate Division at VinaCapital, industrial property fuelled by demand is surging while the investment community believes that Vietnam will become a major destination for global manufacturers, which has driven up land prices and take-up ratio of industrial parks across the nation.

“Strong capital injections for infrastructure development and governmental support on investment incentives add to the attractiveness of this sector. Developers with existing stock benefit the most since greenfield development becomes extremely challenging due to a quick rise in land clearance and compensation costs,” Hieu commented.

Apart from current developers such as DEEP C, BW Industrial, and VSIP, who are rushing to expand their portfolios in Vietnam, the local market has seen the appearance of LOGOS and SPG Industrial from Australia, all invested in the logistics system in northern province of Bac Ninh.

Meanwhile Regina Lim, head of Capital Markets Research for Asia Pacific at JLL, said that investment volumes showed meaningful improvement in China, South Korea, and Japan over the third quarter.

“Investors returned in greater numbers in this time, reaffirming their appetite for assets and real estate linked to logistics and data centres. We're confident that the fourth quarter will present a broader range of opportunities across the region, particularly in classes like multi-family and rebounding markets like Singapore,” Lim said.

#### **4. New initiative drives the transition to renewable energy in Việt Nam**

WWF-Việt Nam said the new initiative was co-founded by WWF and the Việt Nam Business Council for Sustainable Development under the Việt Nam Chamber of Commerce and Industry (VCCI), in partnership with the Clean Energy Investment Accelerator (CEIA).

“I am very proud to announce the Viet Nam Corporate Energy Leaders initiative today,” said Dr Benjamin Rawson, Conservation and Programme Development Director at WWF-Việt Nam.

“We welcome all international and domestic companies and banks in Việt Nam with renewable energy ambitions to join VCEL. Your renewable energy future awaits”

Often energy is treated as merely a cost to be managed, even in companies that spend millions or more on it each year. But more firms are embracing renewable energy as an affordable solution that delivers a competitive edge in a global market where customers and the public are increasingly interested in sustainable production and environmental performance.

Non-hydro renewable energy deployment has rapidly ramped up in recent years, growing to about 12.5 per cent and far exceeding the target set in Việt Nam's power development plan. However, 100 per cent renewable energy by 2050 to support sustainable development is entirely feasible for Việt Nam, according to the WWF.

To help achieve this goal, VCEL engages and supports companies to unlock opportunities for renewable energy. VCEL and its members will help Việt Nam reduce emissions to meet the goals of the Paris Agreement, create green jobs and drive the transition to a greener economy powered by renewable energy.

“Companies have a unique opportunity to lead the transition to renewable energy and more ambitious climate action. In recent years, Government policies have made conditions more favourable for renewable energy, but there are still challenges for companies that have growing demands for renewable energy,” said Nguyen Quang Vinh,

Secretary-General cum Vice President, Việt Nam Business Council for Sustainable Development (VBCSD).

“VCEL will bring businesses, experts, financial institutions and investors together to overcome barriers to build a renewable energy future in Việt Nam,” he said.

According to VCCI, VCEL will create a corporate community to share information, experience and learning, while providing market intelligence and local expertise to inform decision making and build renewable energy awareness and capacity.

It also helps build strong local relationships to channels buyers' collective voice and needs into decision-making processes, informing companies on green financing opportunities.

VCEL will also recognise renewable energy leadership as companies set and work towards ambitious sustainability commitments.

VCEL is the latest chapter of WWF's global Climate Business Hub and Corporate Renewable Energy programme, which are local-to-global networks that support companies to drive the transition to a sustainable future powered by renewable energy.

Current VCEL members include H&M, Adidas, Puma, Lục Đông, Việt Nam Banking Association, DEEP C, TPSC and EnergyEstate, all of whom commit to taking concrete action to support renewable energy deployment.

## 5. Authorities fret over foreign firms dominating sharing economy

Foreign firms have been buying controlling shares of companies in Vietnam's sharing economy, with several willing to take on short-term losses to acquire greater market shares in the future, according to a recent report by the Ministry of Planning and Investment.

The ride-hailing market, for instance, is led by Singapore's Grab with 200,000 driver partners and Indonesia's Gojek with 150,000, with some domestic

players like MyGo and Aber having disappeared from the market.

In the accommodation sector, the U.S.'s Airbnb had 18,200 hosts as of last year, and in the peer-to-peer lending market, most of the 100 active companies are from China, Russia, Singapore and Indonesia.

"Without an urgent strategy to support domestic businesses, Vietnam's sharing economy could be

completely dominated by foreign companies," the report said.

The expansion of these firms has meant intensified competition for domestic companies. Southern taxi giant Vinasun has seen the number of cars go down 25 percent between 2016 and 2019 as ride-hailing firms like Grab and Gojek expanded.

One taxi firm, Comfort Delgro Savico Taxi, had to dissolve, and other companies have had to merge together to try and compete.

Economist Do Hoa said one of the reasons Vietnamese companies were losing in their own backyard was the lack of large capital needed during the cash burning period to claim a market share.

While Singapore provides tax incentives and China pumps cash into these companies, Vietnam has not given specific financial support for them, which lowers their chances to mobilize funds, he told local media.

Another strength foreign companies have is a head start in technology, while the legal framework for

digital development is still incomplete in Vietnam, creating more challenges for domestic firms, he said.

"If foreign companies continue to dominate the market, they will have the power to increase prices and consumers will be hurt."

However, if the government intervenes with the right strategies, Vietnam's sharing economy has the potential to make greater contributions to economic growth, the ministry report said.

It noted that the dominant ride-hailing companies have created jobs for hundreds of thousands of drivers, while peer-to-peer lending firms have recorded millions of transactions.

As the legal framework for sharing economy is completed, new ecosystems will be formed between companies to boost this sector's growth, it said.

Vietnam's internet economy has grown 16 percent from last year to \$14 billion this year, its growth rate among the highest in Southeast Asia, according to a Google report.

## 6. Russia's doors open for Vietnamese products: Official

The Russian market has opened its doors for Vietnamese goods, Robert Kurilo, chief representative of the Russian Export Centre (REC) in Vietnam, has said.

In an interview with the Cong Thuong (Industry and Trade) newspaper, he said that numerous Vietnamese products have the chance and the potential to enter Russia, including black garlic, coffee, and green tea, which are often purchased by Russian tourists as souvenirs.

Other goods of potential are paper straws, organic products, and those based on sustainable consumption, he noted.

With better quality, varieties, and packaging, Vietnamese products have significantly improved and now attract more customers.

Products are currently being promoted in Russia via various channels, such as trade promotions

arranged by the Ministry of Industry and Trade, relevant agencies and businesses, along with tourism activities.

Russian tourist arrivals to Vietnam are on the rise annually, so the country should capitalise on this to introduce different goods.

A host of Vietnamese products are popular among Russian consumers, such as shrimp, coffee, and dried fruit. There are, however, no official outlets for such goods in Russia, he emphasised, and showrooms should be established.

A showroom was set up by the REC in Ho Chi Minh City three years ago to exhibit food and beverages from Russia and link with Vietnamese consumers, which posted good results, Kurilo said.

Given that 90 percent of tariffs will be cut over the next decade under the Vietnam-Eurasian Economic Union Free Trade Agreement, trade between

Vietnam and Europe and Russia in particular is expected to expand at a steady pace.

He warned, however, that Vietnamese products will nonetheless face numerous challenges in competing with those from elsewhere.

Vietnam needs to pay attention to, invest in, and build more major brands to gain a foothold in international markets.

The REC is forging partnerships with business councils to help Vietnamese businesses seek partners and bolster exports to the Russian market, Kurilo said.

## **7. Vietnam jet fuel tax cut to continue through 2021**

It will remain at VND2,100 (9.1 U.S. cents) per liter until the end of next year before returning to VND3,000 in 2022, the National Assembly Standing Committee decided on Thursday.

Deputies had originally approved the cut from August until the end of this year.

The government's loss of revenues is estimated at VND360-400 billion this year, but it expects the tax break to reduce airlines' costs and help them recover from the crisis caused by the Covid-19 pandemic.

Airlines have gone through major difficulties due to travel restrictions and limited international flights.

Vietnam Airlines forecasts a loss of VND14.8 trillion this year, while for budget carrier Vietjet it is likely to be VND3 trillion.

The aviation industry served 29.4 million passengers in the first 11 months, down 41.7 percent year-on-year, according to the General Statistics Office.

## Corporate News

### 8. HDB: HDBank to offer L/C confirmation service through ADB's TFP

↑ 0.00%

HDBank is offering confirmation for letters of credit issued by foreign banks within the framework of the Asian Development Bank (ADB)'s Trade Finance Programme, becoming one of the few banks in Vietnam to provide the service through the ADB programme.

It will bring added value to customers at its more than 300 transaction offices and reaffirm its reputation in the domestic and foreign markets.

HDBank joined ADB's Trade Finance Programme in 2016 as an L/C issuer, and in the four years since, its credit limit has increased threefold.

With a new and important role in global trade finance, HDBank provides export customers with a payment guarantee solution as against a normal L/C, thereby minimising their risks in international trade at reasonable cost.

This is also an opportunity for corporate customers across the country to borrow from HDBank, and it is the best support for global trade activities.

HDB has also previously issued L/C on the blockchain technology platform, which created a new breakthrough on its journey of becoming a 'Happy Digital Bank'.

It offers customers the most modern blockchain L/C today, with high security and rapid processing, which saves time and minimises paperwork and errors, and allows the parties involved to update their implementation status.

The bank was also the first in Vietnam to join the TradeAssets Trade Finance E-marketplace and connect with and process trade finance transactions on the blockchain application platform, and a pioneer in providing international money transfer query services via Swift GPI in major currencies.

It has successfully put into operation the Treasury - FIS Front Arena system to seamlessly meet the requirements of handling business transactions and managing currency trading risks.

### 9. GEG: Board resolution on purchasing GHC shares

↑ 0.88%

According to the Board resolution dated December 01, 2020, the Board of Directors of Gia Lai Electricity Joint Stock Company (hereinafter GEC) decided to subscribe and pay for GHC's shares in GHC's second offering in order to increase the ownership ratio in GHC Company, as follows:

- Number of shares owned by GEC before trading: 17,879,046 shares (58.14% charter capital)
- Number of shares offered: 1,374,742 shares

- Number of shares owned by GEC after trading: 19,253,788 shares (60.59% charter capital)
- Offering price: VND25,000/share
- Total payment amount: VND34,368,550,000
- Stock type: stock restricted in 01 year from the ending of offering
- Subscription and payment time: from November 30, 2020 to the end of December 01, 2020.

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