



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Shares slide after US names VN currency manipulator

Shares tumbled on Thursday as the market fluctuated amid the news Việt Nam was labelled a currency manipulator by the US.

The US Treasury Department has branded Việt Nam and Switzerland currency manipulators while China and nine other countries have been placed on a watch list of countries suspected of manipulating their currencies.

The benchmark VN-Index on the Hồ Chí Minh Stock Exchange lost 1.43 per cent to end the trading session at 1,051.77 points.

It had gained 1.11 per cent to end the Wednesday trading session at 1,066.99 points.

Nearly 668 million shares were traded on the southern bourse Thursday, worth VNĐ14.5 trillion (US\$629 million).

Market breadth was negative with 148 gainers and 290 decliners.

“The news that the US put Việt Nam on the list of currency manipulation countries somewhat influenced and caused the VN-Index to decline quite sharply today and now the index has moved close to the support level of 1,050,” said BIDV Securities Co.

“Investment cash flow declined meanwhile foreign investors continued to be net sellers on the HSX but turned back to be net buyers on the HNX.

“Market breadth turned negative and liquidity increased from the previous session. According to our assessment, the VN-Index may fluctuate in the

last session of the week, but the potential remains at 1,050,” it said.

Foreign investors net sold VNĐ776.84 billion on HOSE, including Hoà Phát Group (HPG) with VNĐ184.3 billion, Vietinbank (CTG) with VNĐ68.5 billion and Vietcombank (VCB) with VNĐ60 billion. Foreigners were net buyers on the HNX with a value of VNĐ5.17 billion.

The large-cap tracker VN30-Index was down 1.24 per cent to 1,016.95 points.

Twenty-two of the 30 large-cap stocks in the VN30 basket decreased while five increased.

Pillar stocks lost ground such as Vietcombank falling 3.9 per cent, Vietjet dropping 2.7 per cent, Hoà Phát Group losing 3 per cent, Vingroup (VIC) declining 2.2 per cent and Vincom Retail (VRE) 2.5 per cent.

Twenty-two out of 25 sector indices on the stock market lost ground, including seafood processing, construction, logistics, wholesale, real estate, retail, insurance, IT, energy, banking, food and beverage, construction materials, rubber production, securities and healthcare.

They all fell between 0.1 and 2.9 per cent.

On the Hà Nội Stock Exchange, the HNX-Index rose 0.23 per cent to end Thursday at 172 points.

It had gained 2.23 per cent to end Wednesday at 171.62 points.

Nearly 115 million shares were traded on the northern market, worth VNĐ1.2 trillion.

## Macro & Policies

### 2. Confectionery orders placed for Tet holidays

The municipal Department of Industry and Trade said that to prepare for the upcoming festive season, a large quantity of sweets will be sold in the market to serve consumer demand.

According to the Department, local confectionery companies continued innovating, seeking new technologies and improving productivity and product quality to meet the demands of local consumers.

Averagely, prices of candies range from VND200,000 (US\$8.59) for common-end segment to VND2 million (\$85.9). Locally-produced products are gradually gaining a firm foothold in the domestic confectionery market

Interestingly, enterprises said that consumer demand of confectionery will not decline in spite of Covid-19. Companies have launched new products for Tet holidays in the middle of November with eye-catching packaging.

Sweet orders have been placed by companies and organizations. Locally-produced products account for 80 percent to 90 percent while 20 percent are imported kinds from the South Korea, Thailand, Indonesia and Japan in supermarkets Co.opmart, Co.opXtra, BigC, Lotte Mart.

Vietnamese companies have introduced various kinds of sweets to compete with their foreign peers. For instance, Bibica company launched Goody package while Mondelez Kinh Do has made Orion, Cosy, Lu, Oreo, Solite, Ritz, AFC at different prices. For the low-end segment, Hai Ha, Hai Chau, Minh Ngọc companies also launched their own cakes.

Noticeably, this year saw the re-appearance of Kido Corporation's vanicream biscuits and chocolate cream biscuits. A representative of Kido Corporation said the new products have been sold in its 12,000 stores in markets in December and 45,000 retailers across the country later.

Confectionery are also sold in stores in traditional markets in addition to supermarkets and social network . however, prices of sweets in stores in traditional markets and social network are lower ranging from VND100,000 - VND300,000 a tray of mut (traditional fruit candies). Mut is sold per kilogram in plastic bags without clear indications of origins in traditional markets.

Therefore, the Vietnam Directorate of Market Surveillance has lately ordered its men in localities to increase supervision in wholesale markets and commercial centers from now to February 25 to protect consumers' right and health.

### 3. Retailers adapting to new behaviours

At the end of November, South Korea-based convenience chain GS25 announced installation of facial payment Facepay into 25 of its 80 stores, before extending the service to the whole chain. Facepay has been developed by Wee Digital, a digital identity technology startup.

The installation of Facepay is part of GS25's strategy to scale up its presence to open about 500 more stores by 2025, increasing its competitiveness with other convenience store operators in the country.

Both the founder of Wee Digital, Christian Nguyen, and Mai Thuy Nhan, CEO of GS25 Vietnam, believe

that the payment technology of Wee Digital will bring an interesting experience for customers, especially young ones who use e-wallets such as ZaloPay, VNPAY, or MoMo.

"GS25 accounts for about 15 per cent market share in convenience stores in Vietnam. If we can keep up with the demands of young people, we believe that the number of stores will accelerate," Nhan revealed.

Also at the end of November, Visa partnered with Sacombank in Vietnam to launch Tap To Phone with Rapid Seller Onboarding (RSO), which allows businesses to transform smartphones and tablets

into contactless point-of-sale terminals using a simple mobile app.

Prudential Vietnam, Dai-ichi Life, and Tiki will be the first businesses in Vietnam to roll out Tap to Phone, with RSO making it faster and easier to become Tap to Phone-approved as the sign-up process is managed entirely online.

Nguyen Minh Tam, deputy general manager of Sacombank, noted that for retail businesses with a strong customer base and sales, such as insurance, e-commerce, and for small- and medium-sized enterprises and business households, these solutions will help increase sales to both existing and potential customers.

In October, One Mount Group launched VinShop, an e-commerce platform that connects local shop owners and suppliers. VinShop helps the owners of the grocery store have the opportunity to increase their income up to VND10 million (\$435) a month. The app has now directly connected suppliers with more than 20,000 grocery store owners in Hanoi and Ho Chi Minh City.

Grocery store owners can access a variety of goods, prices, and attractive incentive programmes. VinShop supports 24/7 service and super-fast delivery every day of the week.

Many retail brands had already embarked on digital transformation and e-commerce initiatives even before the pandemic. In addition, social distancing measures pushed them to find ways to engage their consumers more actively and effectively online.

Ralf Matthaes, managing director of Infocus Mekong Research, said that today's consumers are looking

for convenience and cost savings above all else. "However, technology must ensure consumer privacy and security," he explained.

"People love to shop, allowing them to smell, touch, taste, and feel their purchases. If technologies can offer a real shopping experience, then the sky's the limit. Otherwise, such technologies may only appeal to certain categories and consumers, and hence just be an alternative route to market," Matthaes added.

Richard Burrage, CEO of market research firm Cimigo Vietnam said that there are large opportunities for technology adoption in the retail industry. Reducing out of stock situations and holding less stock can be enabled by technology.

"In addition, retailers can grow margins by increased customer knowledge leveraging loyalty programmes. As a result, customers are served with the right offers at the right time. Also, the ability to serve customers through multiple channels both offline and online are enabled by technology so it can increase customer transaction values," Burrage said.

Indeed, there are far more fundamental operational and logistical issues that need to be resolved with technology before virtual stores and facial payments. Improvements in service, customer knowledge, and experience will all be facilitated by technology. The latter are more for PR than they are for meeting consumer convenience needs.

"Although the Lunar New Year may see less activity than last year, retail sales will grow by between 12 to 18 per cent in 2021 over 2020. Social selling, online platforms, minimarkets, and stores which integrate on- and offline experiences will be the ones to watch for high growth," Burrage added.

#### **4. Vietnam refutes US move to label it a currency manipulator**

In a statement on its website, the State Bank of Vietnam said Vietnam's "exchange rate management in recent years is within its general framework of monetary policy and aims to achieve the consistent goal of controlling inflation, stabilizing macroeconomy" and does not create an unfair competitive advantage for the nation.

The Vietnamese dong traded at 23,127 per US dollar, little changed from Wednesday. The benchmark VN Index of Vietnamese stocks lost 1 per cent in early trade and is poised for its biggest decline in a month.

Vietnam's trade surplus with the US and its current account surplus are the result of a range of factors related to the peculiarities of the Vietnamese economy, the statement said.

The central bank's recent purchase of foreign currencies "is to ensure the smooth operation of the foreign exchange market in the context of an abundant supply of foreign currencies", the regulator said.

"It is also contributing to macroeconomic stability and at the same time strengthening foreign exchange reserves which are at low levels compared to other countries in the region to strengthen national monetary and financial security."

The central bank said it will coordinate with government ministries and agencies to respond to US concerns for the mutual benefit of both countries.

"Vietnam attaches great importance to a stable and sustainable economic-trade relationship with the US," the regulator said.

"At the same time, the State Bank will continue to administer its monetary policies to control inflation, stabilise the macroeconomy, support economic growth in a reasonable manner and manage exchange rates flexibly" in line with monetary policy goals that "are not aimed at creating unfair international trade competitive advantage," it said.

## 5. Central bank extends credit growth limits

The State Bank of Vietnam (SBV) has extended the credit growth limits for the second time this year to some commercial banks, of which the highest level is up to 30 percent.

Leading banks including four State-owned commercial banks, also introduced a loan package for production and business, supporting small and medium enterprises with preferential interest rates to boost credit growth at the end of the year.

The lending interest rate ranges from 4.8-6.5 percent per year for loans less than six months and 5.5-7.5 percent per year for loans from six to 12 months.

However, home and car loan interest rates of most commercial banks decreased only 10-20 basis points compared to the end of the third quarter, at 7-9.5 percent per year for the fixed interest rate period, then will be adjusted according to the deposit interest rate or the bank's internal capital transfer interest rate at around 10.5-11.5 percent per year.

The interbank interest rate was flat at 0.19 percent per year for the overnight deposit tenor and 0.24 percent per year for the one-week deposit tenor.

Deposit interest rate is also stable at 2.5-3.8 percent per year for tenors of less than six months, 3.7-5

percent per year for six to less than 12 months, 4.9-5.8 percent per year for 12-13 months.

Credit growth was more positive in the last quarter of the year, but commercial banks' liquidity is still abundant, interbank interest rates and deposit interest rates will move sideways in the next few months.

Market fluctuations revolved around conflicting information about the new US economic stimulus package last week. Overall, the optimistic sentiment remained due to the positive developments in the COVID-19 vaccine.

The USD/VND exchange rate listed by commercial banks remained at 23,010/23,220 VND.

The exchange rate on the free market increased by 30 VND per US dollar buying in and 40 VND per US dollar selling out to 23,200/23,240 VND.

The international movement and the domestic foreign currency supply and demand are quite favourable, so the USD/VND exchange rate will keep a sideways trend.

In addition, the public hearing of the US trade representative on Vietnamese currency valuation on December 29 may create a slight upward pressure on the Vietnamese dong.



## 6. No SOEs equitised in five months, Gov't's plan likely missed

The figure is equal to 37 SOEs, which have successfully been equitised, while the total number of SOEs asked to complete equitisation in 2017-20 is 128.

In the 11 complete months of this year, the total value of company shares offered for sale was VND979 billion (US\$42.3 million) and the total income earned from selling those shares VND2.03 trillion.

The rate of successfully equitised SOEs has remained still in the last five months and with only two weeks to go until the end of 2020, it is impossible for the other 91 companies to accomplish their plans.

Of the 91 companies, 13 are located in Ha Noi and 38 in HCM City, six are managed by the State Capital Investment Corporation (SCIC), four are run by the Ministry of Industry and Trade, and two are overseen by the Ministry of Construction.

There are still obstacles with the equitisation process, Dang Quyet Tien, director of the finance ministry's Corporate Finance Department, said.

Some companies have not been serious enough to execute the equitisation plans and meet the Government's request, he said.

The valuation of the SOEs has been challenging as it is difficult to evaluate their assets, debts and equities, he said.

Minister of Finance Dinh Tien Dung said land issues remained the biggest problem for SOE equitisation.

Many of those SOEs only start valuing their land when they have to complete equitisation plans, the minister said.

"No one takes the responsibility for the slow evaluation of land properties, even the companies or the local authorities," he said. "Many land-related issues have been unsolved and unsettled."

The ongoing COVID-19 pandemic has pulled down market demand and business performance, therefore, it is difficult for SOEs to look for potential investors, the minister said.

The finance ministry will adjust several legal documents to help SOEs speed up their equitisation plans, especially when dealing with land issues, minister Dung said. For example, the ministry will complete a draft decree to amend Decree 126/2017/ND-CP to increase equitisation pace for 2021-25.

According to economist Vu Dinh Anh, the Government should review the policies to oversee the way by which land properties are managed, especially "golden locations".

According to the Ministry of Finance, Government agencies controlling the State capital at SOEs must report difficulties to the ministry and the Government for solutions and avoid any delays.

SOEs that must be equitised should immediately review their land properties and develop land use plans, and submit the plans to local authorities for feedback and approval prior to corporate valuation.

Local authorities must act more aggressively and have stronger actions to support SOEs to complete their equitisation plans. They are also urged to take accountability before the Government if failing to meet the requirements.

## 7. Strong virus response helps Vietnam's economy weather pandemic

But the pain is not over for some sectors with containment measures and border disruptions

hammering the country's tourism industry, and leaving the once-booming aviation sector limping.

While many countries have suffered from high infection and mortality rates, Vietnam has recorded fewer than 1,500 coronavirus cases and 35 deaths thanks to mass quarantines, expansive contact-tracing and strict controls on movement, allowing factories to largely stay open and people to swiftly get back to work.

While many Western countries were imploring citizens to stay home mid-year, Vietnamese people were able to flock to scenic beaches as the government tried to give the domestic tourism industry a much-needed shot in the arm.

There were grave fears for Vietnam's export-reliant economy as demand for clothing, footwear and smartphones slumped in some of its biggest markets including the European Union, Japan and South Korea.

"But it turned out that exports still helped promote growth this year," Nguyen Xuan Thanh, a public policy lecturer at Fulbright University Vietnam, told AFP. "That's because Vietnam has a very diversified export market -- it's not dependent on any single export destination."

Shipments to China grew more than 15 percent on-year in the first nine months, according to the Vietnam General Customs Administration.

Demand for many of the items made in Vietnam -- such as home electronics, office furniture, computers and televisions -- soared during the pandemic as people were forced to stay home during lockdowns.

That has meant that while it will fall short of its target of 6.8 percent growth this year, the economy is expected to expand 2.4 percent, which the International Monetary Fund said would be among the best in the world.

The Fund has forecast a global contraction of 4.4 percent.

### **'Tourism has died'**

Observers said Vietnam had also benefited from the U.S.-China trade war as companies such as Apple look to shift their supply chains to avoid tariffs. The country's exports to the U.S. rose by about a quarter to \$54.7 billion in the first nine months of the year.

However, the absence of foreign travellers has dealt a severe blow to the tourism sector.

The UNESCO-recognized ancient imperial city of Hue -- which is popular with foreign visitors -- now resembles a ghost town, with Thua Thien Hue province's tourism department saying 80 percent of hotels were closed while 8,000 people had lost their jobs.

"We are suffering heavily from the pandemic," the deputy head of the provincial tourism department Nguyen Van Phuc told AFP.

It is a similarly grim story in Hanoi, where hotel owner Nguyen Dinh Toi said simply that "tourism has died."

"We survived the SARS (Severe Acute Respiratory Syndrome) epidemic, the financial storm of 2009-2010... but now the situation is unbelievable," said Toi, who runs hotels in Hanoi's old quarter, Ha Long Bay and Sa Pa.

Still, Vietnam's economy is less exposed than other tourism-dependent countries in the region such as Thailand, where the IMF predicts the economy to slump by 7.1 percent this year.

The government has also helped cushion the economic blow by pouring money into infrastructure projects such as roads and bridges, said Thanh.

"This creates additional demand, compensating for Covid and a decline in household consumption and it also creates jobs," he said.

Public investment in the first eleven months of 2020 rose 34 percent, the highest in nine years, the government said.

Vietnam's relative triumph this year could lead to benefits in years to come, said Adam McCarty, chief economist at Hanoi-based Mekong Economics.

The way the coronavirus has been handled has "almost made Vietnam famous around the world," he said, adding it is signaling to big foreign companies overseas that they should have another look at Vietnam.

## Corporate News

### 8. MSN: MSN to pay cash dividend of 10 per cent

↑ 0.60%

It will pay a 10 per cent dividend, equivalent to VND1,000 per share.

Shareholders whose shares have been deposited will receive the dividend at depository members where the shares have been deposited.

Those whose shares have not been deposited will get the dividend at the company's headquarters (eighth floor, Central Plaza, 17 Le Duan, Ben Nghe Ward, District 1).

With a free float of over 1.17 billion shares, MSN will pay over VND1.17 trillion (US\$50.28 million) in dividends to its shareholders.

MSN targets net revenues of VND75-85 trillion (\$3.2-3.64 billion) this year, a year-on-year increase of 101- 128 per cent, while net profit is expected to top VND1- 3 trillion (\$42.9 - 128.7 million).

The company achieved double-digit growth in revenues and operating profits across its consumer-related business segments in the first nine months of the year.

Its consolidated net revenues increased by 110.8 per cent to VND55.618 trillion (\$2.39 billion) from VND26.378 trillion (\$1.13 billion) in the same period last year, primarily due to the consolidation of newly acquired businesses and supported by organic growth across all segments.

Its net profit after tax post-minority interest (NPAT post-MI) was VND852 billion (\$36.7 million) in Q3 and VND969 billion (\$41.8 million) in the first nine months

Its chairman, Dr Nguyen Dang Quang, said: "I believe our integrated consumer retail strategy is starting to bear fruit as we hit our first strategic milestone in Q4, with VinCommerce to break even. This is just the very beginning of what we envision: an online- offline consumer retail champion."

### 9. PDR: Board resolution on purchasing more shares in a member company

↓ -1.12%

According to the Board resolution dated December 09, 2020, the Board of Directors of Phat Dat Real Estate Development Corp approved the policy that Phat Dat Real Estate Development Corp would buy another 73,630,000 shares in BIDICI Real Estate Investment Joint Stock Company (hereinafter BIDICI) when the later company issued

187,000,000 shares in order to raise funds for the investment project in Apartment Building in Area 9, Nhon Hoi Ecotourism Urban Area, Binh Dinh. After the deal, the owning ratio of Phat Dat Real Estate Development Corp in BIDICI will be 49% and BIDICI will be no longer a subsidiary of Phat Dat Real Estate Development Corp.



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