



VIETNAM DAILY NEWS

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Market Analysis

1. Main index drops sharply

The strong profit-taking pressure exerted on many big caps caused the benchmark VN-Index to plunge by over 16 points this afternoon, December 23, before making little headway to stay above the 1,078-point level but finally close in negative territory.

In the morning phase, active trading helped turnover on the southern bourse soar to nearly VND10 trillion and the main index exceed 1,090 points. Given the strong cash flow, the index was believed to be able to beat the 1,100-point level, but it could not make it due to the increased profit-taking pressure.

Closing, with 224 stocks advancing and 215 others falling, the VN-Index shed 4.55 points, or 0.42% against the previous session at 1,078.9. Turnover on the HCMC market improved with volume and value increasing 7.6% and 2.5%, respectively, at over 800 million shares and over VND14.9 trillion. Shares traded in put-through transactions contributed some VND1.3 trillion to the total value.

The profit-taking pressure prompted a host of bank stocks to reverse course to end lower. Lender TPB was the biggest loser as it lost almost 4%, followed

by VPB sinking 3.03%, while ACB, HDB, VIB, and STB fell over 2%.

In the VN-30 basket, only eight stocks were winners, with industrial development corporation BCM being the best performer as it surged 4.65%. Insurer BVH expanded 2.99% and electricity firm POW edged up 1.64%. Meanwhile, real estate developer VIC and consumer goods producer MSN stood at their reference prices.

Regarding market liquidity, lender MSB, which was listed on the Hochiminh Stock Exchange today, stole the limelight as it surged a whopping 13.33% to VND17,000 and was the most actively traded stock in the group of bank stocks with over 30.4 million shares changing hands.

Among the HCMC market's top 30 big caps, steelmaker HPG took the lead by liquidity with a matching volume of 26.8 million shares, followed by lender TCB with 19.5 million shares and electricity company POW with 18 million shares.

Meanwhile, on the northern bourse, the HNX-Index improved 2.4 points, or 1.28% over the session earlier at 190.25, with 110 winners and 84 losers..

Macro & Policies

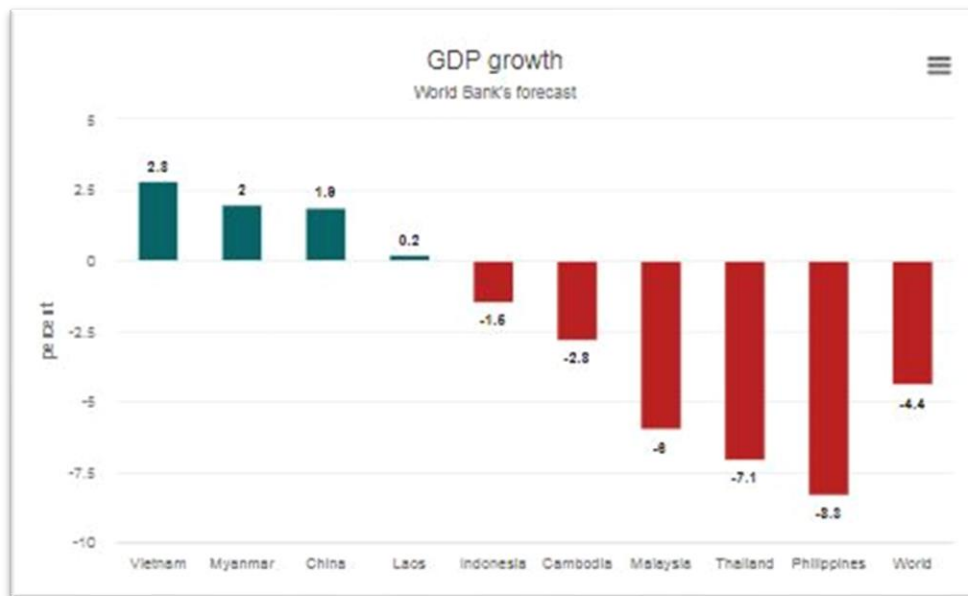
2. Vietnam among world’s fastest growing economies in 2020

The country will be one of only three nations in Asia that will post positive growth this year, the others being China and Myanmar, according to a World Bank report.

Other economies will contract, with major Southeast Asian economies like Thailand and the Philippines likely to shrink by 7.1 percent and 8.3 percent respectively.

"The strong management of the Covid-19 crisis has been Vietnam's best promotional tool, encouraging foreign companies to reallocate their production activities to Vietnam from other countries where their factories are still closed, thus contributing to the country's robust export performance."

However, Vietnam is still exposed to risks from the pandemic. The increased spending and reduced revenue in the pandemic's wake has resulted in the government foregoing about \$1 billion per month during the second and third quarter this year, the report said.



Although its 2.8 percent growth is lower than last year's over 7 percent, Vietnam is still a bright spot as the global economy is set to contract 4.4 percent, the report says.

Vietnam has been able to achieve this positive growth thanks to early, effective efforts to contain the Covid-19 outbreaks. After three weeks of a national lockdown in April, most industrial and service activities rebounded as domestic consumers and investors regained confidence.

The government's acceleration of public investment disbursement, which increased by about 40 percent in the first nine months compared to the same period last year, helped support affected businesses and people, the report said.

If such an accommodative policy were to be sustained over a long period, the government would need to identify new sources of funding that would require substantial reforms in the areas of public financial management, tax collection and debt, it added.

The banking sector is set to see an increasing number of borrowers gradually default on their debt, raising the proportion of problematic loans.

Because Vietnam has one of the highest levels of banking credit relative to GDP in the world, close attention should be paid to the risks involved, it added.

About one-third of households saw their income decline between July and August, and the government should pay immediate attention to these victims who are generally not covered by existing social programs and are in danger of being left behind, it said.

The World Bank forecasts Vietnam's economy to grow by about 6.8 percent next year, assuming that the Covid-19 pandemic will be gradually brought under control.

3. Vietnam PM holds talk with US President Trump over currency issue

Prime Minister Nguyen Xuan Phuc yesterday [December 22] held a phone talk with US President Donald Trump over the bilateral relations, including recent investigation on Vietnam initiated by the US Trade Representative (USTR) under Section 301 of the Trade Act of 1974 regarding currency undervaluation and wood products.

“Vietnamese government agencies will continue to cooperate with the US counterparts to resolve issues of shared concern between the two countries, aiming to ensure a stabilized, balanced and sustainable trade relations for mutual benefits,” informed the Vietnam’s Ministry of Foreign Affairs (MoFA) in a statement.

The US Treasury Department on December 16 labeled Vietnam and Switzerland as currency manipulators, along with adding three new names, including Taiwan, Thailand and India in a watch list of countries and territories it suspects of deliberately devaluing their currencies against the dollar.

Both leaders agreed that the Vietnam-US relations have been growing strongly in all spheres after 25 years of the establishment of diplomatic relations, and especially in recent years, while expressing strong belief that a stable bilateral relation will bring benefits to people of the two countries, with cooperation in trade and investment as one of the key pillars.

Others on the list include China, Japan, South Korea, Germany, Italy, Singapore and Malaysia.

A strong, independent and prosperous Vietnam with growing influence in the region is the desire of the Vietnamese people and in line with US interests.

Under its semi-annual currency manipulation report, the Treasury stated Vietnam had acted to gain “unfair competitive advantage in international trade as well.”

On this occasion, Mr. Phuc congratulated the US President on the successful development of two Covid-19 vaccines in a record time.

In the phone talk with Mr. Trump, the Vietnam PM said Vietnam is a developing country with limited economic capability. “The main objective in Vietnam’s monetary policy management is to control the inflation and stabilize macro-economic conditions, not for unfair gains in global trade,” Mr. Phuc stated.

Mr. Trump added he loves Vietnam and its people, saying he looks forward to visiting the country again in a coming time.

4. Cargo via Việt Nam’s seaports up 4 per cent in 2020

During the year, the country’s fleet of cargo ships were estimated to transport nearly 160 million tonnes of cargo, an annual increase of 3 per cent, including 2.6 million TEUs of containers, up 8 per cent year-on-year.

Việt Nam now has 1,516 seagoing vessels, 1,049 of them cargo ships with a combined tonnage of around 9.3 million tonnes. The country ranks fourth in ASEAN and 30th globally in terms of the number of vessels.

The average age of Vietnamese vessels is 15.5 years, or 5.8 years less than the world's average.

So far this year, the Việt Nam Maritime Search and Rescue Coordination Centre has saved 60 vessels in distress with 765 people aboard, including 13 foreigners.

5. Mekong Delta promotes digital transformation in agriculture

A workshop on digital transformation and supply chain in agriculture took place in Cao Lanh city in the Mekong Delta province of Dong Thap on December 21 on the sidelines of the 2020 Mekong Connect Forum.

The event was intended to seek ways to help products and services made in the Mekong Delta enter the global supply chain.

It saw speakers, who were business leaders, policymakers and researchers, discussing opportunities and challenges as well as specific solutions to facilitate digital transformation in agriculture and sustainable agricultural development in the region.

They also exchanged views on how to make the processing sector a base for the growth of smart farming and to restructure the agriculture in association with the development of green economy, circular economy and digital economy, and the application of advanced technologies in production.

Digital transformation in agriculture must start from farmers, said Nguyen Thi Thanh Thuc, member of the executive committee of the Vietnam Digital Agriculture Association, adding that it requires the digitalization of agricultural production input and workforce to develop database for the process.

In supply chains, each “farmer” must be a “trader” who understands the market and stakeholders of the chains need to regularly exchange with each other to maintain sustainable and long-term cooperation, Thuc said. She has been working with farmers to develop an agricultural e-Journal, create

QR codes and promote traceability of origins and geographical indication (GIs).

All provincial departments, agencies and local administrations in the region must become engaged in digital transformation in agriculture to ensure the transparency of the market, said Dr. Nguyen Quoc Toan, director of the Agro Processing and Market Development Authority. Producers should also develop technologies relevant to each locality's conditions and commercialise technological products, he suggested.

He also emphasised that farmers must be key players contributing greatly to the success of digital transformation in agriculture.

Dong Thap has seen a transition from agricultural production to agricultural economy in which local farmers have boasted closer linkages with experts, scientists and distributors in order to improve the effectiveness of the value chains of local agricultural and fishery products.

Additionally, the province has adopted incentives to attract foreign direct investment into agriculture and developed a strategy for digital transformation with focus on three pillars of e-Government, e-Economy and e-Society.

The province and the Vietnam National University of Agriculture took the occasion to sign a memorandum of understanding on five-year coordination in formulating a agricultural development strategy for Dong Thap by 2030, with a vision towards 2050, and another on a project to develop green agriculture in the province and help it improve added value and adapt to climate change.

6. Infrastructure investment key to go forward: experts

The minister was speaking at the Viet Nam Business Forum 2020 (VBF) on Tuesday in Ha Noi.

“The forum is an opportunity to exchange, share and propose new initiatives and solutions, creating

favourable conditions for businesses and investors in the new normal," Dung said.

Dung said 2020 was a year of great difficulties and challenges for the entire world due to the COVID-19 pandemic, adding that Viet Nam still achieved positive GDP growth, which is expected to reach 2.5 to 3 per cent this year.

The minister mentioned the good control of the pandemic, stable macroeconomy with inflation controlled at a low level, concentrated investment in economic and social infrastructure system, improved administrative reform and business environment and better foreign affairs and international integration as good results in the last five years.

"To have such results, there are contributions from the business community, domestic and foreign investors. The trust and sharing of the business community have added more motivation for the Government of Viet Nam to make decisions with flexible management and minds to effectively implement the targets," he said.

In the next 10 years, Dung said Viet Nam aimed to accelerate digital transformation, develop a digital economy and build a digital society, focusing on developing high-quality human resources for science, technology and innovation while continuing to enhance local administrative reform and strengthen external relations and international integration.

Chairman of the Viet Nam Chamber of Commerce and Industry (VCCI), Vu Tien Loc, said the business community expected the Government to take concrete and quick measures to resolve bottlenecks that were hindering businesses as well as use opportunities from trade deals to develop local human resources and the business infrastructure.

"The business community hopes that the Government can support them in strengthening the capacity and quality of the early trade promotion, establish technical centres for exporting product groups in different importing countries with specific requirements and technical standards," Loc said.

"The business community is expecting ministries and local governments to fully and seriously implement the Resolution 68 issued in May 2020

with a focus on reducing compliance costs for businesses," he added.

Loc also proposed running business support programmes with a focus on micro, small and medium-sized enterprises to help them overcome difficulties from the pandemic.

Attending the forum, Tetsu Funayama, representative of the Japan Business Association in Vietnam (JCCI), said Viet Nam needed to develop more infrastructure to continue economic growth after COVID-19, suggesting using investment from public-private partnerships (PPPs) to reduce the burden on the national budget.

To attract Japanese enterprises, Funayama said: "It is necessary to balance the risk ratio between Government and businesses, ensure guarantees from the Government in case of emergency, and must operate following the rules of high transparency."

"After the new PPP law comes into effect in 2021, we look forward to continuing discussions with relevant ministries, sectors and members in the National Assembly in order to ensure the aforementioned conditions, the completion of legal regulations and early application of flexible conditions for each project in the operation process," he added.

Appreciating the support in terms of taxes and loans for firms amid the pandemic, VBF's co-chair Hong Sun, also vice-chairman of the Korea Chamber of Commerce in Viet Nam (KoCham), said the business community in Viet Nam had high hopes in the solutions of the Government.

Virginia Foote, chairwoman of the American Chamber of Commerce (AmCham) also said the pandemic was an opportunity for local infrastructure investment, especially sustainable projects.

"Improving waste management, reducing carbon emission and air quality concerns by accelerating the use of clean energy, clean vehicles, clean agriculture and reducing the inefficiency and waste of energy will help build a stronger circular economy and spur job creation," Foote said.

“US firms are eager to invest in offshore gas development, LNG, solar, wind and biomass energy projects in Viet Nam,” she added, noting firms are also interested in the recycling industry to help reduce plastic pollution in local rivers and oceans.

Established in 1997 and held annually, VBF has held meetings between the Government and its partners, as a not-for-profit, non-political channel for nurturing public-private dialogue to develop a favourable business environment.

7. Banks post rosy consumer lending performance by year-end despite COVID-19 threat

Compared to the first half this year, many banks have seen their credit volume triple or quadruple in recent months.

For instance, Ho Chi Minh City-based commercial lender HDBank's credit has expanded by more than 11 per cent in the first 11 months of this year. Meanwhile, Vietcombank – the largest bank in the system – has reported strong growth momentum in recent months after a setback in the early months of the year.

According to Vietcombank chairman Nghiem Xuan Thanh, by the end of November, the bank posted 10 per cent credit growth and was recently authorised by the central bank (SBV) to expand its credit by 14 per cent.

“Our bank's full-year credit growth might reach 13-14 per cent this year,” Thanh said.

The financial statements of listed banks show that the key enabler to drive banks' credit in the first nine months of this year was corporate credit.

Not only Vietcombank, many banks in the system like TPBank, VPBank, or VIB have thus far seen credit expand by more than 20 per cent.

The coronavirus (COVID-19) pandemic being contained and the economy gradually rebounding

are deemed as the key factors fuelling demand for capital for both firms and people.

In addition, Vietcombank's chairman unveiled that efforts to restructure customer segments and diversify lending portfolio have also contributed to boosting their credit growth.

The SBV's recent statistics show that the credit of the entire banking sector has expanded by 1.75 per cent in November 2020 alone, which was almost double the average monthly credit growth in the early months of the year.

If this upbeat growth is maintained, the sector's credit expansion could surpass 10 per cent for the full-year.

The financial statements of listed banks show that the key enabler to drive banks' credit in the first nine months of this year was corporate credit.

Accordingly, in the last two months, consumer loans and lending revenue from small- and medium-sized firms saw a sharp growth and became a new growth stimulator.

At Hanoi-based commercial lender Vietnam Maritime Bank (MSB), its profit in the last two months equalled to that in the entire third quarter which mainly came from lending activities.

Corporate News

8. SVI: Thai cement giant buys 7th packaging firm in Vietnam

↓ -7.00%

The company owns a 94.11 percent stake in the company through its subsidiary Thai Containers Group Company Ltd, according to a recent statement.

It paid VND171,450 (\$7.38) for each share of Bien Hoa Packaging, 84 percent higher than the current market price.

Bien Hoa's clients are mainly high-growth consumer brands that are multinationals, the statement said.

Its three manufacturing facilities in southern Vietnam will enlarge SCG's customer base in the food, beverage and fast-moving consumer goods segments, it added.

One of the six companies SCG acquired earlier is the largest in the country, Kraft Vina, a joint venture with Japanese packaging firm Rengo.

SCG was one of the earliest foreign investors in Vietnam, coming as it did in the 1990s.

Over the last decade it has been pouring money to acquire major companies, including one of the largest plastic producers, Binh Minh Plastics.

It now owns 20 subsidiaries in Vietnam in a range of industries like cement, construction materials, chemicals, and packaging.

9. MWG: BOD approves the business plan in 2021

↓ -1.50%

On December 22, 2020, Mobile World Investment Corporation announces the business plan in 2021 as follows:

- Total revenue: 125.000 billion dong;
- Profit after tax: 4,750 billion dong.

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