VIETNAM DAILY NEWS

December 25th, 2020

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Market Analysis

1. Stocks collapse on worries about system failure

Vietnamese shares tumbled on Thursday as worries about the trading system triggered a market-wide sell-off, bringing local assets to cheaper prices.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange lost 1.05 per cent to 1,067.52 points. The index was down 0.42 per cent on Wednesday.

The decline was much worse during the day as the VN-Index plunged as much as 2.97 per cent – the worst since October 28 – to 1,046.89 points.

The collapse occurred after the index rose to near 1,085 points in the early stage of the day.

Investors began to offload their assets at any prices to preserve their profits on worries the market would be suspended again after being overloaded by the increase of trading orders.

The Ho Chi Minh Stock Exchange's trading system had been suspended on December 17, 22 and 23 after the trading value surpassed VND13-14 trillion during the day.

The incident happened again on Thursday as the system broke down in the early minutes of the afternoon session when trading value reached VND14 trillion.

Investors were unable to sell assets anymore and any attempts to buy in cheap stocks were also impossible.

In a number of mutual groups created by brokers for investors, the advice was "cash is king". There were concerns that the southern bourse might have "unplugged" the market as it is often done in developed markets like the US.

On Wednesday afternoon, HoSE's chairman Le Hai Tra told reporters that it was not the bourse's fault and the technicians were working to find out the real trouble.

Securities firms on Thursday declined to comment on the market failure.

On the southern bourse, the large-cap tracker VN30-Index had lost as much as 3.04 per cent before rebounding and closing the day down 1.12 per cent at 1,033.95 points.

Twenty-six of the 30 largest stocks by market capitalisation and trading liquidity were brought down while only two increased.

Among the large-cap decliners were lenders HDBank (HDB), (SBT), Eximbank (EIB), Techcombank (TCB), Bank for Investment and Development of Viet Nam (BID), dairy producer Vinamilk (VNM) and Vinhomes (VHM).

BID, VHM, VNM and TCB were four of the 10 large-cap stocks that weighed on the market on Thursday.

The mid-cap and small-cap tracker VNMID and VNSML indices dropped 1.03 per cent and 1.83 per cent, respectively.

The market breadth was negative as the number of declining stocks four-folded that of gainers by 367 to 88.

On the Ha Noi Stock Exchange, the HNX-Index dived 1.38 per cent to 187.63 points.

The northern market index had gained a total of 28.8 per cent in 17 consecutive trading days since December 1.

More than 909 million shares were traded on the two bourses, worth VND15.95 trillion...

Macro & Policies

2. Turkey's Hayat Kimya invests $250 million to produce FMCG products in Binh Phuoc

Speaking at the Binh Phuoc Investment Promotion Conference 2020 today (December 23), Ugur Hasan Tahsin, vice president, Asia of Hayat Kimya said that the company has injected $250 million to develop a factory in Becamex-Binh Phuoc industrial and urban complex. Around 40 per cent of the factory's output is expected to be exported to overseas markets like Thailand and Malaysia.

"We have selected Vietnam as our manufacturing base in the region. From there, we will penetrate deeper into the ASEAN market," he said. He added that the move also aims to draw Turkish investors into Vietnam. Hayat is on track to complete the investment in Binh Phuoc, which will help persuade other investors about the favourable investment conditions in the province.

Hayat Kimya operates in the fast-moving consumer goods (FMCG) industry since 1987, manufactures hygiene, tissues, and home care products, with well-established brands such as Bingo (detergents and home cleaning), Molfix (baby diapers), Molped (feminine care), Papia, Familia, and Focus (cleansing tissue), as well as Joly and Evony (adult diaper).

Hayat Kimya has grown rapidly and has become a trendsetter and the world's fifth-largest branded baby diaper manufacturer with a capacity of 8.6 billion units per year, as well as the largest tissue manufacturer of the Middle East, Eastern Europe, and Africa (490,000 tonnes a year).

3. Seafood exports expected to increase 10 percent next year

However, for the seafood industry to export with high value, VASEP proposed the Government to focus on restructuring the fisheries sector in the direction of more sustainable development. Authorities should regularly guide and create conditions for aquaculture farmers to meet the criteria of clean production.

The further goal of the industry is that the total production of domestic aquatic products will reach 10 million tons by 2030. Of which, the output of wild-caught aquatic products accounts for 25-30 percent and that of aquaculture fish products 70-75 percent. Seafood export turnover will hit $18 billion-$20 billion.

4. Shrimp exports enjoy robust growth during 2020

Vietnamese shrimp exports recorded an annual surge of 11.3% to US$3.4 billion during the 11-month period

The United States remains the world's leading consumer of Vietnamese shrimp, with turnover rising by 34% to US$806.6 million in comparison with last year's corresponding period.

Furthermore, the EU makes up the nation's fourth largest shrimp importer, behind the US, Japan, and China, accounting for 13.7% of the country's total shrimp export value. Indeed, local shrimp exports to the EU have recorded strong growth since the beginning of the third quarter of the year due to the enforcement of the EU-Vietnam Free Trade Agreement (EVFTA).

Despite Vietnamese shrimp exports to the EU in November suffering a decline caused by the negative impact of the second wave of COVID-19, the country's exports to the fastidious market increased by 5.2% to US$472.3 million during the 11-month period.

After witnessing two-digit growth in September and October, the nation's shrimp exports to China in November endured a decrease of 21% to US$42.8 million.

Most notably, Vietnamese shrimp exports to the neighbouring market over the 11 months of the year saw a slight increase of only 0.8% to US$496.8 million against the same period from last year, largely due to a decrease in China's demand for domestic shrimp consumption.

5. Vietnam's asset and wealth management set for promising prospects

With further support of the State Securities Commission of Vietnam (SSC) to restructure the asset and wealth management (AWM) industry in 2020, the sector is set to continue its strong growth in the future, following a 20% expansion rate in 2019, according to PwC Vietnam.

Currently, the market size for the AWM industry in Vietnam is relatively modest, noted PwC Vietnam, referring to a report from the SSC that there are currently 47 fund companies in operation.

In 2019, however, the AWM in Vietnam recorded a strong growth of 20% year-on-year to US$13.4 billion.

"Asset and wealth management firms can channel capital and target investment opportunities to lift economies out of recession. It is important to understand the power the industry has in influencing the future," said Olwyn Alexander, PwC Global Asset & Wealth Management Leader

"A better future for everyone; investors, shareholders and the economy as a whole. The world we leave for future generations matters. The industry can act now to realize beneficial change," he noted.

"While financial return will always be important, increasingly investors are deciding that social return is just as important. What we're seeing is asset and wealth management firms that deliver standout returns on both the social and financial fronts will be the clear winners over the coming decade — magnets for investment and able to sustain superior returns for shareholders and partners," noted Mr. Alexander.

A report from PwC suggested the global AWM industry is controlling more than US$110 trillion (more than 20 times the US federal budget), as such, the power the asset and wealth management industry has in shaping the future is unparalleled.

With global assets under management projected to grow by up to 5.6% per annum to US$147.4 trillion by 2025, it can shape a future which is better for investors, shareholders, the economy and the wider society, stated the report titled "'Asset and Wealth Management Revolution: The Power to Shape the Future'."

In this context, the AWM industry can be a powerful engine of recovery and a force for good for Vietnam in a world facing uncertainty and upheaval.

Providing for the future

The report argues that the more wealth we can create as a society, the more we can save and the more that will be available to invest. And as people live longer, the asset and wealth management industry can contribute to the resolution of escalating pension gaps and retirement poverty. Saving cash on deposit is no longer tenable in a world of ultra-low interest rates and fixed income yields, forcing savers to look for higher yielding, attractive options.

According to the report, assets under management in infrastructure funds are expected to double by 2025. Further opportunities for asset and wealth management firms to provide for the future include making up for the growing shortfall in available infrastructure investment, especially from governments. Within developed markets, there are considerable openings to refurbish roads, airports, hospitals and other such opportunities while accelerating developments in areas such as 5G and renewable energy. As a result, we expect assets under management in infrastructure funds to double by 2025.

Embracing Environment, Social and Governance (ESG) as the future

Increasingly, investors are putting the environmental and social profile of AWM firms on a level playing field with financial return. A growing number of investors expect asset and wealth management firms to make ESG issues integral to their investment strategies. This shift is already having a revolutionary impact on product design, fund allocation and performance objectives.

PwC's analysis shows that ESG-aligned funds cumulatively outperformed their traditional counterparts by 9% from 2010 to 2019. Research also shows that diverse companies, in which more than 30% of leaders are women, are, on average, 15% more profitable than those that are not diverse, and businesses that score highly on sustainability tend to outperform those that do not.

A few tech fixes here or a nod to investors' ESG demands there will not be enough to survive and thrive in an industry where the front-runners are already embracing these changes and seizing the opportunities.

6. More Japanese firms to leave China for Vietnam: Ambassador

Twenty two Japanese enterprises eligible to receive subsidies from its government to move production facilities from China have chosen Vietnam.

Japanese Ambassador to Vietnam Yamada Takio revealed the information at a dialogue between the Japanese business community and the Vietnamese government on December 21.

"Vietnam is the top choice for Japanese companies looking to diversify their supply chains," Mr. Takio noted.

Taking into account 15 Japanese firms already chose to move to Vietnam in the first phase of the program in July, the total number of firms plans to invest in the country is 37 out of the total 81, while Thailand came in second place with 19 companies.

While the world is still struggling with the Covid-19 crisis, Vietnam has effectively put the pandemic under control and remains among a handful of economies with an estimated positive growth in 2020 at 2.6-3%.

In the first 11 months of this year, Vietnam's trade turnover rose by 3.5% year-on-year to US$489 billion. "Only Vietnam can attain such a huge success," he added.

"Vietnam, therefore, has become more attractive in the eyes of investors, including Japanese firms," stated Mr. Takio.

The Ambassador expected Vietnam to be among the major beneficiaries from the Japanese government's US$2.3 billon subsidy program to encourage companies to diversify their supply chains.

Mr. Takio raised three issues that he hopes would contribute to improve bilateral relations further, including the soon normalization of commercial flights between the two countries; greater disbursement of public investment; and simplification of investment licence granting procedure for Japanese companies.

In July, the Japan External Trade Organization (JETRO) released a list of 30 Japanese firms participating in government program to move production facilities out of China, with half of the list eyeing Vietnam as an alternative investment destination.

The majority of Japanese firms looking to move to Vietnam are in the fields of medical equipment, in addition to those producing semiconductors, phones and parts, and air conditioners, among others.

JETRO said the financial support will range from US$900,000 – US$46.5 million to partly cover the required expenses of Japanese firms in expanding operation.

Takeo Nakajima, chief representative of the Japan External Trade Organization (JETRO) in Hanoi told Hanoitimes this program is not targeted at any country, and the policy package will encourage firms to strengthen supply chain resilience.

According to the survey by JETRO late last year, Vietnam was the second-highest country in the "business expansion" ranking among the Japanese respondents, while 41% of the respondents planned to "expand the operation in Vietnam".

"Japanese companies attach much importance to the country's market size, friendliness to Japan, and the quality labor force," he noted.

7. Viet Nam becomes fastest growing nation brand

The country climbed nine places from last year to 33rd in the Nation Brands 2020 list of the world's 100 most valuable brands compiled by the UK independent branded business valuation and strategy consultancy.

According to Brand Finance, Viet Nam, which has recorded staggeringly low COVID-19 cases and deaths, has emerged as one of the top locations within the Southeast Asian region for manufacturing and has become an increasingly attractive destination for investors, particularly from the US, that are looking to relocate their China operations following the fallout from the US-China trade war. Recent trade deals with the EU are further supporting the growth of the nation.

"Emerging as a Southeast Asian haven for manufacturing, Viet Nam defies the global trend, with its brand value up an impressive 29 per cent," Brand Finance noted.

Brand Finance measures the value of national brands based on three pillars: goods and services, investment, and society.

According to Brand Finance, the 100 most valuable nation brands in the world have suffered monumental losses to their brand value because of the COVID-19 pandemic, amounting to $13.1 trillion.

This year has put the nations of the world to the test – from the economic impacts of COVID-19 on nations' GDP forecasts, inflation rates, and general economic uncertainty, to diminished long-term prospects. Brand Finance estimates that the total brand value of the top 100 nation brands dropped from $98 trillion in 2019 to $84.9 trillion in 2020, with almost every nation feeling a significant impact of the health crisis on their respective economies.

David Haigh, CEO of Brand Finance, said the downward trend of nearly all the world's most valuable nation brands was unsurprising, given the year we were currently experiencing. With COVID-19 contributing to the recent rise of protectionism, we may see a reversal of the economic growth brought about by globalisation. Having said that, optimism had certainly prevailed, with forecasts looking less dire than initially predicted, and with the announcement of a working vaccine beginning to be rolled out, the future was certainly looking brighter.

Corporate News

8. PAN: Information on purchasing the treasury shares

↓ -2.52%

On December 22, 2020, The PAN Group Joint Stock Company announces the purchase of treasury shares as follows:

- Number of treasury stock before trading: 7,399,830 shares

- Number of registered shares to buy: 64,000 shares

- Purpose: to repurchase shares as treasury stock from the employees resigned in the stock issuance under ESOP in 2017, 2018 and 2019.

- Expected trading period: from February 31, 2021 to January 29, 2021.

- Trading method: put through.

9. Construction giant Coteccons turns gaze to industrial real estate

↑ 0.14%

The deal, valued at around VND854 billion ($37 million), was carried out by Covestcons, a property company.

Bolat Duisenov, the chairman of Coteccons, has said the company would branch out into more businesses including infrastructure and industrial real estate development.

Idico, formally known as the Vietnam Urban and Industrial Zone Development Investment Corp, was established as a state-owned company in 2000 with interests in industrial real estate and infrastructure.

But the Ministry of Construction last month sold its entire 36 percent stake in the company.

With a charter capital of VND3 trillion, Idico is the seventh largest company listed on the Hanoi Stock Exchange.

Its IDC stock has been rising relentlessly this year, doubling since the beginning of the year to VND36,200 at the time of publishing.

Industrial real estate developers have benefited this year from the rising demand from companies shifting their production out of China to other countries.

There are 280 industrial parks in Vietnam with an average occupancy rate of 70.1 percent and another 89 are under construction, according to the Ministry of Planning and Investment.

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