



VIETNAM DAILY NEWS

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Market Analysis

1. Market's uptrend may weaken after five consecutive gaining weeks

Although Viet Nam's stock market has experienced five consecutive weeks of gains with record-high liquidity, analysts said investors' caution and the uptrend would weaken as the VN-Index approaches the resistance level of 1,030 points.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) was up 0.17 per cent to close Friday at 1,021.49 points.

The index gained 1.12 per cent last week.

An average of 574.6 million shares were traded on the southern exchange during each session last week, worth VND11.6 trillion (US\$499.7 million).

Analysts from SSI Securities Corporation (SSI) said the market's upturn momentum was weakening with the VN-Index approaching the resistance level of 1,030 points.

"The inflow of capital from large-cap stocks to mid-cap stocks may be a warning sign of increasing risk. However, in the short term, it is likely that the VN-Index will continue going up, targeting the zone of 1,030 - 1,040 points," SSI said.

According to MB Securities Co (MBS), selling pressure mainly focused on blue-chips but domestic cash flow absorbed this selling volume well.

"MBS believes the market is likely to fluctuate when the VN-Index approaches 1,030 points," MBS said.

Saigon-Hanoi Securities Joint Stock Company (SHS) said the market had a fifth consecutive gaining week with a slight increase in trading volume compared to the previous week, which showed some caution.

"The VN-Index closed last week in a strong resistance zone of 1,020-1,030 points, which were the peak of October 2018 and of November 2019, thus profit-taking pressure will become stronger this week, which means a correction may happen soon," SHS said.

Foreign investors net sold 19.3 million shares, equivalent to a net selling value of VND36.8 billion

on the whole market last week. Notably on HoSE, foreign investors net sold VND75 billion, down 71 per cent from the previous week.

Construction materials stocks rose the most last week, mainly thanks to Hoa Phat Group (HPG), increasing 1.9 per cent, and Nam Kim Group (NKG) jumping 7 per cent.

It was followed by the community utility group, typically PetroVietnam Gas JSC (GAS), rising by 2.4 per cent and PVPower (POW), increasing by 12.7 per cent.

Consumer goods ranked third with Masan Group (MSN) growing 2.7 per cent, Sabeco (SAB) 5.5 per cent and Hanoi Beer Alcohol And Beverage Joint Stock Corporation (BHN) up 4.4 per cent.

Securities stocks also increased strongly with SSI Securities Incorporation (SSI) gaining 3.6 per cent, VNDirect Securities Co (VND) rising 2.7 per cent, Viet Capital Incorporation (VCI) growing 2.2 per cent and Saigon-Hanoi Securities Co (SHS) up 2.1 per cent.

SHS forecasts that this week, the VN-Index may correct again with profit-taking pressure appearing in the resistance zone of 1,020-1,030 points.

SHS recommends investors with a high proportion of stocks lock in profits at the resistance zone of 1,020-1,030 points. Investors with a high proportion of cash can watch for adjustments around the 990-1,000 point range to bottom fish.

According to Tran Xuan Bach, a stock analyst at Bao Viet Securities Co, the VN-Index is heading toward the strong resistance zone 1,028-1,035 points.

"However, we assess that this resistance may pose correction and volatility pressure to the index. Adversely, resistance 985-990 points will be a determinant to the index's uptrend in the short term," he said.

"The market will continually experience a wide divergence among stock sectors. Capital starts to flow into stock sectors that have yet to rise significantly to seek for profit," he said.

“Stock exposure should be maintained at 50 per cent. Investors should hold off on opening new longing positions as the market is approaching sensitive resistance zones. Investors with high stock exposure may consider lowering the exposure with short-term positions when the index approaches 1,028-1,035 points,” he said.

On the Ha Noi Stock Exchange, the HNX-Index rose 0.33 per cent to close Friday at 152.48 points.

The northern index had gained 2.91 per cent last week.

Some 71.9 million shares were traded on the northern exchange last week, worth VND1 trillion.

According to data from the Securities Depository Center (VSD), domestic individual investors

opened a record 41,080 trading accounts in November, up 4,734 compared to October. Since early this year, individual investors have opened a total of 329,452 accounts, 75.4 per cent higher than the number of accounts opened in 2019.

The number of accounts opened by domestic institutional investors rose from October, reaching 123, the highest since December 2017. So far this year, domestic institutional investors have opened nearly 964 accounts, higher than that of 2019 of 821 accounts.

Generally, the number of new accounts opened by domestic investors in November reached 41,203 accounts, up 13 per cent compared to October. So far this year, domestic investors have opened more than 2.67 million trading accounts.

Macro & Policies

2. New programme to support enterprises' digital transformation over next 5 years

The Ministry of Planning and Investment and the US Agency for International Development (USAID) co-organised a launch ceremony for the “Supporting Enterprises' Digital Transformation from 2021 to 2025” programme on December 3 in Hanoi.

The programme will support enterprises' digital transformation by raising awareness, digitalising their business and management models, and promoting comprehensive digitalisation to develop new products, services, and business models.

In his remarks, Minister of Planning and Investment Nguyen Chi Dung said revolutionary technological development is changing people's lives, and the competitive advantage of enterprises is shifting based on new technologies and innovation.

Therefore, digital transformation is a means for companies to rebound quickly from COVID-19, improve their competitiveness, and break through during the fourth Industrial Revolution, he noted.

Over the next few years, the ministry will cooperate with USAID to implement the programme. Its goals

are that by 2025, 100 percent of enterprises are aware of digital transformation, at least 100,000 enterprises are supported to use a digital transformation readiness evaluation tool and other digital solutions, and at least 100 manufacturing and processing enterprises successfully adopt digital transformation. Examples of the successful application of digital transformation will be replicated on a larger scale. A network of at least 100 digital transformation experts and agencies will also be established to assist in providing digital consultancy and services to enterprises.

USAID Vietnam Mission Director Ann Marie Yastishock said that with digitalisation and automation, enterprises will be able to achieve robust and sustainable growth despite the challenging times posed by COVID-19.

Successful digital transformation will provide them with encouragement and power to increase productivity, product quality and overall competitiveness, she continued, and thereby they can optimise production and management to climb up the global supply chain.

3. Viet Nam PMI disrupted by storms and flooding

A survey by newly-released IHS Markit showed that the recovery in the Vietnamese manufacturing sector paused last month as a succession of storms and associated flooding hit the country.

This followed a reading of 51.8 in October and was the first sub-50 figure in three months. Output decreased slightly last month, thereby ending a two-month sequence of growth.

That said, anecdotal evidence suggested that the reduction could be temporary as a number of firms indicated that recent stormy weather and subsequent flooding had disrupted their production during the month. The COVID-19 pandemic was also a factor weighing on output.

New orders continued to rise, but only fractionally as business was impacted by the stormy weather conditions and flooding, as well as the pandemic. The latter had a particular effect on new export orders, which decreased solidly.

On the other hand, a number of respondents indicated that new orders had increased amid improving underlying demand.

With new order growth slowing, firms worked through outstanding business, leading to a tenth successive reduction in backlogs of work. The latest fall was solid, but softer than in October.

Falling workloads led firms to scale back their employment and purchasing activity last month.

The modest reduction in staffing levels followed a slight rise in the previous month.

Purchasing activity decreased for the first time in three months.

The fall in input buying fed through to a reduction in stocks of purchases. In both cases, however, consumer goods producers bucked the wider trend by posting expansions.

Meanwhile, a reduction in output during the month resulted in a decrease in stocks of finished goods.

As well as hampering production, the stormy weather and COVID-19 pandemic combined to disrupt the delivery of purchased items to manufacturers. Suppliers' lead times lengthened for the twelfth successive month and to the greatest extent since August. Raw material shortages were also a factor behind delivery delays.

Shortages of raw materials contributed to rises in input costs during November, with difficulties importing items and higher prices in international markets also cited. Input prices increased sharply, and at the fastest pace since August 2018. The rate of output price inflation also quickened, but remained modest. The rise in charges was the greatest for two years.

Despite the setback in November, firms expect production to expand over the coming year. Confidence was centred on expectations that the COVID-19 pandemic would remain under control in Viet Nam and cause less disruption globally.

IIP increases slightly

The index of industrial production (IIP) last month is estimated to increase by 0.5 per cent from the previous month and by 9.2 per cent from the same period last year.

In which, the mining industry decreased by 6.2 per cent; processing and manufacturing increased 11.9 per cent; electricity production and distribution increased by 4 per cent; water supply and waste and wastewater management and treatment increased by 5.3 per cent.

The General Statistics Office's socio-economic situation report for November and 11 months of this year said that in the context of well-controlled COVID-19 pandemic in the country and the EU-Viet Nam Free Trade Agreement (EVFTA) created the driving force for sectors of the economy to recover and operate in the new normal states.

Generally, the IIP in the first eleven months of this year was estimated to increase by 3.1 per cent over the same period last year, lower than the 9.3 per cent increase of the same period last year.

Specifically, processing and manufacturing increased by 4.7 per cent, contributing 3.8 percentage points to the general growth; power generation and distribution rose 3.2 per cent, contributing 0.3 percentage points.

In addition, the water supply, waste and wastewater management and treatment sector increased four per cent, contributing 0.1 percentage points; the mining industry alone decreased by 7.1 per cent, down 1.1 percentage points in the overall growth.

4. Clear policies needed to attract foreign investment in agricultural sector

Wide-ranging measures that would attract more investment and help modernise the sector are needed, delegates said at a seminar held in HCM City on December 3.

Nguyen Thi Hong Thanh from the Information Centre for Agriculture and Rural Development under the Institute of Policy for Agriculture and Rural Development, said: "As of December last year, FDI in the agricultural sector remained modest,

accounting for just 1.61 per cent of the total number of FDI projects and 0.97 per cent of total FDI capital into Viet Nam."

Taiwan, the Virgin Islands, Singapore and Thailand are among the largest foreign investors in the field, she said, adding that foreign investors have mainly invested in cultivation, animal husbandry, forestry, aquaculture, and agricultural production and services.

Foreign investment in the sector has brought technology transfer and new production models that have improved added value and competitiveness of Vietnamese products. It has also helped to create more jobs and improve infrastructure in rural areas, and enabled the sector to directly connect to global value chains.

But foreign investors have mainly invested in some localities and sub-sectors mostly because of difficulties in accessing land to develop a stable source of materials and limited logistics services and infrastructure, she said.

Vu Xuan Dang, deputy director of the Southern Investment Promotion Agency, said there was not a large land fund for agricultural production in many localities, and some localities with large land funds give priority to industrial parks.

Nguyen Huu Nam, deputy director of the Viet Nam Chamber of Commerce and Industry – HCM City branch, said that with the small scale of agricultural land, it would be difficult to develop concentrated production areas and apply advanced technology and machines. As a result, post-harvest losses are high, which adversely affects foreign investment.

Nguyen Anh Phong, director of the Information Centre for Agriculture and Rural Development, said that foreign investors in agriculture have complained about access to information related to land-use planning and the quality of public services.

Le Minh Thuy Trang from Eurocham agreed, saying that administrative procedures were the top concern of foreign investors.

The Government has policies to attract foreign investors, including corporate tax and land rental incentives, but the policies should clearly state the incentive rates, she said.

Delegates at the seminar also discussed measures to lure more foreign investors to the sector in the coming time.

Phong said the country should prioritise foreign investment in the sectors and products that have comparative advantages, high added-value, and potential for market expansion. Those using advanced and environmentally-friendly technology should also be a priority.

Improving the investment environment and reforming policies related to land and taxes are also needed, as well as upgrading infrastructure and training human resources in rural areas, he added.

Dang said the country needs to “create more favorable conditions for foreign investors, including policies to encourage the development of concentrated animal husbandry areas and material zones, large-scale fields, and high-tech agricultural zones.”

In addition, the Government should increase investment in infrastructure development in the northern mountainous region, the Central Highlands, and the Mekong River Delta region, which all have localities with high potential for agricultural development.

Improving the quality of local human resources to meet agricultural development in the 4.0 industry era is also a must, he added.

5. Banks continue to cut deposit interest rates

State-owned lenders BIDV, Agribank and VietinBank this week reduced their 12-month rates by 0.2 percentage points to 5.6 percent.

The other “Big 4” state-owned lender, Vietcombank, kept its 12-month rate unchanged at 5.8 percent but cut the 24-month and 36-month rates by 0.2 percentage points to 5.7 percent and 5.4 percent.

The largest private lender, Techcombank, reduced its 12-month rate by 0.4 percentage points to 4.5-5 percent depending on the deposit amount.

The rates have thus dropped by 0.4 percentage points within two months.

They were around 7 percent at the beginning of the year.

Banks have reported high liquidity but difficulty lending as the pandemic hits businesses.

Banking credit growth in the first nine months of this year was just 5.12 percent, far below the double-digit figures recorded of the last three years, according to the General Statistics Office.

In August the State Bank of Vietnam revised its credit growth target for this year from 14 to 10.1 percent. It has also cut its policy rates four times so far this year to pump-prime the economy.

6. High expectations on renewable energy

According to the updated report of the Science Council of Vietnam Energy Magazine, the power demand of the whole system in the next two years will be 15,400 megawatts (MWs). Meanwhile, in 2021, only about 3,600MWs of the capacity of three coal-fired power plants will be put into operation, namely Duyen Hai 2 BOT, Song Hau 1, and Hai Duong BOT. And by 2022, there will be Thai Binh 2, Nghi Son 2 BOT coal-fired power projects.

Thus, by the end of 2022, Vietnam will only add 6,000MWs from traditional sources of power, and there will be a shortage of more than 8,000MWs of capacity. By 2023, the traditional power sources will have only one more unit of the Van Phong 1 BOT Coal-Fired Thermal Power Plant with a capacity of 660MWs and the Nhon Trach 3 Gas Thermal Power Plant with a capacity of 880MWs. In total, in 2023, there will be 1,540MWs more, and more than 6,000MWs of power will remain insufficient.

From 2024 to 2025, according to the plan, many traditional power sources will be added, but the risks of delay are still evident. Therefore, the challenge is whether it is possible to strongly develop sources of RE with a capacity of more than 8,000MWs in the next two years.

Responding to this question, many experts affirmed that the sources of RE could meet a capacity of 8,000MWs within the next two years. In fact, within the past two years, after the Prime Minister decides the price support mechanism for RE, the sources of RE have grown rapidly, adding thousands of MWs to the national power system.

The latest information from Vietnam Electricity (EVN) shows that 113 solar and wind power projects with a total capacity of over 5,700 MWs have been released at full capacity and put into operation this year. This is a record number of new plants energizing in a short period.

The whole power system has mobilized 5.41 billion kWh from renewable energy, of which solar power reached 4.71 billion kWh, 5.35 times higher compared to the same period last year. Noticeably, if subtracting 1,000MWs of renewable energy by the end of last year, the country has 4,700MWs more in 2020. With the current growth rate, the sources of renewable energy can be supplemented to the system by more than 10,000MWs.

Especially, amid the current context, many private enterprises and people have continuously invested in solar power systems on the roofs of factories, farms, and townhouses. Similarly, for wind power, currently, there are active 16 projects with a total capacity of 642.6MWs. 13 wind power projects are under construction and expected to be put into operation in 2021, with a total capacity of 901MWs.

The rapid development of renewable energy has forced the Ministry of Industry and Trade (MoIT) to urgently revise the power plan. By the end of August this year, the total capacity of wind and solar power sources approved for the revised plan is nearly 23,000MWs. Of which, solar power is about 11,200 MWs, and wind power is about 11,800MW.

At the Vietnam Energy Forum 2020 that took place in mid-June this year, Deputy Minister of Industry and Trade Hoang Quoc Vuong (currently Chairman of Vietnam National Oil and Gas Group) said that the ministry would build transparent and competitive mechanisms to attract potential investors to develop RE projects.

Currently, the MoIT has been finalizing the draft National Power Development Master Plan for the period from 2021 to 2030, considering 2045 (a.k.a Power Development Master Plan 8) to submit it to the Prime Minister for approval. According to the scenarios in Power Development Master Plan 8, coal-fired power capacity will decrease by over 16.4

gigawatts (GWs), or 30 percent; hydropower capacity will reduce to 25 percent; gas power capacity will increase by nearly 7.8GWs or 42 percent; especially, wind power capacity will rise by 13GWs or three times higher, and solar power will surge by 6.2GWs, or 1.7 times higher. They are considered as good signs for a cleaner structure combination of power sources, significantly reducing gas emissions that cause environmental pollution.

Earlier, after balancing the long-term power supply, the MoIT sent a document to the Prime Minister, suggesting and proposing the Prime Minister to direct the People's Committees of provinces with hydropower projects and related agencies to not consider the proposals to supplement the planning for hydropower projects with a capacity less than 10MWs in the area.

For small hydropower projects in the planning but have not been constructed yet, they should be halted

and only implement after the overall assessment results are released.

Currently, the MoIT continues to review hydropower projects that are already in the planning in the provincially-governed areas, evaluating in all aspects, such as legal compliance, environmental and social assurance, to complete the Power Development Master Plan 8.

Agreeing with the proposal of the MoIT, some experts said that it is necessary to stop building more hydroelectricity. Because the reservoirs water transfers of hydropower projects have negative impacts on the living environment of the people. Besides, the impacts of flood regulation, reservoirs can easily cause landslides, leading to serious consequences. Meanwhile, the investment in RE is more effective thanks to low costs and fewer impacts on the environment and society.

7. Economic development key to job creation: Official

Economic development and business expansion are crucial to job creation, which in itself is significant for sustainable poverty reduction, according to Minister of Labour, Invalids and Social Affairs Dao Ngoc Dung.

At a recent Q&A session in the 10th plenary session of the 14th National Assembly, Dung underscored the need for businesses to focus on enhancing the quality of human resources management and technological renovation.

He noted that leading businesses in applying technology and business management have reported stable operations and created a large number of jobs. Training, however, is yet match needs.

Dung underlined that it is necessary to pay greater attention to workforce training before, during, and after people are employed. The ministry has built a project in this regard, for submission to the Government early in the new year.

The minister also stressed the need for the training sector to offer training sought by businesses.

Despite the impact of COVID-19, he said, the country has generated 7.8 million new jobs this year, with the ratio of trained workers reaching 64 percent. Unemployment in the third quarter was 2.48 percent overall and 3.63 percent in urban areas.

Figures from the General Statistics Office reveal that as of September, Vietnam had seen 31.8 million people aged 15 and above negatively impacted by the COVID-19 pandemic.

The service sector was hardest hit, with 68.9 percent of workers affected, followed by industry and construction with 66.4 percent and agro-forestry-fisheries, 27 percent.

In the first nine months of this year, Vietnam had 54.4 million workers aged 15 and above, a decline of 1.2 million compared to the same period last year, primarily in rural areas. The workforce in the first nine months of each year rose 1 percent annually in the 2016-2019 period.

Corporate News

8. MSN: Record date to pay first cash dividend for 2020

↑ 3.12%

On December 03, 2020, MaSan Group Corporation announces the record date as follows:

- Record date: December 18, 2020

1) Reason & purpose: to pay cash dividend for 2019.

2) Content:

- Exercise ratio: 10%/share (1,000 dongs/share)

- Payment date: December 30, 2020

- Place of payment:

- Shareholders whose shares have been deposited: at the securities firms where the shares have been deposited.

- Shareholders whose shares have not been deposited: at MaSan Group Corporation (Address: Floor 8th, Central Plaza, 17 Le Duan, Ben Nghe Ward, district 1, Hochiminh).

9. PGC: BOD resolution on the first cash dividend for 2020

↑ 1.86%

The Board resolution dated December 01, 2020, the Board of Directors of Petrolimex Gas Corporation - JSC approved to pay first cash dividend for 2020 as follows:

- Exercise ratio: 12% (1,200 dongs/share)

- Record date: December 16, 2020

- Payment date: December 30, 2020.

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