



VIETNAM DAILY NEWS

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Market Analysis

1. Local and foreign investors flee the market before Tet holiday

Viet Nam's stock market finished low on Monday before halting for Tet holidays.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) posted a loss of nearly 4 per cent, equivalent to 43.73 points, to end Monday at 1,083.18 points, sliding away from the 1,100 points level.

This marked the biggest intra-day loss for the index since its historic loss of over 73 points at the end of January.

The move was opposite to expectations from analysts who predicted the market would continue last week's advance in the last two trading day before the holiday.

The index climbed 6.65 per cent last week. The market's growth last week was following the trend in other markets around the world, MB Securities JSC said in its daily report.

On the southern market, 385 stocks declined with 18 stocks hitting the maximum daily loss, while 69 stocks increased. And 24 stocks ended flat. Local investors poured nearly VND13.8 trillion in the market with a trading volume of nearly 590 million shares.

The market was pressured from losses in big stocks.

Most large-cap stocks posted poor performance on Monday. The VN30-Index decreased by 3.78 per

cent, equivalent to 42.91 points, to 1,092.59 points. Twenty-seven of 30 large-cap basket fell with one stock losing 7 per cent, while only three stocks gained.

Hoang Huy Investment Financial Services JSC was the one recording the maximum intra-day loss, down 6.87 per cent to VND21,000.

All sectors including banking, securities, real estate, construction, logistics, production, retail, IT and utilities fell sharply with many big stocks losing more than 3 per cent.

Top five stocks influencing the market's trend were Vingroup JSC (VIC), down 6.05 per cent, Vietcombank (VCB), down 5.9 per cent, Vinhomes JSC (VHM), down 4.63 per cent, Viet Nam Dairy Products JSC (VNM), down 3.92 per cent, and JSC Bank For Investment And Development of Viet Nam (BID), down 4.07 per cent.

On the Ha Noi Stock Exchange (HXN), the northern market benchmark HXN-Index declined by 1.38 per cent to 220.76 points, while the HNX30-Index lost nearly 3 per cent to 329.33 points.

More than 101 million shares were traded on the bourse, worth VND1.57 trillion.

Foreign investors were also net sellers on the southern bourse, with a net value of over VND1.4 trillion. Meanwhile, they bought a net value of VND21.25 billion on the northern market.

Macro & Policies

2. 57% of Japanese firms unveil plans to expand operations in Vietnam

The move therefore signals a shift towards reducing reliance on China as a production base, in a strategy that is known as "China plus one".

In the online survey conducted last December by Japanese staffing firm Pasona Group Inc., 57% of Japanese enterprises based in Vietnam and 55% of those operating in India stated their intentions to expand operations in the host countries, compared with an average of 39% among all 11 countries and regions polled.

In contrast, Japanese firms in Hong Kong (China) had the lowest rate with only 13%. This follows the deterioration in the local trading environment following China's dismissal of pro-democracy lawmakers, along with crackdowns on democracy activists, according to the survey.

Of the 818 companies polled, a total of 67% outlined their plans to keep the current level of their bases and operations in the 11 economies.

Furthermore, 20% of respondents said they plan to add and strengthen the functions of their bases to serve as regional headquarters, partly due to difficulties faced whilst making business trips to and from their head offices in Japan amid the novel coronavirus (COVID-19) pandemic, the survey said.

With Southeast Asian countries being hit hard by the economic impact of the pandemic, 30% of Japanese companies in Thailand, 28% in Malaysia, and 22% in Hong Kong (China) said they have been forced to cut staff or plan to do so within the next three months. Indeed, the average across all respondents stood at 16%.

Moreover, the rapidly-growing trend of remote work brought about by the pandemic, coupled with real estate prices, has also encouraged firms to downscale their offices, with at least 15% in Hong Kong (China), Singapore, and Indonesia saying they have plans to do so.

As part of the "China plus one strategy", 43% of respondents in Vietnam said they have expanded their offices or have plans to implement such changes.

Most notably, 74% of those questions in the 11 economies cited a lack of communication between employees as an issue of concern with regards to remote working, followed by 59% who cited performance evaluation of staff.

The economies covered by the surveys include the United States, Canada, Hong Kong (China), Taiwan (China), the Republic of Korea, Thailand, Vietnam, Malaysia, Singapore, Indonesia, and India.

3. US to impose anti-dumping tax on Vietnamese copper pipes

This includes copper pipes coded: 7411.10.1030; 7411.10 .1090; 7407.10.1500; 7419.99.5050; 8415.90.8065; and 8415.90.8085

In line with the preliminary conclusion reached by the DOC, copper pipes have been imported from Vietnam and subsequently dumped in the US with a margin of 8.05%, which is far lower than the plaintiff's initial allegation of 110%, along with the anti-dumping tax of up to 60% that the US is currently applying to copper pipes from China.

Based on these conclusions, the US is set to impose a preliminary anti-dumping tax rate of 8.05% on Vietnamese copper pipes.

The DOC also stated that due to the impact of the novel coronavirus (COVID-19) pandemic, it will not conduct on-site verification as part of the investigation. Instead, it will make the final determinations through use of alternative methods.

The DOC is poised to announce a deadline for stakeholders to submit its written comments, while concerned parties may also request a hearing by

submitting a written request to the DOC within 30 days since the notice of the preliminary conclusion.

Vietnam's export turnover of copper pipe products to the US in 2019 and 2020 reached US\$151.1 million and US\$183.9 million, respectively.

4. Leading exports take advantage of new generation FTAs

Lê Văn Điệp, deputy director of Minh Phú Seafood Group, said the group would continue targeting choosy markets, especially the EU, to take advantage of the recently signed the EU-Việt Nam Free Trade Agreement (EVFTA).

The first batches of seafood exports are a promising sign this year for export prospects, especially the agricultural sector.

Trương Đình Hòa, secretary general of the Việt Nam Association of Seafood Exporters and Producers (VASEP), said the EVFTA, which took effect last August, has opened up opportunities for shrimp exporters.

Exports of farm produce reached more than \$40 billion last year, a record figure.

Shrimp exports reached US\$3.85 billion last year, up 15 per cent year-on-year despite difficulties caused by the COVID-19 pandemic, according to VASEP. Shrimp exports are set to reach \$4.4 billion this year, a rise of 15 per cent over 2020.

Last year's export growth of 6.5 per cent can be viewed as a bright spot in the nation's economic picture, with the growth attributed to the signing of a number of free trade agreements (FTAs).

Analysts said that 2021 would be favourable for shrimp exports, thanks to more orders from abroad.

Though challenges will continue this year due to the pandemic, a target of \$42 billion worth of total exports in 2021 has been set by the agricultural sector.

Also in January, the Bà Rịa-Vũng Tàu Seafood Processing Import - Export JSC (Baseafood) exported its first eight containers of seafood, worth some \$700,000, to Canada, the US, Australia and others.

New generation FTAs

Exporters need to study the technical barriers of each country and region regarding product quality standards, labour factors, the environment, and other aspects to respond to FTAs' requirements in the fastest and most effective manner, experts said.

Meanwhile, exports of vegetables and fruits reached only \$3.26 billion last year, a drop of 13 per cent year-on-year.

Đỗ Thắng Hải, deputy minister of Industry and Trade, said participation in FTAs has helped the import and export market expand and diversify. FTAs have contributed to boosting the country's GDP to more than 300 per cent and increased import-export turnover by 350 per cent, he said.

China remains the largest export market of Việt Nam's vegetables and fruits, accounting for about 56 per cent of market share, according to the Ministry of Agriculture and Rural Development.

On January 1, the UKVFTA, a bilateral FTA with the UK took effect, bringing the country's total number of valid FTAs to 15.

Đặng Phúc Nguyên, general secretary of the Việt Nam Fruit and Vegetable Association, said that exports of vegetables and fruits plummeted last year due to a sharp fall of imports from China, a decrease of about 25 per cent compared to 2019.

To capitalise on market opportunities opened up by these FTAs, PM Nguyễn Xuân Phúc has directed businesses to prepare to exploit existing and new FTAs to participate more deeply in global value chains.

Vegetables and fruit exports depend heavily on the COVID-19 situation. Nguyên predicted they would reach \$3.7 billion this year.

Việt Nam has trade relations with more than 230 markets, including FTAs with 60 economies.

Việt Nam's goods exports were valued at \$27.7 billion in January, up 0.2 per cent from the previous month, and 50.5 per cent from the same period last year, according to the General Statistics Office of Việt Nam.

Six items enjoyed export revenues exceeding the \$1 billion benchmark last month, accounting for nearly 70 per cent of total exports.

Việt Nam had a trade surplus of \$1.3 billion in the month, according to the General Statistics Office of Việt Nam.

5. Rice trading businesses post good results on higher rice price

In 2020, Viet Nam's rice export volume fell by 1.9 per cent year-on-year to 6.2 million tonnes, but export value increased 11.2 per cent to \$3.1 billion, according to calculations based on data from the General Department of Viet Nam Customs.

Climate change and disruptions in supply chains due to COVID-19 have affected Viet Nam's rice production, resulting in an increase in the rice price. Last year, Viet Nam's average rice price for export rose 13.3 per cent year-on-year to nearly US\$499.3/ton.

The rice price was also boosted by rising demand around the world as many countries stockpiled food due to concerns over the pandemic.

This helped rice trading companies like Loc Troi Group JSC (LTG), Vietnam National Seed Group JSC – Vinaseed - (NSC) and Trung An Hi - Tech Farming JSC (TAR).

The fourth quarter financial report showed that Loc Troi's revenue surged nearly 77.5 per cent year-on-year to VND3.5 trillion in the last quarter of 2020. The company's profit after tax was VND163.7 billion in the same period, four times higher than that of 2019.

In the whole of 2020, Loc Troi's revenue declined by nearly 9.7 per cent to VND7.5 trillion, but it still recorded an increase of over 10 per cent year-on-year in profit after tax to nearly VND369 billion as its expenses reduced.

Loc Troi is a leading company in trading agriculture commodities, such as pesticides and seeds, and food which mainly is rice.

Vinaseed also saw a sharp increase in revenue in the fourth quarter after slowing down in the first three quarters.

The company's revenue climbed 22 per cent year-on-year to nearly VND666.6 billion in the last quarter, but its profit after tax fell 6.2 per cent to over VND70 billion as sales and administrative expenses increased 15.6 per cent and 10.5 per cent, respectively. Its profit after tax in 2020 also decreased to VND194.5 billion.

The seed sector, which mainly is rice, plays an important role in Vinaseed's businesses, accounting for more than 93 per cent of revenue and profit. Last year, Vinaseed's industrial centre for seed and agricultural product processing in Dong Thap Province was opened, increasing its production capacity by over 40 per cent.

In the fourth quarter, Trung An reported a rise of 8.5 per cent year-on-year in net revenue to VND613.1 billion, while its profit after tax fell sharply in the same period as its financial activities and other expenses rose. The company's profit after tax decreased by 81 per cent year-on-year to nearly VND6.3 billion.

However, thanks to good results in the first nine months of 2020, Trung An's profit after tax for the whole year still increased 46.5 per cent to VND88.2 billion.

With the rally of rice prices since the beginning of 2021, investors expect businesses in the industry to take advantage of this trend to see positive results in the first quarter of this year.

Viet Nam's rice price for export was quoted around US\$500/ton in January, according to a report from the United States Department of Agriculture.

6. Domestic retailers strive to expand market share in 2021

The local retail market is forecast to grow at a double-digit rate in 2021, so domestic retailers have rushed to open new stores across the country to expand their market share since the beginning of the year.

On Wednesday, Finelife - the high-end supermarket system of Saigon Co.op - opened its fourth store in HCM City's District 7. The store, named Finelife Supermarket Urban Hill, stocks more than 17,000 local and imported organic products like fresh and processed foods, cosmetics, deli foods, fruits, vegetables, beverages and more.

Finelife Supermarket Urban Hill is the first high-end supermarket in Viet Nam to use automatic e-label technology and is also the first local supermarket to have self-checkout counters.

Earlier in January, Saigon Co.op said it launched new Co.op Food stores in Phu Yen, Soc Trang, Can Tho and Ca Mau provinces.

By 2025, Saigon Co.op plans to expand its network to at least 2,000 stores with priority given to improving the investment efficiency of Co.opmart stores and Co.op Food stores as well as on developing large-scale outlets to sharpen its competitiveness, congthuong.vn quoted Nguyen Anh Duc, General director of Saigon Co.op, as saying.

In the short term, Saigon Co.op is working to expand its market share to between 43 per cent and 45 per cent from the current 41 per cent, Duc told the online newspaper.

Another retail giant, Mobile World Investment Joint Stock Company (MWG) which owns the Dien May Xanh and Bach Hoa Xanh retail chains, also opened a number of new Dien May Xanh stores in January.

By the end of 2021, MWG aimed to raise the number of Dien May Xanh stores to 1,000 nationwide and reach revenue of VND5 trillion, 10 times higher than 2020's figure. The firm hopes to have 1,200 Dien May Xanh stores one year later, with revenue 30 times higher than that of 2020 to VND15 trillion and accounting for 60 per cent of the electronics retail market share.

Along with Dien May Xanh outlets, MWG is also striving to have more than 500 newly-opened and upgraded Bach Hoa Xanh stores by the end of 2021. Previously in 2020, it opened 711 new outlets, bringing the number of these stores up to 1,719. The stores last year recorded a combined revenue of VND21.26 trillion in 2020, double that of 2019 and contributing 19.6 per cent of the total revenue of MWG.

Fiercer competition from foreign rivals

According to Vietcombank Securities (VCBS), the domestic retail market will rebound strongly in the second quarter of this year with a growth rate of 14.5 per cent.

However, local retailers face fiercer competition from foreign rivals as many foreign retail brands have entered the Vietnamese market in recent years.

Nguyen Anh Duc from Saigon Co.op said his firm would use digital transformation to better adapt to changes in the market and local consumer behaviour. Also, it will enhance connections with localities nationwide and in overseas countries, he said, adding that these connections are hoped to ensure Vietnamese products continued to be the mainstay of the nation's economy.

Meanwhile, Nguyen Dang Quang, chairman of Masan Group, told congthuong.vn that Masan planned to turn VinCommerce from a pure shopping point of sale into a platform serving essential needs with essential goods and services, accounting for more than 50 per cent of spending on consumer goods, including fast-moving consumer goods, fresh food, financial services and added value services. This was Masan's goal when it decided to expand into the retail sector.

For MWG, it will still focus on the handsets, electronics and essential consumer foods through a chain of small retail stores- a core strength that has helped the firm grow strongly in recent years.

Trade experts said although the COVID-19 pandemic had negative effects, it also motivated Vietnamese retailers to improve their abilities and be ready to

cope with harsher competition as the country has deeply integrated into the global market.

7. Dong Nai looks for investor for 300-hectare industrial park

The industrial park (IP) is one of three IPs approved by the prime minister. The two others are the 300-hectare Gia Kiem and the 190ha Phuoc Binh IP. At present, the provincial Department of Planning and Investment is completing dossiers to call for investment in infrastructure development for the three projects. Cam My IP has yet to complete site clearance.

Once the three IPs come into operation, Dong Nai will have a total of 35 IPs in its master plan for the 2021-2030 period.

According to the plan, the province will have an addition of eight IPs in the period of 2021-2030, including four new projects with the total area of 4,300ha in Long Khanh, Trang Bom, Nhon Trach, among others and four expansion projects, including Dau Giay, Long Khanh, and Tan Phu.

According to a study by the province, enterprises shifting operations from China to Vietnam are boosting IP development and industrial real estate in Dong Nai.

The province also has numerous advantages for IP development while numerous large-scale infrastructure projects are under construction, including Long Thanh International Airport as well as the Dau Giay-Lien Khuong and Ben Luc-Long Thanh highways.

Dong Nai is one of the leading provinces attracting foreign direct investment (FDI) to Vietnam. Despite the COVID-19 outbreak, the province exceeded its investment attraction target of 2020 with more than \$402.2 million.

Especially, FDI in the province's IPs hit a five-year record in the first days of the year, according to the provincial Industrial Zones Management Authority. Notably, the province attracted FDI of more than \$226 million in 11 projects in the first 10 days of the new year.

Three new projects accounted for \$190 million with the other eight being existing projects that expanded investment by \$36 million.

Corporate News

8. SBT: SBT exports South American bananas to South Korea

↑ 0.24%

According to a representative of the firm, South Korea is a relatively fastidious market with many strict quality requirements, adding the shipment had more than 90 per cent of bananas at 'A' level while most exported banana shipments in the region are made up of less than 50 per cent of 'A' level fruits.

The representative said: “The first batch marks the initial success of the co-operation project between SBT and Korean Dole Asia Holding.”

The two sides worked together for nearly a year on purchase, sale and technology transfer co-operation in the South American banana planting project in Việt Nam from March 2020 in Thành Long Farm.

The production process followed the international standards of Dole Asia Holding, with strict control procedures and quarantine and disinfection stations.

SBT said the project applied many advanced techniques and sustainable and environmentally friendly solutions and expected to expand 300 hectares of bananas each year.

To become the leading provider of sustainable and sourced agricultural products in Southeast Asia, the South American banana project aims to help SBB diversify its products, improve agricultural value chains and expand markets.

Along with the South Korean market, banana products will be boosted for domestic consumption and export to many countries such as Japan and Malaysia, said the representative.

Currently, SBT is the leading sugar cane enterprise with nearly half of the local market share with brands of Biên Hòa sugar, Cỏ Ba sugar and other organic sugar.

9. PDR: Phat Dat Real Estate might be added to the FTSE ETF portfolio with restructuring

↑ 1.49%

Two ETFs Vaneck Vectors Vietnam ETF (VNM ETF) and DB x-trackers FTSE Vietnam UCITS ETF (FTSE ETF) will restructure their portfolios by March 22.

Based on the price data at the closing of the trading day on February 3, Phat Dat Real Estate (HSX: PDR) shares may be added to the FTSE ETF's portfolio with a weight of about 1.7 per cent corresponding to about 2.6 million purchased shares, according to Bao Viet Securities Company (BVSC).

Data from the Ho Chi Minh City Stock Exchange revealed that PDR's average capitalisation in the second half of 2020 was over VND14.7 trillion (\$639.13 million), ranking 31st in the whole market.

In 2020, Phat Dat inked strategic agreements with several big names such as property developer Danh Khoi Holdings – Netland Investment, Central Construction JSC, Rita Vo, Kohler, Aka Furniture, and Turner to implement the complex commercial and luxury apartment complex Astral City in Binh Duong province with the total estimated investment of VND8.282 trillion (\$360.1 million).

In 2019, the company also shook hands with Samty Asia Investments Pte., Ltd., a subsidiary of Samty Corporation – a Japanese real estate developer – with an investment of \$22.5 million to support development assistance projects in Ho Chi Minh City.

Phat Dat's shares were also added to the VN30 Index, which accounted for around 80 per cent of the market capitalisation and 60 per cent of the total trading value in the local stock market on February 1.

Besides Phat Dat Real Estate, stocks bought to increase their proportion in this restructuring are Vingroup (HSX: VIC), Vinamilk (HSX: VNM), and Hoa Phat Group (HSX: HPG). On the other hand, BVSC predicts that no ticker would be excluded from the FTSE ETF's portfolio in this restructuring period. However, the shares of Vinhomes, Masan (HSX: MSN), and Vincom Retail (HSX: VRE) can be sold down in this restructuring

As for the VNM ETF's portfolio, BVSC forecasts that no Vietnamese stocks will be added or excluded in the January restructuring period. Currently, Vietnamese stocks account for about 65 per cent of the fund's portfolio. If there are no new foreign shares added, BSVC predicts that the proportion of Vietnamese shares will range from 65-68 per cent of the fund's portfolio.

Of this, the proportion of stocks like Vinamilk, Vingroup, Thanh Thanh Cong-Bien Hoa JSC (HSX: SBT), and others, may increase significantly. On the contrary, stocks to be sold down may include Vinhomes, Novaland (HSX: NVL), and Masan.

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