



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index down on continued congestion, HNX-Index extends gains

Ending Tuesday, the HNX-Index added 0.25 per cent to close the trade at 275.88 points. The northern bourse index has increased for 10 consecutive sessions, gaining more than 11 per cent since early March.

More than 168 million shares worth almost VND2.8 trillion (US\$121 million) were traded in the northern bourse.

Meanwhile on the Ho Chi Minh Stock Exchange, the VN-Index edged down 0.39 per cent to end Tuesday at 1,179.90 points.

According to analysts at vietstock.vn, the trading system on the southern bourse was “frozen” again since 1.30pm after liquidity reached more than VND11 trillion (US\$474 million) in the morning session. Orders not being processed frustrated investors.

Only over VND4 trillion worth of shares were traded in the afternoon, lifting the total trading value to VND15.3 trillion with nearly 684 million shares changing hands.

Information technology shares outperformed the market on Tuesday with FPT Corp (FPT) gaining nearly 6 per cent and CMC Corp (CMG) rising 5 per cent.

Securities, oil and gas and banking were the three groups suffering great selling pressure. Leading companies such as Saigon Securities Inc (SSI), PV

Gas (GAS), PV Power (POW), Vietcombank (VCB), Vietinbank (CTG) and BIDV (BID) all declined.

Large caps also dragged the market when 22 out of the 30 largest shares by market value and liquidity on HCM City’s bourse lost value and only seven gained.

Besides FPT, big gainers include Vincom Retail (VRE), up 1 per cent; Hoang Huy Financial Investment Services (TCH), up 4 per cent; Petrolimex (PLX), up 1.2 per cent; Mobile World Investment (MWG) and Ho Chi Minh Development Bank (HDB) both up below 1 per cent.

According to Bao Viet Securities Co, the VN-Index continues to fluctuate between the upper bound of 1,185-1,200 points and lower bound of 1,150-1,155 points. The peak zone of 1,190-1,200 points is still a strong resistance level in terms of sentimental and technical factors.

“The blue-chip stocks are likely not to have any sudden changes in the trend this week while cash flow will focus on small and medium-cap stocks during this period,” analyst Tran Xuan Bach said in a note.

Meanwhile, BIDV Securities Co predicted the market might continue correcting in the next few sessions but would not fall deeply.

In addition, foreign investors were still net sellers on both bourses. They were responsible for total net sell value of nearly VND258 billion on Tuesday.

Macro & Policies

2. Vietnamese lychee granted geographical indication protection from Japan

Thieu lychee, a unique fruit of the northern province of Bac Giang, has been granted a geographical indication certificate in Japan.

Japan is one of the toughest markets in the world with strict food safety and hygiene standards. “The issuance of the certification will help the lychee in Luc Ngan district widen exports to other countries,” Chairman of Bac Giang Provincial People's Committee Le Anh Duong said.

According to the Department of Industry and Trade of Bac Giang province, about 200 tons Vietnamese fresh lychees were exported to Japan in 2020.

Bac Giang province is growing lychee in more than 15,000 ha of which 298 ha have been applied the Global Good Agricultural Practices (GlobalGAP) and Vietnamese Good Agricultural Practices (VietGAP) for yielding high-quality organic fruit for domestic consumption and export.

Recently, the Vietnamese ministries of Agriculture and Rural Development, and Industry and Trade have granted codes for a total acreage of 103 hectares under lychee cultivation of 19 production units and 107 households with a total output of 600 tons.

This year, Bac Giang province is expected to grant codes to another 219 ha under lychee cultivation of 11 production units for exporting to Japan. The total output is expected to reach 1,500 tons.

The Plant Protection Department under the Ministry of Agriculture and Rural Development is also in the process of evaluating and appraising the production procedures in order to grant area codes for lychees in the coming time.

Thieu lychees have been exported to 30 countries such as China and the EU, Russia, the US and Canada.

Lychee is the fourth fruit from Vietnam that has successfully made inroad into the Japanese market, following dragon fruit, mango and banana.

3. Vietrade, Alibaba.com partner to help firms with online export

The Vietnam Trade Promotion Agency (Vietrade) and Alibaba.com, the global business-to-business (B2B) e-commerce platform of the Alibaba Group, signed a memorandum of understanding (MoU) on supporting Vietnamese firms to boost online export and organised an international e-commerce conference in Hanoi on March 16.

Under the MoU, Alibaba.com pledged to provide technical assistance in digital transformation for trade promotion organisations and small- and medium-sized enterprises (SMEs) of Vietnam.

Meanwhile, Vietrade, an agency under the Ministry of Industry and Trade (MoIT), is committed to working with Alibaba.com to improve the digital transformation and e-commerce capacity of the targeted groups. They are set to continue organising a series of capacity building events to benefit more

than 1,200 businesses nationwide in the next three years.

Besides, long-term cooperation plans related to digital transformation, business brand and product trademark building, awareness improvement, and advice provision for firms to operate on Alibaba.com will also be made and implemented concertedly.

Addressing the e-commerce conference - the first big event of Alibaba.com in Vietnam, Deputy Minister of Industry and Trade Do Thang Hai said e-commerce in Vietnam grew 18 percent in 2020 to reach 11.8 billion USD. Though the expansion was slower than forecast, Vietnam was still the only Southeast Asian nation to post a double-digit growth rate in e-commerce.

As the COVID-19 pandemic has seriously hampered global trading and supply chains, the MoIT has directed Vietrade to adjust many activities to the reality, including stepping up online trade promotion to help enterprises fuel export.

Hai held that Alibaba.com, one of the world's leading e-commerce platforms, is a potential market for Vietnamese businesses to boost sales to customers around the world.

Therefore, cooperating with such big partners as Alibaba.com to carry out trade promotion and export supporting solutions will bring about more chances for local firms to expand in foreign markets, he said.

The official added the MoIT welcomed Alibaba.com's decision to set up an office with Vietnamese staff in the country, which, he said, reflects the company's strong and long-term commitment here.

Zhang Kuo, General Manager of Alibaba.com, said the firm has continually developed partnerships with associations, business partners, and banks with a view to helping SMEs of Vietnam improve their digital capacity and operating, customer managing and order fulfilling skills.

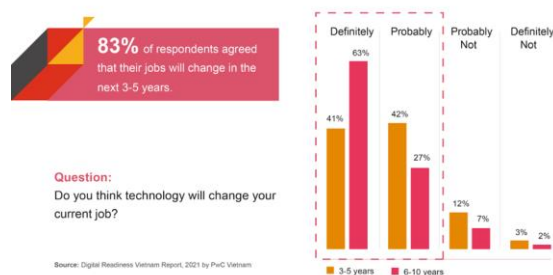
Via the cooperation with partners in Vietnam and the world, Alibaba.com looks to achieve over 100 billion USD in gross merchandise value by 2024, assist more than 10 million SMEs around the globe, and have over 10,000 suppliers from Vietnam involved in B2B e-commerce activities on Alibaba.com.

With the commitment to supporting 10,000 SMEs of Vietnam in five years and promoting digital transformation, Alibaba.com will keep cooperating closely with local authorities to provide suitable and effective online services and solutions, he added.

4. Technology key to improve future job prospects: PwC

Ninety percent of Vietnamese respondents believe that technological developments will improve their job prospects in the future.

The information was revealed in PwC's latest survey on Vietnam Digital Readiness from November 12 - December 27 with nearly 1,150 participants, adding this level much higher than the global sentiment of 60% recorded in PwC's Global Upskilling Hopes and Fears report released in 2019.



Meanwhile, 83% surveyed Vietnamese expected with technology, their current jobs will not look the same in three to five years, and for 90% of respondents in the medium term (six to ten years).

Grant Dennis, chairman of PwC Vietnam, said the survey findings reflect the accelerated presence and influence of technology in the workplace and the pace of change that is to come in Vietnam.

"Going forward, enabling workers and firms to adapt in the new technological environment and empowering them to achieve outcomes will be key to any organisation's success," he said.

The significant impact of technology on jobs, however, comes with a sense of uncertainty, as 45% of Vietnamese respondents expressed concerns around job security due to automation.

This is not surprising, as the uses of digital technologies are increasingly becoming key solutions across industries, while this progress is shaping a future where digital skills are expected to be among the top ten job competencies in the next five years, according to a report by World Economic Forum in October 2020.

"As companies fast-track technology development, it's important to note that employees play a critical role at every stage. While an upgrade or investment

in technology can be immediate, equipping the people with the right skills to meet the needs of the future, helping them thrive in changing conditions of the digital world requires time and constant effort,” said General Director of PwC Vietnam Dinh Thi Quynh Van.

Enabling a future-ready workforce

The need for adapting to new skills resonates with the majority of the survey respondents. The report revealed a majority (93%) are already making efforts to reskill and upskill. Technology related skills are top of mind, with 43% of respondents wanting to become better at learning and adapting to different technologies and 34% looking to become proficient in a specific technology.

It is encouraging to note that 88% of Vietnamese surveyed said that to different extents, they are provided with opportunities to improve their digital skills at work. This shows that businesses are doing their part to meet the upskilling needs of their workforce. However, the skills mismatch and

opportunity gaps are real and widening in an increasingly technology-enabled economy, both globally and locally.

According to PwC's Global CEO survey 2021, 79% of CEOs in the Asia Pacific region expressed concerns about the availability of key skills, compared to 72% globally.

In this regard, while over half of respondents feel the responsibility for upskilling is on themselves, we believe both the government and businesses have important roles in providing people access to inclusive upskilling programmes.

“Covid-19 has intensified the stark mismatch of people with the right skills for available jobs. The need to upskill and reskill people so they can participate in the economy is more critical than ever. Business leaders, governments and educational institutions need to work together to upskill our people to meet the workforce needs of the future and drive an inclusive, sustainable social and economic growth for Vietnam” added Van.

5. Pressure on stock market as investors cry for overhaul

A flood of individual investors has led to outages and trading overload issues for the Ho Chi Minh City Stock Exchange (HSX), with service disruptions coming during a period of frenetic trading.

Appetite for a better trading infrastructure has been seriously hampered by repeated problems which have not been addressed over the years. These outages generate inevitable criticism among traders and call into question the stability of the function's capacity.

Last week, the Vietnam Association of Financial Investors (VAFI) urged the Ministry of Finance (MoF) to replace HSX managers with overseas experts in a bid to resolve trading congestion.

“The HSX has been unable to cope with the daily transaction volume for three months now, and the blame for this lies with the poor management. A new system has been in the works since 2012 but has yet to be installed, though it typically takes only a few years,” VAFI said in a letter to the MoF.

The association publicly criticised the HSX's top management, stating that the head of the bourse “could not understand the stock market or business management.”

“Their incompetence has meant investors are unable to get correct demand-supply data or place orders,” the VAFI added.

The Vietnam Exchange (VNX), the newly-established parent company overseeing the HSX and the Hanoi Stock Exchange (HNX), should be listed and become independent of the ministry and securities regulator, it added.

Suitable experience

According to Nguyen Hoang Hai, vice president of VAFI, the HSX is not only incapable in technology management, but many of its activities also prove inefficient, such as market surveillance with market manipulation (pump-and-dump) fraud.

“Junk stocks are selected for the VN30 index, the 30 largest-cap stocks, easily. While HSX management can justify that they choose because these stocks generate good liquidity, actually the so-called good quality is inauthentic and being controlled by the price manipulation team's securities company to lure inexperienced retail investors,” said Hai.

VAFI believed hiring people with experience in other countries is a common practice elsewhere, and has been applied at the stock exchanges of both Hong Kong and Singapore.

The association also proposed to quickly equitise the Vietnam Stock Exchange and the Vietnam Securities Depository so that these subsidiaries would be better facilitated with international standards.

“Regulators should choose a reputable foreign stock exchange in the most developed stock market as a strategic shareholder. Shareholders will now be responsible for transferring top-notch technology management skills and training personnel,” it said.

In addition, the association suggested that the major bourses and the Depository Centre after equitisation must operate publicly and transparently like a listed company, must be independent and truly separate from the MoF and the State Securities Commission of Vietnam (SSC), and must be subject to special supervision and management from authorities.

The recent euphoria that had swept most stocks higher the past few months has caused congestion in the retrieval and display of order information on the HSX system, as skyrocketing liquidity far exceeds market expectations.

“There are major problems getting orders through and trade confirmation. My buy and sell orders could hardly be matched,” Le Khanh Linh, a mom-and-pop investor, told VIR.

Last December, SSC chairman Tran Van Dung confirmed that it was speeding up implementation of new infrastructure with support from the Korean Exchange (KRX) based on an agreement with the HSX in 2012. The fresh adoption of the new system was due to be completed by 2020, but the pandemic has delayed progress.

More than 20 years ago, the Stock Exchange of Thailand (SET) helped the HSX build a trading system, which has continued to operate until now. To improve trading capacity, market watchdogs believed Thai experts should come to Vietnam to fix the situation because it uses Thai technology.

Feasible solutions

The MoF has simultaneously collaborated with other relevant parties to offer immediate and long-term solutions to ensure safe operation of the system. The ministry also commissioned FPT Corporation, Vietnam's major IT behemoth, to offer solutions to address clogged-up trading.

FPT chairman Truong Gia Binh expressed a positive outlook on a feasible solution to deal with technical problems with the bourse within three or four months.

Duong Dung Trieu, chairman of FPT Information System (FIS) under FPT Corporation, also highlighted that his company is considering developing an alternate system to host the HSX's transactions until it installs a new system from South Korea.

FPT is capable of providing a safe solution for the problem since it has over 20 years of developing software for the stock market, according to domestic media. FIS previously developed the major trading system for the HNX in 2004, the Unlisted Public Company Market in 2009, and the government bond market in 2012.

On the other hand, Nguyen Duy Hung, chairman of Vietnam's largest securities firm SSI, cast doubt on social media. “After three months, if FPT cannot address the issues, who will be held responsible?”

“There is an excessive expectation that investors do not fully understand the trading system or how the market operates,” Hung added. “If it was that simple, congestion would have already been handled. Fixing the systematic problems within three months is unlikely to happen, in my belief.”

Previously, Le Hai Tra, CEO of the HSX, suggested an increase to the board size lot from 100 to 1,000 shares per board lot. He believed that the move could reduce 40-50 per cent of the total number of trading orders, thus enhancing market liquidity and

better protecting retail investors. However, this idea has been gone against the tide of common belief.

According to Bao Viet Securities (BVSC), raising the minimum trading slots is a counter-trend movement against the global trend, as many stock exchanges in other countries are trying to reduce the trading slots. For example, the Singapore Stock Exchange reduced the board lot size from 1,000 to 100 in 2015, and its Tokyo counterpart also reduced it by the same amount in 2018.

Nonetheless, assuming a new trading system is not yet ready to be implemented, an increase in the board size lot could safeguard the trading system from collapse and failed trades – both obvious negatives when it comes to trying to promote Vietnam to an emerging market from a frontier market by both the FTSE and MSCI, BVSC noted.

The idea, however, has thus far been refused by the MoF.

“There is no proposal to raise the board size lot. We are encouraging HSX-based listed companies to voluntarily move their stocks temporarily to the HNX in a bid to lower the number of orders in the former’s system,” Minister Dung said.

Nguyen Thi Tra My, general director of The PAN Group said that the company will temporarily transfer its shares and those of seven members in its ecosystem, such as Sao Ta Food, Southern Seed, Bibica, and Lafooco to the HNX.

Do Ngoc Quynh, CEO of VNDIRECT, said, “These stocks are still listed on the HSX but temporarily transferred to trading in the HNX system to help alleviate high trading order and clogged-up trading for the HSX. Then the Ho Chi Minh bourse would be better prepared create a new trading system. Therefore, the transaction from the HSX to HNX will not change the listing standards or the quality of the transferred shares.

6. Rubber price and export rise in first two months

According to the estimate of the Agency of Foreign Trade under the Ministry of Industry and Trade, in the first two months of the year, rubber exports reached about 320,000 tonnes, worth \$516 million, up 89.9 per cent in volume and 109.9 per cent in value over the same period in 2020.

Particularly in February, rubber exports reached about 130,000 tonnes, worth \$211 million, increasing 68 per cent in volume and 86.2 per cent in value. The average export price has increased by 0.9 per cent compared to January 2021 and by 10.9 per cent compared to February 2020, up to \$1,623 a tonne.

Vietnam mainly exports natural rubber to China, India, South Korea, and China, with the latter accounting for 76 per cent. In 2020, Vietnam’s rubber export turnover to this market reached \$1.78 billion, an increase of 18.1 per cent on-year, reaching 1.36 million tonnes in volume, up 17.3 per cent.

Vietnam is also one of the largest markets supplying rubber to South Korea. The Agency of Foreign

Trade cited the statistics of the Korean Customs Service, saying that in January 2021, Vietnam was the third-largest rubber supplier to South Korea with 393,000 tonnes, worth \$7.51 million, down 13.5 per cent in volume but up 8.1 per cent in value.

Natural rubber prices also recorded positive signs. The average export price in February increased by 0.9 per cent over January 2021 and by 10.9 per cent over the same period last year to \$1,623 a tonne.

Dong Phu Rubber JSC (HSX: DPR) said the average selling price of rubber in the first two months reached VND46 million (\$2,000) a tonne, up 25.5 per cent on-year. Of this, the export price and the entrusted export price was VND43.37 million (\$1885.65) a tonne, while the domestic consumption price was VND48.2 million (\$2,095.651) a tonne.

Tay Ninh Rubber JSC (HSX: TRC) recorded an average selling price of VND46.3 million (\$2,013) a tonne, an increase of 35 per cent compared to the average price of 2020.

According to the report on Natural Rubber Trends February 2021 of the Association of Natural Rubber Producing Countries (ANRPC), based on the preliminary estimates, world production of natural rubber is likely to fall 12.4 per cent on-year to 897,000 tonnes in February 2021, while the world consumption of natural rubber is estimated to recover at 47.5 per cent on-year to 1.103 million tonnes during the same month.

Demand for rubber in the coming time will increase due to the forecast improvements in the Chinese economy, which is the leading rubber consumer in the world, especially in 2021. At the same time, automakers boosting output also increase the demand for natural rubber.

While supply may be interrupted due to weather factors, production in major exporting countries such as Thailand, Indonesia, Vietnam, and Malaysia may decrease. As a result, the selling price of rubber is expected to continue to increase.

The International Rubber Study Group (IRSG) forecasts that the world demand for natural rubber in 2021 will recover thanks to the growth of the commercial vehicle segment, mainly due to emerging markets. Meanwhile, demand for synthetic rubber is forecast to increase 10.2 per cent compared to last year, thanks to strong demand for gloves and other products during the season.

7. Vietnam - emerging market that shone in a difficult year: MoneyWeek

The UK's MoneyWeek news website has run a story highlighting that Vietnam is one of the most promising markets of Asia in a long time thanks to the country's success in COVID-19 control.

The article noted that Vietnam's GDP growth rate of 2.9 percent was low by historical standards – it typically manages 6-7 percent – but still put it ahead of every other major economy in Asia and looks remarkable given the damage that the coronavirus pandemic inflicted on the world.

Even at the peak of the crisis in the second quarter of the year, Vietnam just about eked out positive growth and has recovered quickly, it said.

It held that three things went especially well for Vietnam in 2020. The first will hopefully be irrelevant once the coronavirus pandemic passes, but is encouraging for the country's governance. The second is extremely promising for the evolution of the economy – it's the main reason to believe that Vietnam still has superior prospects to any other comparable emerging economy. And the third bodes well for the stockmarket's long-term progress – although this remains a high-risk market and investors need to expect some ups and downs along the way.

Vietnam's immediate strength is that the impact of coronavirus has been fairly small and controlled

compared to most of the world. So far, it's had around 2,500 reported cases and 35 deaths. As in every country, there will be some unreported cases, but Vietnam's statistics look pretty reliable – if there were large numbers of deaths that had not been recorded, it would be obvious.

“This is not down to luck. All the specialist investors in Vietnam that I spoke to for this article – Dominic Scriven of Dragon Capital, Andy Ho and Khanh Vu of VinaCapital and Craig Martin of Dynam Capital – give a great deal of credit to how quickly the government acted once the first signs emerged that Sars-CoV-2 was going to be a threat,” wrote Cris Sholto Heaton, the author of the article.

He held that the ability to keep the pandemic in check and keep most of the economy open most of the time is a crucial part of why Vietnam did well in 2020 – but it's not the whole story. Longer term, the more important factor is the way that the Vietnamese export sector is benefiting from companies moving some of their manufacturing and sourcing away from China to other destinations.

Relatively good education and skill levels in the workforce and government policies to attract foreign direct investment (FDI) are a key part of this – but that's been true for a long time, added the article.

Corporate News

8. PGB: PG Bank merger plans collapse... again

↑ 0.56%

The management of fuel distributor Petrolimex, which owns a 40 percent stake in PG Bank, has expressed disappointment in the delay in merging at the bank's last two annual general meetings.

Its earlier aborted merger bids were with state-owned VietinBank and Military Bank (MB).

PG Bank announced in 2014 plans to merge with VietinBank. Bank mergers usually mean a larger bank acquiring a smaller one or two banks merging into one and acquiring a common identity.

Vietnam saw its share of such deals at that time like SCB acquiring Tin Nghia Bank and De Nhat Bank, SHB acquiring Habubank and Western Bank merging with PVFC to form PVcomBank.

But PG Bank wanted to keep its own brand and operate as "a bank within a bank," something

without precedence, and predictably the deal collapsed despite four years of talks.

MB announced the same year that it was looking for potential acquisitions and PG Bank was one of its targets. The two held negotiations but no deal was signed.

HDBank immediately came up with a merger proposal, but three years on the two have not been able to finalize a deal.

The repeated failures have taken a toll on the bank. It has not been able to expand since 2014 since an expansion would affect the valuation.

Its charter capital remains unchanged at VND3 trillion (\$130 million).

In 2019, it had said the delay in merging with HDBank was affecting its business and caused employee turnover to increase.

9. AAM: AAM to be put into warning status

↑ 0.90%

On March 11, 2021, the Hochiminh Stock Exchange issued Decision No.132/QD-SGDHCM to put the shares of Mekong Fisheries Joint Stock Company (stock code: AAM) into warning status as of March 18, 2021.

Reason: The Company's profit after tax in 2020 was -11.97 billion dong and the accumulated profit until December 31, 2020 was -2 billion dong. This is a case of warning securities under the Listing Regulations on the Hochiminh Stock Exchange.

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