VIETNAM DAILY NEWS

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Market Analysis

1. Stocks rise for fifth session, VN-Index heads to new highs

The market closed higher on Friday as many large-cap stocks surged and foreign investors continued to pour cash in.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) rose 0.69 per cent, equivalent to 8.35 points, to 1,224.45 points. The market breadth remained positive as 274 stocks climbed while 142 stocks fell and 67 ended flat.

After breaking over 1,200 points again, the index didn't move down but kept edging to new highs.

"The market is expected to continue gaining in the last trading session of the week. After hitting 1,200 points, the market's next resistance territory will be 1,235 - 1,250 points," Tran Xuan Bach, a senior stock analyst from Bao Viet Securities Co., said.

"The market has opportunities to enter new rallies in the near term and is heading to test the above resistance level in the short-term.

"However, we also noticed that the index will likely fall to previous points, before testing new highs," Bach added.

The market's liquidity was high with a trading volume of over 661.3 million shares, worth over VND16.37 trillion.

The rally was mostly thanks to gains in large-cap stocks.

The VN30-Index, which tracks the 30 biggest stocks on the southern bourse, increased 0.97 per cent, equivalent to 11.87 points, to 1,238.03 points. In the VN30 basket, 22 stocks rose, while five declined and three stayed unchanged.

Stocks from banking, real estate and construction, materials and information technology (IT) posted good performance yesterday.

In the top five stocks dominating the market's rally, Vinhomes JSC (VHM) contributed the most for the gain, up 1.72 per cent. Followed by Viet Nam Dairy Products JSC (Vinamilk, VNM), up 1.68 per cent, JSC Bank For Investment and Development of Viet Nam (BID), up 2.39 per cent, Vietcombank (VCB), up 0.93 per cent, and Sacombank (STB), up 4.63 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index rose 0.85 per cent to close the week at 294.89 points. The HNX30-Index also gained 1.82 per cent to 444.22 points.

In Friday's trade, over 181.9 million shares were traded on the northern bourse, worth nearly VND3.5 trillion.

Foreign investors continue to pour into Viet Nam's stock market as they net bought a total value of VND699.16 billion in the market.

Of which, they net bought a value of VND693.62 billion on HoSE and a value of VND13.28 billion on HNX, but net sold a value of VND7.74 billion on UPCOM.

Macro & Policies

2. Vietnam on good economic recovery: Wall Street Journal

The Vietnamese economy is growing again on the back of a strong rise in exports, Wall Street Journal reported.

First-quarter gross domestic product (GDP) picked up 4.48 percent year-on-year, and the recovery is being driven by a surge in goods and services sold abroad, which rose almost 20 percent from last year's figure.

Sales to the US specifically are surging even faster, with no sign of a slowdown on the horizon, it said.

In the 12 months through January, the US's imports from Vietnam accounted for 29 percent of the Southeast Asian country's total exports, far higher than the roughly 20 percent average before 2019.

Wall Street Journal stated that Vietnam emerged as a big winner from the shift in global supply chains, saying some of those gains may not be repeatable, but the US share of Vietnam's exports will remain high for some time.

If the US's economy grows 6.5 percent as forecast by the Organisation for Economic Cooperation and Development (OECD), the North American nation's import demand will be strong, and it will keep the business brisk for export-focused Vietnamese companies.

The US newspaper also hailed Vietnam's control of the COVID-19 pandemic among the most impressive in the world, particularly given the country's income bracket.

"Huge exposure to international commerce would be damaging during a more normal recession, but in this one it has provided crucial economic ballast. Other countries in the region will likely have to wait far longer to fully recover economic losses incurred during the pandemic," it said.

3. Retail industry strives to benefit from US$200-billion market

A fertile soil

After joining the World Trade Organization (WTO), Vietnam has continuously been among the top countries with the most attractive retail markets in the world for many reasons. Of which, the first factor is the potential from a young population. Therefore, the purchasing power is huge.

In the general picture of the strong economic recovery, retail is considered one of the brightest colors. According to the General Statistics Office of Vietnam, last year, the total retail sales of consumer goods and services increased by 2.6 percent compared to 2019, the lowest increase in the 2011-2020 period, but the market scale still added more than US$11 billion. If the market recovers and continues to maintain a high growth rate as in the past years, within two years from now, Vietnam's retail market will possibly hit $200 billion.

Mr. Nguyen Anh Duc, CEO of Saigon Co.op, said that 2020 was an extremely difficult year for Vietnamese retailers. Not only the Covid-19 pandemic but natural disasters, storms, and floods had also dragged down the purchasing power of the market heavily. Amid this situation, the management board of Saigon Co.op had built many different scenarios to adapt to the new situation, with all the proposed scenarios unprofitable. However, at the end of last year, Saigon Co-op still had a profit, although it did not meet the plan. Revenue was estimated at more than VND33 trillion, equivalent to nearly 90 percent of the plan.

The largest commercial center system in Vietnam, Vincom also recorded that during the Tet holidays, the number of visitors to shopping centers still reached about 80-90 percent compared to 2019. The business report of Aeon Mall Vietnam shows that since the shopping centers were reopened as of April 24 last year, footfall rose again, and from October last year, the number of customers to Aeon Mall exceeded 90 percent compared to 2019.

In 2020, despite difficulties, many FDI retailers had continuously expanded their networks across the country. The most prominent retailer was the fashion brand Uniqlo, which opened five more stores in Hanoi and Ho Chi Minh City; MUJI - a famous Japanese brand also set up its very first store in Vietnam at Parkson Dong Khoi shopping mall in HCMC; Fila sports fashion brand also headed North with the opening of two stores in a row in Hanoi; fashion company H&M also launched two more stores in Ha Long and Can Tho cities, bringing the total number of H&M stores in Vietnam to 11, while it had just closed 250 stores globally due to the Covid-19 pandemic. In the culinary sector, the Chinese hot pot brand Haidilao Hot Pot also opened three consecutive stores last year, all in large shopping centers.

Mr. Tadashi Yanai, President cum CEO of Fast Retailing Group, the parent company of Uniqlo, assessed that Vietnam has great potential and will be one of the largest consumer markets in the world.

The time of modern retailing

According to Mr. Nguyen Anh Dung, Senior Director of Retail Intelligence of Nielsen Vietnam, the retail picture in 2020 has been changing a lot, especially the portrait of buyers, which will continue to occur more strongly in 2021. The retail market in modern channels, such as supermarkets and stores, still achieved positive growth last year, and this distribution system will continue to be the driving force of the growth of the fast-moving consumer goods market in 2021, as well as the near future.

It is recorded by the reporter of SGGP Newspaper, in 2020 and up to now, several stores trading clothing, footwear, souvenirs, cosmetics, and food at wet markets in Ho Chi Minh City are still closed to wait for customers. Meanwhile, convenience stores, supermarkets, and shopping centers continued to develop and diversify sales methods in the direction that is most beneficial to consumers. The shift in Vietnam's retail structure from traditional commerce to modern retail channels has been taking place deeply, especially in large cities, like HCMC and Hanoi.

Mr. Nguyen Anh Duc admitted that the Covid-19 pandemic had made the retail market more divided. On the positive side, it helps retailers identify and focus more on their target customers. The rate of transformation of high-end customers is 4-5 times higher than in previous years. This is the reason why Saigon Co-op must promote a new image, along with high-end supermarket chain Finelife in large cities to serve more high-end customers in 2021. This flexibility to kick-off for the strategy in the next three years, in which Saigon Co-op will have 100 supermarkets specializing in high-end products in the market. At the same time, this year, Saigon Co.op plans to expand 10 retail models in the market and diversify the retail models to best meet all the customer segments.

Racing against domestic enterprises, foreign retailers have also planned to invest, upgrade, and develop more new points of sale. Aeon Mall Vietnam revealed that by 2025, Aeon Group would develop 20 shopping centers in Vietnam. To realize that, Aeon Mall has prepared a capital source of up to $2 billion for investment, striving to export $1 billion of goods from Vietnam to Japan and other countries. According to Mr. Nakagawa Tetsuyuki, CEO of Aeon Mall Vietnam Co., Ltd., in the business of shopping mall chains in Asian countries, Vietnam is the country with the earliest recovery, thanks to efforts to effectively cope with the pandemic.

Without revealing the detailed figure, Central Retail Vietnam has invested a lot in the transformation of the new brand identity from Big C to Tops Market and hypermarket Go! in Vietnam, with a completely new look, along with improving shopping space and service quality in order to bring new experiences to customers. Besides, Central Retail Vietnam also opened hypermarkets to cover points of sale in many provinces and cities across the country.

4. Fitch Ratings upgrades Vietnam's outlook to "positive"

Fitch Ratings has revised Vietnam's outlook to "positive" from "stable" and affirmed the long-term foreign-currency issuer default rating at "BB".

The Ministry of Finance (MoF) said the credit rating agency's upgrade of Vietnam's outlook reflects the growth resilience of the country, which was among the few economies in the Asia Pacific region and the

"BB" rating category to maintain positive growth in 2020, at 2.91 percent.

Fitch Ratings recognised Vietnam's fiscal and government debt achievements, its successes in bringing the coronavirus outbreak swiftly under control, strong policy support and export demand, along with continued strengthening of external finances due to persistent current account surpluses and rising international reserves.

It forecast GDP growth of about 7 percent in 2021 and 2022, in line with a broader global economic recovery sustaining export growth and a gradual normalisation of domestic economic activity based on its expectation of continued success by the authorities in containing domestic coronavirus infections.

The agency noted Vietnam's efforts to maintain macro-economic economic stability, sustain high growth, reduce the GDP per capita gap vis-à-vis the country's peers, and further improve public finances, for example, through sustainable fiscal consolidation and debt stabilisation over the medium term are among factors that could, individually or collectively, lead to positive rating action.

Apart from Moody's Investors Service recently raising the outlook for Vietnam to "positive" from "negative" – an unprecedented move in its ranking globally since the start of the COVID-19 pandemic, Fitch Ratings' upgrade of Vietnam's outlook demonstrates credit rating organisations' belief in the Government's effective policies, strong growth prospects, and increasingly solid fiscal space, according to the MoF.

The MoF attributed the improvement in the country's credit outlook to the actively implemented macro-economic stabilisation measures, the enhanced financial – banking system, along with ministries and sectors' efforts to share updated information with Fitch Ratings.

5. Hanoi determined to implement socio-economic development solutions

Hanoi continues to affirm its place as one of Vietnam's economic growth drivers.

According to the municipal People's Committee, its GDP growth is estimated at 5.17 percent for the first quarter of 2021, compared to 4.13 percent in the same period last year and higher than the country's average.

In the context of the global economy facing a range of difficulties, Hanoi remains determined to step up business and production and has carried out measures towards this end.

Its agro-forestry-fishery sector grew 2.51 percent year-on-year in the first quarter. Weather conditions were favourable for agricultural production in the opening months of the year. Cattle and poultry husbandry developed stably, with the African swine fever brought under control.

The industrial and construction sector grew 7.99 percent, compared to 5.59 percent in the first quarter of 2020.

The service sector saw year-on-year growth of 4.54 percent, driven by the finance-banking-insurance sector (7.43 percent), real estate (7.6 percent), and wholesale and retail (6.77 percent). Several sectors posted contractions, however, including artistic and entertainment activities (15.94 percent), administrative and support services (7.3 percent), and accommodation and catering (6.36 percent).

The city's total State budget collections were estimated at 72.8 trillion VND (3.15 million USD), equal to 28.9 percent of the target set for 2021 and up 1 percent year-on-year.

The municipal People's Committee attributed the positive results to the joint efforts and high consensus of the entire political system, the business community, and local people.

It also acknowledged that growth was lower than expectations, and that the transportation, tourism, services, and education and training sectors are still facing challenges from COVID-19.

To achieve the socio-economic development targets set for 2021, the committee asked departments and sectors to continue strengthening pandemic prevention and control measures, doing their best to prevent the pandemic from spreading in the community, keeping a close watch on developments, and making full preparations for all possible scenarios.

The capital will maintain efforts to improve its business and investment environment, administrative reform, and competitiveness, while firmly carrying out activities in support of production and business, encouraging the application of advanced technologies and developing supporting industries and digital transformation.

It will focus on stepping up public investment disbursement and implementation, mobilising private investment in development, helping investors deal with difficulties, and speeding up the process of licensing and implementing projects.

The agricultural sector was advised to keep a close watch on weather developments, step up measures in African swine fever and avian flu A/H5N6 prevention and control, speed up crop restructuring, and expand the application of high technologies.

Hanoi will pay attention to developing production infrastructure and calling on businesses and investors to pour capital into industrial zones, industrial clusters, and hi-tech parks, and at the same time develop the domestic market in line with the "Vietnamese people prioritise using Vietnamese products" campaign and implement consumer stimulus plans and promotional programmes.

Attention will also be paid to building and implementing tourism recovery scenarios, stimulating and developing domestic tourism, introducing creative and attractive new tourism products, and intensifying communications to attract more visitors.

At the same time, departments and sectors are requested to increase the material and spiritual lives of local people, ensure social welfare, care for contributors to the revolution, address unemployment, and boost sustainable poverty reduction.

Along with the implementation of the "all people are united to build new-style rural areas and civilised urban areas" campaign, the capital will also make efforts to ensure social safety and order and prevent fires and explosions.

6. Differences of Vietnam's supply chain analysed

The website Vietnam Briefing run by Dezan Shira & Associates on March 30 posted an article spotlighting Vietnam's integration into the global value chains (GVCs) and the differences between the supply chain of Vietnam and those of other countries, as well as an overview of the country's electronics sector.

The article noted that Vietnam has had increasing and steady economic growth of between 6 and 7 percent in the last decade. Its international trade and foreign direct investment (FDI) inflows have been growing and Vietnam has been outpacing its regional peers in this respect. Vietnam is mostly open to investment across sectors. Despite the pandemic, Vietnam is one of the few countries to report positive GDP growth of 2.91 percent in 2020.

Vietnam is a party to several free trade agreements (FTAs) which are push factors that can help it further integrate into GVCs. The ratification of the EU-Vietnam FTA and the upcoming UKVFTA and RCEP will help further its economy propelling its GDP growth, it said.

The article added that the government has launched several incentives to attract investment and encourage Vietnamese businesses to become a part of GVCs. For example, electronic components are entitled to an import tax of 0 percent, while are there additional incentives in income tax for hi-tech projects and investment in industrial zones. Additional incentives in the form of labor and technology policies are also provided by the government.

The government also supports R&D and the development of advanced IT systems as well as the manufacturing of ICT products. This will be a key theme as Vietnam gets more involved in IoT and 5G communications, according to the article.

With proactive participation in GVCs, Vietnam has steadily grown into a prominent manufacturer and exporter for electronics, ranking 12th in the world and third in ASEAN as an exporter for electronics in 2019, it noted.

It held that the electronics industry can be grouped by Harmonized System (HS) codes in three groups. These include finished products that consist of 3Cs – computer, communication and consumer electronics, subassemblies and components which include electronics components. In 2019, the total export value reached 2.5 trillion USD in 2019.

According to the article, Vietnam had strong growth of around 20 percent for electronic finished products surpassing Thailand and just behind the Republic of Korea in export assemblies in 2019.

Vietnam joined GVCs in the late 2000s and is considered a global tier-2 supplier for 3C products. The top importers for electronics were China, the US, followed by Hong Kong.

The 3Cs finished products group dominates the Vietnamese electronic industry, with communications equipment and consumer electronics leading. While 3Cs dominate Vietnam's electronics, Vietnam's role in the global electronics value chains is limited to be an integrator of components, it said.

GVCs can be broken down further into three parts, upstream, midstream, and downstream activities. Vietnam is mainly integrated in the midstream part with lower value add. These include subassemblies, such as displays and special parts, and finished products such as consumer electronics, communications, and computers. Vietnam is also involved in upstream activities but predominantly in low-value added products such as plastic, glass, and packaging.

The article pointed out that Vietnam still needs to do more to integrate into GVCs and faces several challenges in logistics and infrastructure. There is a gap between raw materials and finished goods. The logistics industry is highly fragmented with more than 3,000 logistic companies. These consist of small and medium enterprises providing low-value services. Goods in Vietnam have to go through many intermediaries from raw materials to delivery, increasing transaction costs. In addition, the connection between different modes of transport is weak as well.

Vietnam also lacks the production scale and human infrastructure thus making moving up the value chain challenging, it said, adding that Vietnam's labor force is also another challenge.

7. Hanoi identifies key tourism products to stimulate domestic travel

The Hanoi Department of Tourism has identified seven groups of tourism products to attract visitors to the capital as the latest resurgence of COVID-19 has been largely brought under control.

Heritage tourism will develop and perfect new tourism products for the Imperial Citadel of Thang Long, the Hoa Lo Prison relic site, the Temple of Literature, and Duong Lam Ancient Village, along with places of worship such as Huong Pagoda, the Tan Vien Son Thanh Temple complex, the Co Loa relic site, and Soc Temple.

Sightseeing, recreation, ecological, and craft village tourism will continue to be developed in localities with the necessary advantages, including the outlying districts of Ba Vi, Soc Son, Thuong Tin, and Dan Phuong, so as to diversify products and meet visitor demand.

Culinary tourism will be promoted in inner districts like Hoan Kiem, Tay Ho, Long Bien, and Bac Tu Liem, home to typical Hanoi dishes.

A greater selection of souvenirs for tourists will be developed, while more showrooms of products in the “One Commune, One Product” programme will be opened to encourage spending.

New products will be also offered for those who wish to experience high-end hotels and entertainment services at four- and five-star hotels.

Tourism products and services associated with the night-time economy will also be promoted, centring on Hoan Kiem district.

Local authorities will also facilitate adventure sports tourism and new entertainment activities such as hot air ballooning, mountaineering, and mountain biking at Ba Vi National Park.

Director of the Hanoi Department of Tourism Dang Huong Giang said Vietnam's borders have been closed to international tourists since April last year. The number of foreign arrivals in Hanoi during this period was insignificant, and were mostly in Vietnam for work.

The resurgence of COVID-19 in late January discouraged many domestic travellers from visiting the capital, she said, adding that it welcomed just 1.93 million domestic visitors and earned some 5.4 trillion VND (234 million USD) in revenue during the first quarter, down 33.4 percent and 65.6 percent, respectively, year-on-year.

Hanoi will adopt various measures to attract 13.16-19.04 million tourist arrivals this year and will also make preparations for when Vietnam reopens its borders to international travellers, Giang said.

Corporate News

8. NAF: Nafoods: Divestment at associated companies

↑ 0.00%

The Board resolution dated March 31, 2021, the BOD of Nafoods Group Joint Stock Company approved the following contents:

1) Approving to withdraw capital in Que Phong Pharmaceutical Materials Joint Stock Company:

- Owning volume: 1,200,000 shares, equivalent to 30% charter capital of Que Phong Pharmaceutical Materials Joint Stock Company
- Selling price: VND 9,835/share
- Total proceeds after the divestment (estimated): VND 11,802,000,000.

2) Approving to withdraw capital in La Giang Agriculture Joint Stock Company:

- Owning volume: 1,200,000 shares, equivalent to 30% charter capital of La Giang Agriculture Joint Stock Company
- Selling price: VND 9,971/share
- Total proceeds after the divestment (estimated): VND 11,965,200,000.

3) Approving to withdraw capital in Tan Thang Breeding Joint Stock Company:

- Owning volume: 100,000 shares, equivalent to 5% charter capital of Tan Thang Breeding Joint Stock Company
- Selling price: VND 5,241/share
- Total proceeds after the divestment (estimated): VND 524,100,000.

9. VPG: Documents of AGM 2021 via the website & member of BOD resignation

↓ -0.76%

Viet Phat Import Export Trading Investment Joint Stock Company announces the following contents:

1) Approving the documents of Annual General Meeting 2021 via the Company's website: http://vietphatjsc.com.vn

2) The Board of Directors received the Resignation Letter of Mr. Nguyen Xuan Truong as member of BOD. Accordingly, the BOD approved the Resignation Letter of Mr. Nguyen Xuan Truong and he is no longer a member of BOD of the Company from March 31, 2021. This resignation will be submitted to the Annual General Meeting 2021.

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