



VIETNAM DAILY NEWS



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Market Analysis

1. Shares hit fresh peak on strong buying force

Shares hit a fresh peak on Monday as strong buying force bolstered market sentiment.

The market benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) closed the first session of the week at 1,260.58 points, up 1.77 per cent or 21.87 points.

The market breadth was positive as 297 stocks gained while 126 stocks decreased during the session. The market's liquidity stayed high with over 817.1 million shares traded on the southern bourse, worth VND19.8 trillion (US\$861.3 million).

“After the sharp drop last week, VN-Index quickly regained its position and surpassed the psychological level of 1,250 points today,” said BIDV Securities Co.

“Investment cash flow poured strongly into the market. Market breadth widened and stayed positive, strongly reflecting the positive trading sentiment.

“Foreign investors continued to be net sellers on both HoSE and HNX. With stable domestic cash flow and excited trading sentiment, the VN-Index is likely to move in the 1,250 -1,280 points range in the next sessions,” the company said.

Foreign investors net sold VND743.05 billion on HOSE, including Vinamilk (VNM) (VND262.8 billion), Vinhomes (VHM) (VND145 billion) and Military Bank (MBB) (VND85.5 billion). Foreigners

were net sellers on the HNX with the value of VND13.43 billion.

The VN30-Index gained 2.3 per cent, or 29.35 points, to finish Monday's trade at 1,306.22 points. Twenty-five of the 30 biggest stocks in the VN30 basket increased while only four declined.

Masan Group (MSN) and Phat Dat Real Estate (PDR) both led this group as they hit the ceiling prices. Hoa Phat Group (HPG) and Khang Dien House (KDH) both gained by more than 5 per cent.

Sacombank (STB), Vinhomes (VHM), Phu Nhuan Jewelry (PNJ) were gainers of over 3 per cent. Bao Viet Holdings (BVH), Techcombank (TCB), Mobile World Group (MWG), Bank for Investment and Development of Vietnam (BID), HDBank (HDB), SSI Securities Inc (SSI), FPT Corporation (FPT), Vietcombank (VCB) and Tien Phong Bank (TPB) were among the advancers with 2-per-cent increases.

ThanhThanh Cong – Bien Hoa JSC (SBT) was the biggest loser with more than 1-per-cent loss. Vinamilk (VNM), PVPower (POW) and Petrolimex (PLX) were the other losers of VN-30 group.

On the Ha Noi Stock Exchange, the HNX-Index gained by 0.90 per cent to close Monday at 295.75 points.

Nearly 158 million shares were traded on the northern exchange, worth VND2.8 trillion.

Macro & Policies

2. National Power Transmission Corporation launches first digital transformer station

Vietnam's National Power Transmission Corporation (EVNNPT) put into operation its first digital transformer station in Thuy Nguyen district, the northern port city of Hai Phong on April 19.

The 210kV station was built at the total cost of more than 348 billion VND (15 million USD) on an area of some 40,100 square metres spanning Dong Son and Kanh Giang communes.

According to EVNNPT Deputy General Director Luu Viet Tien, the station helped cut around 80 percent of the amount of copper cable, slash copper cable transport and installation costs, while reducing the risks of incidents caused by cable damage.

Tien said that the digital transformer station is a new technology in both Vietnam and many developed countries in the world, adding before carrying out construction of the station, EVNNPT held several conferences with large equipment suppliers such as Siemens, ABB and GE.

He said the 220KV digital station will ensure stable power supply for socio-economic development in Thuy Nguyen district, Hai Phong city and regions in the vicinity, reduce power loss as well as enhance connectivity, safety, stability and flexibility in operation of power system.

EVNNPT will make evaluation on the efficiency of the station so as to select suitable technologies for transformer stations in the future.

The Vietnam Electricity Group (EVN) plans to have all equipment on transmission lines and 80 percent of 110 kV circuit facilities digitalised from now to 2022.

By 2025, EVN will have digitalised 100 percent of facilities on medium- and higher-voltage power lines, according to EVN Chairman Duong Quang Thanh.

To that end, the group will press on with applying digital technologies like Internet of Things, big data, and cloud computing, he said, noting that it will use artificial intelligence (AI) in monitoring and examination and make use of cameras and smart drones to repair lines.

It will continue research on building information models and digital worker platforms to serve its staff while developing AI applications for image analysis and data governance.

EVN said it has completed 61 of the 63 centres for remote control of transformer stations and converted 670 of the 844 transformer stations into unmanned ones.

3. Over 1 million people lose jobs on Covid-19 in Q1: GSO

The labor market continues to be severely affected by the third resurgence of the Covid-19 pandemic, with the number of unemployed people in the first quarter rising to nearly 1.1 million, a surge of over 12,100 year-on-year.

This resulted in an unemployment rate of 2.42% in the quarter, up 0.08 percentage points compared to the same period of last year.

Head of the Department of Population and Labor Statistics under the General Statistics Office (GSO) Pham Hoai Nam revealed the information at a press

conference on April 16 on the labor situation in the January – March period.

During the period, a total of 9.1 million workers aged 15 and over had been affected by the pandemic, in which 540,000 were out of work and 2.8 million forced to take temporarily lay-off.

Other 3.1 million faced reduced working hours or unpaid leave, while 6.5 million people received less income than before.

The agro-forestry-fishery sector was the least affected by the pandemic with 7.5% of its workforce hurt by the pandemic. Meanwhile, over 20% of workers in the services sector are struggling with the current crisis, together with 16.5% in the industry and construction sectors.

Nam also noted that the total number of workforce in the first quarter declined by 1.1 million against the previous quarter and 180,900 year-on-year.

“The latest Covid-19 outbreak in the country has delayed the recovery of the labor market, forcing workers, especially women, to seek jobs in informal sectors,” Nam said.

In the first quarter, the number of people unable to find jobs were 971,400, up 143,200 quarter-on-quarter.

According to Nam, these figures indicate difficulties and challenges that the economy is facing at the moment, saying drastic measures are needed for Vietnam to realize the dual target of both containing the pandemic and boosting economic recovery.

To address issues in the labor market, the GSO recommended the government to soon put the “vaccine passport” into practice, along with setting up criteria for opening up tourism market for foreign tourists.

“This would prevent the services and tourism sectors from missing opportunities to recover and grow,” it added.

4. Vietnam’s economic growth fueled by its role as global manufacturing hub

A study released by Oxford Economics on April 13 showed that Vietnam was one of only a few economies globally to grow in 2020. A strong recovery in export-orientated manufacturing fueled a 2.9% gross domestic product increase.

Vietnam's exports of goods rose 6.9% in 2020, a moderation from an 8.5% growth in 2019, but still a solid achievement, given that world trade fell 7.8% amid the Covid-19 pandemic.

The country also further strengthened its world market share to 1.6% of goods exports in 2020, up from 1.4% in 2019 and 0.5% in 2010, as a substantial rise in foreign direct investment (FDI) has increased the country's role in the global manufacturing supply chain.

Part of Vietnam's recent export outperformance also reflected some temporary factors. In particular, its successful containment of Covid-19 enabled the manufacturing sector to normalize faster than most other countries in the region.

According to Oxford Economics, Vietnam has been able to take full advantage of the work-from-home-related global boom in demand for computers, electronics and furniture. However, these tailwinds will likely fade this year as an easing in restrictions

will allow production in other countries to normalize.

“Supported by robust FDI, we estimate that Vietnam will account for around 4% of global electronics exports in 2025. This could be even higher if emerging logistical bottlenecks in Vietnam are eased by higher infrastructure investment,” Oxford Economics noted in the research.

Moreover, the rise in the U.S.-China trade tensions since 2018 and the imposition of hefty import tariffs on China by the United States have further enhanced Vietnam's attractiveness as a destination for FDI, with a notable increase in inflows from China and a surge in the U.S. consumer demand.

The U.S. imports shifting away from China and a faster normalization of production post-lockdowns saw Vietnam's exports to the United States grow nearly 26% in 2020 and its share of U.S. imports rise to 2.7%, up from 1.9% in 2017.

Vietnam's export manufacturing sector would be buoyed by a rebound in world trade this year. Indeed, as Covid-19-related restrictions are rolled back and vaccines become more widely available, Oxford Economics forecast world trade in real terms will surge nearly 10% in 2021. This is in part

because of the US\$1.9 trillion stimulus package of the United States, which will also likely bolster the U.S. demand for Vietnamese exports.

5. Japanese companies increase presence in Vietnam's retail market

Addressing a press conference on April 15 announcing the seventh Japan Vietnam Festival, Hirai Shinji, chief representative of JETRO in HCMC, said Vietnam remains an attractive destination for Japanese companies to invest in the manufacturing sector. However, Japanese companies are gradually shifting to non-manufacturing sectors, especially retail, to take advantage of a growing middle class in Vietnam and a population of nearly 100 million.

A report of JETRO several years ago showed that up to 40% of Japanese investors in Vietnam were active in the manufacturing sector. However, the figure has dropped to some 20% at present.

Japanese food manufacturer Meiji recently announced the establishment of its operations in Vietnam with charter capital of 200 million yen (US\$1.8 million) to sell the Meiji-branded infant formula imported from Japan.

Sojitz Corporation and Vietnam Livestock Corporation, a subsidiary of Vietnam's leading dairy producer Vinamilk, have reached an agreement to establish a new joint venture for the purpose of importing, processing and selling beef products in Vietnam.

Aeon opened its sixth shopping mall in Vietnam last December and fashion brand Uniqlo opened its seventh outlet in the country in March 2021.

Many other Japanese retailers such as household goods chain Muji, pharmacy chain Matsumoto Kiyoshi and fashion brand Miki House have opened their first outlets in HCMC and have plans to expand to other cities.

At the Japan Vietnam Festival organized in HCMC this weekend, Japanese retailers such as

FamilyMart, Hachi Hachi, Kamereo, Akuruhi and Logitem will present a wide variety of Japanese products, from clothes and food to cosmetics from 50 Japanese producers. Many of the products will be introduced to Vietnamese consumers for the first time.

In terms of e-commerce, JETRO and Japanese companies have collaborated with large e-commerce platforms in Vietnam such as Shopee, Lazada and Tiki to enable Vietnamese consumers to access Japanese goods.

Japan's exports of agriculture-forestry-aquaculture products and food to Vietnam in 2020 rose 17% compared with 2019, helping Vietnam become Japan's fifth biggest importer of these products after Hong Kong, the United States, mainland China and Taiwan.

Amid the Covid-19 pandemic, Japanese instant products such as ice cream, spices, natto (fermented soybean), vinegar and masks have become more familiar among Vietnamese consumers.

The seventh Japan Vietnam Festival will be held at September 23 Park in District 1, HCMC, from April 17 to 18, featuring hundreds of booths selling Japanese and Vietnamese products.

Visitors will also enjoy music performances by famous artists from both countries such as girl band Elfin, boy band Amatoudanshi and singers Exile Atsushi, Dong Nhi, Ong Cao Thang and Minh Hang.

Besides, there will be a Karate Show, a Bon Odori performance (Japanese traditional dance) and other cultural events.

6. HCM City aims to become leading investment destination in region

Ho Chi Minh City is applying measures to become a leading destination in the region in investment,

renovation, and science-technology in 2025, creating a fair and safe business environment for businesses and investors.

Under a new plan issued recently by the municipal People's Committee for the 2021-2025 period, HCM City will continue to improve the Provincial Competitiveness Index (PCI) while seeking measures to improve the investment and business environment towards easier, more transparent and fair orientations.

The city expects to become one of the five leading localities in PCI by 2025.

Meanwhile, HCM City aims to enter the list of top localities nationwide in socio-economic management quality, with rapid digital transformation.

To this end, the municipal People's Committee has introduced a number of measures, including strengthening the leadership and direction of improvements to the city's competitiveness as well as the local business and investment environment,

and building plans to speed up administrative reform.

To increase the PCI component indexes, the city targets that at least 93 percent of business registration requests and 40 percent of investment licence issuance will be processed online.

It will also enhance the operational efficiency of the centre for land reserve development to prepare land for investors.

Along with making public all processes regarding administrative procedures to make it easier for people and businesses to follow, the city will also work to reduce the time needed for processing and improve public service quality.

The municipal People's Committee has assigned the Department of Planning and Investment to cooperate with the Vietnam Chamber of Commerce and Industry (VCCI) to design and implement a set of criteria to assess the capacity of departments, sectors, and localities around the city in applying measures to improve the business and investment environment and the PCI in the 2021-2025 period.

7. Vietnam's export sectors become M&A targets for foreigners

In 2018, Japan's Itochu Corporation purchased 10 per cent of the shares of the Vietnam National Textile and Garment Group (Vinatex) at a reported \$47 million. Itochu raised its stake to about 15 per cent, thus becoming the second-largest shareholder after the ministry of Industry and Trade (MoIT).

Other major M&A deals include the one between the Taekwang MTC Vietnam Co Ltd and the Jin Heoung Vina JSC in the leather-footwear industry. Korean investors, who have inked a number of M&A deals, have concentrated on sectors like textiles-garment and leather-footwear, besides electronics.

Experts have called for streamlining legal regulations, especially those on information transparency like setting up a regular consultative

mechanism between the MoIT and the ministry of planning and investment to develop an M&A database that would protect the interests of all sides.

Vietnamese enterprises should proactively diversify technical solutions to keep the information transparent, identify the targets in M&A deals, and analyse partners to avoid risks during negotiations, they have said.

Vietnam's textiles-garment industry is known for its low labour costs, and has been identified as one of six sectors on a list of supporting industry products prioritised for development. Vietnam is now known as the "footwear factory" of the world, and has also been establishing itself as the world's electronic manufacturing hub.

Corporate News

8. VIC: Vingroup eyes second VinFast car plant in central Vietnam, report says

↑ 0.70%

Vietnam's biggest conglomerate Vingroup is looking to establish a second VinFast automobile plant in the country, according to documents submitted to local authorities which were reviewed by Reuters.

The planned construction would be on a 3,700-acre plot in the northern central province of Ha Tinh, be developed by Vingroup's Vinhomes property unit and house a new car plant and supported facilities, according to the documents, which were submitted to the Ha Tinh People's Committee on April 13.

News of the expansion comes after sources told Reuters that VinFast, Vietnam's first domestic car manufacturer, was considering an initial public offering in the United States in a deal that could value the carmaker at about \$60 billion.

The new plant will be for producing and assembling cars and parts, the statement said.

A Vingroup spokesman was unable to provide comment.

"Local authorities and Vinhomes will meet and work together soon to finalize the plan," a local official in Ha Tinh told Reuters by phone. The official declined to be named because they were not authorised to speak to the media.

VinFast became Vietnam's first fully fledged domestic car manufacturer when its first gasoline-powered models built under its own badge hit the streets in 2019.

The company sold about 30,000 vehicles last year and has forecast sales of more than 45,000 for 2021. It is aiming to begin delivery of electric vehicles produced at its factory in the northern port city of Hai Phong to domestic customers by December this year.

Sources said last month Taiwan's Foxconn was in early stage talks with VinFast about partnering on electric vehicles.

9. PNJ: PNJ targets 20% revenue growth this year

↑ 3.41%

It plans to achieve this by improving its autonomous supply chain, quickly expanding its retail network, optimising all its stores, reducing costs, and improving the customer experience and market forecast.

It also plans to invest further in technology.

"PNJ plans to open 40-45 more stores this year," she said.

The company held its annual general meeting of shareholders in HCM City on Saturday, and shareholders approved a number of targets and plans for 2021, including a private placement of 15 million shares at VND10,000 per share, equivalent

to 6.6 per cent of its outstanding shares, to raise its charter capital from VND2.276 trillion (\$98.6 million) to VND 2.426 trillion (\$105.1 million).

The fund raised will be used to strengthen jewellery production capacity, improve production technologies and product designs, expand the retail network, and speed up digital transformation.

Shareholders also approved the issuance of more than 3.4 million shares at VND10,000 per share to employees who have made outstanding contributions.

Talking about the company's vision for this decade, Dung said: "PNJ aims to become the leading jewellery production and retail company in Asia."

Le Tri Thong, the company's CEO, said despite difficulties last year due to the prolonged COVID-19 pandemic, PNJ grew net revenues by 21 per cent to over VND17.5 trillion and profit after tax by 28 per cent to VND 1.07 trillion.

According to Forbes Vietnam, the brand value of PNJ climbed by \$15.5 million last year to \$94.1 million, rising three places to 21st in the country and remaining at the top of the personal consumer goods industry.

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