



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN-Index inches higher, foreign investors flee from market before long holiday

Shares ended mixed Thursday with the VN-Index continuing its upward trend on bank stocks while foreign investors fled from the market.

The market benchmark VN-Index edged 0.8 per cent higher, or 9.84 points, to finish the trading day at 1,239.39 points. The market breadth was still positive as 220 stocks rose while 167 fell and 53 stocks ended flat.

The market's liquidity was higher than yesterday with nearly 647.2 million shares traded on the southern market, worth VND19.3 trillion.

The index was boosted by large-cap stocks, mainly in the banking sector. The 30 large-cap stocks tracker VN30-index increased 1.41 per cent to 1,312.28 points. Twenty of the 30 biggest stocks in the VN30 basket inched higher yesterday while ten stocks decreased.

In a daily report to investors, MB Securities JSC said that the recovery of the banking sector was the driving force supporting the market rebound.

The cash flows remaining high not only helped the index gain points but also eased investors sentiment amid selling pressure earlier this week, the firm added.

"On the technical front, the market has created a buffer zone for the bottom in the short-term, the upper bound at the resistance territory of 1,300 points will fluctuate," MB Securities said.

However, the securities firm forecasted that the fluctuation is not a big concern as the upward trend will still dominate due to current optimistic signs, both internal and external.

Many big bank stocks posted great performance yesterday with VPBank (VPB) leading the gains, up 6.36 per cent. Vietcombank (VCB), Vietinbank (CTG), Techcombank (TCB), HDBank (HDB) and Asia Commercial Bank (ACB) all jumped more than 1 per cent.

Other stocks from materials, real estate and construction, and utilities also witnessed big gains. Of which, Hoa Phat Group (HPG) edged 3.75 per cent higher, Vietnam Rubber Group JSC (GVR) up 3 per cent, No Va Land Investment Group Corporation (Novaland, NVL) up 2.66 per cent and PetroVietnam Gas JSC (GAS) up 1.95 per cent.

On the contrary, Vinhomes JSC (VHM) reported the biggest losses, down 1.59 per cent. Other stocks weighing the market were Saigon Beer - Alcohol - Beverage Corporation (SAB), Vingroup JSC (VIC) and Masan Group (MSN).

Meanwhile, on the Ha Noi Stock Exchange (HNX), the HNX-Index fell 0.11 per cent to 281.75 points despite gains in large-cap stocks. The HNX30-Index rose 0.17 per cent to 419.19 points.

During the session, over 121.4 million shares were traded on HNX, worth nearly VND2.4 trillion.

Foreign investors fled from the market again as they net sold a value of VND378.49 billion. Of which, they net sold a value of VND410.82 billion on HoSE, while net bought a value of VND16.13 billion on HNX and a value of VND15.9 billion on UPCOM.

Viet Nam's market will close on Friday due to the long holiday.

## Macro & Policies

### 2. Vietnam property enterprises expect positive outlook in next 12 months

Nearly half of property enterprises forecast their business results will be better in the next 12 months, according to the latest survey conducted by Vietnam Report, a Vietnamese consulting company.

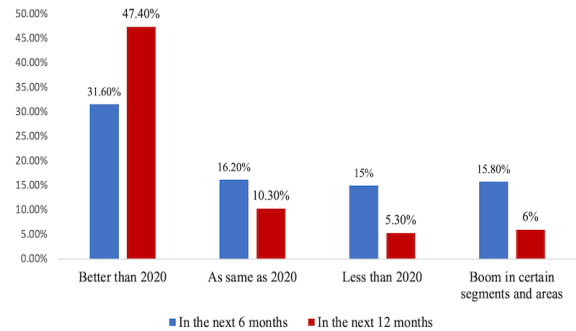
About 15.8% of surveyed enterprises said that there will be an explosion in certain segments and markets in certain regions in the next six months. Only 15% respondents felt their business results would be more difficult in the period.

The real estate market will face some big challenges in 2021, including the unpredictable development of the Covid-19 pandemic, the lack of concrete policies on certain segments such as condotel, officetel, and shophouse, leading to different treatment among cities and provinces.

The survey also noted that the process of appraising, approving and licensing construction investment projects remains long and complicated.

According to the survey, priorities for real estate companies continue to ensure the efficiency, quality and progress of existing projects as well as hiring and training human resources to meet market demand.

Firms are expected to promote investment, technology application, branding, R&D, resource assessment, and corporate restructuring, according to the report.



In the new normal, all businesses agreed that they need to take the initiative to promptly prepare different scenarios to cope with uncertainties.

More than 72% of surveyed enterprises stressed the necessity to honor prestige and brand in doing business to overcome current difficulties.

About 36.4% of enterprises participating in the survey call for the government to continue to expand and consider supporting policies for the business community.

A majority in the survey believe that developing new markets and enhancing digital transformation in sales and management are the solutions to positively support them to sustain and thrive in the current context.

### 3. New wave of high-tech ventures await entry

Director general of the Ministry of Planning and Investment's (MPI) Foreign Investment Agency (FIA) Do Nhat Hoang confirmed that the number of South Korean investors setting eyes on Vietnam has been increasing, even during the pandemic when all trade and investment activities were interrupted.

With hundreds of newly-registered and capital expansion projects arriving every year, with around \$5-10 billion of the total investment, South Korea was the first of 139 countries and territories

investing in Vietnam in March. According to the FIA, there were more than 9,000 valid projects by South Korean investors in Vietnam with the total registered investment of \$71.5 billion, ranking first both in registered capital and the number of projects.

"There were twice as many South Korean projects than Japanese investors [ranking second], with \$9 billion more in capital. This confirms the determination of South Korean investors, as well as

the quality of their investment in Vietnam,” said Hoang.

He confirmed that South Korean investors are receiving investment certificates and making inquiries day by day, and clearly felt the growing attention of South Korean investors over the past years, especially in projects related to high technology and green development.

Last week was the first time the MPI collaborated with the Korea Federation of Small- and Medium-sized Enterprises (KBIZ) to organise an online conference with the participation of hundreds of South Korean businesses from energy, industry, electronics, and services. Of these, investors expressed greatest interest in semiconductor production, with many expressing eagerness to enter Vietnam at the soonest to carry out billion-dollar projects. They said they were impressed with Vietnam as a destination for semiconductor projects, thanks to the affordable investment and skilled human resources.

Investment in semiconductor production has increased significantly in Vietnam thanks to the country's policies encouraging digital transformation as well as its advantages in exporting – and the interruption of global supply chains. Most recently, AT&S, an Austrian semiconductor manufacturer, began looking for a location to build a factory in Vietnam with a total investment of €1.5 billion (\$1.8 billion). At the same time, Intel Products Vietnam, a subsidiary of the US' Intel Group, received an investment certificate for an additional investment of \$475 million to build the most modern facility for testing and assembling chips in Saigon Hi-tech Park (SHTP), raising its total investment to \$1.5 billion, according to director general Ingolf Schroeder.

Samsung Electronics Ho Chi Minh City CE Complex has also just been approved to change from a high-tech into an export processing business that can facilitate its supporting businesses, especially semiconductor producers, to gain more added value. Meanwhile, in February, a new semiconductor player from the US, United States Enterprise, has set foot in Danang Hi-Tech Park with a \$110-million project.

Highly appreciating the plans of South Korean semiconductor manufacturers, director general Hoang emphasised the special incentives Vietnam is

offering in high-tech sectors and semiconductor production. “Numerous giants, especially from South Korea, have been developing research and development centres in Vietnam, which is good condition for semiconductor manufacturers to invest here. We are ready to extend special incentives like corporate income tax under 10 or even 5 per cent for high-tech projects committing to technical transfer. Immigration procedures can also be fast-tracked if investors can provide evidence of their plans or existing projects in the country,” said Hoang.

The Economist Intelligence Unit under The Economist gave Vietnam six points out of 10 for its foreign investment attraction policies, with India and China getting only 5.5 points. Meanwhile, Vietnam scored 7.3 points in controlling foreign trade and exchange, while it was 5.5 points for India and 6.4 for China.

However, despite the favourable conditions here, not all of foreign projects succeed. Talking to VIR, Ko Sang Goo, founder of K&K Global Trading Co., Ltd., the operator of the K-Mart and K-Market chains in Vietnam, discussed challenges of bad timing and poor preparation, bringing up the Korean Town in the VKO building in Hanoi, which it had to close very soon after opening.

Meanwhile, several projects were not developed even a decade after receiving their investment certificates. Specifically, Leeku Vina Co., Ltd., which planned to build a factory producing stainless steel in My Phuoc 3 Industrial Park in the southern province of Binh Duong, has done nothing since receiving approval for its \$600,000 investment in 2008. In 2012, the project was transferred to Duck Heung Wire MFG, but there were no developments, excepting for paying around \$242,000 rent for the 2008-2012 period.

“Investors, who do not seriously implement their investment projects in the committed schedule will not receive the land use right certificates or any support of local authorities,” Hoang said, adding that these are only singular cases among thousands of South Korean projects that are operating successfully in Vietnam, for both sides' benefit. “I believe that the quantity and quality of South Korean projects will improve in the time coming and South Korea will remain the leading foreign investor in Vietnam, and even widen the gap with the runners-up,” he said.

#### 4. CPI in April records decline of 0.04%

This latest decline in the CPI can largely be attributed to a plentiful supply of goods coupled with a low consumption demand for electricity and water.

CPI in April climbed by 2.7% against the same period from last year, while the average CPI during the initial four months of the year saw an increase of 0.89%, the lowest rise since 2016, with core inflation increasing by 0.74%.

Among the 11 main groups of consumer goods and services throughout April, a CPI decline was recorded in four categories, including restaurant and food services (down 0.13%), housing and construction materials (down 0.43%), post and telecommunications (down 0.2%), and cultural, entertainment, and tourism services (down 0.11%).

Elsewhere, the surge in the CPI could be seen in six groups, including transportation (up 0.87%), beverage and tobacco (up 0.14%), and household appliances (up 0.11%), while prices remained stable in other groups, such as garment and footwear.

According to the GSO, there are a number of other factors behind the CPI increase during four-month period, including rising rice prices and the

increasing consumption demand for sticky rice and other forms of delicious non-glutinous rice during the Lunar New Year festival, known locally as Tet.

These moves have served to make rice prices during the reviewed period climb by 7.76% against the same period from last year. Experts also attributed the CPI hike to rises in the prices of food, oil and gas, and educational services.

Along with reasons for the CPI increase, experts said the slight CPI decline was also affected by the Government's deployment of support packages for residents and businesses negatively impacted by the novel coronavirus (COVID-19) pandemic.

In addition, railways, airlines, and travel firms have also offered attractive discounts to stimulate tourism demand, causing travelling ticket prices to decline.

April witnessed local gold prices move in tandem with global gold prices, while the US dollar in the global market rose amid a tightening control of interest rates in the United States, along with improved prospects relating to the implementation of the COVID-19 vaccination programme in Europe.

#### 5. Startups see investment rise by 34 pct

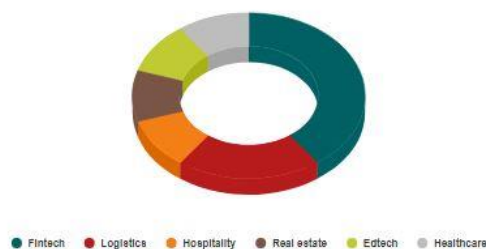
But the number of deals continued to fall, almost halving from 2019 to 16, according to a report by South Korean venture fund Nextrans.

Foreign investors outperformed their local counterparts with nine deals, it said.

Seed funding and series A investment, the first two stages, remained dominant, accounting for 70 percent of the deals.

Fintech once again led with four of the 16 deals, followed by logistics, hospitality and real estate.

Investment in Vietnam startups by industry  
2019-Q1 2021



Vietnam is expected to grow at the fastest rate in Southeast Asia in terms of digital financial services revenues in the next five years, reaching \$3.8 billion by 2025, the report said.



Other sectors such as e-commerce and medtech are also expected to boom in the coming years, it added.

The most notable deals in the first quarter included an investment of \$2.6-million from a group of investors led by Singapore venture capital firm Jungle Ventures in electric motorbike brand Dat Bike, and a \$1 million by investment fund AppWorks in healthcare service booking platform Docosan.

A venture capital fund alliance comprising 17 investment companies are committed to investing \$800 million in Vietnamese startups in 2021-25.

The government has also been making efforts to support startups, with former Prime Minister Nguyen Xuan Phuc approving the National Digital Transformation Program in June last year.

Startup events have been organized to help new companies promote their ideas and connect with potential investors, attracting thousands of participants.

## 6. Measures to bring Vietnamese goods to the world sought

Ways to facilitate Vietnam's development of cross-border e-commerce were discussed at a workshop on exporting Vietnamese products to the world with Amazon on April 28 in Hanoi.

The workshop was held jointly by the Vietnam E-commerce and Digital Economy Agency at the Ministry of Industry and Trade, the Hanoi Department of Industry and Trade, and Amazon Global Selling.

Lai Viet Anh, deputy head of the agency, said Vietnam has the fastest cross-border e-commerce growth rate in the world.

Cross-border e-commerce continues to be an effective way for Vietnamese businesses to open their doors to global supply chains and minimise risks when traditional supply chains are disrupted or stagnant due to the COVID-19 pandemic, she added.

Last year, despite the impact of the pandemic, Vietnam's business-to-consumer e-commerce sales grew by 18 percent to 11.8 billion USD, accounting for 5.5 percent of the country's total retail sales and service revenue. It is eyeing annual growth of 25 percent during 2021-2025, to hit 35 billion USD.

To help Vietnamese goods connect effectively with the global market, Anh stressed the need for enterprises to engage in and adapt to the trend, besides measures carried out by competent agencies.

Assessing cross-border e-commerce as an effective export channel, acting director of the Hanoi Department of Industry and Trade Tran Thi Phuong Lan said that sales via e-commerce platforms are also one of the fastest ways for businesses, especially those of small and medium size, to build their own brands for bringing goods to the world.

Gijae Seong, Vietnam Country Manager at Amazon Global Selling, said his company hopes to contribute more to the development of cross-border e-commerce in Vietnam.

Joining hands with the Ministry of Industry and Trade in helping Vietnamese businesses develop cross-border e-commerce, Amazon Global Selling officially launched a programme aimed at enhancing support for Vietnamese sellers on their journey to the world by providing them with cross-border e-commerce knowledge, helping them set up and operate stores on Amazon, and improve their competitiveness.

## 7. Fruit exports to the US thrive

Each year, this business exports about 50 million USD worth of fruit to the US, being among Vietnam's

leading fruit exporters. Fruit export turnover to the US rose more than 20 percent in the first quarter of this year, making a strong recovery post-pandemic.

Growth is expected to continue in the future due to increasing market demand.

The US is Vietnam's second-largest fruit market, after China. It imports about 150 million USD worth of fruit each year. While the figure is rather modest, it is still significant in creating a driving force for fruit growers to improve the quality to meet the requirements of other demanding markets.

Greater profit margins will create fiercer competition in the market. The price of Vietnamese fruit, meanwhile, is always higher than in countries such as Thailand.

Prices are expected to fall in the time to come, though, as more enterprises invest in post-production facilities and irradiation areas. This will be a foundation for enterprises to cooperate more strongly to sustainably exploit markets.

## Corporate News

### 8. VHM: Vinhomes revenues double, but profits sharply down

↓ -1.59%

But pre-tax profits were down 30 percent to VND7 trillion due to rising selling expenses.

At the end of last year, the company had claimed to have 16,800 hectares of lands for residential and commercial projects.

It recently received approval from the government to develop the Dai An urban area in the northern

province of Hung Yen, which will spread over 294 hectares, cost VND32.6 trillion and be completed in 2027.

It plans to complete and hand over three other urban areas this year, one in Hung Yen and two in Hanoi.

### 9. OCB: OCB shares 'undervalued,' says bank chairman

↑ 0.64%

He said his assertion was backed by many stock brokerages that have suggested a price of VND30,000 (\$1.31) for the OCB ticker, currently trading on the Ho Chi Minh Stock Exchange (HoSE) at VND24,000.

A private bank usually has a price to earnings (P/E) ratio of 11, while that of OCB is less than 7, he said. The P/E ratio reflects how much investors are willing to pay today for future growth expectations.

OCB listed on the HoSE on January 28 when the market plunged, pulling it down by 20 percent in the first session. The ticker has since recovered by 27 percent.

The bank plans to pay dividends by shares with each shareholder allowed to buy 20-25 more shares for every 100 shares owned.

It also wants to issue 70 million shares via private placements and five million shares to its employees. Several foreign investors have expressed interest in the bank since last year, Tuan said.

The bank's charter capital is set to rise by 32 percent this year to VND14.45 trillion (\$627 million).

Last year, the bank's pre-tax profit surged 37 percent year-on-year to VND4.42 trillion. It targets a 25 percent credit growth this year, pending approval from the central bank.



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