



# VIETNAM DAILY NEWS



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## Market Analysis

### 1. VN-Index falls for second day to hover around 1,360 point-level

Viet Nam's stock market ended mixed yesterday as the benchmark reversed the morning course on resurging selling pressure.

On the Ho Chi Minh Stock Exchange (HoSE), the VN-Index fell in a choppy session to get closer to the 1,360 point-level. Accordingly, the market benchmark lost 2.15 points, or 0.16 per cent, to 1,360.94 points. It inched higher in the morning trade on key material stocks.

The market's breadth was negative with 197 stocks declining while 172 stocks rose. But the liquidity was lower than some recent sessions as investors poured nearly VND24.41 trillion (US\$1.06 billion), equivalent to a trading volume of 689.8 million shares.

The index's reversal was mainly driven by a sell-off in bank stocks in the afternoon trade. The 30 biggest stocks tracker, VN30-Index also slid by 0.31 per cent to 1,489.54 points.

Sixteen stocks of the 30 biggest stocks in the VN30 basket decreased, while 11 climbed and three ended flat.

Even though many big banks recorded losses in the market, real estate stocks still led the trend.

The trio stocks of the Vin family, including Vinhomes JSC (VHM), Vingroup JSC (VIC) and Vincom Retail JSC (VRE), fell 0.89 - 1.01 per cent in market capitalisation.

Other stocks contributing to the losses were VPBank (VPB), down 1.69 per cent, Techcombank (TCB), down 0.94 per cent, and JSC Bank for Investment and Development Of Vietnam (BIDV, BID) down 0.7 per cent.

However, the losses were limited by gains in some large-cap stocks, especially in the material sector.

Of which, Masan Group (MSN) was the biggest gainer yesterday, up 1.51 per cent. It was followed by Vinamilk (VNM) and Mobile World Investment Corporation (MWG), up 0.78 per cent and 1.53 per cent, respectively.

The move was in line with expectations from Saigon - Hanoi Securities JSC (SHS). In a daily report to investors, the securities firm said that the VN-Index may continue to struggle and fluctuate between the resistance zone of 1,370-1,380 points and the support zone of 1,325-1,350 points.

It also suggested that investors who have gradually taken profits from their portfolios last week should take a wait-and-see approach this week, and should not buy-in at the current price range.

Investors' sentiment was also weighed by selling activities from foreign investors as they continued to net sell a value of more than VND1 trillion on the two main exchanges.

Of which, they net sold a value of nearly VND1.89 trillion on HoSE and a value of VND41.62 billion on the northern bourse.

On the Ha Noi Stock Exchange (HNX), meanwhile, the HNX-Index rose 0.5 per cent to 344.82 points. The index closed the morning trade at 345.63 points.

During the trading session, more than 157.3 million shares were traded on HNX, worth over VND4.2 trillion.

## Macro & Policies

### 2. Vietnamese startups among Forbes Asia 100 to Watch

Four Vietnamese startups have made it to the Forbes Asia 100 to Watch list, which spotlights notable small companies and startups on the rise across the Asia-Pacific region

This list included Logivan and Lozi in the category of logistics & transportation, Mead247 in the biotechnology & healthcare field, and Hoozing in the category of finance. While economies worldwide are struggling from the pandemic, these agile companies are on a growth path, Forbes Asia noted.

Lozi, a fast-growing one-hour-delivery e-commerce platform, has provided food, grocery, and express delivery services for people during the enforcement of the social distancing rules in many locations across the country.

Trung Hoang Nguyen, CEO of the Loship, told The Hanoi Times that: “We work to ensure that all essential needs of people are met normally and that there are no cracks in the supply chain in times of social distancing.”

The startup also recruited more drivers to make life easier for the underprivileged, giving them the opportunity to earn extra income. A lot of them don't have stable jobs and mostly depend on their families, he added.

As many brick-and-mortar retailers find it hard to go online as they don't use technology, the startup has set out to make the transition process as easy and hassle-free as possible, creating solutions to help merchants easily run and scale their businesses.

“These mom-and-pop stores are like the economic spurs of Vietnam, and we're here as an online-to-offline platform that bridges the gap between the two,” Trung said. “We facilitate the digitization of over 80,000 Vietnam's mom-and-pop shops, which bear the brunt of Covid-19.”

The four-year-old startup has also partnered with local charities and nonprofits to deliver free meals and essentials to the needy, quarantined areas, and frontline organizations. “We will continue to double up our efforts as there are more people who need our help right now,” he underlined.

It is one of the reasons why Lozi and other startups are selected to the list. They have contributed to addressing problems such as improving transportation in congested cities, expanding affordable connectivity in remote regions, and preventing food waste, according to Forbes Asia.

The final 100 were selected from over 900 submissions and 17 countries and territories have a representative in the list. To qualify for consideration, companies had to be headquartered in the Asia-Pacific region, be at least one year old, privately owned, for-profit, and have no more than US\$20 million in its latest annual revenue or total funding through August 1.

Forbes Asia evaluated each submission, looking at metrics such as a positive impact on the region or industry, a track record of strong revenue growth or ability to attract funding, promising business models or markets, and a persuasive story.

### 3. Agritourism expected to bring double benefits to Hanoi

Hanoi boasts good potential in agricultural tourism, or agritourism, with its 18 suburban districts and townships, which is expected to help the capital city diversify its tourism products and promote growth of the suburban localities.

#### High growth prospects

Experts held that agritourism has high opportunities to grow when traditional tourism products have been exploited for a long time and tourists' demand for new tourism experience is rising.

Agritourism is expected to bring entirely new inspiration for travellers who will have chances to experience the daily life of farmers in natural environment. Moreover, agritourism is hoped to create a new livelihood for rural people by creating new jobs, while restoring and promoting traditional values and improving the living conditions for local community.

Currently, agritourism products in Hanoi mostly focus on exploiting the wet rice cultivation and culture of the northern delta region, along with the combination of agritourism and cultural heritage and craft village. Rural farms have been developed serving school tourism activities and weekend vacations in outskirt areas and vicinity.

Hanoi has seen the formation of agricultural eco-farms combining with tourism and education, with typical examples like the Ban Rom ecotourism area in Quang Tien commune, Soc Son district, Dong Que Farm in Ba Vi district, Van An education farm in Thanh Tri district. The sites provide visitors with experience in farming, harvesting and enjoying agricultural products themselves right at the sites.

In Thanh Tri, Hoai Duc, Dong Anh, Gia Lam, Soc Son and Thach That districts, the number of agricultural farms combining with tourism is rising, attracting a large number of visitors.

The development of agricultural farms in combination with school tourism has opened up a new growth prospect for many outskirt areas of Hanoi.

At the same time, traditional craft villages of Hanoi have become increasing popular among tourists thanks to their time-honoured cultural values and creativity of artisans. Ancient trade villages in suburban localities have been attractive to travelers who wish to experience local life.

### **Wakening potential**

Despite its great potential and advantages, Hanoi's agritourism growth has still remained modest with small-scaled and similar models. Agritourism products have yet to create their unique attractiveness and own trademarks.

Insiders held that in order to promote agritourism development, it is necessary to design a master

plan for its growth with specific standards. The city should support the building of promotion programmes for agritourism, ensuring that it operates around the year in all seasons, while giving trainings for labourers involving in the sector.

Aware of the high potential of agritourism and its role in the diversification of rural livelihoods and the improvement of living conditions in rural areas, many suburban localities of Hanoi have paid great attention to this kind of tourism.

Dan Phuong district, the first district of Hanoi that has been recognised as a new-style rural area, is trying to tap its advantages in a convenient travel system and a thick network of cultural relic and heritage sites as well as a large number of traditional craft villages, to develop tourism.

Tran Duc Hai, Secretary of the Party Committee of Dan Phuong said that tourism is a new development orientation of the district basing on the local resources, including those in cultural, historical and architecture values. With a large farming area and flower fields, Dan Phuong is confident that its agritourism can prosper.

Over the years, Hanoi's tourism sector has built and implemented various plans to expand tourism products and encourage tourism development, along with efforts in developing human resources for the sector and integrating tourism models in the building of new-style rural areas in districts.

Meanwhile, the capital city has worked hard to build agritourism products and improve other tourism products in rural areas, which has become an important way to promote agritourism growth of the city.

Dang Huong Giang, Director of the municipal Tourism Department said that in the 2016-2020 period, the department coordinated with relevant agencies to organise 44 training courses for 8,900 rural residents in providing tourism services, while implementing a pilot programme to build logos for Hanoi's tourism products, for example Bat Trang ceramic trade village and Van Phuc silk village.

Currently, the department is drafting a plan for agritourism development in combination with new-style rural area building in the 2021-2025 period,

aiming to boost the growth of the sector and

change the face of its outskirts areas, said Giang.

#### 4. Vietnam poised to become world's leading seafood processing centre

The growth of processed seafood output in Vietnam will reach over 6 percent a year by 2030 under a national seafood processing development strategy for 2021-2030 which has been approved by the Prime Minister.

The strategy aims at turning Vietnam into a seafood processing centre and join the top five seafood processing countries in the world by 2030. It also strives to develop a modern, efficient and sustainable seafood processing industry, meeting the demands of consumption markets, improving its competitiveness and integrating deeply into the global value chain.

Under the strategy, value-added processed products will account for over 40 percent of total export value of seafood.

At least 70 percent of seafood processing establishments will have production technology from medium to advanced levels.

The strategy also sets a goal that by 2030, the value of seafood processing for domestic consumption reach 40 - 45 trillion VND (1.7-1.9 billion USD), besides an export value of seafood of 14-16 billion USD.

A number of modern seafood processing corporations with economic potential and management on par with the world level will be established at the same time.

To realise these goals, the strategy has set forth some tasks including the development and management of the production of raw materials for seafood processing to meet the demand of enterprises and in line with the requirements of domestic consumption and export.

Compliance with both domestic regulations and international practices and requirements including traceability and origin is also a must.

It is necessary to attract investment to form big seafood processing corporations which have economic potential and business administration on par with the world level and upgrade technology and capacity of seafood processing facilities for export.

The production chain should be restructured to improve the economic efficiency and competitiveness of processed seafood products.

#### 5. Foreign investment poured in Vietnam despite COVID-19

Despite impacts of the COVID-19 pandemic, Vietnam is still attracting foreign investment in its electronic industry, Taiwan-based website Digitimes has reported.

According to the website, foreign electronic companies have been maintaining their factories in Vietnam's northern region despite the pandemic. Vietnam's semiconductor industry is expected to grow strongly in the next five years.

According to Fitch Solutions, amid COVID-19, Vietnam is still chosen by many foreign investors as a destination to build production bases, especially in the electronic industry.

As many as 65 percent of foreign electronic enterprises set up their production bases in northern localities of the country, while about 30 percent of them built facilities in the southern region, and a few in the central region.

According to a report by global technology research and advisory company Technavio, the Vietnamese semiconductor market is poised to grow by almost 19 percent in 2020-2024 to 6.16 billion USD.

Meanwhile, Vietnam's smart phone shipments witnessed an 11 percent year-on-year growth in the second quarter of 2021 with Chinese original equipment manufacturers capturing around half of



the market, according to Counterpoint Research's

Monthly Vietnam Channel Share Tracker.

## 6. Yarn, product exports drive record cotton consumption in Vietnam: USDA

Foreign demand has been primarily driven by China, with Vietnam's cotton yarn exports to the country accounting for roughly 60 per cent of Vietnam's total cotton lint consumption.

China is the world's largest cotton yarn importer and Vietnam's largest customer with the geographic proximity and foreign investment by Chinese companies driving record exports.

China's August to June imports of Vietnamese cotton yarn were a record (for the period) and equal to roughly 4 million bales of cotton lint consumption. China's robust demand is expected to persist with projected growth in China's cotton fabric and product exports, in addition to greater domestic consumption of cotton products.

The US Withhold Release Order (WRO) on cotton lint from China's Xinjiang region is further supporting current and future demand for Vietnam's cotton yarn. Practically all cotton yarn spun in Vietnam is produced with cotton lint imported from outside of China, the USDA report said.

Garment and textile manufacturers in China seeking to circumvent the WRO are likely substituting imported cotton yarn for domestic with roughly two-thirds containing Xinjiang lint.

Greater domestic consumption in Vietnam of cotton yarn is also driving cotton consumption higher. Significant foreign and domestic investment in Vietnam's garment industry has driven greater demand for cotton knitted fabrics and thus domestic consumption of cotton yarn by knitters.

According to Vietnamese customs data, garment and textile exports in 2020-21 are expected to recover from the previous year's decline and rise to more than \$30 billion.

The country's largest export market for cotton textiles and garments is the United States, which is also the world's largest importer. U.S. imports from Vietnam were a record in the first 11 months at more than \$5 billion.

Knitted cotton sweaters, pullovers and other similar articles of clothing were the largest product category, accounting for roughly 30 per cent of the total value of US cotton product imports from Vietnam.

This particular category has historically been dominated by China. However, two factors have driven Vietnam's market share of US imports higher—the 2020 and 2021 WROs and the ongoing tariffs specific to China. Both have lowered US imports of such items from China by nearly 20 per cent thus far in 2020-21 (August-June) despite US imports of this product category rising by over 10 per cent year over year during the same period.

Robust export prospects for both cotton yarn and products are expected to boost 2021-22 cotton consumption even higher to 7.6 million bales, and further support Vietnam's rise as a major global cotton importer as well as exporter and consumer of cotton yarn and products, the USDA report added.

## 7. Ho Chi Minh City applies new support measures for enterprises affected by pandemic

On August 16, Nguyen Thanh Phong, Chairman of Ho Chi Minh City People's Committee, signed a document on support enterprises affected by the COVID-19 pandemic.

Accordingly, the city directed banks to implement business support policies such as restructuring debt repayment terms, interest exemption and reduction, as well as reducing or waiving fees for certain debt groups.

The city proposed the government to provide higher support for bank loans and tax support for businesses operating under models approved by competent authorities.

The city assigned the Ho Chi Minh City branch of Vietnam Bank for Social Policies and districts to allow businesses to borrow at zero per cent interest to pay wages for workers.

Ho Chi Minh City will also extend the time to pay value-added tax, corporate income tax, personal income tax, and land rent in 2021. It also proposed the government to reduce land rent by 50 per cent during the period of business shutdown.

In addition, the city recommended the Ministry of Industry and Trade to reduce the cost of electricity for production enterprises and exempt workers in businesses operating under models approved by competent authorities from electricity bills.

The city has also exempted water bills for concentrated isolation areas from June to the end of 2021. A 10 per cent discount on water bills will be applied for all customers in Ho Chi Minh City from September to November 2021. Also, water bills for businesses operating under models approved by competent authorities will be exempted or reduced, while the payment of arrears will also be extended until December 31.

## Corporate News

### 8. MSN: Masan target price risen as Point of Life strategy proves effective strategy

↑ 1.51%

In its report on August 10, Credit Suisse lifts MSN's target price to VND162,000 (\$7.04) and earnings per share (EPS) for 2021 by 57 per cent compared to its previous forecast.

According to a report on August 16, Viet Capital Securities (VCSC) rated MSN with a buy recommendation at a target price of VND172,000 (\$7.48), 28.8 per cent higher than the current trading price of VND133,500 (\$5.80) and 21 per cent higher than its previous buy recommendation of VND142,500 (\$6.20).

VCSC affirmed its optimistic view that MSN will continue to capture Vietnam's long-term consumption growth. The group owns Vietnam's leading large-scale consumer businesses in fast-moving consumer goods, branded meat, and grocery retail.

It is challenging to maintain retail chains and consumer goods production amidst the pandemic. Masan has strictly followed pandemic prevention measures to maintain production and supply chain while rolling out new initiatives to renovate its retail system to serve the benefits of consumers.

In the first half of 2021, Masan has piloted 62 new-model VinMart+ stores in Hanoi and Ho Chi Minh City, with more than 40 per cent of shelf space allocated for fresh products, improving foot traffic and store profitability. To avoid goods disruption, Masan also pilots technology to automatically fill goods for VinMart+ and VinMart stores and supermarkets. This technology has been successfully tested and has led to a marked improvement in the availability of goods, reaching 96 per cent. From July 26, customers who shop at VinMart+ and VinMart chain with an invoice of VND300,000 (\$13.04) or more will receive a "Healthy during the pandemic" insurance package with a total benefit of up to VND40 million (\$1,740).

To protect the supply chain of essential goods, Masan proposed the government and local authorities to allow the company to set up a "buffer zone" around its factory sites. This zone could be schools, warehouses, stadiums, and gymnasiums near its production sites that could be transformed into accommodation facilities for workers to live and rest. F1 and F0 workers can isolate themselves in the zone and return to work after recovering from the virus.

#### Increasing number of VinMart+ stores to 3,000

In 2021, Masan plans to increase the number of VinMart+ stores to 3,001, meeting consumer demand for fresh food with clear origin, branded consumer goods, and other services. To develop its modern retail channels, VinMart+ stores and VinMart supermarkets also act as "distribution points" for online orders.

After the agreement with a consortium led by Alibaba Group (Alibaba) and Baring Private Equity Asia (BPEA) in May, Masan has actively promoted the VinMart online channel through cooperation with Lazada, tripling its online sales in June 2021 against the previous month.

In the first quarter of 2021, online sales contributed less than 1 per cent to VinMart sales, but the figure has reached 6.8 per cent by June 2021. At four supermarkets in Ho Chi Minh City, the online channel contributed more than 10 per cent to sales in July.

After only six months of launching, the online sales channel accounted for 0.5 per cent of VinCommerce's revenue in July 2021. Every day, 1,300 of nearly 3,000 orders are received online. To remove bottlenecks, VinCommerce is building a dark-store model with professionally trained staff as well as a dedicated online store at supermarkets. From there, Masan aims to process 10,000 online orders a day by December 2021.



## 9. BCG: Bamboo Capital establishes financial company with charter capital of \$17.5 million

↓ -0.31%

Bamboo Capital has decided to establish BCG Financial JSC, which will specialise in providing financial services such as debt trading, as well as related consulting and brokerage.

The company has a charter capital of VND400 billion (\$17.5 million), of which Bamboo Capital contributes 80 per cent, equivalent to VND320 billion (\$14 million).

After the establishment of BCG Financial, the company will have seven directly-owned subsidiaries, together with 45 indirectly-owned subsidiaries and 12 affiliates.

Most of its member organisations will operate within the group's main business areas agricultural production, commerce, infrastructure, and real estate construction, and renewable energy. In which, renewable energy is a medium and long-term strategic segment that is poised to create a stable source of income in the next five years.

Thanks to its subsidiaries, in the second quarter of 2021, BCG generated revenues of more than \$35.85 million, up 56 per cent over the same period. After deducting expenses, BCG's after-tax profits were \$13.8 million, 17 times higher than in the same period last year.

These revenues mainly came from the handover and transfer of projects, as well as its construction and installation activities and renewable energy projects that have been energised by the end of 2020.

Accumulated in the first six months, BCG cashed in \$63.5 million in revenues, an increase of 60 per cent; and more than \$21 million in profits after tax, 18 times higher than in the same period last year.

Compared with the company's target of \$235.6 million in revenues and \$35.3 million in profits after tax for 2021, BCG achieved 27 and 59 per cent, respectively.

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