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Market Analysis

1. VN-Index plummets further amidst coronavirus crisis

The benchmark VN-Index plunged 22.96 points, or 2.39 percent, to 936.62 Friday to reach its lowest level since February 11 last year.

281 stocks lost and 73 gained on the Ho Chi Minh City Exchange (HoSE), on which the benchmark VN-Index is based. This is the second fall after the market resumed trading Thursday after a week-long Tet break.

Order-matched transactions reached the highest so far this year at VND3.97 trillion (\$172 billion).

The VN30-Index for Vietnam's 30 biggest market caps fell 3.1 percent, with 25 losing and three gaining.

In this basket, budget airline Vietjet's VJC led losses with a fall of 7 percent, followed by dairy giant Vinamilk (VNM), down 6.9 percent, and insurance group Bao Viet Holdings (BVH), down 6.8 percent.

Major private lender Techcombank saw its TCB stock fall 5.7 percent, continuing its descent from Thursday.

Most state-owned lenders also fell, with BIDV (BID) down 2.3 percent, Military Bank (MBB) down 2.1 percent, and Vietcombank (VCB) down 0.2 percent. BID and VCB had been some of the best gainers in the past months in most sessions, having reported surging profits in 2019.

Major losses were experienced by DPM of state-owned Petrovietnam Fertilizer & Chemicals Corporation, and GMD of port operator Gemadept Corporation, both down 6.8 percent.

Analysts say the VN-Index's movement has mirrored negative sentiment in key Asian markets, which are seeing major selloffs as a result of the coronavirus epidemic.

Among the three gainers in the VN30-Index, construction firm Cotecons (CTD) led with a rise of 5.3 percent, followed by state-owned bank Vietinbank (CTG), up 0.2 percent, and Vinhomes (VHM), a real estate unit of conglomerate Vingroup, up 0.1 percent.

Macro & Policies

2. Can Tho possesses many advantages for foreign-invested firms: official

Can Tho has a lot of advantages for foreign businesses to invest in the Mekong Delta city, Chairman of the municipal People's Committee Le Quang Manh said while meeting with Motoyuki Nakamura, director general of Tri Viet company, on January 30.

Manh said many Japanese companies are interested in Can Tho, but the number of businesses investing in the city has yet to meet expectation due to their concerns about transportation, logistics and transport costs.

To ease these concerns, the official announced key investment projects being carried out in the delta.

He said the Trung Luong-My Thuan expressway will be opened to traffic by the end of 2020, while the construction of transportation routes connecting the region's coastal corridor is also underway.

Most recently on December 21, Can Tho international airport had two more air routes to Taiwan and the Republic of Korea. Can Tho is scheduled to expand the air route connecting with Japan's Tokyo in the second quarter of 2020.

With these conditions, Japanese businesses could be confident to invest in Can Tho, Manh said, adding that local authorities will spare no effort to promote investment activities.

Nakamura said his sports equipment producing company raked in about 20 million USD in 2019 and generated jobs for over 900 workers. Its products are mainly exported to the US, Japan, Russia, and Canada.

After 12 years of operating in Vietnam, the company moves to expand operation in the coming time, he added./.

3. VN invests \$3.97m abroad in January

Seven new projects were granted investment licences, with total registered capital of \$3.83 million and one raised its capital by nearly \$140,000.

Viet Nam's overseas investment in January mainly poured into retail and wholesale (accounting for 71.8 per cent of the total registered capital), construction (3.4 per cent), manufacturing and processing (3.7 per cent), and telecommunications (3.4 per cent).

Four countries received investment from Viet Nam in January. Among them, the US was the leading receiver with total investment of more than \$3.53 million, followed by Japan with an investment worth \$182,400, Cambodia with \$150,000 and Republic of Korea with \$100,000.

In 2019, Viet Nam invested a total of more than \$508 million in 32 countries and territories, of which \$403 million was poured into 164 new projects and 29 projects increased their capitals by a total of nearly \$105 million.

The retail and wholesale industry was the leading sector for Vietnamese overseas investment with \$121.6 million in 2019.

Other attractive sectors were agro-forestry-fishery and science and technology.

Australia was the top destination for Viet Nam's overseas investment last year, followed by the US and Cambodia.

Since 1989, Viet Nam had so far invested more than \$22 billion abroad, mainly in agro-forestry-fishery, energy and telecommunications sectors.

4. Firms urged to prepare for negative impacts of coronavirus

The Import-Export Department under the Ministry of Industry and Trade is keeping a close watch on the development of the coronavirus, urging firms to prepare for negative impacts of the epidemic on exports, especially shipments of agricultural products, to China.

Currently, the epidemic had not yet had a significant impact on import and export activities between Vietnam and China, the department said.

However, there were signs that sales of some agricultural products in China had started to slow due to the development of the epidemic. In addition, ongoing strict disease prevention measures also made transportation of goods much more difficult.

The department learned that border gates in Pingxiang, Guangxi which bordered Vietnam's Lang Son province would close until February 8, except for Friendship Pass which would open on February 3, as an effort to prevent the epidemic from spreading.

The department said traffic as well as cross-border transportation of goods between Vietnam and China might be affected.

The department urged Vietnamese firms, especially those exporting agricultural products to China, to prepare for their partners in China not being able to receive goods. Firms should change delivery methods or seek other markets for their products.

Firms must also regularly discuss with their partners in China to remain updated of any changes to the epidemic, the department said.

The ministry would keep providing updates on the epidemic and its impacts on import-export activities.

Vietnam exported goods worth 41.41 billion USD in 2019, around 20 percent of which came from agro-fishery products.

China was the largest market for Vietnam's agricultural products./.

5. Trade via Lao Cai Int'l Border Gate drops sharply

Trade between Vietnam and China has plunged as the latter suspended imports of Vietnamese goods via the Lao Cai International Border Gate from January 30.

The decision was made by China in the face of the prevalence of the new coronavirus (nCoV), according to Director of the Lao Cai province Department of Industry and Trade Do Truong Giang.

China has temporarily shut border markets in Hekou town in Yunnan province that border Vietnam's Lao Cai province.

From January 25-30, only 3 million USD worth of goods were handled at the border gate, a decrease of more than 40 percent year-on-year.

According to the Health Ministry, as of 12:00 on January 30, 7,819 cases of nCoV infections had been confirmed in 19 countries and territories worldwide, with the death toll climbing to 170, including 162 in Wuhan, where the first cases were found.

As of 15:20 the same day, three Vietnamese people had tested positive for nCoV, raising the total cases in the country to five./.

6. Vietnam exporters urged to look for alternative markets amid China's nCov outbreak

Vietnamese enterprises, particularly agriculture-related businesses, should look for alternative markets beyond China or find other delivery methods, as some border gates between the two countries have been closed due to the spread of a new coronavirus, according to the Ministry of Industry and Trade (MoIT).

Enterprises are urged to closely update on the situation and maintain communication channels with their Chinese partners to prepare for any changes that could occur amid the outbreak of the 2019 nCoV in China, stated the MoIT in a statement.

The border gate between Vietnam and China on the Chinese side in Pingxiang is expected to remain closed until February 8, 2020, except for the Huu Nghi Quan border gate in Lang Son province that would reopen on February 3, as part of measures to avoid the spread of the disease.

The MoIT said if the outbreak continues, transportation and travel between Vietnam and China would be restrained, affecting trade flow via border gates.

The MoIT, nevertheless, said the epidemic has not exerted major impacts on bilateral trade relations. However, consumption demand of agricultural products in China has slowed due to the complicated nature of the epidemic outbreak.

Moreover, strict measures in China since the outbreak are causing difficulties for

transportation of goods among its provinces and cities, said the MoIT.

China is currently one of major export markets for Vietnamese fisheries and agricultural products. The main farm export items to China include vegetables, cashew, coffee, rice, cassava products, rubber and aquatic products.

Bilateral trade between Vietnam and China reached nearly US\$117 billion in 2019, up 9.6% year-on-year, according to the General Department of Vietnam Customs.

Cases of infection with the nCov, or Wuhan virus, have increased to at least 9,000 and reported in 20 countries and territories, including Vietnam, Thailand, South Korea, Japan, Hong Kong, the US, Malaysia, among others.

Recently, the World Health Organization (WHO) has declared the outbreak as a global health emergency, citing the potential spread to countries that are not prepared to deal with the issue as reason.

Such declaration has only been use five times before. A global emergency was declared for two Ebola outbreaks: one that started in 2013 in West Africa and another that has been ongoing in Congo since 2018. Other emergency alerts were used for the 2016 Zika epidemic, for polio emerging in war zones in 2014, and for the swine-flu pandemic in 2009.

Corporate News

7. Vietjet suspends all China flights

↓ -7.00%

The budget airline said in a statement Friday that it had prepared this plan earlier, and will cooperate with Vietnamese authorities and the World Health Organization (WHO) in taking steps to prevent the spread of the nCoV among its crew members and passengers.

Vietjet is the first Vietnamese airline to stop China flights. At the time of writing, Vietnam Airlines and Jetstar Pacific were still operating flights to China.

Globally, British Airways was the first airline to suspend all direct flights to and from China. Other carriers such as U.S.-based United Airlines and Indonesia-based Lion Air have suspended flights to certain Chinese cities.

The Civil Aviation Authority of Vietnam Wednesday ordered local airlines to stop all flights between Vietnam and infected locations in China.

The Ministry of Health confirmed Thursday that three Vietnamese have tested positive for the nCoV. One is being treated at the Thanh Hoa General Hospital in the eponymous central province and the others at the National Hospital of Tropical Diseases in Hanoi.

As of Friday, there were five confirmed cases of infection in Vietnam. The first cases of nCoV infection detected in the country were a Chinese father and son duo. The son has recovered.

The World Health Organization (WHO) on Friday declared a global health emergency as the death toll reached 213, all of them in China.

8. BVH: Explanation for business performance

↓ -6.81%

BaoViet Holdings explains more information on the movements of over 10% year-on-year in the Quarter IV/2019 financial statements as follows:

BaoViet Holdings continues to be a leading company in Vietnam's life and non-life insurance market after fifty years of establishment and development.

In Quarter IV/2019, due to difficulties in the financial market with the reduction of government bond interest rates, stock market volatility, the profit after tax of parent company and

consolidated profit after tax were affected. Specifically, the profit after tax of parent company in Quarter IV/2019 was VND272 billion, down 13.4% compared to Quarter IV/2018; the consolidated profit after tax was VND106 billion, also decreasing by 55.3% compared to Quarter IV/2018.

However, the profit after tax of parent company in the whole year was VND1,081 billion, increasing by 2.7% compared to 2018 and achieving the business target.

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