



VIETNAM DAILY NEWS

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Market Analysis

1. VN stocks bounce but risks still exist

Vietnamese shares bounced on Tuesday due to improved market sentiment but the outlook remained negative in the short term.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange inched up 0.10 per cent to end at 929.09 points.

The VN-Index lost a total of 6.38 per cent in the previous three trading days after it re-opened from the week-long Tet (Lunar New Year) holiday.

Nearly 198 million shares, worth VND3.94 trillion (US\$169.3 million), were traded on the southern bourse with 90 per cent of the total exchanged via order-matching deals.

Market sentiment improved as the US and Asian markets traded in positive territory on Tuesday, Sai Gon-Ha Noi Securities Co (SHS) said in its daily report.

Better confidence helped lift large-cap stocks as the blue-chip tracker VN30-Index gained 0.34 per cent to stand at 845.52 points at the end of the day.

Thirteen of the 30 largest stocks by market value and trading liquidity in the VN30 basket increased while 15 declined.

Top earning large-caps included lenders Vietinbank (CTG), Military Bank (MBB), VPBank (VPB), HDBank (HDB) and BIDV (BID), airline Vietjet (VJC) and gold and jewellery retailer PNJ (PNJ).

The banking sector was the best-performing of the 25 sectors on the stock market, data on vietstock.vn showed.

The banking sector index rose 2.0 per cent, followed by technology, insurance, construction, electricity, and part supplying.

Since the opening day after Tet, the market had been weighed down by fears about the coronavirus

and its negative impact on human health and the global economy.

According to SSI Research, the virus will have little impact on the insurance sector as people would seek insurance deals to deal with the virus, boosting insurers' earnings. Meanwhile, bank stocks will be pulled down in the short term, but the prospects for the whole sector remain bright in 2020.

Vietinbank Securities Co and MB Securities Co said the recent declining streak of the market would be an opportunity for investors to hunt large-cap shares, which were drawn far from their peaks.

Among bank stocks that advanced on Tuesday, Vietinbank (CTG) surged 7.0 per cent, Military Bank (MBB) and VPBank (VPB) jumped nearly 4.0 per cent, HDBank (HDB) and BIDV (BID) gained 1.7 per cent and 2.0 per cent, respectively.

Those bank stocks have recovered after their prices were brought down on Thursday and Friday when the market was hit by fears about the spread of coronavirus.

However, investors were still cautious and this resulted in low trading liquidity, SHS said.

Market sentiment clearly improved but it was not strong enough to boost the market, the company said, adding the VN-Index may keep rising in the next two trading days.

On the Ha Noi Stock Exchange, the HNX-Index increased 1.25 per cent to end at 102.57 points.

The northern market index had plunged a total of 4.67 per cent since last Thursday.

More than 31 million shares were traded on the northern bourse, worth VND314.7 billion.

Macro & Policies

2. Promoting businesses' participation in global value chain

Integration has brought numerous opportunities for Vietnamese businesses to expand their market access, as well as to connect and participate more deeply in the global production network.

Effective integration

Since joining the WTO, Viet Nam has participated in negotiating and signing 17 free trade agreements (FTAs), 14 of which have already been inked, thus becoming the most open economies fostering trade ties with over 230 global markets.

Particularly, Viet Nam currently has 15 FTAs with the G20 countries. Vietnamese companies have gradually been expanding and approaching the global market, as most of the barriers in international trade have been gradually removed, while the barriers concerning legal procedures have also been reduced and become simpler.

These are the chances for firms to connect and participate more deeply in the global value chain and production network. As a result, Viet Nam's exports have increased rapidly posting an annual growth rate of over 15% in the period of 2011-2019 and officially reaching US\$500 billion in turnover in mid-December 2019.

This achievement is even more significant in the context of decline in the world economy and trade, which is due to the impacts of trade conflicts and fierce competition between the world's powers.

Many of Viet Nam's export items hold an important position in the export ranking of the world, including garment and textile – seventh in the

world with revenue of US\$39 billion, and leather and footwear – third in the world in production and second in terms of exports with a turnover of about US\$17 billion.

Developing sustainable markets for businesses

In the continuous implementation of international integration commitments, especially the implementation of integration commitments in important new-generation FTAs, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Viet Nam-EU Free Trade Agreement (EVFTA), Viet Nam will continue to take effective and appropriate measures to support businesses in accessing the market, with an immediate measure of building and organizing the effective implementation of an action plan on the implementation of FTAs.

In addition, to realize the opportunities and overcome challenges from integration, an urgent issue is to improve the competitiveness of enterprises.

Recently, at the Viet Nam Reform and Development Forum 2019 (VRDF 2019), Prime Minister Nguyen Xuan Phuc asked the Minister of Planning and Investment and leaders of ministries, sectors and localities to listen to the shared international experience, knowledge and recommendations from domestic and foreign experts, to work out the appropriate directions for Viet Nam, directly contributing to the completion of the draft development strategy for 2021-2030 and the draft five-year socio-economic development plan for 2021-2025, towards realizing the aspiration to build a strong and prosperous Viet Nam.

3. VN - A driver of aviation growth in Southeast Asia: Boeing

"The first factor to accelerate the demand of the aviation industry is always the economic development, and it is predicted that Viet Nam will rank first in the Southeast Asian region concerning economic growth in the future," Boeing said.

Viet Nam's aviation sector reports impressive growth

Vice President of commercial marketing at the Boeing Company Darren Hulst said that ten years ago, there were only 31 domestic direct routes in Viet Nam, but now the figure has nearly doubled. In

addition, the number of domestic flights has increased 3.5 times over the past decade.

“The growth of Viet Nam's domestic aviation market is extremely impressive, and most of the routes in this market are being exploited by single-aisle aircraft,” he stated.

“The growth of the global aviation industry plays a part in the growth of Viet Nam's international aviation market. Within only a year, nearly 50 international routes were launched to and from the country. It is estimated that by the end of this year, the figure will increase by 200. The international aviation market in Viet Nam is growing at a rate of 15% annually,” according to the official.

International flights may be short-distance, mid-distance or long-distance or long-range, but the visible potential in the Vietnamese market is the operation of long-distance international flights. The ten longest flight routes to and from Viet Nam are being operated by wide-body aircraft.

Tourism plays a crucial role

Director of the Civil Aviation Authority of Viet Nam Dinh Viet Thang also affirmed that in the past growth process, the aviation market has completely been put under the control of state management, creating a healthy and competitive market and bringing many benefits to passengers in terms of travel opportunities, fares and quality of service.

Proudly, Viet Nam's aviation sector has officially entered the 24th year of ensuring absolute safety, which is an important point that very few aviation industries around the world have achieved.

Viet Nam's aviation sector currently features the participation of five airlines (Viet Nam Airlines, Vietjet Air, Bamboo Airways, Jetta Pacific and Vasco), contributing to building a highly competitive aviation market. It is forecast that in 2020, the Vietnamese aviation market will serve 86.8 million passengers, up 10.8% compared to 2019, while transporting approximately 1.4 million tons of cargo, surging by 11% from the previous year.

The Prime Minister approved an air transport development plan until 2020, with orientation to 2030, setting an important task of building the civil aviation industry into an important economic sector of the country, contributing to promoting national socio-economic development, industrialization and modernization.

Under the plan, air transport must be a safe, popular and convenient means of transportation that actively contributes to cause of national industrialization, modernization and development. It also targets to develop Viet Nam's aviation industry on par with the advanced aviation industries of countries in the region and the world by 2030.

Throughout more than 30 years of Viet Nam's renewal, the aviation industry has been one of the leading industries representing the transportation sector and the country to integrate strongly and attain many outstanding achievements.

The aviation industry has contributed significantly to boosting national socio-economic development, expanding international trade, attracting foreign investment, and making Viet Nam an attractive tourist destination among international friends.

4. "Billion-dollar" exports items see revenue fall in January

Vietnamese “billion-US dollar” exports items brought home only 19 billion USD in January, a year-on-year fall of 14.3 percent, according to the latest data from the General Statistics Office of Vietnam.

The strongest decline was seen in the shipments of garment and textiles (down 21 percent to 2.6 billion USD), and telephone and components (down 22.4 percent to 2.6 billion USD).

Notably, several agricultural products such as seafood, coffee, cashew, rubber, rice and pepper, among others also experienced a plunge in their revenue in the first month of the year.

Nguyen Dinh Tung, General Director of Vina T&T Group - a Vietnamese fruit exporter, said that although his firm has received stable orders, formidable challenges are ahead as China, a key importer of Vietnamese fruits, has tightened

quality norms and demanded origin traceability, making it difficult for Vietnamese exporters to access the market.

Furthermore, China officially recommended halting trade exchange between its Guangxi and Yunnan provinces and border localities of Vietnam until February 10 as the coronavirus is spreading.

The Ministry of Industry and Trade's Foreign Trade Agency said trade flow through Vietnam-China border gates will be critically affected by the virus outbreak; therefore, local businesses should outline measures to have suitable goods delivery modes, seek new markets or promote consumption domestically.

According to insiders, export revenue of garment and textile, footwear, electronic products dropped in the month due to the week-long Tet holiday.

General Director of May 10 Corporation Than Duc Viet said that despite stable orders for the first half of the year, businesses should stay prudent with the market instability, pay due attention to consumption trend, while seeking new markets so as to realise their export targets.

As for the leather, footwear and handbag sector, the target of 24 billion USD in export turnover is achievable for the whole year as many foreign customers still choose Vietnamese products, according to Chairman of the Vietnam Leather, Footwear and Handbag Association Nguyen Duc Thuan./.

5. Vietnam tightens grip on world's coffee

Vietnam exported 143,000 tonnes of instant and ground roasted coffee valued at 516 million USD in 2019 thanks to the tidal wave of investment in this sector.

The country now houses four coffee factories, each with capacity ranging from 4,000 to 20,000 tonnes.

Despite their limited long-term investment funds, domestic firms such as Tin Nghia Coffee Corporation, Intimex Group, Viet My International JSC, An Thai Group and Vinacafe Bien Hoa have continued to pour capital into coffee plants. Besides, some foreign businesses also plan to invest in this sphere.

In the year, domestic coffee consumption increased 10 percent, and is expected to rise 15 percent in the coming years.

The Central Highlands region has contributed 30 percent to the sector's gross domestic product (GDP) and generated jobs for more than 2 million people.

However, like other crops, coffee is suffering from adverse impacts of climate change, prompting

farmers to replant coffee trees. Total replanted area amounts to 118,000 ha at present, yet to offer high productivity.

Customs statistics unveil that as of December 31, 2019, Vietnam had shipped abroad 1.61 million tonnes of coffee worth about 2.77 billion USD, down 14.2 percent in volume and 21.5 percent in value.

Coffee is the only Vietnamese agricultural product that has its own day. Vietnam Coffee Day (December 10) is to mark the time when President Ho Chi Minh visited the Dong Hieu coffee farm in Phu Quy, the central province of Nghe An.

The event aims to promote Vietnamese coffee as well as coffee culture, and honour coffee enterprises and farmers.

Ho Chi Minh City will host the fourth Vietnam Coffee Day 2020 with the participation of countries from the Association of Southeast Asian Nations (ASEAN)./..

6. Coronavirus to hurt Vietnam's economy

Accordingly, Asian countries, including Vietnam, will face an economic slowdown in the first quarter of this year as they have close economic ties with China, Thanh Nien Online newspaper reported.

The Civil Aviation Authority of Vietnam has suspended all flights to and from mainland China and tours bringing Chinese tourists to Vietnam have also been cancelled, causing losses for the tourism and aviation sectors.

In addition, trade activities will be hindered due to the restriction of travel through border gates. Travel through border crossings with China may be further restricted in the coming periods, which may affect trade activities between the two countries.

In the short term, the export of farm produce, seafood and food through informal channels to China will face difficulties.

On the other hand, the production of some products in China's Hubei Province may stagnate, leading to a shortage of materials for some

Vietnamese enterprises in the textile and garment, electronics, consumer goods and steel sectors.

However, the shortage is temporary and production in China will recover when the coronavirus is brought under control.

Moreover, the retail sector will be negatively affected by the falling demand for shopping.

Nevertheless, VNDirect was optimistic that several sectors facing strong competition from Chinese rivals may see short-term benefits. In addition, some sectors, such as apparel and footwear, may see a shift of orders from China to Vietnam.

Enterprises producing and distributing pharmaceutical products and medical equipment may also see benefits. However, most local pharmaceutical firms produce antibiotics, simple medicines and functional food, so they will see no benefits from the coronavirus outbreak.

Further, local consumers who hesitate to visit brick-and-mortar stores and prefer shopping online will prop up ecommerce platforms and delivery service providers.

Corporate News

7. STB: BOD resolution on the holding of FY 2019 AGM

↓ -0.49%

On February 03, 2020, the Board of Directors of Sai Gon Thuong Tin Commercial Joint Stock Bank approved to hold the fiscal year 2019 Annual General Meeting of Shareholders as follows:

- Record date: February 28, 2020

- Meeting date: 7:30AM, April 24, 2020

- Meeting venue: White Palace, 194 Hoang Van Thu, ward 9, Phu Nhuan District, Hochiminh.

8. MB gets nod to increase charter capital to more than \$1 billion

↑ 3.93%

Under the approval, the central bank has asked MB to ensure that the capital increase is in accordance with the law, including regulations on stake ownership limits applied for shareholders and relevant persons, and private placement.

Within ten working days after completing the share issue to increase capital, MB must complete procedures for amending and supplementing its operation licence as regulated in the current laws.

The capital hike through private placement will help MB expand its operations over the next three years, including investing in digital banking services.

Earlier, MB said that it was seeking to sell a 7.5 per cent stake to one or more foreign investors, which was expected to help the bank meet new international capital requirements.

The Government currently owns 44 per cent of MB. Domestic and foreign financial institutions own 11 per cent, with the rest held by individual investors and entities such as mutual funds.

MB's current two biggest shareholders are military-owned telecom giant Viettel, holding 11.69 per cent, and the State Capital Investment Corp (SCIC), holding 9.74 per cent.

Ending last year, MB's profit surged by 29 per cent against 2018 and was 5 per cent higher than the bank's plan, helping it for the first time being listed among few banks with pre-tax profit exceeding VND10 trillion.

Its total assets at the end of last year were worth nearly VND400 trillion, up 13 per cent against the previous year.

Research Team: Tsugami Shoji Researcher jsi@japan-sec.vn

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Japan Securities Incorporated – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn