



VIETNAM DAILY NEWS

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Market Analysis

1. Blue chips lead stock market surge

The VN-Index surged 12.63 points, or 1.36 percent, to 938.54 points Thursday, with several blue chips nearing their price ceilings.

Cash flow returned strongly to the stock market with order-matched transactions on the Ho Chi Minh Stock Exchange (HoSE) rising sharply to VND3.75 trillion (\$161.16 million) from VND2.97 trillion (\$127.64 million) from the previous session.

HoSE, on which the VN-Index is based, saw an overwhelming 264 tickers gaining, including 28 that hit their ceiling price, while just 83 lost. This was in stark contrast to the previous five sessions when coronavirus-induced selloffs resulted in most stocks closing in the red.

The VN30-Index for Vietnam's 30 biggest market caps rose even further at 2.08 percent, with 24 stocks gaining and only 6 losing. Nine stocks in this basket rose over 4 percent this session.

VRE of retail corporation Vincom Retail led gains with 6.9 percent, followed by STB of private lender Sacombank, with 6.8 percent. Both stocks hit their ceiling prices this session, a relatively rare occurrence on the VN30.

The next four major gainers were private banks and oil and gas companies. VPB of VPBank added 5.6 percent, and HDB of HDBank rose 5.3 percent. GAS of PetroVietnam Gas and POW of

PetroVietnam Power, two blue chips related to state-owned oil and gas group PetroVietnam, gained 5.3 percent and 5 percent respectively.

The only stock in the banking sector that lost this session was BID of BDIV, one of Vietnam's three biggest state-owned lenders by assets, which fell 0.6 percent. The other two, CTG of VietinBank and VCB of Vietcombank, added 4.5 percent and 0.6 percent respectively.

In the other direction, ROS stocks of real estate developer FLC Faros continued to be the biggest losing stock on the VN30. However, it did not hit its floor price Thursday, as it had done for most sessions in the past month, but came close with a 6.2 percent decrease.

Other losing stocks included VIC of Vietnam's largest private conglomerate Vingroup and biggest market cap stock on HoSE, down 0.1 percent, and MSN of food giant Masan Group, down 0.2 percent.

Meanwhile, the HNX-Index for stocks on the Hanoi Stock Exchange, Vietnam's second main bourse for small and midcap stocks, shot up 2.57 percent, and the UPCoM-Index for unlisted public companies gained 0.73 percent.

Foreign investors continued to be net sellers on all three bourses to the tune of VND215 billion (\$9.24 million). Selling pressure was focused on VIC of Vingroup and MSN of Masan group.

Macro & Policies

2. Almost 2m Foreign Tourists Visited Vietnam in January, a Record Number

According to the General Statistics Office of Vietnam, the country welcomed 1.99 million international visitors in January, the highest on record, Dan Tri reports. Of the total number, Asia continued to be the largest market (77.4%), with the highest growth as well (39.9% year-on-year), followed by the Americas (19%) and Europe (11.5%).

Within the continent of Asia, the number of tourists from China to Vietnam during the month increased by 72.6% from January 2019; this figure is 40.1% for Thai tourists, 20.1% for South Korean tourists and 11.4% for Japanese tourists.

This outstanding increase in the number of visitors is in part due to the traditional Tết holiday and its celebration around the country. In Saigon, for example, Nguyen Hue Flower Street had over one million visitors during its seven-day run from January 22 to 28. The Tet Book Street Festival, one

of the attractions on the flower street, saw a considerable boost in both total revenue and visitor numbers.

On the other hand, the prospects for foreign visitors in the near future seem rather dim, with the coronavirus outbreak and its progression within mainland China and neighboring countries. The Vietnamese government has temporarily stopped issuing visas to Chinese tourists while flights to and from mainland China are also suspended.

Despite the possible economic losses, fighting the virus and maintaining public health remain priorities for local administrations. As Vietnam is exposed to high infection risks, being a popular destination for Chinese tourists, Prime Minister Nguyen Xuan Phuc stressed that "the government accepts economic losses to protect the lives and health of people," in a meeting last Tuesday.

3. Vietnam is world's seventh fastest growing travel destination

The country is in the midst of a tourism boom, and its visitor numbers last year rose at one of the fastest rates in the world - 16.2 percent to 18 million - the 2019 Tourism Highlight report released by the United Nations World Tourism Organization (UNWTO) on Wednesday said.

Myanmar had the fastest growth rate of 40.2 percent followed by Puerto Rico (31.2 per cent) and Iran (27.9 percent). Another Southeast Asian country in the top 10 was the Philippines (15.1 percent), which was ninth on the list.

International tourist numbers grew by 4 percent in 2019 to 1.5 billion despite trade tensions and a global economic slowdown.

France remained the most visited country with more than 90 million visitors, followed by Spain with 83.8 million.

But the tourism industry, including hotels, airlines, casinos, and restaurants, is expected to suffer massively due to the new coronavirus

outbreak which first broke out in December in China.

The tourism industry in China and countries that rely on Chinese tourists would suffer the most and have immediate repercussions, industry insiders said.

As of Thursday morning the nCoV had killed 565 out of the number of confirmed cases of over 28,200, mostly in mainland China. So far 1,170 people have recovered.

Vietnam has launched an online visa system for travelers on short holidays and casual business trips. It has also added 35 more countries, including emerging tourism markets in Europe, to the list of those whose nationals can visit the country with e-visas, expanding the list to 80 countries.

Visitors from Russia, Japan, South Korea, Denmark, Norway, Sweden, Finland, and Belarus

will continue to enjoy visa exemptions for three more years after expiring at the end of last year.

European countries like Denmark, Norway, Sweden, Finland, and Belarus are emerging tourism markets for Vietnam. Western Europeans spend an average of \$1,316 per trip as compared to the overall spending of \$900, official data shows.

With its visa waivers, the government expects 20.5 million visitors in 2020 and revenues of \$35 billion, equivalent to 10 percent of GDP.

The country welcomed around two million foreign visitors in January, a 32.8 percent increase, nearly 77 percent from other Asian countries.

4. Authority urges close watch of export at border gates with China

The Ministry of Industry and Trade's Agency of Foreign Trade has urged for a close watch of the export of Vietnamese farm produce, particularly fruits and aquatic products, to China through northern border gates to get prepared against any unexpected development and prevent backlogs, as the acute respiratory disease caused by novel corona virus (nCoV) is ravaging the region.

In a notice sent to the provincial and municipal Departments of Industry and Trade as well as relevant trade associations and businesses nationwide on February 5, the agency asked them to closely monitor and provide it with regular updates on goods shipping at the border gates

with China and any unexpected move from China's border localities which may affect customs clearance and import-export activities in Vietnam.

The move came in face of travel restrictions triggered by the spread of the nCoV.

They should actively work together with relevant ministries and agencies to coordinate exports of farm produce, especially fruits both at present and in the coming time, the agency said. They must also strictly follow China's rules on origin, traceability, packaging and more to minimise associated risks and losses./.

5. Vietnam's trade with China hits 8.29 billion USD in January

Vietnam's trade with China last month reached 8.29 billion USD, a year-on-year decline of 11.8 percent, according to the General Department of Vietnam Customs.

This was because the seven-day Lunar New Year (Tet) holiday fell in January, so the number of working days in the month was fewer than usual.

Vietnam exported 2.75 billion USD worth of goods to the market, the authority added.

During working days (excluding Saturday, Sunday and national holidays), Vietnam's export to China in January was estimated at 130.52 million USD per day, up 18.5 percent against the same period of 2019.

For the three working days after Tet (January 30-31 and February 3), Vietnam's average export to China stood at 82.1 million USD per day, equal to 63 percent of the regular working days in January 2020./.

6. Vietnam to pay \$6.56 mln for Hanoi metro

It obtained a loan of almost \$670 million for the Cat Linh – Ha Dong metro route, and already repaid VND398 billion (\$17.1 million), according to a recent report to the government by the Ministry of Transport.

Since the metro has not begun commercial operations, the ministry is currently responsible for repaying the debt. Hanoi will take it over in future.

Though construction has been completed, the date for the start of commercial operations remains unknown since more than 100 Chinese experts working on it have been unable to return to Vietnam after the Lunar New Year holidays due to the novel coronavirus outbreak.

Work on the country's first metro line started in 2011 and was originally scheduled for completion in 2013, but loan disbursement issues with China that were only resolved in December 2017 and other issues stalled it for years.

The original cost estimate of \$552.86 million also ballooned to more than \$868 million./.

7. Vietnam not to cut GDP growth target despite epidemic

"The impact of the epidemic on economic growth this year is very serious," Deputy Minister of Planning and Investment Tran Quoc Phuong said at a press briefing Wednesday.

He presented two scenarios for economic growth after factoring in the epidemic. In the first scenario in which the epidemic could be contained within the first quarter of the year, growth this year could be around 6.27 percent, he said.

If it takes until the second quarter GDP growth would be just 6.09 percent, he warned. Vietnam's GDP growth reached 7.02 percent last year.

But these numbers are only current estimates and could change depending on the government's policies and stewardship of the economy, he said.

Head of the Government Office, Mai Tien Dung, said however that despite the epidemic, "The government will not adjust or lower economic growth and development targets." Vietnam targeted its GDP to grow by 6.8 percent this year.

Regarding the possibility of providing economic bailout packages to offset the negative impacts of the epidemic, he said this "needs to be considered and depends on many factors."

"Vietnam's situation is not that serious yet and so for now it is not being considered. [It will only be considered if] the epidemic situation worsens."

Phuong said bailout packages are part of the plans proposed by his ministry, but the current priority is to commit resources to preventing and controlling the nCoV epidemic.

The bailout also depends on many factors such as the availability of resources and the target of the assistance, he said.

Vietnam has so far reported 10 cases of nCoV infection, three of whom have been declared healthy and discharged from hospital.

As of Thursday the epidemic had killed 565 people, mostly in mainland China, and infected more than 28,200.

Corporate News

8. Stock market briefs Feb 6, 2020

↑ 6.85%

HCMC – Viettel Construction JSC (CTR) said its consolidated net profit soared 41.2% year-on-year to VND56.35 billion (US\$2.42 million) in the fourth quarter of 2019. CTR's net revenue climbed 17.28% year-on-year to VND1.37 trillion while its gross profit surged 31.04% year-on-year to VND91.27 billion in the quarter. CTR made VND180.89 billion in consolidated net profit on net revenue of VND5.05 trillion in 2019, up 23.13% and 18% from a year earlier.

HCMC – FLC Mining Investment and Asset Management JSC (GAB) has decided to change its name into FLC Mining Investment and Asset Management JSC, and relocate its headquarters from the northern province of Thanh Hoa to Hanoi City. GAB looks to issue 55.2 million shares for its current shareholders at an exercise ratio of 1:4, which means those owning one share will get four rights, and with every right they will be entitled to buy one share, in the first quarter of this year.

HCMC – Nguyen Quang Hoa, board chairman of Thien Nam Trading Import Export Corporation (TNA), will be buying 2.5 million shares in the firm through matching and put-through transactions from February 10 to March 6. If successful, he would raise his stake in TNA to 19.83%, or more than 6.85 million shares.

HCMC – Vietnam Fumigation JSC (VFG) has chosen February 17 as the record date for its shareholders to receive a 2019 second-round dividend in cash at 10%. The firm will make the payment on March 3.

HCMC – Tam Hy Co., Ltd, a shareholder of Hoa Sen Group (HSG), offloaded more than 1.05 million HSG shares on February 4, thus reducing the number of its shares to 8,750 units.

9. VPBank slashes lending rates for businesses affected by coronavirus

↑ 5.59%

This was a bold action by VPBank in response to the State Bank of Viet Nam's call on Tuesday urging credit institutions to provide support to businesses which were suffering from the epidemic.

Businesses which were significantly affected would be those operating in transportation, warehouse, accommodation, tourism, restaurant and catering services, booking services and export to China.

For non-mortgage loans, the annual rates could be cut by up to 1.5 percentage points and 1 percentage point for loans with mortgage assets.

Besides, VPBank also actively studied and evaluated the production and business situations of their customers to provide prompt support.

It was estimated that nearly 1,000 business customers of VPBank would be affected by the epidemic. The number could be higher if the epidemic continues to worsen.

The bank would also keep a close watch on the developments of the epidemic in Viet Nam and abroad to provide support to affected firms.

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