



VIETNAM DAILY NEWS

February 10th, 2020



Table of content

Table of content

1. VN-Index advances despite profit lock-in
2. Long An maps out plan for LNG power plant
3. Over 180 integrated procedures available through national single window
4. Vietnam's face masks exports to China nearly triple in Jan
5. Industries hit as epidemic cuts off raw materials
6. Thousands of tour guides in HCMC benched as coronavirus outbreak spreads
7. New airframe maintenance firm to serve Vietnam, Asia-Pacific
8. VCB: BOD resolution on holding AGM 2020

Market Analysis

1. VN-Index advances despite profit lock-in

Vietnamese shares increased slightly on Friday as investors locked in profits after large-cap companies had made recent strong gains.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange rose 0.24 per cent to close at 940.75 points.

The VN-Index has made a two-day increase of a total of 1.6 per cent and a weekly gain of 0.44 per cent.

More than 194 million shares were traded on the southern bourse, worth VND4.09 trillion (US\$176 million).

Market breadth was slightly positive with 185 gaining stocks and 161 declining stocks.

The VN30-Index, VNMID-Index and VNSML-Index – classifying stocks by market value and trading liquidity – were up between 0.07 per cent and 0.24 per cent.

The trading indicators pointed out that market sentiment improved and stabilised, Thanh Cong Securities Co (TCSC) said in its daily report.

But large-cap stocks – the main growth drivers of the market – varied on Friday as some leading sectors were hurt by profit-taking.

Among those sectors were banking, brokerage, technology, retail, and mining and energy.

Top companies in those sectors saw their share prices decline on Friday such as Vietinbank (CTG),

Bank for Investment and Development of Vietnam (BID), PetroVietnam Drilling and Well Services (PVD), VietCapital Securities (VCI), retailer Mobile World Investment (MWG) and tech group FPT (FPT).

Those stocks had made strong gains this week after sell-offs last week and they suffered short-term profitability pressure, VNDirect Securities Co (VNDS) said in its daily report.

In addition, investors looked for new chances in items that had not recovered from the sell-off in the mid-cap and small-cap groups, the company said.

Sectors lifting the stock market on Friday included insurance and finance, healthcare and pharmaceuticals, food and beverage, plastics and chemicals, seafood processing, and construction.

The VN-Index had climbed to the resistance zone of 945-950 points and there would not be sufficient good news to boost the index above the zone in the short term, VNDS said.

On the Ha Noi Stock Exchange, the HNX-Index dropped 0.87 per cent to end at 104.92 points.

The northern market index had enjoyed a three-day rally of 4.47 per cent. It ended this week at 2.5 per cent higher than the previous one.

More than 33.5 million shares were traded on the northern bourse, worth nearly VND350 billion.

Macro & Policies

2. Long An maps out plan for LNG power plant

Duc told the *Saigon Times* on February 6 that the completed plan will be submitted to the Government for approval.

“The Government will allow the province to convert its coal-fired power center to one that uses LNG if it maps out a detailed plan for the project and submits it for consideration and approval,” Duc remarked.

“All documents related to the execution of the project are required to be redone,” he said, adding that the provincial department has sent the paperwork to the consultant for the project.

Duc noted that the capacity of the project will be 2,800 megawatts, equal to the capacity designated for the coal-fired power plant.

“The project will use imported natural gas for its operations,” he confirmed.

Earlier, Duc had stated that as many as six investors had expressed interest in the LNG power project, but the province has chosen two investors from the United States. The final decision will be made by the Ministry of Industry and Trade and the Government.

3. Over 180 integrated procedures available through national single window

Deputy Prime Minister Vuong Dinh Hue, who also serves as chairman of the national steering committee for ASEAN single window, national single window and trade facilitation, chaired a meeting in Hanoi on Thursday on the agency's tasks for this year, reported the Government news website.

The ministry reported the national single window system had a total of 188 administrative procedures, up 15 units compared with 2018. Also, 22 other procedures are set to be connected with the system soon. It handled over 2,800 million sets of applications from more than 35,000 firms.

The relevant ministries have adopted 37 out of 51 new procedures, accounting for 72.6% of the total compared with the target set earlier this year. All procedures are expected to be adopted within the first quarter.

Local authorities have completed a test run on customs declarations with the Eurasian Economic Union and have conducted negotiations with other countries on the exchange of quarantine and origin certificates.

Officials stated that previous improvements in administrative procedures have to a certain extent boosted the development of imports and exports

and have enhanced the competitiveness of both the business community and the nation.

As a result, the total import and export earnings surged to US\$500 billion last year from the 2018 tally of some US\$400 billion.

Deputy Prime Minister Hue remarked that 2020 is the final year of the plan for rolling out the national single window, ASEAN single window, and trade facilitation.

Therefore, he asked the ministries and agencies to continue executing their tasks and various measures in line with the instructions of the prime minister and the steering committee.

The senior Cabinet leader urged them to speed up the reduction and simplification of specialized inspection procedures.

In an attempt to contain the outbreaks of the novel coronavirus and a highly fatal bird flu strain known as H5N1, he called on officials to analyze and assess the impact of these diseases on goods purchases so that they could suggest specific measures for specialized checks and customs clearance activities.

The move is meant to get the outbreaks under control and avoid the delay and build up of goods, thereby creating favorable conditions for firms to do business and safeguarding trade.

He told the Vietnam Logistics Business Association and its members to reduce warehousing costs by 10%-20% to support the owners of mall centers and supermarkets that seek to purchase farm produce.

4. Vietnam's face masks exports to China nearly triple in Jan

The amount of Vietnam's face masks exported to China in January soared by 260% compared to the average number of 2019, according to Mai Xuan Thanh, deputy director general of the General Department of Vietnam Customs.

A surge in the number of Vietnamese face masks to China coincided with the period of the outbreak of the new coronavirus in the neighboring country, said Thanh at a meeting on February 6 as reported by local media.

In two border gates of Huu Nghi and Chi Mai in Lang Son province, over 4.2 millions of medical face masks were exported to China from January 29 – February 3, while hand sanitizers and face masks were fast falling in short supply during this period in Vietnam on fears of the outbreak.

Statistics from Lang Son customs authority revealed in addition to medical face masks, nearly 800,000 of three-, four-, and five-layer face masks were exported to China during this period.

As of February 4, around 150,000 four-layer face masks of a company were waiting for clearance at the Huu Nghi Border Gate for exporting to China. In the Chi Mai Border Gate, the number of face masks were over 1.3 million pieces.

From January 1 to February 3, a company exported nearly four million medical face masks worth over US\$92,000 to China.

Thanh also expressed concern that China is tightening export of input materials for face mask production.

At the meeting, Deputy Prime Minister Vuong Dinh Hue said as the production of face masks depends on input materials from China, the government has decided to waive export duty for such products.

The tax amount forgone due to this exemption is estimated at VND400 – 500 billion (US\$17.2 – 21.5 million), stated Hue.

In early February, customs authority in Quang Ninh and Lao Cai seized dozens of thousands of medical face masks on the way to be smuggled to China.

Hanoi's market surveillance agency on February 4 seized 120,000 medical face masks with no information on origin, which were on the way to Lao Cai province en route to be exported to China.

5. Industries hit as epidemic cuts off raw materials

Vu Duc Giang, chairman of the Viet Nam Textile and Apparel Association (VITAS), said the textile and apparel industry mainly depends on the import of raw materials from China.

Cao Huu Hieu, general deputy director of Viet Nam National Garment and Textile Group (Vinatex), said the Chinese Government had ordered the companies making the raw materials to close and stop foreign trade.

"Viet Nams textile and apparel companies only have enough raw materials to produce this month."

VITAS said to minimise the negative impacts, businesses need to discuss the issue with their customers, look for raw materials at home or in other countries and ensure continued production.

It also asked businesses to closely monitor the epidemic situation in China and other countries.

According to the General Statistics Office, textile and garment exports in the first month of 2020 dropped by 21 per cent year-on-year to US\$2.6 billion and imports of raw materials from China were down 7.1 per cent to \$6.2 billion.

The rubber industry too faces a shortage of raw materials since 70 per cent is imported from China, Nguyen Quoc Anh, chairman of the HCM City Rubber-Plastic Manufacturers Association, said.

If by March Chinese partners are still not able to resume supply, businesses have to import from Japan and South Korea at 15-20 per cent higher prices, he added.

The coronavirus has spread to many cities in China and 26 other countries and territories after being first detected in Wuhan city in December.

As of 7am yesterday, the epidemic had claimed 565 lives and infected 28,276 people in 27 countries and territories. Viet Nam has 12 confirmed cases.

6. Thousands of tour guides in HCMC benched as coronavirus outbreak spreads

The coronavirus epidemic has hurt the local tourism sector with many travel firms being forced to suspend their operations. Some of them are only completing procedures to cancel tours.

Nguyen Thi Khanh, vice chairwoman of the HCMC Tourism Association, told the *Saigon Times* that the local tourism sector has been facing a lot of difficulties since Vietnam imposed restrictions on travel to China which has been hard hit by the deadly 2019-nCoV virus. The city has some 5,000 tour guides, but most of them are now out of work.

Tour operators have reported that they have lost thousands of customers, while their vehicles are lying idle. Their revenues are not enough to pay their employees' salaries.

Some hotels in HCMC plan to let their staff take leave on rotation to reduce their operating costs.

According to Khanh, the HCMC Tourism Association will listen to its members' problems to work out solutions. Travel companies should safeguard the rights of their customers; comply with regulations on prevention and control measures to prevent the virus from spreading; and work with airlines, hotels and localities to prepare promotional programs that will be launched when the epidemic is brought under control.

The association will also propose tax reductions and preferential interest rates for tourism enterprises during this difficult period.

Corporate News

7. New airframe maintenance firm to serve Vietnam, Asia-Pacific

↑ 6.06%

Under the deal, the three parties will study the establishment and operation of the joint venture by exploiting VNA's technical facilities at Noi Bai and Tan Son Nhat international airports and other local airports in the coming months, including Long Thanh International airport.

The joint venture will bring more aircraft and added value to Vietnam. Also, it will enhance the technical capability of Vietnam's aircraft maintenance sector as well as the competitiveness of the national flag carrier, Duong Tri Thanh, general director of VNA, said at the signing ceremony on February 6.

ST Engineering Aerospace President Lim Serh Ghee noted that the new joint venture will create opportunities for the firm to expand its network of aircraft maintenance facilities in the Asia-Pacific region, which is considered one of the company's key markets.

The company last year had set up its first airframe maintenance facility in Vietnam through a partnership with Vietnam Airlines Engineering Company, a subsidiary of Vietnam Airlines.

In the next decade, aircraft fleets and the demand for aircraft maintenance and repairs in the Asia-Pacific region are forecast to rise by 4.5% and 5% per year, respectively.

The new partnership will enable ST Engineering Aerospace to develop its rich expertise in providing airframe maintenance, repair and overhaul services, while the two airline partners will leverage their networks for regional business expansion.

Vietjet to launch three more routes to India

Local budget carrier Vietjet will offer services on three new direct routes connecting Vietnam's Danang, Hanoi and HCMC with India's New Delhi and Mumbai in May, to meet the rising travel demand between the two countries as well as across the region.

Accordingly, the Danang-New Delhi and Hanoi-Mumbai routes will commence operations starting from May 14 with five flights and three flights per week, respectively, while the HCMC-Mumbai route will operate four weekly flights from May 15.

The new routes will create many more trade and tourism opportunities between the two countries. Also, passengers will find it easy to fly to popular destinations across Southeast Asia, including Indonesia, Singapore and Malaysia, stated Vietjet Vice President Nguyen Thanh Son.

Passengers can book tickets through the airline's official channels, including the website www.vietjetair.com, the mobile app Vietjet Air and the Facebook Fanpage at www.facebook.com/vietjetvietnam.

Vietjet operates over 400 flights daily and has carried nearly 100 million passengers between Vietnam and international destinations in India, Japan, South Korea and Taiwan.

8. VCB: BOD resolution on holding AGM 2020

↑ 0.67%

The Board resolution dated February 04, 2020, the Board of Directors of Joint Stock Commercial Bank for Foreign Trade of Viet Nam approved the holding of Annual General Meeting 2020 as follows:

- Record date: March 18, 2020
 - Meeting date: Friday, April 24, 2020
 - Meeting venue: National Conference Center, Pham Hung Street, Me Tri Ward, Tu Liem District, Hanoi City.
 - Content:
- + Report on the business result in 2019;

- + Report on the BOD and Supervisory Board in 2019 and plan for 2020;
- + Report on the business plan in 2020;
- + Report on the profit distribution plan in 2019;
- + Report on the selection of the auditor for the financial statements in 2020;
- + Report on the amendment and supplement of the company's Charter;
- + Report on the plan of increasing charter capital;
- + Report on the personnel change (if any)
- + Other issues (if any).

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

Disclaimer:

Copyright 2015 Japan Securities Incorporated (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.

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