



VIETNAM DAILY NEWS

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Market Analysis

1. Blue chips in the red as stock market posts losing session

The VN-Index fell 1.07 percent to 930.73 points Monday, with the vast majority of blue chips closing in the red.

Order-matched transactions on the Ho Chi Minh Stock Exchange (HoSE) plunged to VND2.19 trillion (\$94.27 million) from VND3.1 trillion (\$133.44 million) in the previous session, making Monday the quietest session of the past two weeks.

HoSE, on which the VN-Index is based, saw 220 stocks fall and 122 rise. The VN30-Index for Vietnam's 30 biggest market caps shed 1.23 percent, with 22 losing tickers and three gainers.

All stocks in the banking sector lost this session, led by BID of BIDV, one of Vietnam's three biggest lenders by assets, which dropped 5 percent. The other two, VCB of Vietcombank and CTG of Vietinbank, lost 1.2 percent and 1.1 percent respectively.

Among major losing stocks were BVH of insurance giant Bao Viet, down 3.8 percent, VPB of private mid-sized lender VPBank, 3 percent, and VRE of retail corporation Vincom Retail, 2.8 percent.

MWG of electronics retailer Mobile World also fell 2.7 percent this session, followed by POW of state-owned PetroVietnam Power, down 2.3 percent.

The two biggest market cap stocks on HoSE, VIC of Vietnam's biggest private conglomerate Vingroup, and VHM of its real estate subsidiary Vinhomes, shed 0.6 percent and 0.9 percent respectively.

Five stocks kept their opening price this session, including SAB of Vietnam's biggest brewer Sabeco and MSN of food conglomerate Masan Group.

In the opposite direction, ROS of real estate developer FLC Faros and CTD of construction giant Cotecons were the biggest gainers this session, both surging 6.9 percent to hit their ceiling prices for the second session in a row.

ROS had been the biggest losing stock on the VN30-Index for many consecutive sessions, having fallen to its floor price (6.7-7 percent) in over half of its last 25 sessions.

The CTD stock had also fallen steadily in the last quarter of 2019, with Cotecons reporting declining profits every quarter, citing a slowdown in the real estate market and rising prices of construction materials. However, the stock picked up last Wednesday and gained for four consecutive sessions.

Meanwhile, the HNX-Index for stocks on the Hanoi Stock Exchange, Vietnam's second main bourse for small and midcap stocks, fell 0.9 percent, while the UPCoM-Index for unlisted public companies shed 0.7 percent.

After four consecutive net selling sessions, foreign investors became net buyers of nearly VND30 billion (\$1.29 million) worth of shares on all three bourses. Buying pressure was most focused on VHM of Vinhomes and HPG of leading steelmaker Hoa Phat Group, which kept its opening price this session.

Macro & Policies

2. Over 580 tons of Vietnam produce shipped to China

Vietnamese and Chinese authorities on Saturday resumed customs clearance for imports and exports at Kim Thanh II international border gate in the province, reported the Vietnam News Agency.

On the first day of customs clearance resumption, a total of 54 Chinese agricultural product trucks were licensed to enter Vietnam, while eight Vietnamese farm produce trucks were allowed to enter Chinese territory.

One day later, as many as 580 tons of Vietnamese farm produce worth more than US\$266,000 were

shipped to the northern neighbor, while Chinese traders exported agricultural goods worth over US\$328,000 to Vietnam.

Vietnam has set up a quarantine area at the border gate for all trucks entering from China. After being sterilized, these trucks are driven by Vietnamese drivers to complete the process for customs clearance and trading, which is closely supervised.

After the goods are unloaded, the trucks are taken to the quarantine area and handed over to Chinese drivers.

3. Extended closures of border markets take toll on produce: official

The Vietnamese Ministry of Industry and Trade quoted the Consulate General of Vietnam in Guangxi as saying that authorities in this Chinese region have decided to extend the period of closure for border markets.

Also, the exchange and trade of goods among border traders of the two countries will remain suspended, reported the Vietnam News Agency.

Authorities in China's Yunnan province have yet to make any announcements, but given the severity of the virus outbreak, they will likely make a similar move.

Hundreds of container trucks loaded with local produce, such as dragon fruit and watermelons, are stuck at border crossings due to the fallout from the outbreak, according to Deputy Minister of Industry and Trade Tran Quoc Khanh.

A number of traders have been advised to take other steps to sell their goods, but they have

refused, preferring to wait for the border gates to reopen, which was initially scheduled for February 9 and 10.

The reason behind their reluctance is that a change from cross-border trade at these markets into a more formal export would require them to pay taxes, while most of the traders have yet to enter contracts with their Chinese peers.

As of February 9, more than 170 trucks carrying dragon fruit had got stuck in the northern mountainous province of Lang Son, while the figure in Lao Cai Province was 152.

Earlier, the ministry called for logistics service providers to reduce their warehousing and transport fees in an effort to support traders of agricultural products.

Goods distributors and retailers are also trying to purchase agricultural products, especially dragon fruit and watermelons, from local farmers.

4. Tourism authority mulls measures to recover from coronavirus outbreak

The Vietnam National Administration of Tourism (VNAT) has estimated that international tourist arrivals to the country would decline by 3.7-4.7

million, while local tourists would fall by 50%-70%, or 11-15 million due to the impact of the

new coronavirus, which emerged in the Chinese city of Wuhan late last year.

Chinese visitors usually account for roughly 30% of Vietnam's total international arrivals. Accordingly, the country could experience a substantial fallout from the Wuhan coronavirus. The decline in Chinese tourists could lead to US\$2 billion in lost tourism revenue for the Southeast Asian nation.

Further, the outbreak of the Wuhan virus could wipe out US\$3 billion from Vietnam's tourism revenue, as visitors from other foreign countries stay away from the region, in addition to a loss of US\$2.7 billion from local tourists' spending.

To cope with the situation, VNAT is set to launch tourism promotion events in April if the outbreak is dispelled by late March. Specifically, the sector could step up preparations for local tourism activities, which typically enter peak season from late May, while tour operators could promote outbound tours to make up for losses incurred since early this year.

For the second plan to bring international travelers to Vietnam in June, the sector will host promotions domestically and overseas between April and September, allowing the local tourism market to rebound during the peak travel season from October to April.

VNAT also envisioned another scenario after global health experts forecast that the virus could be contained after this summer. As such, tourism activities can only resume normal operations in the last quarter of the year.

In this case, promoting domestic tourism events could face obstacles due to the lack of time for preparations, but overseas promotion activities will be rolled out to attract tourists, according to the tourism administration.

VNAT added that the sector should intensively tap source markets such as South Korea, Japan, Taiwan and ASEAN nations, where air services linking these destinations with Vietnam are showing increasing growth. Further, other potential, large markets such as India should be taken into account as well.

Last week, tourism authorities, tourism associations and local governments attended a host of meetings to discuss coping solutions. The meetings proposed the Government consider exempting visa fees, simplifying visa application procedures for tourists in package tours and allowing the issuance of visas upon arrival.

They also suggested provincial governments should weigh the reduction or exemption of entrance ticket fees for tourists for one or two months after the end of the outbreak.

5. Việt Nam's garment-textile expects boom in 2020

Other factors, including free trade agreements (FTA) that will take effect in 2020 and the penetration of international brands like Zara, H&M and Mango will also favour the industry's growth.

The sector has made significant progress, especially in yarn and dyeing, through IT applications, as reflected in improved productivity, accelerated production and reduced labour force.

According to Trương Văn Cẩm, vice chairman of the Vietnam Textile and Apparel Association, more than 2.5 million tonnes of yarn were churned out in 2019, of which over 1.5 million

tonnes valued at about US\$4 billion were exported.

Fabric output also increased six times and export value clocked up \$2.1 billion, he added.

The Fourth Industrial Revolution's impacts on production mindset and methods are tangible. An example is Đức Quân Investment and Development JSC in the northern province of Thái Bình, which has doubled its yarn output to 17,000 tonnes per year through the application of Big Data in production and management.

Garment 10 Corporation JSC has also used online business management software DIP BMS.NET to better monitor transactions of distribution chains.

Members of the Vietnam National Textile and Garment Group (Vinatex) such as Hòa Thọ Textile-Garment Joint Stock Corporation, Viettien General Garment JSC and Nhà Bè Joint Stock Corporation have joined the trend.

Vinatex General Director Lê Tiến Trường said technological applications offer workers stable jobs with higher incomes while helping the group double its profits.

Applying the achievements of the Fourth Industrial Revolution has become an inevitable trend. However, this has met a range of difficulties, especially a severe shortage of trained labourers who can use the new equipment.

Humans, particularly technicians, play a key role in the process, said Vinatex Managing Director Cao Hữu Chiển, adding that the group has mobilised different resources for personnel training.

The Prime Minister has also agreed to upgrade the Hanoi Industrial College for Textile, Garment and Fashion to the Hanoi Industrial Textile Garment University, creating a major personnel training channel for the sector, he said.

6. MoF exempts import tax on five commodity groups to fight coronavirus

On February 7, Dũng signed Decision 155/QĐ-BTC with articles allowing import tax exemption on medical masks, hand sanitiser, mask materials, disinfectant and protective clothing.

The Ministry of Finance (MoF) assigned the General Department of Customs to direct and guide customs units to implement the tax exemption policy for imported goods to prevent and control the epidemic.

Customs offices will carry out customs clearance for goods in the groups and work with relevant agencies to inspect and ensure the importation is for the right purposes.

The groups of goods subject to the exemption include:

- Medical masks with international harmonised system (HS) codes of 6307.90.40 and 6307.90.90.
- Disinfectant gel or liquid hand sanitiser with HS code 3808.94.90.
- Mask materials include non-woven fabrics and antibacterial filters; elastic bands with the regulated HS codes.
- Disinfectants with HS codes of 3808.94.20 and 3808.94.90.
- Protective clothing including trousers, shirts, goggles, medical masks, helmets, gloves and shoes with HS code 6210.10.90.

The decision took effect from February 7, 2020 until the end of the epidemic.

Corporate News

7. Stock market briefs Feb 10, 2020

↓ -0.21%

HCMC – Twelve out of 40 commercial banks in the country have so far cleared all their non-performing loans booked at the Vietnam Asset Management Company (VAMC). The banks are Vietcombank, Techcombank, Military Bank, VIB, OCB, Nam A Bank, TPBank, Agribank, VPBank, ACB, SeABank and Kien Long Bank. Earlier, banks had to sell bad debts to VAMC so they could take the debts off their balance sheet to have a bad debt ratio of below 3% as required by the central bank and could continue their operations as normal banks.

HCMC – Japan-based firm Saibu Gas Company has become a major shareholder in PetroVietnam Low Pressure Gas Company (PGD) after buying 18.9 million PGD shares, raising its stake in the latter to 21%. The Japanese company previously had no shares in the local gas supplier. The deal was done in a put-through transaction worth VND1.02 trillion.

HCMC – VPBank will reduce lending rates by up to 1.5 percentage points per year for customers affected by the Wuhan coronavirus epidemic. The move is in response to the State Bank of Vietnam's call urging credit institutions to provide support for businesses which are suffering from the epidemic.

HCMC – FECON Corporation (FCN) said its consolidated net profit sank 41.4% year-on-year to VND72.4 billion in the fourth quarter of last year due to a decrease in financial income, which plummeted 95% to VND7 billion. Its revenue climbed 10.4% to VND1.25 trillion in the quarter.

HANOI – Foreign investors in January net bought a total value of VND46 billion worth of shares on the Unlisted Public Company Market (UPCoM). They bought VND419.4 billion worth of shares while selling a total of VND373.3 billion

8. DBD: DBD asks for the extension of submission of financial statements

↑ 0.18%

BinhDinh Pharmaceutical and Medical Equipment Joint Stock Company sent documents to HOSE to ask for the extension of submission for financial statements.

- For the quarterly financial statements: within 30 days from the last day of quarter;

- Reviewed semi-annual financial statements: within 60 days from the last day of first six months of fiscal year.

- Audited annual financial statements: within 100 days from the last day of fiscal year.

However, the request of DBD will be reviewed by the State Securities Commission.

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