



# VIETNAM DAILY NEWS

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Table of content

## Table of content

1. Banks lead stock market in gaining session
2. Traders, exporters advised not to transport produce to northern border gates
3. nCoV likely to affect raw material source of garment and textile sector
4. Restaurants suffer downturn amid coronavirus fears
5. HCM City hopes investment in infrastructure will foster economic growth
6. Vietnam government pushes for new ODA policy
7. Stock market briefs Feb 11, 2020
8. HPG: Board Resolution No.01 & 02 \_ Feb 10, 2020

## Market Analysis

### 1. Banks lead stock market in gaining session

The VN-Index added 0.42 percent to 934.67 points Tuesday, with almost all banking blue chips turning green.

Order-matched transactions on the Ho Chi Minh Stock Exchange (HoSE) surged to VND2.7 trillion (\$115.68 million) from VND2.2 trillion (\$94.26 million) in the previous session.

HoSE, on which the VN-Index is based, saw 198 stocks rise and 135 fall. The VN30-Index for Vietnam's 30 biggest market caps added 0.41 percent, with 19 gaining tickers and seven losers.

ROS of real estate developer FLC Faros led gains for the third straight session, closing 6.9 percent up, its ceiling price.

The stock seems to be recovering strongly after being the biggest losing stock on the VN30-Index for many consecutive sessions in the past month, having fallen to its floor price (6.7-7 percent) in over half of the sessions in this period.

Similarly, CTD of construction giant Cotecons was among the top three gainers on the VN30-Index, rising 3.8 percent, its fifth consecutive gaining session. It was also a stock that had been declining steadily in the final three months of 2019, with Cotecons reporting declining profits every quarter, citing a slowdown in the real estate market and rising prices of construction materials.

CTG of Vietinbank, one of Vietnam's three biggest state-owned lenders by assets, led gains in banking sector stocks with 4.3 percent. The other two, BID of BIDV and VCB of Vietcombank, rose 3.5 percent and 0.3 percent respectively.

Among the remaining six mid-sized banking stocks, only HDB of private HDBank lost this session, with 1.7 percent.

In the other direction, the biggest losing stocks included HPG of leading steelmaker Hoa Phat Group, down 3.1 percent, followed by VNM of Vietnam's biggest dairy firm Vinamilk, down 1.7 percent, and GAS of state-owned energy giant PetroVietnam Gas, down 1.4 percent.

VIC stocks of Vietnam's biggest private conglomerate Vingroup, and the biggest market cap ticker on HoSE, also shed 0.3 percent this session.

Meanwhile, the HNX-Index for stocks on the Hanoi Stock Exchange, Vietnam's second main bourse for small and midcap stocks, rose 1.09 percent, while the UPCoM-Index for unlisted public companies added 0.54 percent.

Foreign investors were net buyers of VND65 billion (\$2.78 million) worth of shares on all three bourses. Buying pressure was focused most on MSN of food conglomerate Masan Group, and VNM of Vinamilk.

## Macro & Policies

### 2. Traders, exporters advised not to transport produce to northern border gates

Speaking at a meeting between the ministry and the Tien Giang government on February 11, Minister of Agriculture and Rural Development Nguyen Xuan Cuong said that the novel coronavirus, which emerged in the Chinese city of Wuhan late last year, has put a crimp in Vietnam's economic development, including farm produce shipments to China.

“Normally, on the second day of the lunar New Year, the country sees agricultural goods being transported to the border gates for export,” Cuong said, adding that this year, given the coronavirus outbreak, border trading has yet to resume completely, leaving large volumes of goods in limbo.

The northern province of Lang Son has seen the stockpiling of 350 goods containers, while some 170 containers of farm produce, due to be exported to China, are stuck in Lao Cai Province, he noted.

Addressing the meeting, Deputy Minister of Agriculture and Rural Development Tran Thanh Nam pointed out that a mere 30 goods containers are shipped to China each day through the Huu Nghi international border gate in Lang Son Province, posing challenges for bilateral trade amid the rapid spread of the Wuhan coronavirus.

Nam explained that goods exchange at the border gates with the Chinese provinces of Yunnan and Guangxi is currently mainly aimed at handling the large volumes of goods stuck at the gates. As such, exporters should stop transporting their goods to the border gates for export to ease the pressure on the gates.

Nam suggested firms stock up on agricultural products and store them in cold storage warehouses, while Cuong proposed firms and retailers enhance domestic consumption to address the large inventories of farm produce on the local market.

### 3. nCoV likely to affect raw material source of garment and textile sector

The Ho Chi Minh City Textile and Garment Embroidery Association said that the material import and export proportion of the country's garment and textile sector currently stands at between 30 per cent and 40 per cent annually.

According to figures released by the Ho Chi Minh City Textile and Garment Embroidery Association, enterprises in the southern city have spent approximately US\$7 billion importing raw production materials for the sector, with the majority coming from China.

At present, firms in the city's garment and textile industry have raw materials for production activities until the end of February as a result of their imports of raw materials ahead of the Lunar New Year (Tet).

Despite this, businesses are becoming increasingly worried about the shortage of the production material source ahead in March and April due to the ongoing impact of the nCoV.

Several businesses are noting that the epidemic could potentially affect trading ties between both Vietnam and China in the coming time.

Currently, local enterprises have moved to adjust their production plans and work alongside each other in a bid to overcome difficulties that may occur in February and March, stated Pham Xuan Hong, Chairman of Ho Chi Minh City Textile and Garment Association.

#### 4. Restaurants suffer downturn amid coronavirus fears

Hai Linh, an owner of a restaurant in Hanoi, said the number of customers had sharply dropped since stronger drink-driving regulations. The situation had worsened since the coronavirus outbreak.

Despite various ways to attract customers such as offering discounts, vouchers and complimentary taxi services, customer numbers had fallen by 50%.

According to Hai Linh, university students were major customers, but they've stayed home for another week after Tet.

Meanwhile, people want to restrict gatherings to prevent the epidemic which has also led to a fall in customers.

Dinh Duc who manages a seafood restaurant in Hoang Mai District said he sees a loss of around VND2 million (USD86.9) a day. The restaurant currently receives just a small number of customers, while he has to pay for up to 15 staff and other overheads.

Owners worry that if the disease continues for a long time, they would probably have to suspend their businesses.

The Ministry of Health reported that Vietnam has so far confirmed 14 infected patients tested for coronavirus and 304 suspected cases, but 227 have tested negative for the virus and 77 are in isolation while samples undergo testing.

#### 5. HCM City hopes investment in infrastructure will foster economic growth

The city has set 24 targets for the next five years including average annual economic growth of 8.5 per cent.

It also strives to be among the top five localities in the country on the provincial governance and public administration performance index (PAPI), provincial competitiveness index (PCI) and public administrative reform (PAR) index.

Trần Hoàng Ngân, director of the HCM City Development Research Institute, said the biggest "bottleneck" that constrains the growth of the city is inadequate infrastructure, so a breakthrough infrastructure programme is required.

At a recent workshop held by the HCM City Development Research Institute on investment in new residential areas, experts said insufficient infrastructure due to rapid urban development had caused construction delays and other problems.

Project planning expert Phạm Trần Hải said problems associated with the development of new residential areas were mainly caused by the lack of harmony between various components in urban development plans, lack of clearly defined

roles for involved parties and poor construction planning management.

To meet the targets, the city should effectively mobilise all resources to properly develop urban infrastructure, he added.

Ngân said the solution is to promote the renovation of dormitories and at the same time attract investment in building new urban areas such as Thủ Thiêm, South, Northwestern, Bình Quới-Thanh Đa, and Cần Giờ.

To reduce congestion and traffic accidents, the city needs to optimise mobilisation of resources, solicit investment in key transport works, efficiently exploit waterways, build rail routes to the west, build belt roads, and reduce the use of private vehicles, he said.

Architect and urban planning expert Ngô Viết Nam Sơn said regional connectivity in infrastructure would help reduce traffic congestion, ensure traffic safety, enable people to move to the suburbs to alleviate stresses on the inner urban areas, and foster economic development in other provinces and cities as they link up with HCM City.

## 6. Vietnam government pushes for new ODA policy

Deputy Prime Minister Pham Binh Minh urged the Ministry of Planning and Investment (MPI) to finalize the draft decree governing Official Development Assistance (ODA) management and utilization, which should be submitted to the government before February 20.

The new decree should ensure consistency with regulations in the Law on Public Investment (2019), the Law on Public Debt Management (2017), the Law on State Budget (2015), and the Law on Treaties (2016), said Minh in a government meeting on February 10.

Under current regulations, the ODA funds and preferential loans from foreign donors are under the category of public investment fund, and therefore, subject to the enforcement scope of the Law on Public Investment.

However, the draft Decree providing specific guidance for the implementation of the Law on Public Investment only applies for programs and projects using public investment funds, not those using ODA funds.

The draft decree on ODA is expected to address pending issues and obstacles existed in current regulations, ensuring high feasibility and reflecting the present situation of using ODA in Vietnam.

Additionally, the new decree would enhance efficiency in state management and simplify administrative procedures in receiving non-refundable ODA.

Vietnam's graduation from the International Development Association (IDA) in 2017, the World Bank's fund for low income countries, led to less favorable loan terms, Minh expected new regulations on using ODA would create the most

supportive environment for receiving and using such fund.

Over the past years, the Vietnamese government has issued a number of laws and regulations for greater efficiency in attracting foreign investment capital, including the Prime Minister's decision setting up visions for attracting and using ODA and preferential loans in the 2018 – 2020 period, with vision to 2021 – 2025, and the revised Law on Public Investment, among others.

The government also requested to transfer funds from projects with low disbursement rate to those in needed to speed up the implementation process; not using loans for regular spending; tightening management of outstanding loans.

In a meeting last June between the Vietnamese government and donors, Asian Development Bank (ADB) country director for Vietnam Eric Sidgwick expressed concern that complicated and time-consuming procedures in implementing projects have led to low disbursement rate of the ODA in Vietnam.

Sidgwick pointed to the fact that Vietnam's average disbursement rate is less than half of the previous periods and slower than other countries that receive ODA from ADB.

Vice Minister of Finance Tran Xuan Ha added low disbursement rate could lead to additional costs and higher commitment fees for the government, which are charged by a lender to a borrower for an unused credit line or unspent loan.

More importantly, there could be potential contract dispute between project owners and contractors, affecting Vietnam's credibility, Ha said.

## Corporate News

### 7. Stock market briefs Feb 11, 2020

↑ 1.53%

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. HPG: Board Resolution No.01 & 02 \_ Feb 10, 2020

↓ -3.08%

Hoa Phat Group Joint Stock Company announces Board Resolutions No.01 and No.02 dated February 10, 2020 as follows:

#### Board Resolutions No.01:

The Board of Directors approved the adjustment of Hoa Phat Dung Quat Iron and Steel Production Complex – Expansion Phase in Dung Quat Industrial Zone, Quang Ngai Province.

- Area for project: 166 hectares
- Total investment: VND60,000 billion. Of which:

Estimated fixed capital: VND50,000 billion;

Estimated working capital: VND10,000 billion.

| No. | Content                                | Unit        | Total estimate |
|-----|--|-------------|----------------|
| 1   | Total investment                       | VND billion | 60,000         |
|     | Fixed capital                          | VND billion | 50,000         |
|     | Of which:                              | VND billion | 32,000         |
|     | machinery                              |             |                |
|     | Capital construction                   | VND billion | 3,000          |
|     | Working capital                        | VND billion | 10,000         |
| 2   | Ratio of Owner's capital/Fixed capital |             | 60%            |

- Project progress: divided into 02 stages:

Stage 1: completing the construction and putting into operation in 36 months from the date of receipt of land transfer and construction license.

Stage 2: completing the construction and putting into operation in 36 months from the finish date of Stage 1.

**Board Resolutions No.02:**

The Board of Directors approved a record date for collecting shareholders' opinions in writing:

- Estimated record date: March 02, 2020
- Time of implementation: estimated from March 04, 2020 to March 23, 2020
- Content: to vote for the adjustment of Hoa Phat Dung Quat Iron and Steel Production Complex – Expansion Phase in Dung Quat Industrial Zone, Quang Ngai Province.



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