



VIETNAM DAILY NEWS

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Market Analysis

1. Foreign capital keeps flowing out to weigh on VN stocks

Foreign investors net-sold more than VND1.1 trillion (US\$47.5 million) worth of local stocks last week and the figure is forecast to keep rising on worries about the downgrade of the economy under the impact of the coronavirus.

Last week's net-selling figure jumped nearly 600 per cent from the number recorded in the previous week.

Net foreign selling forced the benchmark VN-Index on the Ho Chi Minh Stock Exchange and the minor HNX-Index on the Ha Noi Stock Exchange to fall 0.46 per cent and 1.50 per cent week-on-week.

Stocks pressurised by foreign capital outflow included Vietinbank (CTG), consumer goods firm Masan (MSN), property developers Vingroup (VIC) and Novaland (NVL), Bank for Investment and Development of Vietnam (BID), PetroVietnam Gas (GAS) and insurer Bao Viet (BVH).

In February, foreign investors offloaded net value of VND2 trillion while they net-bought a total of VND1.9 trillion in the first month of the year.

In the pre-Tet (Lunar New Year) period between January 1 and January 22, foreign investors bought a net value of VND2.12 trillion, but they have sold a net value of VND2.25 trillion since the market returned from the Tet break.

The stronger foreign capital outflow concurred alongside the outbreak of the coronavirus – known as COVID-19 – in China and other countries in East Asia and Southeast Asia, which has raised concerns among investors about slowing regional economies.

Some Chinese companies have returned to work but operations have remained slow on fears of the spread of the virus. Chinese authorities have promised low lending rates and more stimulus packages to boost local production.

When the number of new cases in China has slowed down and the Chinese government seems

to have taken control of the situation, South Korea has emerged as a place of growing concern.

By 4.30pm on Sunday, the total number of coronavirus infections was 78,860 and deaths stood at 2,464, according to Worldometer. China still led the chart with 76,940 people infected and 2,443 deaths.

South Korea was second with 602 cases and five deaths.

Viet Nam has reported 16 infected cases but all infected people have reportedly fully recovered.

According to SSI Research, COVID-19 has cut international organisations' growth forecasts for economies in the region and fund managers and institutional investors have had to change their strategies.

The outbreak in China, South Korea and Japan – three of the largest manufacturing economies in the world – has led investors to fear that the Vietnamese economy will be heavily affected by the slowdown of industrial outputs in the three economies as Viet Nam is highly connected to all three.

Net foreign selling last week was a bad indicator, Sai Gon-Ha Noi Securities (SHS) said in its weekly note. "Investors were still wary of the unpredictable development of COVID-19."

Foreign capital has been withdrawn from emerging markets as investors look for shelter in safe havens such as bonds and gold, making gold prices hike and strengthening the US dollar against other currencies, VNDirect Securities (VNDS) said in a note.

"That explains the pressure that foreign investors have had on Vietnamese stocks in the last three weeks as they did in 2018 and 2019."

Foreign investors would not stop selling soon, Bao Viet Securities (BVSC) predicted.

The benchmark VN-Index is set to move between 920 points and 945 points this week, analysts forecast.

There was a lack of supportive news for the market at the moment and the pressure of foreign capital outflow will be prolonged, Ngo Quoc Hung, senior analyst at MB Securities Co (MBS), told tinnhanhchungkhoan.vn.

“Capital is concentrating on bank stocks, which is understandable, and trading liquidity of bank

stocks accounts for 40 per cent of the market total,” he said.

Investors were trying to take profits from large-cap stocks and moved into smaller companies, Hung said.

“Small-cap stocks have gained for two straight weeks with increased liquidity while large-cap stocks’ growth is slowing down and they become less active on the market.

Macro & Policies

2. HCMC aims to become major Asian tourism hub

The municipal Tourism Department held the meeting to collect feedback on a plan to develop the city's tourism sector until 2030, reported Nguoi Lao Dong newspaper.

Roland Berger, a global strategy consulting firm headquartered in Germany's Munich, drew up the plan on the department's orders. To execute it, the firm has collected data from surveys conducted at airports and popular destinations and from market research firm Euromonitor as well as gathered feedback from tourism experts and operators at home and abroad.

Based on the collected data, Roland Berger will make in-depth evaluations of the city's tourism sector, paving the way for further solutions to bolster growth in the industry.

By 2030, the southern city is expected to become one of the leading tourism hubs in Asia, where tourists can experience distinctive cultural values and lifestyles. To realize the goals, seven groups of strategies have been mapped out, coupled with specific execution plans, said a Roland Berger representative.

According to the project's research team, the city has yet to decide which tourism products perform better than those run by other cities in the region. It needs comprehensive strategies to achieve the

target of becoming one of the world's top destinations for international visitors by 2030.

The representative recommended the city choose flavor-rich dishes and drinks such as coffee, hu tiu (noodle soup with sliced pork or shrimp) and com tam (broken rice served with grilled pork) to build its own tourism brand, aside from traditional Vietnamese dishes such as banh mi thit (bread stuffed with pork) and pho (Vietnamese beef noodle).

Speaking at the event, representatives of Ba Ria-Vung Tau and Tay Ninh provinces suggested the project should also design tours linking the city with the neighboring localities.

In the coming months, the city will continue to develop more tourism products to attract tourists, step up efforts to launch more tourism promotion events and tighten cooperation with the Mekong Delta's 13 provinces to develop the industry, according to Vo Thi Ngoc Thuy, deputy director of the tourism department.

Ha Van Sieu, deputy head of the Vietnam National Administration of Tourism, recommended the city leverage information technology, create high-quality products and make the most of its nightlife economy to develop the industry.

3. Flights to China likely to resume in April

Efforts to contain the coronavirus in the world's most populous country have gained traction, Nguyen Dang Cuong, sales and marketing head at the airline's Product and Sales Department, citing information from a VNA branch in China.

Although the branch has had to work online due to the epidemic, it has received inquiries from business partners about its plans to resume flights between the two countries.

"We have prepared plans to resume services between the two countries," Cuong said at a meeting on February 20, held by the Vietnam National Administration of Tourism, discussing the outbreak's impact on the local tourism industry.

Vietnam suspended all flights to and from China early this month over the coronavirus, which emerged in mainland China in December and was officially named Covid-19 by the World Health Organization.

Before the outbreak, three local carriers -- VNA, Jetstar Pacific and Vietjet Air -- operated 87 routes from the cities of Hanoi, HCMC, Danang, Nha Trang and Phu Quoc to 54 destinations in China, with a total of 401 flights per week, according to data from the Civil Aviation Authority of Vietnam.

As for the northern neighbor, there were 11 Chinese airlines operating 240 weekly flights on 32 routes linking 14 Chinese destinations with the five cities in Vietnam.

Last year, Chinese tourists accounted for some 30% of the total number of international visitors to Vietnam. The air travel suspension has taken a heavy toll on the local tourism industry.

The national tourism administration estimated that the decline in Chinese tourist arrivals by 90%-100% could wipe out some

US\$2 billion from local tourism revenue in the next three months.

For the industry to recover after the epidemic, Vietnam will focus on Northeast Asian markets that are showing signs of increasing growth and the potential market of India.

Many promotional programs will need to be launched in China at the end of the outbreak as it is Vietnam's largest source market, noted Dinh Ngoc Duc, director of the Tourism Marketing Department, under the national tourism administration.

Along with discount programs to woo tourists, Vietnam should ramp up activities to promote the country's tourist sites on American news-based television channel CNN; large LED screens in Seoul, South Korea; and Chinese social media, he added.

4. Vietnam reports supply chain issues from virus, says may hit Samsung output

"Car, electronics and phone manufacturers are experiencing difficulty in acquiring supplies and materials due to disruptions from the virus," the ministry said in an emailed statement.

"Vietnam relies much on China for materials and equipment, which makes the country become vulnerable when such outbreak happens," it said.

Vietnam on Thursday eased some health-related restrictions on cross-border trade to prop up economic activity, but some strict measures are still in place.

Samsung, Vietnam's largest single foreign investor, is an example, the ministry said. The epidemic would have an impact on its production of two new phone models as most of the components are sourced from China.

"Samsung is considering using sea or air transport to import needed components but it would lift up the cost and would hardly meet the production schedule and demand," the ministry said.

Samsung said it was "making our best effort to minimize impact on our operations".

Although the ministry has not reported any plants being shut down because of the virus, the biggest problems facing car and electronics manufacturers are securing alternative materials and goods, along with inventory management.

"If the epidemic is not contained in the next 1-1.5 months, we will run out of inventory. Domestic TV's and phone's output will sharply decline," said the trade ministry, citing a report by the Vietnam Electronics Business Association.

The government said it would stick to this year's economic growth target of 6.8% and take steps to ease the impact of the outbreak.

The Ministry of Health said on Friday that 15 out of 16 confirmed coronavirus cases in the country had recovered, while 28 suspected cases were being quarantined in hospital.

(This story corrects attribution of comment in paragraph 6 to ministry).

5. Vietnam's red flesh dragon fruit shipped to Australia

Five tonnes of Vietnam's red flesh dragon fruit were recently shipped to Australia in a bid to seek new markets for Vietnamese fruit exports amid difficulties stemming from the novel coronavirus disease (COVID-19).

The batch is expected to reach Melbourne in Victoria state in several days, a result of joint efforts by the Vietnam Trade Office in Australia, the Melbourne-based Da Lat export-import company and the Department of Trade and Industry of Vietnam's Mekong Delta province of Long An, said head of the trade office Nguyen Phu Hoa.

With the support of the Embassy and Consulate General of Vietnam in Australia, a trade promotion event will be held to bolster consumption of the fruit, which is among Vietnam's key products, in the biggest Oceania market, Hoa added.

Vietnamese dragon fruit was allowed to enter Australia in July 2017, after nine years of negotiations. Notably, the Australian side opened its door for only fresh dragon fruit from Vietnam.

In September 2018, the first batch of red flesh dragon fruit grown in the northern province of Vinh Phuc was exported to Australia, paving the way for Vietnam to bolster exports to one of the world's most demanding markets./.

6. Japan supports HCM City to develop urban infrastructure

Japan on February 21 signed a memorandum of understanding (MoU) with Vietnam's southern economic hub of Ho Chi Minh City to strengthen the city's urban railway management capacity.

The sides concerned are the HCMC Management Authority for Urban Railways, the HCMC Urban Railway Company Limited No.1, and the Tokyo Metro.

The signing aims to prepare for the operation of the HCM City Urban Railway – Line No.1 and Ben Thanh – Suoi Tien metro line.

The Japanese company will share experience in urban railway management, technical cooperation, construction consultancy, and personnel exchange.

On this occasion, Japan pledged a non-refundable aid package for HCM City to upgrade the outdated sewer system.

Chairman of the provincial People's Committee Nguyen Thanh Phong said the aid will pave the way for Japanese companies to mobilise capital and utilise technology to implement projects in HCM City.

Meanwhile, Japanese Ambassador to Vietnam Umeda Kunio thanked HCM City authorities for supporting Japanese firms in implementing the construction of the metro Line 1 and hoped for more attention from them to complete the project as scheduled.

He asked municipal authorities to help Japanese businesses to carry out projects in other fields such as real estate and water environment improvement./.

Corporate News

7. Vietnam Airlines, Vinpearl join hands to boost Vietnam-Russia tourist links

↓ -0.37%

Vietnam Airlines and Vinpearl will work together to open eight weekly routes between Vietnam and Russia in 2020, a representative from the national flag carrier said on February 20.

The routes will connect four Russian cities – Moscow, Vladivostok, Novosibirsk, and Ekaterinburg with Nha Trang and Phu Quoc – the two most popular destinations in Vietnam.

The first route between Moscow and Nha Trang will be put into operation on March 12 with the frequency of two flights per week.

Meanwhile, Vinpearl Travel Russia, a subsidiary of Vinpearl, the resort company under private

conglomerate Vingroup, will open its representative office in Moscow on March 3 with the aim of promoting Vietnam's first hi-end tourism service package for the Russian market, which covers flights, tourist and insurance services.

Vinpearl will take similar steps to conquer four strategic markets namely Australia, Japan, the Republic of Korea and China.

Potential markets such as Europe, North America and India will also be in Vinpearl's roadmap of diversifying its customers../.

8. STK: Record date for AGM 2020

↑ 2.17%

On February 20, 2020, the Hochiminh Stock Exchange issued Announcement No.182/TB-SGDHCM about the record date of Century Synthetic Fiber Corporation as follows:

- Ex-right date: March 05, 2020
- Record date: March 06, 2020

Reason & purpose: to hold the 2020 Annual General Meeting of Shareholders.

Content:

- Exercise ratio: 01 share – 01 voting right
- Meeting time: March 26, 2020
- Meeting venue: 278 Equatorial Hotel, 242 Tran Binh Trong, district 5, Hochiminh.

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