



VIETNAM DAILY NEWS

February 26th, 2020



Table of content

Table of content

1. Shares bounce back on bottom purchases
2. Room for Vietnam-US farm produce trade remains huge: roundtable
3. Thailand imposes anti-dumping duty on Vietnamese steel products
4. Vietnam's wood exports to EU likely to reach 1 billion USD thanks to EVFTA
5. Fitch Solutions lowers Vietnam growth forecast
6. Vietnam eyes stronger cooperation, farm produce trade with US
7. PHR: PHR receives a decision on land transfer
8. GAS: Board approves the adjusted main contents of condensate sale agreement

Market Analysis

1. Shares bounce back on bottom purchases

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 0.70 per cent to close Tuesday at 909.67 points.

The VN-Index had lost 3.19 per cent to close on 903.34 points Monday.

Market sentiment was more stable as liquidity returned to an average low. More than 221 million shares were traded on the southern bourse, worth nearly VND3.9 trillion (US\$168 million).

Market breadth was positive with 218 stocks gaining and 142 declining.

The large-cap tracker VN30-Index increased by 1.45 per cent to close at 849.58 points.

Nineteen of the 30 largest stocks by market value and trading liquidity in the VN30 basket gained ground while nine declined.

“In Viet Nam, with the Government’s efforts and measures, we expect the impact of COVID-19 epidemic to be minimal. However, the coronavirus outbreak in South Korea will create more challenges for Viet Nam’s economy, especially after the stall in economic activities with China,” said Bao Viet Securities Co (BVSC).

“Notably, if the delay in trade with China has a negative impact on the demand side, the one with South Korea places more impacts on the supply side to Viet Nam’s economy. Currently, Viet Nam is an important link in the global production chain of many Korean electronics businesses, such as Samsung, accounting for nearly 30 per cent of Viet Nam’s total exports.”

“Any interruption in the supply of raw materials will disrupt these production activities, whereby the manufacturing industry, Viet Nam’s driving force for growth over the years, will be seriously affected,” BVSC said.

Banking stocks on Tuesday attracted bottom-fishing cash flow as investors sought stocks that suffered sharp falls in the previous session.

Gainers included Bank for Investment and Development of Viet Nam (BID) up 5.4 per cent, Vietinbank (CTG) rising 7 per cent and VPBank (VPB) up 5.6 per cent.

In the opposite direction, some other pillars performed poorly, with Vietcombank (VCB), Vinhomes (VHM) and PetroVietnam Gas JSC (GAS) all down 1.1 per cent.

On a sector basis, wholesale, retail, insurance, real estate, securities, information and technology, oil and gas, banking, agriculture, rubber production, food and beverage, construction and construction materials were the market’s supporters on Tuesday.

Foreign investors net sold VND112.57 billion on HOSE, including Vietcombank (VCB) (VND68.74 billion), Hoang Anh Gia Lai Joint Stock Company (HAG) (VND19.49 billion) and Novaland (NVL) (VND12.24 billion). They were net sellers on the HNX with a value of VND14.83 billion.

According to Bao Viet Securities Co (BVSC), the VN-Index is forecast to head toward resistance zone 920-925 points in several sessions. However, after the plunge Monday, the market’s downward risk remains high.

“Therefore, if unsuccessfully retesting the support zone 891- 898 points, the market will face another declining risk in the short term to strong medium-term support zone 865-880 points,” BVSC said in its report.

On the Ha Noi Stock Exchange, the HNX-Index gained 2.39 per cent to end Tuesday at 106.66 points.

The northern market index had dropped 3.62 per cent to end at 104.18 points Monday.

Nearly 50.9 million shares were traded on the northern bourse, worth VND626.2 billion.

Macro & Policies

2. Room for Vietnam-US farm produce trade remains huge: roundtable

Vietnam and the US still hold huge potential for cooperation in farm produce trade, and the two countries should not compete in trade but supplement each other, Deputy Minister of Agriculture and Rural Development Le Quoc Doanh has said.

The official made the remark while attending a roundtable with representatives of associations and firms of the US in Washington DC on February 24, aiming to bolster bilateral farm produce trade and raising the two-way trade growth.

He is leading a delegation of the Ministry of Agriculture and Rural Development (MARD) on a visit to the US from February 24-29, part of an action plan towards harmonious and sustainable trade balance of the two countries.

Speaking at the event, Doanh affirmed that the Vietnam-US relations over the years have thrived in various fields, including cooperation in agriculture and farm produce trade.

The US is the leading nation of the world in modern agricultural production, while Vietnam is restructuring agricultural sector in an efficient manner in tandem with market demand and boasts strengths in tropical products such as fruits and high quality seafood.

Therefore, businesses should capitalise on the chance to bolster bilateral farm produce trade, Doanh said.

The US is currently the third biggest trade partner of Vietnam, while Vietnam has become the 27th largest export market and 16th trade partner of the US.

At the roundtable, representatives of US sectors voiced their willingness to support and create optimal conditions for Vietnamese firms in the coming time.

The two sides also exchanged information and pointed out difficulties, such as high costs of imported items and tariffs, and long transport duration, among others.

To address those bottlenecks, firms are advised to thoroughly study markets and export-import regulations of respective country, as well as frequently update information and participate in trade promotions held by the MARD and the US Department of Agriculture to seek business partners.

They should promptly report problems and send recommendations to the two agricultural agencies to find solutions and create favourable conditions for agro-forestry-fishery trade of the countries.

After Washington DC, the Vietnamese delegation will join activities in other US states of Iowa and Nebraska./.

3. Thailand imposes anti-dumping duty on Vietnamese steel products

Thailand will impose anti-dumping tariffs ranging from 6.97 percent to 51.61 percent of cost, insurance and freight (CIF) prices on some imported steel products from Vietnam, the Trade Remedies Authority of Vietnam under the Ministry of Industry and Trade said.

The Vietnam Trade Office in Thailand has informed the authority on Thailand's final conclusion of an anti-dumping investigation on a number of iron and steel pipes and tubes

originating or imported from Vietnam including 169 HS codes.

The move aims to protect the Thai domestic manufacturing sector.

However, anti-dumping duties are exempted from the importation of related goods for production for export, goods imported for special use or goods classified as special categories.

In accordance with the Anti-Dumping Agreement, the anti-dumping duty will be applied for a maximum of five years and members can carry out any reviews every year.

Therefore, the Trade Remedies Authority of Vietnam recommended that relevant Vietnamese exporters continue to consider participating in the reviews to ensure their rights and interests./.

4. Vietnam's wood exports to EU likely to reach 1 billion USD thanks to EVFTA

Vietnam's wood exports to the European Union (EU) is likely to reach 1 billion USD after the recently ratified EU-Vietnam Free Trade Agreement (EVFTA) takes effect, according to market watchers.

This is thanks to the provision that after the move, 90 percent of Vietnamese wood products to the market will be subjected to the zero percent import tax rate, said Secretary General of the Ho Chi Minh City Handicraft and Wood Industry Association (HAWA) Nguyen Chanh Phuong.

In 2019, Vietnam exported nearly 700 million USD worth of wood products to the EU – an important supplier of wood material for the Southeast Asian country.

The EVFTA was ratified on February 12 by the European Parliament (EP) along with the EU-Vietnam Investment Protection Agreement (EVIPA).

The two documents were signed in Hanoi on June 30 last year, including intensive, extensive and comprehensive commitments covering economy, trade, investment and sustainable development issues.

The EVFTA, in particular, is expected to create a major push for Vietnam's exports, helping diversify the country's exports and markets.

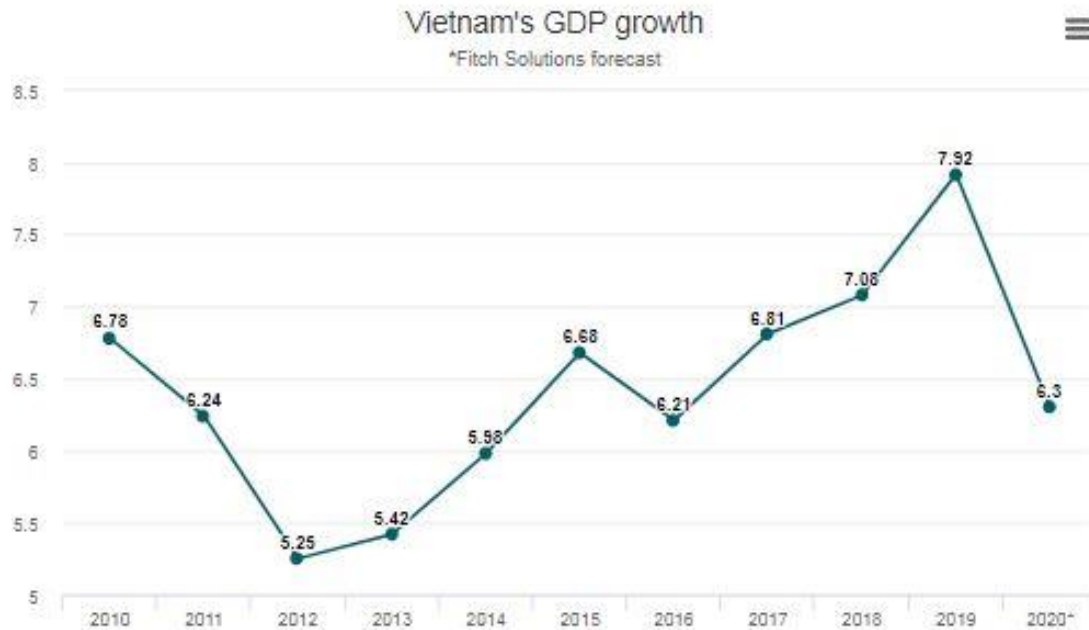
Under the agreement, Vietnam will cut 65 percent of import tax on EU commodities right after the deal takes effect, while the rest will be erased in a 10-year period.

Meanwhile, the EU will cut more than 70 percent of tariff on Vietnam's commodities right after the deal takes effect, while the rest will be abolished in the seven subsequent years./.

5. Fitch Solutions lowers Vietnam growth forecast

The company, a subsidiary of credit rating firm Fitch Group, said in a release on Wednesday the downward revision from an earlier forecast of 6.8

percent comes since the novel coronavirus epidemic could disrupt supply chains.



Vietnam's manufacturing sector, which accounts for 16 percent of GDP, will come under heavy pressure as the result of the outbreak in China, a key source of raw materials and a major export market.

Small and medium-sized companies are likely to struggle in their search for alternative sources of feedstock at short notice, and underemployment of labor and work stoppages are likely, it said.

Services growth would also come under stress due to a major decline in tourism revenues as a result of Vietnam's ban on flights and from China, its largest market, and a fall in tourist numbers from two other key markets, South Korea and Japan, it warned.

But it said growth is expected to rebound in the second half of the year when the virus is expected to be contained.

Trade could benefit from Vietnam's ratification of the EU-Vietnam Free Trade Agreement (EVFTA) in the second half, which would eliminate tariffs on more than 90 percent of Vietnam's exports to the bloc, the release said.

The Ministry of Planning and Investment had earlier forecast GDP growth could fall to a seven-year low of 5.96 percent this year from a decade-high 7.02 percent last year.

6. Vietnam eyes stronger cooperation, farm produce trade with US

A delegation of the Ministry of Agriculture and Rural Development (MARD) led by Deputy Minister Le Quoc Doanh is on a visit to the US to enhance cooperation and farm produce trade from February 24-29.

During the visit, the delegation, including representatives of 19 firms and associations, will study the US' farm produce supply, and boost

imports of farm produce and technology from the US to the Vietnamese market.

It will also arrange business forums to facilitate the trade of agro-forestry-fishery products and create trade links between the two sides.

The delegation will explore chances to boost cooperation and the transfer of advanced technology in agriculture in an effort to

strengthen domestic production chains. It will also join working sessions with US agencies to remove bottlenecks and create favourable conditions for import-export of the two countries.

Vietnam's imports from the US hit 14.37 billion USD in 2019 from just 9.35 billion USD two years ago, surging 53 percent.

The Southeast Asian nation purchased fresh fruits worth 304 million USD from the US last year, up 51 percent compared to 2017.

The MARD has paid heed to and prioritised scientific-technological cooperation, trade and investment with US partners in high-technology agricultural production, organic farming, and processing technologies for domestic consumption and export./.

Corporate News

7. PHR: PHR receives a decision on land transfer

↓ -5.63%

On February 21, 2020, Phuoc Hoa Rubber JSC received Decision No.443 dated February 20, 2020 from the People's Committee of Binh Duong Province regarding the acquisition of the land of Phuoc Hoa Rubber JSC in order to carry out Nam

Tan Uyen Industrial Park Project – Phase II. Therefore, Phuoc Hoa Rubber JSC will continue receiving the compensation and support from Nam Tan Uyen Joint Stock Corporation.

8. GAS: Board approves the adjusted main contents of condensate sale agreement

↓ -1.07%

On February 21, 2020, the Board of Directors of PetroVietnam Gas Joint Stock Corporation (PVGas) issued Resolution No.21/NQ-KVN approving main contents (price unit, payment time) for the

negotiation and signing of adjustment and supplement for the condensate sale agreement with PetroVietnam Oil Corporation (PVOIL) from January 01, 2020 to December 31, 2020.

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