



# VIETNAM DAILY NEWS

March 11th, 2020



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## Market Analysis

### 1. VN-Index rebounds after Monday's crash

Investors settled on Tuesday after a tumultuous start to the week, led by the recovery of major large-cap stocks.

On the Ho Chi Minh Stock Exchange, the VN-Index edged up 0.24 per cent, rebounding from a 6.3 per-cent plunge on Monday, to close Tuesday at 837.50 points.

Major blue chips bounced back to help ease investor fears of a long-term downturn due to COVID-19 and a global oil price war.

Of the 12 gainers in the VN30, tracking the top 30 largest shares by market value and liquidity, nine increased by more than 1 per cent, of which Vinamilk (VNM) was the biggest gainer with growth of 4.9 per cent. Other big supporters included steelmaker Hoa Phat Group (HPG), Vietinbank (CTG) and FPT Corp (FPT), which rose from 2-3.8 per cent.

On the other end of the spectrum, seven shares fell by more than 1 per cent, of which the biggest losers were PV Gas (GAS), insurer Bao Viet Holdings (BVH), Petrolimex (PLX) and FLC Faros Construction (ROS), each down by more than 5 per cent.

Oil made a rebound on Tuesday after a 20 per cent dip on Monday, but complicated developments still weighed on energy shares. PetroVietnam Drilling and Wells Service (DVD), PetroVietnam

Coating (PVB) and PetroVietnam Technical Services (PVS) slumped by around 5 per cent.

On the Ha Noi Stock Exchange, the HNX-Index narrowed its loss from 6.4 per cent on Monday to just 0.14 per cent on Tuesday, ending at 106.20 points.

Liquidity decreased slightly compared to the previous session, with 362.5 million shares worth VND7.4 trillion (US\$318.6 million) traded, down 4 per cent in volume and 5 per cent in value.

According to BIDV Securities Co, the drawback during Tuesday's session was strong net selling by foreign investors.

Foreign sectors continued to offload shares worth a combined VND418 billion on the two exchanges on Tuesday, up 81 per cent over Monday. This sector extended their net selling streak to 21 consecutive sessions with total value of nearly VND4 trillion.

According to Phan Dung Khanh, head of investment consultancy at Maybank Kim Eng Securities Co, the market would remain on a downtrend but opportunities remained in penny stocks and the derivatives market.

"The market has been on a downtrend since 2018, so it is hard to predict the bottom. The following sessions will be a good opportunity for investors to restructure their portfolios," Khanh said.

## Macro & Policies

### 2. Domestic two-wheeler makers taking on industry behemoths

Truong Hai Auto Corporation (THACO) last week announced the arrival of THACO Motorcycle Manufacturing Ltd., which is to be based in Chu Lai Economic Zone in the central province of Quang Nam.

The new entity boasts charter capital of VND10 billion (\$433,000) and has been registered to produce and sell both motorbikes and their parts.

The main THACO group manufactures trucks and public transport buses, and also assembles cars for Peugeot, Kia, and Mazda.

THACO's motorbike move is a shift into a crowded market led by foreign giants. The Vietnamese two-wheeler industry is the fourth-largest in the world, dominated by the five main producers of Honda, Yamaha, Suzuki, SYM, and Piaggio. In total, the five sold over 3.2 million motorcycles last year, with Honda selling 2.57 million units, up 0.2 per cent on-year, leading the market share.

Newcomers are also trying to elbow their way into the fray. Just one year after the opening ceremony for VinFast's electric motorcycle manufacturing factory took place, the group announced that

50,000 electric motorbikes were sold last year, featuring the models Klara, Klara S, Impes, and Ludo.

Meanwhile, the locally-invested electric newcomer Pega has been biting at the heels of Honda in an attempt to gain some notoriety as a motorbike company upstart.

Last month, Honda threatened to take Pega to court as the Vietnamese group used comparative marketing strategies between the new Pega eSH and Honda's SH 2020 at a presentation without permission to use Honda's images or product details.

In response, Pega director Doan Ngoc Linh posted a "letter of intent" on his personal Facebook page, outlining a number of supposed problems with Honda products and offering advice on what the motorbike giant should do in order to improve.

Linh also revealed he had sent a crate of Wake-Up 247 coffee energy drink, implying that Honda should "wake up" and create better breakthrough innovations for its customers.

### 3. Domestic upstarts

At a cost of only 50 per cent compared to the same type of gasoline motorcycle used after five years, e-bikes such as VinFast Klara may become the most effective products to invest in.

More specifically, when comparing annual consumption, with battery charge from VND220,000-350,000 (\$9.50-15) each month, repair, and maintenance costs are estimated to be half as cheap as conventional cars.

Klara is also popular with younger people because of its dynamism and eye-catching Italian design. VinFast has also focused on its technology being completely integrated with phones so that customers can check their vehicle location and battery life.

To further ease use for customers as well as to increase its presence in the market, VinFast last week announced provision of additional battery chargers for its e-models at a cost of VND1.1 million (\$48).

For the latest generation of the Klara S, Impes, and Ludo, each month customers will pay VinFast a subscription fee of VND220,000 for one battery, or VND350,000 for two Klara S batteries. As a result, the cost of the original vehicle is reduced, and the customer also does not bear risk during use. If the battery is damaged, VinFast will be held responsible for replacing them.

Global management consultants McKinsey & Company stressed that governments are

tightening regulations and offering incentives to foster greater electric vehicle adoption.

In the EU for example, a new set of fleet-wide CO2 targets will be phased in this year. Original equipment manufacturers need to fully comply with an industry-wide emissions target for CO2 of 95 grammes per kilometre by 2021 to avert significant financial penalties. These mandates are putting additional pressure on such groups to push electric vehicles further into the market.

Under Vietnam's commitments, the country seeks to cut 8 per cent of greenhouse gas emissions by 2030, which could be raised to as high as 25 per cent with support from the international community. In Vietnam, motorbikes are the main means of transportation in the major cities, currently responsible for about 80 per cent of travel needs.

#### 4. 74 pct of enterprises face bankruptcy should Covid-19 linger: survey

The Private Economic Development Research Board (IV Board) survey of over 1,200 firms from March 2-3 revealed nearly 30 percent had lost 20-50 percent in revenues, while 60 percent had their revenues reduced over half.

Three quarters of firms surveyed are of a small scale, each employing less than 100 people.

The sectors hardest hit by the Covid-19 epidemic are tourism, education, textiles, footwear and wood production.

The IV Board is managed by the Government's Advisory Council for Administrative Procedure Reform.

The novel coronavirus has slashed \$7 billion off Vietnam's tourism revenue for January-February while the number of hotel guests across the country during the first two months of this year decreased by 60-70 percent, Government Office Chief Mai Tien Dung told a meeting last week.

Meanwhile, restaurants, popular food streets and street eateries have been left deserted or serve only a few customers even during peak hours, forcing owners to lay off staff to reduce costs.

"Without customers and students, many enterprises in the fields of tourism and education are struggling," said the report.

Hanoi and Ho Chi Minh City, the country's two biggest metropolises, alongside other localities decided to keep all students at home until March 15.

For textile and footwear sectors, the most concerning issue is the lack of raw materials from China, which make up 61 percent and 57 percent, respectively. As a result, most could only maintain operations until early March or April.

The wood production sector is also under huge pressure as the current trade flow with China, one of the sector's key markets, remains limited due to Covid-19.

According to the IV Board's report, China is not only Vietnam's major source of raw materials in manufacturing and processing, but also a market for 60-70 percent of the country's wood chips and paper product exports.

Severely affected by the epidemic that has spread to 113 countries and territories and killed over 4,000 globally, most domestic enterprises are offering employees unpaid leave or temporarily suspending operations, leaving hundreds of thousands of workers in dire straits.

Moreover, around 20 percent of enterprises said they do not have appropriate measures to fight the epidemic, indicating the passivity of small and medium enterprises as well as their limited capabilities.

This could be an early warning that a more serious crisis could follow the epidemic.

Besides looking for their own solutions, enterprises are seeking support from the government in forms of lower corporate tax, value added tax, the waiver of fines for delayed tax payment, among others.

Vietnam's GDP growth in 2020 could hit a seven-year low of 5.96 percent, according to the Ministry of Planning and Investment.

The country has recorded 32 infections as of Tuesday.

## 5. Covid-19 outbreak costs HCMC VND28 billion in lost revenue per day

Therefore, the city may find it hard to achieve its budget revenue target this year.

In the two-month period, the city's tariff collections reached VND15.63 trillion, over VND1.6 trillion lower than in the same period last year.

According to the municipal customs agency, 12 groups of imports reported a decline, with materials taking the lead (down 18.4%). Specifically, fabric imports tumbled 24.1% to US\$245.4 million and plastic materials dropped 33.3% to US\$208.7 million.

In addition, steel and iron imports were down 23.6%; pharmaceutical products, 42.8%; and consumer goods, 27.5%.

To reach the targets set for this year, the HCMC Department of Customs has asked customs officers to work with a high sense of responsibility

to prevent possible revenue losses for the city's budget.

According to the General Department of Vietnam Customs, the country's import bill in February fell 0.5% to US\$18.5 billion.

Specifically, fuel imports declined 14.1% in volume and 27.2% in value to US\$345 million. Meanwhile, imports of machines, equipment, tools and machine parts decreased by 11.4% over January and 3.7% year-on-year to US\$2.5 billion.

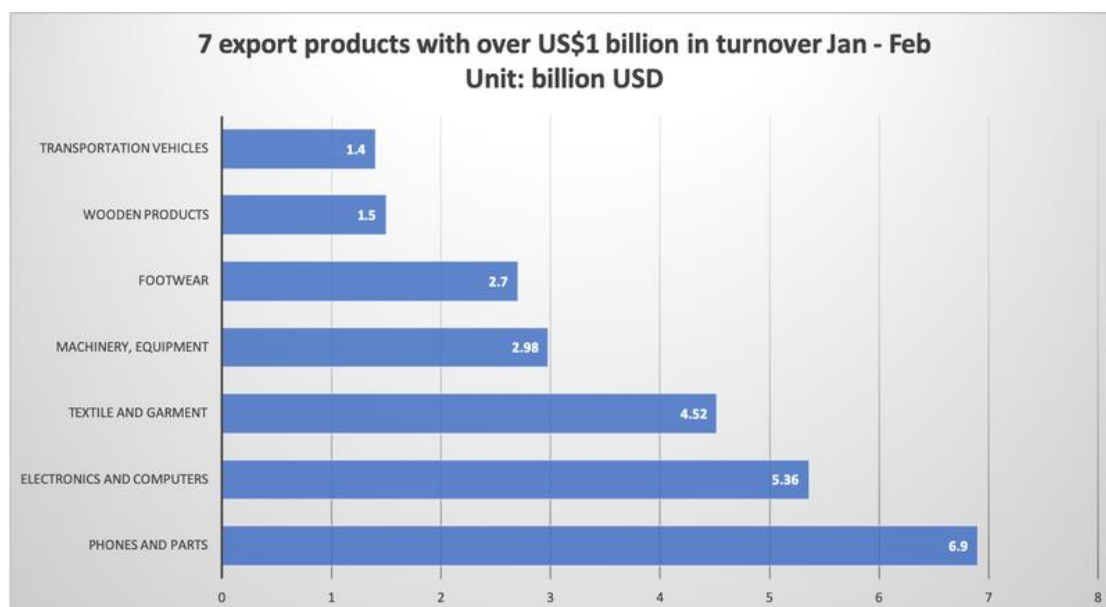
In addition, completely-built-up automobile imports plunged by 59.9% in volume and 57.2% in value over the same period last year.

The State budget revenue from imports and exports was estimated at VND23.7 trillion last month, below the VND26 trillion recorded in January.

## 6. Prolonged Covid-19 epidemic to take toll on Vietnam export growth target in 2020

A lingering Covid-19 epidemic could take heavy toll on Vietnam's export growth target for 2020,

according to the Ministry of Industry and Trade (MoIT).



Data: MoIT. Chart: Hai Yen.

Meanwhile, in the short term, the spreading of Covid-19 epidemic outside China, especially in Vietnam's major trade partners including Japan and South Korea, is putting pressure on the country's external trade.

According to the MoIT, the majority of input materials for domestic production in Vietnam, particularly in the fields of electronic products, textile and garment, are sourced from China.

The US decision not to treat Vietnam as a developing country is expected to hit on Vietnam's exports to this market, said the MoIT's report.

In the first two months of 2020, Vietnam had seven categories of goods and products with export turnover topping US\$1 billion each, all in the manufacturing and processing sector. They are wood products; textile and garment; footwear; electronics, computers and parts; phones and parts; machinery, equipment and parts; and transportation vehicles.

Notably, computers, electronics and parts recorded the highest export growth of 26.7% year-on-year among Vietnam's key export staples during the period, standing at US\$5.36 billion, followed by machinery, equipment and parts with US\$2.98 billion, up 19.6%.

Overall, export turnover of Vietnam's industrial products climbed 4.1% year-on-year in the two-month period to US\$31.39 billion, accounting for 85.01% of total exports.

In February, exports of phones and parts surged 55.8% against the previous month to US\$4.2 billion, mainly thanks to Samsung's exports of Galaxy S20, S20+ and S20 Ultra, three newly released smartphones.

Exports of agro-fishery-forestry products in the January – February period stood at US\$3.03 billion, down 14% year-on-year. The MoIT said such a decline was due to disruption of exports to China, a key market for Vietnam's agricultural products. The export revenue of agro-fishery-forestry products in February decreased by 15.1% month-on-month.

In 2019, for the first time Vietnam's trade turnover exceeded the US\$500-billion mark to nearly US\$517 billion, up 8% year-on-year, and earned a trade surplus of nearly US\$10 billion. Of the total trade revenue, exports stood at US\$263.5 billion, up 8% year-on-year.

Prime Minister Nguyen Xuan Phuc at a government meeting on December 30, 2019, expected Vietnam to reach export value to grow 13.8% year-on-year to reach US\$300 billion in 2020 and extend the trade surplus status to a fifth consecutive year.



## Corporate News

### 7. MWG: Notice of share buyback

↓ -2.09%

Mobile World Investment Corporation announces the repurchase of ESOP shares from the resigned employees as follows:

- Number of treasury shares before trading: 0 shares
- Number of shares to be repurchased: 392,561 shares

- Purpose: to repurchase ESOP shares from the resigned employees under ESOP rules.
- Financial resource: the Company's equity
- Trading time: in March 2020
- Trading method: transferring through the Vietnam Securities Depository
- Buying price: under ESOP rules.

### 8. Stock market briefs Mar 10, 2020

↑ 0.00%

HCMC - The board of FPT Digital Retail Joint Stock Company (FRT) has decided to postpone its 2020 shareholders' general meeting due to growing concerns over Covid-19. The meeting was initially planned to be held on March 20.

HCMC - Nguyen Duc Minh, a shareholder of Cuong Thuan IDICO Development Investment Corporation (CTI), has sold more than 3.16 million CTI shares, or 4.9%. After the transaction, Minh holds over 42,000 CTI shares.

HCMC - Vietnam Bank for Agriculture and Rural Development (Agribank) has announced to hold an auction of its entire 5.29 million shares, or a 23% stake, in Vietnam Agriculture Tourism Trading Joint Stock Company, or Agritour. The starting price will be VND14,276 per share. Interested investors should register for the auction participation from March 9 to 3 p.m. on March 24. The auction is expected to be held at the Hanoi Stock Exchange at 8: 30 a.m. on March 31. This is the fourth time Agribank has announced the plan to auction its shares in Agritour.

HCMC - The Hochiminh Stock Exchange Vietnam has allowed Vietnam Rubber Group to start trading four billion shares on the exchange under the code GVR from March 17. With a reference price of VND11,570 per share, GVR's market capitalization is estimated at VND46.28 trillion. All GVR shares were stopped from being traded on the Market for Unlisted Public Companies (UPCoM) from March 6.

HCMC - Hoang Huy Investment Services Joint Stock Company (HHS) has approved the sale of 25 million treasury shares via order-matching and put-through methods. The selling price will be the market price at the time of transaction.

HCMC - Tan Thanh Joint Stock Company has bought three million shares, or a 3.1% stake, of Thu Dau Mot Water Joint Stock Company (TDM) via put-through transactions. Before the purchase, Tan Thanh held no shares in TDM.

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