



VIETNAM DAILY NEWS

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Market Analysis

1. VN stocks head up amid strong foreign selling

Vietnamese shares struggled to stay positive on Wednesday despite the prolonged foreign capital outflow amid worries about the coronavirus pandemic.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange rose 0.25 per cent to end at 747.66 points.

The VN-Index had lost a total of nearly 11 per cent in the previous five trading days.

The HNX-Index on the Ha Noi Stock Exchange was up 1.11 per cent to close at 101.84 points, totalling a two-day increase of 2.23 per cent.

More than 331 million shares were traded on the two exchanges, worth VND4.86 trillion (US\$208.4 million).

Of the total, more than 271.4 million shares were traded via the order-matching system, worth nearly VND3.4 trillion.

According to securities firms, the market benefited from a strong gain of US stocks after US authorities announced measures to support citizens and businesses.

Banks, retailers, healthcare and pharmaceutical firms, and seafood companies helped lift the market.

The four sectors' indices rose between 1 per cent and 2.5 per cent, data on vietstock.vn showed.

On the negative side, securities firms, mining and energy companies, food and beverage businesses, and rubber producers weighed on the market.

The local market had a slight recovery with trading liquidity equal to the 20-day average but investors were still hesitant to buy local assets, Sai Gon-Ha Noi Securities (SHS) said in its daily report.

The VN-Index and the HNX-Index picked up in the morning session then countered strong selling in the early stages of the afternoon.

The VN-Index was down as much as 0.5 per cent during the day while the HNX-Index gained slower before the two indices headed up in the last minutes.

Positive market sentiment kept the two indices in positive territory as capital flew into different groups of stocks.

But foreign capital outflow remained a challenge for the local market, SHS said. Foreign investors net-sold a total of VND662.4 billion worth of shares on the two exchanges on Wednesday.

The Vietnamese market may have entered a consolidation stage and different groups of stocks will take turns to drive the market up, MB Securities Co (MBS) said in a note.

But growth would not be massive and the market may go sideways, MBS said.

Macro & Policies

2. Pandemic causes companies to delay annual general meetings

Companies have to rethink their arrangements for AGMs in light of potential bans on large gatherings, travel restrictions and the risk that venues selected for the meetings may cease to be available due to unexpected closures.

The Sài Gòn Alcohol, Beer and Beverages Corporation (Sabeco) on Tuesday announced it would delay its AGM due to concerns about the complex evolution of the COVID-19 pandemic.

Postponement time is neither after June 30, 2020 nor later than the latest date allowed by the law, Sabeco said.

Under the Enterprise Law, the AGMs must be held within four months starting from the end of the financial year.

Previously, Mobile World Investment Corporation (MWG) also announced its extension of the arrangement for the AGM, instead of the initially scheduled time of March 27.

According to MWG, due to the complicated development of COVID-19, foreign shareholders may face difficulties moving to and from Việt Nam.

The delay of AGMs ensures equitable and fair treatment to domestic and foreign shareholders, helps limiting the risk of infection and ensuring the health of the community, MWG said.

Vinhomes Joint Stock Company, a member of property developer Vingroup, and FPT Digital Retail JSC have also issued announcements regarding the postponement of their AGMs due to the COVID-19 pandemic.

3. FDI capital keeps flowing into VN

According to economic experts, this stems from the advantage of Viet Nam's successful signing of the European Union-Viet Nam Free Trade Agreement (EVFTA).

In addition, the wave of shifting investments to Viet Nam among foreign companies, which has been taking place since late 2019, is being further accelerated in early 2020.

FDI inflows maintain growth momentum

According to statistics by the Ministry of Planning and Investment, new and additional FDI pledges to the electricity, gas, steam and air conditioning production and distribution sectors have reached US\$3.84 billion so far this year, accounting for 68.1% of the total registered capital.

The manufacturing industry has attracted approximately US\$1.43 billion, representing 25.3% of the total, while FDI inflows in the remaining industries have hit US\$371.8 million, making up 6.6%.

Recently, 38 countries and territories have their projects newly licensed in Viet Nam. Of which, Singapore rose to become the largest investors with more than \$4.11 billion, accounting for 82.2% of the total investment capital. China followed with \$418 million, accounting for 8.4 percent.

By 2019, the EU was the fourth largest investment partner in Viet Nam with over 2,240 valid projects with total registered capital at \$24.67 billion, or 7.6 percent of the total FDI capital invested in Viet Nam.

The EU has invested in 18 out of 21 industries according to the national economic classification system and is present in 54 provinces and cities across the country.

Its survey released last February showed that Viet Nam is the top destination of Japanese enterprises this year. Particularly, among 122 enterprises participated in the survey said that they will move their factories.

Of which, 62.7% of the source of the movement is China while the destination is Viet Nam with 42.3%, followed by Thailand with 20.6%, the Philippines with 18.6%, and Indonesia with 16.5%, according to the Japan External Trade Organization (JETRO).

However, unlike EU investors, investors from Japan have chosen a more diverse investment path in Viet Nam. Accordingly, Japanese firms are investing strongly in the processing and manufacturing sector, in combination with supporting domestic enterprises to improve their capabilities to deeply integrate into the global supply chain.

Increasing the number of businesses manufacturing supporting products in Viet Nam will enable Japanese companies to raise the supply rate of domestic supporting industry products, thus creating a solid foundation for Japanese end-product manufacturers when entering the Vietnamese market.

From another perspective, Japanese consumer goods companies are also covering their presence through Japanese retail-distribution systems, or opening a series of stores. For example, Aeonmall has changed its investment strategy and has identified Viet Nam as its most important market in Southeast Asia.

Accelerating the removal of obstacles for businesses

According to Mr. Nicolas Audie, Chairman of the EuroCham, by launching the national public service portal, the Vietnamese Government has created a close connection between the Government, people, and enterprises, accelerating the progress of administrative procedure reform.

The country needs to quickly invest in modern devices for specialized inspection to improve the ability of automated inspection and shorten the time of customs clearance.

Regarding this matter, the Ministry of Industry and Trade said that authorities have been reviewing the Intellectual Property Law to revise in line with deeper commitments in the EVFTA and other new-generation free trade agreements (FTAs) to ensure the optimal benefits committed with investors and countries members in the FTAs.

At the same time, they will also review other important laws, such as the Law on Investment, Law on Enterprises, Law on Land, and some laws on tax to accord with the regulations and comply with the principles of cooperation in the framework of the FTAs that Viet Nam has signed.

Considering the general economic development strategy in Viet Nam, it can be seen that the stability currently aimed at by the country to extensively integrate into the world economy through bilateral and multilateral trade agreements will continue to create many opportunities for trade and investment in the near future.

4. EU border closure yet to affect cargo transport

Linh told Vietnam News Agency that it is hard to determine the impact of the border closure as many airlines have only imposed a ban on passenger transport but are still transporting cargo as usual.

However, falling demand for shoes, clothes, wooden products and smartphones on the

European market amid the coronavirus pandemic will take a heavy toll on Vietnamese exports.

Statistics from the General Department of Vietnam Customs indicate that over the first two months of the year, the country's revenue from shipments to the European Union amounted to US\$5.15 billion, edging down 4.6% year-on-year.

5. Supporting industries secure more orders following Chinese supply disruptions

Do Phuoc Tong, chairman of HCMC-based Duy Khanh Engineering Co., Ltd, told the Saigon Times that a European machinery manufacturer had recently made contact with his company to put in parts orders, given the supply chain disruptions in China.

He said the foreign firm had requested 10 samples of various products, which his firm delivered.

Meanwhile, Century Synthetic Fiber Corporation, whose plants are located in HCMC and neighboring Tay Ninh Province, reported that its revenue in the first two months of this year rose by some 15% from a year earlier, partly thanks to an increase in orders from partners whose supply chains were hit in China.

As a result, the plants are running at full capacity. The company's director for strategy, Nguyen Phuong Chi, noted that it is receiving more new orders from manufacturers in Thailand, South Korea, Japan, Taiwan and the United States.

She stated that foreign direct investment firms in Vietnam, which have long been the clients of her corporation, are also increasing the number of orders placed with its plants.

Major overseas manufacturers are making direct contact with the HCMC Center of Supporting Industries Development, seeking support in finding material providers and placing orders, according to Le Nguyen Duy Oanh, the center's deputy director.

At least two Japanese manufacturers, two South Korean firms and one German firm have expressed interest, remarked Oanh.

She added that these manufacturers specialize in consumer electronics and industrial machinery, so they wish to place orders for precision engineering, electronic components and plating.

As their products will serve many overseas markets, they need to put in more orders, she explained, noting that this creates opportunities for local suppliers in supporting industries to expand their markets.

Once the Covid-19 pandemic is contained, manufacturers elsewhere in the world will likely vary their supply chains rather than rely heavily on parts supplies from China, according to industry insiders.

Given prolonged supply disruptions in China, "manufacturers should consider further diversifying their supply markets. This will benefit Vietnamese suppliers over the medium and long terms," stated Chi of Century Synthetic Fiber Corporation.

Oanh echoed this view, pointing out that multinational companies will restructure their supply chains, allowing Vietnamese firms to engage in global supply chains.

6. Vietnam boasts opportunities to expand exports to Sweden

It is forecast that Vietnam will have great opportunities to export more types of products to Sweden when the European Union-Vietnam Free Trade Agreement (EVFTA) takes effect.

Analyzing 25 groups of products that Sweden imported the most in the past five years shows there is great potential for Vietnam to ship textiles, footwear, farm produce and food, handicrafts, and chemicals to the Swedish market.

However, the Vietnamese Trade Office in Sweden said the export turnover and market share of these items are still quite modest.

Market surveys said that Swedish people spend a large amount of money on textile products. They also have great demand for agricultural products such as rice, tea, coffee, cocoa, fruits and vegetables.

The office said Vietnamese exporters need to meet regulations on quality and packaging standards required by Swedish distributors if they want to sell their products in the country's supermarkets.

In 2019, two-way trade between Vietnam and

Sweden hit 1.56 billion USD, with Vietnam's export valued at 1.2 billion USD, up 2.4 percent year-on-year.

Vietnam is ranked 24th among the biggest exporters to Sweden./.

Corporate News

7. HDBank joins fight against Covid-19

↑ 0.47%

The money was handed over at a ceremony held at the Central Committee of the Vietnam Fatherland Front in Hà Nội on March 17 in the presence of Prime Minister Nguyễn Xuân Phúc, ministers, heads of government agencies, and the State Bank of Việt Nam chief.

This was in response to Phúc's plea to all citizens to donate to the Covid-19 control efforts.

Twelve banks, BIDV, Vietcombank, VietinBank, Agribank, MB, Techcombank, HDBank, VPBank, Sacombank, MSB, VIB, and ACB, donated VNĐ10 billion (\$610,335) each, and three others, SeABank, Bắc Á and TPBank, and the finance company donated VNĐ5 billion each.

Since the Governor of the State Bank of Vietnam issued Document No. 541 / NHNN-TD on measures to support businesses in overcoming the adverse impacts of the pandemic, HDBank has been actively supporting its customers.

It announced a support package of VNĐ5 trillion (\$306.06 million) at an interest rate of just 6.5 per cent for small and medium-sized enterprises.

It has also set aside VNĐ3 trillion to support enterprises that supply drugs and medical equipment to enable them to meet demand and stabilise prices. As part of this, besides providing loans at preferential rates, the bank has also cut the fees for international payments, using domestic current accounts and issuing guarantees by 50-100 per cent.

It also has a VNĐ1 trillion package to support the Lộc Trời agricultural supply chain to ensure

production and supply of rice to the country and help businesses facing difficulties due to saltwater intrusion in the Mekong Delta.

Besides, the bank offers preferential credit to customers affected by the Covid-19 pandemic throughout the country at interest rates that are 2-4.5 per cent lower than normal.

It plans to set aside VNĐ10 trillion to lend to producers and corporates who supply goods and services to supermarkets such as Saigon Co.op and Masan at interest rates starting at 6.5 per cent per year.

It has bought Corona Guard insurance for its employees.

At its transaction office nation-wide, all employees wear face masks and wash hands, and the workplace is regularly disinfected. Customers are provided free face masks and hand sanitisers.

This year 2020 HDBank has donated health insurance cards to thousands of people in the Mekong Delta, which is facing difficulties from drought and salinity and lack of sanitation.

For years, around the country but especially in the Mekong Delta, the lender has built bridges and roads, given scholarships to disadvantaged students, funded eye surgeries for hundreds of poor people, and donated insurance cards to more than 25,000 poor people throughout its "Wings of love" programme that seeks to share community responsibility.

8. Vietjet Air suspends ASEAN flights as Covid-19 fears escalate

↓ -0.29%

The budget carrier will suspend all flights to and from Thailand, Malaysia, Cambodia, Myanmar and Indonesia.

The carrier's decision followed the Vietnamese government ordered all those coming from the U.S., Europe and Southeast Asian nations to be quarantined in medical camps for 14 days.

The Covid-19 pandemic has worsened in Southeast Asia, Malaysia being the worst-hit country in the region with 673 infections and two deaths.

National flag carrier Vietnam Airlines had suspended all flights to and from France and Malaysia, starting Wednesday. The carrier is also considering cutting down flights to other Southeast Asian destinations depending on how the pandemic develops in the region.

Vietjet Air and Vietnam Airlines are two carriers in the country with many Southeast Asian connections, with multiple flights to different cities each day.

The government had also said that Vietnam will stop issuing new visas to all foreigners starting Wednesday.

Vietnam has recorded 68 Covid-19 infections so far, 52 of them detected since March 6, prior to which the nation had gone 22 days without a new case. The previous 16 patients have been discharged from hospitals.

The Covid-19 pandemic has spread to 165 countries and territories, claiming nearly 8,000 lives.

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