



VIETNAM DAILY NEWS

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Market Analysis

1. Relief measures fail to calm virus panic

Vietnamese shares nosedived on Monday as fears over the COVID-19 pandemic sweeping the globe overshadowed nations' stimulus measures to calm markets.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange lost 6.08 per cent to close at 666.59 points.

The index last week dropped a total of 5.07 per cent to hit a three-year low of 709.73 points.

More than 280.2 million shares were traded on the northern exchange, worth more than VND4.8 trillion (US\$204.2 million).

The VN-Index has tumbled a total of 28.4 per cent since January 30 when the market returned from the Tet (Lunar New Year) holiday and COVID-19 began hitting China hard.

The HNX-Index lost 5.24 per cent to end at 96.46 points on the Ha Noi Stock Exchange.

More than 72.8 million shares were traded on the northern exchange, worth more than VND754.5 billion.

Decisions by central banks across the globe to inject trillions of dollars to stabilise the financial system seemed unable to restore market confidence, according to Sai Gon-Ha Noi Securities Co (SHS).

Viet Nam's finance ministry has cut 10-50 per cent of charges for nine securities services such as stock trading and deposits, position and margin management, auctions, and listed covered warrant management.

The move aims to ease difficulties for investors and boost market trading liquidity as the pandemic has caused severe losses for investors and wiped out billions of dollars from the market, the ministry said.

But the Vietnamese market still declined as a prolonged strong sell-off continued delivered a blow to local stocks.

On Monday, the number of decliners on the southern exchange outstripped gainers by 363 to 40 while 21 stocks ended flat.

Large-cap stocks were hit hard as the large-cap tracker VN30-Index plunged 6.06 per cent to close at 632.86 points.

A series of large-caps hit floor prices, including Hoa Phat Group (HPG), Vingroup (VIC), Sabeco (SAB), Bao Viet Holdings (BVH), FPT Corporation (FPT), PetroVietnam Gas JSC (GAS), Mobile World Group (MWG) and Vinhomes (VHM).

Banking stocks were also under great selling pressure such as Bank for Investment and Development of Vietnam (BID), Vietinbank (CTG), Military Bank (MBB), Vietcombank (VCB), VPBank (VPB), Techcombank (TCB) and HDBank (HDB).

"Due to the global spread of the COVID-19 pandemic with more than 340,000 infections and almost 15,000 deaths, countries worldwide have issued blockage orders and immigration bans. This move hinders production and business activities of various enterprises in the world and leads to disruptions of global supply chains," said Le Hoang Phuong, an expert at Bao Viet Securities Joint Stock Company.

"Accordingly, investors have become more concerned over the risk of a potential global financial crisis, triggering selling-off pressure on stock markets worldwide," she said.

At market close Monday, Singapore's Straits Time, Thailand's Stock Exchange of Thailand, and Indonesia's Jakarta Composite Index respectively dropped 7.33 per cent, 9.55 per cent, and 4.90 per cent.

In East Asia, Hongkong's Hang Seng, China's Shanghai Composite and Shenzhen, and South Korea's KOSPI also lost, respectively by 4.86 per cent, 3.11 per cent, 4.52 per cent, and 5.34 per cent.

Macro & Policies

2. Investment projects eye March openings

The Hi-Tech Park and Industrial Zones management board said the launch of the two projects would help lure investors in the wake of the negative impacts of COVID-19 in recent months.

Domestic investor Long Hậu Corporation will lease its first hi-tech ready-built factories for rent covering 10,000sq.m in the first phase before expanding to more factory space on another 10,000sq.m from September 2020.

The company has committed to developing the first logistics project at the park across three phases with total investment of \$46.4 million.

Meanwhile, the Universal Alloy Corporation (UAC) from the US has invested \$30 million in the first stage of the Đà Nẵng-based Sunshine Aerospace components manufacturing plant on 10.9ha, and a further \$74 million will be poured in from March to April 2021.

It would employ more than 1,000 employees for the first phase.

UAC plans to manufacture over 4,000 different aerospace parts at the Đà Nẵng-based plant to supply Boeing, Airbus, Embraer and Bombardier, and it will export these parts to North America, Europe and Asia.

It's also the first aerospace parts project of the UAC in Việt Nam and Asia, with total investment of \$170 million.

The 1,100ha park in Hòa Vang District, 20km west of the city, has lured 18 investment projects, of which nine are foreign direct investment (FDI) with a total of \$564 million.

It is situated near the Đà Nẵng-Quảng Ngãi Expressway connecting the Chân Mây Economic Zone in Thừa Thiên-Huế, the Chu Lai Economic Open Zone in Quảng Nam and the Dung Quất Economic Zone in Quảng Ngãi Province.

3. Cần Thơ targets \$450 million in FDI

In 2021-25, Cần Thơ targets securing \$200 million of foreign direct investment (FDI) with some \$150 million expected to be disbursed. In 2026-30, it aims to grab about \$250 million with \$200 million disbursed.

To support domestic and foreign investors, local leaders have announced that priority is being given to calling for investment in high-tech agriculture, agriculture processing, preservation, logistics, culture and tourism, tourism infrastructure, transport infrastructure, resort and urban infrastructure, housing, and commercial centres.

Over the years, Cần Thơ has invested a great deal in infrastructure, especially transport infrastructure, better meeting the needs of socio-

economic development and attracting investment to the city and the whole Mekong Delta region.

In 2019, the city organised many missions to promote domestic and foreign investment cooperation, focusing on markets suitable to local investment attraction needs, such as Japan, Malaysia, Singapore, the Czech Republic and Russia.

As of February, Cần Thơ was home to 85 foreign-invested projects, worth \$721 million, ranking 42nd among 66 localities nationwide, statistics from the Foreign Investment Agency revealed.

In 2019 alone, the city lured nearly \$70 million in FDI.

4. Vietnam imposes anti-dumping measures on Chinese, Indonesian MSG

The Ministry of Industry and Trade (MoIT) has imposed provisional anti-dumping measures on some monosodium glutamate (MSG) products from China and Indonesia.

Accordingly, MSG imports from China and Indonesia will be subject to an absolute tax rate of between 2,889,245 VND (123.8 USD at current exchange rate) and 6,385,289 VND (273.59 USD) per tonne.

The MOIT began an investigation in October 2019 based on the verification of a dossier requesting the application of anti-dumping measures submitted by representatives of the domestic production sector.

Through a preliminary investigation in accordance with regulations of the World Trade Organisation (WTO), the Law on Foreign Trade Management and related regulations, the ministry assessed the damage to the domestic production sector, the dumping level of Chinese and Indonesian producers as well as the impacts of MSG products on downstream industries and consumers.

The investigation found that, despite safeguard measures in the form of an absolute tax rate at 3,201,039 VND (137.16 USD) per tonne, MSG imports following the application of safeguard tariffs showed signs of being dumped in large volumes, from 2.88 million VND (123.4 USD) per tonne to over 6.3 million VND (269.94 USD) per tonne, regarding imports from China and Indonesia, corresponding to a maximum dumping margin of up to 28 percent.

This level of dumping indicates that the imported goods are threatening to cause significant damage to the domestic MSG industry.

According to the ministry, since 2016, some countries had been experiencing excess supplies, with increasing inventories resulting in stronger exports to other countries, including Vietnam.

This has contributed to hampering the activities of the domestic production sector due to the sharp increase of goods imported into Vietnam. Furthermore, Vietnam is the second largest export market of China and the fourth largest of Indonesia.

Therefore, when the safeguard tariffs expire, goods from these two markets will be exported to the Vietnamese market with a much bigger volume, which could possibly damage the domestic industry.

In addition, MSG products from China and Indonesia are subject to anti-dumping measures from the US and European Union, which will prompt Chinese exporters to seek alternative markets, including Vietnam.

To make a final conclusion on the case, the MoIT will continue to work with stakeholders to verify statistics and hold a public consultation session for all parties involved. At the same time, the ministry will evaluate the overall impact of the case on the parties concerned, including the final consumer.

The investigation is expected to end in the fourth quarter of 2020./.

5. HCM City's agricultural production value up 4.3 percent in Q1

Ho Chi Minh City's agricultural production value in the first three months of 2020 increased by 4.3 percent year-on-year, according to the municipal Department of Agriculture and Rural Development.

This is a positive sign amid complicated developments of the acute respiratory disease

caused by the novel coronavirus SARS-CoV-2 (COVID-19), as the city's agricultural sector is exerting efforts to ensure the supply of essential food for locals.

The national target programme on new-style rural area building in the city has entered a new and advanced phase.

By mid-March, each commune in the city met an average of 18.9 out of 19 advanced criteria, up 2.5 criteria compared with that of the same period last year. Up to 52 communes, or 92.9 percent, have completed all 19 criteria.

Meanwhile, each district met an average of 7.8 out of 9 advanced criteria, up 2 criteria against the same period last year.

6. Vietnam makes big jump in economic freedom index

It ranked 105th out of 180 countries and territories with its overall score increasing by 3.5 points from last year to 58.8, according to the annual report recently released by the Heritage Foundation, a conservative U.S. think tank based in Washington, D.C.

Despite its substantial improvement, Vietnam's economy was still classed as 'mostly unfree.'

Of its neighbors, Singapore topped the list while Malaysia (24th), Thailand (43rd), Indonesia (54th), and the Philippines (70th) all scored higher.

The ranking is based on 12 quantitative and qualitative factors grouped into four broad categories, rule of law, government size, regulatory efficiency, and open markets.

Vietnam made a big move in the rankings thanks to improvements in fiscal health, government spending, property rights, trade freedom, financial freedom, and investment freedom.

Government spending amounted to 28.3 percent of the country's GDP in the last three years, and budget deficits have averaged 4.7 percent of GDP. Public debt is equivalent to 57.5 percent of GDP.

But tax burden, judicial effectiveness, government integrity, and labor freedom are still limited, the report said.

"The Vietnamese economy has gradually been climbing the ranks of the mostly unfree since 2011. Strong GDP growth over the past five years has mirrored this improvement, driven by export-focused manufacturing and processing sectors.

"Economic freedom will be enhanced in Vietnam if the government can successfully expand economic liberalization by promoting international trade and restructuring state-owned enterprises."

From 2017-2019, Vietnam's annual GDP growth had exceeded 6.8 percent and was among the fastest growing economies in ASEAN.

In the Asia-Pacific region, Vietnam was the 21st out of 42 economies.

The world average score is 61.6, classifying the global economy as 'moderately free'.

Only six economies are classed as 'free' with scores of 80 or above. Hong Kong lost its title as the world's freest economy to Singapore for the first time since 1995, when the ranking was first released.

The world's biggest economy, the U.S., ranked 17th, falling five places from last year, while China was in 103rd place.

This year the number of economies ranked as 'mostly unfree' stood at 62, while 19 were considered 'repressed'.

Corporate News

7. VGC: VGC allowed to extend the submission of financial statements

↓ -6.93%

On March 18, 2020, the State Securities Commission issued a document allowing Viglacera Corporation - JSC to extend submission date of financial statements.

- For the quarterly financial statements: within 30 days from the last day of quarter;
- Reviewed semi-annual financial statements: within 60 days from the last day of first six months of fiscal year.

8. VNG: Board resolution on the postponement of annual general meeting

↓ -6.86%

On March 19, 2020, the Board of Directors of Thanh Thanh Cong Tourist Joint Stock Company (stock code: VNG) issued Board Resolution No.10/2020/NQ-HDQT approving to postpone the holding of Annual General Meeting 2020.

Accordingly, the meeting date scheduled on April 27, 2020 will be postponed due to the on-going development of Covid-19 epidemic and will be convened before June 30, 2020.

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