



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Market drops further on low trade

Bottom fishers actively acquired some blue-chip stocks following the market crash today, March 24, but the VN-Index of the Hochiminh Stock Exchange kept sliding with trade volume remaining sluggish.

The main index closed the session down 7.38 points, or 1.11%, at 659.21. The HCMC market saw 245 million shares worth VND4.1 trillion changing hands, falling 14% and 15% against the previous day, respectively.

Transaction of VN30 stocks reached nearly VND2.5 trillion, accounting for 61% of the total market value. In the recent 11 sessions, the VN30 index has dropped over 24%, with many blue-chip stocks tumbling to three or four-year lows.

Due to the global spread of the Covid-19 pandemic, 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.

Therefore, investors have become more concerned over the risk of a potential global financial crisis, triggering selling-off pressure on stock markets worldwide. In Vietnam, the VN-Index has lost 33% since early this year, according to Bao Viet Securities.

Although stock prices have become attractive, the local market may see further drop in the coming time as the outbreak has yet to peak out, the brokerage added.

The Hanoi Stock Exchange bounced back, adding 0.49 point, or 0.5%, against the previous day at 96.95. Trading volume on the market increased 3% at 66.6 million shares but value slid 5% at VND617 billion.

## Macro & Policies

### 2. Vietnam to continue rice exports amid virus spread - food association

"I just received information from the top leader of the government about the continuation," Do Ha Nam, vice chairman of the Vietnam Food Association, told Reuters by phone.

Local customs officials and media reports citing a customs document earlier said the Southeast Asian country, the world's third largest rice exporter after India and Thailand, had halted shipments of the grain from Tuesday to ensure food security.

A Ministry of Industry and Trade spokeswoman said on Tuesday that "there has been no rice export ban".

In mid-February, Vietnam said all 16 of its confirmed coronavirus cases had recovered, but it has since been battling with an influx of imported cases from overseas visitors and Vietnamese citizens escaping outbreaks elsewhere.

There are now 123 cases in the country, but there have been no reported deaths, according to the health ministry. Over 50,000 people are in quarantine.

Prime Minister Nguyen Xuan Phuc earlier this month vowed to protect food security during the virus pandemic.

Rice exports from Vietnam rose 4.2% last year to 6.37 million tonnes. Nam said last month the country had expected to export 6.75 million tonnes of rice this year.

Vietnam's largest rice buyers include the Philippines, China and Africa. (Reporting by Khanh Vu and Phuong Nguyen; Editing by Louise Heavens and Jan Harvey).

### 3. Coronavirus pandemic puts a crimp on seafood firms

Local tra fish exporters experienced an interruption in tra fish shipments to China, the country's largest tra fish buyer, in January, according to the Vietnam Association of Seafood Exporters and Producers.

Since early March, the Covid-19 disease, caused by the coronavirus, has hit many European countries. As such, some European customers have canceled their orders as a series of restaurants and hotels were required to shut down to contain the spread of the virus.

Apart from this, in mid-March, multiple orders placed by customers in the Middle East, Asia and South America were also canceled, piling pressure on local seafood exporters, the local media reported.

The latest statistics showed that over the first two months of the year, the country's tra fish exports to China plummeted by 52% year-on-year due to the pandemic, while outbound shipments to the United States, the European Union and Southeast Asia fell by 27%, 40% and 19%, respectively.

In addition, some 35%-50% of orders for shrimp exports to the United States and the European Union have been canceled or suspended as customers cannot sell these products while the coronavirus continues to spread.

Although local seafood suppliers have reduced prices by up to 30%, few customers have bought the products, leading to a large inventory.

#### 4. China imports 15,000+ tons of Vietnamese farm produce, seafood in March

Among the shipments were 169 containers bearing 3,524 tons of dragon fruit, mangoes, jackfruit and bananas; 290 containers holding 10,046 tons of tapioca flour; and 165 containers carrying 1,586 tons of seafood.

The Ministry of Agriculture and Rural Development announced this morning (March 24) that farm produce trade at Vietnam-China border gates has recovered but at a slow pace. Traders still have to strictly obey coronavirus infection prevention regulations.

There are still over 1,000 containers of farm produce in Lang Son Province waiting to cross the border, according to *Nguoi Lao Dong* newspaper.

The Ministry of Agriculture and Rural Development has asked the Ministry of Finance, the Ministry of Industry and Trade and the governments of border provinces to work with customs offices to support traders and allow containers of Vietnamese products to cross the border.

Localities have been asked to ensure that goods are not stockpiled in the border provinces as the flow of goods and services across the borders has not completely returned to normal.

#### 5. EVFTA: “expressway” for Vietnam to access European market

The European Union – Vietnam Free Trade Agreement (EVFTA) is like an “expressway” connecting Vietnam and Europe that will speed up trade and investment cooperation between the two sides, said experts.

At a seminar hosted by the Government portal on March 23 in Hanoi, experts said that the agreement will expand exports of Vietnamese goods to Europe, while welcoming high-quality goods and investments from the market.

Nguyen Thi Thu Trang, Director of the Vietnam Chamber of Commerce and Industry (VCCI)'s WTO and Integration Centre, described the EVFTA as an almost “barrier-free” expressway which will help Vietnamese goods reach their destination faster than other competitors.

However, Vietnamese enterprises need to prepare well by promoting the application of technology in production to improve the quality and competitiveness of their products, she noted.

She said the agreement offers great opportunities and benefits to Vietnamese businesses that import machinery and electronic equipment.

For Vietnam, it is necessary to quickly issue relevant legal documents to inform local firms

clearly about the procedures and regulations related export to and import from the European market.

Management agencies need to have “quick response” divisions so if any problem arises, they can be resolved swiftly, Trang said.

Luong Hoang Thai, director of the Multilateral Trade Policy Department under the Ministry of Industry and Trade, advised Vietnamese enterprises to pay special attention to technical and food safety requirements in the EU, saying that if they meet the standards, they will enjoy preferences from the market.

Vietnamese firms should learn from those familiar with the EU market, thus better meeting its requirements, Thai said.

The EVFTA was signed on June 30 last year and was ratified on February 12 this year by the European Parliament. Specialists and companies expect the deal will be approved by Vietnam's National Assembly deputies in May 2020 so that it officially takes effect.

If approved, Vietnamese companies will be able to tap a huge market with a population of 508 million and a total GDP of about 19 trillion USD./.

## 6. COVID-19 to pull Việt Nam's growth down to 6.3%: Fitch Solutions

In a report on the outlook for emerging markets (EM), Fitch noted that Việt Nam had low fiscal flexibility, given its high public sector liabilities, to manoeuvre with regard to policy, which could limit the size, speed and effectiveness of their responses.

Fitch also downgraded the growth of other emerging markets, forecasting that the pandemic would pull EM growth down to 2009 levels.

“Although we have not seen many large localised outbreaks of Covid-19 across emerging markets, we forecast EM growth to come in below 3.0 per cent in 2020. This will mark a sharp deceleration from the recent high of 4.8 per cent in 2017 and the slowest pace of growth since 2009 during the financial crisis, when EMs grew by 2.6 per cent in 2009,” Fitch said.

It noted it had already made several revisions to its growth forecasts and expected more over the coming weeks, as an increasing number of countries experience outbreaks of their own and as more governments impose localised lockdowns and travel restrictions.

According to Fitch, the combination of financial market stress hitting EMs, less policy space,

weakening external demand and a rising number of localised coronavirus cases will weigh heavily on growth.

“Global financial market stress has seen a sharp tightening of liquidity conditions for EMs, which we believe will weigh significantly on growth. The sharp sell-off in markets has resulted in around a 30 per cent decline in the MSCI Emerging Market Equity Index, around a 350 basis points (bps) widening in the JP Morgan Global EMBI Spread, and about an 8 per cent decline in the MSCI EM FX Index since January 2020 on the back of a recent 9 per cent appreciation of the US dollar across the board. Historically, this type of volatility has led a sharp reduction in growth across EMs in the months following the period of stress.”

While not surprising, there is clear evidence that financial market stress in EMs results in a sharp slowing in growth after financial conditions deteriorate.

Going forward, Fitch expected ongoing financial stress and especially the sharp widening of credit spreads and declining equity, currency and commodity markets to weigh on growth.

## Corporate News

### 7. TRA: Change of personnel

↑ 1.08%

Traphaco Joint Stock Company announced personnel change as follows:

- Mr. Nguyen Quoc Huy and Mr. Lee Choong Hwan was reappointed as a member of the BOD as from March 23, 2020.

### 8. SBV: SBV asks for the extension of submission of financial statements

↑ 5.56%

Siam Brothers Vietnam Joint Stock Company sent documents to HOSE to ask for the extension of submission for financial statements.

- Audited annual financial statements: within 100 days from the last day of fiscal year.

- For the quarterly financial statements: within 30 days from the last day of quarter;

However, the request of SBV will be reviewed by the State Securities Commission.

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

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