



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN-Index witnesses largest one-day gain since 2012

Vietnamese shares bounced back on Wednesday thanks to the upbeat global mood as massive stimulus efforts injected optimism amid the rapid spread of COVID-19.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 4.71 per cent to close the session at 690.25 points, its largest one-day percentage gain in eight years.

The last time the VN-Index experienced a rise of more than 4 per cent was on March 5, 2012, when the index increased by 4.01 per cent.

The VN-Index fell 1.11 per cent to close at 659.21 points on Tuesday.

Nearly 270.2 million shares were traded on the southern bourse, worth VND4.9 trillion (US\$206.8 million).

On the US market, investor sentiment was bolstered, with the Dow Jones Industrial Average climbing 11.37 per cent, its largest one-day percentage gain since 1933, while the S&P 500 soared 9.38 per cent to 2,447.33, its biggest one-day percentage rise since 2008.

The US Congress announced on Tuesday they passed a \$2 trillion stimulus package to contain the economic damage from the COVID-19 pandemic.

Investor worries of an economic downturn were soothed somewhat after the US Congress announcement.

On the Vietnamese market, 26 of the 30 largest stocks by market capitalisation and trading liquidity in the VN30 basket advanced.

Gains were seen across several sectors including wholesale, insurance, real estate, securities, retail, healthcare and pharmaceuticals, banking and finance, food and beverage stocks and construction.

Large-cap gainers included Vingroup (VIC) (7 per cent), Vietcombank (VCB) (6.9 per cent), Vinamilk (VNM) (+6.9 per cent) and PetroVietnam Gas JSC (GAS) (+6.9 per cent).

“The VN-Index is recovering well from 653 points, forming strong support for the index in the short term. The index is forecast to head towards the resistance 700-720 points in several sessions, where a throwback to support 653-573 is expected with potential volatility and corrections,” said Bao Viet Securities Co.

“The index still remains under the negative influence of the unexpected movements of the COVID-19 pandemic, foreign investors’ net selling pressure and negative movements of global markets,” the company said.

Foreign investors net sold VND337.47 billion on HOSE, including Masan Group (MSN) (VND94.26 billion), Saigon General Service Corporation (SVC) (VND61.03 billion) and Vincom Retail (VRE) (VND37.42 billion). They were net sellers on the HNX with a value of VND21.99 billion.

On the Ha Noi Stock Exchange, the HNX-Index rose 3.24 per cent to close Wednesday at 100.09 points.

The northern market inched up 0.5 per cent to end Tuesday at 96.95 points.

Nearly 48.7 million shares were traded on the northern bourse, worth VND430.8 billion. — VNS.

## Macro & Policies

### 2. Hanoi to mobilize hotels for quarantine purposes

The Hanoi city government should fast-track its proposal to turn some hotels into quarantine establishments to meet real demand as the overseas Vietnamese and foreigners continue coming to the city, Secretary of the Hanoi Party Committee Vuong Dinh Hue has stated.

According to Hue, while many people are willing to pay room charges for spending the mandatory quarantine at a hotel, relevant authorities have not discussed with accommodation establishments on paid isolation.

“The city authorities need to submit the idea of paid isolation in hotels to the National Steering Committee for Covid-19 Prevention and Control,” Hue said at a meeting with the Hanoi Party Committee of Businesses on March 24, recognizing that many hotels are at risk of bankruptcy due to a lack of guests.

Delegates at the meeting reported many industries are bearing the brunt of the pandemic, especially tourism and transportation.

According to Hanoi Tourism Corporation, most hotels in Hanoi are reporting a occupancy rate of only 10-15%.

Hoa Binh Hotel in Hoan Kiem district has accommodated 20 foreign senior experts for quarantining after receiving request from the National Steering Committee for Covid-19 Prevention and Control.

Some tourism accommodations have registered to host people under paid quarantine, including one in Hoan Kiem District with 50 rooms and another in Ba Dinh District with 200 rooms.

Currently, the initiative is under consideration.

At a meeting of the National Standing Committee for Covid-19 Prevention and Control on the same day, Prime Minister Nguyen Xuan Phuc approved a proposal of mobilizing hotels and resorts across the country for mass quarantine.

In provinces/cities, the tourism accommodation facilities will give priority to hosting quarantined foreigners holding diplomatic and official passports and experts working for important projects in Vietnam.

However, Major General Nguyen Quoc Duyet, chief of the Hanoi Capital High Command said Vietnamese people suspected of contracting the coronavirus should not undergo mass isolation at hospitality facilities, except for holders of official and diplomatic passports and experts.

Currently, Hanoi has 15 isolation centers including nine at military barracks, one in Hanoi Police Hospital and five other areas for 14,000 people.

According to the General Department of Tourism, as of March 22, up to 145 hotels across the country have signed up to host quarantined people.

### 3. VND more resilient compared to regional peers amid Covid-19: VinaCapital

The Vietnamese dong (VND)'s depreciation of about 3% year-to-date is still smaller than the ones seen by most of Vietnam's regional peers

throughout the Covid-19 pandemic, according to VinaCapital, Vietnam's major asset management firm.

The VN Dong has been more resilient than its regional peers throughout the COVID crisis:

#### YTD Depreciations

Indonesia Rupiah	-19%
Thai Bhat	-11%
Malaysian Ringgit	-9%
Philippine Peso	-1%

*Note that the relative stability of the Philippine Peso is attributable to the after-effects of a 34% depreciation in the Philippine Peso over the five years up to late-2018.*

The unofficial value of the VND depreciated by about 1.7% last week, and by about another 1% on March 23 to circa VND23,900 to USD1.

In its latest report, VinaCapital expected the USD/VND exchange rate to stabilize at around the current level, due to (i) The Federal Reserve (Fed) took concrete actions to stop the surge in the US dollar index (DXY) last week; (ii) The State Bank of Vietnam (SBV), the country's central bank, does not need to impose capital controls – so it is not contemplating any restrictions; (iii) The VND is supported by high bank deposit interest rates and 33%/GDP of foreign exchange reserves.

Foreign investors aggressively sold Vietnamese stocks last week, prompting concerns among some locals that the SBV may restrict the flow of US dollars out of the country, which was one of the factors that prompted last week's VND depreciation.

However, VinaCapital deemed the SBV has more than enough reserves to comfortably meet redemptions.

“Vietnam's US\$83 billion of foreign exchange reserves are much larger than the country's cumulative of nearly US\$30 billion of foreign indirect investment (FII) in-flows, and a high proportion of those FII are inflows into illiquid private equity and/or large strategic stakes in publicly listed companies – both of which cannot be sold quickly,” it said.

Foreign investors sold around US\$260 million worth of stocks last week, but unlike past global “risk off” episodes when investors sold Vietnamese stocks but kept the funds in the country (e.g., at the end of 2018), this time some investors are repatriating USD back to their home countries in response to the current global shortage of USD.

Factors that add up to VND's current strengths are Vietnam's trade surplus that has reached nearly US\$3 billion year-to-date as of mid-March, including a surplus of nearly US\$900 million in the first two weeks of this month, driven by 7% year-on-year export growth.

	Policy Rate Cut in March	Policy Rates Cut YTD
<b>Thailand</b>	-25 bps from 1% to 0.75%	-50 bps from 1.25% to 0.75%
<b>Indonesia</b>	-25 bps from 4.75% to 4.5%	-50 bps from 5% to 4.5%
<b>Malaysia</b>	-25 bps from 2.75% to 2.5%	-50 bps from 3% to 2.5%
<b>Philippines</b>	-50 bps from 3.75% to 3.25%	-75 bps from 4% to 3.25%

Vietnam's deposits rates are attractive compared to regional peers, and are becoming even more attractive as regional peers' central banks of Thailand, Indonesia, Malaysia and the Philippines slash policy interest rates.

Last week, Vietnam's government also lowered the maximum permissible deposit rate for bank deposits of below 6-month maturity to 4.75%, but savers who are able to lock up their money for 6 months can now earn interest rates of 7-8% from

reputable banks, including from some foreign banks operating in Vietnam.

Furthermore, since Vietnam has not been a major recipient of the “hot money” inflows that destabilized ASEAN tiger economies in the past (for example, the proportion of Vietnam government bonds owned by foreign investors is very low, unlike in Indonesia), the SBV is well positioned to meet any potential short-term panic redemptions by foreign investors, concluded the report.

#### 4. All catering services in HCM City required to close

The Ho Chi Minh City authorities have requested all catering services in the locality to close from 18.00 of March 24 to March 31 to limit crowds and help prevent the Covid-19 pandemic more effectively.

All catering services including fitness centers, spa, hair salons and restaurants with a size of more than 30 people in Ho Chi Minh City are requested to cease operations under a decision of Standing Deputy Chairman of the Ho Chi Minh City People's Committee Le Thanh Liem.

This decision is made in the context of the fast spread of the Covid-19 pandemic in the city and the effort of the entire country to contain it.

From March 15, the city authorities have requested all 180 bars and beer clubs, nearly 500 karaoke bars, parlors, cinemas and online game shops to close.

As of March 24, the city reported 30 cases of infection (including three cured); 1,526 cases that

have contact with patients under supervision; eight cases are awaiting test results; 8,476 people are being quarantined in concentrated centers in the city; 541 quarantined in surrounding provinces and 1,093 are conducting self-isolation at home.

According to Director of the city's Department of Health Nguyen Tan Binh, two infected people who potentially spread the virus in the community include a British pilot, identified as patient No.91, and a number of Muslims attending a religious gathering in Malaysia and returning to Ho Chi Minh City.

Binh also called on Vietnamese citizens, especially students returning from EU and the US before March 19, to stay home for self-quarantine under the supervision of the local health agencies and authorities. They are requested to refrain from making contact with others even when after the expiration of their 14-day period of isolation.

## 5. Trade ministry seeks to reverse rice export suspension

In an urgent dispatch to the Cabinet leader, the ministry noted that a number of firms have expressed concern over the rice export suspension.

Therefore, the ministry has called for the lifting of the rice export ban to give it more time to find out the actual rice output for the winter-summer season, check rice export contracts that traders have signed with their partners and record rice volumes held at traders' warehouses.

The ministry suggested the prime minister allow rice export clearance to continue.

Earlier, the General Department of Vietnam Customs asked local customs authorities to suspend export clearance for rice from March 24, citing the prime minister's instructions to ensure national food security amid the novel coronavirus pandemic.

However, rice exporters who completed customs declarations before the deadline can proceed as usual.

Local customs authorities were also told to step up efforts against rice smuggling through land borders.

The Ministry of Finance demanded the General Department of State Reserves safeguard food reserves under this year's plan to cope with any arising emergencies.

At a national teleconference on March 18, PM Phuc stressed the need to ensure food security. Food security is an important issue for all countries, especially in times of political instability, while using nontraditional security and during the novel coronavirus pandemic.

Vietnam has fulfilled the need for food for the people, met the demand for exports and is coping with natural disasters, according to the leader.

He added that many scientific and technological solutions have been adopted for agriculture production, irrigation infrastructure development,

manpower training and adaptation to natural disasters.

He also pointed out the limitations in the links of chain productions associated with production areas, processing and market coordination. Vietnam is still facing difficulties in processing agricultural products and establishing concentrated production areas.

Data from the General Department of Vietnam Customs showed that Vietnam had exported more than 928,700 tons of rice worth nearly US\$430.5 million in the first two months of this year, up 30.4% and 38.1% from a year earlier, respectively.

Of this amount, some 66,200 tons of rice went to China at a total value of over US\$37 million, which saw year-on-year increases of a whopping 594% and 723% in the first two months, respectively.

Given these massive figures, some locals have called for a reduction in rice exports to the Chinese market of 1.4 billion people to ensure food security amid the ongoing virus outbreak and saline intrusion in the Mekong Delta region – the country's key rice growing area which accounts for a staggering 90% of total exports.

However, rice exports to the neighbor remain modest compared with the three million tons of rice exported to China annually in previous years.

Vietnam is the world's third largest rice exporter after India and Thailand, and its largest rice buyers are the Philippines, China, Malaysia and Africa. Rice is a staple food for the Vietnamese people, and the country's main hard currency earner. Last year, the Southeast Asian nation shipped 6.37 million tons of rice overseas, earning US\$2.81 billion.

In mid-February, the Vietnamese Ministry of Health said all 16 of its confirmed coronavirus cases had recovered. Since early this month, the country has been battling an influx of cases from overseas and Vietnamese citizens escaping outbreaks elsewhere.



As of Monday, 134 cases have been confirmed in the country, but there have been no deaths. More

than 50,000 people have been kept in quarantine.

## 6. Actual FDI in Vietnam down 6.6% to US\$3.85 billion in Q1

Disbursements of foreign direct investment (FDI) projects in Vietnam totaled US\$3.85 billion in the first quarter of 2020, representing a decline of 6.6% year-on-year, a report of the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment has shown.

Meanwhile, FDI commitments in the January – March period totaled US\$8.55 billion, down 20.9% year-on-year.

Year to March 20, 758 new projects have been approved with total commitments of US\$5.5 billion, up 44.8% in capital year-on-year, while 236 existing projects have been injected an additional US\$1.07 billion, down 18% in capital.

A surge in newly registered FDI in the three-month period was thanks to the liquefied natural gas (LNG) plant project worth US\$4 billion in the southern province of Bac Lieu.

During this period, 2,523 projects have had nearly US\$2 billion in capital contributed by foreign investors, up 52.6% in the number of projects and down 65.6% in value year-on-year.

Investors have poured money into 18 fields and sectors, in which electricity production and supply led the pack with investment capital of over US\$4 billion, accounting for 47.5% of total registered capital. Manufacturing and processing came

second with US\$2.73 billion, or 31.9% of the total, followed by wholesale and retail with US\$682 million, real estate with US\$264 million.

The data shows that out of 87 countries and territories investing in Vietnam in the first quarter of 2020, Singapore took the lead with US\$4.54 billion, or 53.1% of the total. Japan came second with US\$846.7 million, or 9.9%, while the third place belonged to China with US\$815.6 million, or 9.3%.

Among 55 cities and provinces having received FDI in the three-month period, Bac Lieu has attracted the largest portion of capital commitments with US\$4 billion, equivalent to 46.8% of total registered capital. Ho Chi Minh City came second with over US\$1 billion, or 12.3%, followed by Tay Ninh with US\$506.8 million, or 6%.

Besides the US\$4-billion LNG plant project financed by a Singaporean investor, some other big-ticket projects in January – March include a tire manufacturing plant worth US\$300 million from a Chinese investor in Tay Ninh province; an injection of an addition of US\$138 million for a Chinese-invested radian tire production facility; an increase of US\$75.2 million to Japan's Sews-components Vietnam manufacturing plant for electronic and auto parts; Hong Kong's Ce Link Vietnam 2 plant worth US\$49.8 million in Bac Giang for electronic parts and products..

## Corporate News

### 7. FMC: Notice of postponement of annual general meeting

↑ 5.14%

The Board of Directors of Sao Ta Foods Joint Stock Company (stock code: FMC) has approved the

postponement of the 2020 Annual General Meeting until June 2020.

### 8. VNL: BOD resolution dated March 24, 2020

↑ 3.21%

Due to the complicated situation of Covid-19 pandemic in Vietnam. Therefore, the Board of Directors of Vinalink International Freight Forwarders approved the following issues:

Approving to delay the holding of Annual General Meeting 2020 on April 28, 2020 until the appropriate time. The details will be informed later.

Approving the cancellation of the record date for the holding of Annual General Meeting 2020 and the second dividend payment for 2019 on March 30, 2020.

Approving to delay the second cash dividend payment for 2019 to shareholders.

### 9. STK: Information on purchasing the treasury shares

↑ 6.05%

On March 24, 2020, Century Synthetic Fiber Corporation announces the purchase of treasury shares as follows:

- Number of treasury shares before trading: 0 share

- Purpose: to protect shareholders' interest

- Expected trading period: from April 03, 2020 to April 29, 2020

- Trading method: Order matching or put through.



**Research Team:** Tsugami Shoji    *Researcher*    [jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)

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***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](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*