



VIETNAM DAILY NEWS

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Market Analysis

1. Local shares end positively on oil price hikes, better market sentiment

Shares kept rising higher on Friday as oil prices picked up in the afternoon session to lift energy stocks and spread a positive impact across the market.

Viet Nam's benchmark VN-Index on the Ho Chi Minh Stock Exchange jumped 3.17 per cent to close at 701.80 points.

The VN-Index has gained a total of nearly 6.0 per cent in the last three days.

The HNX-Index on the Ha Noi Stock Exchange rose 2.34 per cent to end at 97.84 points.

The northern market index leapt by 3.21 per cent on Wednesday.

The local market was closed on Thursday for the national holiday.

The VN-Index and the HNX-Index totalled weekly gains of 0.82 per cent and 0.50 per cent, respectively.

More than 286 million shares were traded on the two exchanges, worth nearly VND4 trillion (US\$169.6 million).

Of the total, about 242 million shares were traded via order-matching method, worth VND3 trillion.

Oil prices picked up in the afternoon session after having fallen in the morning to extend their rallies for a third straight day.

Brent crude surged nearly 9 per cent to trade at \$32.63 a barrel while US crude West Texas Intermediate (WTI) jumped 4.8 per cent to trade at \$26.53 a barrel.

Local energy stocks such as PetroVietnam Gas (GAS), PetroVietnam Drilling and Well Services (PVD), and PetroVietnam Technical Services (PVS) advanced between 5.5 per cent and 9.6 per cent.

The mining and energy sector index soared 6.1 per cent, data on vietstock.vn showed.

The rally of energy stocks helped offset the prolonged foreign selling and had a positive impact on other sectors such as brokerage, technology, real estate, property, retail, and banking.

Those industry indices grew between 2.9 per cent and 6.0 per cent.

The large-cap tracker VN30-Index increased by 3.24 per cent with 29 of the 30 largest stocks by market capitalisation and trading liquidity rising.

Foreign investors on Friday net-sold VND490 billion worth of local shares, focusing on private conglomerate Vingroup (VIC), shopping mall operator Vincom Retail (VRE) and Sai Gon-Ha Noi Bank (SHB).

The market sentiment is improving as the VN-Index has made gains in six of the last seven trading days, Thanh Cong Securities Co (TCSC) said in its daily report.

But the growth could be short-lived as investors could still be worried about the rising number of infection cases in Viet Nam and the impact of the coronavirus outbreak on the economy is unmeasurable, the company said.

Poor outlook on first-quarter corporate earnings could undermine the market recovery and the development of the disease would still weigh on the market sentiment, TCSC said.

Macro & Policies

2. Effects of COVID-19 ripple through fisheries sector

The adverse impacts of the COVID-19 pandemic are being felt in Vietnam's fisheries sector, with export value falling 30 percent year-on-year in March.

The Vietnam Association of Seafood Exporters and Producers (VASEP) reported that fisheries export revenue reached just 549 million USD in the month, with declines seen in the export of tra fish and tuna fish (over 29 percent), squid (31 percent), and shrimp (about 15 percent).

The sharpest fall was seen in the EU (of 40 percent), followed by China (25 percent), the Republic of Korea (24 percent), and Japan (19 percent).

Total export turnover had reached over 1.5 billion USD as of the end of March, a fall of 14 percent, with the sharpest contraction seen for tra fish, mainly due to shrinking exports to China in the first two months.

Some 35-50 percent of shrimp orders from the US and the EU have been suspended or cancelled, according to Le Van Quang, Chairman of the Minh Phu Seafood Corp.

A similar situation was seen by mid-March in orders from the Middle East, Asia, and South America.

Quang said that despite such difficulties, domestic firms have still purchased shrimp from tens of thousands of farmers in the Mekong Delta in an effort to shore up employment.

Apart from market obstacles, businesses must also shoulder the burden of extra container storage charges as well as expenses for equipment like face masks, thermometers, and sanitier used to fight COVID-19.

VASEP General Secretary Truong Dinh Hoe said concerns over falling shrimp and tra fish prices prompted farmers to conduct an early harvest.

If farmers cut production at this time, this will lead to a shortage of materials at the end of this year when the disease has been stamped out and consumption demand is increasing, he warned.

Local fisheries processors and exporters have proposed the Government instruct the Vietnam General Confederation of Labour to consider exemptions of trade union fees and social insurance collections this year.

They also called for reductions in corporate income tax and bank fees along with other credit incentives./.

3. 10,000 Vietnam Airlines staff take unpaid leave over Covid-19 crisis

With all international flights halted and domestic flights reduced, Vietnam Airlines estimates its 2020 revenues could decline by VND50 trillion (\$2.1 billion). This would see revenues fall to 65 percent lower than the annual target.

This has seen as many as 10,000 employees of the national flag carrier, over 50 percent of its staff strength, taking unpaid leave and 100 percent having their salaries reduced, said Duong Tri Thanh, CEO of Vietnam Airlines.

The carrier has cut the salaries of senior managers by 40 percent this year. Mid-level managers'

salaries have been reduced by 20- 30 percent, he said.

Currently, 100 out of 106 aircraft in its fleet have temporarily suspended operations, Thanh said, stressing that the carrier was going through the hardest time in its history.

Starting March 25, Vietnam Airlines halted all international flights and decreased the frequency of domestic flights from April 1 as the country entered a 15-day nationwide social distancing campaign.

The Vietnam Airlines Group currently has more than 20,000 employees, of which the pilot force is 1,200 people strong, aircraft engineers, 2,500, and flight attendants, 3,000.

Dinh Viet Thang, head of the Civil Aviation Authority of Vietnam (CAAV), said "scenarios" to deal with Covid-19 pandemic of the aviation industry now have to factor bankruptcy. He feared several carriers could go bankrupt as a result of the pandemic.

Of the 233 Covid-19 infections confirmed in Vietnam until now, 75 have been discharged from hospitals.

Vietnam declared Covid-19 a national epidemic Wednesday afternoon.

To date, the Covid-19 pandemic has claimed almost 53,000 lives in 204 countries and territories.

4. Vietnam remains one of fastest growing economies in Asia despite COVID-19 slowdown

Economic growth decelerated to 3.8 per cent in the first quarter of 2020, from 6.8 per cent in the corresponding period in 2019. Travel and other restrictions imposed by the government to slow the spread of the virus led to lower domestic consumption. Manufacturing managed to weather the headwinds early on, but the inventory of inputs, including parts of global value chains, are being depleted.

Growth in agriculture stagnated because of lower demand for agricultural exports and severe salinity intrusion in the Mekong Delta. Growth in services, the sector hardest hit by the pandemic, was halved to 3.2 per cent in the first quarter of 2020, down from 6.5 per cent in the corresponding period in 2019.

To support economic activity, in early March the government unveiled a \$10.8 billion (0.4 per cent of gross domestic product) credit relief package to assist debt restructuring and lower interest rates and fees. The government also launched a fiscal package worth \$1.3 billion that reduces taxes and fees for affected firms and defers tax payment, and the fiscal support is expected to rise. The central bank also cut policy rates by 0.5-1 per cent, lowered interest rate caps on dong deposits of less than six months and on short-term dong lending to prioritised sectors.

The economy's fundamentals remain resilient, according to ADB's flagship annual economic publication, the Asian Development Outlook (ADO) 2020. If the pandemic is contained within the first half of 2020, growth should rebound to 6.8 per cent in 2021 – the ADB's pre-COVID-19 forecast for Vietnam in 2020 – and remain strong over the medium and long-term.

"Despite the deceleration in economic activity and the downside risks posed by the COVID-19 pandemic, Vietnam's economic growth is projected to remain one of the highest in Southeast Asia," said ADB country director for Vietnam Eric Sidgwick.

Drivers of economic growth – a growing middle-income class and a dynamic private sector – remain robust. The country's business environment continues to improve. Public spending to combat the impact of the pandemic, which rose significantly in January and February, will likely be raised further.

The large number of bilateral and multilateral trade agreements Vietnam participates in, which promise improved market access, will help the country's economic rebound. Vietnam would also benefit from the containment of the COVID19 pandemic and the eventual return of economic growth in the People's Republic of China, which would help revive the global value chains.

5. Site clearance for major southern airport to be completed in October

Authorities in the southern province of Dong Nai are working hard to ensure site clearance for the Long Thanh Airport project is completed by October.

Nguyen Dong Thanh, Director of the Dong Nai provincial Land Fund Development Centre, said that to build the airport, the State will revoke 5,000 hectares of land, including 1,800 hectares from 17 offices and organisations. The Dong Nai Rubber Corporation will be the hardest hit with over 1,700 hectares to be revoked.

Dong Nai has finished compensation payments to the corporation to build two household resettlement areas in Loc An and Binh Son communes in Long Thanh district, while the corporation has also begun demolishing rubber trees to hand over the site.

Long Thanh Airport is a national key project. Covering a total area of more than 5,580 hectares, the airport will cross six communes in Long Thanh district. Its total investment is 336.63 trillion VND (14.35 billion USD), with construction divided into three phases.

Work on the first phase is expected to start in 2021, during which a runway and a passenger terminal along with other support works will be built to serve 25 million passengers and 1.2 million tonnes of cargo each year. The first phase is expected to be completed by 2025.

Once fully operational, Long Thanh Airport will reduce the load on Tan Son Nhat International Airport in HCM City. It is expected to handle 100 million passengers and 5 million tonnes of freight each year./.

6. Exporters urged to prioritise containing COVID-19

The Ministry of Industry and Trade's Agency for Foreign Trade has urged firms that export goods to China to give the highest priority to preventing the COVID-19 pandemic from spreading further and ensuring the safety of their workers and the public.

Exporters should not make light of preventive measures against the coronavirus because of the pressure to ease the backlog of goods at border crossings with China and boost imports, the agency said in a notice recently sent to local departments of industry and trade, business associations and exporters.

This will contribute to Vietnam's concerted efforts to combat the COVID-19 outbreak, it added.

Border gates with China have reopened but import and export activities have not returned to normal due to delays in customs clearance and a severe lack of workers to help with cargo handling in both countries.

Additionally, China has tightened control of entry and exit of people and vehicles from Vietnam, particularly those from pandemic-hit areas. Most recently, the Chinese side banned drivers from Ho Chi Minh City, Hanoi, Quang Ninh, Da Nang and Binh Thuan from delivering exports to China because of the complex development of the pandemic in these localities.

The northern provinces of Quang Ninh, Lang Son and Lao Cai which have a large volume of exports and imports going through daily have established "buffer" zones around the border gates for quarantine purposes.

As of March 30, 1,175 container trucks remained stuck across the northern border crossings, the majority of which – 1,086 trucks – were in Lang Son, mostly loaded with dragon fruit, watermelon, banana, mango and jack fruit.

The border gates are likely to see even worse congestion in the coming months when more fruits and agricultural products in Vietnam enter

the harvest season, leading to growing demand for export to China./.

Corporate News

7. Vietnam's Vingroup says to produce ventilators in COVID-19 fight

↑ 5.81%

The company has entered into a licence agreement with Medtronic for its ventilator production, the company said in a statement,

adding that it can produce up to 55,000 units a month. (Reporting by Khanh Vu; Editing by Alex Richardson).

8. KBC: KBC updates information on an associated company

↑ 0.43%

Kinh Bac City Development Holding Corporation has supplemented information on an associated company as follows:

- According to the announcement and resolution regarding the completion of the return

of contributed capital from Saigon Hi-Tech Park to KBC, Saigon Hi-Tech Park (KBC owned 27.44%) is no longer an associated company of KBC from December 31, 2019

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