



VIETNAM DAILY NEWS



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Market Analysis

1. VN-Index posts highest single-day gain in 19 years

With just one new Covid-19 infection recorded in two days, the VN-Index surged 4.98 percent to 736.75 points Monday, its biggest single-day gain since October 10, 2001.

An overwhelming 330 stocks gained and just 59 lost on the HoSE, on which the VN-Index is based. Of these, 95 tickers hit their ceiling prices, the highest they can go in a trading session.

This was its biggest gain since 2001, following a 6.88 percent surge on October 10, 2001. However, the Ho Chi Minh Stock Exchange (HoSE) had only five stocks listed, and the VN-Index was hovering at just over 200 points then.

Liquidity also improved significantly, with a total of VND6.45 trillion (\$273.47 million) worth of shares changing hands Monday, 31 percent higher than last week's daily trading average. Order-matched transactions accounted for 81 percent of these transactions.

The VN30-Index for the stock market's 30 biggest caps shot up 5.16 percent. All tickers save for one gained this session, with 17 hitting their ceiling prices.

The banking sector had six stocks that achieved maximum gains of 6.8 percent to 7 percent. Three of them were state-owned lenders, BID of BDIV, CTG of VietinBank and MBB of mid-sized Military Bank, while the other three were of mid-sized private lenders – STB of Sacombank, TCB of Techcombank, and VPB of VPBank.

The other top gainers in the finance sector were BVH of insurance Bao Viet Group and SSI of brokerage Saigon Securities Inc., up 7 percent and 6.8 percent respectively.

VIC shares of Vingroup, Vietnam's biggest private conglomerate and HoSE's largest cap, VHM of its real estate arm Vinhomes, and VRE of retail arm Vincom Retail, all added 6.9 percent this session.

Along with VHM, CTD of construction giant Coteccons, and ROS of real estate developer FLC Faros also closed in purple (their ceiling prices).

In retail, MSN of food conglomerate Masan Group, MWG of electronics retailer Mobile World 6.9 percent, and PNJ of Phu Nhuan Jewelry all added 6.9 percent. Commodity producers HPG of steelmaker Hoa Phat Group and SBT of agricultural firm TTC-Sugar added 6.8 percent and 6.6 percent respectively.

According to data from securities firm VNDIRECT, the 10 tickers that had the biggest impact on the VN-Index this session added a total of 20.7 points to the index, led by VIC (5.54 points), VHM (3.42 points) and BID (2.51 points). The VN-Index gained 34.95 points this session.

Not reaching their price ceilings but still recording big gains were GAS of energy giant PetroVietnam Gas, up 6.5 percent, POW of electricity generator PetroVietnam Power, 5.6 percent, and PLX of petroleum distributor Petrolimex, 0.5 percent.

Analysts said the gains of oil and gas tickers in the week's first session were driven by a 30 percent surge in oil prices last week after the Petroleum Exporting Countries (OPEC) and Russia agreed to sit down to negotiate production cuts.

However, oil prices dipped again Monday afternoon after the parties failed to settle on a deal over the weekend, and a meeting to discuss oil output cuts initially scheduled for Monday was postponed to Thursday. As of 4:20 pm, Brent Crude had fallen by 4.24 percent to \$33.18 a barrel.

On the HoSE, VJC of budget carrier VietJet Air was the only ticker that did not gain, and kept its opening price by the end of the session.

Meanwhile, the HNX-Index for stocks on the Hanoi Stock Exchange, Vietnam's second main bourse for small and midcap stocks, gained 5.54 percent, while the UPCoM-Index for unlisted public companies added 2.42 percent.

Foreign investors were again net sellers on all three bourses to the tune of VND700 billion (\$29.7 million). According to KB Vietnam Securities, foreign investors worldwide are pulling out of

emerging stock markets on fears that the Covid-19 pandemic could cause a global economic recession.

Macro & Policies

2. Cold storage demand surges during COVID-19

Food accounts for about 80 per cent of cold storage demand in Việt Nam, according to data.

However, that figure is rising as the F&B industry suffers and food export orders are cancelled.

From mid-March, the demand for cold storage has been rising in Hà Nội. According to Tân Bắc Nam Cold Storage Firm, demand doubled last month. A representative from the firm said many restaurants had closed and needed to put their stocks in cold storage.

Meanwhile, the owner of a 3,000-tonne cold storage facility in HCM City said his unit was full until the end of April so he could not receive any more goods despite the demand.

Seafood was reported to have the highest demand for cold storage.

According to the Việt Nam Association of Seafood Exporters and Producers (VASEP), 20 to 40 per cent of seafood exports orders had been delayed, while 20 to 30 per cent had been cancelled.

VASEP General Secretary Trương Đình Hoà said that due to the prolonged pandemic, seafood enterprises were in serious shortage of cold storage, forcing them to cut purchases of fresh produce.

Hoà also said it would be difficult for Việt Nam to find new markets once consumption resumed after the pandemic.

VASEP has asked the Ministry of Agriculture and Rural Development to propose to the Government and State Bank incentive policies to support local enterprises to build cold storage facilities.

This would include zero interest loans for the first two years and a 50 per cent interest rate reduction for the next four years for long-term loans to build cold storage units with a minimum capacity of 5,000 pallets.

It also asked for a 50 per cent reduction of corporate income tax for the first two years for cold storage businesses.

Opportunities for cold storage industry

In these circumstances, real estate research firm CBRE Việt Nam told local media the lack of cold storage units was an opportunity for the industry. The growth of online sales and multi-channel retail could be an advantage for firms with cold storage units near metropolitan areas.

According to a report by FiinGroup, an integrated service provider of financial data, business information, industry research and other premium services, the total capacity of cold storage in Vietnam stood at 600,234 pallets in 2018.

The firm also said due to rising demand for cold storage, many providers are expected to expand.

Earlier, Ken Research, a global publisher of market intelligence, reported that from 2016-21, the Việt Nam Cold Chain Industry was estimated to register a positive CAGR of 10.4 per cent thanks to the growing number of supermarkets and seafood exporters.

Ken Research estimated the local cold chain market would reach US\$1.8 billion next year.

3. Industrial production, export turnover up in Soc Trang despite COVID-19

The industrial production value of the Mekong Delta's Soc Trang province in the first quarter has been estimated at 6.6 trillion VND (279.7 million USD), up 5.7 percent year-on-year.

According to the provincial Department of Industry and Trade, processing and manufacturing grew by 5.7 percent in the quarter, water supply and waste treatment 5.3 percent,

and electricity production and distribution 1.1 percent.

The province's export turnover is estimated at 190 million USD, a year-on-year increase of 12.07 percent, with rice exports posting impressive growth of 62.14 percent.

To deal with the COVID-19 outbreak, provincial leaders have asked the industry and trade sector

to coordinate with relevant sectors to guarantee the supply of materials for production, consolidate the domestic market, and help exporters solve difficulties caused by the pandemic.

A report from the department shows that almost all major enterprises in the province are operating stably./.

4. Poor households to receive support from social policy bank

The Vietnam Bank for Social Policy (VBSP) has proposed cutting the loan interest rate for poor households by 15 percent from April 1 until the end of the year.

Under the proposal, families who made a great contribution to the nation will also receive a reduction of 10 percent.

The bank also proposed that employers can borrow money at the bank with no interest for a year to pay employees who must cease working for three months due to the pandemic.

It is estimated a total of 16.2 trillion VND (688 million USD) will be borrowed and 3 million workers will benefit from the programme.

In recent days, relevant ministries and the VBSP have been completing the Government's draft resolution about supporting residents in coping with COVID-19 pandemic.

VBSP Deputy General Director Nguyen Duc Hai said most people borrowing money at the bank were poor, or families who made great contributions to the nation.

He said the bank had implemented different supportive measures such as extending their debt payment, lending them more money for manufacture restoring and giving them guidance to make reports on their struggles.

More than 40,000 people have had their debt payment period extended, with total loans worth over 1.39 trillion VND (59 million USD)/..

5. HCM City to suspend work on non-urgent construction projects

The city's Department of Construction has sent an urgent document to people's committees in 24 districts and relevant agencies about the implementation of the temporary suspension of such projects.

Investors must make adjustments to construction schedules or temporarily suspend projects that are not urgent.

For urgent projects that must be completed on time, contractors and construction units must take preventive measures to ensure the health and safety of their workers.

They are required to make a commitment on the prevention and control of Covid-19 and send it to district-level people's committees where their project is located.

In addition, they must manage their foreign experts and workers who have returned from outbreak-hit regions and notify local authorities who will implement quarantine procedures.

They must also limit night shifts and crowds at construction sites.

A working shift must have no more than 20 workers, and equipment and machinery must be disinfected after each shift.

All workers must have their temperature checked before and after each shift. If the

temperature is above 37.5 degrees Celsius, it must be immediately reported to local health centres.

They must wear face masks, wash their hands with sanitizer frequently, and keep a minimum distance of two metres from others during their working time.

6. Ministry asks Gov't to cut tax for transport firms

For the civil aviation industry, the ministry has asked the Government to exempt import and environmental protection taxes on flight fuel from January 23 to December 31, 2020.

In case of difficulties balancing the budget, the ministry expected the Government to cut half of these taxes and allow businesses to delay tax payments and budget contributions.

The ministry also asked for reduced or suspended payments for corporate income, personal income and foreign contractor taxes from January 23 to December 31, 2020. Businesses are expected to enjoy cuts to value-added tax on domestic transport over three years.

Last month, the ministry said the aviation sector would be heavily impacted by the COVID-19 pandemic, causing an estimated loss of about VND30 trillion (US\$1.29 billion).

National flag carrier Vietnam Airlines, which holds nearly 40 per cent of the domestic market share, recently said that it would reduce its supply by 60 per cent, causing a decrease of VND50 trillion in revenue, or 65 per cent of its target.

More than 50 per cent of Vietnam Airlines employees had stopped working, while wages had been reduced.

In the maritime sector, the ministry said the number of vessels transporting goods entering and leaving ports had decreased by 15 per cent in recent months. As for passenger ships from other countries to Viet Nam, the number had fallen 30 per cent year-on-year, and was expected to fall further this month.

Meanwhile, the volume of inland waterway and freight had fallen by 10 per cent. Revenue from road logistics had fallen sharply by 40-80 per cent compared to the same period last year and prior to the outbreak.

Corporate News

7. VPBank offers lending rate cuts to firms and customers

↑ 6.84%

The rate cut is being offered to both existing and new customers.

For loans with collateral deposits, the maximum interest rate reduction has been set at 1.5 per cent year for VND and 1 per cent a year for US dollars. For unsecured loans, VPBank is offering a maximum annual interest rate reduction of 2 per cent year for VND and 1 per cent for US dollars.

Businesses operating in the tourism, hotel and transport sectors are eligible for the cuts, along with firms whose exports to China, the US and Europe accounting for at least a half of their revenue in 2019, while importing at least half of their materials from the above mentioned markets.

Firms experiencing difficulties paying debts due to COVID-19 can also apply for loans with preferential interest rates.

In addition, businesses are required to have a good credit rating, and stable and transparent financial statuses backed up by financial reports.

A representative from VPBank said the preferential package was in response to a State Bank of Viet Nam directive asking credit institutions and commercial banks to support firms at this difficult time.

VPBank was among the first banks in Viet Nam to launch a credit package to support companies affected by COVID-19 by reducing lending rates by 1.5 per cent a year. It has also provided solutions to help firms restructure their debts. Many businesses have resolved their difficulties thank to the support package.

VPBank has encouraged its customers to increase non-cash transactions amid the pandemic by offering preferential rates for transactions through internet banking and VPBank Online such as free money transfers and adding 0.2 per cent to the interest rate for online saving accounts.

VPBank and FE Credit Company has donated VND15 billion (US\$641,000) to the Viet Nam Fatherland Front's Fund for COVID-19 Prevention and Control as well as support for doctors and medical staff.

8. VJC: Notice of postponement of annual general meeting

↑ 0.00%

VietJet Aviation Joint Stock Company (stock code: VJC) sent documents to the authorities to ask permission to extend the holding of the 2020 Annual General Meeting until an appropriate time

before June 30, 2020 to comply with the recommendations of limiting crowded events in response to the outbreak of the coronavirus pandemic.

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