



VIETNAM DAILY NEWS

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Table of content

Table of content

1. Shares rebound on increasing demand but worries remain
2. Supply chains in Viet Nam disrupted by Covid-19
3. Cassava exports recover in Q1
4. HCM City: Tourism sector endures losses of over 426 mln USD in Q1
5. Vietnam promotes medical supply exports to support international fight against COVID-19
6. New tariff scheme approved to encourage solar development
7. Vietnam Airlines shares unavailable for margin lending
8. CII: Resolution of Annual General Meeting 2019

Market Analysis

1. Shares rebound on increasing demand but worries remain

Vietnamese shares recovered on Wednesday from a setback in the morning thanks to increasing demand but fears over the mounting global COVID-19 death toll still plagued investors.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange inched up 0.18 per cent to end the trading session at 748.02 points.

The VN-Index gained 1.35 per cent to end Tuesday at 746.69 points.

More than 252 million shares were traded on the southern exchange, worth VND3.8 trillion (US\$161.9 million).

The large-cap tracker VN30-Index declined 0.35 per cent to close Wednesday at 691.17 points.

In the VN30 basket, 12 of the 30 largest stocks by market capitalisation and trading liquidity gained ground while 16 declined. Two were unchanged.

While the number of emergency hospital admissions slowed in New York, single-day deaths across the US hit a record of more than 1,900.

The S&P 500 ended Tuesday down 0.16 per cent. The Nasdaq dropped 0.33 per cent and the Dow lost 0.12 per cent.

Meanwhile, France's coronavirus death toll exceeded 10,000, making it the fourth country to surpass that threshold after Italy, Spain and the US.

In Asia, Shanghai blue chips lost 0.6 per cent. Mainland China's cases also doubled in 24 hours due to infected overseas travellers.

On the Vietnamese market, the rebound of shares in the closing minutes implied a bottom fishing cash flow that helped support the overall market.

However, the evaporation of recent rallies showed many investors still fear that the market is in danger of a renewed tumble due to uncertainty surrounding the COVID-19 pandemic.

"The VN-Index is forecast to experience fluctuations when approaching the area of 750-755 points during the next session," said Bao Viet Securities Company.

On Wednesday, the pillar stocks witnessed strong differentiation with gainers were real estate developer Vinhomes (VHM) (up 6.1 per cent), Bank for Investment and Development (BID) (rising 2.6 per cent), Masan Group (MSN) (up 2.4 per cent) and PVPower (POW) (up 6.9 per cent).

Losers included Vingroup (VIC) (down 3.4 per cent), VPBank (VPB) (falling 2.8 per cent), Techcombank (TCB) (down 1.5 per cent) and steelmaker Hoa Phat Group (HPG) (down 1.6 per cent).

The HNX-Index on the Ha Noi Stock Exchange increased 0.49 per cent to close Wednesday at 103.93 points.

More than 46.3 million shares were traded on the northern bourse, worth VND488.9 billion.

Macro & Policies

2. Supply chains in Viet Nam disrupted by Covid-19

Of them, 47 per cent had issues specifically with China supplies and a large majority involved raw materials, it said.

Julien Brun, managing partner at CEL, said the pandemic is affecting every single country regardless of their level of development.

However, in Viet Nam, there were categories where demand clearly surged, such as packaged food (up 26 per cent), dairy (up 10 per cent) and personal care (29 per cent), he said.

This surge in demand looked like a “just in case” purchase decision, a stock-up behaviour, and not a healthy increase in consumption, he explained.

But the reality is that the actual demand is at a low, with sales of beverages, fashion goods, electronics, vehicles, agricultural products, furniture, footwear, and many other products coming to a halt both locally and globally, he said.

“As we speak, in Viet Nam and elsewhere, manufacturers and retailers’ current sales volumes are too low to absorb [even] fixed costs, leaving thousands of businesses with negative margins and thin reserves of cash.

“Export dependent companies are seeing orders cancelled every day, particularly from the EU and the US. As a consequence, the global transport sector is also being affected and freight forwarders in Viet Nam are seeing their volume drop by 25 to 70 per cent.”

A number of SMEs have already declared bankruptcy, and for others the impact on human resources, the main adjustment variable, is being felt strongly and unemployment is threatening multiple industries, he said.

CEL also found that companies operating in retail, distribution and logistics services (excluding e-commerce and last mile delivery) reported a loss

of revenue of 25 per cent in the first quarter and do not expect to recover this loss this year.

Urban consumers seek convenient and safe shopping alternatives for their daily family needs amid the COVID-19 threats, and e-commerce and home delivery services have become central to this evolution, it said.

Brun said: “Figures are still not officially published in Viet Nam, but Lazada reported a 300 per cent increase in the number of orders in Singapore and Grab delivery surged by 200 per cent in Bangkok. We can assume that comparable growth is being seen in the main cities in Viet Nam.”

So a large volume has shifted from offline to online distribution channels and last mile delivery companies are barely able to cope with the surge in delivery orders, he said.

One of the main challenges this shift creates is the ability to transfer goods over long distances, such as between the north and the south, since air and rail transport are constrained, he said. Long-haul trucks have become scarce and the lack of transport capacity generates delays and extra disruptions, he said.

As people start getting accustomed to more systematic online purchase and home deliveries, it is likely that this becomes a habit, and it is likely that the post-crisis situation would still benefit the e-commerce and delivery sector while the offline retail sector slowly recovers, he predicted.

“This is certainly a fundamental new trend in the consumer goods industry that we have to keep in mind. The crisis will also further accelerate the e-government initiative, allowing the population to fulfill their administrative duties online and thus avoiding long physical queues. Once the crisis ends, it is likely that the implementation of digital solutions for consumers and citizens will increase drastically.”

3. Cassava exports recover in Q1

Cassava exports in the first quarter rose by 14 per cent in volume to 772,000 tonnes and 0.4 per cent in value to US\$257 million on-year, the MARD's Department of Agro-product Processing and Market Development said. Of which, exports reached 335,000 tonnes in March, earning \$113 million.

However, the average export price of cassava in the quarter fell by 12 per to \$332 per tonne.

In terms of product structure during the first three months, cassava chip exports were estimated at 263,000 tonnes, earning \$57 million, up 70 per cent in volume and 96 per cent in value over the same period last year.

Cassava starch exports reached 509,000 tonnes, earning \$200 million, down 2 per cent in volume and 12 per cent in value.

During the quarter, lower supply of cassava chips due to prolonged hot weather and the pandemic pushed up export prices by 16 per cent to \$217 per tonne compared to the same period last year. Meanwhile, the average export price of cassava starch fell by 10 per cent to \$393 per tonne.

The Ministry of Industry and Trade's Import and Export Department said the cassava export growth in the first quarter was mainly due to growth to mainland China. Besides that, businesses also promoted exports to Malaysia, Taiwan and Japan.

According to the General Department of Customs, in the first two months this year, China was the

largest export market for Viet Nam's cassava and cassava products, reaching 402,480 tonnes worth about \$130.9 million. These exports had an increase of 10.6 per cent in volume but a plunge of 2.8 per cent in value over the same period last year.

Meanwhile, the nation saw strong growth in both volume and value of cassava exports to Malaysia in the first quarter. Exports were up by 48.5 per cent in volume to 7,400 tonnes and by 49.4 per cent in value to \$3.2 million.

Viet Nam's cassava export price is expected to increase due to lower supply on the domestic market as hot weather, disease and the pandemic take hold. Meanwhile, output of this product in Thailand, which is the largest exporter of cassava to China so far this year, is expected to decrease by 20 per cent compared to 2019.

On the other hand, according to MARD, China would have increased demand for cassava to promote ethanol production after the pandemic and animal feed for pigs. China has faced a shortage of pork due to African swine fever.

However, the export of cassava starch via the border gates is likely to slow because China is prioritising imports of fruit and other essential foods.

In 2019, Viet Nam's cassava exports reached 2.46 million tonnes, earning \$948 million. Exports surged by 2.9 per cent in volume but fell by 0.2 per cent in value compared to 2018.

4. HCM City: Tourism sector endures losses of over 426 mln USD in Q1

The HCM City Department of Tourism has estimated that the city's tourism industry suffered losses worth close to 10 trillion VND (426.2 million USD) in the first quarter of this year due to impacts of the COVID-19 pandemic.

The department's data shows that the country's southern metropolis welcomed just 1.3 million visitors during the first three months of the year, down 42.26 percent from a year earlier.

In March alone, tourist arrivals nosedived 84.23 percent year-on-year to about 117,000.

The department plans to further strengthen preventive measures against the widely-spreading disease to ensure safety for travellers in the second quarter.

It is working with the municipal Department of Science and Technology to explore how to develop

community-based tourism in urban cultural spaces in the near future.

It also expects to launch a series of tourism stimulus programmes after the pandemic is over to help the industry recover.

Last year, HCM City was the most popular locality in Vietnam among foreign tourists during the first quarter.

The city welcomed a record high 2.25 million foreign tourists from January to March, up 10 percent year-on-year. The city attracted half the total number of foreign arrivals to Vietnam during the period, according to the municipal Department of Tourism.

Japan, the Republic of Korea, China and the US were the four biggest groups of foreigners visiting HCM City, helping it earn tourism revenue of 39.8 trillion VND during the period./.

5. Vietnam promotes medical supply exports to support international fight against COVID-19

This is part of the prime minister's conclusion speech at a recent government meeting reviewing measures in combating COVID-19.

On recent days, customers from different markets such as the US, EU, Spain, and most recently Russia and Canada have voiced the rising demand to import medical supplies, such as protective gear, gloves, and face masks to serve the fight against the COVID-19 pandemic.

Nguyen Thi Thu Thuy, deputy director of the Vietnam Trade Promotion Agency under the Ministry of Industry and Trade, has told the media that customers from different markets have continuously asked about the capacity for medical supplies provision from Vietnamese companies.

For instance, the Russian market would need one million sets of single-use protective gear, more than five million medical face masks, one million anti-bacterial masks, two million fabric-made masks, 100,000 protective glasses, one million medical blouses, and more for shipping to Saint-Petersburg.

"Vietnamese businesses need to pay due regard to preparing legitimate papers showing the products are eligible for exportation from Vietnam, plus other necessary documents when anchoring at

Saint-Peterburg port," Thuy noted.

In addition, the Canadian market is showing demand for millions of medical supplies, such as single-use N95 face masks, single-use surgical masks, nitrile gloves, vinyl gloves, medical blouses, and protective medical gear, hand sanitiser, and protective eyewear, among others.

Functional Canadian bodies will take the initiative in selecting the export firms and soon contact businesses meeting their demands.

Earlier, the government enacted Resolution No.20/NQ-CP dated February 28, 2020 on licensing the export of medical masks during the COVID-19 epidemic.

Accordingly, the Ministry of Health shall provide licences allowing the export of medical face masks while the country is combating COVID-19 with the purpose of providing aid and international support on behalf of the Vietnamese government.

This policy does not apply to the export business of export-processing enterprises having acquired investment certificates and those engaged in processing medical masks for foreign clients on contracts signed before March 1, 2020.

Right after the enactment of the resolution, the Vietnam Textile and Apparel Association (Vitas) has reported rising orders for fabric-made face masks.

Facilitating the export of fabric masks and other measures aims to support local businesses that are short of export orders as many of them were delayed or cancelled due to the pandemic.

The General Department of Customs has also improved processes in checking the export of fabric-made face masks to facilitate business activities during the COVID-19 outbreak.

Facilitating the export of fabric masks and other measures aims to support local businesses that are short of export orders as many of them were delayed or cancelled due to the pandemic.

Of the proposed measures to help textile and garment makers weather difficulties in the current context, The Vitas has sought the government's permission to allow those in the sector to engage in production and export of items serving the fight against COVID-19 to partly cover expenses in these difficult circumstances.

6. New tariff scheme approved to encourage solar development

Under the new scheme signed by Deputy Prime Minister Trịnh Đình Dũng, solar projects approved before November 23, 2019 and starting commercial operations between July 1, 2019 and December 31, 2020 will enjoy the new tariffs.

Specifically, the Government has fixed the tariffs for rooftop solar at VNĐ1,943 (8.38 US cents), floating solar at VNĐ1,783 (7.69 US cents) and ground-mounted solar power projects at VNĐ1,644 (around US 7.09 cents) for each kWh. The new tariff, which is 24 per cent lower than the earlier scheme, will be applied for 20 years starting May 22.

For other subsequent projects, the feed-in-tariffs shall be determined through bidding mechanism.

The decision was promulgated nine months after the 9.35 per cent rate, which expired on June 30 last year.

However, the purchase price of electricity from grid-connected solar power projects with planning and commercial operation dates before January 1, 2021 with the total cumulative capacity of not more than 2,000 MW in the southern Province of Ninh Thuận – a solar power hotspot – will be entitled to a preferential price of VNĐ2,086 (9.35 US cents) per kWh.

Organisations and individuals producing rooftop solar power are allowed to sell a part or all electricity output to Việt Nam Electricity (EVN), the country's largest power company, or others who do not use EVN's power grid.

It means that power sellers and buyers can negotiate their prices and ways to use electricity directly from the solar system themselves.

This decision has been awaited by large-scale solar investors and households and businesses investing in rooftop solar power because the old decision expired on July 1, 2019.

The approval of the new scheme comes after a new energy strategy released by the Government in February. The strategy aims to promote energy security and sustainable socio-economic development. The plan calls for a much larger share of clean energy in Việt Nam, accounting for 20 per cent of the country's electricity from renewables by 2030.

As one of fastest growing countries in Asia, the country's demand for energy is expected to reach about 130GW of electricity by 2030, more than double the current 54GW.

By the end of June, the country had a total of 82 solar power plants with a cumulative capacity of 4.46GW connected to the national grid.

Corporate News

7. Vietnam Airlines shares unavailable for margin lending

↓ -2.46%

The decision came after the state auditor did not fully accept Vietnam Airlines' financial report for the first six months of 2019.

Specifically, the auditor opposed that the aviation firm recorded a VND170 billion (US\$7.2 million) loss in the exchange rate between the Vietnamese dong and the US dollar on August 14.

The calculation was based on the directors' forecast of the VND/USD exchange rate at the end of 2019, which is not allowed by Viet Nam's accounting regulations.

Vietnam Airlines shares were put on the list of legible stocks for margin lending in the first quarter after they had been traded for more than six months.

According to the Committee for Management of State Capital at Enterprises, Vietnam Airlines is one of the corporations worst-hit by COVID-19.

From January-March, total revenue was estimated at VND19.2 trillion, down 26 per cent on-year. The company suffered a loss of VND2.38 trillion.

If the disease is not under control soon, the company's total revenue may fall 34 per cent on-year to VND38 trillion in 2020. And it will post a loss of VND19.65 trillion.

Vietnam Airlines shares (HoSE: HVN) were down 3.4 per cent to trade at VND19,600 apiece on Wednesday.

Among other stocks on the HoSE's list are Agribank Securities Co (AGR), brewer Habeco (BHN), Dien Quang Lamp JSC (DQC), the Vietnam Rubber Group (GVR), agriculture firms Hoang Anh Gia Lai (HAG) and HALG Agrico (HNG), Vietnam-Italy Steel JSC (VIS) and media group Yeah1 (YEG).

8. CII: Resolution of Annual General Meeting 2019

↓ -3.37%

Ho Chi Minh City Infrastructure Investment Joint Stock Company announces the Resolution of Annual General Meeting 2019, which was convened on March 27, 2020, as follows:

File Attachment

[165246 Meeting-2019--MN.pdf](#)

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