



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Shares gain for seven straight sessions, fueled by banking and mining stocks

Vietnamese shares advanced for seven straight sessions on Thursday thanks to good performance of banking and energy stocks.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange increased 1.65 per cent to end the trading session at 760.33 points, totalling a seven-session gain of 14.8 per cent.

The VN-Index inched up 0.18 per cent to end Wednesday at 748.02 points.

Nearly 298.5 million shares were traded on the southern exchange, worth VND4.4 trillion (US\$186.9 million).

The large-cap tracker VN30-Index gained 0.97 per cent to close Thursday's session at 697.85 points.

In the VN30 basket, 17 of the 30 largest stocks by market capitalisation and trading liquidity gained ground while eight declined. Five stayed unchanged.

The stock market was driven by strong gains in energy and mining stocks after global oil prices picked up in Wednesday's overnight trading.

US crude rose 4.58 per cent to \$26.24 a barrel. Brent crude rose 2.5 per cent to \$33.71 per barrel.

Among local energy stocks, PetroVietnam Gas JSC (GAS) jumped 7 per cent while others such as PetroVietnam Drilling and Well Services (PVD) and PetroVietnam Technical Services (PVS) soared 4.7 per cent and 3.4 per cent.

There was also a boost from the banking stocks group, with gainers including Vietcombank, Vietinbank, Techcombank, VPBank, Military Bank. They all increased between 0.5 and 5.2 per cent.

According to Tran Xuan Bach, a stock analyst at Bao Viet Securities Co, VN-Index is maintaining a positive recovery toward 780-820 points in the short term.

"However, various stocks with impressive increases this week have approached important resistance," Bach said.

"The index may possibly face profit-taking and correction pressure in upcoming sessions. The stock market still faces difficulties from foreign investors' net selling pressure."

On Thursday, foreign investors were the net sellers of VND290.98 billion on Ho Chi Minh Stock Exchange and VND16.49 billion on Ha Noi Stock Exchange.

"Q1 business results and macroeconomics statistics expectantly published in April may also place negative impacts on market movements. Profits of listed companies in Q1 may be below expectation under the influence of COVID-19 pandemic," Bach said.

"Stock exposure should be maintained at 20-25 per cent of the portfolio. Investors may consider taking profit part of short-term positions during tomorrow trading session."

The HNX-Index on the Ha Noi Stock Exchange climbed 1.1 per cent to close Thursday at 105.08 points.

The northern market index increased 0.49 per cent to close Wednesday at 103.93 points.

More than 57.3 million shares were traded on the northern bourse, worth VND631 billion.

## Macro & Policies

### 2. USDA cuts Vietnam's 2020 rice output forecast by 3.3% on drought, salt water

Production in 2021 is forecast to rise 0.4% to 44 million mt due to an expansion in harvested area to 7.56 million hectares (+0.67%), the USDA said in the report.

Despite the downward revision for the 2020 crop, winter/spring paddy production in the Mekong Delta is expected to increase 0.25% year-on-year to 11 million mt as adjustments in the planting calendar limited the impact of drought and salinity issues, according to the USDA. About 30,000 ha of paddy fields in coastal provinces were affected by drought, it said.

Water levels in the Mekong River are lower than average this year, causing concerns about salinity intrusion and inadequate sediment to supplement soil nutrition due to reduced freshwater from upstream. Lower than average rainfall is also forecast for H1 2020, although this is anticipated to improve from July, the USDA said. Despite concerns about inadequate water supplies over the next few months, paddy production in the Mekong Delta for the 2020 summer/autumn crop is expected to remain unchanged at 13.6 million mt from a year earlier. Please see the table below for a breakdown of production levels for the 2020 crop.

Winter/Spring	3.08 million	6.66	20.5 million	+0.24%
Summer/Autumn	2.8 million	5.41	15.2 million	-0.07%
10th Month	1.63 million	4.99	8.13 million	0.00%
2020 Total	7.51 million	5.83	43.8 million	+0.09%

Consumption is forecast to remain unchanged at 21.4 million mt as COVID-19 household stockpiling offset declining per capita consumption in cities, the USDA said. Domestic prices rose in January ahead of the winter/spring harvest and due to steady demand from the Philippines, Malaysia and China. Paddy prices were also supported by reports of a delayed harvest due to cool weather. Exports in 2020 are forecast at 6.7 million mt (milled equivalent, +1.98%). Vietnam's Ministry of Industry and Trade has appealed an existing ban on the

registration of new export contracts, which was implemented on 24 March by the prime minister. The ban is expected to last through May, according to the prime minister. Demand for Vietnamese rice is expected to climb due to anticipated reductions in Cambodian and Thai production, less competitive Indian prices, COVID-19 related stockpiling and the ongoing locust swarm in East Africa, according to the USDA. Ending stocks for 2020 are forecast to decline to 677,000 MTS (milled equivalent, -25.4%)

### 3. Half of Vietnam businesses might collapse if Covid-19 lasts long: VCCI

According to VCCI President Vu Tien Loc, nearly 35,000 businesses withdrew from the market in the first quarter of 2020, outpacing the number of newly established businesses.

Nearly 85% of respondents noted that their markets shrank significantly due to the pandemic, while 60% complained that they have run out of capital.

Some 40% of businesses indicated they were suffering severe input material shortages while 43% had to scale down their operations due to the declining demand and 82% expected their 2020 revenues to drop compared with 2019.

Low-skilled workers, especially in the clothing, footwear and electronic component assembly sectors, are the most affected by the pandemic. “Millions of workers could lose their jobs in the next several months,” Loc said.

He pointed out that in addition to coronavirus infection prevention and control measures, the Government should focus more on maintaining economic stability through fiscal, credit, labor and wage policies.

In the long term, more solutions should be put in place to help prop up enterprises, particularly small and medium-sized ones, as well as around five million household businesses so that they can overcome any future disruptions or outbreaks.

#### 4. Vietnam gov't lowers FIT for solar power projects

The Vietnamese government has enacted a list of new feed in tariffs (FITs) for solar power in Vietnam that is lower than the previous one in the context there has been a wave of investment in this renewable energy.

According to Decision 13/2020, which will take effect from May 22 and replace Decision 11/2017 that was effective until June 30, 2019, the FITs for ground-mounted, rooftop and floating solar power projects are VND1,644 (7.09 US cents) per kWh, VND1,943 (8.38 US cents) per kWh, VND1,783 (7.69 US cents) per kWh, respectively. The new FITs are lower than the preferential price of VND2,086 (9.35 US cents) per kWh regulated in Decision 11/2017.

The new FIT scheme is applicable for solar power projects that were approved by competent authorities before November 23, 2019 and started commercial operations (partly or fully) between July 1, 2019 and December 31, 2020. It will be valid for 20 years from the date that a solar power project is put into commercial service.

As for the south-central province of Ninh Thuan, the preferential buying price of VND2,086 (9.35 US cents) per kWh will be applied to solar power projects having a capacity of up to 2,000MW that have been added to the national power scheme

and scheduled for commercial operation before January 1, 2021.

Solar power projects excluded from the above-mentioned projects will have FITs determined through bidding mechanism. 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.

Tran Viet Ngai, chairman of the Vietnam Energy Association told Hanoitimes that the new FITS continue to attract those who have an interest in the solar power industry in Vietnam, even though they are cheaper than the current ones. “Under the new decision, the FITs will be valid for 20 years that is not consistent with the auction plan for solar power. The bidding mechanism should apply for all solar projects in the country,” Ngai urged.

Vietnam will launch a bidding mechanism in the solar power industry in the next couple of months but delayed due to the Covid-19 pandemic. It will be launched in the fourth quarter of 2020, according to Ngai.

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

## 5. European companies concerned about business climate amid Covid-19 outbreak

The BCI is a regular barometer of how European business leaders see the trade and investment environment in Vietnam and the prospects of their own enterprises.

Each quarter, the chamber asks its members to answer a range of questions covering issues such as their investment plans, revenue projections and workforce levels.

Following similar trends around the world, where Covid-19 has hit international trade and investment, the EuroCham BCI plunged to its lowest-ever score of 26% in the first quarter of 2020.

This represents a fall of 51 points from the 77% recorded in late 2019, which is a direct result of the impact of Covid-19. Over 90% of business leaders indicated that Covid-19 has had a negative impact on their enterprise, with more than half reporting a significant negative impact.

Meanwhile, almost 80% reported that their business had incurred higher costs from measures adopted to protect their workers and prevent the spread of the virus.

Despite the negative financial impact of Covid-19, European companies are taking important steps to protect both the health and livelihoods of their workforce. Four out of five business leaders are confident that they will be able to retain at least 70% of their staff over the next quarter. Meanwhile, 80% of businesses have asked their staff to work from home to prevent the spread of the virus.

## 6. Retail market hit hard by coronavirus

CBRE Vietnam in its Q1-2020 report released on April 7 noted that the total revenue from food and beverages (F&B) and accommodation and tourism services fell by 9.6% and 27.8% year-on-year, respectively. At shopping centers, traffic started

EuroCham members also welcomed Government measures introduced in Directive 11 to support businesses during the pandemic. A deferral of tax and land rent was the most popular provision, with the suspension of social insurance contributions coming in at a close second.

“This data shows that Covid-19 is having a deep and serious impact on European businesses in Vietnam,” EuroCham Chairman Nicolas Audier said.

“However, it is important to remember that this is a global pandemic, and enterprises around the world are suffering from the effects of this crisis,” he added.

There is also no doubt that without the swift and decisive actions of the Government, the situation here could have been much worse.

Covid-19 is a fast-moving health crisis, and it is creating unprecedented challenges for businesses of all types and sizes and across all sectors and industries. Therefore, further action could soon be required to help both domestic and foreign enterprises weather this storm and resume their usual business activities.

“EuroCham is committed to Vietnam's long-term economic growth, and our members remain available to share their insights and recommendations to help minimize the disruption of Covid-19 on business operations and – above all – to protect the health and wellbeing of people in Vietnam,” Audier noted.

dropping in February and was down by 80% as of March.

The decrease in revenue varied among categories, with education receiving no revenue, while F&B,

fashion and accessories and entertainment saw revenue dip by 50%-80%.

Some F&B retailers have been caught up in mass shutdowns, including coffee shops and milk tea brands. Some tenants of shopping centers encountered temporary closures but no early terminations were recorded due to rental support from landlords.

Since the Government called on businesses to temporarily halt operations, all landlords announced their shopping centers would be shut down until at least April 15.

Most landlords of shopping centers in HCMC started applying a 10%-30% rent reduction policy to all tenants from March, while a few started in February. A rent reduction of up to 50% was applied for forced shutdowns.

As of the end of Q1, rents for the ground floor and first floor in the CBD and non-CBD fell by 11.4% and 15.9% quarter-on-quarter, respectively. For the upper floors, the drop was more severe. Compared with last year, the rent in the CBD and non-CBD areas dipped by 6.6% and 17.6%, respectively.

In Q1 this year, there were no new projects and total supply remained at the 2019 level, which was 1,050,000 square meters. If the disease is not under control by the second quarter, new supply may only reach 20% of the level forecast last year. Completed and for-lease projects may have to postpone their opening dates.

Unlike the negative situation facing shopping centers due to COVID-19, online retail sales recorded positive growth in the quarter.

According to a Nielsen consumer survey in February, spending on necessities such as dry

foods, healthcare and hygiene products increased by an average of 35%-70%.

Online retail sales, despite impressive growth over the past few years, still only account for 4% of total retail sales in Vietnam.

Based on the events in the previous quarter, Vietnam's online retail showed significant room for further improvement thanks to the country's young population structure, with 70% of the population connected to internet, which is quite a high level compared with the rest of Asia and the global average.

"From the effects of COVID-19 that we have seen, the local market will require a stronger presence for online platforms and the development of omnichannel strategies that can serve a wider range of consumers and categories and help to push marketing," remarked Duong Thuy Dung, senior director of valuation, research and consulting for CBRE Vietnam.

Talking about the outlook of the retail sector, CBRE stressed that if the disease can be brought under control by Q2, the vacancy rate in the CBD will likely remain stable until the end of the year, while that in the non-CBD could increase by 1-2 percentage points. Rent in the CBD could fully recover to pre-COVID-19 levels, while rent in the non-CBD could end at 5% below the previous level.

If the disease is still spreading in September, the vacancy rate will rise in both markets, with the non-CBD areas being hit harder, showing an estimated increase of 5-7 ppts. Rent in the non-CBD area on the ground floor and first floor could end at 10% below the previous level, while the CBD's rents may still fully recover.

## Corporate News

### 7. AAA: Resolution of Annual General Meeting 2020

↑ 1.40%

An Phat Bioplastics Joint Stock Company announced the resolution of Annual General Meeting of Shareholders 2020, which was convened on March 25, 2020, as follows:

File Attachment

[164841 Meeting-2020--MN.pdf](#)

### 8. TCB: Board resolution on credit limit for a related party

↑ 1.20%

According to the Board resolution dated April 07, 2020, the Board of Directors of Vietnam Technological and Commercial Joint Stock Bank (Techcombank) approved to re-grant a credit limit and a limit before payment to Eurowindow Joint Stock Company as follows:

- Credit limit: VND750 billion
- Limit before payment: VND5 billion

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