



# VIETNAM DAILY NEWS

April 13th, 2020



Table of content

## Table of content

1. Shares mixed on investor caution
2. Vietnam restricts exports to China over stringent border controls
3. PM promises strong measures to revive economy after pandemic
4. Companies in Vietnam predict significant loss due to COVID-19
5. Vietnam's cement market continues with slow growth amid COVID-19 pandemic
6. Reopening of Mong Cai border gate facilitates resumption of exports to China
7. HDBank reports impressive growth in 2019 on journey to become a Happy Digital Bank
8. TMS: Information on the Covid-19 case 150th

## Market Analysis

### 1. Shares mixed on investor caution

Vietnamese shares were mixed at closing on Friday, lower on the Ho Chi Minh Stock Exchange but higher on the northern bourse, demonstrating investor caution ahead of important global macro information.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange slipped 0.31 per cent to close at 757.94 points.

The index had increased 1.65 per cent to end Thursday at 760.33 points.

More than 338.4 million shares were traded on the southern exchange, worth VND4.1 trillion (US\$175.9 million).

The large-cap tracker VN30-Index lost 0.30 per cent to close Friday at 695.74 points.

In the VN30 basket, 19 of the 30 largest stocks by market capitalisation and trading liquidity declined while nine rose. Two stayed unchanged.

On the US market, Wall Street marched higher on Thursday after the Federal Reserve announce the plan to inject an additional \$2.3 trillion in the form of loans to nurse local governments and businesses hurt by the coronavirus outbreak.

The Dow Jones Industrial Average rose 285.8 points, or 1.22 per cent, to 23,719.37, the S&P 500 gained 39.84 points, or 1.45 per cent, to 2,789.82 and the Nasdaq Composite added 62.67 points, or 0.77 per cent, to 8,153.58.

On the negative side, the local stock market was still weighed down by strong decline in energy and mining stocks after global oil prices stepped back in Thursday's overnight trading.

Oil prices fell after an earlier increase as OPEC and its allies reached an agreement to cut output that was smaller than the market was expecting.

US crude dropped 7.4 per cent to \$23.22 a barrel. Brent crude fell 3 per cent to \$31.85 per barrel.

Following the move, local energy stocks also turned negative, with PetroVietnam Drilling and Well Services (PVD), PetroVietnam Power Corporation (POW) and PetroVietnam Technical Services (PVS) losing 2.5 per cent, 2.1 per cent and 0.8 per cent, respectively.

Some other individual large-caps also lost ground such as insurer Bao Viet Holdings (BVH), dropping by 2.5 per cent, Mobile World Group (MWG), falling by 1.8 per cent, Vingroup (VIC), losing by 1 per cent.

The banking group was also underperforming, with Bank for Investment and Development of Viet Nam (BID) decreasing by 2.1 per cent, Vietinbank (CTG) losing by 1.8 per cent.

But the market still received strong support from other pillars such as budget carrier Vietjet (VJC), brewery firm Sabeco (SAB) and steel maker Hoa Phat Group, rising by 7 per cent, 1.3 per cent and 0.7 per cent, respectively.

The key factor that supported the Vietnamese stock market in the past week was the Government's effective containment of the COVID-19 pandemic, said Nguyen The Minh, director of market analysis at Yuanta Securities Co.

"However, the market may face big difficulties when the VN-Index approaches the resistance of 810 points as strong selling pressure will likely appear. Investors should avoid using margins because the upward momentum can only last one to two weeks," Minh told news site ndh.vn.

The HNX-Index on the Ha Noi Stock Exchange climbed 1.05 per cent to close Friday at 106.18 points.

The northern market index had climbed 1.1 per cent to close Thursday at 105.08 points.

Nearly 53.3 million shares were traded on the northern bourse, worth VND475.4 billion.

## Macro & Policies

### 2. Vietnam restricts exports to China over stringent border controls

The Ministry of Industry and Trade said Thursday that China has recently imposed more protective measures to limit the immigration of people and transport from Vietnam as it seeks to prevent the entry of the novel coronavirus from outside the country.

Border gates between Vietnam and China have not resumed full operations due to protective measures imposed by both countries. As of April 8, there were nearly 1,700 containers stuck at the Vietnamese side of the border, mostly carrying fruits.

The trade ministry said it will work with Chinese officials to ensure commerce continues in safe

conditions. It will not allow exports without contracts or clear statements of origin, as per standards agreed with Chinese customs.

The Ministry of Agriculture and Rural Development has also advised traders to stop sending their goods to China via border gates because of the containers that have piled up there.

The ministry estimates that first quarter fruit exports to China, the largest buyer of Vietnamese agriculture produce, fell 29.4 percent year-on-year to \$300 million as the Covid-19 pandemic halted normal trade

### 3. PM promises strong measures to revive economy after pandemic

The government has already urged banks to provide VND300 trillion (\$12.9 billion) worth of credit at low interest rates to affected businesses, he said during an online meeting with provincial and city authorities on Friday.

It has also extended the payment deadline for VND180 trillion (\$7.7 billion) worth of taxes and fees, and has green-lighted a VND62 trillion (\$2.7 billion) package to support unemployed and low-income people, the premier said.

More measures are on the cards to keep the economy from posting "negative growth," he noted, adding that all localities need to strive to turn difficulties into opportunities to boost the economy.

GDP growth in the first quarter was 3.82 percent, the lowest rate in a decade, and credit rating company Fitch Ratings has forecast 3.3 percent growth for this year, the lowest rate since the mid-1980s.

The Ministry of Planning and Investment has estimated that if the disease is contained in the second quarter, growth could be 5.32 percent. It was 7.02 percent last year.

The Ministry of Finance estimates government revenues to fall by VND110 trillion (\$4.7 billion) this year because of the outbreak, and the fiscal deficit to GDP to increase by 1.5-1.6 percentage points from 3.4 percent last year.

### 4. Companies in Vietnam predict significant loss due to COVID-19

Indochina Research in collaboration with the French Chamber of Commerce and Industry in Vietnam has prepared the latest report on the impacts of COVID-19 on businesses. The results of the survey come from 116 companies operating in various fields in Vietnam. The survey was conducted from March 25 to April 3, 2020.

Accordingly, all respondents anticipate a loss in revenue. Half of them believe the loss could represent at least 30 per cent this year. Among the problems arising from the crisis, international mobility and cash flow are the most frequently mentioned. Large firms are mostly impacted by procurement limitations.

Given the uncertainty of the COVID-19 crisis, all respondents have implemented a number of measures to protect their employees and adjust their activity. Remote working (74 per cent), cancelling business trips (70 per cent), and enforcing prevention measures (50 per cent) are the main ones.

If staff dismissal measures are now taken by only a few companies (17 per cent), almost half are already considering some potential layoffs. The higher intentions of layoff are in the service sector like tourism, retail, and business services.

According to the survey, 68 per cent of companies are facing high risks of order delays or cancellations. Meanwhile, 60 per cent of

companies face some cash flow problems and the survival of one-third is at stake.

About half of the respondents consider cash flows to be a threat to their company in the coming three months and 10 per cent are facing issues in the very short term (1 month).

The anticipated need for cash flow is €10 million (\$10.95 million) by the end of June, growing to €20 million (\$21.9 million) by the end of 2020.

The measures considered of the highest interest are delays or cancellation of PIT, VAT, SI, and CIT. The cancellation of PIT would indeed benefit both employers and employees by supporting the economy with increased consumption once the activity restarts.

## 5. Vietnam's cement market continues with slow growth amid COVID-19 pandemic

According to FiinResearch's Vietnam Cement Market Report 2020, after reaching the record growth of 16.4 per cent in 2018, clinker and cement on-year sales growth shrank to only 3.2 per cent in 2019 due to the slowdown in both domestic and export markets.

Particularly, Vietnam began a 14-day nationwide social distancing from 1 April, resulting in the suspension of the construction of residential, commercial, and hospitality projects in big cities. In fact, domestic sales of cement recorded an on-year decline by 5 per cent while the total clinker and cement export volume reached 6.6 million tonnes for the first three months of 2020, posting a sharp decrease by 17 per cent compared to the same period last year.

As a response to the negative impact of COVID-19, the government will provide the credit stimulus package of VND250 trillion (\$10.87 billion) and fiscal stimulus package of VND30 trillion (\$1.3 billion) to reduce to the negative impact of COVID-19 on the economy and support economic recovery after the disease outbreak. In addition, the government has committed to boosting public investment disbursement in 2020.

On March 12, the government agreed, in principle, to convert three North-South Expressway projects which were initially planned to be executed under the public-private partnership (PPP) model into public investment projects to accelerate public fund disbursement and support economic growth.

FiinResearch assesses a moderate outlook for the domestic cement market thanks to the government's commitment to boost public investment packages in 2020 to reduce the COVID 19 impacts on the economy, as well as expected improvements in residential real estate with launches in the second half of the year thanks to the support from the local authorities to accelerate the licensing process as well as to solve other legal difficulties faced by property developers.

Meanwhile, cement export markets have a negative outlook due to limited demand from key export markets, especially China, Bangladesh, and the Philippines.

The report also pointed out that the designed capacity of the Vietnamese cement industry is expected to surge in the next four years thanks to

the aggressive expansion by local private players including Tan Thang, Thanh Thang, Long Thanh, and Vissai. Especially, the year 2021 is expected to witness a significant increase in cement supply thanks to the completion of five large projects.

FiinResearch forecasts domestic cement sales volume to increase by 1 per cent in 2020 and follow 4 per cent CAGR in 2021-2030 thanks to the recovery of infrastructure development, as well as the residential, commercial, and industrial real estate segments in Vietnam.

## 6. Reopening of Mong Cai border gate facilitates resumption of exports to China

The Mong Cai International Border Gate in the northern province of Quang Ninh was reopened about a month ago, facilitating the resumption of not only exports to China but also imports of materials to maintain domestic production.

Statistics of the local customs show that about 765 million VND (32.78 million USD) worth of exports from Vietnam to China and vice versa have gone through the border gate during that time, down 30 percent from the same period last year.

Despite falling import and export value, tax revenue grew 36 percent to 276 billion VND.

Most of Vietnam's exports were fresh and processed agricultural products, such as cassava powder, pepper, cashew nut, tea and seafood, along with cotton yarn and face masks, while imports included materials, consumer goods and electronic components./.

## Corporate News

### 7. HDBank reports impressive growth in 2019 on journey to become a Happy Digital Bank

↓ -3.15%

At the 30th anniversary of HDBank's establishment early this year, Ho Chi Minh City Party Secretary Nguyen Thien Nhan attended the celebrations to congratulate the HDBank team.

"HDBank aims to become a Happy Development Bank, striving for the happiness of every employee as well as of customers and all people," Nhan said.

These words have become a source of inspiration and the lodestar for HDBank's leadership in achieving the goal of building a Digital Bank, bringing happiness to all partners, the community, and the bank's employees alike.

In 2019, HDBank registered a breakthrough business year, leveraging the superior efficiency of previous years, affirming the position and brand of HDBank both domestically and internationally, bringing high benefits to customers, shareholders, the bank itself, partners, and the whole society.

As stated in the annual report, as of December 31, 2019, HDBank reported total consolidated assets of VND229.477 trillion (\$10 billion), and equity reached VND20.381 trillion (\$886.26 million), a 21.1 per cent jump on-year.

Pre-tax profit reached VND5.018 trillion (\$218.17 million), an increase of 25.3 per cent compared to 2018, setting a new record. Return on average assets (ROAA) and return on average equity (ROAE) are 1.8 and 21.6 per cent, respectively – higher than in 2018. HDBank's separate non-performing loan ratio was tightly controlled at less than 0.98 per cent – one of the lowest levels in

*Consistent with its sustainable development strategy, harmonising the goals of economic development, and accompanying the community at all times, HDBank has kept an ever-evolving development strategy to react in time to the changing needs of the times.*

the industry.

With these positive business results, the bank has celebrated its 30-year milestone on a high note, affirming its position as a bank with high and sustainable growth, ensuring safety and quality every year, while always being proactive in social welfare activities.

2020 will be a pivotal year for HDBank's digital transformation. Accordingly, digitalisation will provide the key solutions to achieve the strategic goals set for 2020-2030.

HDBank has spent billions of dollars annually to intensively invest in researching and applying technologies in products and services, staying ahead of the curve, while taking the lead in 4.0 technologies in the fields of finance and banking, digital transformation, and cashless transactions.

It has also made efforts in fintech and digital bank development, leveraging world-class privacy and security platforms, aiming to serve 40 million customers.

Consistent with its sustainable development strategy, harmonising the goals of economic development, and accompanying the community at all times, HDBank has kept an ever-evolving development strategy to react in time to the changing needs of the times.

In response to the COVID-19 pandemic, the bank soon established an emergency committee for epidemic prevention and control that has posted effective operations. HDBank has implemented practical measures to protect the health of its employees, customers, and the safety of the whole HDBank system across the country.

Contributing to supporting the economy and standing side by side with customers in challenging circumstances, HDBank has deployed diverse credit packages to benefit customers such



as offering preferential loans with interest rates from 6.5 per cent only, interest rate reduction and exemption of 2 -4.5 per cent, lending to stabilise the prices of essential goods and to help businesses pay salaries to employees, just to name a few.

Joining forces with the whole country in combating COVID-19, HDBank has contributed VND10 billion (\$434,780) to the Vietnam Fatherland Front Committee's programme to prevent COVID-19 and saline intrusion in the Mekong Delta region.

HDBank has also supported 1,000 medical beds, with the total value of VND3 billion (\$130,430)

and donated equipment and medical supplies at a total value of nearly VND2 billion (\$86,960) to five provinces in the Mekong Delta suffering from drought and saline intrusion.

In the first quarter of 2020, despite COVID-19 implications, the bank's performance was very positive, surpassing the plan in many aspects.

"With the spirit of optimism to always find opportunities in challenges, HDBank will power through the pandemic and grow stronger. We are happy to live and work at HDBank – Happy Digital Bank in the new era," the HDBank annual report 2019 said.

## 8. TMS: Information on the Covid-19 case 150th

↑ 3.88%

Due to the outbreak of the Covid-19 pandemic, Transimex Corporation on March 11 actively made a disease response plan as well as a business continuity plan. The Company also issued regulations on epidemiological hygiene and bought a disinfection spray machine itself.

The patient 150th (announced to be infected with the novel coronavirus on March 26, 2020) is a member of the Board of Directors of Transimex Corporation, does not fully direct the daily tasks of

the Company and does not work regularly at the Company. Therefore, this person did not contact the employee directly (except for some employees in the meeting). This person is being monitored and treated in medical facilities and remains in stable health.

At present, the Company's business activities are still maintaining stability. All activities at the building at 172 Hai Ba Trung are still normal

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

**Disclaimer:**

*Copyright 2015 Japan Securities Incorporated (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.*

***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)*