



VIETNAM DAILY NEWS

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Market Analysis

1. Stocks rally as social distancing eased

Local shares extended their gains today, April 23, as the Government agreed a day earlier to relax social distancing measures in the nation's two biggest cities, HCMC and Hanoi, fueling hopes that the economy hit hard by the Covid-19 pandemic would recover in coming months.

On the Hochiminh Stock Exchange, the VN-Index added 4.99 points, or 0.65%, against the previous day at 773.91. There were 205.8 million shares worth nearly VND3.3 trillion changing hands at the end of the day, down 19% and 22%, respectively.

Local oil stocks, including GAS, PLX and PVD, gained on rising global prices. Brent crude was up 1.6% at US\$20.7 a barrel after a pickup of more than 5% on Wednesday. U.S. West Texas Intermediate (WTI) futures increased by more than 2% to trade at US\$14.06 a barrel.

In the VN30 basket, 16 stocks edged up, nine fell and five closed unchanged. Steel HPG again led the HCMC market by liquidity with 8.3 million shares transacted, gaining 3.9% at VND21,600.

Saigon-Hanoi Securities in a report said massive sell-offs on Tuesday made local stocks more attractive to investors. However, turnover has weakened and stayed below the 20-day average in the past two days, suggesting that a technical recovery was more likely.

Foreign investors continued their net selling. They net sold around VND300 billion worth of shares on the HCMC exchange, chiefly bank stocks like HDB, VCB and VPB.

On the Hanoi Stock Exchange, the HNX-Index rose 0.17 point, or 0.16%, at 106.97, driven by some small stocks. Meanwhile, two key stocks -- lender ACB and property group CEO -- slid 0.5% and 1.5% at VND20,300 and VND6,800, respectively.

Macro & Policies

2. Industrial property developers, natural rubber firms resilient on cash availability

BSC presumed if the disease is not controlled and cured in the next two months, companies will have no revenues and new cash flow while they still have to spend 50 per cent of previous income on operation expenses, interests and short-term liabilities.

One positive thing in the next few months is banks will extend loan dues for companies in 2020 so they are able to recover from being hit during the global pandemic, BSC said.

The brokerage firm forecast oil and gas companies, sugar producers, property developers and seaport operators will have enough cash to operate for 11.4-24.2 months.

Industrial property developers and natural rubber producers are forecast to keep operating for 220 months and 92 months, respectively, BSC forecast.

Cash availability in the two sectors is huge as those companies often receive pre-payment from customers to lease slots in industrial zones, BSC said.

Demand for industrial properties is forecast to rise sharply as foreign companies may shift their plants from China to neighbouring countries, including Việt Nam, as industrial production has been stagnant because of COVID-19.

3. Retail, restaurant chains ask government for financial support

The businesses, including coffee chains Starbucks and The Coffee House, electronics retailer Mobile World, and food service chains Otoké Chicken and Dairy Queen, have sought a 50 percent reduction in value-added tax and delay in payment of income tax and other taxes until December 31.

In a joint letter to Prime Minister Nguyen Xuan Phuc and related ministries, they also asked for a 50 percent discount on electricity and water bills, and a government subsidy of VND1.8 million (\$76) per worker.

Most of them have remained closed since the end of March after the government ordered a partial

lockdown to prevent the spread of Covid-19, and have seen revenues slump.

They have tried to get their rents reduced but not all have been successful.

Nguyen Ha Linh, owner of Thai Koh Yam restaurant chain, which has five outlets, said the closure had caused a revenue loss of VND3 billion (\$127,000), and almost 200 employees had to stay at home without pay.

Hanoi and Ho Chi Minh City have been allowed to end their social distancing campaigns from Thursday.

4. Hà Nội will support connection in trading goods with localities

These activities are aimed at strengthening regional links and supporting consumption of goods and agricultural products to ensure supply for the capital city.

Accordingly, in the last two quarters of this year, Hà Nội will organise delegations of municipal officials and businesses to many provinces and

cities nationwide to enhance trade promotion activities.

They include Bắc Giang, Hưng Yên, Lào Cai, Quảng Ninh, Sơn La, Hòa Bình, Nam Định, Bắc Kạn, Yên Bái, Hà Giang, Lạng Sơn, Long An, Bến Tre, Cần Thơ and An Giang.

Hà Nội and those provinces and cities will open conferences and goods trading activities to display products and sign contracts and memoranda of understanding. Those will help Hà Nội to have increased supply of goods, meeting the city's demand.

At the same time, the city will organise delegations of Hà Nội's businesses to join the programme on cooperation and support to connect consumption of agricultural products and goods with economic regions. It expects to implement this programme in Ninh Thuận Province or Lâm Đồng Province in the central and central highlands region and Trà Vinh Province in the southern region.

In Hà Nội, the city will organise weeks for fruits and agricultural products of provinces and cities to support localities facing difficulties in consumption and export. Those weeks will

introduce farming produce of other provinces and cities to the capital city's consumers.

In addition, Hà Nội will support provinces and cities nationwide in opening their weeks for fruit and agricultural products in the capital city.

Those activities are expected to support businesses, cooperatives and farmers in Hà Nội and other provinces and cities in following supply and demand of the market to have flexible production and business plans and ensure the balance of supply and demand.

At the same time, they will support businesses and cooperatives to promote brands and products in the domestic market and to export goods to foreign markets via distribution systems of foreign firms in Việt Nam, such as Central Group, Aeon and Lotte.

5. Anti-dumping investigation underway into imported polyester yarn

The Trade Remedies Authority of Vietnam under the Ministry of Industry and Trade has sent questionnaires to all relevant foreign producers and exporters to serve the anti-dumping investigation into polyester filament yarn (PFY) imported from China, India, Indonesia and Malaysia.

The businesses must reply before 17:00 on May 28 (Hanoi time), the Authority said, adding that in case it receives late response or inaccurate and inadequate information, it will use existing information to issue decisions in accordance with the Law on Foreign Trade Management.

The information and data to be provided and the right to information access of concerned parties during the investigation will be ensured in line with legal regulations on information safety.

The investigation was launched at the request from the domestic manufacturing industry.

The request, which was submitted on November 7 last year, said that PFY imports from the above-mentioned countries had surged, causing significant damage to the local PFY manufacturing industry.

Fabrics used in the apparel industry are mainly made up of three types of yarn including PFY yarn, polyester staple fibre (PSF) and natural fibre (mainly cotton). PFY accounts for around 30 percent of total consumption. The designed capacity of PFY production factories in the country is estimated at 350,000 tonnes per year.

During the investigation, the ministry will assess the socio-economic impacts to ensure the legitimate rights and interests of importers, consumers and domestic PFY manufacturers.

Under the provisions of the Law on Foreign Trade Management, the ministry can apply provisional anti-dumping measures./..

6. COVID-19 presents opportunities to attract more FDI

The COVID-19 pandemic has had a serious impact on Vietnam's economy but it's also believed to create the conditions to attract more foreign direct investment (FDI) as there have been signs of a switch in capital flows away from China and to ASEAN member countries.

The Lao dong (Labour) newspaper quoted Stephen Wyatt, Country Head of real estate consultants JLL Vietnam, as saying that although the coronavirus outbreak has influenced the entire world, Vietnam remains a promising destination. Many major enterprises are considering moving production out of China - a major material supplier for companies around the world but also where COVID-19 first broke out.

Echoing such views, General Director of the General Statistics Office Nguyen Bich Lam said it's an opportunity to attract investors planning to curb production in China.

Investment promotion agencies should proactively work with foreign investors who have such plans and speed up the relevant procedures instead of waiting for the pandemic to end before doing so, he said.

Economic experts share the view that now is the right time for Vietnam to further step up its efforts to attract investment from the US, Canada, and Europe so as to capitalise on agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam Free Trade Agreement (EVFTA).

Investments from these countries are usually accompanied by high technology and stricter standards, they pointed out, which will help Vietnam improve FDI quality.

Japan recently earmarked 2.2 billion USD to help its enterprises move production away from China to Southeast Asia nations. The arrival of COVID-19 has also prompted European companies to consider the establishment of safer supply chains.

This will create major opportunities for businesses in Vietnam and elsewhere in ASEAN to take part in and raise their standing in global value chains, the Lao dong newspaper noted.

The Rong Viet (Viet Dragon) Securities Company has forecast that new FDI in Vietnam will mainly be labour-intensive projects (textiles and garments and wood and wooden products), processing projects (food, paper, plastics and rubber, metal, and construction materials), or global innovation projects (computers, mobile phones, and electronics components).

It also believed that whether Vietnam can capitalise on the opportunities presented will depend on the approach taken by businesses and the Government's guidance and support policies.

Meanwhile, director of consultants Economica Vietnam Le Duy Binh said that although Vietnam's productivity has improved thanks to having a young workforce, the country still lags behind its neighbours in terms of skill levels and discipline.

He suggested it step up public investment in infrastructure development while removing bottlenecks in air, sea, rail, and road transport to facilitate logistics and attract investment. It is also necessary to accelerate the settlement and transparency of taxation and customs procedures.

Vietnam granted investment licenses to 758 new FDI projects with a combined registered capital of 5.5 billion USD in the first quarter of 2020, an increase of nearly 45 percent year-on-year, according to the Foreign Investment Agency under the Ministry of Planning and Investment.

More than 230 existing projects registered to add 1.07 billion USD to their existing capital in the quarter, equivalent to 82 percent of the figure in the same period last year. The value of capital contributions and share purchases by foreign investors reached almost 2 billion USD, equivalent to 34.4 percent of the figure in the same period of 2019.

Singapore topped the list of 87 countries and territories investing in Vietnam during the first three months, with 4.54 billion USD, or 53.1 percent of the total. It was followed by Japan (846.7 million USD) and China (815.6 million USD)./.

Corporate News

7. Vietjet offers cheap tickets on all domestic routes

↑ 1.13%

The super-cheap airfares are available from noon to 2pm at www.vietjetair.com for flights departing from April 23 to December 31 (excluding national holidays).

From Thursday, Vietjet increases the frequency of return flights carrying passengers to six flights per day between Ha Noi and HCM City; three return flights per day between Ha Noi/HCM City and Da Nang and one return flight per day on several domestic routes, following the decision of the Ministry of Transport and the Civil Aviation Authority of Vietnam.

The airline also operates about 10 daily cargo flights which ferry normal goods to medical supplies and equipment to support the country's pandemic prevention. It has also sponsored free

transportation for doctors and medical staff during the social distancing period.

It pledges to strictly adhere to hygienic and disinfection regulations for the flights, including health checks and health declarations of passengers, leaving space between seats according to requirements, and spraying disinfectant after each flight and at the end of the day.

Passengers will also be required to wear face masks throughout the duration of the flight.

For more information on flight schedules, passengers are advised to access the official websites or Facebook sites of airlines, or ticket agents.

8. HVN: HVN asks an extension to hold AGM 2020

↑ 2.21%

Due to the outbreak of Coronavirus (Covid-19) pandemic, Viet Nam Airlines JSC asked for a delay the time to hold the Annual General Meeting 2020

until the appropriate time that will take place before June 30, 2020.

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