



VIETNAM DAILY NEWS

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Market Analysis

1. Markets gain slow before a short break

Local shares gained slightly on Wednesday ahead of a short break as investors remained cautious because of the market's uncertain prospects.

On the Ho Chi Minh Stock Exchange, the benchmark VN-Index rose 0.25 per cent to end at 769.11 points.

The VN-Index had fallen a total of 1.22 per cent in the first two trading days of the week.

The HNX-Index on the Ha Noi Stock Exchange increased by 0.54 per cent to close Wednesday at 106.84 points, recovering from a two-day decline of 0.66 per cent.

More than 302.3 million shares were traded on the two exchanges, worth VND4.55 trillion (US\$194 million).

Nearly 259 million shares were traded in the order-matching method, worth VND3.63 trillion.

Vietnamese stock markets will be closed on Thursday and Friday for a national holiday. The country will celebrate the 45th Reunification Day on April 30 and the International Labour Day on May 1.

The local markets rebounded from a two-day fall as bank and energy stocks advanced. The two industry indices were up 1.6 per cent and 2.4 per cent, according to vietstock.vn.

The best gainers were Vietinbank (CTG), PetroVietnam Technical Services (PVS), PetroVietnam Drilling and Well Services (PVD), PetroVietnam Coating (PVB), and Vietcombank (VCB).

Those stocks' growth ranged from 1.5 per cent to 8.5 per cent.

US crude futures West Texas Intermediate (WTI) soared 14.2 per cent to trade at \$14 a barrel on Wednesday, boosting confidence in local energy stocks.

Other sectors that also saw share prices rise included retail, rubber, logistics and transportation.

But seafood processing, food and beverage, healthcare and pharmaceuticals, and agriculture were sectors that made the markets gain slower.

Foreign investors net-sold total VND500 billion on both local bourses.

The VN-Index and HNX-Index struggled during the day and it proved investors were unwilling to jump in due to potential risks, Sai Gon-Ha Noi Securities Co (SHS) said in its daily report.

"Liquidity increased from the previous day but was still lower than 20-day average. It is clear investors were held back ahead of the short break," the company said.

The May-ending VN30 futures, which refer to potential development of the large-cap tracker VN30-Index, gained 8.5 points to end Wednesday at 702.50 points but it was still 12.83 points lower than VN30-Index's ending of 715.33 points.

"Investors were still worried about a correction," SHS said.

Macro & Policies

2. April CPI down 1.54 percent month-on-month

Significant falls in the price of petrol, oil, non-food items, and foodstuffs were behind a month-on-month decline of 1.54 percent in the CPI in April, the General Statistics Office (GSO) said on April 29.

The CPI rose 2.93 percent, however, against April 2019.

In the first four months it increased 4.9 percent year-on-year.

Compared to March, six of 11 commodity groups reported falling prices, including transport (13.86 percent), housing and construction materials

(2.33 percent), and other goods and services (0.13 percent).

The April CPI was down 1.63 percent in rural areas and 1.45 percent in urban areas.

Gold prices increased 0.69 percent against March and the USD exchange rate was up 0.95 percent.

The GSO also noted that basic inflation (the CPI minus foodstuffs, fresh food, energy, health care, and education services) fell 0.15 percent in April against the previous month but was up 2.71 percent year-on-year. The figure for the first four months was up 2.96 percent year-on-year./.

3. Air passengers at record low in April

Vietnamese airports served 188,000 passengers in April, a decline of a record 98 percent year-on-year, the Civil Aviation Authority of Vietnam (CAAV) has reported.

The figure includes 21,000 international and 167,000 domestic passengers, down 99.4 percent and 97.3 percent, respectively, year-on-year.

Vietnamese air carriers ferried 86,000 passengers in April, down 98.1 percent year-on-year. The figure includes 2,400 international visitors and 83,600 domestic travellers, down 99.8 percent and 97.3 percent, respectively.

The significant decline in passenger numbers in April was exclusively due to the COVID-19 pandemic, with the social distancing order imposed in early April minimising flights.

The Ministry of Transport has recently ordered that more flights be opened. From April 29 through 30, the Hanoi - HCM City route will see 28 round trips a day.

Flights linking Hanoi and HCM City with Da Nang will total eight round trips each a day, while carriers will independently decide on flights between other localities.

From May 1 through 15, a total of 36 round trips a day will be operated on the Hanoi - HCM City route and 12 round trips on the Hanoi/HCM City - Da Nang routes. The figures will be 52 and 20 round trips, respectively, from May 16./.

4. Rosy signs for exports to major markets

Vietnam's export value is expected to rise in the coming months thanks to China's increase in imports, strong measures taken by the Vietnamese Government, ministries, agencies, and businesses, and the EU-Vietnam Free Trade Agreement (EVFTA).

Economist Ngo Tri Long said China - Vietnam's largest market - has begun to contain the COVID-19 pandemic and Vietnam's Ministry of Industry and Trade has worked to remove obstacles to trade at border gates with China that have huge demand for food and fruit and vegetables.

This represents a great opportunity for Vietnam to step up exports to its northern neighbour, he said.

Customs figures show that in the first quarter of this year, Vietnam's export to China reached 9.3 billion USD, up 22.8 percent year-on-year and making up 14.8 percent of its total export value.

Experts have suggested putting in place measures to support businesses in the two countries as soon as possible, thus promoting bilateral trade and investment ties.

The EVFTA, set to come into force in July, is expected to help boost Vietnam's production and exports.

If the EU can bring COVID-19 under control in the second quarter and resume production in the third and fourth, the agreement will open the door for sought-after Vietnamese goods like garments and textiles, footwear, timber products, phones, and electric components to enter the market.

Figures from the General Statistics Office (GSO) reveal that Vietnam's total export revenue in the first quarter was 59.08 billion USD, up just 0.5 percent, while imports totalled 56.26 billion USD, down 19 percent.

The country therefore posted a trade surplus of 2.8 billion USD compared to the 1.5 billion USD in the first quarter of last year.

According to Bui Trong Tu, Deputy Director of the Department of Trade and Services Statistics at the

GSO, most of the orders for Vietnam from the US and the EU have been suspended due to the pandemic.

Many major importers from the two markets have suggested Vietnamese garment and textile as well as leather and footwear exporters suspend the handover of goods and the signing of new contracts, or perhaps even cancel them.

The number of orders for those kinds of products from the US and the EU are forecast to fall sharply in April and May.

According to Dien Quang Hiep, President of the Binh Duong Furniture Association (BIFA), most of its members have faced difficulties in the two markets.

Meanwhile, Vietnam's exports to Southeast Asia hit 6.3 billion USD, a year-on-year rise of 0.99 percent and accounting for 10 percent of the country's total export turnover.

Agro-fishery exports to ASEAN expanded 16.5 percent year-on-year to 720.3 million USD.

Vietnam has benefited from the ASEAN Trade in Goods Agreement (ATIGA), which has a zero percent tariff on most of the products.

The presence of Vietnamese banks in markets such as Myanmar, Cambodia, and Laos has also facilitated payments./..

5. Việt Nam will likely import 50,000 tonnes of Russian pork

Since early this year, Việt Nam has imported about 50,000 tonnes of pork through ports in Hải Phòng, HCM City and Đà Nẵng, mainly from Canada, Brazil, Germany, Poland, the US and Russia.

The increasing import of pork aims to stabilise the domestic price, which has accelerated since last year due to the outbreak of African swine fever on local herds of pigs.

The above imported volume of pork was three times higher than the same period last year and accounted for 50 per cent of the Government's

target of importing 100,000 tonnes of pork in 2020.

Tiến said the import of pork through Hải Phòng Port has been carried out in the shortest time.

“MARD has directed local departments of animal health to process administrative procedures on quarantine and quality control for the import of pork, creating best conditions for the import of pork according to the Prime Minister's guidelines,” Tiến said.

Việt Nam has approved 24 countries to export meat and poultry products to Việt Nam, of which 19 countries are allowed to export pork and pork products.

The average price of pork imported from these countries to Việt Nam's ports is about US\$2.5 per kilo, equivalent to VNĐ60,000 (US\$2.2).

Tiến said the imported pork has met EU standards on quality and a very competitive price on the Vietnamese market.

6. Vietnam tourism businesses proposed US\$6.4bn aid package

The Vietnam Tourism Advisory Board (TAB) has recently requested a government-guaranteed credit package of VNĐ150 trillion (US\$6.4 billion) to support businesses in the sector overcome the Covid-19 pandemic.

The value of the credit package is equivalent to about 25% of total tourism revenue in 2019.

Under the initiative, each travel business can take a government-backed loan equivalent to the amount of value-added tax, corporate income tax and payroll tax it paid in 2019.

Businesses that have a travel business license, registered capital of at least VNĐ3 billion (US\$127,972), employed at least 10 full-time people before February 29 and have paid payroll tax and personal income and value-added taxes in 2019 are eligible for the loan.

The package would be disbursed quarterly, and the borrowers will repay the debt 11 months after getting the loan.

Earlier, the TAB's survey showed that 71% of 394 Vietnamese travel and tourism enterprises saw a decline of 30% in revenue in the first quarter of 2020 compared to the same quarter of 2019. Seventy-seven percent of total enterprises estimated a plunge of more than 80% in revenue in the second quarter of 2020 compared to the same period of 2019.

Among the surveyed businesses, 18% of total businesses had to lay off all the employees and 48% discharged 50% their workers. Besides, 75% of total surveyed businesses offered some kinds of financial support to their laid off workers.

More than 88% of businesses responded that they need the government-guaranteed credit package.

7. Danang calls for investment in three new industrial parks

According to Pham Truong Son, head of DHPZA, the phase 2 development of the Hoa Nhon Industrial Park and Hoa Cam Industrial Park will be opened for bidding at 2:30 p.m. on May 28, while tenders will be invited for the Hoa Ninh Industrial Park project one day later. Domestic and international investors can join the bidding.

The Hoa Nhon IP covering over 360 hectares of land needs more than VNĐ5.6 trillion, inclusive of VNĐ2.5 trillion for compensation and site clearance. The 120-hectare second-phase Hoa Cam IP project has investment capital of more

than VNĐ2.2 trillion, nearly half the amount needed for site clearance and compensation.

Meanwhile, at the 400-hectare Hoa Ninh IP, the compensation and site clearance cost accounts for more than VNĐ2.5 trillion of the total investment capital of VNĐ6 trillion.

Three years ago, Danang intended to seek businesses that could invest under the format of a public-private partnership (PPP) for these three projects with a total area of nearly 1,000 hectares.

At the time, a representative of Danang City Department of Construction said that the municipal city zoning plan adjustment was underway, under the guidance of the Ministry of Construction. After completing the adjustment, the city was expected to approve the plans for the three IPs before setting up the bidding.

Three years later, all procedures were completed, allowing potential investors to express interest.

After these new IPs are put into operation, they will welcome the first enterprises transferred from An Don IP, which will become an urban area.

In the past five years, six existing IPs in the city have attracted 162 new projects, including 37 foreign-invested projects with total capital of nearly VND8 trillion, contributing to the average occupancy rate of 85% in the zones.

Three of which have been fulfilled. In addition, the new Danang High-Tech Park has attracted 17 projects with total capital of nearly VND13 trillion. The parks have employed more than 78,000 people, 39% of whom are from Danang.

Corporate News

8. HDBank profits increase by 13.5% in Q1

↑ 0.49%

It had total consolidated assets of VNĐ231.8 trillion (\$9.88 billion), and high levels of asset quality and liquidity.

The non-performing loan ratio of the parent bank continued to be strictly controlled, with its 1.08 per cent rate placing it among the banks with the lowest ratios in the industry, a status it has enjoyed for many years.

Its capital adequacy ratio (CAR) topped 11.1 per cent, much higher than the minimum of 8 per cent prescribed under Basel II standards and placing it in the group of banks with the highest CAR.

Deposit and lending activities saw positive growth.

Deposits were worth VNĐ204.9 trillion (\$8.7 billion), of which deposits from residents and economic organisations increased by 4.61 per cent to nearly VNĐ158 trillion. The total consolidated loan balance was VNĐ162.06 trillion (\$6.9 billion), up 5.92 per cent compared from the beginning of the year, which rate was higher than the industry average. The bank recorded steady growth across all loan segments, including individual customers, small and medium-sized enterprises and consumer loans.

In the context of the COVID-19 pandemic, HDBank has implemented risk management programmes to ensure safe operations and at the same time deployed credit packages to support SMEs, enterprises that produce and distribute essential products and others in supply and distribution chains to help them overcome the tough situation.

The credit programmes are designed specifically to support each target customer group, including a preferential credit package worth VNĐ24 trillion (\$1.02 billion) for corporate customers who

supply goods to supermarkets to help stabilise the prices of essential goods, supplement working capital and pay salaries to their employees and a VNĐ10 trillion (\$425.8 million) preferential package for individuals and micro enterprises.

The bank has also adopted automation and digital solutions to offer customers convenience and safety. In the first quarter, online transactions by its customers grew at 112 per cent and the number of new payment cards it issued went up by 67 per cent over the same period of 2019.

HD SAISON maintained its leading position among consumer finance companies in terms of its distribution network, putting it among the top three in the market.

Its outstanding loans grew by 4.9 per cent in the first quarter, exceeding its target.

In April 2020, Moody's said it maintained the B1 credit rating for HDBank though it had announced many banks were likely to have their ratings lowered.

It underlined HDBank's stable financial capacity, low risk and long-term development opportunities.

Also in the first quarter, HDBank was honoured as the best domestic bank in Việt Nam by The Asset, Asia's leading banking and finance magazine.

In 2020, HDBank will select a bancassurance partner to increase revenues from cross-selling insurance products to customers in its large ecosystem.

Việt Nam is among the countries to recover fastest from the pandemic, which is a premise for growth for its banking industry, including HDBank

9. VHM: Explanation of FS in Q1.2020

↓ -1.55%

Vinhomes Joint Stock Company (VHM) has explained the financial statements in Quarter 1.2020 as follows:

File Attachment

[170919 S-in-Q1.2020--PV.pdf](#)

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