



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Shares advance but late selling dampens uptrend

Shares rose on Tuesday thanks to a global market rally, but gains narrowed towards the end of trading as selling pressure increased.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange climbed 0.22 per cent to close Tuesday at 764.16 points.

The VN-Index lost 0.86 per cent on Monday.

Nearly 212.4 million shares were traded on the southern exchange for VND3.4 trillion (US\$143.9 million).

The market breadth was positive as gainers outnumbered decliners by 182 to 159.

Asian stocks advanced on Tuesday, following Wall Street's late rally as governments loosened coronavirus lockdowns while oil prices climbed on expectations that fuel demand would begin to increase.

US stock futures rose 0.75 per cent.

Brent crude rose 4 per cent to \$28.30 a barrel, up for a sixth straight day, and US crude rose 6.03 per cent to \$21.60 a barrel.

Pillar stocks witnessed significant differentiation on Tuesday, with gainers including dairy firm Vinamilk (VNM) (+3 per cent), PetroVietnam Gas JSC (GAS) (+2.7 per cent), Vingroup (VIC) (+1 per cent), steel maker Hoa Phat Group (HPG) (+1.9 per cent), VPBank (VPB) (+1.5 per cent), Vincom Retail (VRE) (+0.4 per cent), insurer Bao Viet Holdings (BVH) (+2 per cent), Viet Nam National Petroleum Group (PLX) (+0.7 per cent), and FPT Corporation (FPT) (+0.8 per cent).

Some blue-chips suffered from selling pressure including Vinhomes (VHM) (-2 per cent), Vietcombank (VCB) (-0.9 per cent), Sabeco (SAB) (-2.1 per cent), budget carrier Vietjet (VJC) (-2.4 per cent), Masan Group (MSN) (-1.6 per cent),

Vietinbank (CTG) (-1 per cent), PVPower (POW) (-1.6 per cent), Military Bank (MBB) (-0.3 per cent) and Mobile World Group (MWG) (-0.1 per cent).

Retail, healthcare, oil and gas, insurance, real estate, agriculture, food and beverage, construction, securities, information and technology were among the gainers.

The sector indices gained between 0.09 per cent and 2.42 per cent, according to vietstock.vn.

Meanwhile, wholesale, banking, rubber production, logistics and seafood processing lost ground.

The VN30-Index, which tracks the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, increased 0.23 per cent to close at 711.01 points.

On the Ha Noi Stock Exchange, the HNX-Index dropped 0.29 per cent to end Tuesday at 105.41 points.

More than 29.2 million shares were traded on the northern bourse for VND278.2 billion.

According to Bao Viet Securities Co (BVSC), the VN-Index was forecast to fluctuate in a narrow range with a wide divergence among stock sectors in upcoming sessions.

"The market remains sideways between 755-760 points and 780-783 points. Its movement will be strongly affected by the outcome of Q1 profit results and the 2020 business plans of listed companies," BVSC said.

"The market will still encounter risks due to foreign investors net selling pressure and the slowdown in domestic cash inflow due to fewer investment opportunities," the company said.

## Macro & Policies

### 2. Most hotels and resorts to reopen this month with attractive promotions

The tourism market would become busy again in the next few months and hotels and resorts should adjust their price policies and promotion programmes to support the recovery, he said. Competition would be harsh, requiring hotel and resort operators to race for exclusive experiences, innovations and promotions to attract tourists.

Mauro said that the recovery would start when the social distancing measures began to be loosened.

“It is the local market that represents the first stage of recovery,” Mauro said.

According to Savills, following the Vietnamese Government's regulations on social distancing, the majority of hotels and resorts in Việt Nam were closed but most were planning to reopen in May with attractive local promotions.

However, people were likely to remain sceptical about flying and the safety of crowded airports so it might take a little longer to feel comfortable boarding planes, which bumped appeal for driving-distance destinations and making the likely short-term winners places like Vũng Tàu, Hồ Tràm, Mũi Né, Hạ Long, Đà Lạt and Sa Pa.

The second stage of recovery would be from overseas, once flight bans were lifted and connecting countries were considered safe.

He said that China and the Republic of Korea would be the first to re-open because these were

Việt Nam's main international guest source markets (accounting for more than 56 per cent of total international arrivals in 2019) and seeing steep reductions of COVID-19 infections.

He added that Việt Nam's already global reputation for being safe was also encouraging the return of foreign arrivals and helping increase national appeal.

The final stage was when the pandemic was successfully over, and global tourism returns to pre-COVID-19 travel policies.

“Once travel restrictions are fully lifted, we still see two major potential impacts: changes in traveller behaviour and the lingering effects of global economic slowdown, and both will require ongoing attention.”

“However, with the global economic impact and evolution of the virus still uncertain, we cannot realistically anticipate full recovery until well into 2021,” he said.

“Our outlook on Việt Nam's hospitality is unchanged, in fact seeing how the country comes together under crisis, it's actually more positive,” Mauro said. “The perception of Việt Nam as a safe, value for money and naturally beautiful destination are all major advantages post COVID-19 and confirms our belief the earliest possible recovery will happen right here.”

### 3. CAAV proposes ending social distancing on planes

However, CAAV noted that passengers should continue keeping a minimum distance of one meter between them while carrying out flight procedures, going through security and boarding.

Besides this, the national aviation authority proposed the Transport Ministry adjust the end date for applying regulations on flight frequency allocation on domestic routes.

Specifically, the busiest route connecting Hanoi and HCMC will be able to operate 52 daily roundtrip flights from today, May 5.

The Hanoi-Danang and HCMC-Danang routes can operate 20 daily roundtrip flights each.

Also, the aviation authority proposed the ministry allow local carriers to sell tickets for domestic

flights that transport passengers and cargo, starting at midnight on June 1.

Data from CAAV showed that Vietnamese carriers offered services on domestic flights to and from all

airports nationwide during the recent four-day holiday from April 30 to May 3, transporting over 150,000 passengers.

#### 4. Quang Ninh achieves a hat-trick in most competitive ranking

Released Monday by the Vietnam Chamber of Commerce and Industry (VCCI), the PCI 2019 report, which analyzes responses from nearly 12,500 Vietnamese businesses, notes Quang Ninh was the most competitive province in the country with 72.4 points, an increase of 3 points over PCI 2018. The northern province increased its score in eight out of 10 component indexes.

The report also notes significant progress made by the Mekong Delta provinces of Dong Thap and Vinh Long and the northern province of Bac Ninh.

The three come next, while the remaining places in the top 10 ranking were taken by Da Nang, Quang Nam (central region), Ben Tre, Long An (southern region), Hanoi and Hai Phong (northern region).

The provinces of Lai Chau, Dak Nong and Bac Kan, despite being in the bottom group, have made dramatic positive changes compared to the previous year in administrative reform, business environment and private enterprises development, the report says.

The PCI is designed to assess and rank the performance, capacity and willingness of provincial governments to develop business-friendly regulatory environments for private sector development.

Dau Anh Tuan, head of the VCCI's legal department, said that a remarkable aspect of the ranking this year was the average of 65 points, the highest in 15 years since the first PCI report was published.

"The gap between the top and last ranking provinces has been "shrinking", showing the

change in quality of administration, dynamism and creativity at the provincial level," he said.

"While the lower ranked group have narrowed the gap with the leading one, some "reform stars" have not made expected strides," said VCCI chairman Vu Tien Loc. He added some overlap in legal systems and inadequacies were preventing creative efforts.

In addition, reforms in land-related issues, taxes and social insurance have failed to meet expectations, Loc said. Informal costs have been falling continuously for the past three years but were still high at 53 percent of the enterprise's expenses. More than half the surveyed businesses said they had to bear unofficial expenses.

Some PCI component indicators revealed that 70-80 percent of businesses were satisfied with the behavior of public authorities.

This is also the first time that a PCI report analyzed automation and digitalization trends in production of goods and provision of services; and included predictions of labor and employment trends.

Loc said the post-pandemic world would be different, with international trade and investment flows being reversed. "The global supply chain will be reshaped, more reliably and sustainably, pushing businesses to be more creative and responsible."

"We have a golden opportunity to restart. Provinces will have the opportunity to welcome investment flows of higher quality. Institutional reform and improvement in PCI and competitiveness will be the most important foundation for the new future," he noted.

## 5. Fuel giants report big losses

Binh Son Refining and Petrochemical Jsc (BSR), the operator of the Dung Quat Oil Refinery in the central region, reported a loss of over VND2.3 trillion (\$99 million). Last year its first quarter profit was nearly VND3 trillion (\$129 million).

This is its second and biggest quarterly loss since it made an initial public offering in January 2018.



BSR, a subsidiary of state-owned giant Petrovietnam, said the oil price collapse was the main reason for the loss. Brent crude dropped 70 percent since the beginning of the year to \$17.7 at the end of March.

Domestic demand for petroleum products fell in Q1 because of travel restrictions imposed to curb the spread of Covid-19, resulting in high unsold inventories, it said. Revenues fell 22 percent to VND18 trillion (\$773 million).

BSR had warned earlier that if the inventories keep piling up, it might have to suspend the operation of Dung Quat, where production has already fallen to minimum capacity.

Oil distributor Petrovietnam Oil (PV Oil) posted losses of VND537 billion (\$23 million) in Q1, down from a profit of VND38 billion (\$1.6 million) a year earlier.

It has accumulated losses of VND1.2 trillion (\$51 million).

Fuel distributor Petrolimex, which has not released its Q1 figures, has estimated losses of VND572 billion (\$24 million), according to a report by the Commission for Management of State Capital at Enterprises.

Revenues are estimated to have fallen 6 percent to VND28.5 trillion (\$1.2 billion), the report said.

## 6. Vietnam enterprises look to put difficulties behind

Once the Vietnamese government has eased social distancing orders, the majority of Vietnamese

enterprises have been quick to put in motion recovery plans and started resuming operations.



During the 15-day period of the nationwide social distancing campaign, Garment 10 Corporation, one of Vietnam's leading companies in garment and textile industry, was forced to temporarily close their clothing stores but still paid wages for workers.

At a time of hardship, Garment 10 has shifted production from apparels to face mask to meet growing demands from the domestic and global markets.

The firm has recently reopened all 120 clothing stores nationwide as the anti-Covid 19 measures are partially lifted. However, all staff have been requested to strictly comply with safety regulations, including wearing face masks and keeping safe distance.

“As the pandemic is predicted to persist, Garment 10 is committed to overcoming difficulties for stronger growth,” said the firm's representative.

Meanwhile, one of the utmost priorities of clothing company M2 since the reopening of tis outlets is to ensure safety for customers. At present, all customers are required to have body temperature checked, use hand sanitizers and wear face masks.

Additionally, all stores are sterilized once per week as part of the company's efforts against the pandemic.

“I hope once people return to their normal lives, their shopping demands will grow and help boost our business results,” said General Director of M2 Vietnam Nguyen Hai Duong.

However, Duong said the company's production is still kept at the minimum, due to the lack of demand from the domestic markets and low export orders.

Duong expected M2's 2020 revenue to decline by half compared to the same period last year, a situation that is shared by other fashion brands.

“M2 is planning to cooperate with its partners for greater efficiency in operation, while creating jobs for workers in a new situation,” Duong stressed.

Chairman of the Vietnam Chamber of Commerce and Industry (VCCI) Vu Tien Loc said operating enterprises during the Covid-19 pandemic are the bloodline of the economy, which need strong measures from the government to help them cope with difficulties.

There would be severe consequences to the economy if these enterprises are forced to go dormant, said Loc.

## 7. Lender attitudes shift on coal-fired ventures

A few days ago, the multinational lender HSBC confirmed that it would cease lending to new coal power stations anywhere globally – a bold shift moving towards decarbonisation.

HSBC said that it had amended its policy specialising in phasing out coal support, removing the previous exemption of Vietnam, Indonesia, and Bangladesh. Experts stated that the bank's move would affect its involvement in funding Long Phu 1, a planned coal project with estimated investment capital of about \$1.87 billion in Vietnam, where it acted as global co-ordinator. The plant begun construction in 2011 in the southern province of Soc Trang.

Earlier this year, VIR also reported that the financial group went cold on continuing its activities at Vinh Tan 3 Thermal Power Plant after being appointed as financial advisor to this \$2 billion project in 2014.

Vinh Tan 3 thermal power plant, which has three turbines with a total installed capacity of 1,980MW, is the largest coal-fired thermal power facility at the Vinh Tan thermal power centre in the south-central province of Binh Thuan.

HSBC's cancellation marks the latest move by a major international lender to ease off on bankrolling fossil fuel in Asia as many banks are under pressure from environmentalists and

investors to move their financing away from fossil fuels.

The Royal Bank of Scotland stated it would end financing coal by 2030 and place stricter rules on oil and gas, while in December, Standard Chartered has pulled financing for three coal-fired power plants in Southeast Asia. The bank did not name the projects but industry sources said it referred to the Vung Ang 2 and Vinh Tan 3 plants in Vietnam, and Java 9 and 10 in Indonesia, as cited by Reuters.

CLP Holdings, one of the largest investor-owned power businesses in Asia Pacific, also halted its investment in new coal-fired power plants. The group is one of the developers of domestic Vung Ang 2 and Vinh Tan 3.

Credit Suisse, the ex-lender and shareholder of Vincommerce and Novaland, said it would stop financing new coal-fired power plants as well. Last November, the Danish Energy Agency, together with the Ministry of Industry and Trade, cautioned Vietnam against building new coal-fired power plants. It believed the country needs prompt action to slash future coal demand, which could include taxation on the use of coal or limits on new coal-based power generation.

In mid-April, two Japanese megabanks, Sumitomo Mitsui Financial Group (SMFG) and Mizuho Financial Group, signalled their cancellations in lending and investing to new coal-fired power plants from May 1.

SMFG – a foreign shareholder of Vietnamese private lender Eximbank – said in a statement that the globe has been moving towards decarbonisation since the Paris climate accord

and that it “would not provide financial support in principle to new coal-fired power plants,” according to The Japan Times.

The company's move is part of its efforts to address climate change and support the global movement towards decarbonisation, including the Japanese government's call for an 80 per cent reduction in greenhouse gas emissions by 2050.

Mizuho, on the other hand, planned to half its \$2.8 billion loans to coal power projects by 2030 and then to reduce them to zero by 2050. The move illustrates a global rise in momentum towards new measures against climate change. Notwithstanding, Mizuho said it may consider offering loans to projects designed to upgrade existing coal-fired plants with higher efficiency, including with lower carbon dioxide emissions.

Previously, Mitsubishi UFJ Financial Group confirmed it would cut ties with new investments and debts to coal power plants, in principle.

Vietnam now has 14 new coal power projects which are located in eight provinces with a total capacity of 17,390MW. Seven have already faced a considerable public backlash, while one project has been delayed for eight years and the investors of two others are undetermined.

In January, 12 health and environment organisations, including the Green Innovation and Development Center, the World Wildlife Fund, and the Vietnam Sustainable Energy Alliance have called on Vietnam to scrap plans for 14 new coal plants. Vietnamese authorities are contemplating a switch from coal to gas or green energy in the next four projects.

## Corporate News

### 8. Hoa Phat's construction steel exports up 17 percent in April

↑ 1.90%

Hoa Phat Group, the largest steel maker in Vietnam, exported over 20,000 tonnes of construction steel in April, up 17 percent year-on-year.

It also shipped abroad 180,000 tonnes of steel billets in the month, mainly to China.

The figures have viewed as positive given that many localities have restricted construction activities due to social distancing requirements amid the COVID-19 pandemic.

Notably, April steel sales in the southern region hit nearly 56,000 tonnes, up 67.1 percent.

Hoa Phat's exports of finished steel products in the month increased by 16.9 percent year-on-year, with key importers being Japan, Canada, Malaysia, Indonesia and Taiwan (China).

In the first four months of 2020, Hoa Phat supplied over 530,000 tonnes of steel billets to domestic and foreign markets. Meanwhile, its sales of construction steel in the period hit over 1 million tonnes, up 7 percent against the same period last year./.

### 9. FMC: Board resolution on share buyback

↑ 0.00%

Sao Ta Foods Joint Stock Company announces the Board resolution dated April 27, 2020 regarding a share buyback as follows:

- Stock code: FMC
- Maximum buying volume: 2,000,000 shares (4.08% of the outstanding volume)
- Par value: VND10,000/share

- Financial resource: capital surplus
- Buying price: according to regulations
- Trading method: order-matching or put-through
- Trading time: within 30 days after the State Securities Commission approves the documents of share buyback and the Company announces information.



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