



VIETNAM DAILY NEWS

May 07th, 2020



Table of content

Table of content

1. Large-caps maintain uptrend, markets extend gains in the afternoon
2. International arrivals to Hanoi drop sharply during national days
3. Hanoi's strong efforts to improve business environment yield results
4. Car imports plunge in April
5. HCM City's retail sales, service revenue down in first four months
6. Exports to bounce back in latter half of year
7. Vietnam's tourism recovers after being severely affected by COVID-19
8. VNG: BOD resolution on holding AGM 2020
9. DPG: DPG reminded of late disclosure of annual report 2019

Market Analysis

1. Large-caps maintain uptrend, markets extend gains in the afternoon

The Vietnamese stock market maintained its uptrend on Wednesday afternoon as large-caps' rallies continued.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange had its best daily increase since March 25, gaining 2.41 per cent to end at 782.59 points.

The index has increased by a total of 2.64 per cent in the last two trading days.

The HNX-Index on the Ha Noi Stock Exchange was up 1.18 per cent to close at 106.66 points, rebounding from a two-day decline of 1.34 per cent.

A total of nearly 325.3 million shares were traded on the two exchanges, worth nearly VND6.8 trillion (US\$290.6 million).

Trading liquidity increased sharply from Tuesday's figures, which were 241.6 million shares exchanged worth VND3.68 trillion.

Strong purchasing power for large-cap stocks kept up in the afternoon trading session, boosting the large-cap tracker VN30-Index by 2.1 per cent to 725.94 points.

Twenty-eight of the 30 largest stocks by market value and trading liquidity in the large-cap basket advanced while only one declined.

Among the best gainers were Coteccons Construction (CTD), 'Vin' companies – Vingroup (VIC), Vinhomes (VHM) and Vincom Retail (VRE) –

PetroVietnam Gas (GAS), brewer Sabeco (SAB), tech group FPT (FPT), insurer Bao Viet (BVH) and petrol firm Petrolimex (PLX).

By sector, the retail, securities, real estate, insurance, technology and energy had the highest growth. Those sector indices rose between 2 per cent and 3.4 per cent, according to vietstock.vn.

Key industries such as banking, food and beverage, building materials and utilities also advanced.

Market sentiment clearly improved but investors were still cautious as the VN-Index has entered the resistance zone of 780-800 points, Sai Gon-Ha Noi Securities Co (SHS) said in its daily report.

The VN30 futures, which reflects market expectations on the movement of large-cap tracker VN30-Index and of the whole market, gained 22.7 points to end Wednesday at 718.00 points.

The gap between the VN30 futures and its reference VN30-Index narrowed to 7.94 points as market sentiment slightly recovered, SHS said.

But the VN-Index may struggle with the resistance zone of 780-800 points in the coming days, the brokerage firm forecast.

The market is being differentiated between groups of stocks on their Q1 earnings reports, so investors may remain cautious as they are careful with investment targets, Thanh Cong Securities Co (TCSC) said in a note.

Macro & Policies

2. International arrivals to Hanoi drop sharply during national days

During this year's holiday season, Hanoi welcomed just 1,123 international tourists, a decrease of 97.7% compared to the same period of last year, data of the municipal Department of Tourism showed.

Most of them have been stranded in the city due to the Covid-19 pandemic, according to the Immigration Management Division of the Hanoi Municipal Police Department. They came from 50 countries and territories in Asia, Europe, the Americas and Oceania.

From April 30 to May 2, tourist arrivals to Hanoi plunged 91.2% over the same period in 2019 to 21,123. Total revenue from tourism reached VND68 billion (US\$2.9 million) during the three days, down 84.4% inter-annually.

From April 30 to May 3, the prices of hospitality services remained unchanged. The average occupancy of three- to five-star hotels reached about 13.4%.

It's noteworthy that hospitality businesses around Hanoi, especially those in Son Tay and Ba Vi, saw demand for their services increase on the national

holidays of April 30 and May 1, according to the Hanoi Tourism Department.

As the social distancing order was loosened, many local residents wished to spend their leisure time at facilities near Hanoi. Some resorts in the city's outskirts reached occupancy rate of 65%, in the case of Asean Resort, or 60% of Tan Da and 30% of Khoang Xanh, the vacation spots nearby.

Despite reopening before the holiday season of April 30 and May 1, shopping malls and catering facilities witnessed experienced a 90% drop in visitors from the same period of 2019.

The number of tourists coming to the places of interest including the Hanoi Old Quarter Cultural Exchange Center, Hanoi Ancient House at 87 Ma May street, Hanoi Book Street, Bao Son Paradise Park, Ba Vi National Park also fell sharply compared to a year earlier.

Other relic and tourist destinations in Hanoi remain closed due to the outbreak of the Covid-19 pandemic, such as Huong Pagoda, Temple of Literature, Hoa Lo Prison, Thu Le Park, Ngoc Son Temple, and museums.

3. Hanoi's strong efforts to improve business environment yield results

Given Hanoi's position as Vietnam's economic hub with the second highest number of enterprises nationwide, the capital city's ninth ranking in

Vietnam's 2019 provincial competitiveness index (PCI) report with score of 68.8, an increase of 3.40 points from the previous year, is significant.



Top 10 business-friendly localities. Source: PCI 2019.

The report, jointly launched by the Vietnam Chamber of Commerce and Industry (VCCI) and

the US Agency for International Development (USAID), has been produced annually since 2005

to assess the ease of doing business, economic governance, and administrative reform efforts by the provincial and city governments in Vietnam in

order to promote the development of the private sector.

Năm (Year)	Điểm tổng hợp (PCI score)	Kết quả xếp hạng (PCI ranking)	Nhóm điều hành (PCI tier)*
2015	59,00	24	Khá/Mid-High
2016	60,74	14	Khá/Mid-High
2017	64,71	13	Khá/Mid-High
2018	65,40	9	Tốt/High
2019	68,80	9	Tốt/High

Hanoi's weighted PCI over the last 5 years. Source: PCI 2019.

While Ho Chi Minh City, despite achieving a higher score than in 2018, has been upstaged by Hai Phong which positioned itself in the 10th place, Hanoi with over 285,000 enterprises has put in strong efforts to keep its place in the top 10.

According to the VCCI, as all provinces/cities are pushing hard to stay competitive in the eyes of the business community, the average PCI score in 2019 of 65.13 was the highest since 2005.

Năm (Year)	2015	2016	2017	2018	2019
Gia nhập thị trường (Entry Costs)	7,56	7,51	6,72	8,20	7,98
Tiếp cận đất đai (Land Access & Tenure)	4,12	4,16	5,32	5,87	6,63
Tính minh bạch (Transparency)	6,14	6,04	6,31	5,83	6,60
Chi phí thời gian (Time Costs)	5,56	5,87	7,19	7,07	7,18
Chi phí không chính thức (Informal Charges)	4,26	4,67	4,40	5,56	5,94
Cạnh tranh bình đẳng (Policy Bias)	3,87	3,76	4,07	4,48	5,39
Tính năng động của chính quyền tỉnh (Proactivity)	3,86	3,84	4,10	5,13	5,96
Dịch vụ hỗ trợ doanh nghiệp (Business Support Services)	6,47	6,79	7,68	7,21	7,06
Đào tạo lao động (Labor Training)	7,36	7,88	8,09	7,80	7,91
Thiết chế pháp lý & An ninh trật tự (Law & Order)	4,64	4,18	4,88	5,53	6,30

Hanoi's 10 PCI subindices. Source: PCI 2019.

In 2019, Hanoi had focused on reducing informal charges, creating a fair business environment and improving provincial leadership in solving problems for enterprises.

Among the 10 PCI sub-indices, Hanoi has the highest score in Entry Costs, which evaluates entry costs for business startups, at 7.98 points out of 10, followed by labor quality to meet firm needs and low time requirements for bureaucratic procedures and inspections.

Amid the Covid-19 crisis, Hanoi considered improvements in the business environment a key solution to boost socio-economic growth. In early April, the municipal People's Committee issued

the action plan No.83 detailing measures to improve the competitiveness and create favorable environment for the business community.

Following the plan, Hanoi's leaders requested units and departments to continue simplifying administrative procedures and maintain frequent contact with enterprises for timely support.

The result is reflected in the rate of online business registration which stands at 100%; over 98% of enterprises declaring and paying taxes online; and 100% of tax refund claims processed on time.

Hanoi also targets 100% of administrative procedures in the city to be provided online at advanced stages of 3 and 4, of which at least 30% of the procedures to be handled at stages 3 and 4.

In the first four months of 2020, Hanoi recorded 7,468 newly established enterprises with a

combined registered capital of VND118 trillion (US\$5.03 billion), up 46.5% in capital year-on-year.

VCCI Chairman Vu Tien Loc said such figure remained in stark contrast with a reduction of 17.9% in the average registered capital nationwide, showcasing huge potential for business startups in Hanoi and its strong attraction to investors.

Loc expected Hanoi to build on this momentum, which is one of the key priorities to boost economic growth during the pandemic.

Needless to say, a huge amount of work remains to be done for Hanoi to meet the actual needs of enterprises, while it is necessary for the city to accelerate its reform pace to gain a higher ranking in the PCI list.

4. Car imports plunge in April

Vietnam imported 60,000 cars in April, a decrease of 50.6 percent compared with the previous month, according to the General Department of Customs.

Import turnover dropped by 32.3 percent from the previous month to 152 million USD.

In the first four months of this year, 33,000 cars were imported worth 710 million USD, representing a year-on-year fall of 35.2 percent in volume and 36.6 percent in value.

The department said the dip was mainly due to the social distancing order imposed from April 1-22 to curb the spread of COVID-19.

According to the Vietnam Automobiles Manufacturers Association (VAMA), Vietnam's inventory of locally-assembled cars rose while imported spare parts fell.

The sector is expected to see challenges as a number of local car-assembly factories have halted operations under the instructions of their overseas parent companies.

Vietnam has implemented free trade agreements in which the import tax rate for cars originating from ASEAN countries has dropped to zero percent.

Vietnam's car sales last year rose 12 percent over 2018 to 322,300 units, according to VAMA./.

5. HCM City's retail sales, service revenue down in first four months

HCM City's total retail sales of goods and service revenue fell 11.2 percent year-on-year to 387.5 trillion VND (16.5 billion USD) in the first four months of this year, primarily due to travel restrictions and changes in consumption.

Retail sales and service revenue in April totalled 68.4 trillion VND (2.9 billion USD), down 22.8 percent month-on-month and 34.2 percent year-on-year, the city's Department of Industry and Trade reported.

Despite the major holidays of the Hung Kings' death anniversary and the 45th anniversary of National Reunification taking place during the month, revenue from trade and services declined as people refrained from travel and only purchased essential goods amid the COVID-19 pandemic.

It also noted one encouraging highlight last month, when social distancing was being practiced - growth in online transactions and cashless payments. Many shopping centres, supermarkets, and caterers launched promotions to stimulate purchasing via telephone, websites, or mobile apps. They also offered support in delivery.

6. Exports to bounce back in latter half of year

Despite the difficulties posed by the COVID-19 pandemic, Vietnam can still reach its annual export growth target of 7-8 percent if market opportunities are optimised, experts have said.

Incentives provided under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam Free Trade Agreement (EVFTA) are expected to spur production and exports in the time ahead.

Figures reveal that export revenue in April stood at 19.7 billion USD, down 18.4 percent against March and 3.5 percent year-on-year.

The decline was seen in most groups of commodities, particularly the processing industry, which fell 20 percent against March to just 16.4 billion USD, and fuels and minerals, which shrank 18.6 percent to 247 million USD.

Export value reached 82.94 billion USD in the first four months of this year, up 4.7 percent year-on-year.

April import revenue, meanwhile, was 20.4 billion USD, down 7.9 percent against March and 2.3 percent year-on-year. The figure was 79.89 billion USD in the four-month period, a year-on-year rise of 2.1 percent.

Vietnam posted a trade deficit of 700 million USD in April but a trade surplus of 3.04 billion USD in

Changes in sales methods introduced since the beginning of the year helped retailers earn revenue despite the lower purchasing power resulting from COVID-19. The difficult period was also an opportunity for enterprises to restructure their corporate governance, distribution networks, and marketing strategies, according to the department.

Retailers in HCM City forecast that if the situation surrounding COVID-19 improves shortly then the consumption market will recover and goods supply and prices will become more stable./.

the first four months of the year - much higher than the 983 million USD recorded in the corresponding period last year.

Foreign enterprises reported a trade surplus of 10.17 billion USD while domestic enterprises reported a deficit of 7.13 billion USD.

Experts said that after significant growth in the first quarter, trade in April began to feel the effects of COVID-19.

However, the country's exports are expected to bounce back in the second half of this year and will continue to be the engine of the national economy if the pandemic can be contained in the second quarter. Global demand would then be in a recovery stage and Vietnam would benefit from the competitive edge provided by the EVFTA.

The agreement is expected to promote Vietnam's export to the EU in the years to come, as duties on up to 70 percent of goods will be reduced and import duties on 99.7 percent of tax lines will be eliminated.

The Vietnamese Government and ministries and agencies have also adopted measures to address difficulties faced by enterprises from COVID-19.

Another good sign is the official results of the US Department of Commerce (DOC)'s 15th period of

review (POR15) which lowered anti-dumping tariffs on tra and basa fish imports from Vietnam.

The final anti-dumping tax rate on local businesses that responded to a questionnaire and cooperated with DOC has been set at 0.15 USD per kilogram (equivalent to 3.8 percent of the export price) - much lower than the rate set in POR14 of 1.37 USD per kilogram.

Tra fish and basa fish products shipped to the US between August 1, 2017, and July 31, 2018, will be subject to the tax rate.

Most major Vietnamese tra and basa fish exporters will continue to enjoy the tax exemption.

To remove difficulties relating to exports, the Ministry of Industry and Trade has urged localities, associations, and organisations to step up the application of IT in trade promotion efforts.

Regarding China, the ministry has worked to enhance customs clearance at border gates and ensure trade activities in border areas./.

7. Vietnam's tourism recovers after being severely affected by COVID-19

Many popular tourist attractions across Vietnam have seen a gradual increase in domestic tourists on being re-opened after nearly two months hibernating due to the COVID-19 pandemic.

When the pandemic in the country has been under control with no new cases in nearly 20 days and the social distancing regulations have been eased, many families have gone on vacation after weeks being confined at home.

However, many are still wary of the virus, so they opt to travel by private vehicles to nearby destinations instead of buying tours. There has also been an increase in online bookings for hotels or flight tickets instead of via travel agencies.

Ha Thi Thu Thao's family, consisting of eight adults and four children from Hanoi, has chosen a resort that is located around 60km from the city for their holiday.

"I feel quite worried that the COVID-19 epidemic is not over yet, so I booked a separate villa with a private pool and used our own car to drive to the resort instead of using a service car," she said, adding that her family also brought along food and drinks from home.

After checking in at the resort, they abided by regulations on virus prevention by wearing masks, washing hands with disinfectant solution and filing online medical declarations for family members.

The staff at the resort also regularly reminded tourists to practice prevention measures, so Thao felt secure when her children played around in the villa before coming back to school on May 11.

Many provinces have also come up with tourism products and offered many promotions or discounts to attract tourists.

Notably, as many tourist attractions have re-opened their doors, the tourism authority of HCM City has cooperated with travel agencies to launch tours entitled "Following the Sai Gon Special Force Footprint".

Joining the tour, tourists will disguise themselves as the liberation special force members operating in Sai Gon during the anti-American war. They will be able to drive the old cars and motorcycles that belong to the real Sai Gon Special Force, creep in the tunnels or eat at the places where special force members used to gather. Particularly, most destinations within the tour have been equipped with modern technology combined with practical experiences.

According to Nguyen Tien Dat, General Director of AZA Tourism Company, he has never witnessed such a gloomy time for domestic travel agencies over 20 years working in the field.

In contrast, in previous years, he used to warn tourists about tours or booking shortages as well as price increases, overcharging or traffic congestion in many destinations.

The tourism demand during holidays is still high this year but short-term tours, family trips, small groups or groups of youngsters backpacking have become more common, he added.

According to travel consulting firm Outbox Consulting, domestic travel is poised to drive Vietnam's tourism recovery this summer.

Domestic tours with short-haul and safe destinations would be preferred after the pandemic crisis, and travel companies should focus on working individuals and millennials instead of groups of guests.

“For now, the city's tourism sector will focus on domestic travel,” said Bui Ta Hoang Vu, Director of HCM City's Department of Tourism.

Travel agencies and tour operators that meet safety standards based on a set of evaluation indicators for Covid-19 risk assessment at tourism and travel businesses will be allowed to operate tours, Vu said.

As businesses resume operation, preventive measures to ensure the health and safety of customers are a priority to adapt to the new normal, he said.

At least 90 percent of small- and medium-sized travel companies have suspended operations, while state-owned businesses are operating on low capacity as the coronavirus shut down travel.

He said it was a positive sign that some travel companies were set to resume operations after the holiday.

HCM City tourism authorities are gearing up for intensive promotions to encourage locals to travel.

Tran Viet Hung, Chairman of the HCM City Tourism Association, said the association has kicked off stimulus tour programmes with discounts of 40 percent./.

Corporate News

8. VNG: BOD resolution on holding AGM 2020

↑ 0.00%

The Board resolution dated May 05, 2020, the Board of Directors of Thanh Thanh Cong Tourist Joint Stock Company approved to hold the 2020 Annual General Meeting of Shareholders:

- Record date: June 04, 2020
- Meeting date: expected in June 30, 2020
- Meeting venue: TTC Hotel Deluxe – Airport, 315 Hoang Van Thu, ward 2, Tan Binh, Hochiminh.
- Content:
 - Report on the business result in 2019 and plan for 2020;

- Report on the BOD activities in 2019 and plan for 2020;
- Report from the Supervisory Board in 2019;
- Approving the audited financial statements in 2019;
- Approving the plan for 2019 profit distribution;
- Approving the selection of the auditor for the financial statements in 2020;
- Approving the remuneration of the BOD in 2020;
- Approving the policy of the signing of transaction agreements with related companies;
- Other issues.

9. DPG: DPG reminded of late disclosure of annual report 2019

↓ -0.42%

On March 11, 2020, the Hochiminh Stock Exchange (HOSE) received the 2019 audited financial statements by Dat Phuong Joint Stock Company. On May 04, 2020, HOSE received the 2019 annual report by the Company.

However, pursuant to Point 2 of Article 8 of Circular 155/2015/TT-BTC dated October 06, 2015, “2. A public company must prepare an annual report in accordance with Appendix 4 and

disclose such report no later than twenty (20) days from the date of disclosure of the audited annual financial statements, but not exceeding one hundred and twenty (120) days from the end of a financial year.”, the Company disclosed its 2019 annual report not as regulated.

Therefore, HOSE asks Dat Phuong Joint Stock Company to strictly comply with current regulations to ensure the rights of shareholders.

Research Team: Tsugami Shoji *Researcher* 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

Website: www.japan-sec.vn