



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index slips after six-session gaining streak

The VN-Index edged down 0.13 percent to 834.21 points Wednesday after having gained 9.55 percent in its last six sessions.

Profit-taking and corrective pressure caused the VN-Index to fluctuate above and below its 835.32 opening, before losing 1.11 points at the end of the session.

148 stocks lost while 222 gained on the Ho Chi Minh Stock Exchange (HoSE), on which the VN-Index is based. Total trading volume remained at the same level as the previous session, at VND6.75 trillion (\$289.26 million).

The past three sessions have seen liquidity on the HoSE surge close to VND7 trillion (\$299.97 million), almost double that of average trading the previous month, which stood at around VND4.2 trillion (\$179.98 million).

The VN30-Index for the stock market's 30 biggest caps edged up 0.16 percent, with 14 tickers losing and 12 gaining.

Leading losses this session were the three blue chips connected to Vingroup, Vietnam's biggest conglomerate. VRE of mall operator Vincom Retail, lost 3 percent, followed by VHM of sister real estate developer with 2.9 percent and VIC of parent Vingroup, HoSE's biggest cap, down 2.1 percent.

Together, these three tickers took away 3.25 points from the VN-Index, more than the 10 biggest gainers on the HoSE by points combined, who added only 2.65 points, according to data from brokerage VNDIRECT.

Other losers included ROS of real estate developer FLC Faros, down 2.3 percent, VJC of budget carrier

Vietjet Air, down 2.1 percent, SSI of brokerage Saigon Securities Inc., and GAS of energy giant PetroVietnam Gas, both shedding 1.1 percent.

Food and beverage stocks finished in the red, too. SAB of major brewer Sabeco dropped 0.9 percent, and VNM of dairy giant Vinamilk and MSN of food conglomerate Masan Group both fell 0.2 percent.

Four banking stocks kept their opening prices this session. TCB of Techcombank and EIB of Eximbank were the two private lenders in the group, while VCB of Vietcombank and CTG of VietinBank were two of Vietnam's three biggest state-owned lenders by assets. The third, BIDV, was among the bigger gainers, having risen 2.7 percent.

FPT of IT services giant FPT topped gains this session with 6.2 percent, followed by HDB of private HDBank, up 4.4 percent, and SBT of agricultural firm TTC-Sugar, up 3.1 percent.

Other major gainers included STB of private Sacombank, which gained 2.7 percent, CTD of construction giant Coteccons, up 2.3 percent, and REE of appliances maker Refrigerated Electrical Engineering, up 2.2 percent.

Meanwhile, the HNX-Index for stocks on Hanoi Stock Exchange, home to mid and small caps, edged up 0.07 percent, while the UPCoM-Index for stocks on Unlisted Public Companies Market rose 0.19 percent.

Foreign investors were net buyers for the second consecutive session to the tune of around VND42 billion (\$1.8 million) on all three bourses. Buying pressure was mostly focused on VNM of Vinamilk and VCB of Vietcombank.

Macro & Policies

2. Petrol prices rise after eight cuts

Retail petrol prices were adjusted upwards on May 13 in the latest review by the Ministry of Industry and Trade and the Ministry of Finance after being cut eight times in succession this year.

From 3pm on May 13 the price of E5 RON92 biofuel rose 578 VND to a maximum of 11,520 VND (0.49 USD) per litre and RON95-III by 604 VND to 12,235 VND per litre.

Prices of diesel 0.05S and kerosene, meanwhile, are now 9,857 VND and 7,882 VND per litre, down 84 VND and 83 VND per litre, respectively.

Mazut 180CST 3.5S is now selling for 8,545 VND per kg, down 125 VND per kg.

The adjustments aim to ease the impact of the COVID-19 pandemic on daily life, production, and business.

The two ministries review fuel prices every 15 days and make adjustments in accordance with fluctuations in the global market./.

3. Bac Lieu attracts lion's share of FDI capital in first four months

The southern province of Bac Lieu topped the country in attracting foreign investment in the first four months of 2020 with a single project worth 4 billion USD producing electricity from LNG, the Ministry of Planning and Investment's Foreign Investment Agency (FIA) has reported.

The 3,200MW plant, invested by Singapore's Delta Offshore Energy Pte.Ltd, will have four turbines of 750MW each and one with a capacity of 200MW, the former to go on stream at the end of 2023 and the latter in 2027. It is expected to create thousands of jobs and contribute more than 3 trillion VND (129.6 million USD) a year to the State budget.

Bac Lieu was followed by the southern province of Ba Ria-Vung Tau, with 1.9 billion USD and Ho Chi Minh City, with 1.31 billion USD.

In the period, Vietnam attracted a total of 12.33 billion USD in FDI, a year-on-year decrease of 15.5 percent due to the impact of the COVID-19 pandemic.

The figure, however, was much higher than that of the same period of 2018 and 2017 with 5.8 billion USD and 9.2 billion USD, respectively, the FIA said.

Singapore was the country's largest source of FDI with 5.07 billion USD in committed investment, accounting for 41 percent. Thailand and Japan were the runners-up with 1.46 billion USD and 1.16 billion USD, respectively, followed by mainland China, Taiwan and the Republic of Korea.

Foreign investors pledged to pour capital in 18 sectors, with manufacturing and processing receiving nearly 6 billion USD, accounting for 48.4 percent of the total capital. It was followed by power production and distribution (3.9 billion USD); wholesale and retail (776 million USD); and real estate (665 million USD), the FIA said.

According to the agency, FDI disbursement reached 5.15 billion USD in the four months or equivalent to 90.4 percent of the last year's corresponding period./.

4. Viet Nam News Economy Vinacas tells cashew enterprises to trade carefully

A representative of the association said: "There are more demands for the nuts, but exporters should be careful in trading."

Vinacas thinks though the pandemic has been controlled in China, it was still not yet under control in many countries and territories around the world, especially the US and Europe, which are traditional cashew export markets of Việt Nam and where customers are requesting early delivery due to fears global freight may be in trouble.

According to the association, in the United States and the EU, restricted travel has led to an increasing demand for essential food reserves, including processed cashew nuts. Especially, in the EU, importers were looking to buy goods to store because of the concern that the COVID-19 pandemic in Africa will affect the supply of raw cashew nuts for Việt Nam and India.

At the same time, India is still greatly affected by the pandemic. According to the Indian Cashew Industry Federation, about 15,000 tons of raw cashew nuts are in stock at processing plants across the country due to the blockade.

As a result, some customers now require Vietnamese factories to deliver the nuts as quickly as possible due to concerns that global cargo

transportation may be in difficulty, raising freight rates.

However, Vinacas tells local processing plants to be careful in trading their products, suggesting they import raw nuts if there is a suitable price.

Vinacas added: "Cashew processing enterprises should not sign future contracts if they cannot buy raw cashew nuts at good prices, because when the pandemic is under control, the prices may increase again."

The association also mentions the high risk of buying raw cashew nuts from Africa without having a contract for their processed nuts or having a plan to resell the materials.

Instead, it advises plants to purchase raw cashew nuts in the country in order to contribute to the maintenance and development of local raw material areas.

Local cashew processing plants need to closely monitor market developments and should also have a plan for 2021, says the association.

Before the pandemic, the Vietnamese cashew industry aimed to export US\$4 billion in 2020. As the pandemic hit the price of cashew nut exports, the industry adjusted its export plan to \$3 billion.

5. No new airlines, says transport ministry

Nguyen Van The said at a meeting Tuesday that applications for the establishment of new airlines will resume after the pandemic crisis passes.

For now, the government now needs to focus on reopening domestic and international routes and support existing airlines, he said.

The new decision means that two airlines awaiting permits, Kite Air of hospitality group Thien Minh and Vietravel Airlines of tourism firm Vietravel, will have to continue waiting.

Vietnam has five commercial airlines in operation: Vietnam Airlines, Jetstar Pacific, Vietjet Air, Vietnam Air Services Company (VASCO) and Bamboo Airways.

In its response to the Covid-19 pandemic, Vietnam banned most domestic and international flights in March and April, resulting in hundreds of millions of dollars in losses for the two largest carriers, Vietnam Airlines and Vietjet.

The carriers have resumed domestic flights, while international flights remain banned except for special ones approved by the government.

6. HCM City firms expect further support to overcome difficulties

A lack of raw materials and falling consumption demand in foreign markets are challenging enterprises in Ho Chi Minh City. Many of them are hoping for specific policies to help them overcome these difficulties and resume economic activities.

According to the municipal Department of Industry and Trade, the index of industrial production (IIP) posted a year-on-year reduction of 2.6 percent in the first four months. The April index was down 8.3 percent against March and 9.9 percent year-on-year.

The city's export value reached 3.9 billion USD, down 5 percent month-on-month.

Most commodities saw decreases due to a fall in consumption demand among the city's importers and the postponement and cancellation of multiple orders.

A report by the municipal Statistics Office showed that China remained the largest export market for Ho Chi Minh City's businesses with a combined export turnover of 3.4 billion USD in the first four months, or 26.3 percent of the total. It was followed by the US, with 2.1 billion USD, the European Union, 1.5 billion USD, and Japan, 1.08 billion USD.

Local businesses operating in industrial production said that they have been hard hit by the COVID-19 pandemic.

Pham Van Viet, Chairman of the Viet Thang Jean Company and Vice Chairman of the Ho Chi Minh City Garment and Textile – Embroidery Association, said that after material supplies from China was interrupted, garment and textile enterprises had faced difficulties caused by the postponement and cancellation of orders from the US and European markets.

Viet said that many enterprises have had 60-70 percent of their orders cut due to the pandemic, so some have focused on producing face masks and protective gear.

Many acknowledged that the biggest difficulty they are facing is import markets. Therefore, they really need practical support policies from the Government to overcome these difficult times.

Not only domestic firms, but foreign investors and FDI enterprises are expecting assistance from State management agencies.

According to the AHK World Business Outlook 2020 released by the Association of German Chambers of Commerce and Industry (DIHK), German enterprises expect that Vietnam's economy will recover in the mid-term.

Up to 72 percent of respondents said they will continue to invest in Vietnam, while 27 percent plan to recruit more workers. Some 82 percent said they have been forced to cut revenue growth targets for 2020 due to the pandemic.

Respondents also identified market demand and economic policies as major challenges for Vietnam's development over the next 12 months, adding that the pandemic has hurt their business at different levels and from different perspectives.

Some 86 percent of the surveyed enterprises said the suspension of entry and exit and the imposition of travel limits have greatly affected their operations. About 59 percent said their supply chains have been disrupted, while 55 percent have seen orders of goods cancelled and 50 percent have postponed new investment plans.

Chairman of the European Chamber of Commerce (EuroCham) Nicolas Audier hailed the Vietnamese Government's rapid response to ensure economic stability.

He said COVID-19 is a fast-moving health crisis, and it is creating unprecedented challenges for businesses of all shapes and sizes and in all sectors and industries. Therefore, further actions could soon be required to help both domestic and foreign enterprises weather this storm and get back to business as usual as soon as possible.

“EuroCham is committed to Vietnam's long-term economic growth, and our members remain available to share their insights and recommendations to help minimise the disruption

of COVID-19 on business operations and – above all – to protect the health and wellbeing of people in Vietnam,” he added./.

Corporate News

7. KBC: Record date for Annual General Meeting 2020

↓ -1.50%

On May 11, 2020, the Hochiminh Stock Exchange issued Announcement No.807 /TB-SGDHCM about the record date of Kinh Bac City Development Holding Corporation (stock code: KBC) as follows:

- | | |
|--|--|
| <ul style="list-style-type: none"> - Ex-right date: May 26, 2020 - Record date: May 27, 2020 | <ul style="list-style-type: none"> - Purpose: to organize the 2020 Annual General Meeting of Shareholders. - Exercise ratio: 01 share – 01 voting right - Meeting date: expected in June 2020 - Meeting venue: will be notice later. |
|--|--|

8. NKG: Record date for Annual General Meeting 2020

↑ 6.13%

On May 11, 2020, the Hochiminh Stock Exchange issued Announcement No.810 /TB-SGDHCM about the record date of Nam Kim Steel Joint Stock Company (stock code: NKG) as follows:

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|--|---|
| <ul style="list-style-type: none"> - Ex-right date: May 26, 2020 - Record date: May 27, 2020 | <ul style="list-style-type: none"> - Purpose: to organize the 2020 Annual General Meeting of Shareholders. - Exercise ratio: 01 share – 01 voting right - Meeting date: expected on June 18, 2020 - Meeting venue: Reunification Palace, Dai Yen room, 135 Nam Ky Khoi Nghia street, Ben Thanh ward, district 1, HCM city |
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