



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Energy firms drive VN market

Strong gains of oil futures on Monday helped boost the Vietnamese stock market after a three-day decline.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange was up 1.21 per cent to end at 837.01 points.

The benchmark index had fallen a total of nearly 1.0 per cent in the previous three days.

The HNX-Index on the Ha Noi Stock Exchange dropped 0.45 per cent to close at 108.54 points.

The northern market index has lost a total of nearly 3.0 per cent in the last three days.

More than 310 million shares were traded on the two exchanges, worth VND4.93 trillion (US\$211.3 million).

The market was lifted by a positive performance among energy firms on the rapid growth of crude futures.

US crude WTI and Brent futures soared 8.87 per cent and 6.22 per cent, respectively, to trade at \$32.04 and \$34.52 a barrel.

Viet Nam's energy and mining sector index gained nearly 2.0 per cent, according to vietstock.vn.

The sector was propelled by PetroVietnam Gas (GAS), PetroVietnam Drilling and Well Services (PVD), and PetroVietnam Technical Services (PVS), which rose between 1.5 per cent and 4.3 per cent.

Retailers, building material producers, banks and brokerage firms were the other strong performers on Monday.

Steel producer Hoa Phat (HPG) soared 6.8 per cent after the company on Friday announced its revenue may rise 31-39 per cent on-year in 2020 to VND85-90 trillion.

Post-tax profit is expected to increase by 18-32 per cent on-year to VND9-10 trillion. The dividend payout rate is set at 25 per cent for 2020, including a 20 per cent cash dividend and 5 per cent share dividend.

Among banking-financial and retail stocks that advanced, VPBank (VPB) jumped 5.2 per cent, Vietcombank (VCB) gained 3.3 per cent, and VietCapital Securities (VCI) and Mobile World Investment (MWG) leaped by 1.4 per cent.

Large-cap stocks were still the main driving factor, Thanh Cong Securities (TCSC) said in its daily report.

Trading liquidity remained high, proving that market sentiment was stable and cash supply abundant, the company said.

The short-term peak of the market was still forecast at 850-860 points as investors were willing to buy in whenever stocks were sold at low prices, TCSC said.

## Macro & Policies

### 2. Webinar on post-Covid-19 preparations for businesses set for Friday

The webinar session titled “What preparations should be made to return to the post-Covid-19 business race?” is expected to help firms seize opportunities, utilize trade agreements and adopt effective ways to attract foreign investments after Covid-19, the disease caused by the coronavirus, ends.

To provide participants with useful information, three prestigious speakers with broad knowledge of the macro economy have been invited to join the final session.

Economic expert Pham Chi Lan will share her view of the global and Vietnamese economic outlook from now until the end of the year and will present some solutions for public investment and financial policies that may help enterprises revitalize their operations when the pandemic eases.

Besides this, Lan will give firms practical advice on thorough preparations for returning to normal business activities.

As one of the three speakers at the event, Phan Huu Thang, former head of the Foreign

Investment Agency, under the Ministry of Planning and Investment, will discuss possible trends for investment inflows into Vietnam, helping firms learn how to attract capital.

In addition, Nguyen Thi Thu Trang, director of the WTO Center and Integration, under the Vietnam Chamber of Commerce and Industry, will identify new terms in the European Union-Vietnam Free Trade Agreement and various benefits from other trade agreements.

Aside from this, Trang will discuss the preparations firms should make to grab opportunities when the country's economy recovers.

The webinar series is co-organized by the Saigon Times Group, the HCMC Young Business Association and rolled steel sheet manufacturer Colorbond.

Interested people can join the event through the official Facebook fan pages of Thoi Bao Kinh Te Sai Gon, the HCMC Young Business Association and Colorbond and through the website of Thoi bao Kinh Te Sai Gon Online.

### 3. U.S. launches circumvention inquiry on Vietnamese stainless steel sheets, strips

The U.S. Department of Commerce (DOC) has initiated a scope inquiry to determine whether stainless steel sheets and strips produced in China and undergoing further processing in Vietnam before being shipped to the United States is subject to the existing duties, according to the Vietnamese Ministry of Industry and Trade.

The ministry said the probe is based on available information, which alleges the stainless steel sheet and strip products from Vietnam may be within the scope of the U.S. antidumping and countervailing duty orders on China's equivalents ranging from 139% to 267% since 2016.

In particular, Vietnamese manufacturers may have imported stainless steel flat-rolled inputs from China, which then underwent minor processing in

Vietnam before being exported as finished products to the United States.

Also, the volume of Vietnam's stainless steel sheet and strip exports to the United States may have surged before and after the world's largest economy imposed tariffs on similar products from China.

The DOC alleged shipments of stainless steel sheets and strips from Vietnam to the United States increased in value by US\$122 million, or 180.4%, based on import data from the 40-month periods before and after the initiation of investigations into exports of Chinese stainless steel sheets and strips in March 2016.

However, the Vietnamese ministry cited data indicating that the shipments of Vietnamese stainless steel sheets and strips to the United States had seen gradual declines from 32,000 tons in 2017 to 25,000 and 23,000 tons in 2018 and 2019, respectively.

The ministry added that Vietnam is imposing antidumping duties on China's stainless flat steel imports, ranging from 17.94% to 31.85%. The move is meant to minimize losses among Vietnamese manufacturers, especially those on the verge of bankruptcy.

The ministry noted that the DOC will issue questionnaires to gather information from Vietnamese steel producers and exporters.

Therefore, the ministry has urged these companies to provide all necessary details, including those related to their sources of input materials and their management processes, as requested by U.S. authorities, in a timely manner.

Otherwise, the DOC may make a decision based on available information, which typically puts these companies at a disadvantage during investigations, according to the ministry.

The ministry pledged to collaborate closely with the DOC, the Vietnam Steel Association and the relevant exporters and to formulate plans to support the affected companies in an attempt to safeguard their legitimate rights and interests.

#### **New duty petition on Vietnam's vehicle tires**

The Vietnamese Ministry of Industry and Trade also said in another statement last week that the DOC had received a petition for the imposition of antidumping duties on passenger vehicle and light truck tires (PVLТ tires) from South Korea, Taiwan, Thailand and Vietnam.

In addition, the petition alleged that imports of PVLТ tires from Vietnam are unfairly subsidized and requested the imposition of countervailing duties.

The petition accused Vietnam of having dumping margins as high as 33% and detailed numerous government subsidies that benefit Vietnamese tire producers, including loans, tax breaks and grants.

According to the petition, PVLТ tires from the four countries are being sold at less than fair value in the United States and PVLТ tires from Vietnam benefit from countervailable subsidies, causing material injury and threatening further material injury to the U.S. industry if trade remedy duties are not imposed.

Citing data from the U.S. International Trade Commission, the ministry stated that the shipments of Vietnamese PVLТ tires were valued at US\$12.1 million last year, making up some 6.7% of the United States' total PVLТ tire import revenue.

The ministry pledged to work with the DOC to clarify the accusations in the petition and provide the relevant information to U.S. authorities so that the DOC can make an accurate assessment before deciding whether to initiate an investigation.

## **4. Vietnam to hold video conference promoting footwear trade with 60 US firms**

An interactive video conference aimed to promote Vietnam – US trade in footwear in the post-Covid-19 period is scheduled to take place for the first time on May 28 – 30, 2020, with the participation of 60 US traders.

The event will be jointly held by Vietnam Trade Promotion Agency (VIETTRADE) under the Ministry of Industry and Trade (MoIT), the Vietnam Trade Office in the US, and the Footwear Distributors and Retailers of America (FDRA).

At the conference, both sides would discuss the current situation of the US footwear market amid the Covid-19 pandemic, its outlook and potential cooperation between enterprises from the two countries in the footwear industry.

While footwear is one of Vietnam's key export staples, the US is a major market for these products.

In 2019, Vietnam's export turnover of footwear products hit US\$18.3 billion, up 12.8% year-on-

year. The US remained the largest buyer, spending US\$6.65 billion on Vietnamese footwear, up 14.2%.

Despite a positive export growth rate in footwear to the US market in the first quarter, many Vietnamese firms have expressed concern that the Covid-19 pandemic and its severe impacts on the US economy are causing a stagnation in the signing of new contracts in the second and third quarters.

In addition to a decline in orders, many US traders have canceled existing orders without notice, in turn putting their Vietnamese partners in a difficult position.

As Vietnam has received praises globally for its efforts in containing the Covid-19 pandemic, the country is now focusing on boosting economic growth. Experts predicted once the pandemic is put under control, demand for footwear in the US market would surge.

According to the MoIT, it is essential for Vietnamese firms to start promoting trade to the US market. The ministry expected the conference would help two sides gain better understanding and boost trade turnover for mutual benefit, and more importantly, to prepare for a new global trade environment after the end of the Covid-19 pandemic.

## 5. Accessing credit, capital requires firms to embrace financial transparency: experts

"It is the same when seeking to raise capital," Lâm Minh Chánh, founder of business school BizUni and co-founder of the Management and Startup Group, said.

Many SMEs still have unclear invoices when buying and selling, he said, warning that they need to be more transparent with respect to sales and revenues.

The pandemic has severely affected the global economy, including Việt Nam, he said.

The immediate financial impact is significant for most big and small businesses, and how to raise capital during this difficult time to maintain operations and overcome this tough period is one of the top concerns of businesses, he said.

"It usually takes us three to six months to raise capital. During the epidemic period, businesses have died before they raised capital.

"Therefore, this is the period when businesses have to depend a lot on internal resources. Businesses must explore all ways to sell their products to earn revenues to first [survive]."

Đặng Văn Thành, chairman of TTC Group and the Vietnamese Brand Club, said the current high lending interest rates are a burden for businesses

while banks are wary of lending due to risk concerns.

He said businesses should use their "savings," which could be cash or even assets bought during profitable times to help them survive this tough time.

Concurring with him, Ngô Công Trường, chairman of John & Partners Consultancy and Education JSC, said, "SMEs should use their savings at this time ... Another important thing is that businesses need to cut all unnecessary expenses."

Firms, especially start-ups, should focus on their core business segments, and stop ineffective ones and even close down if they do not see bright prospects, to start a new one.

Chánh said Vietnamese entrepreneurs often place a lot of enthusiasm and personal finances into start-up companies, and so when their companies face difficulties or failures, it takes more time for them to close the business compared to their counterparts in foreign countries.

Thành said to control costs, businesses have to invest in technology and digital transformation.

The opportunity after the pandemic is real, and firms should reconsider their input sources to

reduce reliance on imports, expand domestic market share, and seek new markets to capitalise

on the opportunities on offer after the pandemic, he added.

## 6. Safety plays key role in tourism recovery

Even though the strategy of launching discounted tours and promotional programs to stimulate domestic tourism has been applied, as it was successfully employed in 2009 to overcome the adverse effects of the global financial crisis, multiple firms have noted that traveling trends have clearly changed. Given major concerns over Covid-19 infections, the safety factor is being prioritized.

In a letter proposing solutions to reopen the tourism industry sent to the prime minister, the Vietnam Tourism Advisory Board (TAB) said that the domestic tourism market, which served 85 million domestic tourists last year, would be a starting point for the recovery of the sector.

As such, the Government should adopt measures that instill confidence in tourists and ensure their comfort, remarked TAB, adding that amid the

coronavirus pandemic, travelers are taking into account safety and hygiene.

Many firms have realized the importance of safety and hygiene and are offering their employees training courses on Covid-19 infection prevention measures before opening their doors to the public again. Meanwhile, some others have invited experts and doctors to provide their employees with information on the coronavirus.

A few firms have changed their welcoming and serving regulations for guests to ensure the highest levels of safety.

“We have implemented safety initiatives for guests, including changing room cleaning steps,” said Tran Trong Kien, chairman of Thien Minh Group.



## Corporate News

### 7. KDH: Report on the result of share buyback

↓ -0.91%

Khang Dien House Trading and Investment Joint Stock Company reports the result of share buyback as follows:

- Stock code: KDH
- Par value: VND10,000/share
- Number of shares registered to be bought back: 27,000,000 shares
- Number of bought shares: 19,850,640 shares
- Trading time: from April 15, 2020 to May 14, 2020
- Number of treasury shares before trading: 0 shares
- Number of treasury shares at present: 19,850,640 shares
- Financial resource for the share buyback: the undistributed profit according to the latest audited or reviewed consolidated financial statements.
- Average buying price: VND21,087
- Trading method: order-matching and put-through
- Securities agent for the share buyback: Hochiminh City Securities Corporation.

### 8. HPX: Board resolution on holding Annual General Meeting

↓ -0.55%

The Board of Directors of Hai Phat Investment Joint Stock Company approved to hold Annual General Meeting 2020 as follows:

- Record date: June 09, 2020
- Meeting time: June 27, 2020
- Meeting venue: Hai Phat Real Estate Academy, floor 2, CT3 building, The Pride, An Hung Urban Area, La Khe ward, Ha Dong district, Ha Noi city.

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