



VIETNAM DAILY NEWS

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JAPAN SECURITIES INC.

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Market Analysis

1. Shares extend as money flows into large-caps

Vietnamese stocks extended their gains on Wednesday as buying demand focused on individual blue-chips.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 0.83 per cent to close trading at 852.91 points, after rising 1.06 per cent to close Tuesday at 845.92 points.

Nearly 265.8 million shares were traded on the southern exchange, worth VND4.4 trillion (US\$188.5 million).

The large-cap tracker VN30-Index rose 0.5 per cent to close Wednesday at 803.32 points.

In the VN30 basket, 16 of the 30 largest stocks by market capitalisation and trading liquidity increased. Eleven lost ground and three were unchanged.

The market faced correction pressure at the beginning of the trading session but increasing buying demand during the session helped boost indices.

Cash flow was poured in some large-caps such as Vinhomes (VHM), Vincom Retail (VRE), Vinamilk (VNM) (+ 1.2 per cent) and Masan Group (MSN).

Industrial real estate developers also attracted cash, including Phuoc Hoa Rubber JSC (PHR), Vietnam Rubber Group JSC (GVR), and Sai Gon VRG Investment Corporation (SIP).

In the opposite direction, some pillars lost ground, including PetroVietnam Gas JSC (GAS), VPBank (VPB), Techcombank (TCB) and Vietjet (VJC).

The HNX-Index on the Ha Noi Stock Exchange slumped 1.73 per cent to close Wednesday at 106.94 points.

The northern market index had risen 0.26 per cent to close Tuesday at 108.83 points.

Nearly 48.9 million shares were traded on the northern bourse, worth VND467 billion.

Foreign investors net bought VND113.28 billion on the HOSE, including Vinhomes (VHM) (VND95.36 billion), FUEVFN (VND78.20 billion) and Vinamilk (VNM) (VND52.13 billion).

They were net sellers on the HNX to the tune of VND920 million.

Investors who are holding stocks should continue monitoring the market in the next sessions and may seek profit when the VN-Index approaches the resistance zone of around 880 points, said Sai Gon-Ha Noi Securities Co (SHS).

On the other hand, investors holding cash can buy in if the market corrects and drops to the nearest support level of around 840 points, SHS said in its daily report.

Macro & Policies

2. Exporters urged to accelerate REX registration

REX, or registered exporter system, is a system of certification of origin of goods based on self-certification granted by the European Commission (EC) under the Generalised System of Preferences Treatment (GSP) that is the tariff for developing countries. The system has been used to gradually replace the certification of origin of goods (C/O) form A.

The Việt Nam Chamber of Commerce and Industry (VCCI) has been in charge of granting the REX code.

The department said Việt Nam was under countries granting the REX code in 2019 and would be extended for the end of C/O form A by

the end of June 2020. EU's customs would not accept the C/O form A for exporters resregistering REX code.

The ministry has urged VCCI to speed up the registration for businesses to ensure that domestic exporters could enjoy the GSP.

VCCI's statistics showed that there were more than 1,200 firms registering for the REX code so far. Another 280 companies are waiting for approval.

However, the number was still modest. There are two months left for the deadline, requiring firms to quickly complete the registration.

3. Việt Nam meat imports surge in first four months

Australia, India, the US, Thailand and Canada were the largest suppliers.

Fresh beef was the biggest import item, at \$204.4 million more than doubling in value from last

year. Frozen beef, chicken and pork also saw large increases.

Việt Nam's animal husbandry exports in the period plummeted by 23.8 per cent to \$150 million.

4. Construction plan for Tan Son Nhat Airport's third terminal approved

Deputy Prime Minister Trinh Dinh Dung has given the green light to the construction of Terminal 3 at Ho Chi Minh City's Tan Son Nhat International Airport.

The terminal has a designed capacity of 20 million passengers a year, which is expected to help ease the overload at Terminal T1.

Total investment for the project is estimated at 10.99 trillion VND (470.6 million USD) that will be fully funded by the Airports Corporation of

Vietnam. The project is scheduled to take 37 months.

Tan Son Nhat International Airport is the busiest airport in Vietnam, with Terminal 1 and Terminal 2 for domestic and international flights, respectively.

The two terminals handled over 40 million passengers last year, 1.6 times higher than their designed capacity of 28 million passengers per year./.

5. Automobile registration fee reduction approved

The Government Office has announced the final decision of the prime minister in approving the fee

reduction at a meeting discussing ways to remove obstacles faced by local businesses, accelerate the

disbursement of public investment capital and ensure public order and security amid the coronavirus pandemic.

The 50% cut in the car registration fee is among solutions presented by the Ministry of Industry and Trade to the Government to help enterprises recover and to stimulate consumption.

Besides this, the Vietnam Automobile Manufacturers Association proposed that the Government halve value-added tax and registration fees for car buyers to foster consumption. Ministries and the relevant agencies then gave feedback to improve these solutions.

6. Temporarily halting petrol and oil imports must be considered carefully: ministry

In mid-April, the Việt Nam Oil and Gas Group (PVN) urged relevant ministries to halt petrol and oil imports to support Dung Quất and Nghi Sơn refineries as domestic sales struggled, resulting in high inventories, sometimes at more than 90 per cent of their storage capacity.

Hải said that the Ministry of Industry and Trade was working with PVN and the Steering Committee on Price Management before making a decision.

Benefits between producers, distributors, consumers and companies which used petrol and oil as inputs, must be balanced and most importantly, any decision made must be to ensure the national energy security.

Hải said that halting import of petrol and oil products could violate Việt Nam's commitments in free trade agreements.

If petrol and oil imports were halted, this would also affect fuel prices, which might have impacts

The registration fee cut is expected to enable car buyers to save tens of millions of dong when purchasing cars. The fee for cars with less than nine seats is currently 12% of the vehicle's price in the capital city of Hanoi, and 12% in the rest of the country.

Further, the Government leader asked ministries to continue to jointly work on many other issues, including presenting to the National Assembly's Standing Committee a plan to reduce the environment protection tax on aircraft fuel by 30% until the last quarter of the year.

on enterprises, especially those using petrol and oil as inputs.

Thus, careful consideration must be given, Hải said.

There were 33 companies in Việt Nam permitted to import petrol and oil.

In the first four months of this year, Việt Nam imported 2.4 million tonnes petrol and oil products, worth US\$1.12 billion, representing a drop by 21.6 per cent and 40.6 per cent over the same period last year, respectively, customs statistics showed.

Average import price was \$466.3 per tonne, 24.2 per cent lower than the same period last year.

On May 13, petrol prices increased slightly after eight consecutive decreases to VNĐ11,520 (US\$0.49) per litre of bio-fuel E5 RON 92 and VNĐ12,235 for RON 95.

Corporate News

7. Mobile World Investment Corp to lower profit target by 30 per cent

↓ -0.80%

In the documents sent to shareholders before its annual shareholders' meeting, expected on June 6, the company projects its consolidated net revenue will reach VNĐ110 trillion (US\$4.72 billion) by year-end while the after-tax profit is estimated at VNĐ3.45 trillion (\$148 million).

These numbers are 10 per cent lower than its initial revenue target and 30 per cent lower than its net profit goal set for 2020. The previous plans were VNĐ122.45 trillion in net revenue and nearly VNĐ4.84 trillion in net profit.

This plan is still a challenge for the company, according to the document, as the disease broke out in the peak period for selling mobile phones and electronic devices following the massive cancellation of sport events, so its two chains – Thế Giới Di Động and Điện Máy Xanh – will not have many opportunities to improve sales in the second half of the year.

Meanwhile, food and essential consumer goods are still in the expansion stage and have yet to bring in much profit.

The new plan is 8 per cent higher than last year's revenue but 10 per cent lower than 2019's profit. In 2019, MWG earned total sales of VNĐ102.2 trillion and net profit of VNĐ3.84 trillion.

This is the first time the company has set a lower profit target than the previous year.

The company's chairman Nguyễn Đức Tài last week told investors that revenue has improved in May but cautioned difficulties ahead, predicting purchasing power would likely decline this year and even next year due to falling incomes of consumers.

In the first three months, MWG reported net revenue of VNĐ29.35 trillion and net profit of VNĐ1.13 trillion. The company has recently updated its business results in April with revenues of VNĐ7.3 trillion, down nearly 20 per cent from more than VNĐ9.1 trillion recorded in 2019's same month.

In particular, the total sales of Thế Giới Di Động and Điện Máy Xanh in April decreased by about 30 per cent year-on-year and the company had to close a large number of stores during the social distancing period.

MWG shares have lost about 27 per cent this year, being traded around VNĐ87,000 (\$3.73) per share on the Hồ Chí Minh Stock Exchange

8. HVG: HVG allowed to delay the disclosure of financial statements

↑ 0.00%

Hung Vuong Corporation (HOSE: HVG) has received an official document dated May 14, 2020 by the State Securities Commission approving the delay in the disclosure of financial statements of HVG in 2020 as follows:

- For the Quarter 2, 3 and 4 financial statements and reviewed financial statements (if any): within 30 days from the end of quarter, but

no more than 05 days from the day when the audit firm signs the reviewed financial statements;

- For the semi-annual reviewed financial statements: within 60 days from the end of first six months of fiscal year, but no more than 05 days from the day when the audit firm signs the reviewed financial statements;

- For the annual audited financial statements: within 100 days from the end of fiscal year, but no more than 10 days from the day when the audit firm signs the audited financial statements.

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