



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Shares plummet on GDP growth record low and surges in COVID-19 fatalities

Local shares tumbled on Monday as the second-quarter GDP growth record low and the relentless spread of coronavirus hit market sentiment.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange dived 2.65 per cent to close at 829.36 points.

The VN-Index lost total 1.91 per cent last week.

Nearly 390 million shares were traded on the southern exchange, worth VND5.6 trillion (US\$242 million).

The market tumbled after the General Statistics Office (GSO) reported on Monday morning Viet Nam's GDP growth was recorded at a 10-year low of 1.81 per cent in the first half of this year as the economy was ravaged by COVID-19.

GSO also reported that GDP rose by just 0.36 per cent year-on-year in the second quarter, which was the lowest since quarterly records began in Viet Nam 30 years ago.

"Market sentiment can also be negatively affected due to external factors including the second wave of COVID-19 infections returning in some countries derailing efforts by governments to reopen economies and ease lockdown restrictions, while the US - China trade tensions continued to escalate," said Le Anh Tung, market & macro strategist at KB Securities Vietnam (KBSV).

The global fatalities from COVID-19 totalled half a million people on Sunday, a quarter of which were in the US, according to Reuters.

According to Ngo Quoc Hung, professional senior market researcher in the Market Strategy Division of MBS Securities, the market technically has reached a short-term peak in both indices and

liquidity, therefore the appearance of a correction period is necessary and inevitable.

"The VN-Index is likely to retest the support range from 832 to 836 points in the upcoming sessions. If it can retain this support area, the uptrend will continue with some fluctuations in a narrow range and low liquidity. Conversely, in case the support area is penetrated, investors must be very cautious," Hung said.

The blue-chip tracker VN30-Index Monday fell 2.6 per cent to 774.81 points with 28 of the 30 largest stocks by market value and trading liquidity ending in the red.

Only construction firm Cotecons (CTD) advanced 4.8 per cent and Vietnam Export Import Commercial Joint Stock Bank rose 1.4 per cent while the worst-hit large-cap stocks included insurer Bao Viet Holdings (BVH), FPT Corporation (FPT), PetroVietnam Gas JSC (GAS), consumer staples firm Masan (MSN), giant conglomerate Vingroup (VIC), Vinhomes (VHM), dairy producer Vinamilk (VHM), Vincom Retail (VRE) and Mobile World Group (MWG).

Banking stocks also performed poorly with decliners including Asia Commercial Bank (ACB), Vietinbank (CTG), Bank for Investment and Development of Vietnam (BID), Vietcombank (VCB), Military Bank (MBB) and VPBank (VPB).

The minor HNX-Index on the Ha Noi Stock Exchange plunged 2.76 per cent to end Monday at 110.32 points.

The northern market index declined by total 1.65 per cent last week.

## Macro & Policies

### 2. Vietnam e-commerce market set to grow 30 percent

The coronavirus pandemic has prompted a change in Vietnamese consumption habits with many shifting to online shopping after brick and mortar stores had to close during a nationwide social distancing campaign, according to the Vietnam E-commerce Association (VECOM).

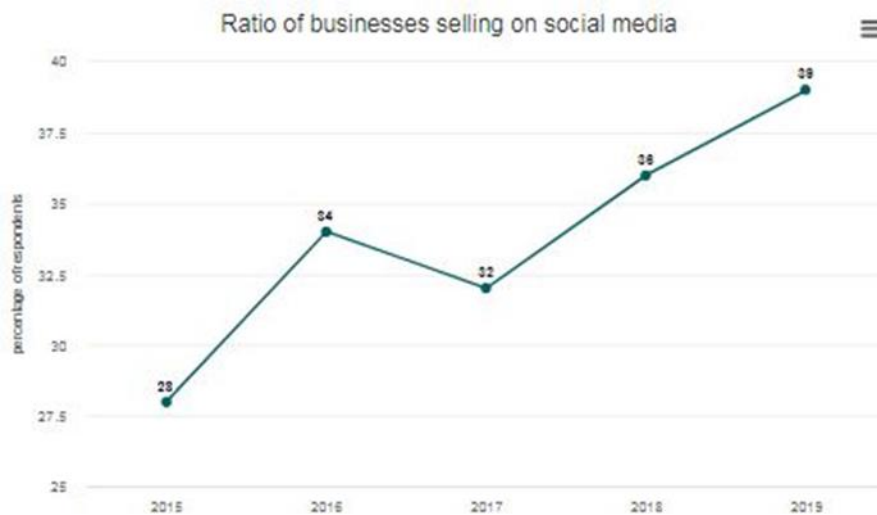
Most e-commerce companies have been able to retain their staff during the pandemic and plan to hire more in the second half of the year as they see rising demand from online shopping, the report says.

A VECOM survey of 4,000 businesses found 39 percent using social media for sales last year, up three percentage points from 2018.

Respondents said social media was the most effective advertising medium, followed by search tools, mobile messages, apps and online newspapers.

Businesses have also been paying more attention to mobile shopping, with 50 percent allowing customers to order and pay for products via smartphone, up 7 percentage points from 2018, the report said.

Vietnam has recorded a compound annual growth rate of 30 percent in the 2016-2019 period. Last year, the market grew 32 percent year-on-year to \$11.5 billion, a report by VECOM noted.



### 3. Vietnamese fruits conquer the world market

According to the Ministry of Agriculture and Rural Development (MARD), Vietnamese fruits have now been present in 60 markets around the world, of which China is the largest importer with a market share of 66.8%, followed by the United States (4%), the Republic of Korea (ROK), Japan and Europe.

Some demanding markets, such as the U.S., Australia and Japan are opening the door wider to Viet Nam's high-quality fruits.

Therefore, businesses will have greater opportunities if they accelerate the introduction and promotion of their products at international agricultural and food fairs, such as Anuga (Germany), Sial (France), Moscow (Russia) and

Foodex (Japan), to meet global customers and seize the needs of customers in each region.

“To affirm their position and increase the value of their export goods, Vietnamese enterprises should step up fruit processing, which will help to raise products' value by 10 to 20 times compared to fresh fruits,” Dinh Cao Khue, General Director of Dong Giao Foodstuff Joint Stock Company, emphasized.

Perhaps, this is very positive and proud information concerning Vietnamese fruits in particular and Vietnamese farm produce as a whole, especially in the context of the COVID-19 pandemic causing a lot of difficulties for the consumption of many agricultural products and fruits.

Viet Nam is looking to become a logistics provider of the world. Agricultural production according to the

industrial thinking approach is gradually emerging in the country.

To realize this, the domestic agricultural sector is aiming towards developing value chain linkages, especially the building of material zones associated with digitization and origin traceability, thus changing farmers' thinking of rudimentary farming.

According to the General Department of Viet Nam Customs, the country's fruit exports in 2019 were estimated at US\$ 3.85 billion, representing a 6.9% increase compared to the target set for the year.

Being a tropical climate country, especially in southwest region, Viet Nam has rich lands with immense orchards and various kinds of fruits all year round. Fruit is one of the key Viet Nam products in world markets.

#### 4. Hanoi offers good opportunities for high-tech agriculture for investors

At the Hanoi investment promotion conference on June 27, 2020, Minister of Agricultural and Rural Development Nguyen Xuan Cuong confirmed that this is a good chance to pour money into the agricultural sector.

Vietnam's agricultural production has largely met the local demand of 96 million people with enough left to export. In 2019, the agricultural sector gained \$40 billion from exports.

Over the last five years, the value of agricultural exports increased by \$2 billion per year, which is a rate few countries could reach and has resulted in improving added value in this sector.

66 per cent of Hanoi's total land area (335,000ha) is rural and agricultural land, while transport and logistic infrastructure are also developed, making a welcoming setting for agricultural development.

There are 35 agricultural institutes, 10 universities and colleges related to agriculture in Hanoi. The capital is also the centre for various agriculture products like cow and poultry breeding. Altogether, Hanoi's annual poultry output is about 350 million animals and has strong processing capacity.

"Promoting agricultural investment in Hanoi is a good choice because the demand for high-quality agriculture and agricultural products is increasing, and high-tech, smart, and organic agriculture is a rising good trend for investment," Minister Cuong stated at the conference.

The Ministry of Agriculture and Rural Development will collaborate with Hanoi People's Committee and other agencies to support businesses to develop agricultural projects in the city, contributing to the socio-economic development of the country.

Some projects calling for investment and proposed by investors in 2016-2020 in Hanoi include:

##### 1. Projects calling for investment in 2016-2018:

- Cattle slaughterhouse at Tri Lai village, Dong Thai commune, Ba Vi district on an area of 4ha and total investment VND350 billion (\$15.2 million);
- Cattle and poultry slaughterhouse in Thang Loi commune, Thuong Tin district on an area of 5ha and total investment VND350 billion (\$15.2 million);
- Cattle and poultry slaughterhouse in Trach My Loc commune, Phuc Tho district on an area of 10ha and total investment VND400 billion (\$17.4 million);

- Integrated high-tech orchid nursery and tourism facility in Soc Son district on an area of 120ha and total investment VND5 billion (\$217,400);

## 2. Proposed investment projects for 2020:

- Integrated project on agricultural high-tech application to grow and process agricultural products and ecotourism area in My Duc district on an area of 850ha and VND750 billion (\$32.6 million) in total investment;
- Project on concentrated cattle and poultry slaughterhouse in Dong Cheo, Thanh My commune, Son Tay district on an area of 1ha and VND50 billion (\$2.17 million) in total investment;
- Agricultural high-tech area in An Thuong and Song Phuong commune, Hoai Duc district on an area of 668ha and VND1 trillion (\$43.5 million);
- High-tech agricultural area in Hien Ninh commune, Soc Son district on an area of 120ha and VND350 billion (\$15.2 million) in total investment;
- High-tech agricultural area in Thanh Xuan, Tan Dan commune in Soc Son district on an area of 70ha and VND150 billion (\$6.5 million) in total investment;

- Integrated project on high-tech agriculture to grow and process agricultural products and ecotourism area in Phuc Tho district on 200ha and VND1.3 trillion (\$56.5 million) in total investment;

- Quang Lang concentrated slaughterhouse in Phu Xuyen district on an area of 3ha and VND350 billion (\$15.2 million) in total investment;
- High-tech agricultural production area in Day riverbank, Dong Thap commune, Dan Phuong district on 23.3ha and VND1 trillion (\$43.5 million) in total investment;
- High-tech agricultural production area in Kim Son commune in Son Tay district on an area of 80ha and VND1.3 trillion (\$56.5 million) in total investment;
- High-tech agricultural area in Ba Vi district on 300ha and VND100 billion (\$4.35 million) in total investment;
- Cattle and poultry slaughterhouse in Minh Phu commune, Soc Son district on an area of 10ha and VND400 billion (\$17.4 million) in total investment.

## 5. Vietnam's economy records decade-low H1 growth

Vietnam's gross domestic product (GDP) increased 1.81 percent during the first six months of 2020, the lowest first-half growth pace since 2011, according to the General Statistics Office (GSO).

At a press conference on June 29, the office reported that in the second quarter alone, the GDP rose by just 0.36 percent year on year, which was also the smallest expansion in Q2 during the 2011 – 2020 period.

This was attributed to the fact that the economy was hit hardest by the COVID-19 pandemic in Q2, when the Government ramped up social distancing measures, the GSO noted, adding that the agro-forestry-fisheries sector grew 1.72 percent, industry – construction rose 1.38 percent, while the services sector contracted 1.76 percent between April and June.

During the six months, the agro-forestry-fisheries sector recorded a growth rate of 1.19 percent and contributed 11.89 percent to the overall economic

growth. The respective figures for industry – construction are 2.98 percent and 73.14 percent, and the services sector 0.57 percent and 14.97 percent.

GSO Deputy General Director Nguyen Thi Huong said facing complex developments of COVID-19 that have negatively affected all socio-economic aspects, the whole political system, the Government and the Prime Minister have given the top priority to the pandemic fight and showed the determination to protect people's health and lives, even at the expense of economic benefits.

This is the solid foundation for the Vietnamese economy to sustain growth and avoid contraction, she said, adding that the data show all-level authorities, enterprises and people's success in concurrently combating the coronavirus, maintaining production and business activities, and gradually bringing the economy to the pre-pandemic status.

## 6. Hanoi has 275 more municipal-level OCOP products

Hanoi recently announced 275 products meeting standards of the “One Commune – One Product” (OCOP) programme at the municipal level in 2019, raising the total number of such products here to 301.

According to the local coordinating office for new-style countryside building, Hanoi classified 301 products last year, including six rated five stars, 207 others four stars, and 88 three stars. The city also stepped up promoting OCOP products, thus helping to improve consumers' recognition of and trust in local goods.

During the first half of 2020, it has continued to enhance communication about the OCOP programme and issued temporary guidance on the management and use of OCOP marks and star ratings on labels and packages of products with at least three stars in the programme.

Meanwhile, local districts and towns have also selected products for classification at the district level.

Hanoi aims to rate about 800 – 1,000 OCOP products by the end of this year.

Addressing a recent show of local OCOP products, Director of the municipal Department of Agriculture and Rural Development Chu Phu My said the OCOP programme has created a fair platform for healthy competition among producers and for craft villages to bring into play their potential values.

It has also created stable jobs and helped raise labourers' income, thus practically contributing to the implementation of the national target programme for new-style rural area building. OCOP producers have also gained chances to improve their knowledge of business laws and have open dialogue with partners and State agencies, he noted.

Last year, Hanoi announced it would spend 265 billion VND (11.4 million USD) on implementing the local OCOP programme for the 2019 – 2020 period.

According to the plan, 100 percent of OCOP programme managers at commune-, district, and

municipal level public agencies as well as at organizations, businesses and cooperatives registering for the programme will have to undergo training to improve their building capacity.

The capital city has set a goal of developing at least two eco-craft village models. It will look to improve the local origin tracing system for agro-forestry-fishery goods (<https://hn.check.net.vn>) and website serving State management and demand-supply connectivity related to Hanoi's OCOP products (<http://nongthonmoihanoi.gov.vn/>).

Initially, Hanoi's OCOP programme will focus on a number of goods groups, including food, beverage, herbs, fabrics and apparel, souvenir – home decoration, and agricultural tourism.

Participating organisations will receive support to invest in machines and equipment for production; design and register their brand; obtain capital; hire experts, and distribute goods.

The OCOP was initiated by the Ministry of Agriculture and Rural Development in 2008, following the model of Japan's “One Village, One Product” and Thailand's “One Town, One Product”. It is an economic development programme for rural areas focusing on increasing internal power and values, which is also meant to help with the national target programme on new-style rural area building.

The classifications of goods and services defined in the programme include food (fresh and processed farm produce); beverages (alcoholic and non-alcoholic drinking); medicinal herbs (products made from herbal plants); fabric and textiles (products made from cotton and yarn); souvenirs, furniture, and decorations (products made from wood, fibres, rattan, metal, and ceramics); and rural tourism services and sales (services for sightseeing, tourism, study, and research).

The overall objective of the programme is to develop stable and sustainable forms of production for organisations and businesses (with priority given to developing cooperatives and small- and medium-sized enterprises), towards producing traditional products and improving services with high competitiveness on the domestic and international

markets, thus promoting rural economy and national agriculture industrialisation and modernisation.

In 2013, Quang Ninh was the first province in Vietnam to pilot the programme.

## Corporate News

### 7. VCB: Vietcombank expects profits not to fall in H1

↓ -2.16%

The bank has not announced a profit target for the full year, with CEO Pham Quang Dung saying at the annual general meeting on Friday that it is pending approval from the State Bank of Vietnam.

Vietnam's most profitable bank had earlier hoped for pre-tax profit growth of 10 percent this year and set a target of VND25.4 trillion (\$1.1 billion).

Deputy Governor of the State Bank of Vietnam Dao Minh Tu told state-owned banks in mid-April to reduce profit targets by 30-40 percent this year and lend to businesses affected by the coronavirus pandemic at low interest rates.

Shareholders approved an increase in the bank's charter capital by VND9 trillion (\$387 million), or

24 percent, to ensure capital adequacy ratio and expand operations. Its charter capital is currently VND37.08 trillion (\$1.6 billion).

It will do this in two ways: by issuing an additional 241 million shares, or 6.5 percent of its charter capital, to a maximum of 99 investors, possibly including existing shareholders and by capitalizing profits.

The bank said its bad debt ratio is set to almost double from last year to 1.5 percent due to the impact of the coronavirus.

It plans to achieve credit growth of 10 percent.

### 8. VNM: Vinamilk sees revenue and profit both up despite COVID-19

↓ -2.19%

In the first six months of 2019, Vietnam Dairy Products JSC (Vinamilk) earned VND14.6 trillion worth of total revenue and VND2.9 trillion worth of profit.

Modest earnings growth this year was attributed to the downturn of income brought by the school milk programme as schools were shut to cope with the pandemic, Lien told the firm's annual shareholder meeting.

"When schools re-opened in May, the situation became better but performance was still below the expectation," she said.

"Earnings may improve in the last two quarters of the year."

Vinamilk targets VND59.6 trillion in total revenue this year, up 5.7 per cent on-year, and profit is forecast to gain only 1 per cent on-year to VND10.69 trillion.

In the first quarter of 2020, Vinamilk reported total revenue rose 7 per cent on-year to VND14.2 trillion and profit was down slightly to VND2.78 trillion.

A 50 per cent cash dividend is set for 2020, divided into three separate tranches. Two advance tranches will be made in October 2020 and February 2021, with corresponding pay-out ratios of 20 per cent and 10 per cent. The schedule and pay-out ratio for the third tranche will be decided in the 2021 annual general meeting of shareholders.

The cash dividend pay-out rate for 2019 was 45 per cent.

The largest dairy producer by market value will also issue 348 million shares to shareholders this year at a five-to-one ratio, meaning every shareholder will receive one new share for every five shares they have.



The share issuance will raise Vinamilk's charter capital by VND3.38 trillion to VND17.4 trillion.

A new cattle farm in Quang Ngai Province will come into operation this year and Vinamilk is planning to build more in Dong Nai Province, the centrally-run city of Can Tho, and Laos.

New products for dietary customers will also be studied and developed.

Vinamilk this year is planning to launch a coffee and dining store chain with the brand “Hi-Cafe”. A store was opened in 2019 at the firm's headquarters in District 7, HCM City. The chain will be enlarged this year.

The chain would be developed based on Vinamilk's milk retail system with 430 stores being allocated across the country, CEO Lien said.

## 9. VGC: BOD approved the record date to pay cash dividend for 2019

↑ 2.38%

The Board resolution dated June 26, 2020, the BOD of Viglacera Corporation – JSC approved the record date to pay cash dividend for 2019 as follows:

- Record date: July 08, 2020
- Exercise ratio: 11% (1,100 dongs/share)
- Payment date: July 20, 2020.
- Place of payment:

+ Shareholders whose shares have been deposited: at the securities firms where the shares have been deposited.

+ Shareholders whose shares have not been deposited: at Viglacera Corporation - JSC (Address: Floor 17th, Viglacera Building, Thang Long Boulevard, Me Tri Ward, Nam Tu Liem District, Ha Noi).

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