



VIETNAM DAILY NEWS

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Market Analysis

1. Stocks extend losses amid increased selling pressure

VN-Index of the HCMC market fell for the sixth straight session today, June 30, as a result of selling pressure suddenly skyrocketing in the afternoon.

The benchmark index shed 4.25 points, or 0.21% against the previous session to close at 825.11, with the number of losers nearly doubling that of winners at 273 to 138. The southern bourse saw matching volume dipping 8% at over 358 million shares and value dropping 11% at VND4.9 trillion. Block deals contributed nearly VND899 billion to the total value.

Stocks in the Vingroup family traded in positive territory in most of the session and were major supporters for the main index, with housing developer VHM posting a 4% increase at one time.

However, they started to slow down toward the end of the session amid the strong selling pressure, thus hindering the index's recovery. Property developer VIC fell to its reference price at VND89,000, retailer VRE tanked 2.4% to VND24,800, while VHM rose 2% only to VND75,500.

Aside from VHM, four other bluechips made headway, including steelmaker HPG, dairy firm VNM, low-cost carrier VJC, and lender HDB.

By contrast, many other stocks in the VN30 basket were poor performers with 1-3% losses, including consumer goods producer MSN, brewery SAB, gas firm GAS, and lenders VCB, BID, CTG, VPB, and MBB.

Steelmaker HPG recorded its matching volume of 14.82 million shares, while construction firm ROS and lender STB each saw some 11 million shares transacted, making them the three most-actively traded stocks in the basket.

Among speculative stocks, trade was gloomy with many losers including HSG, HQC, DLG, AMD, LDG. Meanwhile, TNI, FIT, IDI bucked the market trend, closing with gains.

On the northern bourse, the increased selling pressure also dragged the HNX-Index down by 0.56 point, or 0.51% over the session earlier to 109.76, with 65 advancers and 98 decliners.

Overall, in June, the VN-Index plunged 4.55% and the HNX-Index fell a mild 0.05% month-on-month.

Macro & Policies

2. Ba Ria-Vung Tau becomes hotspot for green growth

According to a recent report, since 2016 the province has lured roughly \$3 billion via 126 foreign-invested projects. The province has since established 15 industrial zones with total investment of VND25 trillion (\$1.09 billion).

The presence of the industrial zones has given the province a boost in developing the local economy and infrastructure.

An example for the province's economic development is the Thi Vai-Cai Mep deep-water port, which is playing an important role in cargo movements and reached an overall gate volume of more than 220,000 twenty-foot equivalent units (TEU) in the past two years, expecting to reach 250,000 TEU this year.

Additionally, the province's offshore gas pipeline system is efficiently set up to support factories and plants on land. The modern gas pipeline system has brought lots of benefits in reducing cost and enhancing efficiency of projects.

Despite its remarkable number of industrial zones in the province, Ba Ria-Vung Tau has performed exemplary wastewater treatment processes from plants and factories, with 11 of the existing industrial zones such as Dong Xuyen, Phu My I, and My Xuan A being equipped with automatic wastewater treatment systems. Almost all secondary companies in the industrial zones have installed basic wastewater treatment before connecting to the main system.

The province's development is oriented by commitment to collect projects which are set by large international institutions, applying high-end technology to meet the adequate standards of green environment. Additionally, Ba Ria-Vung Tau is focusing on its strength such as logistics and supporting industries like mechanics and petrochemicals.

However, in its ambition of developing green industrial parks, the province is encouraging projects which save energy and natural resources as well as in workforce.

The effective implementation of Directive No.41/CT/TW and Resolution No.06/NQ-TW of the Standing Committee of the provincial Party Committee has given the province a clear direction in policy and orientation to improve the investment environment and attract more financiers.

Furthermore, with the orientation of green industrial parks, the province will partly contribute in success of the Politburo's Resolution No. 50-NQ/TW issued last August on direction to complete regulations and policies to improve quality and effectiveness of foreign investment until 2030.

In which, the number of enterprises using sophisticated tech and modern management methods as well as environment conservation will account for 50 per cent in 2025 and 100 per cent in 2030 compared to 2018.

In a statement commenting on the position of Ba Ria-Vung Tau compared to other Vietnamese provinces, senior economic expert Nguyen Mai appreciated its available potential and advised the province to adjust available industrial zones as well as build new ones following government decisions. He highlighted that the shift from conventional industrial zones into ecological ones has brought about obvious benefits, with such zones connecting plants and factories of different businesses by means of circulating power resources and material to co-operate, share, and exchange material benefits.

Ba Ria-Vung Tau has become a green destination for labour-less and environmentally-friendly projects. Since 2014, thanks to investor commitment of using modern equipment and rejecting out-of-date machines and low technologies, the province has seen greater productivity and outstanding product quality and competitiveness.

In recent years, many large groups, such as Lock&Lock, Posco, Marubeni, and CJ CheilJedang have chosen the province to expand their businesses. Such investment interest has been rising over the years and contributes to the new and modern industry.

Between 2016 and 2020, the province saw several large projects implemented, such as the Phu My plastic plant, an underground liquefied petroleum gas warehouse, an instant coffee plant by Marubeni, and a solar plant in Chau Duc.

It is anticipated that in the next five years, Ba Ria-Vung Tau could cash in on nearly 200 foreign-invested projects worth around \$2 billion. The province will focus on filling up the established industrial zones to create a coastal province specialised in industry, logistics, and tourism.

3. Vietnam reports increases in new enterprises in all sectors for first time this year

The number of newly-established enterprises in all the 17 sectors in the economy grew in June for the first time since the beginning of the year, after tens of thousands of companies were forced to shut their doors because of COVID-19.

According to the Ministry of Planning and Investment, more than 13,700 companies were newly founded during the month, with a total capital of nearly 139.15 trillion VND (6 billion USD), up 27.9 percent and 23.4 percent, respectively.

Those in education and training rose 58.8 percent year-on-year, with capital up 133.2 percent.

A similar trend was seen in accommodation and catering services, which recorded an increase of 45.3 percent in the number of new enterprises and a 305.9 percent rise in registered capital compared to the same period last year. In real estate, the number of newly-established enterprises grew 44.5 percent while registered capital was up 41.5 percent.

In the first half of this year, more than 62,000 enterprises were newly founded nationwide, a year-on-year decline of 7.3 percent, compared to -10.5 percent in the first five months and -13.2 percent in the first four months.

4. Exporters advised to shift focus to ASEAN markets in face of COVID-19

Experts have urged Vietnamese exporters to shift their attention to neighbouring ASEAN markets given that COVID-19 continues to wreak havoc on major markets such as the EU and the US, a recent conference heard.

Co-hosted by the HCM City Centre of International Integration Support and the Ministry of Industry and Trade's Asia-Africa Market Department last week, those at the conference discussed ways domestic enterprises could boost exports to ASEAN countries.

There is still plenty of room for Vietnamese goods to expand their foothold in the region, said Nguyen Phuc Nam, deputy head of the Asia-Africa Market Department.

Indonesia, Thailand, and the Philippines are now Vietnam's top markets in ASEAN. While Thailand primarily imports dried fruit and garments, Indonesia and the Philippines mostly purchase power generators, water pumps, electrical appliances, and telecom products, Nam said.

ASEAN remains the largest importer of Vietnamese rice, with the Philippines leading the way, he continued. Rice exports from Vietnam to the bloc stood at 1 billion USD last year and are expected to rise further in the time to come, driven by COVID-19.

Vietnamese seafood, coffee, and fruit all hold substantial potential to gain broader access to ASEAN, he added.

However, most Vietnamese exporters to ASEAN are small and medium-sized enterprises using old technologies that are only suitable for shipments to relatively undemanding markets like Laos, Cambodia, and Myanmar, according to Vice Chairman of the HCM City Union of Business Associations Pham Ngoc Hung.

In regional markets with higher standards, such as Thailand and Singapore, Vietnamese goods face stiff competition from China, Japan, the Republic of Korea, and India, he said.

Vietnamese enterprises are yet to pay sufficient attention to ASEAN markets, though they are now offered various preferential customs duties and can benefit greatly from geographic proximity, he noted.

He added the pandemic caused Vietnam's exports to ASEAN to plunge 13.4 percent in the first half of this year.

A view widely held among experts at the conference is that Vietnamese enterprises need to restructure their product portfolios to match the new circumstances and at the same time must improve product quality by using modern technologies.

Truong Xuan Trung, chief of the Vietnamese trade office in Indonesia, suggested Vietnamese enterprises expand distribution channels through local networks of wholesalers in order to gain easier access to local markets and save costs.

They are also advised to keep in close contact with Vietnamese trade offices in ASEAN markets to receive support and consultation in terms of local policies, procedures, and customs clearance, according to Trung.

5. Second-half GDP growth to outpace first-half result

Vietnam's GDP in the third and fourth quarters will grow better than it did in the first half of the year as the country still has ample space for growth, a press conference in Hanoi on June 29 heard.

The General Statistics Office (GSO) reported that national GDP in the first half grew only 1.81 percent - the lowest first-half rate during the 2011-2020 period.

Given the global economic downturn, however, Vietnam remains something of a bright spot, it said.

Nguyen Thi Huong, GSO Deputy Director General, pointed to positive signs in agriculture despite the sector being affected by drought, saltwater intrusion, COVID-19, and African swine fever, with rice output in the autumn-spring crop increasing year-on-year.

Industry gave momentum to the national economy, she said, rising 2.71 percent, with processing and manufacturing up 4.96 percent.

Though there were only 62,000 firms established in the first half, down 7.3 percent year-on-year, the number of new enterprises stood at 13,700 in June alone, up 27.9 percent from the previous month.

As at June 20, 15.7 billion USD in FDI had been poured into Vietnam, down 15.1 percent year-on-year.

Export value exceeded 121.2 billion USD, down 1.1 percent year-on year. The country ran a trade surplus of 4 billion USD.

Duong Manh Hung, Director of the National Account System Department under the GSO, said that to reach the growth target of 6.8 percent, the pace must be over 10 percent each quarter, which is a difficult and even impossible task as the COVID-19 pandemic is still developing and affecting global trade.

The Government, therefore, has proposed the National Assembly adjust the growth target, he said.

However, the official stressed that Vietnam still has ample space for growth in public investment.

Pham Dinh Thuy, Director of the GSO's Industrial Statistics Department, further explained that the disbursement of public investment would stimulate the national economy, saying if public investment rises 1 percent, it would contribute 0.06 percentage points to GDP.

Once 700 trillion VND (30.15 million USD) worth of total public investment is disbursed this year, 0.42 percentage points will be added to GDP, he continued.

Thuy also suggested businesses seek partners and promptly remove difficulties, and that the Government and the NA continue with tax and fee reductions.

Both the Government and businesses need to study solutions regarding institutions, human resources, procedures, production technologies, and business

strategies to optimise and adapt to regulations in the EU-Vietnam Free Trade Agreement and the EU-Vietnam Investment Protection Agreement, he said.

6. CPI up 0.66 percent in June

The June consumer price index (CPI) rose 0.66 percent month-on-month and 3.17 percent year-on-year but was down 0.59 percent against December 2019, the General Statistics Office reported on June 29.

The average CPI in the first half grew 4.19 percent, while core inflation (CPI excluding grains, fresh foodstuffs, energy, and State-managed healthcare and education) was 2.81 percent higher than in the same period of last year, data reveals.

Seven of the eleven groups of main consumer goods and services recorded month-on-month price hikes in June - transport (6.05 percent), food and restaurant services (0.44 percent), beverage and cigarettes (0.09 percent), household appliances and goods (0.07 percent), medicine and healthcare services (0.01 percent), education (0.01 percent), and other goods and services (0.19 percent).

Three groups saw falling prices - housing and construction materials (0.42 percent), postal and telecoms services (0.04 percent), and culture, entertainment, and tourism (0.01 percent).

The prices of garments, footwear, and headwear remained stable, the GSO noted.

Director of the GSO's Price Statistics Department Do Thi Ngoc said the June CPI growth was partly driven by two petrol price hikes and high pork prices due to unstable supply.

There were also factors curbing the increase, she noted, with rice prices falling as the harvest of the winter-spring crop was completed, while prices of fresh aquatic products were down because of lower input costs and falling demand from importing countries and tourists.

Household electricity prices were also cut in June to assist those affected by COVID-19, under decisions from the Government and the Ministry of Industry and Trade.

The GSO added that in the first half, overall inflation rose at a faster pace than core inflation, reflecting the fact that price changes were driven mainly by non-monetary factors such as food and petrol prices.

7. Pandemic delays Hanoi metro train arrival from France

The Hanoi Metropolitan Railway Management Board (MBR) said in a statement that the train meant for the Nhon-Hanoi Railway Station route would only arrive in Hai Phong port by the end of the year since the French consortium faces difficulties in shipping it.

This is the first of four trains being produced for the section out of a total of 10. The second is now ready for test runs and the third has just been completed.

Work to build the fourth began on May 11 after also being delayed as French factories closed from March 18 to early May. The factories have reopened but have difficulty sourcing parts as supply chains remain disrupted.

Each train will have four or five cars and have a maximum capacity of 950 passengers. The 10 together cost almost VND3 trillion (\$129 million).

The Nhon-Hanoi Railway Station section, the second route after Cat Linh-Ha Dong, runs 12.5 kilometers from Nhon in the western district of Nam Tu Liem through Kim Ma Street to the city station in the downtown area.

It will run 8.5 kilometers on elevated tracks and the remaining four kilometers underground.



Construction was 62 percent complete as of earlier this month. The elevated tracks have been laid and the elevated sections are 80 percent complete.

Test runs are scheduled for the end of the year.

The work was supposed to be finished in September 2017, but delays pushed back the deadline several times.

The first route, Cat Linh–Ha Dong, is now in the final stage of safety evaluation with a 20-day test run in the works.

Corporate News

8. CII: CII investigates overhead route investment

↑ 0.00%

Hochiminh City Infrastructure Investment Joint Stock Company respectfully informs to the Shareholders regarding the overhead route investment investigation with the following details:

- Investment scale: The total length of the route is about 14 km with:

- First point: Truong Chinh Street – Tan Binh District

- Intersections at: Lang Cha Ca traffic-circle (the end of Cong Hoa street) point of intersection of Vo Van Kiet, district 4, district 8.

- Final point: Nguyen Van Linh Street – Binh Chanh District.

- Total investment: expected about VND 24,500 billion.

- After the investigation completes, CII will submit to competent Government Agency to organize bidding to select PPP investor in accordance with the regulation.

9. HPG: BOD approved the plan to pay dividends for 2019

↑ 0.56%

The Board resolution dated June 29, 2020, the BOD of Hoa Phat Group Joint Stock Company approved the plan for 2019 dividend payment. Details are as follows:

1) Plan for stock issuance to pay dividends:

- Stock name: Hoa Phat Group Joint Stock Company

- Stock code: HPG

- Stock type: common share

- Number of shares issued: 2,761,074,115 shares

- Number of outstanding shares: 2,761,074,115 shares

- Number of treasury shares: 0 share

- Exercise ratio: 20% (Shareholder who owns 10 shares will receive 02 new shares).

- Expected issue volume: 552,214,823 shares

- Total value (based on par value): VND 5,522,148,230,000

- Plan to deal with fractional shares: The distributed shares will be rounded down. The fractional shares will be cancelled.

- Time of implementation: expected in June 2020 or August 2020.

2) Plan for cash dividends payment:

- Exercise ratio: 5% (500 dongs/share)

- Time of implementation: expected in June 2020 or August 2020.



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