



VIETNAM DAILY NEWS

July 16th, 2020



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Market Analysis

1. Shares recover on the rise of large-caps, surge of world stocks

Vietnamese equity markets rebounded on Wednesday, buoyed by a surge in global markets and capital injected in heavyweight stocks.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HOSE) rose 0.21 per cent to close at 869.91 points.

The southern index had lost 0.07 per cent to close Tuesday at 868.11 points.

Nearly 258.3 million shares traded on the southern market, worth VND4.5 trillion (US\$195.1 million).

Market breadth was positive with 223 gainers and 156 decliners.

The VN30 Index, which tracks the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, increased 0.59 per cent to close Wednesday at 810.16 points.

Pillar stocks reported strong gains such as Bank for Investment and Development of Viet Nam (BID), insurer Bao Viet Holdings (BVH), Vietinbank (CTG), FPT Corporation (FPT), HDBank (HDB), steelmaker Hoa Phat Group (HPG), Military Bank (MBB), Mobile World Group (MWG), Novaland (NVL), Techcombank (TCB), Vietcombank (VCB), Vinhomes (VHM), VPBank (VPB), Vinamilk (VNM) and Vincom Retail (VRE).

Real estate and construction attracted large cash flow with gainers including Cotecons Construction (CTD), Hoa Binh Construction and Real Estate Corporation (HBC), Ha Do Group Joint

Stock Company (HDG), Khang Dien House Trading and Investment (KDH) and Phat Dat Real Estate Development Corporation (PDR).

The industrial real estate group also performed well, with notable names like Nam Tan Uyen JSC (NTC), Sonadezi Long Thanh Holding Company (SZL) and Sonadezi Chau Duc (SZC) rising.

The stock market was also driven by strong gains in global markets in Wednesday's overnight trading.

The US stock market outperformed on Tuesday night with the Dow Jones Industrial Average surging 2.13 per cent to end at 26,642.59 points, while the S&P 500 gaining 1.34 per cent to 3,197.52. The Nasdaq Composite added 0.94 per cent to 10,488.58.

On the Ha Noi Stock Exchange (HNX), the HNX-Index was down 0.2 per cent to end Wednesday at 115.91 points.

Nearly 33.5 million shares were traded on the northern market, worth VND362 billion.

Foreign investors net sold VND110.35 billion on HOSE. They were net sellers on the HNX with a value of VND3.74 billion.

According to BIDV Securities, with the July 2020 futures contract expiring on Thursday and OPEC closing their meeting Wednesday, the market is likely to experience strong fluctuations in the last two sessions of the week.

Macro & Policies

2. Foreign investors expected to own 35 per cent of stake in petrol and oil firms

The proposal is part of the draft revision and supplement of several articles in the Government's Decision No 83/2014/ND-CP on petrol and oil trading, creating favourable condition for foreign investors to participate in petrol and oil distribution in Viet Nam.

In a report submitted to the Government, the MoIT said petroleum is a strategic commodity, greatly affecting people's living and energy security, so it has calculated carefully the appropriate time to allow foreign investors to take part in the local distribution network.

When Viet Nam joined the World Trade Organization (WTO) in 2007, petroleum was a field that the country did not commit to opening up so that domestic enterprises had the opportunity to grow, build facilities and keep an important position in the domestic petroleum distribution system.

"Today, after 13 years, Viet Nam has opened its doors to foreign investors to invest in most important areas such as electricity, oil and gas, and aviation," the MoIT said in the report.

The ministry said the Prime Minister has just approved the participation of foreign investors in a number of large State-owned enterprises, including PetroVietnam Oil Corporation with 35 per cent and Vietnam National Petroleum Group with 20 per cent. This participation has significantly contributed to improving corporate governance, raising efficiency and competitiveness.

The ministry said that the foreign investors' participation is expected to help domestic enterprises attract capital, technology and business management skills.

3. Exporters worry as overseas demand for rice slows down

A report from the Ministry of Industry and Trade showed that Vietnam's rice export value in June plunged over 53% month-on-month to some US\$182 million. In the first half of this year, the country exported 3.54 million tons of rice worth US\$1.73 billion, up 5.6% in volume and 19% in value compared to the same period in 2019.

Do Ha Nam, chairman and general director of Intimex Group, forecast that rice exports during the second half of the year could remain dismal due to the subdued demand. Rice importers stockpiled a large amount of rice in the first few months of the year and may have to work out measures to promote consumption before coming up with further import plans.

According to Nguyen Van Don, director of Viet Hung Company in the Mekong Delta province of Tien Giang, his firm did not secure any new contracts in the past three weeks.

Viet Hung exported some 60,000 tons of rice in the first half of the year, equal to the volume recorded

last year. In May, the firm's rice exports improved significantly, making up for a period of subdued trading due to a rice export suspension order, Don added.

Acknowledging that local farmers have begun to harvest summer-fall crops, importers want to lower the buying price of rice. However, farmers still expect to sell rice at prices as high as they were in the beginning of the year; thus, local rice exporters are finding it hard to sign new export contracts, he explained.

In the global market, low demand has sent rice prices down in recent weeks. As of July 9, Thai 5% broken rice was quoted at US\$455-US\$485 per ton, the lowest over the past four months. India's 5% broken rice was sold at US\$366-US\$372 per ton, the lowest since March 26, according to the Vietnam Food Association.

In Vietnam, its 5% broken rice fell from US\$475 per ton to US\$450, the lowest in two months.

4. Saving rates continue downward spiral

Among the private bank group, Techcombank has revised down the rates for over-the-counter deposits of a one-month term from 3.5%-4% to 3.15%-3.65%, depending on the age of depositors and the sum of deposits.

Customers under 50 years of age making deposits worth less than VND1 billion at Techcombank will receive an annual rate of 3.15%. If they want to get the interest before maturity, the rate will be capped at 3%, the lowest in the local market for a one-month tenor.

Also, the rates for other tenors at Techcombank were down by 0.2-0.3 percentage points compared to the beginning of July.

Similarly, Kienlongbank reduced the rate for one-month deposits to 3.75% from 4%. PGBank set the rate at 3.95% instead of the previous 4.15%, while MB cut it from 4% to 3.8%.

Fewer banks offer the approved highest rate of 4.25% for a one-month tenor. This rate is regularly applied to deposits made through online channels.

Early this month, State-owned banks including Vietcombank, Agribank, Vietinbank, BIDV and many private lenders such as HDBank, VPBank, TPBank had made sharp cuts by 0.15-0.3 percentage points for tenors of less than six months.

5. Hanoi has own attractions to investors: Savills

In the real estate sector, Hanoi has appeared to become a key part of Vietnam's growth story as the city has "its own attractions", according to global real estate services provider Savills.

With more than 1,000 years of history, Hanoi is Vietnam's cultural center as well as its administrative hub, Savills said in a recent analysis.

The French colonial era left Hanoi with a number of historic buildings and tree-lined boulevards that have garnered it the title of the Paris of the East. The population of 8.1 million doubles if the nine surrounding provinces are taken into account.

In addition, Hanoi benefits from Vietnam's thriving economy: 2019 GDP growth was 7.02%, above the 2019 government target of 6.6% to 6.8%. Retail sales were US\$163 billion, up 13% on year.

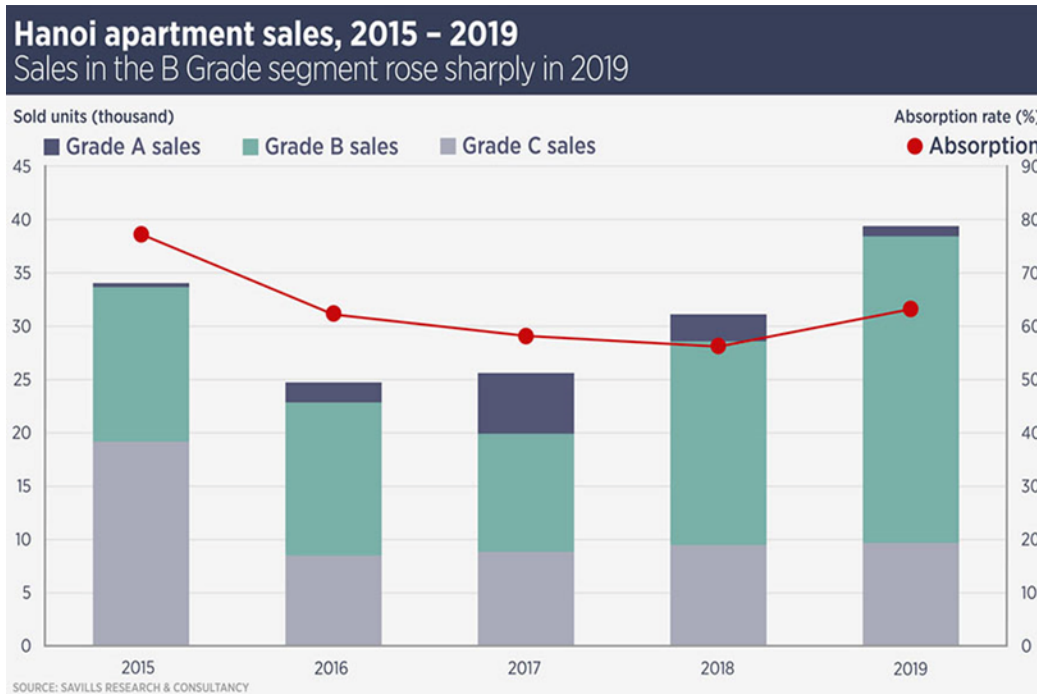
Troy Griffiths, deputy managing director of Savills Vietnam, said "Hanoi offers a wealthy population by Vietnamese standards and that population is growing rapidly. The city's infrastructure is rapidly evolving, with metro lines, roads and bridges which will improve connectivity and boost real estate values."

Meanwhile, the city's stock of modern real estate is growing and domestic developers are maturing to deliver international grade assets, Griffiths adds.

Last year, Japan's Sumitomo Corporation joined forces with Vietnam's BRG Group to develop a 272-ha smart city in Dong Anh district, north of the city center. The extension of Metro Line 2 from central Hanoi to Noi Bai International Airport will pass through the project site, which will be home to a new station.

Other foreign developers and investors active in Hanoi include Keppel Land, CapitaLand, Mitsubishi Estate, Gaw Capital Partners and Hongkong Land.

The city's growing population fuels demand for residential property. Apartment sales rose 26% to nearly 40,000 in 2019, with new supply of 37,700 units. Supply looks steady, with 124,000 units to be delivered over the next three years. Prices are around 30% lower than in Ho Chi Minh City. Supply



Hanoi's apartment sales in 2015-2019. Source: Savills Research & Consultancy

of new villas and townhouses was limited last year but more is expected over the next two years.

Hanoi's retail stock grew 14% to 1.6 million square meters (sqm) in 2019 and rents fell 1% over the year, despite almost full occupancy in all retail types. The office sector grew by 10% to 1.8 million sqm and average rents rose 5% in 2019. Vacancy in B and C grade offices is almost zero. A total of eight projects, comprising 169,000 sqm will be completed this year.

The city has 9,800 rooms in 65 hotels, with a further 1,200 to be delivered this year, while 48 projects with 9,100 rooms are in the pipeline.

Hanoi is Vietnam's most popular tourist destination and the 15th most visited city in Asia Pacific, according to research by Mastercard.

6. Vietnam trade surplus on track to beat 2019's all-time high

With a trade surplus of US\$5.5 billion in the first half of the year, exceeding the estimate of the General Statistics Office at US\$4 billion, there is possibility that the country's 2020 trade surplus could surpass the record figure of US\$11.12 billion in 2019, according to Viet Dragon Securities Company (VDSC).

In June, the export revenue rose by 17.6% month-on-month to US\$22.5 billion, while imports reached US\$20.7 billion, up 14%. This resulted in a trade surplus of US\$1.8 billion, marking the fourth month in which trade surplus topped US\$1 billion in the first half this year.

In terms of trade partners, there has been a V-shape rebound in exports to most of the key markets such as North America and the EU.

In North America, the US led the trend as Vietnam's exports to this market stood at US\$6.4 billion in June, up 31% month-on-month, followed by Canada (US\$338 million and +31%) and Mexico (US\$255 million and +43%).

In the EU, Vietnam attained US\$378 million from exports to France, representing an increase of 33% month-on-month and accounting for 1.7% of total exports. It is worth noting that France led the

recovery efforts in Europe with output returning to growth for the first time since February. France's composite output index strongly recovered to 51.3 points in June after sharply dropping to 32.1 in May. Output growth was recorded in both the manufacturing and services sectors.

the biggest contribution to total exports. Forced-saving allowed consumers to spend on durable goods and hi-tech products are on top of the list. Besides, working from home has boosted the demand of personal office equipment.

Figure 1: Vietnam's exports in June, by countries

	Export growth % mom	Export revenue USD Mn	Percentage of total
US	31%	6,417	28.4%
Canada	31%	338	1.5%
Mexico	43%	255	1.1%
UK	33%	401	1.8%
Austria	27%	247	1.1%
Poland	35%	162	0.7%
Netherland	13%	598	2.7%
Italia	19%	293	1.3%
Russia	38%	291	1.3%
France	33%	378	1.7%
Spain	45%	186	0.8%
Malaysia	9%	254	1.1%
Thailand	20%	280	1.2%
India	64%	222	1.0%
UEA	22%	311	1.4%
China	135	3,688	16.3%

Source: Customs, Rong Viet Securities

Figure 2: Vietnam's exports in June, by sectors

	April % mom	May % mom	June % mom	Percentage of total
Total export	-27%	9%	18%	100%
Seafood	-2%	4%	12%	3%
Wood	-29%	11%	23%	4%
Yarn	-39%	1%	20%	1%
Textiles	-31%	16%	39%	12%
Foot-wears	-14%	9%	10%	6%
Handbags	-61%	93%	20%	1%
Rattan products	-30%	23%	30%	0%
Iron and steel	-30%	-23%	70%	2%
Electrical products	-18%	12%	16%	17%
Telephones	-53%	17%	25%	16%
Machine	-16%	5%	11%	8%
Furniture	-22%	8%	22%	1%
Toys and sports requisites	-17%	-8%	55%	1%
Means of transportation	-38%	3%	16%	3%
Other products	-11%	12%	25%	6%

Source: Customs, Rong Viet Securities

Other markets such as the Netherlands, Italy, Spain, and the UK shared the same pattern, while Germany and Belgium remained flat. In Asia, there was a divergence among countries. Exports to China kept rising while South Korea and Japan saw no improvement.

Most of the Vietnam's major export staples experienced a rebound in June. The list includes seafood, wood, textiles, foot-wears, iron and steel, toys and sports articles. These sectors' exports plummeted in April due to the national lockdown in many countries, but started recovering in May before skyrocketing in June.

However, electrical products, telephones and machines still played an important role and made

VDSC said there is still more room for exports to grow in the second half of this year, which is one of the most important pillar of Vietnam's economic growth.

In general, Vietnam is a bright spot on the world map in terms of curbing the Covid-19 outbreak and rebooting the economy. In the second half, VDSC expected the economy to expand at 7% year-on-year on average thanks to rising public investment disbursement and better-than-expected exports led by the electrical and electronic sectors.

VDSC forecast the country's 2020 GDP growth to be close to 5% year-on-year.

Corporate News

7. PLX: Notice of Public Offering

↑ 0.11%

Viet Nam National Petroleum Group announced the information on the public offering as follows:

- 1) Stock name: Viet Nam National Petroleum Group
- 2) Stock type: common share
- 3) Stock type: common share
- 4) Par value: VND10,000/share
- 5) Registered offering volume: 443,500 shares
- 6) Capital mount need to be mobilized: VND 4,435,000,000
- 7) Offering price: VND28,600/share

8) Minimum registration volume: according to the Auction Regulation issued by the Hanoi Stock Exchange (HNX).

9) Time for subscription: according to the Auction Regulation issued by the Hanoi Stock Exchange (HNX).

10) Place of subscription: Hanoi Stock Exchange (HNX) and Auction Agents.

11) Bank for blocking depository money:

- Account holder: Viet Nam National Petroleum Group
- Account number: 1007040066681
- Bank: PGBank.

8. PDR: Notice of bond redemption (the sixth issue of 2019)

↑ 1.42%

Phat Dat Real Estate Development Corp announces the redemption of all bonds in the sixth issue of 2019 as follows:

- Issuer: Phat Dat Real Estate Development Corp
- Bond name: Bond of Phat Dat Real Estate Development Corp
- Bond type: non-convertible secured bond, no warrants
- Par value: VND100,000/bond
- Total issued value: VND225,000,000,000
- Outstanding value: VND225,000,000,000
- Bond term: 01 year from the issue date

- Interest rate: 9.5%/year
- Issue date: August 01, 2019
- Maturity date: August 01, 2020
- Estimated repurchase volume: 2,250,000 bonds
- Buying price: VND100,000/bond
- Total repurchase value at par value: VND225,000,000,000
- Trading date according to contract: August 01, 2020
- Real trading date: August 03, 2020 (because August 01, 2020 is not a business day).

9. DXG: DXG signs an Auditing Contract

↑ 0.00%

Dat Xanh Group Joint Stock Company has signed an auditing contract with Ernst &Young Vietnam Co., Ltd to audit its financial statements in 2020.

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