



VIETNAM DAILY NEWS

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Market Analysis

1. Shares gain strongly amid the maturity of July futures contracts

Shares soared in the last minutes of trading on Thursday amidst the maturity of July futures contracts.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) climbed 0.8 per cent to close at 876.83 points.

It had risen 0.21 per cent to close Wednesday at 869.91 points.

Nearly 243.5 million shares were traded on the southern market, worth VND4.3 trillion (US\$184.7 million).

Market breadth was negative with 165 gainers and 193 decliners.

The VN30 Index, which tracks the performance of the 30 largest stocks by market capitalisation and liquidity on HoSE, increased 1.19 per cent to close Thursday at 819.83 points.

According to BIDV Securities Company, market liquidity increased slightly while market breadth turned negative, indicating a consensus trading trend has not formed.

“The VN-Index will probably determine the trend in the last trading session of the week,” the company said.

The market witnessed strong buying demand in the at-the-close (ATC) session amidst the maturity of July futures contracts on Thursday.

Market pillar stocks attracted cash flow and increased, including Vingroup (VIC), rising 2.8 per cent; dairy firm Vinamilk (VNM), up 1.3 per cent;

low-budget carrier Vietjet (VJC), soaring 3.9 per cent; Masan Group (MSN), climbing 2.3 per cent; steel maker Hoa Phat Group (HPG), moving up 2 per cent; Techcombank (TCB), rising 1.9 per cent, Vincom Retail (VRE), increasing 2.2 per cent; Vinhomes (VHM), rising 0.5 per cent; brewery firm Sabeco (SAB), up 0.8 per cent; and Military Bank (MBB), gaining 1.2 per cent.

On a sector basis, wholesale, insurance, real estate, banking, oil and gas, retail, food and beverage were among the gainers.

Meanwhile, rubber production, seafood processing, logistics, information and technology, agriculture and construction all lost ground.

On the Ha Noi Stock Exchange (HNX), the HNX-Index was down 0.27 per cent to end Thursday at 115.59 points.

Nearly 33.8 million shares were traded on the northern market, worth VND387 billion.

Foreign investors net sold VND24.95 billion on HoSE. They were net buyers on the HNX to the tune of VND1.33 billion.

According to Thanh Cong Securities Company, investors were still cautious, so the VN-Index has not created any breakthrough and continued to move in a narrow range.

“At present, the market will still be influenced mainly by the business results of the second quarter. In the coming sessions, the VN-Index is likely to continue fluctuating around the price range of 875-885 points,” said the company.

Macro & Policies

2. Vietnam rises in JLL’s global real estate transparency index

Vietnam's two major cities, Hanoi and Ho Chi Minh City, have contributed to the country's higher rank in the 2020 Global Real Estate Transparency Index (GRETI).

Steady advances of the two metropolises have helped Vietnam reach the 56th place in this year's ranking released by market researcher Jones Lang LaSalle (JLL). The country has become a “semi-transparent” real estate market for the first time. It is also named among top global improvers, alongside regional peers – Thailand, the Philippines and Indonesia.

Over the past 10 years, Vietnam has become a top destination for manufacturing in Southeast Asia and attracted significant foreign investment, said Stephen Wyatt, Country Head of JLL Vietnam. “Vietnam will need to continue improving rising up the rankings if it wants to attract more foreign investment.”

Following on from steady advances over the last two surveys, Ho Chi Minh City has made further progress on regulatory enforcement to enter the “Transparent” tier, according to JLL.

“Vietnam has made further progress on the regulatory front with government bodies tightening their oversight to ensure rules and regulations are being adhered to in areas such as land-use planning and lending standards,” the firm said in its GRETI.

“The country's strong economic prospects have drawn significant interest from both occupiers and investors, and this has led to increased competition and service offerings from property management companies.”

“These changes have helped to push Vietnam into the ‘Semi-Transparent’ tier,” it added.

The 2020 Index is launched at a time of massive economic and societal disruption where the need for transparent processes, accurate and timely data and high ethical standards are in closer focus.

The backdrop of COVID-19 is also ensuring that transparency within Asia Pacific's real estate legal and regulatory systems is more important than ever to global investors, as they look to deploy approximately 40 billion USD in dry powder capital into the region.

3. More loans to enjoy restructured repayment periods

The State Bank of Vietnam is drafting amendments to a circular that restructures repayment periods, waives and reduces interest rates and fees and maintains debt classification to support people affected by the COVID-19 pandemic to ensure more receive the support.

According to the draft circular which was recently made public for comments, more loans could have repayments postponed until after the end of this year.

Restructuring of the repayment periods and maintaining debt classification would be provided to loans which required repayments to be made from January 31 to December 31, instead of from January 31 to three months after the Prime Minister announces the pandemic is over.

The draft circular also allows credit institutions and foreign banks' branches to restructure repayment periods and maintain debt classification for loans disbursed from January 23 to April 24. Under Circular 01, restructuring of the repayment periods and maintaining debt classification were only provided to loans disbursed before January 23.

According to Can Van Luc, chief economist of the Bank for Investment and Development of Vietnam (BIDV), expanding loans subject to the circular's supports was essential to ease the financial burden for companies affected by the coronavirus.

Financial and banking expert Nguyen Tri Hieu expressed concerns over maintaining debt classification.

Hieu said problems would arise if enterprises went insolvent but their debt classification stayed the same, which would not fully reflect the risks as some loans were becoming non-performing.

He said it was necessary to raise details for classifying restructured debts which were not repaid following the restructured payment periods, which would help prevent risks for the financial market and improve the efficiency of the policy.

According to the State Bank of Vietnam, credit institutions restructured payment periods for nearly 260,000 customers with total outstanding loans of nearly 180 trillion VND and reduced interest rates for 421,000 customers with total outstanding loans of 1.3 quadrillion VND. Credit institutions also provided new loans worth 1.1 quadrillion VND to 240,000 customers with interest rates 0.5-2.5 percentage points per year lower than the pre-pandemic period.

4. Corporate sustainability is key to enterprise resilience after pandemic

Industry insiders and experts shared their opinions at a dialogue with the press on the topic “Sustainable business development, lessons learned from the COVID-19 pandemic”, held by the Viet Nam Business Council for Sustainable Development (VBCSD) on Wednesday in Ha Noi.

Experts said the pandemic has revealed the shortcomings in governance of Vietnamese enterprises, including risk management, crisis management and adaptation. This is considered one of the main reasons for the collapse of many local enterprises since the outbreak of the disease.

According to data from the General Statistics Office, more than 56,200 enterprises were forced to stop operation in the first six months, up 10 per cent year-on-year, of which the number of companies registering to temporarily cease operations rose 38.2 per cent.

Pham Hoang Hai, head of VBCSD's Secretariat, said applying corporate sustainability index (CSI) will help businesses improve competitiveness, increase resilience and quickly recover in all scenarios.

“The set of corporate sustainability index has equipped enterprises with a tool to be able to cope with the economic impacts,” Hai said.

He highlighted the correlation between the implementation of the sustainable governance practices, information transparency and social and environmental responsibility with the business results of enterprises.

“Corporate sustainability practitioners always achieve better business results and higher labour productivity.”

Pham Thi Thanh Xuan, representative of the Viet Nam Leather, Footwear and Handbag Association, said this index is an effective tool to help companies detect weaknesses and shortcomings during operation, thereby contributing to promoting sustainable development.

The COVID-19 pandemic had far-reaching effects on Viet Nam's economy, including the leather industry, Xuan said, adding in the first six months, the industry's exports dropped remarkably, especially by 3.6 per cent in May alone. Enterprises have had to reduce labour and employment.

“The association has been closely accompanying enterprises to overcome difficulties and limit impacts on workers' jobs,” she said.

Representative of Nestle Vietnam Co. Ltd., Le Thi Hoai Thuong said the COVID-19 pandemic had a profound impact on the production and development of the business and the SCI is a measure which helps Nestle know what the company needed to do to overcome difficulties.

“At the beginning of the pandemic, based on internal assessments, the company immediately devised a strategy to help overcome the storm. That campaign gives priority to the health of our employees,” she said.

Bui Thi Thu Trang, representative of Deloitte Vietnam, said many businesses do not have adequate understanding about corporate

governance when they care more about how to ensure the growth and revenue for businesses.

To achieve good governance, companies must ensure three factors including capital management, crisis management and risk management, but domestic enterprises have yet to pay adequate attention to the two latter elements.

In the current context, especially after the COVID-19 pandemic, Trang suggested businesses proactively digitalise their operations, as this not only helps improve the governance efficiency but also cushion businesses from external shocks.

Nguyen Quang Vinh, secretary general of Viet Nam Chamber of Commerce and Industry (VCCI), highlighted that applying the sustainability index will help Vietnamese businesses attract investors more effectively, especially as the country is deeply integrating into the world economy.

According to the UN Global Compact Progress Report 2019, businesses are increasingly committed to greater transparency in disclosing information about sustainable development activities.

From 2000 to date, nearly 65,000 sustainability reports have been delivered. Currently, more than 30 countries have adopted a mandatory sustainability reporting law.

According to Hai, the CSI Index has been updated with many new points to suit the requirements from the important free trade agreements that Viet Nam has recently signed, as well as important changes in labour and environmental management policies, especially the 17 sustainable development goals specified in the national action plan for the implementation of the 2030 Agenda for Sustainable Development.

5. Vietnam could resume pre-COVID-19 growth levels by next year: McKinsey & Company

Vietnam could resume pre-COVID-19 growth levels by next year although the pandemic threw a spanner in the works for the country's thriving economic growth story, McKinsey & Company said in report published on Consultancy.asia.

According to the firm, two factors have combined to cushion the blow of COVID-19 on Vietnam's economy. For one, the country was successful in containing the virus. In fact, reports highlight that the last report of community transmission of Covid-19 in Vietnam was two months ago.

Lockdown in Vietnam lasted only three weeks, and the country has been among the first to open for business, it said.

The second conducive factor is the state of Vietnam's consumer market, the firm said, adding that a growing middle class with money to spend has led to a boom in the country's consumer market, to the extent that domestic spending accounts for nearly 70 percent of Vietnam's GDP.

Back in April, more than half of Vietnamese consumers had reported a dip in spending,

according to a McKinsey & Company report. GDP growth dipped to a decade-low in this quarter. However, the biggest cuts came in the discretionary spending segment, which fortunately accounts for just over a quarter of the GDP.

More than 40 percent of Vietnam's GDP, meanwhile, is driven by spending on necessities, which has remained robust throughout the crisis and is expected to remain steady in its wake.

Both these factors mean that steadying the ship is relatively less of a challenge for Vietnam in the context when supply chains across the globe were thrown off balance by the lockdown, and Vietnam's export numbers were affected by closures in China and other key markets, leading to a 21 percent dip in FDI for Vietnam in the first three months this year.

Forecasts suggest that most economies should be up and running by the end of this year, while a degree of momentum should accumulate by the middle of 2021. Provided that there is no second wave of infections, Vietnam could be up and running by this period. In fact, the Asian Development Bank, the World Bank and the International Monetary Fund all

predict that Vietnam could reach a GDP growth rate of up to 7 percent by next year, the firm said.

6. Dong Nai urged to maintain resources for land clearance for Long Thanh airport

Vu Hong Thanh, head of the National Assembly's Committee for Economic Affairs, on July 15 urged the southern province of Dong Nai to maintain resources for land retrieval, compensation and resettlement work in service of the Long Thanh airport project.

At a working session with representatives of Dong Nai province on the work, Thanh asked local leaders to promptly address obstacles to site clearance, while taking into consideration aspirations of residents in the project area.

The Ministry of Transport should push ahead with preparations to begin the construction right after the land clearance work is completed, he requested.

According to the provincial People's Committee, the project needs to take back more than 5,000 ha of land currently used by 18 organisations and nearly 5,300 households, and this and compensation and

resettlement work costs nearly 23 trillion VND (nearly 992 million USD).

More than 1,800 ha for the first phase of the project are expected to be handed over to the investor in the last quarter of this year.

Meanwhile, half of the workload of the Loc An-Binh Son resettlement area has been completed.

Once fully operational, Long Thanh airport will reduce the load on Tan Son Nhat International Airport in HCM City as it is expected to handle 100 million passengers and 5 million tonnes of freight each year.

Covering a total area of more than 5,580 hectares, the airport will be located in six communes in Long Thanh district in Dong Nai province.

Its total investment is 336.63 trillion VND, with construction divided into three phases.

7. CAAV to reduce congestion and flight cancellation

The two international airports began to renovate and upgrade runways and taxiways since July 1.

However, the work did not meet the plans of the airlines, causing congestion, increasing flight cancellations and affecting service quality.

In order to promptly solve the above situation, CAAV requires airlines to only open tickets for flights with confirmed slots and reduce the frequency of operating small aircraft at Tan Son Nhat.

The authority also asks airlines to increase the frequency of flights at the nearby airports such as Cat Bi and Thanh Hoa or Can Tho and Cam Ranh to reduce overloading at Noi Bai and Tan Son Nhat.

It also asks airlines to transfer all-cargo flights to and from Tan Son Nhat to nighttime operations from 9pm to 6am.

At the same time, it requires airport authorities to closely monitor the performance of the above-mentioned obligations, strictly handle violations and report the performance to CAAV weekly.

CAAV will strictly deal with airlines that failed to take off and land at their appointed times.

The slots for taking off and landing would be revoked if any airline was found to change the registered take-off and landing time.

The projects to upgrade runways in Noi Bai International Airport and Tan Son Nhat International Airport cost more than VND4 trillion (US\$171.5

million) and are expected to be completed by the end of next year.

CAAV said that airlines had stepped up exploiting the domestic market recently to maintain operations and gradually overcome difficulties in terms of revenue and cash flow.

The domestic market has gradually recovered and now there are signs of growth, showing that the

supporting policy for airlines in the past period is effective.

The boost in domestic market exploitation also contributes to increasing the demand for domestic tourism, thereby fulfilling the Government's requirements for both pandemic prevention and economic development.

Corporate News

8. CTG: Board approves the fifth bond private offering of 2020

↑ 0.00%

On July 14, 2020, the Board of Directors of Viet Nam Joint Stock Commercial Bank for Industry and Trade approved the plan for the fifth bond private offering of 2020 as follows:

- Issuer: Viet Nam Joint Stock Commercial Bank for Industry and Trade (VietinBank)
- Bond name: Bond of Viet Nam Joint Stock Commercial Bank for Industry and Trade – the fifth private offering of 2020
- Bond code: CTG2035T2/RL05
- Type of bond: non-convertible, unsecured bond
- Bond term: 15 years
- Total issue value: VND50 billion
- Currency unit: VND
- Par value: VND1,000,000,000/bond
- Issue price: 100% par value
- Issue date: in July 2020
- Maturity date: the ending date of 15 years from the issue date
- Redemption date: the ending date of 10 years from the issue date
- Interest rate: 7.85%/year
- Issue method: private placement, direct sale to investors
- Bond form: book-entry
- Interest payment period: annually.

9. HBC: HBC wins new construction projects

↓ -1.35%

Hoa Binh Construction Group Joint Stock Company has assigned new construction packages with the total contract value of VND1,456 billion as follows:

- 1) Want Want Vietnam Project
 - Investor: Want Want Vietnam Co., Ltd.
 - Location: Lot 23B, 25A, 29A, 30B, Long Giang Industrial Park, Tan Phuoc, Tien Giang
 - Value of package: nearly VND501 billion
- 2) Wink Tran Hung Dao Hotel Project
 - Investor: Danang Urban Hotel Development Co., Ltd.
 - Location: Lot B4-15, Tran Hung Dao street, An Hai Tay ward, Son Tra district, Da Nang city
 - Value of package: nearly VND506 billion
- 3) Wink Hotel Project at 178 Tran Phu
 - Investor: Danang Urban Hotel Development Co., Ltd.
 - Location: 178 Tran Phu, Hai Chau district, Da Nang city

- Value of package: nearly VND285 billion

4) The complex of trade centers, services, offices, housing, market and green trees.

- Investor: Geleximco Group

- Location: Giap Bat ward, Hoang Mai district, Ha Noi city

- Value of package: nearly VND164 billion.

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