



VIETNAM DAILY NEWS

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Market Analysis

1. Blue chips send stock market down again

The VN-Index slumped 0.77 percent, or 6.61 points, to 855.08 points Wednesday, with most large cap stocks finishing in the red.

The Ho Chi Minh Stock Exchange, on which the VN-Index is based, was a sea of red with 266 tickers losing and 103 gaining.

Total trading volume fell nearly 10 percent over the previous session to VND4.33 trillion (\$188.19 million), roughly the average liquidity so far this month.

Vietnam's benchmark index turned red again after having inched up 0.03 percent on Tuesday. The previous two sessions before Tuesday saw it lose 1.22 percent and 0.55 percent, respectively.

The VN30-Index for the market's 30 biggest capped stocks went down 0.85 percent, with 25 tickers losing and three gaining. This basket accounted for 47 percent of trading volume this session.

CTD of construction giant Coteccons and ROS of real estate developer FLC Faros were big losers, both falling 4.2 percent. VHM of real estate developer Vinhomes dropped 1.6 percent, while NVL of real estate developer Novaland added 0.6 percent.

CTG of VietinBank and BID of BIDV, two of Vietnam's three biggest state-owned lenders by assets, were the next biggest losing stocks, down 2.1 percent and 2 percent respectively. VCB, the third, kept its opening price, while MBB of state-owned mid-sized Military Bank shed 0.9 percent.

All but one ticker in the private banking sector finished in the red this session. STB of Sacombank

fell 1.7 percent, VPB of VPBank 1.3 percent, TCB of Techcombank 1.2 percent and HDB of HDBank 1.2 percent. EIB of Eximbank was 0.3 percent in the green.

In the oil and gas sector, PLX of petroleum distributor Petrolimex shed 1.3 percent, GAS of energy giant PetroVietnam Gas 1.1 percent, and POW of electricity generator PetroVietnam Power 0.9 percent.

Other major stocks that lost in this session included VHM of dairy giant Vinamilk, down 1.6 percent, BVH of insurance group Bao Viet Group, down 1.5 percent, and PNJ of jewelry retailer Phu Nhuan Jewelry, 1.3 percent.

VIC of private conglomerate Vingroup, HoSE's biggest cap, slid 0.4 percent this session. According to data from brokerage VNDIRECT, the 10 biggest losing stocks this session, shaved 5.35 points off the VN-Index.

VRE of mall operator Vincom Retail, a subsidiary of Vingroup, topped gains this session with 2.5 percent.

Meanwhile, the HNX-Index for stocks on the Hanoi Stock Exchange, home to mid and small caps, shed 0.66 percent; but the UPM-Index for stocks on the Unlisted Public Companies Market rose 0.37 percent.

Foreign investors continued to be net sellers on all three bourses to the tune of VND163 billion (\$7.08 million), with selling pressure mostly on VNM of Vinamilk and HPG of leading steelmaker Hoa Phat Group, which kept its opening price this session.

Macro & Policies

2. VN, NZ facilitate border clearance of agro-forestry-aquatic products via e-Cert

Vietnam and New Zealand have agreed to facilitate border clearance of agricultural, forestry and aquatic products through the use of electronic certification (e-Cert).

An agreement to this effect was signed by Vietnam's Ministry of Agriculture and Rural Development (MARD) and Ministry of Finance, and New Zealand's Ministry for Primary Industries at a ceremony in Hanoi on July 21.

Speaking at the signing ceremony, MARD Deputy Minister Le Quoc Doanh described cooperation in e-Cert with New Zealand as an important step helping Vietnam integrate more deeply into global trade, while paving the way for the country to access other potential markets.

Following the signing, the sides will work to complete the agreement and bring e-Cert to life, he

said, pledging that competent agencies will create the best possible conditions for customs clearance of agricultural, forestry and aquatic products.

Deputy Minister of Finance Vu Thi Mai said her ministry sees the agreement as a breakthrough initiative that is expected to contribute to facilitating trade between the two countries, spurring growth, ensuring law enforcement and bringing high-quality products to consumers.

With the agreement, the two sides will continue with the exchange of administrative and commercial documents online, towards mutual recognition of these papers, she added.

For her part, New Zealand Ambassador to Vietnam Wendy Matthews said the deal would help to promote the two-way trade in a faster, safer and cheaper fashion.

3. Phase-one land for Long Thanh airport project must be made ready in October: PM

As this is a key national-level project, the prime minister asked the relevant ministries and agencies to support the province in executing the project.

Dong Nai chairman Cao Tien Dung said that among 1,810 hectares of land for the first phase of the big-ticket airport project, 1,180 hectares under the management of Dong Nai Rubber Corporation is being cleared. Site clearance is slated for completion by October.

The remaining 630 hectares of land belonging to 1,007 households will soon be recalled as the compensation plan for 269 of the affected households has been approved, while 212 other households have been given a total of VND358.6 billion in compensation.

Some 640 households will receive compensation in July, while the documents of 98 others owning some 90 hectares of land are being checked and verified, Thanh Nien Online reported.

Dong Nai will complete all procedures to hand over land for the first phase to the Airports Corporation of Vietnam (ACV), the investor of the airport project, this year, Dung said.

As for the 3,190 hectares of land for the second phase of the project, which is set to cover 5,000 hectares of land, Dung said the province is speeding up the site clearance process to hand over land to ACV in 2021.

At the working session, an ACV representative told the prime minister that the firm would begin work on the project as soon as the cleared site is handed over.

The prime minister also asked ACV to quickly complete the feasibility study report for the project to submit it to the State appraisal council for approval.

Residents in the country are looking forward to seeing the international airport be put into

operation, so the design process should be done concurrently with the site clearance and preparation processes, stated PM Phuc.

Speaking at the working session, Dung said that among over VND18 trillion allocated to the project

by the Government, the province disbursed some VND690 billion during the first half of the year, taking the total amount of disbursed capital from 2018 to late June to over VND1.8 trillion, meeting 10% of the target. The rest of the capital will be completely disbursed this year.

4. Consumer lending expands too rapidly

To eliminate 'black credit', experts are urged to set up policies to encourage the establishment of finance companies which allow more clients to access consumer loans.

The State Bank of Vietnam (SBV) also encourages credit institutions to develop healthy consumer credit products, especially products for industrial production and populous areas.

The agency reported that as of the end of 2019, there were 16 operational finance companies, including ones belonging to commercial banks, such as FCCOM, FE Credit, HD Saison, SHB Finance, MCredit and PTF.

Trinh Doan Tuan Linh, a finance expert, commented that the establishment of finance companies as subsidiaries of commercial banks partially helps the consumer lending market develop more strongly and effectively.

Banks set up finance companies to specialize in consumer lending, because this type of lending mostly covers small loans. In general, consumer lending can bring higher profits than other types of lending.

However, problems in consumer lending have arisen, including exorbitant interest rates and debt collection by "gangsters".

Meanwhile, supervision over lending and debt collection activities has been carried out slowly.

Linh, noting that Zalo provides consumer lending packages under Zalo Bank under business cooperation with credit institutions, pointed out that there is 'something unclear'.

Zalo is just a partner, in charge of introducing products and bringing clients to finance companies. It is finance companies which decide whether to lend, while Zalo's tools cannot provide loans.

"In this case, Zalo just acts as a bridge. It doesn't have the function of a lender," he said.

With banks' apps, small loans are approved automatically. When customers leave their personal information on banks' websites, the information will go to banks' database where the information is analyzed before banks decide whether to provide loans.

With the support of high technologies, the process of applying for loans and loan approval can be shortened.

This means that lenders still follow strict procedures when considering loans, but the time to follow the procedures has been shortened thanks to technology.

5. More than 49 per cent of manufacturing firms optimistic about Q3

In total, 49.1 per cent of surveyed enterprises believed they will be in better shape in the next three months, an improvement compared to 38.8 per cent of firms that expected business improvement in the second quarter.

Only less than 20 per cent expected more difficulties in the third quarter while the number anticipating difficulties in the second quarter was 25.9 per cent. Meanwhile, 31.5 per cent of firms expect their business to be stable.

The non-State sector is the most optimistic with 82.6 per cent forecasting stable or better business performance in the third quarter.

The ratio in State-owned enterprises and foreign-direct-invested (FDI) enterprises were 79.7 per cent and 75.9 per cent, respectively.

Among main factors impacting production and business in the second quarter, 53.6 per cent of businesses said high domestic competitiveness would be influential, 50.4 per cent were concerned about low domestic market demand, 33.5 per cent pointed to financial difficulties and 28.2 per cent feared falling demand in international markets.

Other influential factors included the lack of energy and raw materials (27.4 per cent), shortage of employees (23.7 per cent) and old-fashioned technology and equipment (19.8 per cent).

The survey found that 48.8 per cent of firms anticipated their production volume would increase, compared to 18.1 per cent of businesses forecasting a drop and 33.1 per cent said it would be stable.

Regarding orders, 45.1 per cent expected more orders in the third quarter while only 18.3 per cent estimated a fall.

Of which, 34.1 per cent forecast a higher number of new export orders in the next three months and 21.9 per cent said they would face a fall in new export orders. This ratio in the last survey for the second quarter was 18 per cent and 37.5 per cent, respectively.

To support the growth of the processing and manufacturing industry in the remaining months of this year, Nguyen Thi Huong, GSO general director, urged ministries and localities to continue reforming processes and facilitating enterprises' access to support policies.

In addition, authorities should strengthen their assistance for businesses in finding import markets for raw materials, spare parts and components, tackling difficulties and helping them maintain production, Huong said.

She also highlighted measures such as encouraging people to use domestically manufactured goods and urging businesses to participate in restoring broken supply chains and building and developing new value chains, focusing on handling inventories.

6. Vietnamese carrier operates first charter flight to China after five months

Flight VN5729 picked up 275 Chinese passengers from London and transited in Hanoi before transporting them home to Nanjing, the capital of Jiangsu Province, the same day, a representative of Vietnam Airlines said Tuesday.

This marked the first Vietnamese passenger flight to China since the country suspended all aviation activities to China in early February after the first Covid-19 infections were reported last December in Wuhan, the source added.

The aircraft flew empty on its return as Vietnam's doors remain closed to international tourists to contain the second wave of Covid-19. All flight crew were quarantined upon landing in the country.

Vietnam Airlines staff in China said they had made extra efforts to obtain a license for this flight because

very few international routes were allowed to resume inside China to prevent Covid-19 infection.

Earlier, Prime Minister Nguyen Xuan Phuc had allowed the resumption of commercial flights to and from China after five months of Covid-19 shutdown. Aviation authorities in Vietnam and China are working to discuss the frequency and conditions of transporting passengers.

The Transport Ministry last week also proposed commercial routes between Vietnam and some Asian destinations, including China's Guangzhou City, recommence in August, with all passengers to be quarantined on arrival.

An anonymous Vietnam Airlines official said the charter flight to Nanjing resulted in a decent revenue for the airline and served as an important step in the

negotiation process to resume international flights between the two countries.

Vietnam Airlines is seeking an urgent VND12 trillion (\$518 million) bailout from the government as the coronavirus continues to hit its income.

It is likely to report a loss of VND13 trillion (\$561 million) this year, with revenues falling by half from

last year to around VND50 trillion (\$2.2 billion), CEO Duong Tri Thanh said.

In Vietnam, the aviation industry has been among the hardest hit by the coronavirus pandemic. Airlines served 14.6 million passengers in the first six months, down 46 percent year-on-year, according to the General Statistics Office.

7. Global shutdown continues to hinder export numbers

Since March this year, Vietnamese-Taiwanese joint venture Huasheng Garment and Textile Co., Ltd. has seen a 50-per-cent fall in export orders from the EU, which accounted for 70 per cent of its export turnover last year.

“We are exporting to France, Belgium, Germany, and Hungary. However, we are not sure about our exports in these markets as since August, partners from these nations are cutting imports, causing a big loss to us,” said Pham Van Can, sales manager from Huasheng based in the northern province of Hung Yen. “We have had to lay off to about 500 workers, or half of our total number of employees.”

In another case, Red Lotus Trading Co., Ltd. in Hanoi has also since March found it hard to export its agricultural products to the ASEAN, Japan, South Korea, and Australia due to their reduced demand.

“Our export turnover has dropped by 70 per cent since March as these markets, which created 60 per cent of our export revenue last year, have reduced import orders,” said Tran Hai Van, director of Red Lotus. “Since March, the export price of agricultural products has also reduced.”

According to statistics from the General Statistics Office (GSO), since April, the export prices of many agricultural items globally have dropped, such as cashews (12.9 per cent), tea (13.1 per cent), and pepper (19 per cent).

In Vietnam, agro-forestry-fishery products accounted for 15.5 per cent of the economy's total export turnover of \$263.5 billion last year.

The Ministry of Industry and Trade's fresh calculations demonstrated that the quantity of

export orders in April and May of garment, textile, and footwear firms plummeted 70 per cent on-year, while new orders from June onwards have yet to be negotiated.

Meanwhile, enterprises' efforts to shift their outlets to the domestic market are not feasible because most of them are providing goods for foreign brand names with materials used to meet the demand of non-Vietnamese people.

The Ministry of Planning and Investment (MPI) reported that the COVID-19 pandemic has and will continue to negatively affect Vietnam's export landscape this year, because the country's key export markets are bogged down in great difficulties with lowered demand for imported goods.

“Challenges are expected to grow strongly from now until the year's end as Vietnam's economic growth largely depends on exports, imports, and tourism. Among 17 leading economic and tourism partners of Vietnam (responsible for the country's 70 per cent of trade, 90 per cent of foreign direct investment, and 80 per cent of tourism), the majority will find it hard to resume their normal trade activities in the third quarter of 2020,” said an MPI report released over a week ago.

These 17 markets are Japan (importing goods worth \$20.4 billion from Vietnam last year), South Korea (\$19.72 billion), Taiwan (\$4.4 billion), Thailand (\$5.27 billion), China (\$41.4 billion), Hong Kong (\$7.15 billion), Germany (\$6.55 billion), Australia (\$3.5 billion), India (\$6.67 billion), Indonesia (\$3.37 billion), the US (\$61.34 billion), Singapore (\$3.2 billion), Malaysia (\$3.8 billion), the Netherlands (\$6.88 billion), Russia (\$2.67 billion), the British Virgin Islands, and Samoa. These markets occupy

72.44 per cent of Vietnam's total export turnover last year.

The EU, in an example, is now trying to find measures to escape from difficulties and recover local demand and consumption. The 27 governments within the bloc are negotiating a proposal for €750 billion (\$841 billion) to tackle the pandemic.

However, the new stimulus plan has sparked division among EU member states and it is unclear when they will manage to bridge their differences, which are mostly over how much they should borrow from capital markets, with some nations arguing the €750 billion is too much, and over how that money should be distributed and in which form.

Meanwhile, the US, India, and Russia are now the world's biggest, third-biggest, and fourth-biggest COVID-19 hotspots, respectively. The other 14 markets are also home to thousands of infected cases, with many deaths, and are struggling to stimulate domestic demand and consumption.

According to the MPI, these markets will not be safe in the short term and may even face a second wave. Meanwhile, it will remain complex for Vietnam to take advantage of opportunities to boost export of items of high demand such as medical equipment because the country's supporting industries remain underdeveloped.

Statistics from the GSO showed that in the first half of 2020, Vietnam's total export turnover hit \$121.2 billion, down 1.1 per cent on-year. The US was Vietnam's largest export market (\$30.3 billion, up 10.3 per cent on-year), followed by China (\$19.5 billion, up 17.4 per cent on-year – thanks to a 128 per cent rise in Vietnam's export of mobile phones and their spare parts).

Vietnam's export turnover from other key markets fell on-year, including the EU market (\$16.1 billion, down 8.8 per cent), ASEAN member markets (\$11.1 billion, down 14.2 per cent), and Japan (\$9.4 billion, down 2.3 per cent). Vietnam's export turnover from South Korea touched \$9.3 billion, up 2.3 per cent on-year.

Corporate News

8. FPT: FPT profit up by 14 per cent in first half

↓ -0.84%

Its total revenue and profit before tax (PBT) went up by 9 per cent and 14 per cent over the same period last year to reach VNĐ13.6 trillion (US\$589.3 million) and VNĐ2.4 trillion (\$104 million), respectively.

Its PBT margin was slightly up at 17.8 per cent compared to 17.1 per cent in 2019.

Earnings per share reached VNĐ2,078, up 14.1 per cent year-on-year.

In many of FPT's core foreign markets, governments have implemented social distancing and lockdowns, making it difficult to approach clients. But thanks to its right business strategy, growth in revenue and PBT in its global IT services segment was at 18 per cent and 21 per cent year-on-year, accounting for 43 per cent and 37 per cent of its total.

Total value of newly signed contracts increased 16 per cent in the first half of the year. In particular, FPT outbid other global competitors to become the

strategic partner of a leading automotive company in the US in a \$20 million IT project.

In the domestic, the business lines that provide essential needs such as telecom services and education operated well throughout the lockdown period. Telecom services' revenue and PBT posted VNĐ5.2 trillion and VNĐ833 billion, up 12 per cent and 22 per cent. Of the figure, broadband revenue and PBT increased by 10 per cent and 18 per cent.

COVID-19 has accelerated the demand for digital technology. In the first six months of 2020, revenue from digital transformation recorded VNĐ1.7 trillion, up 65 per cent, signaling how crucial it has been for businesses to adopt digital technology during the pandemic.

The company also introduced a complete digital solutions portfolio to help enterprises recover and thrive after the pandemic by optimising costs, automatising process, and enhancing innovation and security.

9. DPM: Notice of the record date for the last phase of 2019 dividend payment

↑ 2.05%

Petrovietnam Fertilizer and Chemicals Corporation announces the record date for the last phase of 2019 dividend payment:

Record date: August 06, 2020

Purpose: for the payment for the last phase of 2019 dividend in cash

Dividend pay-out ratio: 7%/ par value (VND700/ share)

Payment date: August 21, 2020

Place & procedure 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: Petrovietnam Fertilizer and Chemicals Corporation as from August 21, 2020.

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