



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN-Index reverses course

Following the strong gains of bank and securities stocks, coupled with high domestic demand, the VN-Index of the Hochiminh Stock Exchange closed higher at 914.68 points today, October 5.

With gainers outnumbering decliners by 304 to 120, the main index advanced 4.77 points, or 0.52%, from the session earlier, at the close. Trade volume totaled 456.1 million shares worth VND7.3 trillion, dropping by 13.5% in volume and rising by 15% in value, against the previous session. Block deals contributed VND848.5 billion to the total value.

In the VN30 basket, 17 stocks gained ground while nine others such as property firm VIC, dairy firm VNM and budget airline VJC experienced a slight fall.

The bank and securities stocks underpinned the main index, with lenders CTG, VPB and EIB improving by over 2%.

Bank stock STB staged a strong rally and was the most actively traded stock in the basket with over 22.6 million shares traded.

Some securities stocks, including VND and VDS, shot up to their ceiling prices, while other bluechips such as steelmaker HPG, consumer goods firm MSN and electricity firm POW also performed well.

Closing the session up 5.3%, property group FLC took the lead on the southern bourse by liquidity with 28.6 million shares changing hands.

On the Hanoi Stock Exchange, the HNX-Index extended its rising streak to the fourth consecutive session, ending the day up 2.28 points, or 1.69%, against the session earlier, at 137.19, buoyed by securities and bank stocks.

Lender ACB closed at the intraday high and led the northern market by liquidity with the matching volume of 12.8 million shares.

Many other bluechips such as petroleum stocks PVS and PVB, and industrial firm VCS were among contributors to the rise of the index.

## Macro & Policies

### 2. Processing-manufacturing companies optimistic about Q4 business outlook

Some 45.6 percent of processing-manufacturing enterprises expect a better business outlook in the fourth quarter of this year, according to a recent survey by the General Statistics Office (GSO).

Covering about 6,500 enterprises in the sector, the survey revealed that 35.4 percent of firms predict a stable business situation into the future and only 19 percent see more difficulties ahead.

The FDI sector showed more optimism that most, with 82.8 percent of enterprises believing in a better and more stable situation in the fourth quarter compared to the third. The ratio in the State-owned sector was 81.7 percent and the non-State sector 80.2 percent.

Meanwhile, 32.2 percent of enterprises said production in the third quarter was better than in the second, while 31.9 percent said business faced difficulties in Q3 and 35.9 percent reported stable operations.

In terms of production volumes, 36 percent said they posted increases in the third quarter over the

second quarter, while 30 percent saw losses and 34 percent were stable. Some 45.9 percent expected rising production volumes over the remainder of the year, 36.6 percent predict stability, and 17.5 percent foresee declines.

Regarding the number of orders, 30.9 percent of respondents said they received more in the third quarter than in the second quarter, 30.6 percent saw fewer, and 38.5 percent reported that orders were stable.

For the fourth quarter, 35.6 percent of enterprises said that they hoped for more export orders while 20.4 percent believe orders would be fewer and 44 percent expect a stable number of orders for export.

Though the results of the survey were optimistic overall, the GSO pointed out that in the first nine months of 2020, the number of businesses temporarily suspending operations stood at 38,600, up 81.8 percent against the same period last year, while 27,600 businesses ceased business while awaiting dissolution and nearly 12,100 completed dissolution procedures.

### 3. Vietnamese aviation on course for recovery

Vietnam's aviation sector has served an increasing number of passengers following the resumption of domestic flights and certain international air routes disrupted by COVID-19.

National flag carrier Vietnam Airlines said it now operates about 200 flights a day with nearly 40,000 passengers in total, compared to the 17,500 passengers it welcomed each day in August.

Budget carrier Vietjet Air has restored its 40 domestic routes, conducting 160 flights a day, up 60 percent against August, and with occupancy of over 60 percent, according to the airline's Deputy General Director Nguyen Thanh Son.

Bamboo Airways, meanwhile, said it served only 5,000-6,000 passenger a day during the second

COVID-19 outbreak, but the number reached 12,000-15,000 once the pandemic was contained.

Notably, occupancy on the Hanoi-Con Dao route, launched on September 29, has approached 100 percent.

To Tu Ha, Deputy Director of Hanoi's Noi Bai International Airport, said that passenger throughput at the airport has increased 15 percent a week since the beginning of September.

On weekends, the airport handles more than 250 flights with over 32,000 passengers each day, up nearly three-fold against August.

A Vietnam Airlines aircraft took off from Incheon International Airport in the Republic of Korea (RoK)

for Noi Bai on September 25, marking the resumption of routine commercial flights between the two countries.

The resumption of flights received a warm welcome from Vietnamese citizens in the RoK as well as Koreans, especially businesspeople and investors.

Vo Huy Cuong, Deputy Director of the Civil Aviation Administration of Vietnam, said at the time it is not only the first international flight to Vietnam after COVID-19 but also a pilot flight reviewing the domestic aviation sector's capacity to serve international tourists following the pandemic.

It marks the recovery of Vietnam's aviation sector, he added, contributing to completing the dual goals of containing the pandemic and ensuring socio-economic development.

On September 30, Vietjet Air also resumed international commercial flights, with flight VJ962 from Hanoi to Seoul and VJ862 from HCM City to Seoul. The latter route is to be reopened on October 7.

Representatives from Vietnam Airlines, Vietjet Air, and Bamboo Airways said they all stand ready for the resumption of regular international flights.

Economists have said the resumption of flights from Vietnam to Japan and the RoK and then Guangzhou, Taiwan (China), Laos, and Cambodia is expected to help improve the carriers' revenue post-COVID-19.

The domestic market is projected to recover by the end of this year and perhaps even surpass the number of passengers recorded in the same period last year.

Passenger traffic for Vietnamese carriers should rebound faster than in other Southeast Asian markets thanks to the low COVID-19 incidence in the country, a report from Fitch Ratings said.

The report estimates that the average revenue passenger kilometres (RPK) of Vietnamese airlines this year will reach 55 percent of last year's figure.

RPK is an airline industry metric that expresses the number of kilometres travelled by paying passengers. The RPK of Vietnamese airlines was 77.9 billion last year, up more than 11 percent year-on-year, according to the General Statistics Office.

The ratio of 55 percent forecast for local carriers this year is higher than the 35 percent estimated for most airlines in other ASEAN countries like Indonesia, the Philippines, Thailand, and Malaysia.

The report also forecasts that, by 2021, Vietnamese carriers will record an average RPK that is 90 percent of the figure in 2019, compared to 60 percent in the aforementioned ASEAN countries, showing that the former will stage a faster recovery from the impact of the pandemic.

#### 4. Rubber exports endure drop in value despite surge in volume

September alone witnessed the country ship 230 thousand tonnes of rubber abroad with a value of US\$296 million, representing a rise of 3% in volume and 7.6% in value from August, with the average export price declining by 1.7% to US\$1,287 per tonne against the same period from last year.

During the course of the reviewed period, strong growth was recorded in terms of natural and synthetic rubber exports, making up 66% of total Vietnamese rubber export volume, with export turnover reaching US\$762.81 million, an increase of 30.4% in volume and 21.4% in value.

Of the figure, exports to China represent 99.3% of the total natural and synthetic rubber export volume throughout the nine-month period.

According to Financial Supervisory Commission of Taiwan (China), Vietnam represents the seventh largest provider to the Taiwanese market during the eight-month period, grossing US\$16.94 million from exporting 11,680 tonnes, an on-year decrease of 6.7% in volume and 9.3% in value.

With regard to natural rubber, the country was the third largest natural rubber supplier to the

Taiwanese market, with export volume and value dropping by 11% and 12.7%, respectively.

At present, Vietnamese synthetic rubber's market share accounts for only 0.4% of total imports to Taiwan (China), while the market shares of China and the United State in the Taiwanese market recorded an increase.

## 5. New service fee needed to meet road maintenance costs: ministry

It says that state coffers can only cover 35-40 percent of the VND830 million (\$35,700) needed to maintain each kilometer of expressways in the country.

Building a kilometer of a typical four-lane and six-lane expressway costs around VND130 billion and VND190 billion, respectively.

Given the budgetary constraints for maintaining them, the quality of expressways in the country could deteriorate quickly, the ministry says in a recent report.

This requires a new service fee charged on expressways built with public funding, the ministry said.

The country also needs more investment in expressways as the current total length of nearly 969 kilometers is only 15 percent of the 6,411-kilometer target set for 2030.

With 196 kilometers of expressways built with public funds, a proposed service fee of VND1,000 per kilometer will add VND2.14 trillion annually to the state coffers.

However, the ministry also acknowledged that such a fee could prove unpopular among road users who are already paying road maintenance fees to the government and tolls to private road builders.

## 6. 2020's credit growth rate put at over 9%

Speaking at the government press conference on October 2, Dao Minh Tu, deputy governor of the State Bank of Vietnam, said local banks reported a credit growth rate of 6.1% in the January-September period. In September alone, the figure leapt from 4.3% to 6.1%.

To reach the target, the central bank has come up with many solutions, focusing on rescheduling the debts due and cutting policy rates for the third time early this month.

The figure is considerable, as the ongoing Covid-19 pandemic has wreaked havoc on many economic sectors and enterprises, suggesting that bank loans are still accessible to corporate clients and farming houses. The service sector currently accounts for 63% of the total outstanding loans, representing a growth rate of 7%.

The three policy rate cuts have brought interest rates down by 1.2 to 2 percentage points, helping offer cheap capital sources to credit institutions and thus benefiting borrowers. Local banks have also slashed operation costs to support customers, the official said.

Despite several challenges, enterprises have made flexible and positive moves to take out new loans while their old credits have been deferred or rescheduled. Therefore, this year's credit growth rate may stand at 8% to over 9%, Tu said.

Besides this, the central bank is studying a new circular to facilitate intermediate payment services, which is expected to come out this month. It will cooperate with national security forces to use a citizen database to ensure safe payments for both consumers and service providers.

The nation has seen 37 non-bank organizations offering the intermediate payment service, in which 33 have introduced an e-wallet service.

## 7. Land for first phase of Long Thanh Airport to be handed over this month

At a meeting with the Southern Airports Authority and the Airports Corporation of Vietnam (ACV) on October 1, Dung said the land has been mainly cleared. Of the 1,200 hectares of rubber farms, 1,100 hectares have been cleared, the local media reported.

As for the remaining 630 hectares, the province has paid VND1.3 trillion in compensation for 611 households. The compensation for over 200 other households will be paid this month.

In the remaining months of the year, the province will inspect some 3,200 other hectares of land for the project and set the compensation price for the affected households. It expected to hand over the entire land for the project by the second quarter of next year.

At the meeting, a leader of the Southern Airports Authority said that after receiving the cleared land from the Dong Nai government, it would ask ACV to

build a fence around the land to prevent encroachment or illegal construction.

On September 30, Deputy Prime Minister Truong Hoa Binh checked the progress of the site clearance for the big-ticket project. He urged the Dong Nai government to accelerate the site clearance process to create favorable conditions for the early commencement of the project, contributing to the country's socioeconomic development.

A plan to protect the cleared land must be worked out to prevent it from being encroached on, Deputy PM Binh added.

The Long Thanh International Airport is designed to handle up to 100 million passengers and five million tons of cargo per year once the three construction phases are completed by 2050.

The project costs an estimated VND336.6 trillion or US\$14.5 billion, with nearly VND111.7 trillion assigned for the first phase.

## Corporate News

### 8. FMC: Notice of EGM

↑ 1.19%

Sao Ta Foods Joint Stock Company announces the extraordinary general shareholders' meeting (EGM):

Meeting date: 08:30 am, October 18, 2020

Meeting venue: Sao Ta Foods Joint Stock Company.

For meeting documents, please visit Company's website: <http://www.fimex.com.vn>.

### 9. CII: Notice of record date to pay first cash dividend for 2019

↑ 0.53%

On October 02, 2020, Hochiminh City Infrastructure Investment Joint Stock Company announces the record date to pay first cash dividend for 2019 as follows:

- Record date: October 23, 2020
- Exercise ratio: 10%/share (1,000 dongs/share)
- Payment date: November 30, 2020.

- Place to receive subscription:

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

+ Shareholders whose shares have not been deposited: at Hochiminh City Infrastructure Investment Joint Stock Company (Address: 03A Nguyen Van Thu, Dakao Ward, district 1, Hochiminh)..

**Research Team:**

**Tsugami Shoji**    *Researcher*

[jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)

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***Japan Securities Incorporated – JSI***

*Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi*

*Tel: (024) 3791 1818*

*Fax: (024) 3791 5805*

*Email: [info@japan-sec.vn](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*