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# Vietnam fisheries

## Looking for June exports recovery

### May exports down slightly; China continued recovery & Japan remains top market

— May customs data show that Vietnam's total fishery exports fell slightly by 1.6% YoY to USD751 million, bringing the total for the first five months of the year to nearly USD3 billion (-6.4% YoY). Given the recovery trend seen in May, monthly exports could turn positive in June and year-to-date exports should register positive growth from 2H. Better results for May can largely be attributable to China recovery and boost in shrimp and tuna exports to Japan, while the EU and US markets remained weak due to the coronavirus. Overall fishery exports to China, including Hong Kong, maintained impressive growth since reopening in March and increased by 20% YoY in May vs April's 35.5% YoY growth. Japan maintained its top ranking as Vietnam's largest market for the first five months of the year after growing another 9% YoY in May, mostly from shrimp and tuna products. Exports to the EU and UK dropped by 13% YoY to total USD100 million in May but are expected to start recovering in the upcoming months as trade with many European countries only resumed last month. That said, the prolonged impact from the coronavirus in the US will likely continue to drag on Vietnam's overall fishery exports.

### Shrimp exports maintain positive growth since February

— Lockdowns in India continue help shrimp exports, with May seeing another positive month of growth at 6% YoY to USD316 million and 3.7% YoY growth for the first five months of 2020 to USD1,189 million. India's nationwide lockdown that began on March 23 and lasted until the end of May halved the country's shrimp processing capabilities and forced customers in the US and Japan to switch to Vietnamese products. Ecuador – another major competitor for Vietnamese shrimp – also faced the same issue after the coronavirus forced the closure of the country's shrimp farming facilities. The Vietnam Association of Seafood Exporters & Producers (VASEP) views this supply disruption – together with the removal of tariffs on shrimp exports to the EU with the signing of the EVFTA – as a potential opportunity for Vietnam to quickly recover overall fishery exports in 2H.

### China recovery helps slow the drop in *pangasius* exports to 15% YoY in May

— May exports for *pangasius* fell by 15% YoY compared to drops of 19% YoY in April and 29% YoY in March following the resumption of China shipments in March. Despite the slower contraction in exports, more time will likely be needed for *pangasius* exports to turn positive as most of the recovery so far has been limited to stockpiling instead of increased consumer demand from restaurants since eating out is the main consumption channel for Vietnam's *pangasius*.



**Fig 1. Vietnam fisheries – Monthly export values & growth, Jan 19–May 20 (USDmn, % YoY)**

Performance for May exports improved after only falling by 1.6% YoY vs April's fall of 2.9%



Source: VASEP, Vietnam Customs, KB Securities Vietnam

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### Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

### Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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