

Aviation

August flights down 46% YoY

Total flights operated still down 46% YoY in August

— Total flights operated in August fell by 45.7% YoY to 16,413 flights and were down 33.0% MoM from July. Passenger traffic dropped sharply to 2.8 million passengers or down 57.8% YoY. Covid-19 return is the main reason for the sharp decline in the demand for domestic travel.

Commercial flights with Korea and Japan will soon be resumed

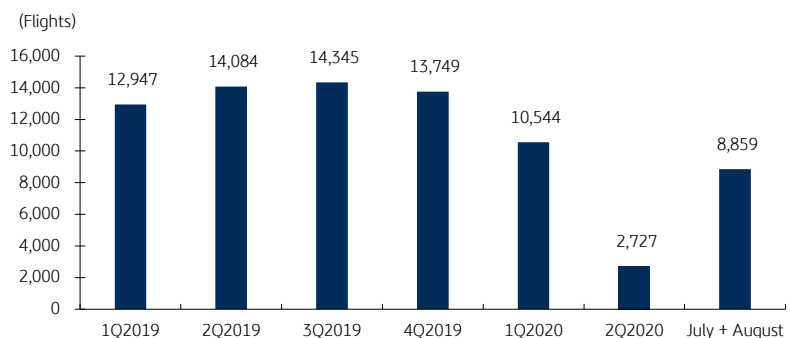
— Recently, the Prime Minister requested the Ministry of Transport to handle the resume of commercial routes between Vietnam and Japan and South Korea, which are high safety places. In 2019, the number of passengers from Japan and Korea accounts for 30% of the total number of international passengers entering Vietnam so that the resume will affect significantly to aviation recovery.

Domestic airlines ask for government loan of USD1.07 – 1.16 billion

— The Vietnam Aviation Business Association has proposed the Government lend domestic Airline a credit package of USD1.07 – 1.16 billion with a preferential interest rate for 3 – 4 years. VABA also recommended for the extension of aviation service charge until end of 2021. If this proposal is approved, the cash flow to maintain the airline’s business is temporarily be resolved.

Strong recovery took place in 3Q2020 thanks to a sharp increase in tourism demand in July. KBSV expects that if the Covid-19 is controlled, total flights in September 2020 will maintain or increase slightly compared to August.

Fig 1. Total Vietnam Flights in 2019–2020



Source: CAA, KBSV

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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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