



VIETNAM DAILY NEWS

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Market Analysis

1. VIC, VHM lift stocks up

The VN-Index of the Hochiminh Stock Exchange added 7.07 points, or 0.72%, from the session earlier at 982.98. Market turnover got a boost from large block deals, with volume and value jumping 36% and 13% at 217 million shares worth VND4 trillion, respectively.

VIC closed the day up 1.8% at VND115,900, making the most positive contribution to the main index, while VHM increased 3.3% at VND93,100. In contrast, dairy firm VNM led laggards for losing 1% at VND135,000.

Small stocks outperformed on the market thanks to huge money flow. Industrial zone operator ITA and steel maker HSG were the most actively traded stocks on the southern market with around 7.8 million shares traded each, rising 1.6% at VND3,210 and 2.9% at VND9,510, respectively.

Notably, food enterprise GTN drew attention as its board of directors rejected VNM's offer to buy a controlling stake in the enterprise. GTN closed the session down 2.5% at VND17,300 on matching volume of nearly 1.2 million shares.

Media group YEG, meanwhile, plunged to the floor price of VND105,000 on volume of 105,000 shares, putting an end to its four-day winning streak. Since early this month, the enterprise has repeatedly bought large amounts of treasury

shares to protect investor interests, after YEG share prices slumped due to its failure in cooperation with YouTube.

According to MB Securities Company, the local stock market's recovery came after the global rally led by U.S. stocks. Market sentiment was also positive as investors were turning their attention to the U.S.-China trade talks this week.

Besides, the U.S. Federal Reserve may cut lending rates in September or December to boost the U.S. and global economy. The information may help the domestic market gain further, it said in its daily report.

On the Hanoi Stock Exchange, the HNX-Index fell 0.22 point, or 0.21%, at 107.34. Trading volume on the northern bourse dipped 4% against the previous day at 25.6 million shares but value soared 22% at VND404 billion.

PVS, a petroleum technical service firm, was the only gainer among the top 10 heavyweights, rising 0.5% at VND20,700 on matching volume of 2.2 million shares. Meanwhile, VCG, which is active in the construction and export-import sector, plunged to the floor price of VND25,700.

2. Foreign buyers boost a few large-cap stocks to lift VN-Index

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HoSE) gained 0.72 per cent to end at 982.98 points.

The southern market index has increased by a total of 1.35 per cent in the past two trading days.

More than 217 million shares were traded on the southern bourse, worth VND4.1 trillion (US\$175.7 million).

Market breadth was balanced with 157 stocks gaining, 148 declining and 49 ending flat.

Foreign purchases were credited for the market expansion on Thursday after foreign investors net-bought VND151.7 billion worth of stocks on the HoSE.

Targeted stocks included residential developer Vinhomes (VHM), real estate-retail giant Vingroup

(VIC), Bank for Investment and Development of Vietnam (BID), and Vietcombank (VCB).

Net foreign buys of the four stocks were VND48 billion, VND34.67 billion, VND34.9 billion and VND24 billion, respectively.

Those four large-cap stocks each gained between 1.8 per cent and 3.3 per cent. Their gains drove the real estate and banking sector indices up 1.6 per cent and 1 per cent, data on vietstock.vn showed.

Positive performance of the four blue-chips also helped the large-cap VN30-Index end Thursday slightly down instead of falling further on selling pressure.

The blue-chip VN30-Index was barely changed, finishing the day down 0.01 per cent at 901.65 points.

Thirteen of the 30 largest stocks by market capitalisation in the VN30 basket advanced while 14 declined.

Other large-caps that made gains were Coteccons Construction Corp (CTD), PetroVietnam Gas (GAS), Vietinbank (CTG), steel producer Hoa Phat (HPG) and tech giant FPT Corp (FPT).

According to Thanh Cong Securities JSC (TCSC), though the market advanced for the second day, the contrast between the VN-Index and the VN30-Index means there is a strong divergence among local stocks.

It also indicates caution investors are dominating trading activity, TCSC added.

“The stock market is in the stage where there is insufficient amount of supportive information, both from domestic and international markets, leading to the cautious sentiment among investors,” it said.

Thursday’s gains could be a technical recovery and lack of capital inflow may send the index down again on Friday, Sai Gon-Ha Noi Securities (SHS) said in its daily report.

On the Ha Noi Stock Exchange, the HNX-Index fell 0.21 per cent to end at 107.34 points.

The northern market index had gained a total of 1.08 per cent in the previous two trading days.

More than 25.5 million shares were traded on the northern bourse, worth VND404.5 billion.

Macro & Policies

3. PCI reflects strong economic growth of five centrally-run cities

PCI reflects strong economic growth of five centrally-run cities

Within five years from 2013-2017, the Provincial Competitiveness Indexes (PCI) of five centrally-run municipalities have always been rated as excellent, high and mid-high.



PCI rankings of five centrally-run municipalities (compared to 63 cities/provinces)

■ Excellent
 ■ High
 ■ Mid-high

Municipalities	2013	2014	2015	2016	2017
Hanoi	33	26	24	14	13
Hai Phong	15	34	28	21	9
Da Nang	1	1	1	1	2
Ho Chi Minh City	10	4	6	8	8
Can Tho	9	15	14	11	10

10 CRITERIA FOR PCI RANKING

Entry costs for business start-up	Access to land	Transparency	Time cost	Informal charges
Healthy competitiveness	Proactivity	Business support services	Labour training policy	Legal procedures

Source: Vietnam Chamber of Commerce and Industry

<https://infographics.vn>



4. Ministry proposes lowering CIT for SMEs

The idea was raised in a National Assembly draft resolution which the ministry recently published for comments.

The move aims to promote the development of small- and medium – sized enterprises and to encourage business households to transform into enterprises, as well as enhance their competitiveness and create jobs.

The Vietnamese Government aims to have one million businesses by 2020, 1.5 million by 2025 and two million by 2030.

The ministry said that SMEs played a significant role in the country's socio-economic development and were recognised to be the driver for economic growth, citing statistics that Việt Nam had more than 600,000 firms, nearly 500,000 of them were private firms with 96 per cent of being small and micro scales.

The private firms created 1.2 million jobs and contributed more than 40 per cent of gross domestic product (GDP).

Tax incentive policies are a commonly-used tool to promote SMEs in many countries, according to the finance ministry.

China uses a 5 per cent, 10 per cent and 20 per cent CIT rates for different levels of taxable incomes of SMEs, while Thailand has rates of 15 per cent and even tax exemptions for SMEs.

In Việt Nam, SMEs must pay CIT rate of 20 per cent, the same as other enterprises, prompting the

need for “reasonably CIT rates for SMEs”, the ministry said.

In the draft resolution, the finance ministry proposed a CIT tax rate of 17 per cent on small businesses and 15 per cent on micro businesses. Small businesses would be those with annual revenue from VNĐ3 billion to VNĐ50 billion and less than 100 regular employees while micro businesses would be those with an annual revenue of less than VNĐ3 billion and less than 10 regular employees.

The ministry said that CIT incentive rates would not be applied for subsidiaries to prevent tax avoidance.

In the draft, the ministry also proposed tax exemptions for two years after first reporting taxable income for firms which transform from business households. This aimed to encourage business households to transform into enterprises.

The ministry estimated that if these tax policies were applied, the State budget would lose a sum of about VNĐ9.2 billion per year in tax revenue.

The reduction of tax collection in the short term would create pressure on the State budget. However, the policies would promote the development of SMEs, encourage them to expand investment and production which would help increase tax revenue in the long term, the ministry said.

5. RON95 petrol supply sufficient: Ministry

Distributors said there had been a shortage for nearly two weeks and some petrol stations were forced to hang signs saying they were out of RON95, leaving customers to fill up with bio-fuel E5 RON92.

Responding to the concerns, Trần Duy Đông, director of the ministry's Domestic Market Department on Wednesday, said it was only a temporary shortage due to a power cut at Nghi Sơn Refinery.

The ministry has instructed the refinery to quickly resolve the incident. The refinery resumed operations today.

In addition, the MoIT has asked big petrol enterprises such as Việt Nam National Petroleum Group (Petrolimex) to increase imports from South Korea or even other markets with higher prices and taxes to ensure local supplies.

“The ministry sent documents to provincial departments of industry and trade to enhance supervision on petrol stations to prevent stockpiling RON95 petroleum and selling poor quality products,” he added.

Experts said distributors had been instructed to set up a petrol price stabilisation funds based on the amount of petrol they imported or sold.

A leader from a large distributor said his company's price stabilisation fund was VNĐ400

million (US\$17,245) in debit, so they had to use company capital or bank loans to make up the difference.

However, Đông said businesses should be aware of their social responsibilities, especially Petrolimex and PetroVietnam.

State-owned firms must support the Government in implementing macro-economic policies with a long-term vision.

He added that the ministry was unable to increase the selling price and had to use the price stabilisation fund in the latest adjustment as it was two days after an 8.36 per cent hike in electricity tariffs. The two increases occurring at the same time could have major impacts.

6. Chinese contractor tight-lipped about Vietnam's US\$13 million recovery demand in steel project

Meanwhile, the second package was expected to develop a chain of metallurgy technology operations, worth roughly VNĐ2.3 trillion, or US\$143 million, at an annual capacity of 500,000 tons of steel billets.

In 2007, TISCO signed an engineering, procurement and construction (EPC) contract, worth US\$160.8 million, with MCC to complete the second package, scheduled for completion within two and a half years.

However, the two sides signed many extra appendices of adjustments, which led to various content changes in their EPC contract.

In 2012, TISCO and its holding company VNSTEEL suggested the Ministry of Industry and Trade revise upward the total investment of the project to VNĐ8.104 trillion, or VNĐ4.261 trillion higher than the initial figure. The approval was given in

mid-2013, and the project was expected to begin operations in late 2014.

Since 2013, MCC and its subcontractors have suspended work on the project. Consequently, the project is over 10 years behind schedule and all of the major items remain incomplete, according to the Government watchdog.

Statistics from TISCO showed that the total payments on the project, as of late 2016, had amounted to nearly VNĐ4.5 trillion, including the costs of equipment and construction of some VNĐ2.1 billion and VNĐ1 trillion, respectively. Also, the principals and interest on the project has reached some VNĐ3.9 trillion.

TISCO has paid, on behalf of MCC, an accumulated amount of taxes worth US\$11.6 million, as well as other costs for equipment loading, unloading and maintenance.

However, the Chinese corporation has not transferred all the machinery specified in the contract. It even supplied substandard equipment

and failed to comply with the agreed countries of origin for such equipment and technical specifications.

7. Ministry proposes ACV pay for third Tan Son Nhat terminal

In the proposal submitted to the Government recently, the MoT said the construction would be funded by the ACV.

The investment funded by ACV is one of four investment methods mentioned in the MoT proposal, which include investment funded by the State budget, establishing an economic organisation for investment and investment in the form of public-private partnership (PPP).

Of the four methods, the ministry said it favoured the first one, which would assign the investment to the ACV in its entirety.

“ACV is a State-owned enterprise which the State currently accounts 95.4 per cent of the equity. It is also granted licence to exploit airports so that the allocation of investment projects with financial efficiency to preserve and develop State capital at the enterprise is necessary,” said Deputy Minister of Transport Le Dinh Tho in the proposal.

The ministry said in order to ensure fairness and transparency, ACV would conduct bidding procedures to select design consultants and construction contractors.

ACV has demonstrated its capacity through important investment projects such as Terminal T2 at the Noi Bai International Airport, Phu Quoc international airport, the passenger terminal of Vinh International Airport, Tho Xuan Airport and Cat Bi passenger terminal.

The ACV has arranged enough capital to build terminal T3 at Tan Son Nhat Airport and if the proposal is approved, the ACV will immediately

carry out the project, which is expected to be finished in three years.

In the document, the ministry also analysed other investment forms.

Investment funded by the State budget, MoT was unfeasible because under the Vietnam Civil Aviation Law and the Law on Public Investment, the MoT, which represents the State, will implement investment when the capital is approved by National Assembly and the Prime Minister, it said. However, the medium-term plan assigned for the ministry cannot balance the funding for this project.

Regarding establishing an economic organisation for investment, the ministry said it used this method for passenger terminals projects at Da Nang and Cam Ranh international airports, however there are still disagreements on this method in terms of legal basis, investment form, the selection of investors, land allocation and lease as well as benefits of the State and investors.

In the PPP form which selects investors through bidding, the ministry said this ensures fairness and transparency, creating opportunities for enterprises to participate in, thereby reducing investment costs and bringing benefits for the State and the society. However, the ACV is currently managing the apron and passenger terminals T1 and T2 at Tan Son Nhat International Airport. Any new investor would have to be trained and certified.

The ACV currently manages 21 airports across the country

8. Former BMW dealership boss in Vietnam prosecuted for smuggling

Two other defendants also face prosecution under the same count: Tran Hai Dang, deputy director of Viet A Corporation, and Nguyen Thi Minh Yen, former head of the trade and planning division at Euro Auto, which was once the authorized distributor of BMW automobiles in Vietnam.

According to the Supreme People's Procuracy, from 2007 to December 2016, Euro Auto signed 473 contracts to import nearly 9,400 BMWs, Mini Coopers and Motorrads, at a total cost of nearly VND5.5 trillion (US\$237.1 million). Euro Auto had hired Viet A Corporation to complete customs clearance procedures for these vehicles, which Dang handled personally.

In 2013, Dang falsified invoices, purchase contracts and a packing list to complete customs clearance procedures for importing 91 BMW vehicles. The prices of these vehicles on the forged invoices were lower than their original prices.

Dang later transferred these documents to Yen so she could submit them to Thao for approval. In

this way, they caused losses of over VND6.45 billion in import duty revenue for the State.

As all 91 cars have been sold to customers for VND206.8 billion and the customers did not know that Euro Auto had used forged documents to import them, these cars will not be recalled.

In addition, Thao and Euro Auto Chairman Simon Andrew Rock were accused of evading the payment of VND7 billion in special consumption tax; smuggling 133 BMW cars, which have been abandoned at Saigon Port; and transferring pricing to evade paying VND8 billion in import duties for 81 other BMW cars between 2011 and 2012.

However, Rock and some other persons with interest in the case have fled Vietnam. In April last year, the Investigative Police Agency, under the Ministry of Public Security, decided to separately investigate these violations.

9. Reasonable risk allocation critical for PPP success: WB

The HCMC People's Committee, in collaboration with the WB in Vietnam, held the workshop on PPPs in the environment, water, health and education sectors in the city. The event was aimed at discussing measures to use the State budget effectively as well as strategies to mobilize more private funds into infrastructure and service development in these selected sectors.

The city's chairman, Nguyen Thanh Phong, remarked in his opening speech that PPPs have become increasingly popular in almost all aspects of life. The investment format is the most stable in terms of capital mobilization and can help save the State budget, reduce the pressure of public debts, develop infrastructure and create a competitive environment among economic stakeholders.

Phong noted that while PPP is regarded as one of the most effective solutions to address the capital

shortage among infrastructure and service projects, the number of PPP projects has accounted for only 5% of the city's public investment projects. Still, capital provided by the private sector has trebled the total medium-term public investment for the 2016-2020 period.

Despite some achievements, there remain many challenges and obstacles that need to be resolved to enhance the effectiveness of PPP projects. Also, the legal framework needs to be adjusted in a more appropriate manner, according to the city chairman.

"HCMC expects enterprises and international organizations to persevere with investment cooperation and put their faith in the city's reforms," he said, adding that 2019 has been chosen as a year of breakthroughs for administrative reforms and the improved

execution of a National Assembly resolution on piloting a special mechanism to bolster the city's development.

The move is meant to boost competitiveness, attract investment and bring about substantial changes to cut down on red tape for local residents and businesses. He stressed that the city government was committed to creating the most conducive conditions for investors who wish to conduct business there over the long term.

Addressing the workshop, Dione of the World Bank stated that HCMC is a rapidly urbanizing mega-city and an emerging economic powerhouse in the Southeast Asian region, being counted among the country's most attractive destinations for foreign direct investments. To maintain its economic competitiveness and meet the challenges stemming from an aging demographic, the city will require further investments in infrastructure, especially in areas such as transport, health, education and the environment.

“Like most cities across the world, public investment alone will not be sufficient to meet the large infrastructure and service delivery needs of HCMC,” he noted, underlining the need to increase the efficiency of its public investment and to work toward leveraging more from the private sector.

He stated that PPPs have proven to be a very successful framework, helping governments around the world such as Singapore, Indonesia, and Turkey provide the much-needed

infrastructure to underpin future economic growth as well as provide broader social benefits.

However, he stressed, this does not mean PPPs are always successful in these countries or in all sectors. For PPPs to be successful, it is important for the public and private sectors to establish effective risk allocation strategies for their projects.

“As with any partnership, if the risks and rewards are not shared fairly, then it is very likely that the partnership will fail. PPPs must be a win-win exercise for all stakeholders,” he explained.

The legal, regulatory and institutional frameworks also need to be clear and robust to enable investors to accept risks over the longer term with some certainty provided by the framework within which these risks are being taken, according to the official.

He said the central Government has introduced several regulations over the years to promote private sector investment in infrastructure, service delivery, and equipment provision. However, despite some successes, notably in the transport and energy sectors, private sector investment is still relatively low.

To address various constraints in the execution of PPP projects, the Government is currently drafting a new PPP law, which will consolidate all the PPP related legislation under one law and provide a comprehensive and enabling regulatory framework to facilitate PPP projects.

10. Pork price forecast to drop sharply

Data from the Domestic Market Department under the Ministry of Industry and Trade shows that the live pig price hovers between VND34,000 and VND36,000 per kilogram in the northern region, where multiple provinces were hit by ASF.

Localities in the Central and Central Highlands regions saw the pig price ranging between VND32,000 and VND41,000. Meanwhile, the pig

price in the south remains relatively higher than in other regions, at VND39,000 to VND45,000 per kilogram.

With the complicated development of ASF, the pig price may fall even further in the coming days, remarked a representative of the Domestic Market Department.

A sudden rise in the pork supply was recorded at wholesale markets as many farming households rushed to sell their pigs to avoid being hit by ASF. In addition, the demand for pork in schools and industrial zones has fallen sharply, resulting in the pig price fall.

At a regional symposium on pig farming, held on March 27 in Hanoi, Fred Unger, an expert with the Centre for International Migration and Development, at the International Livestock Research Institute, noted that ASF and the blue-ear pig disease have prompted many locals to boycott pork products.

Also, the reduction in pork consumption among the locals was ascribed to the abnormally high number of children testing positive for porcine tapeworms in Bac Ninh Province, stated the expert. ASF does not infect humans, so the locals do not have to worry about eating pork at present, the expert stressed.

However, the local livestock sector has been negatively affected by the spread of ASF as no

vaccines against the disease have been successfully produced to date. It also faces many obstacles including low productivity and unstable product quality, he said.

The tropical climate and household farming near residential areas, which failed to meet hygiene standards, are considered the causes of the disease's outbreak.

The large number of culled pigs accounts for a mere 0.1% of the country's total pig supply, according to the Ministry of Agriculture and Rural Development. Data from the General Statistics Office showed that the pig farming business is seeing healthy growth, with the total number of pigs raised in the country last month seeing a 3% year-on-year increase.

The Domestic Market Department confirmed that the domestic supply of pigs still meets demand for pork consumption among the local people, as well as for processing activities./.

Corporate News

11. Taiwanese firm buys 20 per cent stake in Da Nang Port

↓ -0.54%

The Taiwanese firm purchased Da Nang Port shares through its sub-unit Wan Hai Lines (Singapore) Pte Ltd.

Wan Hai Lines bought 19.83 million shares in Da Nang Port JSC via put-through transactions last Friday, the Ha Noi Stock Exchange (HNX) said in a statement on Wednesday.

Da Nang Port shares were purchased for VND20,000 (US\$0.86) per share, bringing the total value of the deal to VND396.6 billion (\$17 million).

On Wednesday, the Vietnamese firm announced two of its principle shareholders – Lam Thi Mai and Vu Van Hai – had sold all their 11.55 million shares.

Mai and Hai owned 5.91 per cent and 5.76 per cent of Da Nang Port JSC before the deal.

Other sellers remain unknown. The largest shareholder in Da Nang Port JSC is the Vietnam National Shipping Lines (Vinalines), which owns 75 per cent.

The port's management firm started putting its 66 million shares up for trade on the Unlisted Public Company Market (UPCoM) on March 30, 2016 under code CDN.

The company cancelled its UPCoM launch and moved to the HNX on November 30, 2016. Its market ticket remained unchanged.

One year after moving from UPCoM to HNX, the company sold 33 million preferred shares to raise capital to VND990 billion.

In 2018, the company earned VND695 billion in total revenue, up 15.6 per cent year on year, and VND148 billion in post-tax profit, up 12.6 per cent year on year.

12. CTG: Signing the audit contract

↑ 0.67%

On March 28, 2019, Viet Nam Joint Stock Commercial Bank for Industry and Trade signed

an audit services agreement with Ernst & Young Vietnam Company Ltd to audit its financial statements in 2019.

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