



VIETNAM DAILY NEWS

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Market Analysis

1. Shares extend gains at start of week

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 0.79 per cent to close at 988.53 points.

It shed 0.8 per cent last week to end at 980.76 points.

More than 188.6 million shares were traded for VND4.3 trillion (US\$183.8 million) on Monday.

Market breadth was quite balanced with 153 gainers, 158 decliners and 70 ending unchanged.

Finance, banking, real estate, insurance and petroleum companies were the main driving force behind the gains.

Those sectors rose by 0.02-1.63 per cent, according to vietstock.vn.

The best performers in those sectors were Tien Phong Bank (TPB), dairy firm Vinamilk (VNM), Vincom Retail (VRE), Saigon Securities Incorporation (SSI) and Masan Group (MSN).

TPB climbed by 6.4 per cent to VND22,600 per share. VNM increased by 2.8 per cent to VND138,600 per share. VRE rose by 4.3 per cent to VND36,100 per share. MSN gained strongly by 4.4 per cent to VND88,000 per share.

The energy sector was the best performer on Monday, rising 1.63 per cent, driven up by the gain in global oil prices. Gainers in the sector included PetroVietnam Gas Joint Stock Corporation (GAS), PetroVietnam Technical Services Corporation (PVS), PetroVietnam Drilling Mud Joint Stock Corporation (PVD), PetroViet Nam Coating JSC (PVB), Drilling Mud Joint Stock Corporation (PVC) and Viet Nam National Petroleum Group (PLX).

Global oil prices rose on Monday, building on its largest first-quarter gains in nearly a decade.

Brent crude climbed 96 cents, or 1.42 per cent, at \$68.54 a barrel, having risen 27 per cent in the January-March period.

US West Texas Intermediate futures increased 56 cents, or 0.93 per cent, to \$60.70 a barrel, after gaining 32 per cent in the first quarter.

In Ha Noi, the HNX-Index was up 0.27 per cent to 107.72 points on Monday.

More than 27.7 million shares were traded for VND352 billion.

It had closed last week at 107.44 points after losing 0.60 per cent.

According to Bao Viet Securities Company (BVSC), the market is expected to head toward the 981-991 points zone in the upcoming session.

“However, the market may encounter fluctuations and adjustments in this zone with a strong divergence among stocks,” it said.

Large-cap stocks, such as Vinamilk (VNM), Vietcombank (VCB), Vingroup (VIC), Vincom Retail (VRE) and Petro Vietnam Gas JSC (GAS) may remain their domination over the market. Bank stock is forecast to move sideways in accumulating phase, it said.

Capital flows may direct interest to stocks that achieved positive Q1/2019 profit while prices are adjusting to support zones, it added.

“Investors with high stock proportion should take advantage of market's recovery to lower stock exposure, which should be limited at 40-45 per cent of the portfolio,” BVSC said.

Macro & Policies

2. VN seeks to improve logistics, eyes climb in World Bank ranking

It seeks to improve Viet Nam's ranking in the World Bank's logistics performance index (LPI) by five to 10 spots by 2025.

It will focus on improving infrastructure, shipping capacity and logistics services quality, increasing the use of technology to optimise traceability, reducing time and costs, and streamlining customs clearance.

Viet Nam had jumped 25 places in the ranking in 2018 compared to two years earlier to rank 39th out of 160 surveyed countries.

The LPI is released by the bank every two years, and it measures performance in trade logistics based on six indicators: efficiency of customs and border management clearance; quality of trade- and transport-related infrastructure; ease of arranging international shipments with competitive prices; competence and quality of logistics services; ability to track and trace consignments; and frequency with which shipments reach consignees within the scheduled or expected delivery time.

3. Can Tho's export revenue grows 13 percent in Q1

Aquatic products and rice remained the key foreign currency earners for the city during the first quarter.

Nearly 46,500 tonnes of aquatic products worth 132.57 million USD were shipped abroad, respectively rising by 27.29 percent and 10.78 percent against the same period last year. The biggest markets were Japan, Singapore, Mexico, Brazil, and Hong Kong (China).

Seafood exporting companies said the shipment of shrimp and tra fish products has benefited from many preferential tariffs in other member countries of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) as from March. Therefore, they have been applying for certificates of origin to make use of such preferential treatment under the CPTPP, and they predict the aquatic export volume and value will rise sharply in Q2.

Meanwhile, local businesses earned 88.6 million USD from exporting nearly 200,000 tonnes of rice during Q1, up 13.68 percent and 9 percent respectively. A majority of the rice was destined for the Philippines, Hong Kong, Papua New Guinea, and Malaysia.

Rice exporters said most of their export in Q1 was under contracts signed last year. They expect many new contracts will be inked in Q2 and the delivery will be conducted in the following quarter.

Other commodities with high export growth rates during the last three months include garment (53.4 million USD – 16.16 percent), processed agricultural products (36 million USD – 13.26 percent), steel and nails (7.68 million USD – 11.95 percent), and pharmaceuticals (7.1 million USD – 14 percent).

4. Vietnam to see strong development of convenience stores

Many famous retail brands have entered Vietnam market like Circle K of the US opening its stores in Vietnam from August 2008 or Shop & Go of Singapore opening its stores from 2005.

At present, in the two big cities of Hanoi and HCM City, Circle K has more than 300 stores while Shop & Go has more than 160 stores, reported bnews.vn.

Convenience stores are well received by consumers, so not only foreign businesses expand their markets, but also many domestic enterprises are constantly developing their convenience store chains.

In December 2018 alone, Vingroup's retail arm, VinCommerce, opened 238 VinMart stores nationwide, bringing the total number of its convenience stores up to 1,700 in Vietnam.

According to CBRE Vietnam, a real estate management and consultancy company, Vietnam's retail market has seen a strong competition between foreign and local investors in developing their convenience store systems. They will expand their market shares by opening more convenience stores.

VinMart has planned to open other 3,000 stores in the future on the domestic market. Meanwhile, GS25, the convenience store chain of the Republic of Korea, has entered the Vietnamese market and has planned to open more than 2,500 stores. This

is a sign of strong development of this market this year and beyond.

Hanoi targets to have 1,000 more convenience stores by 2020 under a plan on developing trade and service sectors in the city until 2025 issued by the municipal People's Committee in May 2018, according to deputy director of the Department of Industry and Trade of Hanoi Tran Thi Phuong Lan.

Lan said the convenience stores are located on a small place but they bring all kinds of daily goods to consumers, from food and drinks to needles and threads, and from brush, toothpaste to stationery and phone memory cards.

Even, the customers can pay electricity, tapped-water and telephone bills and withdraw money at the convenience stores. Besides that, most convenience stores also offer fast food and fresh food.

Dinh Thi My Loan, chairwoman of the Vietnam Retailers Association, said it is easier to get operation permission for a store with an area of 500sq.m at most than permission on opening a supermarket or hypermarket. In addition, the opening of store will contribute to promoting store brand.

Another advantage of opening convenience stores or mini supermarkets is to change the shopping habits of consumers, not to mention advantages in ensuring food hygiene and safety standards-VNA.

5. Projects to upgrade Cat Bi airport accelerated

Those projects include the upgrade of a second passenger terminal (T2) worth about 2 trillion VND to receive 10 million passengers per year and the first phase of the expansion of an airport apron worth 490 billion VND.

In addition, there will be a project to improve the current apron with an investment of 140 billion

VND and another to build a cargo terminal worth 300 billion VND.

The construction of the T2 terminal is scheduled to start in August and it will be put into operation in Q4 2020.

Meanwhile, the capacity of the airport's first passenger terminal (T1) will be raised to 3 million

passengers a year. Once the T2 will be in use, the T1 will serve international flights only.

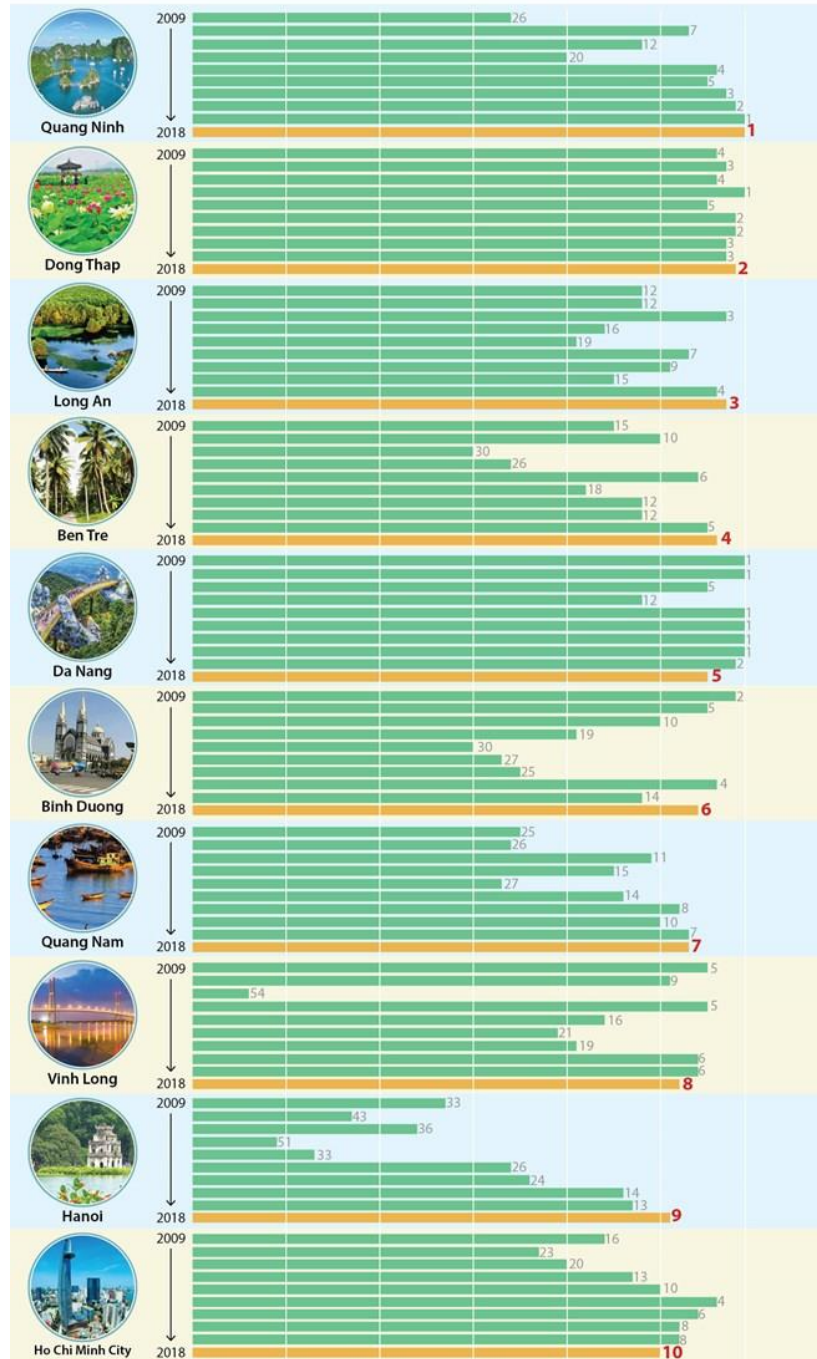
In 2018, Cat Bi International Airport welcomed more than 2.3 million passengers, a rise of 10.6

percent year-on-year, and received about 14,260 flights, up 10.6 percent-VNA.

6. Ten-year PCI review of top ten localities in PCI 2018

Ten-year PCI review of top ten localities in PCI 2018

Among the ten localities topping Provincial Competitiveness Index (PCI) 2018, the central city of Da Nang secured the top place for seven years, and Hanoi was listed in the top ten for the first time.



Source: Vietnam Chamber of Commerce and Industry (VCCI)

<http://infographics.vn>



7. Vietnam should enhance trucking sector and inland waterways transport: WB

Vietnam should attach importance to efficient and reliable transport and logistics, which plays a critical role in supporting the country's export-oriented economy, World Bank Country Director for Vietnam Ousmane Dione said at a workshop on sustainable development of inland waterways transport in Vietnam and strengthening Vietnam's trucking sector in Hanoi on March 28.

Ousmane Dione emphasized that Vietnam is one of the most open economies in the world, with its trade-to-GDP ratio at above 200%. As tariffs on international trade have been sharply reduced and manufacturing costs have increased, Vietnam's export competitiveness is increasingly dependent on factors such as quality, productivity, efficient supply chains, and especially lower transport and logistics costs.

At the same time, Vietnam's middle class is expanding, and their consumption is rising, especially in rapidly urbanizing areas, and will continue to demand ever increasing goods movement.

Since 2000, traffic volume in terms of freight ton-km has increased at an annual rate of almost 10%, much faster than the GDP, which grew at an average rate of 6.4% per annum. This rapid growth of traffic, which is the result of Vietnam's economic growth, also puts an immense pressure to further develop and maintain quality infrastructure, and to meet the increasing and sophisticating demand for reliable transport and logistics services, Ousmane Dione added.

He mentioned three factors to ensure efficient and reliable transport and logistics, in support of its current and future economic growth model, including adequate backbone infrastructure, efficient and reliable transport and logistics services, and seamless multi-modal network for lower transport costs and sustainability.

Backbone infrastructure needs to be further improved for enhanced competitiveness

Ousmane Dione said that the Vietnamese government has made remarkable progress in transport infrastructure development over the past decades.

Vietnam's road network now extends to nearly 400,000 km, with almost all commune centers connected by all-weather roads. Notwithstanding this impressive improvement in rural access, development in critical backbone, interurban connectivity has been relatively modest, the country director noted.

He took 2000-2016 for instance, the length of critical national transport infrastructure, national highways and national inland waterways, have grown at modest annual rates of 2.9% and 0.3%, respectively.

The density of the expressway network in Vietnam is at 3km per every 1,000km², compared to 8km in India and 13km in China. The government is rightly putting priority on developing the North-South Expressway to address this gap.

After decades of development, the network length that can handle barges larger than 300-ton capacity remains less than 30% of the total 7,000 kilometers of national waterways, a very low proportion compared to most successful commercial waterways in the world, Ousmane Dione cited.

This points to a need for continued and significant investments in critical backbone infrastructures, which coincide with the key trade corridors. Such high-level of investment needs would have to be addressed through strategic allocation of scarce public resources as well as mobilization of private sector participation in financing and service delivery, he noted.

An enabling environment needs to be created in support of efficient and reliable transport and logistics services

Ousmane Dione stressed that the supply of transport services has increased significantly over the past two decades as well. Vietnam is rapidly motorizing, and the number of registered trucks reached over 1.1 million. Liner Shipping Connectivity Index has grown from 12.9 in 2004 to 68.8 in 2018.

An average truck operator employs three people and has an annual turnover of less than half a million dollars; the current truck fleet is dominated by small, less than 5-ton vehicles. Such limitation to scale in the industry causes inefficiency, in terms of high shares of empty backhaul and high transport costs per ton-km.

Intermediary logistics service sector, such as truck brokerage, is underdeveloped in Vietnam. Inland waterway operators typically rely on small-sized vessel of about 100-300 tons, constrained by waterway capacity bottlenecks due to narrow channels and low clearance bridges as well as limited cargo handling capacity in river ports.

This suggests that, while much of development in transport and logistics services will be led by the private sector, let it be a truck operator or warehousing operator, the government needs to create an enabling environment for their development.

Such efforts could include providing access to financing for growth of well-performing operators, removing infrastructure bottlenecks to induce private sector investments in their fleets, and encouraging international service providers with new technologies to cooperate with local operators.

This will allow such critical services to increase and improve in standards, with lower logistics costs and emissions, Ousmane Dione said.

A seamless multimodal transport network should be created to lower transport costs and enhance sustainability

The WB director said that based on 2018 tonnage figures, inland waterways transport accounts for about 17 percent of the national freight transportation share, while trucking and coastal shipping account for about 77 percent and 5 percent respectively.

Besides a growing road network, Vietnam is fortunate to have 26,500 km of navigable waterways and a 3,000 km coastline, which should be leveraged further.

International experience has shown that waterways and coastal shipping can lead to lower logistics and environmental costs compared to individual trucking. Economies of scale from increased consolidation reduces logistics costs.

A 40-foot container's cost can be about as low as 10 percent of road transport's, if the consolidation brings about adequate economies of scale. Road transport emits 2-3 times the emissions of waterways, the country director cited.

He affirmed that the World Bank has and will work closely with the Vietnamese and Australian governments to address the above three issues.

Corporate News

8. DHG: Report on results of trading of shares by an internal shareholder - Vo Van Kim Y

↓ -0.25%

File Attachment

Report on results of trading of shares by an internal shareholder - Vo Van Kim Y of DHG Pharmaceutical Joint Stock Company as follows:

[20190401_DHG-190401-Report-on-results-of-trading-of-shares-by-an-internal-shareholder--Vo-Van-Kim-Y.pdf](#)

9. STK: Resolution on the distribution of unsold shares

↓ -2.25%

Century Synthetic Fiber Corporation (STK) announces the Board resolution dated March 28, 2019 as follows:

1. The Board of Directors approved the result of stock issuance to the existing shareholders as follows:

Number of shares registered to offer: 10,789,426 shares; Of which:

- Stock issuance to pay dividend for 2017: 4,195,646 shares;
- Stock offering to existing shareholders: 5,993,780 shares;
- Stock issuance to employees: 600,000 shares.

Number of shares subscribed and paid: 10,288,934 shares; Of which:

- Number of shares issued to pay dividend for 2017: 4,195,366 shares;
- Number of shares offered to existing shareholders: 5,975,968 shares;
- Number of shares offered to employees: 117,600 shares.

- Number of unsold shares: 500,212 shares; Of which:
- Number of shares offered to existing shareholders: 17,812 shares;
- Number of shares offered to employees: 482,400 shares

2. The Board of Directors approved to distribute 500,212 unsold shares:

- Number of shares offered to existing shareholders: 17,812 shares;
- Number of shares offered to employees: 482,400 shares
- Time for subscription and payment: before March 28, 2019
- Offering price: VND10,000/share
- These shares will be restricted in 01 year from the issue date.
- Number of shares offered to other employees:
- Time for subscription and payment: before March 28, 2019
- Offering price: VND10,000/share

These shares will be restricted in 02 years from the issue date

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