



VIETNAM DAILY NEWS



JAPAN SECURITIES INC.

April 04th, 2019

Table of content

Table of content

- 1. Small-cap stocks buck falling trend**
- 2. Samsung helps train Vietnamese consultants in supporting industries**
- 3. Key cashew growing area suffers continuous crop failures**
- 4. Make business environment most important growth engine: PM**
- 5. Vietnam's economy to expand 6.8 percent in 2019: ADB**
- 6. HCMC seeks new ways to support startups, exporters**
- 7. CII11709: Notice of bond interest payment**
- 8. BID: Board approves transactions with related parties**
- 9. CTG: CTG signed a service agreement with VBI**

Market Analysis

1. Small-cap stocks buck falling trend

The VN-Index of the Hochiminh Stock Exchange closed at 984.46 points, down 0.14% against the day earlier, with 140 stocks rising and 159 others losing. Trade on the southern exchange totaled 216.9 million shares worth VND4.4 trillion, falling 8% and 11.6% respectively versus Tuesday. In block deals, 88 million shares worth VND1.74 trillion were transacted.

Property group VIC lost 1.2% at VND114,900 per share at the end of the day while housing developer VHM declined 0.22% at VND92,000 and retailer VRE slid 1.39% at VND35,500. VRE was the most liquid stock among the heavyweights, with 2.6 million shares changing hands.

Other heavyweights such as lender VCB, dairy producer VNM, consumer goods firm MSN, lender CTG and construction firm ROS lost by less than 1% each.

As for oil and gas shares, leading gas firm GAS advanced 0.5% at VND101,500 and PLX improved 0.83% at VND60,800 while PVD was the top gainer on the southern market, jumping 3.23% at VND19,200 with 6.35 million shares traded.

Lender BID closed up 2.59% at VND35,700 while its fellow EIB rose 3.57% at VND17,400. The stocks saw their matching volume totaling 1.9 million and 0.48 million shares. In addition, tech firm FPT added 2.61% at VND47,200 with over one million shares transacted.

Notably, small-cap shares drew investor attention on the southern bourse today. Speculative stocks such as property developer FLC, construction firm

ITA, real estate firm DLG fell but their liquidity ran high on active trade.

Oil and gas company TDG maintained the ceiling price of VND3,230 per share with 1.6 million shares traded. Despite its morning loss, petroleum firm PXS closed at its upper limit of VND5,130 and its trading volume totaled 770,000 shares.

Additionally, mining firm KSH closed at its ceiling price of VND1,290 with 1.46 million shares changing hands.

The HNX-Index of the Hanoi Stock Exchange fell 0.17% at 107.3 points. The northern bourse saw 39 million shares worth VND612 billion transacted at the end of the day, up 33% and 49.5% against yesterday's session.

As for gas and oil shares, PVS improved 3.77% at VND22,000, with matching volume reaching 8.2 million shares, leading the northern bourse by liquidity. PVB spiked 6.06% at VND21,000 with 970,000 shares traded while PVC added 4.11% at VND7,600, with volume amounting to 0.79 million shares.

Although real estate stock VCG continued its downward spiral at VND25,400 at the end of the day, dipping 5.22%, it was the second most actively traded stock with volume of 2.95 million shares.

Regarding bank stocks, NVB rose slightly at VND8,700 with matching volume amounting to 1.1 million shares while its fellow ACB closed down 0.66% at VND33,100 with 1.39 million shares traded.

Macro & Policies

2. Samsung helps train Vietnamese consultants in supporting industries

Speaking at the launch of the program, Deputy Minister of Industry and Trade Do Thang Hai noted that there are four training courses in total: two in Hanoi and two in HCMC. Compared with those held in 2018, each course has one more week of practice, which means that participants receive instructions on theory related to quality control and production management during the first four weeks, followed by nine weeks of practice at enterprises.

This year, more than 100 consultants are expected to join the training courses, bringing the total number to 200 after two years, as committed in a memorandum of understanding signed between Samsung Vietnam and the ministry in March 2018. Sixty outstanding trainees out of the 200 will be sent to South Korea for advanced training courses.

Choi Joo Ho, president of Samsung Vietnam, stated that the success of the 2018 consultant training program highlights Samsung's efforts to cooperate with the Vietnamese Government to enhance the competitiveness of local businesses.

He added this also motivates Samsung Vietnam to continue promoting and making appropriate adjustments to the 2019 program to ensure higher efficiency. The company is committed to adopting a leading role to develop Vietnam's supporting industries.

The first training program for master consultants was held in Korea in March 2019, with the participation of 14 individuals.

The four-week intensive training course took place at Samsung Academy in Suwon Korea, presenting specialized content in terms of quality management and methods for organizing and creating a comprehensive consulting plan for businesses. The 14 attendees had the chance to learn about the world's leading production processes at Samsung's factories in Suwon, Gumi and Kwangju as well as at other outstanding small- and medium-sized enterprises in the Northeast Asian nation.

These master consultants will become trainers for future courses, expanding the Vietnamese consultants' network and actively running a long-term consulting program for enterprises in the supporting industry.

Alongside collaborating with the Government to develop supporting industries, Samsung is constantly improving its localization rate by actively locating and connecting with local suppliers in Vietnam.

In 2018, some 35 Vietnamese enterprises were Samsung's Tier-1 suppliers. This number is expected to increase to 42 in 2019 and 50 in 2020.

3. Key cashew growing area suffers continuous crop failures

The Vietnam Cashew Association (VINACAS) had earlier rejected news reports about this year's cashew crop failure triggered by global cashew market volatility, saying that the crops in Vietnam and Cambodia were "normal." The total cashew output in the global market was expected to amount to four million tons this year, up 300,000-400,000 tons against last year. As such, the volume of raw cashew supplied to the market is not deficient, according to the association.

However, at present, farmers in Binh Phuoc Province, which has some 174,000 hectares under cashew cultivation out of a total of 300,000 hectares in the country, are facing shrinking prices and poor yield at the end of the harvest season.

"We have forgotten the happy feeling of having a bumper crop over the past few years," said Lam Van Phong, a resident of Binh Minh Commune, Bu Dang District.

Phong has over four hectares of land dedicated to cashew cultivation. He said that his family has harvested some three tons of cashew, down by one ton from the previous crop. The poor harvest will create financial difficulties for the family of five.

Apart from the poor crop, the price of fresh cashew this year has fallen sharply to VND28,000 per kilogram on average from last year's price of VND35,000.

Facing the same fate, Doan Van Nghiep, residing in Nghia Trung Commune, Bu Dang District, owns a six-hectare cashew farm, which has yielded a mere 2.5 tons of cashew, even though he spent some VND15 million on plant protection drugs during the flowering and fruiting periods.

Many farmers said that the growth and yield of cashew trees depend heavily on weather. Cashew flowers are damaged by unseasonal rain and hoar frost, leading to poor output. Farmers' measures to protect the flowers from bad weather are typically unsuccessful.

Cashew growers in other districts in Binh Phuoc Province such as Dong Phu, Bu Gia Map and Bu Dop have also endured crop failures. Some of them noted that a few years ago, seasonal laborers from southeastern Vietnam would flock to Binh Phuoc Province during harvest time. However, in recent years, the number of laborers arriving has dipped due to the low yields.

As a province supplying up to 50% of the total cashew output in the country, the cashew crop failure in Binh Phuoc Province has caused domestic cashew producers and processors to depend on cashew imports.

Statistics from the General Department of Vietnam Customs show that cashew imports have risen consistently since the beginning of the year. March alone saw 80,000 tons of raw cashew, worth US\$137 million, being imported, up 20% and 12.5% against the figures seen in February, respectively.

4. Make business environment most important growth engine: PM

Among six growth engines for Vietnam's economy in 2019, substantial improvements of the business environment are considered the most important, according to Prime Minister Nguyen Xuan Phuc.

This includes the removal of legal barriers restricting development, Phuc said at the monthly government meeting on April 2.

According to Phuc, the first growth engine is to provide greater supports to agriculture – fishery – forestry. For this matter, the Ministry of Agriculture & Rural Development (MARD) is tasked with cooperating with related government agencies in preventing the spread of African swine fever and regularly updating the government on the actual situation.

Secondly, it is important for Vietnam to grasp opportunities from the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), in

addition to diversifying markets and enhancing trade competitiveness.

Thirdly, Vietnam should focus on developing the manufacturing and processing, addressing concerns of the business community and large-scale projects.

Fourthly, facilitating the development of the services sector, especially wholesale, retail, logistics, tourism, information and technology, finance and banking.

Fifthly, PM Phuc requested to accelerate the disbursement of public investment capital, requiring joint-efforts from each ministry, agency and state-owned enterprise to utilize efficiently public funding.

Despite positive economic performance in the first quarter with growth rate of 6.79%, Phuc said

Vietnam must be aware of potential risks in the coming second quarter and in 2019, including the slowdown of global economy, uncertainties surrounding the US – China trade talks and Brexit, among others.

Additionally, Phuc said the government is committed to keeping the inflation rate below 4% this year.

5. Vietnam's economy to expand 6.8 percent in 2019: ADB

In its flagship annual economic publication, Asian Development Outlook (ADO) 2019, the ADB said Vietnam's economy remains strong growth momentum though moderating amid weakening global outlook.

Speaking at a press conference held in Hanoi on April 3 to announce the publication, ADB Country Director for Vietnam Eric Sidgwick said that the economic performance in Vietnam reached a sweet spot in 2018, driven by strong exports and domestic demand.

Economic growth will likely hold up well in the near term, supported by export-oriented manufacturing, foreign direct investment, and sustained domestic demand. The growth momentum is expected to continue, thanks to ongoing reforms to improve the business environment and encourage private investment," he added.

Vietnam's inflation is expected to average 3.5 percent in 2019 and 3.8 percent in 2020, the report said.

According to the report, growth will continue to be broad-based, underpinned by robust private consumption, the continued expansion of manufacturing, services, and agriculture, and

greater market access for Vietnam's exports through various free trade agreements, including the recently ratified the Comprehensive and Progressive Agreement for Trans-Pacific Partnership

It also mentioned risks for Vietnam's economy, saying that the world's major economies - Vietnam's key trading partners- are weakening. Vietnam is one of the most trade-dependent countries in the region, with trade volume reaching twice the size of its gross domestic product (GDP).

Domestically, lackluster progress in state-owned enterprises reform could be a drag on growth, it added.

The report underlined the importance for Vietnam to strengthen private firms' integration in the global value chains (GVCs), which is a key policy challenge for Vietnam's long-term growth.

Improving small-and medium-sized enterprises' (SMEs) access to finance, and enhancing SMEs' capability, including workers' skills, are among important measures to enable SMEs to better adopt new technologies and have more value addition in GVCs, it stressed.

6. HCMC seeks new ways to support startups, exporters

The city recorded a gross regional domestic product growth rate of 7.64% to reach roughly VND324.5 trillion (US\$13.9 billion) in the three-month period. Besides this, the local State budget rose by 7.18% from a year earlier to more than VND98.3 trillion (US\$4.2 billion) during the quarter.

Its total retail revenue from goods and services saw a 12% rise compared with the same period last year. The city brought in US\$8.9 billion in export revenue, while it spent some US\$10.8 billion on imports, up 5.7% and 1.3%, respectively.

The number of international visitors in the city grew by 14.1% year-on-year to over 2.2 million arrivals.

Chairman Phong stated that investment activities gained fairly good achievements. More than 8,600 new companies were established at total registered capital pledges of over VND147 trillion (US\$6.3 billion), up 2.4% in number and 46% in value.

In addition, foreign investors injected more than US\$1.5 billion into newly licensed projects and merger and acquisition deals, marking a year-on-year rise of 20.4%.

He noted that the number of registered enterprises to date is some 378,000, of which micro-, small- and medium-sized enterprises account for a staggering 90%. Meanwhile, large enterprises valued from VND100 billion each make up 1.99% only, but their capital scale represents some 66% of the total.

The city government plans to organize a separate meeting with large enterprises to canvass their feedback and find out what the city should do to create a more favorable business environment for them to grow. “Of course, the city still pays attention to small enterprises,” he said.

In addition to its support for local startups and exporters, the local authority will roll out a program to encourage the application, research and development of artificial intelligence products in the 2019-2025 period.

Corporate News

7. CII11709: Notice of bond interest payment

↓ -0.40%

Ho Chi Minh City Infrastructure Investment Joint Stock Company announces the record date for bond interest payment as follows:

- Bond name: Bond of Ho Chi Minh City Infrastructure Investment Joint Stock Company (CII_BOND2017-03)

- Bond code: CII11709
- Purpose: to pay for the bond interest (from January 26, 2019 to April 26, 2019)
- Record date: April 12, 2019
- Exercise ratio: 1.944%/bond (1,944 VND/bond)
- Payment date: April 26, 2019

8. BID: Board approves transactions with related parties

↑ 2.59%

On March 28, 2019, the Board of Directors of Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) issued Resolution No.233/NQ-BIDV. Accordingly, the Board

approved contents of transactions and maximum trading volume with Vietnam – Russia Joint Venture Bank (VRB), Laos Viet Joint Venture Bank (LVB) and Bank for Investment and Development of Cambodia (including BIDC.HO, BIDC.HCM and BIDC.HN).

9. CTG: CTG signed a service agreement with VBI

↓ -0.91%

On April 02, 2019, The Board of Directors of Viet Nam Joint Stock Commercial Bank for Industry

and Trade (VietinBank) issued a resolution to approve the supply and using payment service contract between Vietinbank and VietinBank Insurance (VBI).

Research Team: **Tsugami Shoji** *Researcher* jsi@japan-sec.vn

Disclaimer:

Copyright 2015 Japan Securities Incorporated (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.

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

Website: www.japan-sec.vn