VIETNAM DAILY NEWS

April 09th, 2019

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Market Analysis

1. Fuel stocks buoy VN-Index

The session closed with 148 stocks advancing and 128 others losing. The VN-Index stood at an intraday high of 990 points, up 0.84% against last Friday, with 163 million shares worth VND3.4 trillion traded, down 13.5% and 11.7% respectively.

Of these, block deals accounted for 16.7 million shares, contributing some VND510 billion to the total value.

The local stock market earlier saw no noticeable trading activities before entering the session at the start of the new week, since most investors remained highly cautious.

Oil and gas stocks significantly contributed to the surge of the VN-Index, with busy trading activities during the afternoon.

Fuel firm GAS inched up by 3.1% to its ceiling price of VND107,000 per share, with matching volume put at 890,000 shares, while its fellow PLX rose by 2% to VND62,600 with 1.41 million shares transacted.

Also, two other oil and gas companies, POW and PVD, edged up 1% and 4.1% to VND15,550 and VND20,300, respectively.

Meanwhile, property firm VHM was among the large caps. It moved sideways in much of the day and rallied at the end of the afternoon phase. It closed at an intraday high of VND94,600, up 2.2%.

As for stocks in the banking and finance sector, heavyweight lender VCB had an impressive session, edging up 2.3% to its highest level of the day, at VND69,700. Its fellow CTG jumped 1.8% to VND22,300 while BID and MBB advanced as well. Three other lenders, TCB, HDB, and VPD, closed at their reference prices.

Liquidity in the banking sector improved.

Apart from that, some bluechips such dairy firm VNM, property firm VIC, and brewery SAB closed the session slightly higher.

Among the small stocks, plastics firm AAA made a drastic rise of 6.8% to its ceiling price of VND18,900 and led the market by liquidity with almost 9.6 million shares changing hands. The firm said that its pre-tax profit in the first quarter of the year hit VND270 billion, way above last year's VND253 billion.

On the Hanoi Stock Exchange, the HNX-Index rose 0.98% to 108.93. There were some 35.4 million shares traded, with a total value of over VND550 billion, up 28.43% and 56.67% against Friday. Block deals made up almost VND87.5 billion of the total value.

Notably, oil firm PVS surged 4.9% to the intraday high of VND23,500, with more than eight million shares traded. It was also heavily net bought on the northern bourse, with over 1.7 million shares.

Lender ACB gained 2% at VND30,800 and had 2.2 million shares changing hands. Meanwhile, its fellow SHB rose 2.7% to VND7,700, with 2.86 million shares traded.

2. VN-Index nears 1,000-point mark on April 8

At the end of the day's session, the VN-Index on the Ho Chi Minh Stock Exchange (HoSE) increased 8.3 points to 997.56 points. More than 163.6 million shares changed hands for nearly 3.43 trillion VND (147.49 million USD).

The prices of 148 codes enjoyed increases, while those of 77 remained stable and 128 others dropped.

Meanwhile, on the Hanoi Stock Exchange, the HNX-Index rose 1.06 points to 108.93 points.

Upturns were recorded in 89 codes, and downturns in 86 codes.

Of the VN-30 group, the prices of 15 codes rose, and falls were seen in 10 others.

The highest rise was seen in the price of GAS (3.1 percent), followed by VHM (1.9 percent), DPM (1.9 percent), and VIC (0.3 percent). Meanwhile, the sharpest drop was seen in the price of VJC at 2 percent.

In the oil and gas group, the price of almost all codes rose, with PLX at 2 percent; POW, 1 percent; BSR, 2.3 percent; OIL, 1.4 percent; PVB, 3.4 percent; PVD, 4.1 percent; PVC, 4 percent; and PVS, 4.9 percent.

Similar growth was seen in shares of banks, with VCB rising 2.3 percent; SHB, 2.7 percent; ACB, 2 percent; CTG, 1.8 percent; and BID, 1.3 percent.

In the HOSE, foreign investors bought 2.56 million shares with 144.49 billion VND. The best seller of the day was MSN with over 50.33 billion VND worth of transactions, followed by VCB with 40.8 billion VND.

On the UPCOM market, foreign investors sold nearly 46,000 shares. They bought over 2.46 billion VND worth of GEG shares and sold 3.62 billion VND worth of ACV shares. –VNA.

Macro & Policies

3. Incentives should be applied to hi-tech projects' locally executed stages: ministry

The ministry is preparing a plan to attract foreign direct investment (FDI) in the coming period and will submit it to the Politburo this month.

Vu Dai Thang, deputy minister of Planning and Investment, said that Vietnam is finalizing socioeconomic development strategies for the 2011-2020 period and is building strategies for the next decade.

Over the last 30 years, the country attracted some 28,000 FDI projects, with total registered capital of US$300 billion. Of this amount, US$200 billion has been disbursed.

Thus, FDI has played an indispensable role in promoting further economic development. However, the country should change the ways it attracts and uses FDI to ensure its effectiveness.

Foreign investors have mainly poured their capital into the outsourcing stage of Vietnamese firms to utilize the low-cost workforce. They have also considered Vietnam as a country that can share the risks of their China+1 and Thailand+1 strategies.

In the coming days, Vietnam should allow hi-tech projects that are environmentally friendly and use only high-skilled labor.

Thang said that all hi-tech projects are entitled to incentives, while some investors complete only 30% of their production lines in Vietnam.

The investment environment in Vietnam has been gradually improved and recognized as one of the four most competitive in the ASEAN region, the deputy minister noted.

Nguyen Minh Cuong, an economic expert at the Asian Development Bank (ADB), said investors now prefer markets with high labor productivity and a transparent business environment rather than those with low labor and production costs.

At a regular Cabinet meeting early this month, Minister and Chairman of the Government Office Mai Tien Dung said that FDI attraction was the highlight of the country's economic performance last quarter.

Fresh FDI approvals in the first three months of the year reached over US$5.1 billion, surging 30% year-on-year.

According to a survey on the performance of Japanese businesses in Vietnam conducted last month, up to 70% of Japanese firms wanted to expand their business in Vietnam, while only 48.7% of Japanese companies operating in China had expansion plans in China.

Moreover, 6.7% of Japanese companies in China planned to narrow or suspend their operations, while just a few Japanese enterprises had plans to withdraw from Vietnam.

The attractiveness of the Chinese market to Japanese investors has declined, given trade tensions with the United States, Deputy Minister Thang said, adding that investors would definitely seek other emerging markets.

Besides China, foreign investors are moving their operations from Cambodia to Vietnam. In February, the European Commission began an 18-month process to consider waiving the tax exemption for imports from Cambodia.

Vietnam may benefit from the waiver, stated ADB Country Director for Vietnam Eric Sidgwick.

A report on new-generation FDI attraction by the International Finance Corporation, a member of the World Bank Group, showed that Vietnam is growing increasingly attractive to international investors, especially those wanting to produce goods for export.

In addition, the free trade agreements signed by Vietnam have helped it access large markets, such as Japan, South Korea and India. The European Union-Vietnam free trade pact, which is expected to be signed next month, will help Vietnam attain gross domestic product growth of 7%-8% this year.

4. Vietnam spends 570 million USD importing pharmaceuticals in Q1

Imports have come from dozens of countries and territories in Asia, North America, Europe and Oceania. In particular, many major markets in Europe are supplying pharmaceuticals to Vietnam.

By the end of February 2019, France was the largest drug exporter to Vietnam, reaching nearly 55 million USD, up 40.3 percent over the same period last year. It was followed by Germany, India, the US, the Republic of Korea, the UK and Belgium with 44.5 million USD, 37 million USD, 34.2 million USD, 22.7 million USD, 18 million USD and 14 million USD, respectively.

By the end of 2018, the country's pharmaceutical imports amounted to nearly 2.8 billion USD, slightly lower than the import spending of 2017.

According to statistics from IBM Market Research, Vietnam's pharmaceutical market size in 2018 reached nearly 5.3 billion USD. The market size is expected to reach 7.7 billion USD by 2021 and 16.1 billion USD by 2026, with a growth rate of up to 11 percent.

The poor ability to develop new drugs and the few businesses with access to high standards are the main reasons for the rapid increase in pharmaceutical imports over recent years.

Nearly 55 percent of domestic pharmaceutical needs must be met by imported sources, including a large number of patented drugs, which are expensive because they are unable to be produced domestically.

The drug spending per capita in Vietnam in 2017 was about 56 USD. This figure is expected to increase to 85 USD in 2020 and 163 USD in 2025.

5. Vietnam's economic growth scenarios for 2019

The latest report from the Institute of Chartered Accountants in England and Wales (ICAEW) predicts that Vietnam will see GDP growing by 6.7 percent in 2019 before the growth rate falls to 6.2 percent one year later.

The report about Southeast Asia says the economic growth of the entire region will decrease slightly by 0.3 percentage points to 4.8 percent. The major reason behind the forecast is the strong rise of protectionism around the globe and the demand decrease from China, which will lead to a lower export growth rate.

To give the regional economy a push, ICAEW mentioned domestic demand and fiscal policy loosening.

According to the institution, regional economies have shown signs of growing more slowly because of the decline of global economic activities since late 2018. In December 2018, the export growth rate in Southeast Asia decreased by 2.3 percent compared with the same period last year.

A further 0.1 percentage point decrease has been predicted for the regional economy in 2020, or 4.7 percent, because of the continued obstacles in exports.

As such, Vietnam is predicted to obtain a GDP growth rate of 6.7 percent in 2019 and 6.2 percent in 2020, lower than the 6.8 percent rate the government of Vietnam has targeted.

Meanwhile, Vietcombank Securities predicts that Vietnam will see a 6.6-6.8 percent GDP growth rate this year thanks to exports. Foreign invested enterprises (FIEs) will continue making the greatest contribution to the export growth.

The institution forecasts an inflation rate of 4-4.5 percent, saying that the consumer price index bears pressure from the scheduled public service price increases.

ADB also predicted a high GDP growth rate for Vietnam, 6.8 percent, for 2019.

The World Bank has found from its studies that Vietnam's economy has been stable despite negative factors from outside. However, as a part of the world's economy, the 90-million people economy would see GDP growth slowing down in 2019 and 2020 to 6.6 and 6.5 percent, respectively.

ANZ has predicted 7 percent growth rate in 2019, saying that Vietnam would have certain benefits from the US-China trade war.

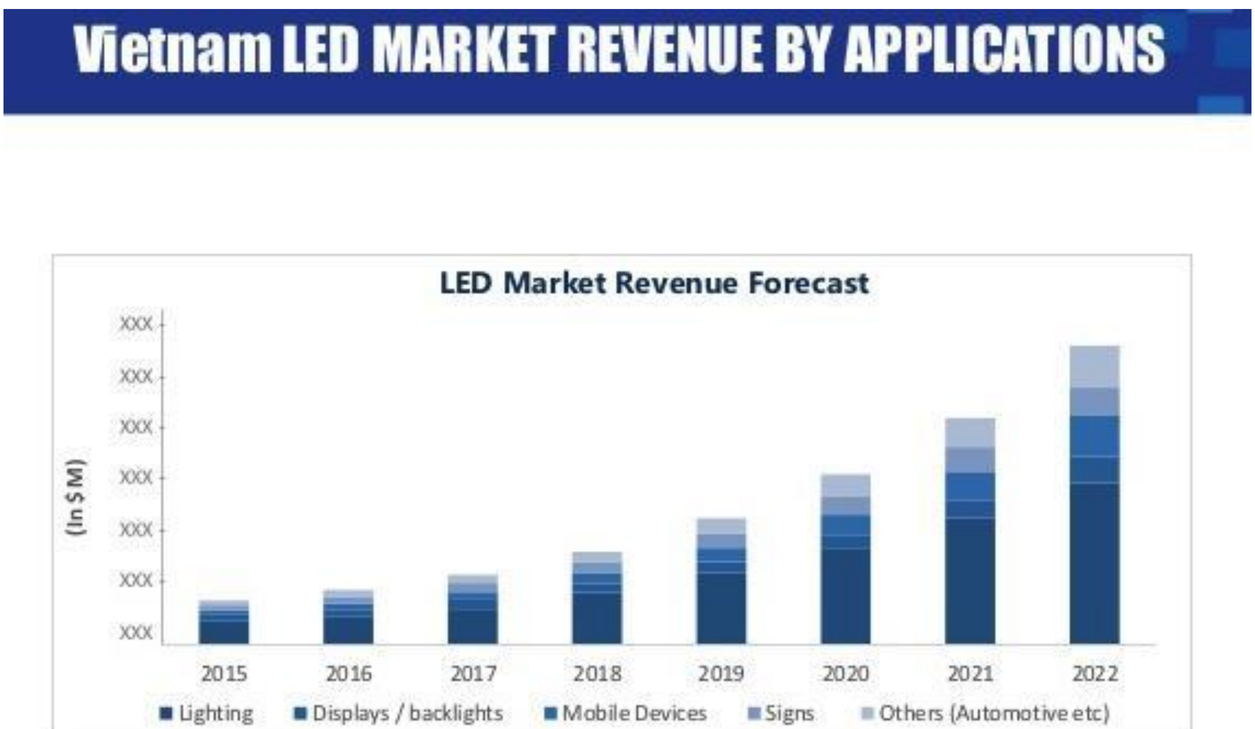
However, ANZ warned that Vietnam would face great challenges in the short term. It needs to gather strength to curb the inflation rate and prevent credit from growing too sharply.

NCIF (the National Centre for Socio-Economic Information and Forecast) gave the most optimistic prediction, saying that GDP may grow by 6.9-8.1 percent in the next period.

The government has expressed concern that the GDP growth rate in Q1 was lower than expected. However, Vo Tri Thanh, a respected economist, said it was not a big problem.

“The world's economy is unpredictable,” Thanh said.

6. LED market to reach $729 mn by 2022



Vietnam's rapid development has resulted in increases in per capita income and greater power demand in daily life. This has resulted in electricity prices rising, and LED-based lighting products are now seen as suitable solutions for cutting electricity consumption.

The government has been facilitating the growth of LED products in the country, which has resulted in rapid growth in the LED products market. Looking at the fast-paced growth in the country, many multinational companies have invested in Vietnam in the past two or three years and established production facilities around the country.

The LED market in Vietnam is expected to grow at a CAGR of 18.2 per cent during the forecast period of 2016-2022. The market analysis is based on the major application of lighting, displays and backlights, mobile devices, signs and signboards, and others.

The application of lighting is further divided into indoor lighting and outdoor lighting along with bifurcation in bulbs, street lights, and spotlights. The LED lighting segment is expected to grow the fastest in the application of LEDs in the country. The lighting segment is also expected to make the largest contribution during the expected entry of large multinational companies, cutting LED prices and lowering the cost of industrial development. Established trade relations between Vietnam and China will be helpful in sourcing LEDs for LED manufacturing facilities in Vietnam, which are constantly improving.

The Inholic Research report covers and analyzes Vietnam's LED market, presenting key insights into the industry. It aims to provide an opportunity for players to understand the latest trends, current market scenario, government initiatives, and technologies related to the market and also helps venture capitalist understand companies better and make informed decisions.

7. Fuel price stabilization fund should be disbanded: Deputy Minister

Vietnam has yet to fully switch to a market economy, thus State agencies have to remain involved in fuel price governance for price stabilization, Hai said, citing a conclusion of the Government.

With more than ten years of regulating local fuel prices, the trade ministry noted that using the fund has always been an effective economic tool, but not as an administrative intervention of the State.

The fund helps compensate for the gap between base prices and retail prices, particularly in certain sensitive periods, and allows the country to not tap the State budget to stabilize fuel prices.

If the fund had not been tapped when electricity prices rose sharply last month, local fuel prices would have surged, he said.

Fuel products are among a few essential items whose prices are gradually adjusted, in accordance with the market price.

Besides this, Decree No.83 regulated a fixed formula to work out fuel prices, with taxes and other fees taken into account. Additionally, fuel prices will be revised every 15 days, based upon the prices traded in Singapore, the main fuel seller for Vietnam.

Along with the active 28 fuel wholesalers in the country, the trade ministry is currently considering granting licenses to more fuel traders for operations in the coming time, as long as they meet requirements stipulated in the decree.

As for the inter-ministries of Industry-Trade and Finance that regulate local fuel prices, they can only make price adjustments based upon the fund. With each liter of imported gasoline, local fuel wholesalers have to extract VND300 to add to the fund. When the fund is excessively used, it will face a deficit.

In response to a source claiming that all local fuel traders faced a funding deficit following the recent price adjustment, Deputy Minister Hai cited the latest statistics at a meeting of the price regulation board on April 2 as saying that only nine out of the 28 wholesalers encountered a funding deficit.

8. South Korean investors solidify foothold in Vietnam through M&A

South Korean conglomerate SK Group has recently released plans to acquire a US$1 billion stake in Vietnam's largest private conglomerate Vingroup as early as next month.

The investment decision was made after Vingroup's shareholders approved a plan to raise at least VND25 trillion (US$1.08 billion) through a private placement to foreign investors. Vingroup plans to use VND10 trillion (US$432.34 million) of the proceeds to restructure its debts, VND6 trillion ($259.41 million) to invest in its auto subsidiary VinFast, technology firm VinTech and smartphone maker Vinsmart.

The expected deal follows SK Group's acquisition of a 9.5 percent stake in Vietnam's diversified business Masan Group for US$470 million last September.

According to SK Group, it is keen on growing its footprint in the Southeast Asian region and sees Vietnam, the region's fastest-growing economy, as a strategic base.

“Vietnam is an important foundation for our Southeast Asian strategy. We believe the partnership model is crucial to succeed in this region,” Woncheol Park, representative director of SK Southeast Asia Investment said.

Another South Korean giant, Hanwha Asset Management, also acquired 84 million preferential shares in Vingroup for US$400 million last August. The sale came after Hanwha's unsuccessful attempt to join the public debut of Vinhomes, the property arm of Vingroup, last May.

Lotte Group has also planned to expand investment in Vietnam through M&A to increase its shopping centers in Vietnam to 60 by 2020.

Third investment wave

Jiun Park, deputy director of the Global M&A Centre at the Korea Trade - Investment Promotion Agency (KOTRA), said that South Korean investors are becoming more active in Vietnam's M&A market. There are immense opportunities for partnerships between South Korean and Vietnamese firms, especially as the former are seeking opportunities to expand in the region.

Park said many South Korean SMEs have enquired about the process of doing M&As in Vietnam, calling this ‘the third wave of investments from South Korea', following the first wave conducted by conglomerates in labor-intensive industries and the second one by consumer goods companies.

A characteristic of the third wave is the strategic alliances between South Korean and Vietnamese companies, Park said, adding that the South Korean partner can provide modern technology, while the Vietnamese side can help with brand presence, market share, and product distribution in Vietnam.

Meanwhile, Kim Hyeong Soo, managing director of the Korea Venture Capital Association, said Vietnam's M&A market is becoming increasingly more mature in light of the government's efforts and the blooming market. Thus, Vietnam has caught the eyes of South Korean investors over the past few years, which has resulted in a significant rise in the number and value of M&A deals by South Korean buyers.

Echoing Soo, Jacob Won, founding partner at South Korea's Locus Capital said that most large-scale South Korean companies continued showing strong interest in Vietnam because of the country's overall economic growth potential and geographic proximity to South Korea. Vietnamese consumers also show certain favoritism to this nation and its products.

However, to realize the Korean investment inflow, Kim Han Yong, chairman of the Korea Chamber of Business in Vietnam, said the Vietnamese government should apply more business-friendly policies for foreign investors. He expected administrative procedures for investment projects in IT infrastructure to be further simplified while the law enforcement should be also improved to reduce headwinds for businesses.

Corporate News

9. STK: Report on Outstanding Voting Shares

↓ -1.65%

Century Synthetic Fiber Corporation reported change in the number of outstanding voting shares:

No.	Contents	Before change	Additional issue	After change
01	Charter capital (VND)	599,377,980,000	107,891,460,000	707,269,440,000
02	Total number of shares	59,937,798	10,789,146	70,726,944
03	Number of treasury shares	59,937,798	10,789,146	70,726,944
04	Number of outstanding voting shares	0	0	0

10.STK: Result of public offering

↓ -1.65%

Century Synthetic Fiber Corporation announced the result of public offering as follows:

File Attachment

20190408_STK-180408-Result-of-public-offering--PV.pdf

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