



VIETNAM DAILY NEWS



April 11th, 2019

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Market Analysis

1. VN stocks follow global downtrend

The benchmark VN-Index on the Ho Chi Minh Stock Exchange dropped 0.66 per cent to close at 981.91 points.

The VN-Index has lost total 1.57 per cent in the last two trading days.

Nearly 160 million shares were traded on the southern bourse, worth VND3.5 trillion (US\$150 million).

Viet Nam's major stock exchange was dominated by declining stocks, which outnumbered gainers by 183 to 113.

The main cause of the stock market decline on Wednesday was trade tension between the US and Europe.

“The Vietnamese stock market weakened after global stocks traded in negative territory following tension in US-Europe trade relations,” Sai Gon-Ha Noi Securities (SHS) said in its daily report.

Investor confidence was also dampened by the International Monetary Fund's announcement late on Tuesday, which lowered the global growth rate to 3.3 per cent from 3.5 per cent, according to MB Securities Co (MBS).

Trade tensions and tightened fiscal policies of central banks are major concerns for the global economy and investors, MBS said.

Asian shares, including Viet Nam, were affected by investors' pessimism about the global economic slowdown, MBS added.

On the Vietnamese stock market, banks and real estate firms were the worst-performing due to low investor confidence.

The banking and real estate sector indices lost 1.3 per cent and 1 per cent, respectively, data on vietstock.vn showed.

The stocks that dragged the two sectors down included HDBank (HDB), TPBank (TPB), Bank for Investment and Development of Vietnam (BID), and Military Bank (MBB), LDG Investment JSC (LDG), Vinhomes (VHM) and Vingroup (VIC).

Following the two sectors were securities, retail, construction, insurance and plastics.

Ending on Tuesday on a positive note were petroleum and energy stocks, as oil prices continued expanding, and seafood processors, after the US Department of Commerce announced a zero per cent anti-dumping tax for Vietnamese shrimp products in the 13th period of review.

The two sector indices gained 1.4 per cent and 3.1 per cent, respectively, data on vietstock.vn showed.

MBS said that the correction may continue in the next few trading days. However, when the market becomes balanced and stocks fall at a slower pace, the trading activity may turn positive.

What benefits the stock market is large-cap stocks being dragged to cheaper levels, MBS added. The fall of large-cap stocks will trigger investors to scoop them up, indicating the recent correction is only a technical decline.

On the Ha Noi Stock Exchange, the HNX-Index edged down 0.25 per cent to end at 107.43 points.

The northern market index has declined by total 1.37 per cent in the last two days.

More than 33 million shares were traded on the northern bourse, worth VND456 billion.

Macro & Policies

2. Danang to invest over VND2 trillion in smart city project

The city will set aside VND941 billion for developing smart infrastructure and a database from now until 2020, while the remainder will be used for rendering smart versions of applications during the 2021-2025 period, said Nguyen Quang Thanh, director of the municipal Department of Information and Communications, at an event to announce the scheme on April 10.

The city will continue to invest in other projects in the 2026-2030 period, aiming to widely introduce smart applications to local people and companies, Thanh added.

The smart city scheme will focus on 16 fields within the six main groups of management, economy, environment, life, citizens and traffic. In particular, tourism will serve as the key point in developing a smart economy, with investment focused on the smart tourism monitoring system, database and smart travel cards.

Tran Quoc Thai, deputy head of the Urban Development Agency at the Ministry of

Construction, said on the sidelines of the event that Danang would face several obstacles due to an inefficient infrastructure and database when developing the smart city. Accordingly, stronger cooperation between departments and agencies as well as the establishment of appropriate policies are needed.

As for the corporate viewpoint, ABB Vietnam General Director Brian David Hull said that the city had to develop the smart city model based on the demands and expectations of local residents. The authorities should help the locals fully understand the impact of fulfilling their demands for the smart city, while setting specific goals to realize the scheme, according to him.

Regarding the upsides of the smart city, the city will save up to VND1 trillion annually as well as at least 10% from other sources once the smart city is successfully launched, said Nguyen Thanh Phuc, head of the Authority of Information Technology Application at the Ministry of Information and Communications.

3. Saigon Co.op to stop selling plastic straws from May

This is reportedly the first retail store chain operator in Vietnam to take plastic straws off the shelves, marking the start of its campaign to protect the environment. From May onward, more than 600 supermarkets and convenience stores operated by Saigon Co.op will take part in the non-plastic campaign.

The operator will also actively stop attaching plastic straws to Saigon-Co.op-labeled products, while requiring companies that hire booths in its supermarkets to restrict their use of plastic straws.

The move is part of its series of activities in celebration of its 30th anniversary.

Its subsidiaries, including Co.opmart, Co.opXtra, Co.op Food and Co.op Smiles, will switch to selling biodegradable paper and edible rice-flour straws. Also, they will offer reusable straws made of stainless steel or glass for sale to consumers.

Saigon Co.op, for over a decade, has mapped out plans to gradually reduce the sale of non-eco-friendly products.

In 2011, it was the first retail store operator in the country to replace plastic bags with biodegradable bags when bagging products for customers, alongside launching other activities to protect the environment.

Plastic items are widely used in daily activities. Data from the U.S.-based Sea Research Society

indicated that over 8.3 billion plastic straws polluted the sea environment last year. Several states in the United States will impose a ban on

the use of plastic straws from 2020, while South Korea plans to adopt the ban from 2027.

4. Local tra fish exports to the UK up almost 70% in value

The exports mainly comprised frozen tra fillet, the most high-priced item at \$5.3 per kilogramme.

Frozen tra fish steak exported to the UK also fetched high prices of \$4.3 - 4.7 this quarter.

The UK, the second largest market for Viet Nam's tra fish, is expected to remain a major buyer in Europe this year, according to VASEP.

Its demand is expected to grow steadily and prices are likely to remain high this year, making it a attractive market for Vietnamese exporters.

Viet Nam is the sixth largest supplier of white meat to the UK after Iceland, China, Norway, Russia, and the Faroe Islands.

5. Cost of rooftop solar power projects drops

Bao noted that some VND60-70 million per kilowatt peak (kWp) was spent on rooftop power installations seven or eight years ago, but spending on rooftop solar power projects now averages VND20-21 million per kWp, one-third of the previous cost. Each kWp may generate three to five kilowatt hours (kWh) of electricity per day in HCMC, he remarked, adding that the city has high potential for a boom in rooftop solar power installations.

EVN HCMC has installed up to 16-17 megawatts (MW) of rooftop solar power to date, Bao noted, adding that this year, Vietnam Electricity Group had assigned EVN HCMC to call on residents to install rooftop solar panels, generating a combined 50 MW, but the corporation set a target of 80 MW.

To generate 50-80 MW of power this year, some VND1-1.5 trillion will be spent, Bao said.

The electricity sector will further spread the benefits of solar power to residents in the coming period to shore up the number of installations.

The solar panel manufacturing technology is now more advanced, with the average lifespan of a panel battery amounting to 15 years. The capital recovery period for installations is expected to be some six to seven years, he explained.

Bao stressed that customers will benefit from rooftop panel installations as they will not only use the electricity being generated by the panels but can also sell the power to utility firms.

The representative of EVN HCMC stated that as of March 31, the city saw the total electricity consumption rise sharply to 83 million kWh per day, adding that in April, May and June, scorching weather is expected to continue in the city, creating the possibility of higher power consumption.

6. Apparel sector depends heavily on material imports

Speaking at a recent press briefing to introduce the Vietnam International Textile and Garment

Industry Exhibition 2019 (Saigon Tex 2019), Nguyen Thi Tuyet Mai, deputy general secretary of

the Vietnam Textile and Apparel Association, noted that to earn US\$36.2 billion in revenue from apparel exports in 2018, Vietnam had imported US\$21 billion worth of materials from China, South Korea and India.

The country's apparel sector targeted earning revenue of US\$40 billion from textile and garment exports this year. However, in the context of the dire need for input materials, Vietnam will still buy large volumes of materials from foreign markets to meet its production needs.

Mai stated that foreign investors have built various plants in Vietnam to meet origin requirements to take advantage of preferential tax policies in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

However, the rise in investments by foreign direct investment firms has yet to reduce reliance on input material imports, resulting in a modest profit for the industry despite the high export revenue.

However, the greatest difficulty faced by the apparel industry is that locals and State authorities have blocked the opening of dyeing facilities due to environment pollution problems, Mai remarked.

Pham Xuan Hong, chairman of HCMC Textile and Apparel Association, pointed out that apart from the obstacle related to input materials, apparel firms are grappling with other bottlenecks, including a lack of laborers and tough competition with products made in Bangladesh and Pakistan. Hence, these firms have to switch to investments in machines and must improve their products' quality and overall productivity.

More than 1,000 firms from 24 countries and territories are expected to take part in Saigon Tex 2019 from April 10 to 13 at the Saigon Exhibition and Convention Center in District 7.

The expo is expected to feature a wide range of modern equipment, machines and technologies for the apparel and dyeing sectors, aside from various materials.

7. Local airlines race to launch new air routes

On April 9, Vietjet introduced a new route between Phu Quoc Island off Kien Giang Province and Hong Kong.

The carrier will operate four flights per week, starting from April 19, on the new route. With a flight time of two hours and 45 minutes per leg, the flight will depart from Phu Quoc at 10:50 a.m. and land in Hong Kong at 2:35 p.m. The return flight will depart from Hong Kong at 3:40 p.m. and arrive in Phu Quoc at 5:25 p.m. (all local times).

Tickets for these flights are now available for booking at www.vietjetair.com.

Vietjet Managing Director Luu Duc Khanh noted that the airline has carried more than 300,000 passengers between HCMC and Hong Kong following the launch of the air route between the two locations three years ago.

On April 3, the carrier opened its new international air route connecting Nha Trang City of the central coastal province of Khanh Hoa with Taiwan's Taipei. Two return flights will be operated per week on the route, on Wednesdays and Saturdays.

Three days later, Vietjet announced five air routes from Can Tho International Airport in the Mekong Delta City of the same name to Haiphong, Vinh (Nghe An Province), Thanh Hoa, Nha Trang (Khanh Hoa Province) and Dalat (Lam Dong Province). The first three routes will be in service from April 26, while the routes to the cities of Nha Trang and Dalat will begin operations next month.

On April 9, Jetstar Pacific also announced its three domestic air routes connecting Danang City with Vinh, Thanh Hoa and Phu Quoc.

The Danang-Vinh route will be put into service on April 19, operating three flights per week, on Wednesdays, Fridays and Sundays.

In addition, the air carrier will operate four weekly flights each on the routes to Phu Quoc and Danang which start operations on May 24 and 25, respectively.

Meanwhile, Vietnam Airlines will increase the flight frequency of its Hanoi-Vinh air route from one to two flights per day from April 12.

Thus, the air route will have three daily flights, including a flight operated by Vietnam Air Services Company, a subsidiary of Vietnam Airlines.

The flights will depart from Hanoi at 7 a.m., 2:30 p.m. and 6 p.m. and from Vinh at 8:20 p.m., 1 p.m. and 7:30 p.m., respectively.

In addition, Vietnam Airlines will start operating the Danang-Dalat air route from April 12, using Airbus A321 aircraft. The flights will depart from Danang at 2:45 p.m. and from Dalat at 4:35 p.m.

Corporate News

8. Stock market briefs Apr 10, 2019

↑ 0.00%

HCMC - Taseco Air Services JSC (AST) announced its 2019 business plan at an annual shareholder meeting, with revenue forecast to rise 31% year-on-year to VND1.13 trillion, and pre-tax profit projected to rise 21% to VND245.7 billion. It is planning to pay a dividend of 25% to 40%.

HCMC – Bui Minh Tuan, a member of the board of directors at Transimex Corporation (TMS), has registered to buy one million TMS shares from April 11 to May 10. This purchase would send his ownership of TMS to 14.66%, or over 6.96 million shares.

HCMC – Phu Tai Company (PTB) looks to attain net profit of VND458 billion in 2019, up 15% against last year. Its revenue is projected at VND5.86 trillion, up 23%. PTB plans to spend VND150 billion paying a dividend of VND3,200 per share for 2018 in the third quarter of 2019 and VND141 billion paying a dividend of VND3,000 per share for 2019. It plans to acquire 1.5 million treasury shares, equal to 3% of its total

outstanding shares, between March 19 and April 17.

HCMC – Vietjet Aviation Company (VJC) has agreed to advance a 10% cash dividend payment to its shareholders, equivalent to more than VND542 billion. The budget airline plans to pay a dividend of 50% both in shares and cash for fiscal 2018.

HCMC – PetroVietnam Gas Corporation (GAS) has decided to raise its 2018 dividend from 40% to 53% thanks to its higher-than-expected business performance last year. The company has already paid 40% for 2018's dividend and the remaining 13% will be paid this year.

HANOI – Vo Viet Thanh, a member of the board of directors at Thuong Phu Coffee JSC (CTP), has registered to sell 2.65 million CTP shares between April 10 and May 9. He currently holds nearly three million CTP shares, or a 24.7% stake, in the firm.

9. BTW: Notice of transaction of connected person (Nguyen Truc Mai)

↓ -9.05%

- Name of issuer: Ben Thanh Water Supply Joint Stock Company
- Stock code: BTW
- Securities type: Common stock
- Name of connected person: Nguyen Truc Mai
- Name of person discharging managerial responsibility (PDMR)/Director: Nguyen Thanh Phuc
- Position in the listed company: Director, Member of BOD
- Relation between connected person and

- PDMR/Director: wife
- Number of shares held by connected person/institution before transaction: 16,400 shares
- Number of shares to be disposed: 16,400 shares
- Nature of transaction: negotiation and order matching
- Purpose of transaction: reduce shareholding
- Expected Start date of transaction: 16/04/2019
- Expected End date of transaction: 10/05/2019

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