



VIETNAM DAILY NEWS



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Market Analysis

1. Pessimism may drag VN stocks further this week

The benchmark VN-Index on the Hồ Chí Minh Stock Exchange ended last Friday at 982.90 points, recording a weekly loss of 0.64 per cent.

The minor HNX-Index on the Hà Nội Stock Exchange fell 0.16 per cent last week to finish at 107.70 points.

Lack of purchasing power was the main factor that dragged the markets down last week, leaving mixed results among large-cap stocks in the VN30 basket.

Volatile trading was witnessed throughout the week which is understandable given companies are providing very little supportive information while global stocks are moving amid concerns about another economic recession.

The International Monetary Fund (IMF) last Tuesday lowered its global growth forecast to 3.3 per cent for 2019 from the 3.5 per cent target made in January on worries about the collapse of US-China trade talks and a no-deal Brexit.

In addition, reaching the 1,000 points benchmark last achieved in early October 2018 was still a big challenge for the VN-Index as whenever the benchmark index nears the milestone, selling pressure increased pulling it back down.

Negative movements last week was mainly caused by poor market sentiment, especially individual investors who were not in a good mood and chose to either stay out of the market or offload their portfolios to earn profits, according to Nguyễn Hoàng Việt, head of market analysis at Vietinbank Securities JSC.

“It’s obvious now the market is in an ‘annoying’ stage when both sellers and buyers are uncertain of what they’re doing. Despite that, ‘selling’ seems to dominate market sentiment at the moment,” Việt told tinnhanhchungkhoan.vn.

“Many individual investors are worried about the risks that may arise with the common stock market while the derivatives market is clearly giving them plentiful opportunities,” he said.

That reduced the interest of investors in common stocks and lured them to the derivative markets, making liquidity fall strongly, Việt added.

Trading volume on both local bourses reached average 189.7 million shares in each session of last week, which was down from 230.5 million shares recorded from April 1-5.

Trading value also fell to VNĐ3.88 trillion (US\$166.8 million) in each session from VNĐ4.16 trillion during the same period.

On the derivatives market, nearly 85,000 futures contracts were exchanged in each session last week, up 6.7 per cent from the previous week.

“Technical indicators have pointed out that there is a big chance the VN-Index is going to decline on a head-and-shoulders pattern because it failed to conquer the 1,000 point level,” Việt added.

That scenario was forecast to happen if trading liquidity remained low and more negative news kept hitting both international and domestic markets, he said.

Liquidity has reached very low levels but it is not the main factor that could boost the benchmark index for a reversal, according to Nguyễn Hồng Khanh, head of market analysis at Vietnam Investment Securities Co (IVS).

Though some companies had released first-quarter earnings reports showing higher profits over a year ago, their shares did not advance and even triggered investors to sell more strongly.

That may indicate “investors were become more cautious as macroeconomic elements like the

prices of fuel and electricity may have bad impacts on 2019 corporate earnings,” Khanh said.

According to BIDV Securities Corp (BSC), 13 listed companies on HoSE and HNX had released Q1 earnings reports as of last Friday with combined profit climbing 63 per cent year-on-year to VNĐ205 billion.

This year, investors might bet in export-oriented sectors such as textile and garment and seafood, which are forecast to grow on better global trade conditions, Khanh said.

Seafood processors last week recorded big gains as the US Department of Commerce imposed a

zero per cent anti-dumping tax on Vietnamese shrimp products.

In addition, textile and garment firms would count on free-trade agreements, which were expected to help them enter high-standard markets around the world.

The short-term market outlook would remain negative for the next two weeks until the market takes a few days off for the national holidays so that investors calm down and make better preparations, Khanh added.

2. EVS: Market to fare better in late Q2

Currently, global risks are subsiding as the U.S. Federal Reserve (Fed) has stopped its rate hike cycle and the U.S. and China are seeking a deal to end the trade war. However, local stocks have not seen strong supporting factors in the April-June period.

According to EVS, listed enterprises may see profit falling to around 4% compared to the same period last year due to the lack of contribution from bank and real estate stocks. At the end of 2019, the profit growth rate is expected at 18%, backed by consumer and manufacturing stocks.

In immediate term, the VN-Index of the Hochiminh Stock Exchange is supported by the 940-point level. Stocks may fare better since the end of the second quarter and set up a sustainable uptrend in the second half, boosted by the consumer goods sector. The index is projected to rally to 1,068 points this year, EVS said.

Vietnamese shares ended last week on a negative note as stronger oil prices were not enough to counter the selloff of large-cap stocks.

The VN-Index edged 0.31% lower to end Friday at 982.9 points. It fell a total 0.64% last week.

According to Saigon-Hanoi Securities Company, market trading conditions were a little bit poor last Friday as there were 154 stocks declining and 146 others advancing.

Large-cap stocks underperformed as they were weighed down by poor market sentiment. That forced investors to stay on the sidelines as stocks were still moving lower, it said.

On the Hanoi Stock Exchange, the HNX-Index inched up 0.12% to close at 107.7 points. The HNX-Index finished the week 0.16% lower than the previous week.

Bao Viet Securities Company said the VN-Index may continue consolidating at the current level with low turnover as it was seeking to strike a balance rather than making a strong rebound. Investors may remain cautious as they are afraid that fuel and electricity price hikes would hit production and business activities of listed enterprises.

Macro & Policies

3. Zero-percent tariffs prove Vietnamese shrimp exporters' transparency

Hanoi (VNA) – Although the US Department of Commerce (DOC)'s announcement of zero-percent antidumping tariffs on 31 Vietnamese shrimp exporters is just a preliminary decision and the official ruling is still to come, the transparency of Vietnamese businesses has been proven, an official has said.

The preliminary duties were announced following the DOC's 13th Period of Review (POR 13).

Tran Thanh Hai, Deputy Director of the Export-Import Department under the Ministry of Industry and Trade, said the success was the result of close coordination among businesses, associations and state agencies in dealing with importing countries' barriers and protection measures.

He noted when the antidumping duties were cut to zero, tariff barriers will be reduced, helping boost shrimp exports to the US.

Echoing this view, Truong Dinh Hoe, Secretary-General of the Vietnam Association of Seafood Exporters and Producers (VASEP), said this result indicates that Vietnamese firms sold shrimp to the US at prices that fairly competed with shrimp from other sources and that they did not dump their products.

He considered the zero-percent tariffs an encouragement to shrimp exporters to the US this year.

Ho Quoc Luc, Chairman of the Board of Directors of the Sao Ta Foods JSC based in Soc Trang

province, said in previous PORs, only a few businesses received a zero-percent tariff. However, in the latest review, 31 shrimp exporters were assessed as having competed fairly in the US.

They hope that this preliminary tariff will be maintained in the DOC's final ruling this September, he added.

According to VASEP, Vietnam's shrimp exports were estimated at 550 million USD in the first three months of 2019, down 15 percent year on year.

Tran Van Pham, General Director of the Soc Trang Seafood JSC, attributed this decline to fierce competition with shrimp products from other countries like India and Ecuador which have expanded their shrimp farming areas over the last two years. As a result, shrimp prices have fallen, leading to lower export value.

With zero-percent antidumping tariffs, Vietnam's shrimp industry will now have more competitive edge than some other countries', he said, adding that the US is still imposing antidumping duties on shrimp from India, Indonesia and Ecuador.

However, Vietnamese shrimp processors and exporters are still recommended to continue improving their products pending the official decision of the DOC.-VNA.

4. Trade remedies to be optimised to support domestic industries

The Ministry of Industry and Trade, which issued the general programme for the 2018-2020 period, said anti-dumping, anti-subsidy and self-protecting measures are allowed by the World Trade Organisation (WTO), free trade agreements, and other countries to create a fair competition

environment to support domestic production sectors.

Amidst Vietnam's intensive integration into the regional and global economies, trade remedies are becoming an important policy tool, helping to

enhance the effectiveness of economic integration into the wider world, it added.

The plan highlights that the application of trade remedies to support domestic industries' development must be based on the full awareness and proper implementation of the Party's guidelines and the State's policies for the field. At the same time, relevant agencies have to comply with all legal regulations and international commitments to which Vietnam is a party.

The programme also noted that mechanisms and policies on trade remedies need to take into account national industrial development strategies and policies, especially those on

prioritised sectors, supporting industries, and small- and medium-sized enterprises.

It also specified the key tasks, including perfecting policies and regulations on trade remedies, enhancing the enforcement of legal regulations on trade remedies, improving domestic industries' capacity of using trade remedies, improving state agencies' capacity in this regard, and boosting the protection of sectors' interests in response to other countries' trade remedies.

The Trade Remedies Authority of Vietnam was assigned to coordinate the implementation of this programme. –VNA.

5. Netherland's vice minister visits Dutch Lady's sustainable dairy zone in Ha Nam Province

During her trip, Sonnema visited the projects Dairy Farm and the other dairy farms in the sustainable dairy zone as well as other dairy farmers in Moc Bac Commune.

The visit was seen not only as a bridge to promote the strategic partnership between the two countries, but also as a great honor for Dutch Lady (the registered name of FrieslandCampina Vietnam) to have the attention of the government of the Netherlands.

The project to develop a sustainable dairy zone was launched in 2014 within the framework of the Facility for Sustainable Entrepreneurship and Food Security (FDOV) programme.

This project is part of a Public-Private Partnership between Dutch Lady and other stakeholders, namely the Dutch Ministry of Foreign Affairs, Ha Nam Provincial Peoples Committee, Wageningen University and The Friesian in the Netherlands, and DeHeus Vietnam.

Among these, Dutch Lady Milk is the main partner.

The project aims to establish and develop a professional and sustainable dairy zone on a family farm scale, thereby ensuring food security, creating jobs, and reducing milk imports.

Sonnema said: "This is a very interesting and significant project, not just for businesses but also for the development of local peoples lives. I highly appreciate the cooperation between Dutch and Vietnamese enterprises, particularly the exchange of technical experts from the two sides in this FDOV project.

"I hope that the future will see more projects of partnership between the governments in the agrofood sector, which helps to strengthen and promote the strategic partnership between the two nations," she added.

Sonnemas visit was a positive sign for the economic development of Ha Nam Province. Interest, commitment and synergy has led Dutch Lady and its Dutch partners to bring about good results, creating common values for the community.

The development of the area for professional and sustainable dairy farming on a family farm scale has contributed to creating jobs and improving the financial situation of labourers in Ha Nam Province over the past six years.

This is the foundation of value that Dutch Lady has built and has been continually preserving for

more than 145 years, which is to cooperate with farmers to produce a uniform source of fresh

Dutch milk in every market.

6. Trump's Trade War Turns Vietnamese Furniture Maker Into a Winner

Anh is chief executive officer of Xuan Hoa Vietnam Joint Stock Co., a furniture company based outside of Hanoi, which has received an influx of international visitors recently. On the back of U.S.-China tariffs on \$360 billion in goods last year, Xuan Hoa clients -- including Swedish furniture giant Ikea -- have re-directed some production from China to Vietnam. At least 10 new prospective clients came calling at Anh's office from abroad in just the first three months of the year.

"The trade war is bringing more business, for sure," said Anh, who expects sales to at least double in the next five years. "There are more companies getting in touch with us to switch from China to our products."

Xuan Hoa has been doing business with Ikea for more than 17 years, and the Swedish furnisher recently started ordering a small, palm-sized metal part from the Vietnamese producer. Xuan Hoa's price was already about 1,000 dong (4 cents) cheaper per part than Ikea's Chinese supplier, according to Anh, and could've potentially widened under a U.S.-China trade war.

Low Cost

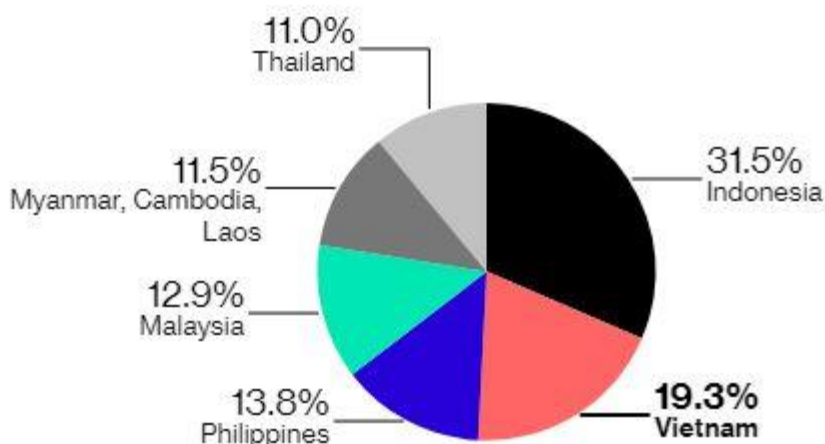
"Like any other growing, global company, Ikea is always seeking competitive opportunities in order to secure optimal sourcing to keep costs low for our customers," Mattias Hennius, a spokesman for Ikea in Sweden, said in an email, without addressing its expanding business with Xuan Hoa specifically.

Vietnam's appeal rests in part on its reputation as a low-cost location. A factory worker in Vietnam is paid about half of what his peer gets in China, while electricity is cheap because of government subsidies. Vietnam shares a land border with China, which makes it cheaper and easier for factories to source materials and components for manufacturing.

The trade war is accelerating a trend that's been steadily growing since Vietnam began opening its economy under so-called "doi moi" reforms in the 1980s. The economy has evolved into one of the most trade-dependent ones in the world with a dozen signed free-trade agreements.

Cash Chunk

Vietnam makes up about one-fifth of ASEAN's FDI, excluding Singapore



Source: ASEAN Secretariat data compiled by Maybank
Note: Foreign direct investment data as of 2017

Foreign direct investment has steadily increased since then, but really took off in 2014 after Samsung Electronics Co. announced plans to shift production of its smartphones from China to cushion its profits. FDI reached \$14.1 billion in 2017, making up one-fifth of all inflows into the region, excluding Singapore, according to data compiled by Maybank Kim Eng Research Ltd.

“It’s not just a new toy for people to play with -- it’s a shiny new toy,” Adam Sitkoff, executive director of the American Chamber of Commerce in Hanoi, said of investor enthusiasm in Vietnam.

Vietnam has made strides in the World Bank’s Ease of Doing Business gauge and the World Economic Forum’s Competitiveness Index, and debuted this year at No. 60 in the Bloomberg Innovation Index.

The trade war has acted as an added nudge for businesses to pull the trigger on their Vietnam expansion plans. Apple Inc. supplier Goertek Inc. of China, and Taiwanese giant Hon Hai Precision Industry Co., known also as Foxconn, as well as some of its rivals have all made moves into the Southeast Asian country amid the trade war. American home furnisher Haverty Furniture Cos Inc. also is ramping up production in Vietnam, citing tariff pressures.

It’s showing up in the export numbers too, with Vietnam’s shipments holding up as trade elsewhere takes a knock. Exports rose 12.4 percent in the second half of 2018 from a year ago, outpacing the five biggest economies in Southeast Asia, according to data compiled by HSBC Holdings Plc.

‘Favorable’ View

Investors say Vietnam still has much work to do to improve its business environment: rooting out corruption, improving and expanding infrastructure, especially for transport, and making sure manufacturing can move steadily up the value chain.

Like Southeast Asia’s five biggest economies, Vietnam counts China as its top trading partner, making it difficult for the nation to choose sides in a trade war. But for Anh and an overwhelming majority of his fellow Vietnamese, there’s a clear bias toward the U.S.

Vietnam tops the list among countries whose residents hold an “unfavorable” opinion of China, at 88 percent versus No. 2 Japan at 83 percent, according to the Spring 2017 Pew Global Attitudes Survey. Vietnamese affections for the U.S. -- 84 percent hold “favorable” opinions of the country -- rank behind only that of U.S. citizens for their nation, the data show.

For a country that suffered a decades-long, brutal war against the U.S., referred to domestically as “the American War,” Vietnamese enthusiasm to see the U.S. as a partner underlines their ambition as an open, internationally connected economy.

Ha Van Thanh, an assembly worker who's been with Xuan Hoa for 22 years, said he doesn't follow

the trade-war news much, but sees the benefits for Vietnam.

“I believe it's quite good for Vietnam to do business with the U.S. as well as the U.S. to work with us because many of our products can compete well with Chinese products,” he said. “The U.S. is a good market which we can supply.”

7. Return scrap stuck at ports to sender, Vietnam ministry proposes

The ministry says there are over 23,400 scrap containers stuck at Vietnamese ports, of which 42 percent have not been claimed for over 90 days.

The port in the southern Ba Ria - Vung Tau Province has the highest number of unclaimed containers at 9,400, followed by the northern port city of Hai Phong with over 6,000 and Ho Chi Minh City with over 4,600.

The ministry is proposing that containers that meet environmental standards are auctioned and shipping companies are asked to take back the rest.

If the shipping companies do not obey this instruction, their licenses in Vietnam might be revoked and the unclaimed containers destroyed.

The Ministry of Finance has also requested the Ministry of Transport to strictly control the delivery of containers containing environmentally

polluting material and force them to get out of the country.

The latest proposal comes as Vietnam has been seeking to limit the import of scrap since last year. Deputy Prime Minister Trinh Dinh Dung last month said that the country will not accept plastic scrap imports as feedstock starting 2025.

Last July, Prime Minister Nguyen Xuan Phuc ordered a temporary stop to scrap imports, saying Vietnam must not become a dumping ground for other countries' waste, leaving thousands of containers stuck at ports for months. His orders followed a surge in imports in the first six months after China banned imports of certain wastes.

Vietnam imported 9.2 million tons of scrap last year, up 14 percent from 2017, according to Vietnam Customs.

8. Foreign banks in Vietnam raise capital for expansion plans

Many foreign banks in Vietnam have been pumping more capital to expand their footprint and increase share in the domestic market, especially in the retail banking sector.

Standard Chartered Vietnam in February completed its plan to raise charter capital from VND3.08 trillion (US\$132.19 million) to VND4.215 trillion (US\$180.9 million).

Earlier, Woori Bank Vietnam, a subsidiary of South Korea's Woori Bank, also increased its capital by 53 percent to VND4.6 trillion (US\$197.42 million).

NongHuyp Bank - Hanoi branch and Bank of China - Ho Chi Minh City branch have also raised capital after getting the nod from the State Bank of Vietnam (SBV) last year. The former has been allowed to increase capital from US\$35 million to US\$80 million while the latter from US\$80 million to US\$100 million.

After the capital hike, Bank of China - Ho Chi Minh City branch is continuing to complete another increase, lifting its capital to US\$180 million after getting the approval from the SBV late last month.

Another two banks, including Industrial Bank of Korea - Hanoi branch and Siam Commercial Bank Public Company Limited - Ho Chi Minh City branch, are also finalizing capital hike after getting the green light from the Vietnamese central bank recently.

Foreign banks have tended to expand their operation in Vietnam by raising capital and opening more branches across the country in the past two years.

The market last year also saw a series of foreign banks enlarge their branch networks. South Korea's Shinhan Bank, for example, opened four new additional branches and transaction offices in Hanoi and Ho Chi Minh City, beefing up its Vietnamese branch network to 30 whilst Malaysian's Public Bank Vietnam Ltd also expanded its foothold by opening five more branches and transaction offices, raising the total to 18 outlets.

Fruitful market

Reports from the Vietnamese central bank showed that the assets of joint venture banks and wholly foreign-owned banks in Vietnam surged sharply by 18.34 per cent to VND1.1 quadrillion (US\$47.21 million) in 2018.

The move shows that foreign banks have big ambitions in the Vietnamese market and want to compete with Vietnamese banks in the retail banking sector, which has high growth potentials.

According to Yee Chung Seck, partner of international law firm Baker & McKenzie, foreign

investors see an untapped opportunity Vietnam's banking system and find it the most captivating attraction. .

"Only 30 percent of the population has access to banking services and even a smaller number of these people use credit cards or other types of mobile services; there is a huge potential in this unbanked population," Seck said.

Foreign banks have so far also gained positive business performance in the Vietnamese market and their results are estimated to be better than Vietnamese banks with the same scale in capital and total assets.

As for South Korean banks, for example, reports from South Korea's Financial Supervisory Services (FSS) showed South Korean banks in Vietnam contributed significantly to the Korean banks' rising income.

The combined interest income at 189 overseas branches of South Korean banks gained 18.1 percent year-on-year to US\$1.86 billion last year, of which net income increased the most in Hong Kong, China and Vietnam, the FSS said in a statement released recently.

There were nine wholly foreign-owned banks and 49 foreign bank branches operating in Vietnam by the end of 2018. Some branches have huge charter capital such as SMBC Hanoi (nearly US\$302 million), Bangkok Bank in Hanoi and Ho Chi Minh City (over US\$226 million).

Corporate News

9. BFC: BOD resolution on the business plan

↓ -3.90%

On April 11, 2019, the Board of Directors of Binh Dien Fertilizer Joint Stock Company approved the following issues:

File Attachment

[20190412 BFC-190412-BOD-resolution-on-the-business-plan---QN.pdf](#)

10.DXG: BOD resolution on the plan for convertible bond issuance

↑ 0.22%

On April 10, 2019, the Board of Directors of C Dat Xanh Group Joint Stock Company approved the plan for private of placement of convertible bond as follows:

1. Approving the plan for the private placement of convertible bond:

- Bond name: DXG_CB_2019_01
- Bond type: convertible and unsecured bond
- Investor: KIS Securities & Investment Com Ltd
- Issue method: private placement
- Agent for registration and payment: Viet Capital Securities Joint Stock Company (VCSC)
- Issue value: VND234,000,000,000
- Issue currency: VND
- Bond form: book entry
- Par value: VND1,000,000,000
- Issue volume: 234 bonds
- Issue price: 100% par value
- Bond term: 05 years

- Convertible period: After 01 year from the finish date of the issue
- Issue time: expected in Q2.2019
- Interest rate: 7%/year
- Term of interest payment: once every 06 months.
- Convertible price: VND29,228/share
- These bonds will be restricted in 01 year from the issue date.

2. Approving the plan for stock issuance to investor:

- Stock type: common share
- Par value: VND10,000/share
- Converted bond value: VND234,000,000,000
- Number of shares to convert: equivalent to total value of bond issuance/convertible price

3. Approving the plan for the use of capital from the issue: After the finish of issue, total proceeds from the issue will be used to develop the land fund, supplement working capital and restructure the company's capital resources.

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