



VIETNAM DAILY NEWS

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JAPAN SECURITIES INC.

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Market Analysis

1. VN-Index drops but VN30 stocks surge

Ending the day, the VN-Index fell a slight 1.14 points, or 0.12%, at 978.5, as losers outnumbered gainers by 184 to 105.

The southern bourse saw 152.16 million shares worth nearly VND3.4 trillion changing hands, up 28% and 20% versus the previous session, respectively. There were 28.24 million shares worth VND801.39 billion traded in block deals.

In the VN30 basket, brewery firm SAB jumped 1.88% at VND243,700 per share with 48,200 shares worth VND11.6 billion traded. Meanwhile, consumer goods producer MSN and jewelry firm PNJ picked up 1.84% and 2.9% to their highest levels of the day at VND88,500 and VND103,000, with respective matching volume of 678,660 and 610,080 shares.

Other large-cap stocks such as retailer VRE, dairy firm VNM, fuel distributor PLX and steelmaker HPG also helped save the VN-Index from further losses. VRE surged 1.25% at VND36,450 with matching volume totaling 2.6 million shares, while HPR saw 3.8 million shares changing hands at VND34,000 each.

Low-cost carrier VJC also soared 2.24% at VND118,500, the highest of the day, with more than one million shares transacted.

However, the VN-Index still fell as lender VCB lost 1.47% at VND66,900 per share, CTG fell 1.18% at VND21,000 and TCB declined 1.24% at VND23,850.

Construction firm ROS continued taking the lead by liquidity with more than 10 million shares changing hands, but its price inched down 0.65% at VND30,650.

Rubber producer VHG was the most actively traded stock with 6.42 million shares traded although the stock suffered four straight days of losses and the Hochiminh Stock Exchange has announced to stop the trading of VHG shares from May 22.

On the Hanoi Stock Exchange, the HNX-Index edged 0.43% lower at 107 points, with 64 gainers and 90 losers. The market saw 31 million shares worth VND385.85 billion traded in the afternoon, unchanged in volume but up more than 11% in value over the previous trading session. In block deals, nearly one million shares changed hands with a total value of VND14.4 billion.

Among big-cap stocks on the northern bourse, lender ACB edged down 1.33% at VND29,700, the lowest of the day, with 1.13 million shares traded.

Construction firm VCG slid 0.72% at VND27,400 and industrial enterprise VCS slipped 0.94% at VND63,500.

Meanwhile, petroleum technical service firm PVS surged 2.58% at VND23,900 with more than 5.13 million shares matched.

Lender SHB ended at its reference price of VND7,500 with matching volume of 3.94 million shares.

Macro & Policies

2. Vietnam's biggest solar power complexes connected to grid

Vietnamese firms have inaugurated two solar power complexes with total capacity of 690MW, the biggest of its kind in Vietnam and the biggest in Southeast Asia, according to local media.

Both complexes, located in the central province of Ninh Thuan, one of the locality having the strongest solar radiation in Vietnam, have been connected to the national power grid.

The first complex with an investment of VND7 trillion (US\$304 million) by BIM Group includes three plants with total capacity of 330MW.

Equipped with more than one million solar panels, the complex is estimated to produce roughly 600 million kWh/year, helping reduce nearly 304,400 tons of carbon dioxide discharged into the environment annually.

The second complex capacity of 360MW including the first phase with 204MW solar power and 39MW wind power and the second phase with 112MW wind power.

Deputy Prime Minister Vu Duc Dam attended the inauguration ceremony and highly appreciated the quick construction of the two solar-wind power complexes which were kicked off in July 2018.

The two complexes together with other renewable energy projects are expected to boost investment in Ninh Thuan's energy sector as well tourism industry, the government said on its website.

At the end of 2018, there were 121 solar power projects with total capacity of 6,100MW added to the national power master plan by 2020, compared to 850MW by 2020 approved earlier by the prime minister. The targeted capacity by 2030 would reach 12,000MW.

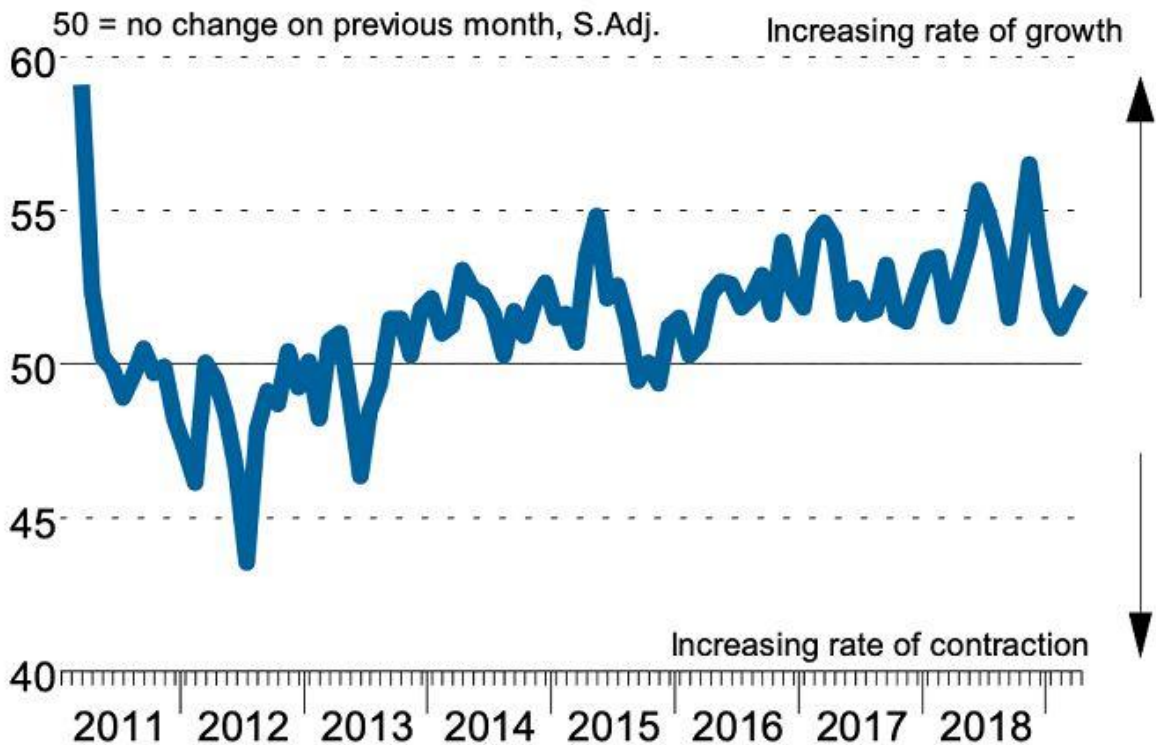
Localities having great potential of solar power include the central provinces of Ninh Thuan and Binh Thuan, and the southern provinces of Tay Ninh, Binh Duong, Binh Phuoc, Long An, and Ba Ria-Vung Tau, according to the MOIT's Institute of Energy.

3. Vietnam manufacturing activity hits 4-month high in April

The headline Nikkei Vietnam Manufacturing Purchasing Managers' index (PMI) rose to a four-month high of 52.5 in April from 51.9 in March, and signaled a solid monthly improvement in the

health of the sector, according to Nikkei and IHS Markit.

Nikkei Vietnam Manufacturing PMI



Sources: Nikkei, IHS Markit

A reading below the 50 neutral mark indicates no change from the previous month, while a reading below 50 indicates contractions and above 50 points to an expansion.

Business conditions have improved on a monthly basis since December 2015. Firms continued to see new orders rise at a solid pace in April, with the rate of growth broadly in line with that seen in March.

A similar picture was seen with regards to new export business. In both cases, panelists mentioned improving customer demand. New order growth fed through to increases in a number of other variables monitored by the survey, including purchasing, employment and output. Manufacturing production rose for the seventeenth successive month. The rate of

expansion was solid, albeit weaker than in the previous month.

Job creation was registered for the first time in three months at the start of the second quarter. The increase in employment was slightly faster than the series average. Greater operating capacity meant that firms were able to keep on top of workloads in spite of a further solid expansion of new orders. As a result, backlogs of work decreased for the fourth month running.

Purchasing activity continued to rise solidly, with the latest increase helping to support the first accumulation in pre-production inventories since January. Stocks of finished goods also expanded, albeit only marginally and to the least extent in the current seven-month sequence of accumulation. New orders are predicted to increase further over the coming year, helping to

boost sentiment around production volumes. Business expansion plans are also set to support output growth. Sentiment rose to a three-month high in April.

The rate of input cost inflation accelerated to the sharpest since last November. Panelists reported general increases in raw material prices in international markets. Despite a solid rise in cost burdens, manufacturers in Vietnam continued to lower their output prices. Charges were reduced for the fifth consecutive month, linked to efforts to secure greater new order volumes. That said, the rate of decline was only marginal.

“The main positive from the latest Vietnam manufacturing PMI survey was a return to employment growth, the first rise in three months, as firms gained confidence that the soft patch at the start of the year is now a thing of the past. There was still a reluctance to raise selling prices, however, in spite of a pick-up in the rate of cost inflation, but this will likely change should solid inflows of new work continue in coming months,” said Andrew Harker, associate director at IHS Markit, which compiles the survey.

4. Vietnam trade surplus narrows to US\$711 million in Jan-Apr

Vietnam reported an estimated trade deficit of US\$700 million in April, narrowing the trade surplus of the first four months of 2019 to US\$711 million from US\$1.6 billion one month earlier, the General Statistics Office (GSO) has said in a monthly report.

The country posted a trade surplus of US\$3.7 billion recorded in the same period last year.

On breaking down, domestic enterprises reported a trade deficit of US\$9.46 billion in the four-month period, while foreign-invested firms posted a positive balance of US\$10.17 billion.

In April, Vietnam exported goods worth US\$19.9 billion, down 12.6% month-on-month, while imports reached US\$20.6 billion, down 2.6%.

Overall, the country's trade turnover reached US\$156.8 billion in the first four months of 2019, up 8% year-on-year, of which, its export value amounted to US\$78.76 billion, up 5.8% year-on-year, and imports totaled US\$78.05 billion, up 10.4%.

According to the report, Vietnam's export staples during the January - April period consisted of equipment and parts with US\$11.6 billion, up

15.2% year-on-year; garment with US\$4.1 billion, rising 8%; steel with US\$3.1 billion, growing by 3.9%; plastics with US\$2.9 billion, up 3.9%; vehicles with US\$2.4 billion, an increasing of 95.6%, among others.

Electronic appliances, computers and components were the biggest export staple, reaching US\$15.8 billion, accounting for 20.2% of total exports and up 20% year-on-year.

In the January - April period, the US remained Vietnam's biggest export market, spending US\$17.8 billion on Vietnamese goods, up 28.4% year-on-year, followed by the European Union (EU) with US\$13.7 billion, up 2.8%, and China with US\$10.4 billion, down 5.8%.

Meanwhile, China remained Vietnam's largest import market with turnover of US\$22.3 billion, an 18.8% climb year-on-year.

South Korea claimed the second place by exporting US\$15.5 billion worth of goods to Vietnam, up 3.1% year-on-year, followed by ASEAN with US\$10.8 billion, up 9.2%.

5. Central Vietnam steel plant sold for ‘peanuts’

The plant in central Ha Tinh Province was recently auctioned in coordination with the district civil judgment enforcement authorities. Bids from 23 different buyers were submitted, with a starting bid of VND108 billion (\$4.64 million).

The auction took the form of a ballot bid, meaning all interested parties submitted their maximum auction bid just once to avoid back and forth "penny bidding". This was done over several rounds to single out a winning bid.

After 11 rounds, Nguyen Minh Hoang Phuong Vu, director of Nhon Tan Warehouse Investment and Development JSC (based in central Binh Dinh Province), was declared the winner with a bid of over VND205 billion (\$8.83 million).

Vu declined to comment on how he plans to deal with the steel mill.

Meanwhile, a senior executive of a bank involved in the proceedings said that the proceeds will be distributed pro-rata to creditors of the steel mill's investors.

Van Loi Steel Mill, which spans an area of 26 hectares (64.2 acres), was licensed to operate in June 2007 with a registered capital of VND1.7 trillion (\$73.3 million).

Its investors, Ha Tinh Steel Jsc and a few other companies and individuals, had set a target to produce its first steel billet in August 2010.

However, project construction failed to meet deadlines in the 2007-2010 period because investors lacked funds. They later borrowed over VND700 billion (\$30.2 million) from three banks to carry on the project.

Since 2010, the unfinished plant has been left deserted, and the machinery and equipment has rusted.

With no substantial progress seen even after the loan, the provincial administration decided to revoke the project license in May 2015.

After the auction, the project's land will be returned to Ha Tinh Province and be allotted to new investors who are interested in using it.

6. Vietnam airports operator to stop charging for drop-off, pickup cars

Vu The Phiet, general director of the joint stock Airports Corporation of Vietnam (ACV), the country's monopoly airports operator, said the number of minutes allowed for cars to enter free would depend on the airport and be decided by the government.

The ACV plans to upgrade its car monitoring systems at all of its 21 airports by 2019, and introduce the new model by 2020 at the latest.

Phiet said his company is proposing a plan to collect toll on roads it maintains immediately around airports.

But Nguyen Thien Tong, a former head of the aviation engineering faculty at the Hanoi University of Science and Technology, said the ACV's practice of charging all cars entering its

airports is unlawful and should be stopped immediately.

He pointed to the conclusions of the Government Inspectorate at the end of 2017 which said the ACV's fee collection practices were not in accordance with the Law on Land and therefore unlawful.

It found the ACV's airports had collected over VND550 billion (\$23.7 million) in such unlawful fees, he said. This amount should be appropriated by the government, he said.

"Passengers are already paying airport fees if they fly, so they should not pay more for simply driving to the airport. Roads leading up to the terminals are transport infrastructure, not an aviation service."

Besides, getting rid of the tollbooths would prevent congestion during peak times, he pointed out.

Traffic expert Nguyen Van Thanh said while the ACV has indeed invested in these roads, it does not have to pay land-use fees. Thus, enterprises need to determine how long it will take to return the investment, then return these roads to the state

once they have recuperated their investment capital.

"The ACV should be encouraged to find its own financial resources, which means no fee collection from cars."

Corporate News

7. ACV: Board Resolutions

↑ 1.21%

File Attachment

[ACV_2019.04.26_Board-Resolution.doc](#)

8. BVH: Resolution on the restriction of ESOP shares

↓ -7.00%

On April 24, 2019, the Board of Directors of BaoViet Holdings issued Resolution No.33/2019 approving the policy on transactions and agreements between BaoViet Holdings and BaoViet Insurance, BaoViet Life, Bao Viet Fund Management Company, BaoViet Securities Joint Stock Company, Bao Viet Construction Co., Ltd.

On the same day, the Board of Directors of BaoViet Holdings issued Resolution No.34/2019 regarding the adjustment of stock type from the restricted stock to the transferable stock for 60% of ESOP shares that were issued in 2018.

9. Stock market briefs May 2, 2019

↑ 1.74%

HCMC - The local securities market was valued at US\$175 billion last year, which is much smaller than other regional markets and has yet to fully match the country's potential, Deputy Minister of Finance Tran Xuan Ha said at a discussion at the Vietnam Private Economic Forum 2019. The ministry will propose the National Assembly amend the Securities and Insurance Business Laws, restructure the stock and insurance markets, including the merger of the nation's two stock exchanges, accelerate State capital divestment, issue accounting standards meeting international requirements, and develop new products.

HCMC - Thanh Thanh Cong - Bien Hoa Joint Stock Company (SBT) has passed a plan to issue

VND500 billion worth of inconvertible bonds in a private placement. The one-year bonds will carry a fixed interest rate of 10.5% per annum. The debt sale is expected to take place this month.

HCMC - CMC Joint Stock Company (CVT) will close its shareholder list on May 14 to pay a 2018 cash dividend of 25%. Thus, the company will have to spend VND91.73 billion on the dividend payment, which will be made from June 26.

HCMC - Mobile World Investment Corporation (MWG) made more than VND25 trillion in consolidated revenue and over VND1 trillion in consolidated after-tax profit in the first three months of the year, up 10% and 29%, respectively, over the same period last year and equivalent to 23% and 29% of the full-year targets.

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