



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN-Index beats resistance level of 960 points

Despite the slight fall of VN-Index at 0.06% in the morning session, the index saw a quick rally in the afternoon due to strong demand for oil and gas stocks and some blue chips.

The VN-Index of the Hochiminh Stock Exchange closed at 965.34 points, up 6.8 points, or 0.71% against the day earlier, with 144 gainers and 146 decliners.

The southern market saw 158.17 million shares worth VND3.48 trillion transacted, down 32% in volume and 23% in value from Monday's session. Of these, block deals accounted for 23 million shares, contributing over VND570 billion to the total value.

Oil and gas stocks, especially POW, lit up the southern market. POW went up to the ceiling price of VND15,200, with 5.56 million shares matched. The stock took the third spot in terms of liquidity on the southern bourse.

In addition to heavy domestic demand, foreign investors net bought more than one million POW shares.

Other oil and gas stocks also improved significantly, with gas firm GAS closing the day up 2.3% at VND109,000. Further, its fellow PLX advanced 2.6% at VND62,400 with over one million shares traded while PVD jumped 5.5% at VND21,200 with 6.3 million shares changing hands.

Strong demand also focused on other blue chips. The VN30 basket had 18 stocks rising, including brewery SAB, dairy producer VNM, property

group VIC, lender VCB and low-cost carrier VJC, positively contributing to the gain of the index.

Construction firm ROS ended the session up a whopping 6.2% at VND34,000 against the reference price of VND32,000. ROS led the southern market by liquidity with more than 11.2 million shares changing hands, the highest level over the past 1.5 months.

Construction firm ITA, realty developers KBC, DLG and LDG, and plastic firm AAA also saw high trading volumes while property developers FLC, HBC and DXG and rubber producer VHG ended down.

On the Hanoi Stock Exchange, the HNX-Index rose 0.08% at 105.7 points. The northern bourse saw 37.22 million shares worth VND524 billion changing hands, surging 41% in volume and 30% in value against the session earlier.

Oil and gas stocks and blue chips acted as a key driver for the northern market. Oil and gas firm PVS was the most actively traded stock on the market, finishing the day up 4.7% at VND24,300 per share, with 5.7 million shares changing hands.

Construction firm VCG, insurer PVI and realty firm NDN edged up 1.2%, 2.7% and 7.6%, respectively, against the session earlier.

Meanwhile, lenders ACB, NVB and SHB, industrial firm VCS and plastic firm NTP were key laggards on the northern exchange.

## Macro & Policies

### 2. New We-Fi financing to enhance support for women-led SMEs in Viet Nam and Pacific

The grant – the second that ADB has received from We-Fi – will finance the Women Accelerating Vibrant Enterprises in Southeast Asia and the Pacific (WAVES) programme, which aims to promote inclusive and sustainable growth and development through women's businesses and entrepreneurship. Approximately 5,000 women-led SMEs from Viet Nam and the Pacific will benefit from the 5-year programme.

“Women's businesses have a crucial role to play in the Asia Pacific region's efforts to achieve inclusive and sustainable development, but social and economic barriers will have to be addressed for women to realise this potential,” said ADB Social Development Specialist (Gender and Development) Keiko Nowacka.

“For ADB, We-Fi is an opportunity to help accelerate progress on gender equality and challenge the entrenched status quo that prevents WSMEs from flourishing.”

Women-led businesses comprise about 60 per cent of all micro, small, and medium-sized enterprises in Asia and the Pacific. However, these enterprises face capital constraints, which hamper their growth and development, while the women heading these businesses have limited access to business training and to targeted government support. The WAVES programme will address these constraints by focusing on the three areas of WSMEs' development – access to finance, capacity development, and enabling environment.

The programme will improve WSMEs' access to finance through innovative financial approaches including performance-based pricing in Viet Nam and the first gender bond in the Pacific. This is important given that Asia and the Pacific has one of the largest global SME financing gaps, with 59 per cent of the gap attributed to credit constraints faced by WSMEs. In Viet Nam, the gender

financing gap is estimated by the International Finance Corporation to be at \$1.19 billion.

National partners including Government agencies, civil society organisations, and women's business associations, meanwhile, will be mobilised to support the design and implementation of gender-responsive regulations, policies, and action plans to foster a more conducive environment for women-led businesses to thrive and expand.

The WAVES programme will focus on capacity development of women through financial literacy and business acceleration programmes, mentorship, and networking opportunities, with a view to equip them with the necessary skills to run and expand their enterprises. Last, WAVES will contribute to strengthening evidence and data on WSMEs in order to better inform policies and interventions moving forward.

In April 2018, ADB received a \$12.6 million grant from We-Fi to promote women entrepreneurs in Sri Lanka. ADB has been investing in women's entrepreneurship in the Asia and Pacific region, as part of its commitment to advancing women's economic empowerment, which is one of the operational priorities of its newly adopted Strategy 2030. By 2030, it is expected that 75 per cent of all ADB projects will promote gender equality.

We-Fi is governed by 14 founding contributing countries and is managed by the World Bank. It aims to mobilise more than \$1 billion in commercial and international financial institution finance to afford women entrepreneurs access to debt, equity, venture capital, insurance products, and other opportunities to link with domestic and global markets. The aim is to improve the business environment for women-owned or led SMEs.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate

extreme poverty. In 2018, it made commitments of new loans and grants amounting to \$21.6

billion. Established in 1966, it is owned by 68 members - 49 from the region.

### 3. Vietnam airlines' expansion plans hindered by aviation authority's limited governance capability

Vietnamese airlines are facing difficulties to carry out their plans to acquire new airplanes due to the limited governance capability of the Civil Aviation Authority of Vietnam (CAAV), Zing reported.

In a letter in response to startup airline Bamboo Airways, CAAV said due to limited resources, the agency could only supervise 256 airplanes registered under Vietnamese nationality.

Previously, Bamboo Airways – backed by conglomerate FLC Group - proposed to operate 40 airplanes by the end of 2019. Taking in to account the number of airplanes subject to be delivered of other airlines, the total number of aircraft in Vietnam as of December 31, 2019 would reach 277, up 61 from the current number and exceeding the supervisory capability of CAAV by 21 airplanes.

Vietjet Air in its 2018 annual report revealed the airline would take delivery of 100 new airplanes from Boeing and Airbus in the 2019 – 2023 period, including the A320 and 737 Max.

During the 2019 – 2024 period, Vietjet Air would receive 20 aircraft per year, taking the fleet under its management to 76 by the end of 2019 instead of the current 64.

In the annual general meeting, national carrier Vietnam Airlines announced in 2019 it would put into operation an additional 20 A321neo aircraft, while offloading five A321neos dated 2004 – 2005.

Vietnam Airlines' 20 new airplanes would include aircraft under wet and dry leasing, the airline also

plans to purchase 50 narrow-body aircraft and 10 back-up engines for the 2021 – 2025 period, of which Boeing 737 Max and A321neo are under consideration.

An official from Vietnam Airlines said its contract of 50 narrow-body aircraft has a clause for purchasing another 50.

Recently, the airline has received the 14th Airbus A350-900 in April, the last in its contract with Airbus.

According to Planespotter, Bamboo Airways currently has a fleet of nine aircraft plus one on order. The airline is in the process of seeking a new aviation license with registered capital of VND1.3 trillion (US\$55.76 million), aiming to raise the permitted number of aircraft from current 10 to over 30.

Trinh Van Quyet, FLC Group's CEO, said Bamboo Airways expects to expand its fleet to 40 airplanes, however, the number is exceeding CAAV's supervisory capacity.

Vietnam currently has a total of five airlines, including Vietnam Airlines, budget operator Jetstar Pacific Airlines (partly owned by Vietnam Airlines), budget carrier Vietjet Aviation, Vietnam Air Services (VASCO) and Bamboo Airways.

Vietravel, a leading tour company in Vietnam, is also seeking to set up an airline specialized in charter flight.

#### 4. Local steel sector saw gloomy prospect in first quarter

The first quarter of 2019 recorded five companies reporting losses, including Nam Kim Group (NKG), which ran the highest loss. During the first quarter, the company lost VND102 billion (\$4.43 million) due to the fluctuation of material prices. This was also the second time NKG has reported losses, as in the fourth quarter it lost VND173 billion (\$7.52 million).

The skyrocketing price of raw materials have also caused Pomina Steel to suffer VND82 billion (\$3.56 million) in losses in 2019's first quarter. This is the first time Pomina Steel reported losses in four years. During the corresponding period of last year, the company reported a profit of VND226 billion (\$9.82 million).

The same situation also happened to Dana-Y Steel JSC (DNY) which posted a loss of VND57 billion (\$2.48 million) in this year's first quarter. According to the firm, the Danang People's Committee has suspended its manufacturing activities, mainly because of its losses. The Danang authority on last November 22 officially imposed administrative fines on DNY for environmental violations.

Vietnam-Italy Steel JSC (VIS) and also suffered a loss of VND34 billion at the same time for the same reason. In addition, VIS' representative also

clarified that in 2019's first quarter, the temporarily halt to construction works during the Lunar New Year reduced the consumption of steel, leading to losses for the company.

The prospects of the steel sector in 2019 are forecast to be gloomy, so most of the firms set reduced profit targets or even anticipate losses in 2019.

Despite not suffering losses, the other firms reported pretty low profits compared to the same period of last year. Accordingly, Vietnam Steel Corporation's (VNSTEEL) profit in 2019's first quarter fell by 80 per cent on-year. For instance, Hoa Sen Group (HSG) also reported a 53 per cent fall in its profit on-year.

Most recently, VIS targets keeping its losses at around VND92.5 billion (\$4 million) in 2019, after last year's VND326 billion (\$14.17 million) of loss. HSG also plans to reach VND31.5 trillion (\$1.37 billion) in revenue in 2019, down 8 per cent against last year, and VND500 billion (\$21.74 million) in after-tax profit.

Currently, VNSTEEL and Dai Thien Loc Group have yet to organise their shareholders' meetings, so there is no information on their business performance or targets yet.

#### 5. Local firms warned of trade fraud in West Africa

According to a statement hosted on the website of the Ministry of Industry and Trade, the Vietnam Trade Office in Nigeria has warned of four common fraudulent practices that Vietnamese export companies have encountered.

For instance, swindlers tend to pose as representatives of organizations in Africa and hold high-value tenders, calling for Vietnamese enterprises to participate. They later declare that the Vietnamese firms have won the tenders and demand bidding fees of US\$1,500-US\$3,000.

Some fraudsters forge orders for Vietnamese exports worth some US\$1-2 million and ask Vietnamese export firms to pay broking and other fees to complete import procedures in their countries and to hire lawyers, at 1%-2% of the value of each batch of imports.

In addition, swindlers announce the sale of wood or iron scrap at low prices and ask Vietnamese firms to make deposits, equivalent to 20%-30% of the value of the shipments. They then disappear after receiving the money.

Lastly, they may trick Vietnamese firms into signing several contracts. They then fulfill a few of the initial contracts and ask Vietnamese enterprises to make deposits of 30%-50% of the contract value for the remaining contracts, which they never fulfill after being paid.

The Vietnam Trade Office in Nigeria has advised local firms to check the names and taxpayer

identification numbers of African enterprises before conducting transactions and to avoid transferring money in any way.

They should also make payments through irrevocable letters of credit or letters of credit at sight and should not use telegraphic transfers, documents against payment and documents against accepted payment methods.

## 6. US-funded firms hoped to take lead in connecting with Vietnamese peers

According to Loc, FDI enterprises invest in production in Vietnam, but import most of their materials and spare parts rather than purchasing from domestic firms. They use Vietnamese labourers and take advantage of the country's available resources.

Vietnam is at the threshold of new investment structure and trade development toward sustainability as well as higher quality and value added. The US is one of the top partners of Vietnam in such progress, Loc stressed.

The bilateral trade increased by 133 times from 450 million USD in 1994, when the US lifted its trade embargo against Vietnam, to more than 60 billion USD in 2018. Last year, Vietnamese exports and imports to the US were recorded at 47.52 billion USD and 12.75 billion USD, up five and eight times annually, respectively.

As of March 31, the US invested a total of 9.15 billion USD in Vietnam, ranking 11th among the

foreign investors in the country. Vietnamese and US enterprises have so far worked together to launch projects in processing – manufacturing, clean energy, aviation, health and medicine.

Charles Freeman, senior vice president for Asia at the US Chamber of Commerce, said the agency has drafted a series of recommendations to boosting Vietnam – US trade based on their Trade and Investment Framework Agreement (TIFA) and other specific agreements in digital economy, customs – trade facilitation, and infrastructure, among others.

Earlier, the Vietnam-US business summit, the third of its kind, took place on May 10, attracting representatives of 250 businesses from both countries, including Exxon Mobil, Amazon, Coca-Cola, Google, Facebook, Paypal, and Visa. The event marked 25 years of bilateral trade-investment relations.

## Corporate News

### 7. C47: Resolution on the AGM 2019

↑ 6.99%

On May 12, 2019, Construction Joint Stock Company 47 announces the resolution of the Annual General Meeting 2019 as follows:

File Attachment

[20190514\\_C47-190514-Resolution-on-the-AGM-2019--PV.pdf](#)

### 8. DQC: Resolution on the AGM 2019

↓ -0.26%

On April 26, 2019, Dien Quang Lamp Joint Stock Company announces the resolution of the Annual General Meeting 2019 as follows:

File Attachment

[20190514\\_DQC-190514-Resolution-on-the-AGM-2019--PV.pdf](#)

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