



VIETNAM DAILY NEWS

May 16th, 2019



Table of content

Table of content

- 1. Stocks continue upward spiral**
- 2. Luxury cruise ship brings over 5,300 visitors to Vietnam**
- 3. Writing the future of digitalisation for Vietnam at ABB Technology Day**
- 4. Barrage of solar projects as COD deadline looms**
- 5. Reductions in business conditions save VND6.3 trillion**
- 6. Fight against origin fraud to be enhanced**
- 7. C32: BOD resolution on borrowing capital at banks**
- 8. ACB: Board Resolution**

Market Analysis

1. Stocks continue upward spiral

Closing the day, the benchmark VN-Index advanced 10.3 points, or 1.07% against the day earlier at 975.64 points. The southern bourse saw 197 gainers and 99 losers.

More than 188 million shares worth VND4.1 trillion changed hands, up 19% in both volume and value against the session earlier. Block deals amounted to 34.7 million shares valued at over VND723 billion.

Most of the top 10 stocks by market capitalization closed the day up, except for brewery SAB, which lost steam at the end of the day. Dairy producer VNM added 0.07% at VND135,600 despite the profit taking pressure. Notably, lender TCB ended the session up 4.13% at VND23,950 per share, with 3.26 million shares matched, making the first spot in the group.

Property group VIC improved 1.59% at VND115,300 while housing developer VHM, lender BID and retailer VRE edged up 1.18%, 1.54% and 1.67%. The southern exchange also saw lender VCB and gas firm GAS rising slightly.

As for the top 30 heavyweights, brewery firm BHN and fuel distributor PLX were the key contributors for the southern bourse's rally, jumping 4.71% and 3.21%, respectively, against the session earlier. Steel maker HPG got back to the reference price while lender HDB closed the session up 1.47% at VND27,600, with 2.5 million shares

transacted, apart from the rise of lender CTG, mobile phone retailer MWG and lender VPB.

Other stocks also saw liquidity strongly improve on high demand. Plastic firm AAA had 5.73 million shares transacted, ending the day up 0.86% at VND17,600 while oil drilling firm PVD saw a high trading volume of 5.58 million shares even though it closed the session down 2.36% at VND20,700.

Further, property developer HBC shot up to the ceiling price of VND17,400, with matching volume of 3.54 million shares.

The HNX-Index of the Hanoi Stock Exchange continued its upward trend, advancing 0.74 points, or 0.7% at 106.43 points.

Trade on the northern bourse totaled 35.6 million shares worth VND461.9 billion, down 4.4% in volume and 12% in value against the session earlier.

Unlike Tuesday's session, industrial firm VCS and lenders ACB and SHB were key drivers for the northern exchange today, adding 2.93%, 1.37% and 1.37%, respectively.

Insurer PVI kept its growth at 2.37% while construction firm VCG and building material firm VGC fell 1.14% and 0.96%, respectively, versus the session earlier. The northern bourse witnessed gas firm PVS trading actively, with 4.59 million shares changing hands.

Macro & Policies

2. Luxury cruise ship brings over 5,300 visitors to Vietnam

According to Saigontourist, the local travel firm in charge of catering to the ship, more than 70% of the cruise passengers had booked tours to destinations in the Central region. The firm had arranged for over 70 buses to serve them.

Thousands of tourists visited such popular destinations as the communal houses of the Co Tu ethnic minority people in Danang's Hoa Bac Commune, My Khe Beach, Linh Ung Pagoda and Hoi An Ancient Town.

At 9 p.m. today, World Dream will leave Tien Sa Port.

The cruise ship is expected to return to Vietnam several times this year.

World Dream, which was put into service two years ago, is a 19-storey cruise ship with 1,686 cabins. It can accommodate more than 3,300 passengers and requires nearly 2,000 crew

members. The ship features over 20 restaurants and several entertainment and fitness centers.

The travel firm said destinations in the Central region would be prioritized for upcoming visits to Vietnam by World Dream as the cruise passengers had shown great interest in these areas.

So far this year, Saigontourist has welcomed over 38,400 international tourists from the United Kingdom, the United States, Germany and Hong Kong, traveling on cruise ships such as the Celebrity Millennium, Voyager of the Seas and Genting Dream.

Further, the firm also expects to receive Ms Europa 2 carrying 600 German cruise passengers to Halong in Quang Ninh Province on May 19. The ship will dock at ports in Halong, Danang and HCMC, where the passengers will do some sightseeing, before leaving Vietnam on May 23.

3. Writing the future of digitalisation for Vietnam at ABB Technology Day

In addition, the event will also present an overview of how ABB can help harness the power of digital to drive progress with customers and the government with its pioneering technologies for factories, energy, transportation, and cities. The Fourth Industrial and Energy Revolutions are changing the global industrial and energy landscape, with digital technologies driving rapid transformation across industries.

Energy systems are also changing, primarily driven by renewables gaining ground in the energy mix. Digital data collected from devices enables customers to increase efficiency and productivity, helps improve quality and safety, and reduce their environmental footprint.

The Central Institute for Economic Management (CIEM) cited that by 2030, the Fourth Industrial Revolution could increase Vietnam's GDP by

between \$28.5 billion and \$62 billion, equivalent to a rise of 7-16 per cent. The organisation also added that GDP per capita is expected to rise by \$315-640 by 2030 as a result of increased levels of productivity and employment opportunities.

Vietnam's urbanisation rate is expected to reach about 40 per cent in 2019 and according to Vietnam Urban Planning and Development Association, the rapid growth will continue. By the 2040s about 50 per cent of Vietnam's population will live in urban areas.

“Customers nowadays increasingly demand higher-quality products and citizens want better living environments. Sustainable growth can only be achieved by the adoption of digital technologies and advanced manufacturing applications. Digitalisation and Industry 4.0 will be the growth drivers to strengthen Vietnam's position in the

region. ABB, as a digital industry leader, is proud to be part of this transformation,” said **Brian Hull**, country managing director, ABB in Vietnam.

At the event, technologies and solutions exhibited will include ABB Ability Connected Services, one of ABB's more than 210 digitally-enabled

solutions. The solution makes actionable data available anywhere at any time to ensure uptime and optimise the performance of robotic systems helping customers to reduce incidents by up to a quarter and achieve 60 per cent faster response time and issue recovery.

4. Barrage of solar projects as COD deadline looms

Vietnam's BIM Group and Philippines-based AC Energy have energised three solar power plants with 330 megawatts of cumulative capacity in the central province of Ninh Thuan. The initiatives are located at the BIM solar power plant complex, making it the largest solar power plant in Southeast Asia.

The work took around nine months to complete, with a power purchase agreement (PPA) being signed with state-run Electricity of Vietnam (EVN) at the end of last year. The BIM solar power plant complex was connected to the grid earlier this month.

Doan Quoc Huy, vice chairman of BIM Group, said, “BIM Group aims to become the leading pioneer investor in renewable energy in Vietnam by 2022, and the total clean energy capacity supplied by BIM Energy will reach a total scale of 1,000MWp of solar and wind power.”

“The inauguration of a cluster of our three plants with the largest capacity in a short period of time is testament to BIM Group's long-term commitment to clean energy,” Huy added.

This is a positive movement from the local private companies in the context that applications for solar energy projects in Vietnam have risen dramatically over the past year, but few of them are yet to come online.

The Vietnamese government's Decision No.11/2017/QĐ-TTg on mechanism to encourage the development of solar power provides tariffs of 9.35 US cents per kWh to solar plants that reach their commercial operation dates (COD) before

June 30, 2019 with application limited to a period of 20 years from COD.

Similarly, as an early bird in the wind power sector, local energy and real estate conglomerate Thanh Thanh Cong Group (TTC) said it plans to build as many as 20 solar parks with a total capacity of 1,000MW by next year. The group previously executed a number of clean energy projects using sugarcane waste before moving into the solar sector.

TTC also teamed up Thailand's Gulf to carry out three solar projects and one offshore initiative. They include two solar power schemes (TTCIZ-01 and TTCIZ-02) in the southern province of Tay Ninh, and a solar project and wind scheme in neighbouring Ben Tre province, with the total installed capacity of 460MW. TC Green Energy Investment JSC, an associate in which Gulf indirectly owns 49 per cent, operates the first of the two schemes, which commenced the sale of electricity to EVN in March, according to Gulf's latest report.

The TTCIZ-01 solar power project is located in Trang Bang district, with an installed power generation capacity of 68.8MW and the total - investment capital of around \$65 million. TTCIZ-02, meanwhile, in which Gulf indirectly holds 90 per cent, has installed power generation capacity of 50MW and will supply electricity to EVN under the same terms as the first project. To date, - construction on the second initiative has proceeded as planned and is expected to commence commercial operation as scheduled this year.

Although both foreign and local investors remain concerned about the PPA model and the capacity of the nation's power grid, these movements are providing encouragement to others.

“Vietnam is witnessing a wave of investment in renewable energy. The sheer number of projects approved shows that the field is currently very attractive,” said Cao Quoc Hung, Deputy Minister of Industry and Trade, at a recent forum on renewable energy in Hanoi.

Under the 2011-2020 National Power Development Plan, Vietnam plans to cut back coal-fired projects to 26,000MW by 2020, from the 36,000MW planned in 2011. Renewable energy would grow to 9.9 per cent of the country's total

electricity production by 2020, to 12.5 per cent by 2025, and to 21 per cent by 2030.

According to John Rockhold, vice country director of Elumis Foundation, the government could consider PPAs, improving transparency, upgrading transmissions, and creating a mixed power master plan in order to create a market for renewables that is attractive enough to encourage developers to build new projects.

“As current PPAs come as a ‘take it or leave it’ option, it increases risks for developers. PPAs could become a key factor in opening the doors to capital investment and start the country down the path of developing a strong renewables industry,” said Rockhold.

5. Reductions in business conditions save VND6.3 trillion

According to a report by the Government Office delivered at a teleconference on May 14 on the results of reforms of specialized inspections and business condition simplification, the Government has issued 29 notices on business condition abolishment and 21 others on specialized inspection reduction.

However, the Ministries of Transport, Finance and Justice have yet to issue sufficient guidelines on the simplification of business conditions.

The deployment of some newly issued guidelines has revealed a number of shortcomings. For example, the regulation on the issuance of land valuation certificates is not in line with regulations on pricing and has yet to help individuals holding land valuation certificates.

Only six among 11 ministries have published the lists of products subject to specialized inspections. The five ministries that have yet to fulfill their duties are the Ministries of Public Security; Science and Technology; Information and Communications; Culture, Sports and Tourism; and Health.

This quarter, the Government Office will suggest accelerating the preparation of amended laws

related to the reduction and simplification of business conditions.

Prior to May 20, ministries and agencies have to publish business conditions and specialized inspections imposed on products.

Deputy Minister of Construction Nguyen Van Sinh was cited by *Nguoi Lao Dong* newspaper as saying that the ministry has proposed simplifying and abolishing hundreds of business conditions and has applied the one-door policy to all administrative procedures, thus reducing challenges and offering support for local residents and businesses.

Concluding the teleconference, Minister and Chairman of the Government Office Mai Tien Dung said the reduction and simplification of business conditions and specialized inspections should be conducted in an appropriate and transparent manner.

The prime minister will soon hold a meeting to assign ministries to complete preparations for putting into service the national public service portal in November.

6. Fight against origin fraud to be enhanced

The order came amid a reported flow of foreign-made and counterfeit products labelled as “made-in-Viet Nam”, especially consumer and fashion goods, which was causing a loss to the State budget revenue and damage to consumers as well as negatively affecting domestic export firms.

Fighting origin fraud was essential to protecting brands and the rights of consumers, as well as creating a healthy business environment, the committee said.

Focus would be placed on tightening supervision at border areas and strictly punishing violations related to trading of counterfeit products and products which were made in foreign countries but labelled “made in Viet Nam”.

The US raised tariffs on US\$200 billion worth of Chinese imports from 10 per cent to 25 per cent, effective on Friday, as the trade dispute between the two countries deepened.

Experts warned that the escalating US-China trade war would have significant impacts on the global economy.

As the Vietnamese economy was largely dependent on trade, with exports equivalent to more than 100 per cent of the country's gross domestic product, and the country also running a large trade surplus with the US, experts worried that Chinese goods would flow into Viet Nam and be labelled as “made-in-Viet Nam” to be exported to the US and other countries to avoid paying high tax rates.

This would badly affect domestic production, especially when the US might consider raising tariffs on Vietnamese products.

According to Nguyen Duc Thanh, director of the Viet Nam Institute for Economic and Policy Research, in the US-China trade war, Chinese producers might shift their products which were subject to high tax rate when directly exported to the US to other countries, especially ASEAN member countries. This would badly affect made-in-Viet Nam products, Thanh said.

Corporate News

7. C32: BOD resolution on borrowing capital at banks

↑ 0.00%

The Board resolution dated May 13, 2019, Construction Investment Corporation 3-2 approved the credit line with the following banks:

1. The Board of Directors approved to borrow capital at BIDV – Nam Binh Duong branch with the credit line of VND500,000,000,000.
2. The of Directors approved to borrow capital at VietinBank – Binh Duong branch with the credit line of VND121,305,000,000.
3. The of Directors approved to borrow capital at MBBank – Binh Duong branch with the credit line of VND400,000,000,000.

8. ACB: Board Resolution

↑ 1.37%

File Attachment

[ACB 2019.05.14 Board-Resolution.doc](#)

Research Team: Tsugami Shoji *Researcher* jsi@japan-sec.vn

Disclaimer:

Copyright 2015 Japan Securities Incorporated (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.

Japan Securities Incorporated – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn