



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Stocks enter slight correction

Trade on the Hochiminh Stock Exchange jumped 35% in volume and 162% in value to over 206 million shares worth roughly VND9.6 trillion. Block deals amounted to nearly 82 million shares worth VND6.56 trillion.

Most of the value came from the put-through trade in leading property developer VIC's shares worth a value of over VND5.8 trillion. This possibly came from a deal which South Korean firm SK Group had acquired 154.3 million VIC shares through a private placement and 51.4 million secondary shares owned by its subsidiary VinCommerce.

However, the major deal did not make positive impact on the prices of the stocks in the VIC family. VIC remained unchanged and its subsidiaries VRE and VHM inched down.

Foreign investors net sold more than 136 million shares of real estate developer NBB, and some 0.5 million shares of steel maker HPG, but these stocks still gained 1.7% and 0.3% respectively to close the day at VND21,050 and VND32,900, thanks to the high demand of local investors.

The most positive contribution in the banking sector was MSN when it expanded 3.8% to close at VND91,300 and saw nearly one million shares changing hands. Despite modest gains, many other lenders reported matching volumes of between one million and five million shares each.

In contrast, dairy producer was the biggest loser as it slumped by 2.9% at VND133,500.

Notably, oil and gas stocks turned down after their strong growth on Monday. Gas firm GAS and oil

drilling firm PVD declined by 1.3% and 1% at VND111,500 and VND21,100 per share, respectively.

Crude oil prices climbed 1.4% on Monday after the Organization of the Petroleum Exporting Countries (OPEC) indicated a continued production cut amid escalating tensions in the Middle East. West Texas Intermediate (WTI) oil fetched US\$63.66 per barrel, while Brent crude was at US\$73.27 per barrel.

Construction firm ROS still led the market by liquidity with more than 9.7 million shares changing hands, but its value slid 3.1% to VND32,450 per share.

Meanwhile, market breadth on the Hanoi Stock Exchange was positive with 79 gainers and 73 decliners. The HNX-Index also edged down 0.03% at 106.28 points.

Around 27.5 million shares worth VND318 billion were traded on the northern market, down 5% and 17% respectively over the previous session.

Similar to the southern bourse, most stocks in the oil and gas sector on the northern bourse slid due to strong profit taking. For example, PVS and PVB respectively fell 1.2% and 1.5% at VND24,900 and VND20,000 per share.

In contrast, lender ACB, construction firm VCG and plastics producer NTP added 0.3%, 0.4% and 3% at VND29,400, VND26,300 and VND35,000. Lender SHB was the most actively traded stock with more than 3.3 million shares being changing hands.

### 2. Indices falter despite rising liquidity

On the Ho Chi Minh Stock Exchange, the VN-Index lost morning gains and inched down 0.09 per cent

to end at 986.29 points. It rose more than 1 per cent on Monday

On the Ha Noi Stock Exchange, the HNX-Index also edged down 0.03 per cent to close Tuesday at 106.28 points. The northern market index increased 0.5 per cent in the previous session.

Liquidity soared with a total of 234.2 million shares worth combined VND9.9 trillion (US\$425 million) changing hands on the two exchanges, up 22 per cent in volume and 135 per cent in value compared to Monday's figures.

Unexpected trading in Vingroup's shares (VIC) by foreign traders contributed largely to Tuesday's liquidity growth. Foreigners bought net value of VND5.8 trillion of VIC shares but the price remained unchanged at VND117,530 (\$5.04) per share.

VIC was the biggest stock in Viet Nam's securities market with market value of VND375 trillion (\$16.1 billion) on Tuesday and topped the VN-Index's heavyweight stocks with a proportion of 11.36 per cent.

The market's turnaround was attributed to the slump of Vinamilk and PV Gas, two of the five biggest stocks by market value on the Ho Chi Minh Stock Exchange. VNM lost 2.9 per cent while PV Gas fell 1.3 per cent.

Banking stocks which were the market engine in the morning also lost steam in the afternoon trade.

Vietcombank (VCB) and Vietinbank (CTG) both turned heads and lost by less than 1 per cent by end-day. Smaller banks such as Techcombank (TPB), Sacombank (STB), Military Bank (MBB) and Asia Commercial Bank (ACB) maintained modest growth of 0.3-1.1 per cent each.

On the gaining side were Ho Chi Minh Infrastructure and Investment (CII), Masan Group (MSN), DHG Pharmaceutical (DHG) and FPT Corp (FPT) with increases of between 1 per cent and 3.8 per cent.

According to Tran Xuan Bach, a stock analyst at Bao Viet Securities Co, the market will be diverged wildly among stock groups in the current uptrend.

“Cash flow is expected to rotate among several groups, including oil and gas, industrial zone, textile and retails, as well as several stocks that suffered deep decrease recently such as securities and real estate. Bank stocks are going flat but sending signals of short rises,” he wrote in a daily stock report.

In addition, domestic and regional investors sentiment is negatively affected by the US-China trade war which has not been cooled down as the US is putting pressure on Huawei's business, according to BIDV Securities Co.

## Macro & Policies

### 3. Power consumption surges as summer heats up

Last Saturday, power production topped 36,000 MW for the first time, according to the National Load Dispatch Center (NLDC) under Vietnam Electricity (EVN), the national power utility. Consumption on the same day reached the record-high 756.9 million kWh.

Vu Xuan Khu, deputy director of the NLDC said consumption could go up to 800 million kWh a day during May and June as the summer gets hotter.

Last month, Vietnam broke its national high temperature record as the mercury hit 43.4 degrees Celsius in central Ha Tinh Province, according to a forecaster at the French meteorological agency Meteo France. Weather experts have warned that Vietnam should brace for more heat waves this summer.

But electricity production is facing challenges as reservoirs in the central and southern regions are low on water.

With the current water volumes in these reservoirs, the hydropower plants can produce 2 billion kWh, equal to national consumption for three days, Khu said.

EVN is also having difficulties in utilizing other sources like gas and coal. The country's

hydropower potential has almost been fully exploited, oil and gas reserves are running low, and in the last few years it has gone from being a net exporter to net importer of coal.

As demand surges, EVN has been using oil to produce electricity since last month with a total output of 46 million kWh.

The national grid will have its capacity increased by up to 1,400 MW by the end of June with 90 new solar power plants becoming operational.

But this is more like a challenge than opportunity, as technical difficulties in the initial period will not guarantee stability and quality, said Nguyen Duc Ninh, deputy director of NLDC.

Despite all these challenges, EVN has guaranteed that it will supply enough electricity this year.

Vietnam's fast economy growth in recently years makes the country hungry for energy.

World Bank country director for Vietnam Ousmane Dione said at a recent forum that Vietnam would need to raise up to \$150 billion by 2030 to develop its energy sector.

Dione added that electricity demand in the country is set to grow by about 8 percent a year for the next decade.

### 4. Cashew exports to China surge in April, but overall figures poor

Significant increases were also seen in exports to other markets such as Germany (65.7 per cent), Thailand (17.4 per cent) and Italy (21.6 per cent).

But shipments to the US, the biggest market, fell by 30.6 per cent to \$88.5 million.

Overall cashew exports were worth \$271.2 million, up 8.4 per cent from March but down 12.6 per cent from 12 months earlier.

The decline in export value despite an increase in shipments was caused by a fall in prices.

The average export price was down 2.9 per cent from March and 21.2 per cent from last April to \$7,601 per tonne, the lowest rate since February 2016.

## 5. E5 RON92 still flying under locals' radars

Many petrol stations in Ho Chi Minh City last week temporarily halted selling E5 RON92 petrol (5 per cent ethanol and 95 per cent RON 92), and even replaced some E5 gas pumps by RON95 pumps.

A petrol station of Saigon Fuel JSC on No Trang Long Street (Binh Thanh district in Ho Chi Minh City) on May 15 temporarily stopped selling E5 petrol. Similarly, PV Oil's three petrol stations on Pham Van Tri (Go Vap district) only sell RON95 petrol.

According to newswire tuoitre.vn, all petrol stations of one fuel firm in South Vietnam do not sell E5 RON92 petrol at all.

Nguyen Van Tiu, general director of Tu Luc 1 JSC, said that trading in E5 RON92 petrol requires substantial investment in the construction of a mixing plant, billions of VND to erect the necessary infrastructure system, and current sales cannot recover these expenses. Accordingly, sales are low and capital returns at a snail's pace, and wastage rates are high.

"Therefore, if policies do not provide significant incentives to E5 RON92 over RON95, E5 will find it hard to survive in the market," said Tiu.

Tuoitre.vn quoted a petrol distributor in the northern province of Vinh Phuc as saying that with 4,000 litres of E5 RON92 petrol, 25-30 litres are wasted, while this is only 5-6 litres for RON95.

"The consumption of E5 RON92 recently fell by 20-30 per cent, leading to increasing stocks and significant costs for the maintenance of containers," said Tiu. "The business performance of ethanol fuel over the past time has shown that it is really necessary to create a big difference between the price of E5 and RON95."

Accordingly, the environmental protection tax on E5 RON92 fuel is VND3,610 per litre, only 5 per cent less than the tax on RON95. The Ministry of Industry and Trade (MoIT) also suggested the government to increase the price difference by adjusting the tax rate on E5 RON92 petrol.

## 6. Economic improvement top priority at NA session

*Key solutions and tasks for the remainder of 2019*

- *Boosting improvement of regulatory frameworks in order to create a more business-friendly climate for enterprises and investors;*
- *Improving the business climate, with true reduction of business conditions, reform of administrative procedures, and removal of bottlenecks for enterprises;*
- *Implementing solutions to control epidemics in cattle and poultry and stabilise agricultural production, and furthering agro-forestry-fishery production in service of export;*
- *Removing difficulties for industrial production and construction, and accelerating the completion of*

*large-scale industrial projects which can further fuel economic growth;*

- *Implementing solutions for making breakthroughs in the domestic market and expanding export markets;*
- *Monitoring and frequently updating information about the domestic property market, and improving the quality of information and database about the housing and property market;*
- *Developing tourism in order to help further develop the production and service sectors;*
- *Further attracting private investment and foreign direct investment, with a focus to be laid on accelerating the disbursement of public investment for 2019; and*

*- Boosting media activities to further strengthen the confidence of people, enterprises, and investors in production and business.*

Rather than discussions of many different issues at the same time as in previous sessions, the seventh session of the 14th National Assembly is to place a bigger focus on specific measures to boost economic growth, which the government said is showing signs of slowing down, and about how Vietnamese enterprises can be supported to overcome obstacles.

At last month's Standing Committee meeting, which made preparations for the session taking place between May 20 and June 14, Minister of Planning and Investment Nguyen Chi Dung said, "Besides achievements, the economy is now facing difficulties and limitations, as well as new challenges."

"Challenges include ongoing natural calamities and epidemics which can affect enterprises' business and production in the coming months, and the government's capacity in realising its growth target for 2019," he said. "These will need suitable and feasible solutions to solve."

National Assembly Office Chairman, General Secretary Nguyen Hanh Phuc, also stated, "It is urgent to take drastic and concrete solutions now to help businesses out of difficulties, in order to ensure the economic growth target this year."

The government, which expects to see the economy grow over 7 per cent this year, is acknowledging concerns on how to achieve this target.

The government reported that in the first quarter of 2019, the economy grew 6.79 per cent, lower than 7.45 per cent in the same period last year. In which, growth in all key sectors of the economy has showed signals of sluggish movement.

Specifically, in the first three months of 2019, the agro-forestry-fishery sector climbed 2.68 per cent on-year, far lower than the 4.24 per cent on-year rise in the corresponding period last year, due to droughts, saline intrusion, and cases of African swine fever (ASF).

According to the Department of Animal Health under the Ministry of Agriculture and Rural Development, as of May 12, ASF occurred in nearly 2,300 communes of 204 districts across 29 cities and provinces nationwide, with more than 1.22 million ASF-hit pigs being culled, accounting for 4 per cent of Vietnam's total pig heads.

## **PATCHY RESULTS**

The government reported that the industrial and construction sector is also now facing difficulties. In the first four months of 2019, the sector grew 9.2 per cent on-year, lower than the equivalent rise of 10.7 per cent in the same period last year.

The processing and manufacturing sector, which accounts for about 80 per cent of the economy's industrial growth, grew 10.9 per cent on-year, lower than 12.9 per cent in the same period of 2018.

Market research firm FiinPro Platform reported that as of May 2, some 680 Vietnamese enterprises, which occupy 87 per cent of the capital of the country's stock market, publicised their first-quarter financial reports. Accordingly, if banking and insurance firms are excluded, listed enterprises in general suffered from an on-year 2.34 per cent profit reduction, such as Pomina Steel (down 140 per cent) and Hoa Phat (down 18.6 per cent) due to a decrease in product prices.

Pomina Steel, for example, is reported to have suffered from a loss of nearly VND84 billion (\$3.65 million) in the first quarter of 2019. Meanwhile in the first three months of 2018, the company enjoyed a profit of over VND209 billion (\$9 million).

According to the General Statistics Office, in the first four months of 2019, the number of enterprises halting performance was about 17,000, up nearly 20 per cent on-year. Additionally, nearly 17,300 enterprises put a halt to operations to conduct bankruptcy procedures, and over 5,300 enterprises completed such procedures.

Meanwhile, the on-year growth rate in attracting international tourists in the first four months of

2019 was only 7.6 per cent (5.97 million international tourists), far lower than the impressive growth rate of 29.5 per cent in the same period last year.

“These difficulties must receive due attention from the government and must be carefully discussed at the National Assembly’s upcoming session,” said Vu Hong Thanh, Chairman of the National Assembly Economic Committee. “The government needs to increase inspections at ministries and localities in order to ensure the effectiveness of the government’s efforts to remove unnecessary business conditions, and boost administrative procedures in favour of the business community.”

### SEEKING SOLUTIONS

The government has subsequently proposed a number of key solutions for supporting enterprises and economic development from now to the end of the year (see box).

However, Thanh added, “I think that one of the best solutions to support enterprises is to quickly remove unnecessary administrative procedures across all business sectors, especially investment, construction, transport, and education.”

“All processes must be truly made transparent and open, with all violators strictly punished in order to eradicate unofficial costs for people and enterprises,” he continued. “Also importantly, private enterprises must be allowed to engage in constructing national-level projects.”

Elsewhere, the World Bank has pointed out a series of challenges for Vietnam to seek solutions. According to the bank, despite improved short-term prospects, there are significant downside risks. Domestically, a slowdown in the restructuring of state-owned enterprises and the banking sector could adversely impact the macro-financial situation and create public sector liabilities.

A World Bank report on Vietnam’s recently-released economic update said, “Vietnam’s economy also remains susceptible to further volatile developments in the global economy,

given its high trade openness and relatively limited fiscal and monetary policy buffers. Weaker external demand and heightened global financial volatility call for a continued focus on sound macroeconomic management to safeguard against possible shocks.”

### DISCUSSING LAWS

According to the tentative agenda of the National Assembly’s seventh session, one of the biggest highlights will be the three days spent on organising Q&A activities. They are expected to focus on issues that have drawn special attention of the public, such as appointment of state officials and officers, exam fraud, public investment, and also cases involving officials with violations.

Along with that, the legislature will consider and adopt seven laws, including Education (amended), Architecture, Tax Administration (amended), amendments to the Law on Public Investment, Implementation of Criminal Sentences (amended), Preventing and Combating Harmful Effects of Alcohol and Beer, and amendments to the Law on Insurance Business and the Law on Intellectual Property.

State President Nguyen Phu Trong will read out a proposal on Vietnam’s joining of the Convention No.98 on the Right to Organise and Collective Bargaining of the International Labour Organization. The National Assembly will then discuss Vietnam’s participation in the convention, before a relevant hallmark resolution will be adopted. Besides, the legislature will provide comment for nine draft laws on labour, securities, library, militia and self-defence forces, immigration for Vietnamese citizens, amendments to the Law on Governmental Organisation and the Law on organising the Local Government, amendments to the Law on Cadres and Civil Servants, and amendments to the Law on State Auditing.

The legislature will also review and debate a report on the socio-economic and state budget situation of 2018, and of the first months of 2019, as well as socio-economic orientations for the rest of the year and beyond.

## 7. Land clearance for expressway should be completed soon: ministry

Nguyen Ngoc Dong, deputy minister of Transport, said the Ben Luc-Long Thanh Expressway (connecting Long An Province to Dong Nai Province) was lagging behind schedule due to difficulties in land clearance compensation in HCM City and Dong Nai Province.

For example, HCM City's Binh Chanh has around 26 households that have not handed over their land, some of which have been caused by unresolved disputes. These families account for 2 per cent of the affected households.

In addition, the plan for relocation of electricity pylons has not been completed.

A part of the Ben Luc – Long Thanh Expressway project. Its investor will work with Dong Nai Province and HCM City to ensure that land clearance is completed in June so the expressway can be finished in 2020. – VNA Photo Hoang Hai

Meanwhile, in Dong Nai, around 116 households have not handed over their land due to compensation procedures.

Nguyen Ngoc Dong told the Viet Nam Expressway Corporation, the project investor, to work with

Dong Nai and HCM City to push for completion of land clearance and relocation of affected households so that land can be handed over to the company in June.

According to the investor, if the city hands over the remaining land needed for the project soon, around 20km of the project (from Ben Luc to Nha Be District's Nguyen Van Tao intersection) could open for traffic in September, while the remaining part leading to Dong Nai could be completed in 2020.

However, if the land is not handed over in June, the project will not be finished by the end of 2020, as requested by the Ministry of Transport.

Begun in 2014, the VND31 trillion (US\$1.3 billion) project, which is 57.7km long, traverses Long An, HCM City and Dong Nai. It is expected to reduce traffic congestion between the Mekong Delta and southeastern Viet Nam.

The project was originally planned to be finished in 2018, but it was delayed until 2020. Around 70 per cent has been completed.

## 8. Power tariffs should have been increased more: MoIT

The information was released by the Ministry of Industry and Trade (MoIT) in a report to Prime Minister Nguyen Xuan Phuc.

Electricity tariffs were raised by 8.36 per cent to VND1,864 (8.03 US cents) on March 20. However, many households have complained about sudden increases in their electricity bills, which doubled or tripled in April compared with previous months.

In response, the PM has instructed the MoIT to check on the increase as well as its impacts on CPI.

In the report, the ministry said the power tariff increase had been submitted to the Government for approval.

It said increasing input prices of coal and gas, along with the foreign exchange rate difference, made electricity production costs increase by VND20 trillion. Of which, coal added more than VND7.33 trillion while oil and gas added VND7.39 trillion.

The ministry also said the current different pricing scheme for households and businesses

was also being applied around the world. However, the scheme would be recalculated to ensure fairness among households.

The MoIT also added that EVN had followed the correct procedures in calculating power bills.

The group received and answered more than 71,500 requirements from customers relating to electricity bills in April.

At the 7th session of the 14th National Assembly (NA) which opened in Ha Noi on Monday, the NA asked the Government to report on recent increase of electricity and petrol prices and their effects on CPI and socio-economic development.

Deputy PM Truong Hoa Binh said authorities had been investigating and clarifying the increases to ensure transparency.

EVN's chairman Duong Quang Thanh said the group was building a pilot plan for the competitive electricity retail market it would submit to the MoIT for approval in July.

Thanh said they had been working to privatise three power generation corporations and developing a National Load Dispatch Centre (NLDC). They would also privatise its retail power service for the electricity retail market by 2021.

“EVN completed its plan to turn NLDC into a one member limited company and will submit it to the PM for approval,” he said.

He added that EVN would complete a plan to separate power distribution and retail toward the

establishment of a competitive electricity retail market.

In addition, it would invest in power market infrastructure to accelerate the market's development.

Power consumption surges

Last Saturday, power production topped 36,000MW for the first time, according to EVN's National Load Dispatch Center (NLDC). Consumption on the same day reached a record-high 756.9 million kWh.

EVN said consumption could go up to 800 million kWh per day during May and June as the weather gets hotter.

Summer heat intensifies while water shortage constrains power production

Last month, Viet Nam broke its national high temperature record as the mercury hit 43.4 degrees Celsius in Ha Tinh Province, according to French meteorological agency Meteo France. Weather experts have warned that Viet Nam should brace for more heat waves this summer.

Meanwhile, electricity production is facing challenges as reservoirs in the central and southern regions are low on water.

Despite these challenges, EVN has guaranteed that it will supply enough electricity this year.

## Corporate News

### 9. CIG: Resolution on the AGM 2019

↓ -3.74%

On May 16, 2019, Coma18 Joint Stock Company announces the resolution of the Annual General Meeting 2019 as follows:

File Attachment

[20190521\\_CIG-190520-Resolution-on-the-AGM-2019--PV.pdf](#)

### 10.DTA: Board resolution on bank borrowing

↓ -1.18%

On May 17, 2019, the Board of Directors of De Tam Joint Stock Company approved the

borrowing at Agribank – Cho Lon Branch in order to supplement the working capital for the Company's projects.

### 11.BCG: Change of Legal Representative

↑ 1.35%

On May 20, 2019, the Board resolution of Bamboo Capital Joint Stock Company approved to appoint Mr. Nguyen Ho Nam – Chief Executive Officer

(CEO) as Legal Representative, he replaces Mr. Nguyen The Tai.

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