



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Markets fall after ETF reviews portfolio

Nearly 149 million shares were traded on the southern exchange, worth VND3.5 trillion (US\$150 million).

The index increased by 0.53 per cent to close Monday at 975.14 points.

The HNX-Index on the Ha Noi Stock Exchange inched down 0.01 per cent to end at 105.03 points.

The index dropped 0.33 per cent to end Monday at 105.04 points.

More than 29.2 million shares were traded on the two exchanges, worth VND371 million.

Many large-cap stocks in the basket of iShare MSCI Frontier 100 ETF such as Hoa Phat Group (HPG), Viet Nam Construction And Import-Export Joint Stock Corporation (VCG), Vingroup (VIC), Bao Viet Holdings (BVH), Bank for Investment and Development (BID) and Sabeco (SAB) all slumped today as the fund lowered the proportion of the stocks in its portfolio.

Sectors that increased included oil and gas, information and technology and seafood processing.

On the negative side, banking, real estate, insurance, food and beverages, securities, agriculture, logistics and construction were among the sectors that reported losses.

According to Bao Viet Securities Company (BVSC), the VN-Index was forecast to rally in upcoming sessions.

“After last week's decline, the VN-Index might accumulate between 960-993 points in the short run, before sending signals of its next movements,” the company said.

The market could diverge wildly among stock groups, while cash flow was expected to rotate among textiles, real estate, industrial parks, rubber, information technology and electricity, it added.

The market was expected to run flat in the short run, with stock exposure limited at most to 50 per cent of portfolios. Investors with large amounts of cash available should look at stocks in their support zones, it said.

Foreign investors yesterday bought a net value of VND27 billion on HOSE, focusing on Vietjet Air (VJC) (VND100.3 billion), PetroVietnam Power Corporation (POW) (VND28.6 billion) and Viet Nam National Petroleum Group (PLX) (VND23.4 billion). They sold a net value of VND10.01 billion on the HNX.

BIDV Securities Company (BSC) said in its daily report that investors should continue to monitor global economic developments, especially Brexit and the G20 summit which is expected to take place at the end of June.

## Macro & Policies

### 2. Van Don Airport receives first international flight

The route is operated by Donghai Airlines. There will be two charter flights per week on the route, on Monday and Friday.

Director of Van Don Airport Pham Ngoc Sau said welcoming an international flight after only five months in operation was a new record in Viet Nam.

"New airports usually take three to five years to be able to welcome international flights," said Sau.

Sau said the airport would create the best conditions for Donghai Airlines to continue to fly into Van Don. It will also promote Van Don and Ha Long Bay to customers in Shenzhen and mainland China.

"The opening of the new Van Don-Shenzhen route is a premise for Van Don Airport to continue pursuing its strategy towards the international market, starting with the most populous markets in Asia such as China, Taiwan, Thailand, South Korea and Japan," Sau said.

In June, the airport will add international routes to Taiwan through Bamboo Airways and Incheon

(South Korea) with Vietnam Airlines. For the Chinese market, there will be routes to Hainan, Nanning and Guangzhou.

"It's expected that by the end of 2019, it will add new routes to Japan and Bangkok, Thailand," Sau said.

In the domestic market, it will add flights connecting Van Don with Da Nang, Phu Quoc and Nha Trang in the third quarter this year.

After nearly five months of operation, Van Don Airport has welcomed more than 90,000 passengers with 664 flights by Vietnam Airlines, Bamboo Airways and Vietjet Air.

Adding international flights is expected to contribute to the plan to attract tourists to Quang Ninh, with the province targeting 15 to 16 million visitors – including seven million foreign visitors – by 2020.

The airport has a capacity of receiving 2.5 million passengers per year and is expected to expand to a capacity of welcoming five million passengers per year by 2030.

### 3. Over 100 containers of Vietnamese mangoes shipped to U.S.

Luong Ngoc Trung Lap, former head of the market research department of the Southern Fruit Research Institute, confirmed the export volume of mangoes to the Saigon Times. He added that the local mangoes were licensed to enter the United States on February 18 this year, after 10 years of negotiations.

To date, four Mekong Delta provinces---Dong Thap, Vinh Long, An Giang and Tien Giang---have reportedly exported the fruit to the United States.

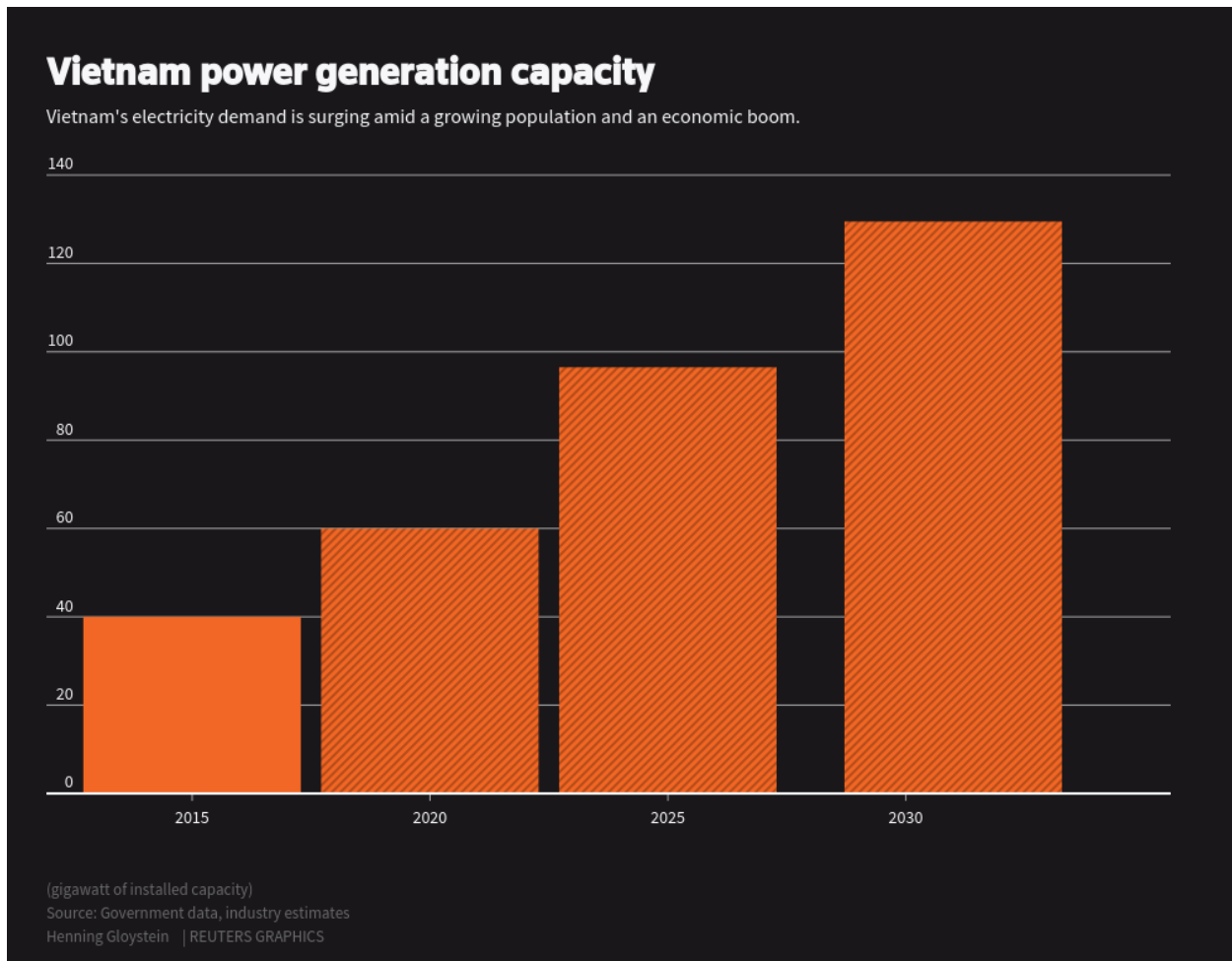
Also, the Plant Protection Department at the Ministry of Agriculture and Rural Development has granted 99 mango growing area codes to

southern provinces that met requirements for exporting mangoes to selective markets, including the United States.

Mangoes are the sixth local fruit to receive approval from the United States to enter this selective market after dragon fruit, rambutans, longans, litchis and star apples.

Apart from the United States, Vietnam's mangoes have been shipped to 40 countries in the world, according to Lap.

#### 4. Vietnam’s electricity sector projected to be bigger than Britain’s by mid-2020s



To meet surging power demand, Vietnam is expected to increase its power generation capacity to more than Thailand's total installed capacity by 2025 and its electricity sector will likely be bigger than Britain's by the mid-2020s, Reuters reported.

Vietnam has become a hot spot for energy investors eyeing a spending of up to US\$150 billion over the coming decade, according to Reuters.

With a population nudging 100 million and annual GDP growth around 7%, Vietnam has forecast power generation will need to rise from about 47,000 megawatts (MW) currently to 60,000 MW by 2020 and 129,500 MW by 2030.

Pat Markey, managing director of Sierra Vista Resources, a Singapore-based commodity advisory, told Reuters coal demand will be extremely strong in Vietnam.

Once largely reliant on hydropower, the production hub for global companies such as Samsung Electronics has turned to cheap but polluting coal to boost electricity generation.

Vietnam's coal use in the five years to 2017 grew 75%, faster than any other country in the world, according to a research paper by the Harvard Kennedy School's Ash Center on Vietnam.

The country's current Power Development Plan (PDP 7) puts coal front and center to meet new demand.

While generation is set to double, PDP 7 forecast coal-fired generation would grow rapidly to 2030, with its share of the energy market rising from 33% to 56%.

But a change of emphasis that began in 2016 with a revised version of PDP 7 has started to embrace cheaper renewable energy, and analysts expect PDP 8, due later this year, to further adjust policy.

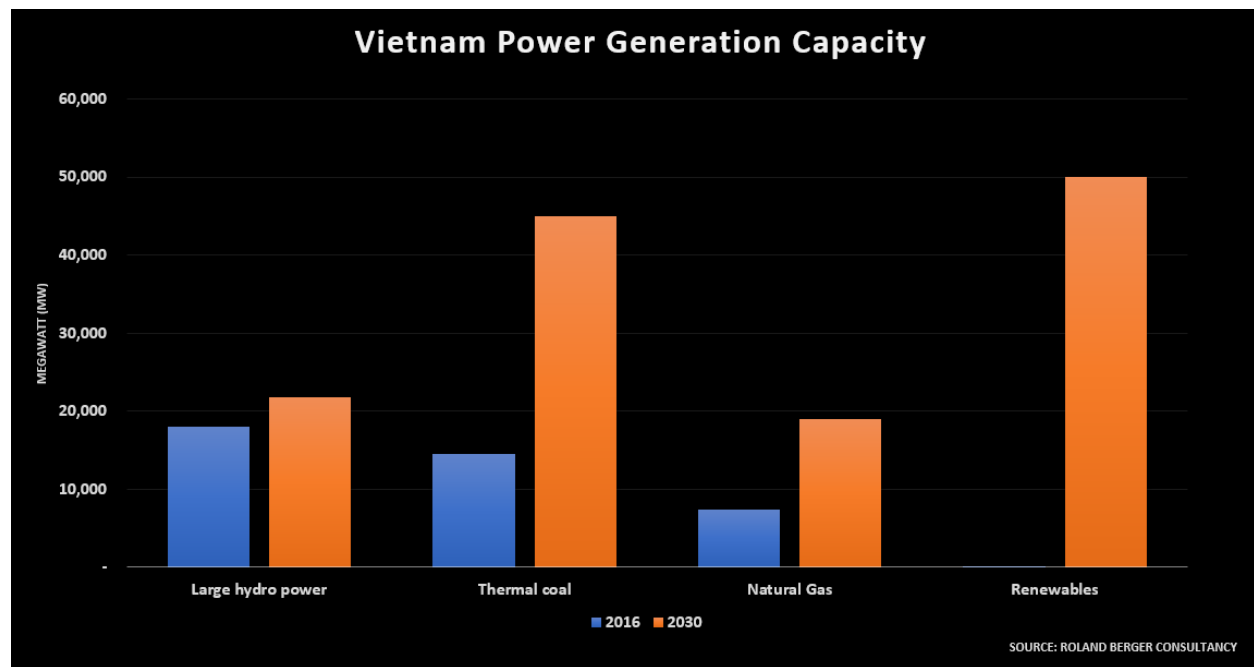
“One of Vietnam's priorities is to develop renewable energy sources to gradually reduce its reliance on traditional sources of electricity to protect the environment,” Vice Minister of

Industry and Trade Cao Quoc Hung said in a statement posted on the ministry's website earlier this month.

Facing a rapid rise in pollution, the Ministry of Industry and Trade (MoIT) has started to offer incentives for renewables, which so far only play a marginal role in Vietnam's energy sector.

According to a draft law planned for June, state-owned utility Vietnam Electricity (EVN), which distributes all of the country's power, will pay solar projects between 6.67 and 10.87 cents per kilowatt-hour (kWh).

Dieter Billen of consultancy Roland Berger said there is very strong interest in solar due to the high level of feed-in-tariffs.



One of the first developers into Vietnam's solar sector has been Gulf Energy from neighboring Thailand, which this year has entered several long-term projects that will benefit from feed-in-tariffs.

Billen said there was also “growing interest in wind power thanks to attractive feed-in tariffs” of 8.5 cents per kWh for onshore and 9.8 cents per kWh for offshore facilities.

The Global Wind Energy Council (GWEC) in June will hold meetings in Vietnam's capital Hanoi, as it looks to drive growth in a new market.

Should government policy continue to support renewables and wind and solar become cheaper and better, Roland Berger's Billen said renewables could even challenge coal as Vietnam's biggest electricity source by 2030.

## 5. CBU auto imports exceed 50,000 units in Jan-Apr

This marked the first time that the country had imported up to 50,600 CBU cars of all kinds, worth an estimated US\$1.14 billion, during the four-month period, according to the customs department.

Of these, cars with nine seats or less accounted for some 36,200 units, while the country imported 119 cars with more than nine seats and over 13,000 trucks. These automobiles were mainly imported from Thailand and Indonesia.

The skyrocketing number of CBU automobile imports was also reflected in the sales figures of local automobile traders.

According to data from the Vietnam Automobile Manufacturers' Association, 60,300 locally

assembled cars were sold in the first four months, falling 11% year-on-year, while sales of CBU automobiles rose by a staggering 202%, at over 38,900 units.

Statistics from the customs department also showed that imports of automobile parts and accessories totaled more than US\$310 million last month, down 8.5% month-on-month. These automobile products were mainly imported from South Korea, China, Japan and Thailand.

In general, the country's total import volume of car parts and accessories during the four-month period hit almost US\$1.3 billion, up over 21% year-on-year. Meanwhile, the export volume of these items was worth US\$2.82 billion, rising 4.5% against last year's figure.

## 6. Swedish firms look to spur investment in Vietnam

Most of the participating companies, including Electrolux, Oriflame, Scania, ABB, Ericsson, Tetra Pak, and Volvo, have already been investing in Vietnam for many years, reported the Vietnam News Agency.

In his opening speech, the Vietnamese leader spoke highly of the Swedish firms' prestige in the global market, including Vietnam.

Phuc said that the Swedish government and its people have offered considerable assistance to the Vietnamese people during the fight for national independence in the past, as well as its course of development.

He expressed his hope that Swedish businesses will further invest and apply new, cutting-edge technologies in Vietnam, as well as engage in the country's social and economic development process.

Leaders of Swedish companies expected the European Union-Vietnam Free Trade Agreement

(EVFTA) to be signed soon, thereby facilitating Swedish trade with Vietnam.

Jonas Samuelsson, president and chief executive officer of Swedish multinational home appliance manufacturer Electrolux, said that Vietnam is the most important market of the group in the Association of Southeast Asian Association, bringing in annual revenue of US\$150 million.

He said Electrolux is seeking opportunities to boost its business operations in Vietnam since the country is showing its support for an open and free trade system, which is also a general trend in Asia.

Håkan Buskhe, president and CEO of Swedish aerospace and defense company Saab Group active all over the country, said that Saab spends a quarter of its revenue into the research and development sector on a yearly basis.

He added the group has partnered with Vietnamese firms in airspace and seaport

management, so it stands ready to transfer its technologies to them.

Swedish multinational networking and telecommunications giant Ericsson has established its foothold in Vietnam since 1993, according to the company's executive vice president Fredrik Jejdling.

Jejdling revealed that the company would coordinate with Vietnamese military-run telecom firm Viettel to develop the fifth-generation (5G) network service. This would help upgrade G5 infrastructure, enabling the country to adopt Internet of Things solutions.

He pledged to support Vietnam in developing the innovative network through software and technological solutions.

Johan Söderström, managing director for ABB in Sweden that has been operating in the Southeast

Asian nation since 1993, expressed his desire to boost solutions about innovation and sustainable development, including robot technology.

He also showed a strong commitment to bolstering cooperation with Vietnam, especially in developing the electricity grid network.

PM Phuc affirmed that Vietnam's competent agencies would provide the best possible support for Swedish businesses to expand investment. He also promised to canvass their opinions and remove obstacles so that these major companies can help bring advanced technologies to Vietnam.

As a gateway of ASEAN markets and with many new-generation free trade agreements already or about to be signed, Vietnam is an open market for Swedish enterprises, the PM added.

## 7. Forbes lists 4 VN companies among world's 2,000 biggest

They include the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank), the Bank for Investment and Development of Viet Nam (BIDV), Vingroup, and Vietnam Joint Stock Commercial Bank for Industry and Trade (Vietinbank).

Vietcombank was in 1,096th place, up 198 places from 2018. BIDV slipped two places to 1,716th while VietinBank dropped 50 places to 1,769. Vingroup rose by 245 spots to 1,747.

Companies on the 17th annual Global 2000 account for more than \$40 trillion in annual

revenues and upwards of \$186 trillion in global assets.

Rankings are based on a composite score of revenues, profits, assets and market value.

Steep market sell offs and retaliatory tariffs are the latest developments in mounting trade tensions between the US and China. Sixty one countries earned a spot in the ranking, but the concentration of power is undoubtedly in favour of the US and China.

The US has 575 companies, up 16 from last year, while China has 309 companies after 18 additions.

## Corporate News

### 8. DXG: Information on bond issuance

↓ -0.79%

Dat Xanh Real Estate Service & Construction Corporation announces the private placement of convertible bonds:

- Issue volume: 234 bonds
- Total issue value: VND234 billion
- Bond term: 05 years
- Par value: VND1 billion
- Bond type: convertible unsecured bond
- Bond form: book-entry
- Estimated coupon rate: 7%/year
- Estimated issue date: in Quarter 2/2019
- Consulting firm: Viet Capital Securities Joint Stock Company.

### 9. CMG: CMG supplements the contents of Annual General Meeting 2019

↑ 3.59%

CMC Corporation would like to supplement the contents of Annual General Meeting 2019 regarding the policy on stock issuance as follows:

1. To issue bonus shares from the capital surplus:

- Stock type: common stock
- Par value: VND10,000/share
- Bonus ratio: 4.088%
- Financial resource: the capital surplus
- Total estimated number of shares after issuance: 75,000,826 shares

2. To issue shares to strategic partner privately:

- Stock type: common stock

- Par value: VND10,000/share
- Issue method: private placement
- Investor: Samsung SDS
- Issue volume: 25,000,000 shares
- Total estimated number of shares after issuance: 100,000,826 shares

3. To increase the charter capital:

After the stock issuance according to plans above, the charter capital of the Company will increase to a maximum of VND1,000,008,260,000.

The stock issuance plans will be submitted to the 2019 Annual General Meeting of Shareholders for approval.

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