



VIETNAM DAILY NEWS

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Market Analysis

1. Foreign investors net buyers for ninth consecutive month

It is the ninth consecutive month that this group of investors have been net buyers.

In May, foreign investors made net purchases of VND4 trillion (\$171 million) worth of shares in all three exchanges: Ho Chi Minh City Stock Exchange (HoSE), Hanoi Stock Exchange (HNX); and the Unlisted Public Companies Market (UPCoM).

Over the last nine months, foreigners bought shares worth a cumulative VND21 trillion (\$896 million) on HoSE, Vietnam's main market which holds 90 percent of market cap across all exchanges.

M&A transactions were the main driver behind net buys in the past nine months, while transactions under the form of order matching experience net sells.

In May, foreigners recorded a net buy of VND5.3 trillion (\$226 million) worth of shares in agreed share transfers, while selling a net total of VND1.6 trillion (\$68 million) on the stock exchange via order matching.

The stocks most net bought by foreign investors were VIC shares of Vietnam's biggest private conglomerate Vingroup. Singaporean SK group purchased a 6.15 percent stake in Vingroup for close to \$1 billion in late May.

In the last nine months, Vietjet's VJC was the most sold stock, with a recorded net sell of VND574 billion (\$24.48 million). More than VND769 billion (\$32.8 million) came through put-through transactions.

Other major stocks, like VHM of Vietnam's biggest dairy company Vinamilk; VHM of Vinhomes, Vingroup's real estate arm; and HPG of leading steelmaker Hoa Phat Group also saw strong selling pressure from foreign investors in the period.

Ending the last trading session in May, Vietnam's benchmark VN-Index closed at 959.88 points, down more than 2 percent from the previous month. Hanoi's HNX-Index also fell nearly 3 percent to 104.35 points compared to the last session in April.

2. Bottom fishers lift VN-Index up

However, trade on the HCMC bourse declined strongly. Trade volume slumped 12% at 162.4 million shares and value slid 26% at VND3.3 trillion. Block deals remained significant, at 59.6 million shares valued at VND1.2 trillion.

Notably, petroleum stocks like PVD, PVB, PLX and GAS advanced although global oil prices edged down further on Monday due to rising trade tensions between the United States and Mexico, and between the United States and China. According to vietstock.vn, Brent crude oil futures prices slipped 1.2% to US\$61.28 a barrel and the U.S. West Texas Intermediate (WTI) crude futures dropped 0.5% to US\$53.25 a barrel.

Among small and speculative stocks, real estate company FLC led the market by liquidity with around seven million shares changing hands, down 2.2% at VND4,350.

For the Hanoi Stock Exchange, the HNX-Index lost for the third consecutive day, dipping 0.22% to close at 103.06 points. There were 17.2 million shares worth VND222 billion changing hands at the end of the day, down 45% and 27% against the session earlier, respectively.

Only three stocks reported matching volume from one million shares, in which petroleum technical service firm PVS, which gained 0.5% at VND21,500, took the lead by volume with 2.1

million shares traded. Lender SHB came in second with around two million shares transacted, moving flat at VND7,000, followed by securities firm SHS with over 1.1 million shares changing hands.

Most securities firms said that today's VN-Index rally was a technical rather than sustainable one. Investors still shun the market due to the lack of supporting information, resulting in lower-than-expected trade on the two exchanges.

BIDV Securities Company said in a report that investors remained pessimistic given continued

uncertainties of the global economy and equity markets, especially an escalating United States-China trade war. Investors and analysts expressed concern that the trade tensions would lead to a global economic slowdown.

FPT Securities Company said the recovery may be short-lived, lasting in just one or two sessions, before correcting further towards the end of the week. There was little chance of the market bouncing back sharply in near term if no stock trade improvement is in sight.

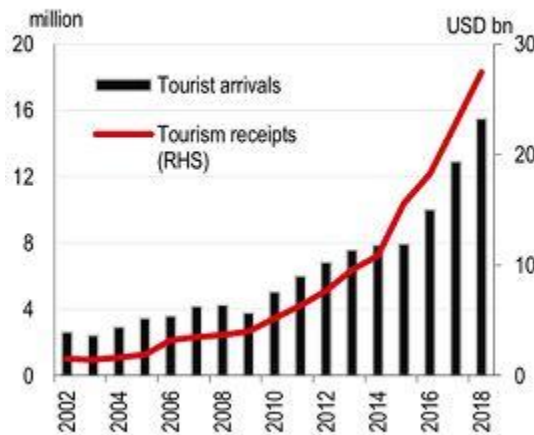
Macro & Policies

3. Vietnam's liberalization efforts lead to booming tourism industry

The booming of Vietnam's tourism over the past few years was largely thanks to the government's

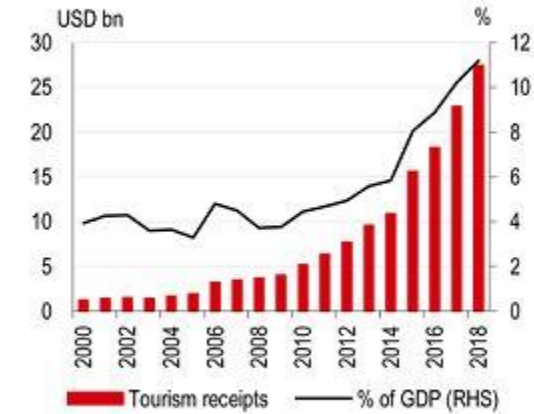
continued liberalization efforts, HSBC said in its latest report.

Chart 1. Tourist arrivals grew significantly, particularly in the past three years



Source: CEIC, HSBC

Chart 2. Tourism receipts surged and contributed more to Vietnam's economy



Source: CEIC, HSBC

Tourist arrivals have risen since 2000 and have surged since 2015, reaching a record high of 15 million in 2018. The pace of tourist arrivals has also risen, doubling from 7.5 million to 15 million over the last six years. Not surprisingly, more tourists have brought more revenue to the country. Tourism receipts accelerated in the past decade, generating US\$27 billion in 2018, equivalent to 11% of the GDP.

In mid-2015, Vietnam introduced a pilot one-year program granting visa exemptions to five European countries, including France, Germany, Italy, Spain, and the UK. The scheme has since been extended three times and is now scheduled to last until 2020. In addition, Vietnam has targeted other major markets like China, Japan, South Korea and the US by granting e-visa in early 2017, which was extended to 46 countries later that year.

Thanks to the government's policy in relaxing visa restriction, in 2018, around 80% of tourists to Vietnam came from Asia, mainly from China and

South Korea. These two countries combined contributed 16 percentage points to the 20% growth of tourist arrivals.

The strong trend continues in 2019, with 6 million tourists visiting as of April, up by 9% from last year. Thailand and Taiwan (China) have contributed the most to the growth so far this year, indicating Vietnam's increasing attractiveness to new markets. Should the trend continue, Vietnam is very likely to reach its goal of welcoming 17-20 million tourists by 2020.

Despite a rosy picture, Vietnam's tourism sector still falls behind many countries in the region, stated the report. Simply looking at total tourist numbers in 2018, the country still has a long way to go compared to 38 million in Thailand. It also spends much less on tourism promotion. Vietnam's annual budget on promotional activities is US\$2 million, much lower than Thailand's US\$69 million.

	Tourist arrivals (millions)			Tourist receipts (USD bn)			% of GDP		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Vietnam	10	13	15	18	23	27	9	10	11
Thailand	33	36	38	46	54	62	11	12	12

Source: CEIC, HSBC

Tourism comparison: Vietnam vs. Thailand, 2016-18.

In addition, lack of infrastructure is a constraint to Vietnam's ability to attract more tourists.

It has far fewer international airports than other countries, hence putting pressures on existing airport capacity. For instance, Ho Chi Minh City has a high airport utilization ratio at 144%, the highest in major ASEAN cities. Other transport infrastructure, such as road and cruises, also require improvements to better link major tourist destinations.

New policies to boost tourism

Apart from resorting to traditional toolkits, like investing in marketing and improving infrastructure that take a long time to come to fruition, Vietnam has implemented some innovative policies to boost tourism in Vietnam including diversifying the tourism products it offers.

Named Asia's best golf destination in the past two consecutive years by the World Golf Awards, Vietnam eyes golf tourism. In 2018, it appointed Greg Norman, an Australian World Golf Hall-of-Fame member, to be its tourism ambassador, aiming to use his popularity to attract international golfers. According to the Vietnam National Administration of Tourism, international travel companies aim to increase golf-related arrivals by 50%, which would likely generate sizeable revenue to the country, as golf tourists spend over twice more than general tourists. This

could translate into a US\$1 billion business by 2020.

In terms of breakdowns, tourist arrivals from Korea, Japan and Taiwan are also likely to go up, given their strong interests in the sport.

Another policy is to diversify the source of tourists. With deepening economic ties, the US emerges as a potential market. Despite a consistent 10% annual increase in American tourists since 2015, the actual number of visitors still lags far behind other markets.

Recent news that Vietnamese airlines are allowed to operate direct flights to the US adds the potential to boost American tourists, while also supporting local airline and hotel industries. Apart from the US, Europe is also a potential target. Earlier this year, Vietnam extended its e-visa program to an additional 34 countries, out of which 65% are in Europe, in particular Eastern Europe. By further easing of visa requirements, robust growth of European visitors could be continued.

The continuation of strong tourism growth will bring many benefits to the economy. More tourist receipts will provide further foreign exchange inflows and reduce Vietnam's services deficit in the balance of payments. Moreover, it will provide a broader array of employment opportunities, and crucially, it will help further diversify the Vietnamese growth story.

4. HCMC to auction nine land lots in Thu Thiem

The auction of the land lots is expected to take place in the third quarter of 2019.

This is one of the 210 projects prioritized by the city for investment in 2019. The project covers the

land sites at Functional Section No. 1 for commercial and multifunctional services, which are managed by the Thu Thiem New Urban Area

Management Board. Functional Section No. 1 is located in the heart of the new urban area.

A source from the municipal Department of Planning and Investment said that among the nine land sites covering a total of 77,600 square meters, six will be used to develop residential blocks with 10 to 15 floors, and the other three will be for commercial towers with 30-50 floors.

Required investments in the nine sites are estimated to reach a total of VND27 trillion, including investment costs, land use fees and infrastructure costs.

The HCMC government had earlier allowed the use of the city's budget to invest in technical infrastructure for the nine sites to raise the value of these land lots. The cost of developing technical infrastructure will be considered as part of the value of the land use rights when land prices are chosen for opening the auction.

The HCMC Department of Transport also approved the project to invest in technical infrastructure for the nine sites and appointed Urban Traffic Management Unit No. 2 as the main investor.

5. Dong Nai's export growth slows in first five months

In May alone, the total export turnover reached \$1.69 billion, 9.8 per cent higher than the previous month, and up 1.5 per cent compared to the same period in 2018.

Import and export activities in Dong Nai are mainly led by foreign-invested enterprises, accounting for 85 per cent of the province's total import and export value.

In the first months of 2019, a number of key exporters of leather, textiles and mechanical products reported slower growth compared to 2018.

The department attributed the locality's slowing export turnover to the impacts of global trade protection policies.

Director of the department Duong Minh Dung said the US-China trade war had caused countries in the region to build tariff barriers to protect their domestic goods and minimise imports, thus affecting Viet Nam's exports.

The provincial Association of Exporters said orders from now to the end of the year for large enterprises operating in the leather and shoe industry in Dong Nai had decreased from 10-15 per cent, while those in the garment industry dropped by 7 per cent.

Meanwhile, local producers of wood and wooden products in Dong Nai reported they had received orders until the end of 2019 but their partners were asking for discounts, adding that this caused many difficulties for them as the prices of electricity and gasoline had increased, raising production costs.

Although Dong Nai's export turnover in the first five months increased slowly, the locality still enjoyed a trade surplus of \$1.2 billion.

The locality's export turnover is still expected to reach over \$20 billion, with a trade surplus of \$2.6 billion.

6. Forbes Vietnam announces top 50 listed firms

The companies have recorded a combined total post-tax profit of nearly 127.53 trillion VND (5.45 billion USD), a year-on-year increase of 19.2 percent.

According to Forbes Vietnam's seventh list of the country's top companies, the group of leading companies has shown impressive growth.

For three consecutive years, Vinamilk led the market in terms of profitability, but this time Vietcombank surpassed the dairy company, becoming the champion in post-tax profit with growth rate of 60 percent.

Forbes Vietnam also noted the growth of private enterprises.

Vingroup's Vinhomes ranks second in the market in term of post-tax profit and is one of four companies with market capitalisation exceeding 10 billion USD.

For the first time, Hoa Phat rose into the top five listed companies in term of profits. Newly listed bank Techcombank ranked second in post-tax profit and sixth in the stock market.

Many companies on the list operate in the real estate-construction, logistics, financial services, retail and building materials sectors.

The Ho Chi Minh Stock Exchange (HSX) dominated the list as it is home to 45 of the 50 listings, leaving the Hanoi Stock Exchange (HNX) with five. There were 13 changes to the list from last year with 11 firms making their first appearance and two companies coming back on to the list.

In the second half of 2018 and early this year, Vietnam's stock market did not have many big initial public offerings (IPOs), excluding Vietnam Airlines and PetroVietnam Power Corporation moving to the HSX from Upcom.

Forbes Vietnam applies company ranking methods from Forbes (an American business magazine), taking into consideration the characteristics of the listed businesses. The assessment is based on financial statements audited over five consecutive years from 2014 to 2018 and firms' mid-May market capitalisation figures.

7. Manufacturers see business improvement on solid order growth

The headline Nikkei Vietnam Manufacturing Purchasing Managers' Index (PMI) posted 52 in May, down marginally from 52.5 in April but still representing an improvement in business conditions in the Vietnamese manufacturing sector.

However, on a less positive note, employment declined for the third time in the past four months amid reports of worker resignations and retirements, stated the report.

A softer improvement in the health of the sector was recorded despite stronger increases in both output and new orders.

The securing of new customers helped firms register new order growth. New export orders also increased in May at a solid pace.

Rises in new orders, both from domestic and overseas clients, were reportedly behind the latest increase in manufacturing output. Growth has now been registered on a monthly basis throughout the past year-and-a-half.

However, the moderation in the headline figure principally reflected the drop in employment.

Andrew Harker, associate director at IHS Markit, said the demand side of the Vietnamese manufacturing sector remained rosy in May, with faster increases in output and new orders recorded.

However, there appear to be issues around the supply of labor, leading the PMI to tick lower, a picture that could be reversed in the coming months should the demand side remain strong and firms replace their departing workers, Harker confirmed in the statement.

Manufacturers increased their purchasing activity at a solid and accelerated pace in May as they responded to greater output requirements. The rise in purchasing input materials fed through to an accumulation of inventory, the second in as many months. Sufficient stock holdings at suppliers were also reported, helping improve delivery times.

Meanwhile, the stocks of finished goods declined in May, thereby ending a seven-month sequence of accumulation. Where postproduction inventories fell, this was linked to the use of stocks to meet new orders.

The rate of input cost inflation ticked down and was slower than the series average. Relatively weak cost inflation and some reports of demand weakness in certain export markets meant that firms had lowered their output prices slightly

again in May. Charges have now dropped for six consecutive months.

Business confidence improved for the third month running to the highest since last November. Optimism regarding output growth reflected expected increases in new orders and new product launches.

8. Chinese using proxies to acquire land: public security ministry

The Ministry of Public Security has reported to the National Assembly that Chinese nationals and entities are buying or renting land in premium locations along Vietnam's coastline in the names of Vietnamese citizens.

The number of Chinese nationals coming to Vietnam for business, travel and education has increased greatly, leading to high demand for houses. They are marrying locals and bearing children without informing local authorities, the ministry's report said.

About 2.1 million Chinese tourists came to Vietnam in the first five months of the year, the biggest source of visitors, accounting for nearly 30 percent of the country's total arrivals, according to the General Statistics Office.

Mainland China topped the table for newly registered capital in Vietnam in the first five months, with \$1.56 billion for 233 projects. In terms of registered capital, which includes newly-registered capital, capital supplements and stake acquisitions, China ranked fourth, after Hong Kong, South Korea and Singapore.

The ministry said it has advised the government to force ministries and local governments to improve their management over FDI projects and prevent foreign investors from illegally acquiring and transferring projects.

The report was submitted in the wake of lawmakers expressing concern at the ongoing National Assembly session about Vietnamese acquiring property in their names for foreigners in central coastal cities such as Da Nang.

Foreigners can buy apartments in Vietnam but are prohibited from buying land or individual houses.

Lawmakers have demanded that land acquired in such fashion is appropriated by the state. Deputy Prime Minister Trinh Dinh Dung said last week that the government will crackdown on locals acting as proxies for foreigners to buy land.

In 2015, the government widened foreigners' rights to buy housing in Vietnam under the amended Housing Law. But red tape remains a bottleneck to their exercising the right in full.

9. MoIT imposes temporary anti-dumping duties on Chinese products

The products include alloy or non-alloy products produced in bars, rods and shapes that have been extruded, regardless of whether the surface is

treated or if the products have been further processed in Viet Nam.

The products are used to make aluminum doors, wattle walls, storage cabinets and interior and exterior decorations, as well as construction. In addition, they are also used to make industrial machines and structures.

The lowest anti-dumping rate is 2.46 per cent while the highest is 35.58 per cent. The measures will take effect from June 5.

MoIT said it conducted a five-month investigation into aluminum imports from China according to regulations from the World Trade Organisation and Foreign Trade Management Law, as well as losses to domestic manufacturers.

The investigation found the local aluminium sector suffered seriously losses as Chinese aluminium products were being dumped on the market. Many domestic producers had been forced to halt production and a large number of labourers had lost their jobs.

At the end of 2018, Austdoor, Song Hong Aluminium, Tung Yang and MienHua, which hold a combined 31.54 per cent of domestic output, filed complaints.

The Law on Foreign Trade Management stipulates that the MoIT could apply anti-dumping duties

retrospectively on imported products that caused possible significant losses or serious injury to the domestic industry.

The ministry said the temporary anti-dumping duties would help reduce pressure on local producers and prevent “hidden” goods flowing through Viet Nam.

The ministry would continue to work with relevant parties, reviewing figures and organising a public consultation. In addition, it would provide an overall assessment on the case to related parties including consumers. The investigation is expected to finish this year.

The ministry warned organisations and individuals to consider the possibility of anti-dumping duties when signing import, distribution and business contracts as well as using the investigated goods. Last year, the amount of imported aluminum extruded bars from China to Viet Nam reached 62,000 tonnes, double that of 2017.

The figure excluded a large amount of imports to processing zones. Imports from other countries fell to 5,000 tonnes in 2018.

Corporate News

10.CII11722: Notice of bond interest payment of CII122020

↑ 0.66%

Ho Chi Minh City Infrastructure Investment Joint Stock Company announces the record date for bond interest payment as follows:

- Bond name: CII122020 Bond
- Bond code: CII11722
- Purpose: to pay for the bond interest (from December 29, 2018 to June 29, 2019)
- Record date: June 14, 2019

- Payment date: July 01, 2019 (because June 29 and 30, 2019 are not business days)

- Place of payment:

Bondholders whose bonds have been deposited: at the securities firms where the bonds have been deposited.

Bondholders whose bonds have not been deposited: at Ho Chi Minh City Securities Corporation (20th Floor, Sun Wah Building, 115 Nguyen Hue, Ben Nghe ward, district 1, HCMC).

11.BID: Notice of change of personnel

↑ 4.58%

Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) announces the

retirement resignation of Mr. Bui Quang Tien and Mr. Nguyen Van Loc as Members of the Board of Directors, effective from June 01, 2019.

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