



VIETNAM DAILY NEWS

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Market Analysis

1. Stocks continue dipping

Due to its loss in the morning, the VN-Index of the Hochiminh Stock Exchange fell deeply towards the 937-940 range early in afternoon trade. Stronger demand for some small- and big-cap stocks at the close gave a lifeline to the market.

At the end of the day, the benchmark index edged down 4.09 points, or 0.43%, to 950.08, with 113 stocks gaining and 163 others falling. There were 142.8 million shares worth VND3.3 trillion changing hands, up 3.4% in volume and down 16% in value, against the session earlier.

On the HCMC exchange, 44 million shares were transacted in block deals with a total value of VND1 trillion.

In the VN30 basket, only three bank stocks, including VCB, VPB and EIB, improved at the close, while seven others ended at their reference prices. Up to 20 stocks in the basket lost. Real estate stock VIC lost 0.43% at VND115,500 per share and dairy firm VNM slipped 1.6% at VND123,200 per share.

The southern bourse saw some of the big-cap stocks dropping sharply. HVN stock of national flag carrier Vietnam Airlines tumbled 2.88% at VND42,150 per share and pharmaceutical firm DHG slumped 2.5% at VND109,200 per share.

Construction firm ROS was the most actively traded stock, with 10.7 million shares changing hands.

While most of the blue chips closed down, many small-cap stocks gained ground, with property firm DLG, mining firm AMD and real estate developers HID, DRH and VPH shooting to their ceiling prices. Other small caps, such as agricultural material company TSC, shipping firm VOS, construction firm TGG, financial firm FIT, and property developer FLC, inched up.

The HNX-Index of the Hanoi Stock Exchange lost 0.06 points, or 0.06%, to 103.5 points. Trade volume plunged 18.7% to 22.2 million shares and value dropped 9% to VND268 billion against the day earlier.

Lender ACB and gas firm PVS advanced 0.35% and 0.45%, respectively, keeping the index of the northern bourse from a heavier loss. PVS led the Hanoi exchange by liquidity with 2.47 million shares traded, followed by lender SHB with 2.62 million shares.

In addition to SHB and PVS with high liquidity, bank stock NVB had over one million shares changing hands on the northern bourse.

Macro & Policies

2. No Higher capital level for projects needing NA approval

Up to 90.7% of National Assembly (NA) deputies passed the revised Law on Public Investment during their ongoing seventh session in Hanoi today, June 13. Under the current regulations, State-funded projects that cost VND10 trillion or above must be presented to the NA for approval.

According to Chairman of the NA's Committee on Finance and Budget Nguyen Duc Hai, the deputies agreed to maintain the current criteria on project classification, which define that a major national project is one that costs VND10 trillion (US\$427 million) or higher. The rule means the NA has the power to approve huge projects.

Earlier, in a draft law presented to legislators at the sixth session in late 2018, the Government had proposed that the level be raised to VND35 trillion so that it could directly plan and execute projects with lower investment capital. The Government had explained that the large amount of work involved would reduce the productivity of the legislature as there are only two sessions each year.

At the ongoing sitting, the Government proposed the level be revised up to VND20 trillion to speed up work on big projects, but the proposal was met with opposition from lawmakers. During their discussions, many deputies said they were in charge of supervising large-scale projects.

In addition, deputies rejected the proposal that the portfolio of the medium-term public investment plan should be subject to Government approval. According to a report from the NA Standing Committee, neither of the two solutions presented by the Government, mandated to either the Government or the NA Standing Committee, had received a majority of votes.

The Government had previously proposed a draft law on public investment that would give it the authority to approve medium-term public investment projects. It said the bill aims to reduce the NA's workload.

The NA deputies adopted the revised Law on Tax Management today, with 91.32% of votes.

3. Mobile phone and spare part imports hit US\$4.91 billion

In the first five months of the year, total imports of the products were worth \$4.91 billion, a 3.9 per cent year-on-year decrease.

Earlier, imports of mobile phones and spare parts into Viet Nam fell in the first two months of the year and surged in March and April, with increases of 44.6 and 6.5 per cent respectively.

Viet Nam mostly imported phones from China and the Republic of Korea (RoK) in the period. Of which, imports from China accounted for 54 per cent of the country's total to reach \$2.06 billion

and reducing 19.7 per cent from the corresponding period last year.

Meanwhile, mobile phone and spare part imports from the RoK rose by 0.4 per cent to \$1.5 billion in January-May.

Viet Nam also imported mobile phones from Hong Kong with total value of \$32.06 million, up 25.8 per cent from the same period last year.

4. Retailers rush to expand convenience store chains

Vingroup on a single day of December 31, 2018, put into operation 117 more convenience stores in the three regions, including northern, central and southern Vietnam, taking its total number to 1,700 VinMart+ stores at the time. VinMart+ now owns 1,900 stores nationwide.

Vingroup has set a target to own 4,000 VinMart+ stores by 2020, according to the group.

Meanwhile, Mobile World Investment Corporation, known in Vietnamese as The Gioi Di Dong, inaugurated 46 Bach Hoa Xanh stores in March. As of April 30, Bach Hoa Xanh operated 512 stores across the country. Each store covers 150-250 square meters of space on average.

The Gioi Di Dong is looking to expand its retail store chain, raising the total number of stores to 800 this year.

Saigon Co.op is also jumping on the bandwagon to expand its retail store chain in the country.

The company, which owns 34 Cheers convenience stores, is planning to open one more store this week. The retailer also operates 360 Co.op Food stores and 70 Co.op Smile convenience stores, which cover 20 to 200 square meters of space each.

Enhancing the reach of Satrafoods stores is also a key project of Saigon Trading Group (Satra) this year. Satra currently has 214 Satrafoods stores in HCMC and 10 others in the Mekong Delta city of Can Tho.

Speaking at a meeting to review its 2018 performance in January, a representative of Satra said that in 2019, the retailer would open 60 more

Satrafoods convenience stores to raise the number to 277 stores and will have 330 operational stores in 2020.

Further, Vietnamese meat processor Vissan has 55 Vissan stores and plans to open five more this year.

In the context of the fast-growing presence of convenience stores in the local market, many people said that the retailers are grappling with heavy losses to beef up their market shares. However, convenience store operators appear to have gained ground in the local market.

According to statistics from Vingroup, the retailer earned revenue of VND19.3 trillion from retail services at the VinMart, VinMart+ and VinPro chains in 2018, surging by 48% against the figure seen in 2017.

A representative of Bach Hoa Xanh also stated that the revenue from stores inaugurated prior to April 1 amounted to VND1.3 billion per month each, doubling the figure in January.

Bach Hoa Xanh saw its first two stores hitting the highest level of VND4 billion per month for revenue earned in April.

Some economic experts said the withdrawal of certain foreign retailers has made it easier for domestic retailers to dominate the local market. The retail store sector still has great potential for further development.

A report from Nielsen showed that the number of convenience stores in Vietnam soared by 45.5% last year against the figure seen in 2017 due to the rising demand.

5. Vietnam to be among world's most dynamic markets by 2030

An Hodgson, Euromonitor International's income and expenditure research manager, said the company's research database showed that urbanisation, with the associated concentration of

income, wealth and population, would propel Vietnam's commercial success by 2030.

Published last month, the research database has

found that Vietnam will be the third biggest urban market by consumer numbers and fifth biggest by total spending in Southeast Asia. By 2030, the country's urban consumer market will expand to 46 million consumers and 169 billion USD worth of spending. GDP growth is expected to reach 9.14 percent in the 2019-2030 period and disposable income to 9,740 USD per household by 2030.

There will be 17 million middle class households in 2030, according to the company's research.

The burgeoning middle class in Vietnam will drive consumer spending growth as well as give rise to new consumer trends by 2030.

“One in two households will be middle class by 2030,” she said. “The essence of a middle-class consumer is the ability to spend on discretionary items.”

Representing an increase of 34 percent from 2018, Vietnamese middle-class consumers are “aspirational, brand-aware and price-conscious”.

Rural consumers also remain important. In 2030, rural residents, which number 61 million, are expected to spend a total of 173 billion USD.

There are gaps between the products and services that are currently available and those that older consumers actually want and need.

According to Euromonitor, the fastest-growing population segment is 70 to 79 years old.

By 2030, 12.4 percent of the Vietnamese population will be aged 65 and above, which equates to a market size of 13 million elderly consumers.

The over-65 segment is the third lowest-earning age group, with an average gross income of 57 million VND (2,560 USD) in 2018.

However, their real purchasing power is set to grow the fastest of all age groups up to 2030.

“Older consumers feel, behave and want to be treated as younger people are. They want branding to focus more on needs, interests and values that include consumer experience, convenience, authenticity and novelty,” Hodgson said.

“Businesses that adopt more universal strategies rather than applying age labels can effectively win ageing consumers, while also appealing to younger consumers,” she added.

In 2030, Vietnam is expected to be the fifth largest economy in Southeast Asia where 50 percent of the households will have an annual disposable income of 5,000 USD to 15,000 USD.

Although the population is price-sensitive, consumers are willing to pay higher prices for branded products deemed to be healthier or better-quality.

In addition, according to Euromonitor, internet retailing is set to double its market size and reach 5 billion USD by 2023. While online shopping is not yet prevalent in Vietnam, brands and retailers should stay ahead of e-commerce.

The conference also discussed major global consumer trends and their impact in Vietnam and Southeast Asia.

According to Euromonitor, Vietnam and the Southeast Asia region remain the key focus of global business developments due to healthy economic growth.

The conference provided insights on how companies could tap into the Vietnamese market.

Euromonitor International is the world's leading provider for global business intelligence and strategic market analysis. During the last 40 years, it has been publishing international market reports, business reference books and online databases on consumer markets.

6. Vietnam moves to liberalize its power market

Vietnam's Ministry of Industry and Trade (MOIT) on June 12 held a public consultation to introduce its proposal for Vietnam's Direct Power Purchase Agreement (DPPA) mechanism, marking a step closer to the launch of this critical mechanism to open further the local power market.

This new policy will allow businesses in Vietnam to procure electricity directly from private firms producing renewable energy and enable them to power their operations with 100 percent renewable energy.

The DPPA mechanism is an enormous opportunity for solar and wind developers to mobilize private capital to build major new solar and wind energy farms. Over 30 large international and domestic businesses represented by the Renewable Energy Buyers Alliance Vietnam are supporting this effort, and emphasized the critical need for accurate power market data to support low-risk transactions to power the clean energy revolution in Vietnam, the US embassy in Hanoi said in a statement.

“The DPPA mechanism will allow Vietnam to rapidly achieve its renewable energy goals by attracting private sector investment and meeting the needs of corporate leaders seeking to expand their operations in Vietnam,” the US embassy in Hanoi quoted Ambassador Daniel Kritenbrink as saying.

During the development of this innovative mechanism, the Electricity Regulatory Authority of Vietnam (ERAV), an agency under the MOIT, consulted with investors, financial institutions, Electricity of Vietnam (EVN) and its subsidiaries, private power producers, and other potential market participants to develop a successful DPPA pilot program.

In addition to the DPPA, USAID works to support Vietnam in improving energy security through a

series of utility scale solar and wind projects, providing technical assistance to the MOIT for energy planning, and working with the private sector to increase the finance available to support Vietnam's vision for a clean and reliable energy system for the future.

Since 2017, USAID's Vietnam Low Emission Energy Program has helped ERAV to identify the conditions needed to implement a DPPA policy in Vietnam. USAID's support has followed three steps: (1) a legal and institutional review, (2) a review and recommendation of DPPA models, and (3) a roadmap for a DPPA pilot to test preferred models for suitability in Vietnam. After recommending a DPPA design that suits the conditions in Vietnam today, USAID is now working closely with ERAV to formulate the DPPA pilot program that, after final approval, will begin later this year.

Vietnam is striving to increase the percentage of renewables in a master power development plan. The government has announced encouraging feed-in-tariff for solar and wind power developers.

According to the National Power Development Plan till 2020, total capacity of wind power will soar from 140 MW at present to about 800 MW by 2020, about 2,000 MW by 2025 and about 6,000 MW by 2030. The ratio of wind-based electricity shall be about 0.8% by 2020, about 1% by 2025 and about 2.1% by 2030.

Meanwhile, total output of solar power is expected to surge to about 850 MW by 2020, about 4,000 MW by 2025 and about 12,000 MW by 2030. The ratio of solar power shall be about 0.5% by 2020, about 1.6% by 2025 and about 3.3% by 2030.

7. Business environment improves following Government's Resolution 02

Deputy Minister of Planning and Investment Vo Thanh Thong said the ministry and the Government Office had coordinated with World Bank experts to update the indexes on Vietnam's business environment for the bank's Doing Business report, slated to be announced in October this year.

Accordingly, the procedures and time for starting a business reduced from 8 and 17 days to 5 and 8 days, respectively; the procedures and time for getting a construction permit decreased from 10 and 166 days to 10 and 62 days. The payments of tax per year dropped to only one time a year from the previous 5 times, and the time taken to file value added tax was cut from 219 hours to 129 hours a year.

The WB also noted that recently-issued documents had helped speed up the settlement of contract disputes and insolvency.

However, the deputy minister said that some ministries have not fulfilled the requirements set by the resolution. Few ministries have issued full guidance documents on implementing tasks under the resolution in the first quarter as required, resulting in confusions and difficulties in building and carrying out action plans.

Many ministries have drafted decrees on adjusting business conditions but are slow to submit them

to the Government for approval. Most ministries have not issued documents guiding subsidiaries, enterprises and localities regarding the reform in business conditions.

Deputy Minister of Public Security Nguyen Van Son said enterprises and people still complain when doing administrative procedures, particularly the attitude of civil servants who do not give full explanations on procedures, forcing enterprises and people to return many times.

Concluding the working session, Deputy PM Dam urged ministries and agencies to tighten public discipline and order in implementing Resolution 02 in order to create substantial changes.

Ministries and agencies should hold inspections to check the pace of reform, and dialogues with business associations to learn about existing problems, he said.

The Deputy PM requested that ministries and sectors submit reports on the pace of cutting business conditions within next week and propose solutions to problems raised by the business community.

He suggested the Ministry of Planning and Investment consider the ranking of ministries, sectors and localities in implementing Resolution 02.

Corporate News

8. FUESSV50: Basket of component securities 13 Jun 2019

↓ -2.33%

Basket of component securities 13 Jun 2019 of SSIAM VNX50 ETF as follows:

File Attachment

[20190613_FUESSV50-190613-Basket-of-component-securities-13-Jun-2019.pdf](#)

9. DHG: Resolution on the AGM 2019

↓ -2.50%

On June 11, 2019, DHG Pharmaceutical Joint Stock Company announces the resolution of the Annual General Meeting 2019 as follows:

File Attachment

[20190613_DHG-190613-Resolution-on-the-AGM-2019--PV.pdf](#)

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