



VIETNAM DAILY NEWS

June 19th, 2019



Table of content

Table of content

- 1. Local stocks quiet ahead of key events**
- 2. Intense competition for consumer loans slows financing companies' growth**
- 3. AEON plans to quadruple sourcing from Vietnam**
- 4. VN's top furniture retailer opens luxury furniture centre in Ha Noi**
- 5. Canon maintains No 1 position in camera market in VN**
- 6. Philippine company eyes investment in Vietnam's tea industry**
- 7. US\$17 billion in ODA loans yet to be disbursed**
- 8. CII: Notice of seeking shareholders' approval**
- 9. STK: Report on results of trading of shares by an internal shareholder - Nguyen Tu Luc**

Market Analysis

1. Local stocks quiet ahead of key events

The benchmark VN-Index on the Ho Chi Minh Stock Exchange shed 0.31 per cent to close at 944.01 points.

The VN-Index lost 0.70 per cent on Monday.

The market trading condition was negative on the southern bourse with 174 declining stocks, which were dominant over 112 gainers.

Trading liquidity remained average with nearly 167 million shares traded, worth VND3.87 trillion (US\$166.4 million).

The large-cap VN30-Index went down 0.57 per cent to end at 848.17 points.

Eighteen of the 30 largest stocks by market value and trading liquidity in the VN30 basket ended in negative territory

That indicated cautious sentiment across the local market as investors and analysts were eyeing positive outcomes of incoming events, according to MB Securities Co (MBS).

First, the US central bank Fed's two-day meeting, which would start later on Tuesday, will give signals for further rate cuts this year to boost the world economy.

Investors and analysts on global markets had learnt the Fed would keep its rates steady this time, MBS said in its daily report.

“After the Fed meeting minutes and statement, the global markets will have a clearer view of the factors such as the US-China trade war, US president Donald Trump's call for Fed rate cuts and weakened economic data,” MBS reported.

Besides, attention was also paid to the G20 summit that will take place in Japan later this month on hopes that the US and China would find some solutions to ease trade tensions, the Ha Noi-based stock brokerage added.

On the Vietnamese stock market, key sectors that often drive the market up such as banking, petroleum and energy, retail and building materials advanced, data on *vietstock.vn* showed.

But their growth rates were not sufficient to offset the under-performance of other industries like healthcare and pharmaceuticals, rubber and plastics, food and beverage, seafood processing and agriculture.

Leading stocks were still weighed down by strong selling, but domestic investors began picking up shares when the VN-Index hit its previous bottom line of 938.95 points, MBS said.

The stock market continued moving sideways with low trading liquidity and the rebound made during Tuesday was only technical and could be short-lived, Sai Gon-Ha Noi Securities (SHS) said in a note.

On the Ha Noi Stock Exchange, the HNX-Index was up 0.24 per cent to end at 103.75 points.

The northern market index inched up 0.04 per cent on Monday.

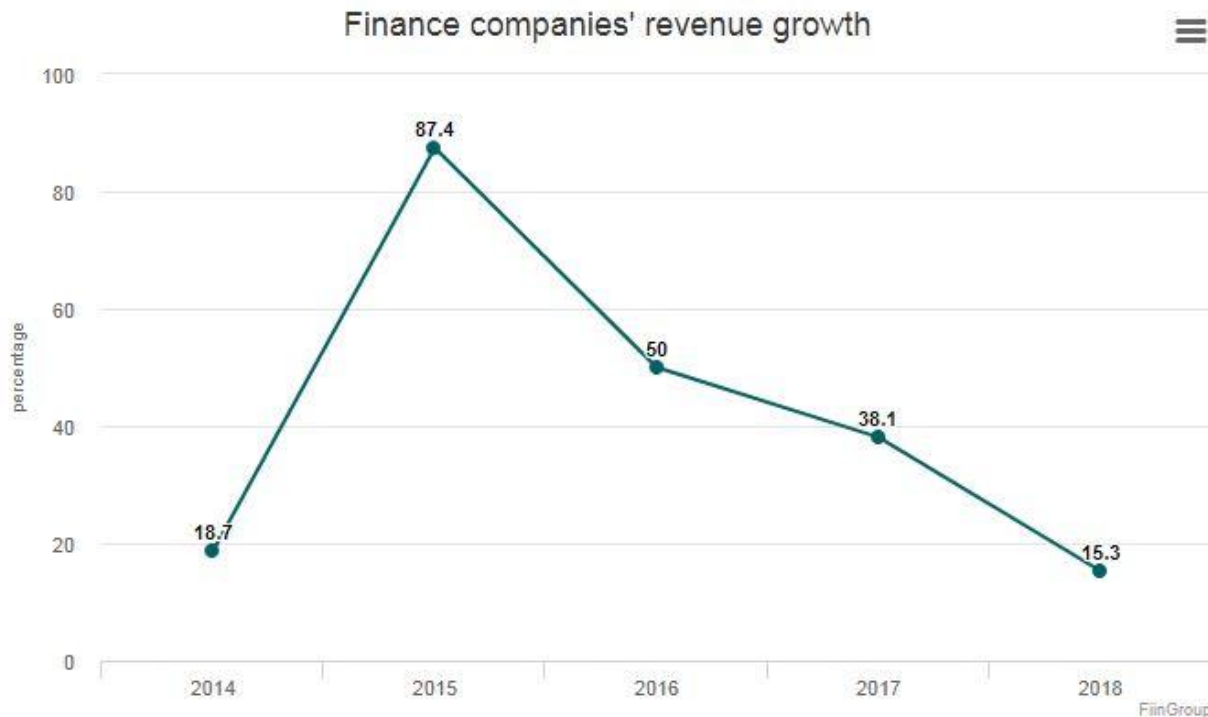
More than 28 million shares were traded on the northern bourse, worth nearly VND320 billion.

Macro & Policies

2. Intense competition for consumer loans slows financing companies' growth

Vietnamese financial data provider FiinGroup said in a recent report that year-on-year growth of outstanding consumer loans slowed down to 30 percent last year compared to an average 59 percent annual growth in the previous five years.

Finance companies' revenue growth is also falling at 15.3 percent last year compared to 38.1 percent in the previous year, it said.



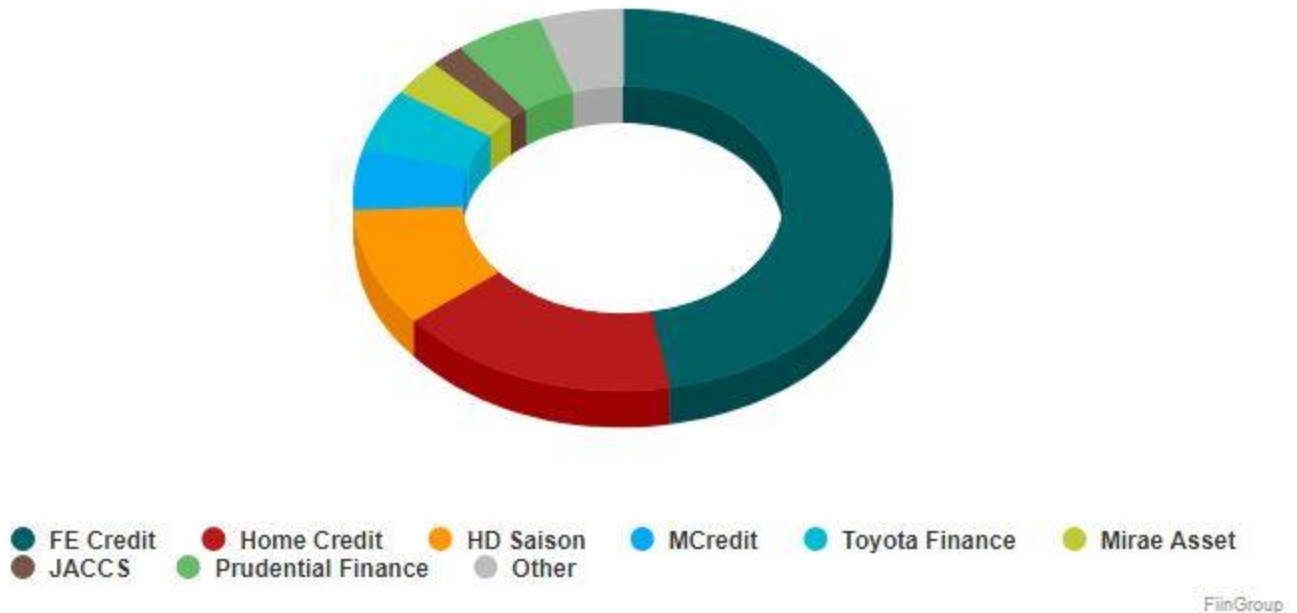
Competition has intensified in the consumer loans division as new players enter the market. Vietnam had very few finance companies in 2015 but by 2018 there were 16 firms permitted to operate, not counting alternate lending and pay-day loan platforms, FiinGroup said.

New player MCredit has gained over 5 percent of market share within two years year after its

launch, thanks to a strong focus on cash loans, followed by SHB Finance and Easy Credit, who have also adopted a similar strategy.

FE Credit, the biggest player so far, saw its market share drop from 48.9 percent in 2017 to 47.3 percent last year.

Finance companies' market share



Companies are using different growth strategies. While some prioritize profitability, risking a high non-performing loan rate, others prioritize better asset quality and capital adequacy.

FE Credit has been a pioneer of the first strategy by launching new products and making investments in technology innovations.

Its considerable loan growth of 19 percent is accompanied by a high non-performing rate of 6 percent.

Using the second strategy, Home Credit has posted high returns on asset and equity, while the non-performing loan rate was 4 percent. It expects stronger growth in the near future, having struck a strategic partnership with e-wallet firm Momo.

But finance companies are also set to face more challenges. A draft regulation prepared by the State Bank of Vietnam to reduce bad debt will only

allow them to offer personal loans to people with a good credit history.

If the regulation comes into effect, cash loans cannot exceed 30 percent of a company's total loans for consumer durables.

Analysts have expressed concern about some of the provisions of the draft regulation. Ho Chi Minh City Securities Corporation (HSC) said in a note that most finance companies give personal loans to first-time debtors who have no credit history, and so the stipulation would cause their revenues to plummet.

"If the draft law is approved, Vietnam's consumer lending industry will see obvious slower growth."

Outstanding consumer loans were equivalent to 19.7 percent of Vietnam's outstanding loans last year, up 3 percentage points from 2017, according to FiinGroup.

3. AEON plans to quadruple sourcing from Vietnam

AEON executives told the Ministry of Industry and Trade officials at a meeting in Hanoi last week that the company would first double the value of products it procures from Vietnam from the current level to \$500 million next year, the government website reported.

The total value of Vietnamese goods imported for AEON outlets in Japan rose 7.6 percent in 2018 to \$245 million, with clothing accounting for 55 percent, the company said.

Yasuo Nishitoghe, general director of AEON Vietnam, said his company would provide technical support to Vietnamese suppliers to

enable them to meet its and Japanese quality standards.

"Food has room to grow further," Eiji Shibata, executive officer and chief merchandising and logistics officer at AEON, told Kyodo News. Food makes up around 70 percent of the retailer's total sales in Japan, he said.

AEON has four shopping malls in Ho Chi Minh City, Hanoi and the southern province of Binh Duong.

It is building one mall each in Hanoi and the northern city of Hai Phong, and hopes to have 20 in the country by 2020.

4. VN's top furniture retailer opens luxury furniture centre in Ha Noi

Covering an area of more than 2,000sq.m on the second floor of the newly opened Sun Plaza Ancora shopping building in Hai Ba Trung District, the flagship centre features exclusive items made by the world's top furniture brands such as Baxter, CeccottiCollezioni, Dimensione Chi Wing Lo, SavioFirmino, Walter Knoll, Arclinea, Listone Giordano, Kohro, Lastvit, and Glas Italia.

Speaking at the Bellavita Luxury's opening ceremony on Friday night, CEO of the AKA Group, Ly Qui Trung, hopes his luxury furniture centre will be a key resource for architecture and design professionals in the country.

According to the head of the company, Bellavita Luxury aims to bring both top quality and style to

the capital with its carefully curated collection of top furniture brands from Europe.

Founded more than 20 years ago, the AKA began from the passion for interior and the mission to bring an exquisite living space to every Vietnamese house. AKA now has the proprietary rights for over 30 famous furniture brands, both domestic and international, such as Nha Xinh, BoConcept, Calligaris, Bellavita, Lago, Minotti, Baxter, Ligne Roset. The group also has more than 30 showrooms nationwide, where it showcases new furniture designs and updates the world's latest trends in home decor.

5. Canon maintains No 1 position in camera market in VN

During a launch event, the company said that "the camera market in Viet Nam is always fierce and this year is no exception. Camera manufacturers are constantly researching, innovating and introducing new models which suit the diverse needs of the Vietnamese market".

In the first two quarters of the year, Canon continued to be the leading brand in Viet Nam for digital single-lens reflex camera (SDLR) models, with 70 per cent market share.

They were in the second position for mirrorless and digital compact cameras, with market share of 33 per cent and 37 per cent, respectively.

The company has continued to conduct research and develop new cameras.

Late last week in HCM City, Canon launched the first instant camera for its mini photo printer line-up.

The iNSPiC S and iNSPiC C series are pocket-sized instant camera printers that combine the time-tested fun-in-the-sun appeal of compact mini printers with digital camera capability.

With the price ranging from VND4.2 million to VND5.6 million, the cameras are available in six colours.

A representative of Canon Marketing Vietnam said: "We realise that the need to take photos and being photographed by young Vietnamese is huge. On the other hand, retro and vintage are also trends that Vietnamese young people care about".

This has encouraged the company to research and launch instant cameras like iNSPiC.

Canon's products reached the Vietnamese market in the early years of the 1980s through its authorised distributor.

Over the past 14 years, Canon has marked its very active presence with the establishment of four factories in industrial zones.

6. Philippine company eyes investment in Vietnam's tea industry

President and CEO of the group Lance Y. Gokongwei revealed the intention while being received by Prime Minister Nguyen Xuan Phuc in Hanoi on June 17.

Welcoming trade-investment cooperation between Vietnamese and Philippine firms, PM Phuc said he wants to hear about difficulties facing JG Summit in Vietnam.

Gokongwei informed his host on the operation of the group in Vietnam so far.

The company, starting its operation in the local food-beverage industry in 2003, has promoted its made-in-Vietnam products across 10 nations worldwide. With a workforce of 3,000 hands and an accumulated investment of 200 million USD to date, JG Summit exports half of its products manufactured in Vietnam.

Gokongwei said the group has a programme on boosting plastic waste recycling and has joined alliances that fight plastic waste.

Phuc said Vietnam has potential in export processing and encourages JG Summit to study new Vietnamese products to be processed for export. He affirmed that investors could be worry-free investing in Vietnam.

The leader stressed the production process needs to ensure food safety and protect the environment.

Noting that Vietnam is working to eliminate single-use plastic products, the Government leader wanted JG Summit to join the effort.

7. US\$17 billion in ODA loans yet to be disbursed

The meeting was attended by representatives of the National Steering Committee for ODA and Preferential Loans and six development banks: the

World Bank (WB), the Asian Development Bank (ADB), the Japan International Cooperation Agency, the Export-Import Bank of Korea, French

Development Agency AFD and Germany's KfW Development Bank.

Speaking at the meeting, Norio Saito, ADB deputy country director in Vietnam, said that the ODA loans pledged by the six banks have dropped but are still important to Vietnam.

After the financial crisis in 2008, the pledged amount increased to US\$32.8 billion in 2013 but fell to US\$28.9 billion last year.

Saito said that the ODA loan amounts that have yet to be disbursed are equivalent to 7% of Vietnam's gross domestic product (GDP).

The disbursement rate plunged from 23.1% in 2014 to 11.2% last year, much lower than the average rate of the six banks. The average rates of ADB and WB in 2018 were 21% and 20.2%, respectively.

The slow disbursement has resulted in the slow progress in the execution of ODA-funded projects, raising their investment costs, reducing investment effectiveness and negatively affecting the country's GDP growth.

In addition, the project's quality may be affected, and contractors may quit their jobs.

Further, infrastructure projects will be completed late, affecting local residents' and private enterprises' confidence in the Government's ability to manage projects, Saito added.

For his part, Deputy Prime Minister Pham Binh Minh said the slow disbursement of ODA and preferential loans, pointing out that the revised Public Investment Law, passed by the National Assembly, sets out regulations on the disbursement of public investment, giving more autonomy to lower-level agencies to ease the disbursement.

Moreover, the Government will assign the Ministry of Planning and Investment to prepare draft decrees replacing the Government's Decrees 46 and 132 on the management and use of ODA and other preferential loans from foreign investors.

Corporate News

8. CII: Notice of seeking shareholders' approval

↑ 2.45%

Ho Chi Minh City Infrastructure Investment Joint Stock Company announced the record date as follows:

- Listed firm: Ho Chi Minh City Infrastructure Investment Joint Stock Company
- Bond code: CII11803
- Bond type: corporate bonds
- Par value: VND100,000
- Record date: June 25, 2019

I. Purpose: To seek shareholders' approval in writing.

II. Detailed content:

- Exercise ratio: 1:1 (01 bond – 01 voting right)
- Time of implementation: from June 2019 to July 2019
- Address: Ho Chi Minh City Infrastructure Investment Joint Stock Company.

9. STK: Report on results of trading of shares by an internal shareholder - Nguyen Tu Luc

↓ -1.70%

Report on results of trading of shares by an internal shareholder - Nguyen Tu Luc of Century Synthetic Fiber Corporation as follows:

File Attachment

[20190618 STK-190618-Report-on-results-of-trading-of-shares-by-an-internal-shareholder---Nguyen-Tu-Luc.pdf](#)

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