



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index falls below 960 points

The benchmark index ended down one point, or 0.1%, against the previous day at 959.13, with 143 stocks gaining and 151 others losing.

The southern market saw 252.3 million shares worth nearly VND5.6 trillion transacted, surging 53.5% in volume and 54% in value against the day before. A staggering 132.9 million shares were traded in block deals with a total value of nearly VND3 trillion, including 71.2 million shares worth VND1.6 trillion of lender MBB.

Among bank stocks, only BID inched up 1.25% at VND32,500. The remainder ended down.

In particular, VCB plummeted 2.62% to its lowest level of the day, at VND70,500 per share. CTG, VPB and MBB also faced the same fate, falling 0.71%, 1.03% and 1.18% to VND20,900, VND19,200 and VND20,850, respectively.

Meanwhile, property firm VIC added 0.43% at VND116,900. Retailer VRE also picked up a slight 0.15% at VND34,350, but housing developer VHM slid 0.63% at VND79,000.

Real estate enterprise NVL reported the sharpest increase of over 2%.

As for liquidity, construction company ROS remained the best performer on the southern

bourse with 13.86 million shares traded. It ended the day at VND29,950 per share, down 0.17%.

Property firm HAG came in second with 5.1 million shares changing hands and oil drilling firm PVD ranked third with 3.7 million shares.

The most actively traded bank stock was CTG with more than 3.1 million shares transacted, followed by STB and MBB with some 2.8 million each.

On the northern bourse, the HNX-Index lost 0.2 of a point, or 0.19%, at 103.95 points. Trading volume on the market soared 43.7% compared to Tuesday to 35.77 million shares but value fell 4% at VND432 billion. Block deals accounted for 11.76 million shares, contributing VND142.7 billion to the total value.

Only three stocks had matching volume from two million shares each, including gas firm PVS, exporter TNG and property firm HUT.

In which, PVS gained 0.86% at VND23,400, took the lead by volume with 2.94 million shares traded, followed by TNG with 2.23 million shares, up 5.08% at VND20,700. HUT closed the session at its reference price of VND2,400 with over 2.12 million shares changing hands.

Macro & Policies

2. Vietnam to form new value chain with EU through EVFTA: Minister

The upcoming EU – Vietnam Free Trade Agreement (EVFTA) would help Vietnam form a new value chain with the EU, in turn enhancing the country's economic competitiveness, according to Tran Tuan Anh, minister of Industry and Trade.

The EU is a major partner for Vietnam in terms of technology and investment capital, leading to a belief that a strong EU – Vietnam relation holds significance in both parties' development strategies, Anh told local media on Tuesday.

On June 25, the European Council approved the EVFTA and the EU – Vietnam Investment Protection Agreement (EVIPA), and authorized the European Commission (EC) to sign the deal with the Vietnamese side on June 30 in Hanoi.

According to Anh, the EVFTA, considered a next-generation free trade agreement, is essential for Vietnam's strategy of global integration, consisting of high level standards that require extensive efforts from both Vietnam and the EU to conclude legal procedures for the signing of the deal in June.

A notable difference between the EVFTA and other FTAs is high requirement for market opening, while the EU and Vietnam markets are highly complementary in the sense that both could export products that would not face direct competition in their respective markets.

Vietnam is expected to remove 65% of import tariffs for European goods right after the deal becomes effective. The remaining would be gradually phased out in the next 10 years.

In return, the EU is committed to removing 71% of import tariffs for Vietnamese items, and the remaining in the next seven years.

Moreover, the comprehensive nature of the deals is made up of its coverage of all major fields, including trade of goods and services, investment,

preferential treatment on government purchase, trade protection, small and medium enterprises (SMEs) operations, and intellectual property, among others.

EVFTA, along with the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP), would push Vietnam towards perfecting the legal framework for the development of the socialist-oriented market economy, Anh stressed.

Anh is convinced the EVFTA would lead to greater interest from European businesses in Vietnam, especially in the fields of food processing, high technologies, automobile and electronics manufacturing, among others.

Through Vietnam, the EU would have an opportunity to access ASEAN market with a population of over 660 million, bringing huge opportunities for European companies, Anh added.

It is estimated that the EVFTA will add 0.1 percentage point (ppt) on average to Vietnam's real GDP growth each year based solely on its trade impacts, according to HSBC's report.

The European Commission estimates that Vietnam's exports to the EU would grow by around 18% as a result of the agreement, while the EU's exports to Vietnam are slated to increase by around 29%.

Over the past ten years, trade turnover between the EU and Vietnam has increased 10-fold to US\$53 billion in 2018. The EU is currently Vietnam's third largest trading partner, while Vietnam is the bloc's 19th largest partner in the world, and the second largest in Southeast Asia, behind Singapore, according to the Vietnam Chamber of Commerce and Industry (VCCI).

3. Vietnam to block Google payment for inappropriate YouTube content

Minister of Information and Communications Nguyen Manh Hung said at a meeting Tuesday with businesses advertising on Google that international businesses have not bothered to invest in developing algorithms to block inappropriate content though have the technology to do so.

They need to follow Vietnam's laws like they do in their own country, he warned. "Vietnam does not welcome cross-border businesses which do not comply with its laws. The government will use all legal, economic and technical means to ensure they follow regulations."

Hung said his ministry would "clean up" cyberspace for Vietnamese users, create a legal framework to punish toxic content creators and force businesses to acquire tools that prevent their ads from being displayed together with toxic content.

The meeting was convened by authorities after they had recently discovered many ads displayed along with "toxic, reactionary content" on YouTube.

The ministry has ordered 60 local companies and major foreign brands to stop advertising on YouTube videos that contain anti-government

content. They include Samsung, Grab, Sun Group, Yamaha, Shopee, VNG, Huawei, Watsons, and Thai Tuan Fashion.

While Google has made efforts to block or take down nearly 8,000 videos on YouTube at the request of Vietnamese authorities, the latter found that the video-sharing site's content management mechanism is inadequate, making such efforts futile.

There are still around 55,000 videos with "toxic, illegal" content on YouTube, according to the Authority of Broadcasting and Electronic Information.

Vietnam is among the five biggest global markets for YouTube in terms of how long users spend watching videos on it, a company spokesperson said.

YouTube was the second-most accessed site in the country with a user ratio of 59 percent, behind only Facebook's 61 percent, according to a report in 2018 by marketing and advertising agency We Are Social.

4. Requirements versus benefits in eco-industrial parks

What are the major impacts of the "Implementation of Eco-Industrial Park Initiative for Sustainable Industrial Zones in Viet Nam" in the course of national socio-economic development?

With assistance from UNIDO, the Ministry of Planning and Investment launched the project in 2014 with the objective of speeding up the process to transfer, implement and multiply technology and measures to reduce dangerous waste, greenhouse emissions and substances which may cause water pollution in industrial parks nationwide.

Over the past five years, the project has been implemented at 72 enterprises in industrial parks in the northern province of Ninh Binh, Can Tho in the Mekong Delta and Da Nang in central Viet Nam. During that time, these enterprises were able to save more than US\$6.5 million, over 22,000MWh of electricity, 600,000 cubic metres of clean water, and almost 3,600 tonnes of chemicals and other substances. More importantly, during those five years, some 32Kt of CO₂ was reduced annually.

The project has greatly contributed to the issuance of rules and regulations for the establishment and operation of eco-industrial parks in accordance with Government Decree 82 issued in May 2018. Decree 82 has served as a foundation for all current industrial parks to switch to eco-industrial parks.

What has been achieved in the UNIDO project has greatly contributed to helping Viet Nam to achieve its target of green growth as well as its strategy for sustainable development and the nation's 10-year strategy on socio-economic development from 2010-2020.

What are the most important points during the course of implementing the eco-industrial park model?

All parties concerned, from the central to the local agencies, should thoroughly understand the concept and benefits of an eco-industrial park as well as required conditions to switch to the eco-industrial park model.

From the enterprise perspective, there are two groups – the first group includes all infrastructure development industrial companies. The infrastructures in these companies must follow the Government Decree 82. For the second group, enterprises leasing land for their production. A very important criterion that all project owners have to abide by is to look for clean production and to improve their competitive capacity in the course of their production.

Last but not least, in the course of pursuing an eco-industrial park, the project owner should raise the awareness of an eco-industrial park for people living next to the industrial park. And the people will act as supervisors in the course that the industrial park is switching to an eco-industrial park.

Last but not least, the Government should adopt a special policy on preferential loans for enterprises willing to switch to clean technology in their production.

What is the plan for the second phase of the project?

In the first phase, we have successfully developed a legal framework for green production. For the second phase which will start soon, we'll continue to do what we have been doing, but with more specific activities to help the enterprises to adopt cleaner production measures.

In the meantime, we will promote co-operation among enterprises in implementing the task of industrial hygiene through the collection of enterprise management data– a new element that was not yet done much in the 1st phase of the project.

Besides, we will also co-operate with concerned government agencies and sectors to develop more legal documents in the course of implementing the Decree 82 and then to multiply the project nationwide.

5. Viet Nam attracts more FDI in first half of the year

Statistics from the Ministry of Planning and Investment's Foreign Investment Agency show performance was strong in the first five months of the year, with FDI pledged to the country hitting a four-year high for the period of \$16.74 billion, up 61 per cent year on year. The performance for the first half of the year was dragged down only by the numbers for June.

More than 1,720 new projects, valued at \$7.41 billion, were granted investment licences in the first half of this year, marking a year-on-year decline of 37 per cent. Meanwhile, 628 existing

projects were allowed to raise their capital by \$2.96 billion, equivalent to just 66 per cent of the same period last year.

On a more positive note, overseas players spent \$8.2 billion to acquire shares in Vietnamese companies in the first quarter of the year, a yearly increase of 98 per cent and accounting for 44 per cent of all registered capital.

FDI disbursement also saw a rise of 8 per cent to \$9.1 billion from January to June.

Among 19 fields and sectors receiving capital from foreign investors, manufacturing and processing led with \$13.15 billion, accounting for 71 per cent of the nation's total FDI. Real estate came next with \$1.32 billion (7.2 per cent) followed by retail and wholesale with \$1.05 billion (6 per cent).

Hong Kong retained its position as Viet Nam's leading source of FDI in the six-month period with \$5.3 billion, making up 29 per cent of total investment, thanks in large part to Beerco Limited spending \$3.85 billion on a stake in Vietnam Beverage Co Ltd.

South Korea ranked second with \$2.73 billion (15 per cent of all FDI), followed by mainland China with \$2.29 billion (13 per cent). Singapore and Japan were the runners-up with \$2.2 billion and \$1.95 billion, respectively.

The capital city remained the most attractive destination for foreign investors as it lured more than \$4.87 billion, equivalent to 26.4 per cent of all FDI pledged in the country. The southern economic hub of HCM City came next with \$3.1 billion (17 per cent) and the southern province of Binh Duong claimed third position with \$1.37 billion (7.5 per cent).

The foreign-invested sector recorded a trade surplus of \$15.7 billion in the January-June period as it exported \$85.9 billion worth of goods, up 6 per cent year on year, while its imports topped \$70 billion, surging 8 per cent over the same period last year.

During a meeting on Sunday with Thailand's major corporations on the sidelines of the ASEAN Summit in Bangkok, Prime Minister Nguyen Xuan Phuc said the Vietnamese Government was continuing to work on creating favourable conditions for foreign companies to do business in the country.

However, Viet Nam would not accept all FDI projects, but instead would focus on projects that apply modern and environmentally friendly technologies and are energy efficient, the PM said.

Earlier, Bao Viet Securities Company (BVSC) predicted that FDI into Viet Nam would likely hit \$22 billion in 2019, up 13 to 15 per cent year on year.

The main sources for FDI growth in the near future would come from South Korea, mainland China, Taiwan and Hong Kong, said BVSC in its latest report.

6. FMCG market forecast to grow strongly in the long-term

In its latest FMCG monitor report, the company said though oil and electricity prices increased in April the consumer price index remained under control in the first four months, growing at the lowest rate in the last three years.

Retail sales of consumer goods maintained their growth momentum driven by strong demand for foods and household appliances.

All sectors sustained healthy growth, mostly thanks to an increase in volume of consumption.

Personal care was the fastest growing sector in the four cities while dairy led FMCG growth in rural areas.

In the urban market, oyster sauce enjoyed impressive growth in terms of both value and volume at 19 per cent and 13 per cent.

Ice cream consumed at home was fast expanding its consumer base in rural areas, partly thanks to the increasing number of households having a fridge with a freezer, with consumption going up by 6 per cent in volume and 12 per cent in value.

The majority of the top 10 growing brands in terms of consumer reach points (CRPs) are successfully expanding their reach. These brands have been acquiring an impressive number of additional households by catering to consumers' evolving needs centred around health, convenience and happiness and bringing them an enhanced shopping experience.

The top 10 fastest growing brands in CRPs in major urban cities are Aquafina, G7, Cholimex, Omachi, Tiger, Choco-Pie (Orion), Chin-su, Omo, Simply (Cai Lan), and Cai Lan, while in rural areas

they were One One, Diana, Simply (Cai Lan), Chin-su, TH True, Milo, Saigon (Beer), Maggi, Tuong An, and Knorr.

Corporate News

7. ACB: Notice of transaction of connected institution (VietFund Management JSC (VFM))

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| <ol style="list-style-type: none"> 1. Name of connected institution: VietFund Management JSC (VFM) 2. Stock code: ACB 3. Number of shares held by connected institution before transaction: 692,967 shares (0.055563%) 4. Name of person discharging managerial responsibility (PDMR)/Director: Dominic Timothy Charles Sriven | <ul style="list-style-type: none"> - Position in the connected institution: Chair of the Board - Number of shares held before transaction: 0 share (0%) |
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| <ul style="list-style-type: none"> - Position in the listed company: Member of B.O.D | <ol style="list-style-type: none"> 5. Number of shares to be disposed: 692,967 shares. 6. Nature of transaction: Negotiation and order matching. 7. Purpose of transaction: Investment 8. Expected Start date of transaction: 28/06/2019 9. Expected End date of transaction: 26/07/2019 |
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