



VIETNAM DAILY NEWS

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Market Analysis

1. Blue chips drag markets down

The benchmark VN-Index on the Hồ Chí Minh Stock Exchange lost 1.67 per cent to close at 943.11 points.

Liquidity remained low with about 159 million shares traded on the southern bourse worth VNĐ3.5 trillion (US\$80 million).

The index slid 0.10 per cent to close Wednesday at 959.13 points.

In recent days, the global market has been waiting for news of the Fed lowering interest rates and the United States and China's agreeing a tentative truce to their trade dispute ahead of a meeting between leaders of the two nations at the G20 Summit this weekend.

Following the news, Asian markets recovered strongly. Closing yesterday, the Shanghai Composite Index (China) was up 0.69 per cent at 2,996.79 points, the Hangsheng Index (Hong Kong) rose 1.51 per cent to 28,647.5 points, the Kospi (South Korea) was up 0.59 per cent to 2,134.32 points, the Nikkei 225 (Japan) climbed by 1.19 per cent to 21,338.17 points and the Set (Thailand) increased by 0.64 per cent to 1,733.19 points.

However, contrary to movements in regional markets, Việt Nam's market performance was negative with the VN-Index experiencing the strongest decrease recorded in the past 3 months.

Pillar stocks suffered strong selling pressure, including PetroVietnam Gas JSC (GAS) (-6.4 per cent), brewery Sabeco (SAB) (-3.5 per cent),

Masan Group (MSN) (-4.1 per cent), Vietcombank (VCB) (-1.4 per cent), Vinhomes (VHM) (-1.9 per cent), Vingroup (VIC) (-1.7 per cent), Bank for Investment and Development (BID) (-1.5 per cent) and Vietinbank (CTG) (-1.2 per cent).

In the opposite direction, some large-caps kept their upward trend such as Khang Điền House Trading and Investment JSC (KDH) (+2.9 per cent), Việt Nam Commercial Joint Stock Export Import Bank (EIB) (+1.4 per cent) and DHG Pharmaceutical Joint Stock Company (DHG) (+1.7 per cent).

The large-cap VN30-Index fell 1.43 per cent to end yesterday at 854.41 points. Performance was slanted with only 3 gainers and 27 decliners.

On the Hà Nội Stock Exchange, the HNX-Index was down 0.96 per cent to end at 102.96 points.

Nearly 32 million shares were exchanged on the northern market, worth VNĐ387 billion.

According to Bảo Việt Securities Company (BVSC), the VN-Index would test the support zone of 935-940 points, and a recovery could occur in this area.

Stock exposure should be decreased to 20-25 per cent of portfolios as short-term risks would tend to rebound.

Investors should hold off selling stocks as the markets fall, and instead take advantage of a technical recovery to lower stock exposure for short-term positions in their portfolios, BVSC said.

Macro & Policies

2. German firms intend to expand investment in Vietnam

The survey namely “AHK World Business Outlook 2019” involved German investors and businesses in Vietnam operating in various fields such as industry, construction, services, and trade.

German enterprises stayed optimistic about their performance in Vietnam as well as growth prospects for 2020 despite global economic crisis and escalating trade tensions, according to the survey.

Specifically, 77 percent of German businesses assessed their business situation in 2019 as good. Last year, only 56 percent had a positive view of their performance. This result is much higher than the average rate of Southeast Asian nations – 61 percent.

2018 was evaluated as a successful year of Vietnam's economy with a GDP growth of 7.1 percent. The foreign direct investment (FDI) reached 13 billion USD while the import-export turnover hit a record of 465 billion USD, with a trade surplus of over 7 billion USD.

The Vietnamese Government is willing to support foreign investors to do business in the country.

Vietnam's participation in a number of free trade agreements such as the Comprehensive and

Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam Free Trade Agreement (EVFTA) is a favourable factor to boost the country's economy.

The survey also showed that compared to other Southeast Asian countries, Vietnam received more special attention from German businesses.

Fifty-nine percent of German investors in Vietnam plan to hire more workers in 2019-2020 to serve the expansion of their business.

The conclusion of negotiations for the EVFTA is expected by German businesses to help improve the legal framework and economic policies in Vietnam.

However, they also pointed to some factors that might pose challenges to their development such as economic policies, lack of high-quality labour, increasing personnel costs, and trade barriers.

Chief representative of the GIC in Vietnam Marko Walde said the country is one of the Southeast Asian nations that German businesses have selected to land investment.

A majority of German businesses having factories in Vietnam had intention to increase investment capital in Vietnam, he added.

3. GDP is set at 6.8 per cent in 2019: MPI

The target is lower than the actual number of 7.08 per cent recorded in 2018.

The ministry will work with other ministries, government agencies and local authorities to keep inflation below 4 per cent this year.

It will also keep a close watch over regional and international economic developments while working with the ministries of Finance and Industry and Trade and the State Bank of Viet

Nam to predict possible outcomes of developments.

The MPI will also improve existing regulations and offer solutions to enhance law enforcement among government agencies.

At the next meeting of the 14th National Assembly in November, the ministry will deliver the draft laws on investment, enterprises and public-private-partnership (PPP) model for discussion.

A plan to raise capital for the development of the water and land transport systems will be developed so the systems are connected to the Viet Nam-Cambodia border gates.

In addition, solutions to lure more foreign direct investment (FDI) will also be examined.

US tariff: not yet

There is little chance the US will slap tariffs on Vietnamese exports, Luong Van Khoi, deputy director of the National Centre for Socio-Economic Information and Forecast (NCIF), told the MPI meeting on Thursday.

If the US wants to add tariffs, it must find out if that economy has achieved a trade surplus worth more than US\$20 billion in two-way trade with the US.

In addition, that economy must have a surplus balance that exceeds 2 per cent of the country's GDP and continuously ensure the monetary market keeps currency weaker than the US dollar to make exports competitive.

Viet Nam has not committed any action regarding monetary intervention, so the US will not slap tariff on Vietnamese exports, Khoi said.

In the short term, Viet Nam may benefit from the US-China trade war as investors may move their production to other markets that are not influenced by the tariff, including Viet Nam, he said.

But in the long term there will be problems as technology and supply chains are key matters where Viet Nam is still weak at, he added.

To deal with the impact of the US-China trade war, Khoi recommended Government continue stabilising the macro-economic conditions and take control of the dong to deal with a weaker Chinese yuan.

"We need to increase trade protectionism measures to prevent Chinese goods from flooding the domestic market. In the meantime, we need to monitor Chinese capital closely, especially companies that want to assemble products in Viet Nam and export them to the US market."

According to the Department of Foreign Investment, total value of FDI from Asian in the first five months rose 86 per cent.

Among those countries, China was the third largest investor with total investment of \$2.2 billion recorded in the five-month period.

GDP is 6.8% in 2020

Prime Minister Nguyen Xuan Phuc has issued a socio-economic development plan that targets the GDP growth rate at 6.8 per cent in 2020.

Under the plan, the macro-economic conditions must be strengthened, inflation must be controlled and the internal strength of the economy must be increased.

Existing policies should be fixed and improved so the business and investment environment improves for private companies.

4. Viet Nam consumer confidence index rises to record high

With a seven point increase from the fourth quarter last year, Viet Nam hit a record 129 points in the Consumer Confidence Index (CCI).

Viet Nam's was the biggest gain in the Asia Pacific.

Globally and in the region the CCI was steady, respectively edging down by one point and rising by one point from Q4 last year.

Viet Nam's overall confidence level was high above the regional average (more than 12 points above).

The Philippines (133 points) and India (132) topped the highest CCI.

Singapore saw the biggest decline of four points and finished the quarter with 92.

Viet Nam's strong rise was due to the confidence in job prospects and personal finances, and the level of willingness to spend by the population.

"This significant increase in consumer confidence indicates that consumers continue to see positive changes for themselves and their families," Nguyen Huong Quynh, managing director of Nielsen Vietnam, said.

"Manufacturers and retailers need to capture the latest trends in the consumer market and need to act faster to respond to the evolving needs of consumers."

During the first quarter, all key drivers of Viet Nam's CCI, including job prospects, financial security and willingness to spending, increased significantly.

Approximately three-quarters of the people surveyed believed they have good or excellent job prospects.

Eighty two per cent of respondents said they would be in good or excellent financial state in the next 12 months.

Sixty seven per cent said they were ready to spend, an increase of 4 percentage points.

Vietnamese consumers continued to rank job security and health as two factors they care the most about, followed by economic growth and work-life balance.

5. Vietnam's dairy producers vow to make bigger investments

A report released at a recent workshop on Vietnam's dairy industry showed that in 2009, the domestic output satisfied 20-30 percent of the domestic demand and only 5 percent of milk cows were farmed in concentrated farms, while the remaining were bred by households on a small scale. This has increased costs.

The Institute for Brand and Competitiveness Strategy (BCSI) predicted that the import turnover will increase sharply in the time to come as import tariffs have been cut under multilateral and bilateral FTAs.

Vu Ngoc Quynh, secretary general of the Vietnam Milk Association, said Vietnamese enterprises have no other choice than renovating technologies, building material area, improve productivity and reduce the production cost.

In implementing CPTPP, Vietnam's enterprises have opportunities to import equipment, production lines, breeders and dairy products at low tariffs.

Experts said that Vietnam's enterprises hold a great advantage in large distribution network.

Therefore, they should develop new products and conquer niche markets, such as micronutrients and biomedical milk to serve the diverse needs of consumers.

Vietnam also has great opportunities to export dairy products.

Deputy Minister of Agriculture Tran Thanh Nam said the Chinese market has opened and dairy producers now are preparing to conquer the \$30 billion per annum market.

According to Nam, China imports \$3.5 billion worth of dairy products of different kinds each year. China is believed to be a very potential market. Vinamilk, the nation's leading dairy producer, has signed a cooperation agreement on exporting dairy products to China.

A senior executive of Vinamilk said the dairy output of the company would be 5 percent in 2019-2021.

It will focus on its major products and develop new product lines, especially products with plant origin, launch new products targeting youth, and expand rural market share.

The producer is planning to set up a factory in Myanmar, a market with the current consumption level of 10 liters per annum, in 2019.

Prior to that, in 2018, Vinamilk spent \$19.7 million to acquire 51 percent of shares in Lao Jagro Development Xiengkhouang Co, which is

running many milk cow farms in Laos, a step to prepare to export products to ASEAN markets.

Also striving to conquer the world market, in March 2018, NutiFood joined hands with Delori to export Pedia Plus, a specialized product, to the US.

It also has cooperated with BASF to add HMO substance into nutritious milk for children.

6. Vietnam takes actions to have EC yellow card removed

The fishery sector and authorities of 28 coastal provinces and cities are committed to the goal.

The EC's yellow card warning is not a sanction on Vietnamese fishing, but a demand for Vietnam to change and develop the fishing sector sustainably and responsibly. Vietnam has made great progress in building new legal frameworks including the issuance of the Fisheries Law, which has taken effect since the beginning of this year.

Vietnamese fishermen are cooperative and responsible

Fisherman La Van Sanh of Hoai Nhon district, Binh Dinh province, harvested 3 tons of tuna during a month-long voyage. Sanh said that since the EC issued a yellow card warning more than a year ago, Vietnamese fishermen have changed their habits. They have to keep a diary of their voyage, with date, time, coordinates, kind of fish caught, and catch volume. Sanh also notes down weather conditions, wind direction, and tide as a reference.

“Seamen must keep a diary. It's not difficult, but we're lazy about writing. We have to submit our diary before selling the fish. We keep the diary as

a reference for our future trips. If we record specific information about dates, tides, and fish catches, next year we can travel to the same area to fish.” Sanh said.

To manage fishing boats' departures, dockings, and product origins, localities have opened fishing port supervisory offices consisting of representatives of the border guard, the port's management board, and the Fisheries Department.

Ha Vien, Director of Phu Yen province's fishing port management board, said “We've worked with the border guards and the provincial Fisheries Department to check documents and equipment. Before departing, fishermen have to submit a diary of their previous trip. When they dock, we check their diary against the kinds of fish and volume of their current catch and issue verification cards.”

Localities and sectors are in charge of preventing illegal fishing in foreign waters. Fishermen are informed of the EC's recommendations and the 2017 Fisheries Law, which strictly bans fishing in foreign waters

Corporate News

7. E1VFN30: Announcement of the change of listing

↓ -0.84%

On June 25, 2019, HOSE issued Announcement No.912 /TB-SGDHCM regarding the change of listing of VFMVN30 ETF as follows:

- Additional listing volume: 1,300,000 fund certificates
- Reason of change: fund certificates additionally issued for the exchange trade

- Total listing volume after change: 457,100,000 fund certificates
- Total listing value after change (based on par value): VND4,571,000,000,000
- Effective date of the listing license: June 26, 2019

Research Team: Tsugami Shoji Researcher jsi@japan-sec.vn

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Japan Securities Incorporated – JSI

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: info@japan-sec.vn

Website: www.japan-sec.vn