



VIETNAM DAILY NEWS

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Market Analysis

1. Stock trade predicted to further decline

The company said in a report: “We leave open the possibility that the index will reverse direction in this resistance zone and drop to the support zone of 930-940 points.”

It noted that investors should carefully weigh buying stocks at high prices.

Also, investors with big share holdings should think of selling to lower their stock exposure when stocks rise.

Both the VN-Index and the HNX-Index of the Hanoi Stock Exchange lost last week. The benchmark VN-Index dropped 9.26 points, or 0.97% to close the week at 949.94 points. Meanwhile, the Hanoi bourse saw four sessions decreasing and only one session increasing before settling at 103.51 points, down 1.34 points, or 1.28% from a week earlier.

On Friday, the VN-Index eased off three straight sessions of losing as it rallied in Friday afternoon trade. The index was down 1% for the month. For the second quarter of this year, the index finished down 3.1%.

Housing developer VHM was the leading contributor to the gain as it got out of a three-day losing streak to add 2.3%.

Lender VCB bounced back with a 1.4% rise after falling 4.8% in the last three sessions. Fellow bank HDB, which picked up 3.6% on Friday, jumped to a six-week high. On the other hand, CTG plunged to a five-month low, declining a sharp 5.6%.

Steelmaker HPG rebounded by 4.2% following a 5% loss over the past four days.

Airline shares performed strongly as VJC rose to its highest price in more than six months and HVN posted its first daily gain in a week, adding 2.8% and 1.9%, respectively.

Brewer SAB edged up a slight 1.1% while its northern counterpart BHN surged to its daily trading ceiling with a 7% rise.

Leading fuel distributor PLX, down 3.9%, has fallen in five out of six trading sessions and plunged to its lowest price since the end of March.

Macro & Policies

2. Hong Kong remains biggest foreign investor in Vietnam in first half

According to the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment, the Republic of Korea and China ranked second and third, with 2.73 billion USD and 2.29 billion USD, respectively accounting for 14.8 percent and 12.4 percent of the total FDI capital poured into Vietnam in the period.

The FIA said foreign investors have poured a total of 18.47 billion USD into Vietnam, equivalent to 90.8 percent of that in the same period last year.

This number includes newly registered capital, capital contributed and shares purchased by foreign investors.

In the reviewed period, the country granted investment licences to 1,723 new projects with a total registered capital of 7.41 billion USD, equivalent to 62.8 percent over the same period of 2018.

As many as 628 projects registered to increase capital with a combined additional capital of 2.94 billion USD, equal to 66.2 percent year on year.

Meanwhile, the value of capital contribution and share purchases by foreign investors reached 8.12 billion USD, up 98.1 percent compared to the same period last year, accounting for nearly 44 percent of the total registered capital.

FDI projects were estimated to have disbursed 9.1 billion USD in the first six months of this year, up 9.8 percent.

Foreign investors poured their money into 19 sectors, of which the manufacturing and processing industry remained the biggest recipient with 13.15 billion USD, equivalent to 71.2 percent of the total registered value. It was followed by the real estate and retail & wholesale sectors, with respective registered capital of 1.32 billion USD and 1.05 billion USD.

3. Tra fish exports to EU to surge in 2019

Last year, tra fish exports to the EU bounced back after declining from 2010 to 2017.

From January 1 to May 15 this year, tra fish exports to the EU reached 105.2 million USD, up 31.5 percent against the same period of 2018.

The growth was largely attributed to four markets, namely the Netherlands, the UK, Germany and Belgium.

From the beginning of the year to mid-May, tra fish exports to the Netherlands rose by 12.2 percent, the UK 59.4 percent, Germany 61.6 percent and Belgium 63.8 percent.

In the period, tra fish was listed among the most popular white fish in Europe, making up 9 percent of the region's white fish market. Each year, the EU consumes nearly 3 million tonnes of white fish, 89 percent of which is imported.

In the near future, with tax advantages from the EU-Vietnam Free Trade Agreement (EVFTA), tra fish exports to the EU are expected to see positive growth.

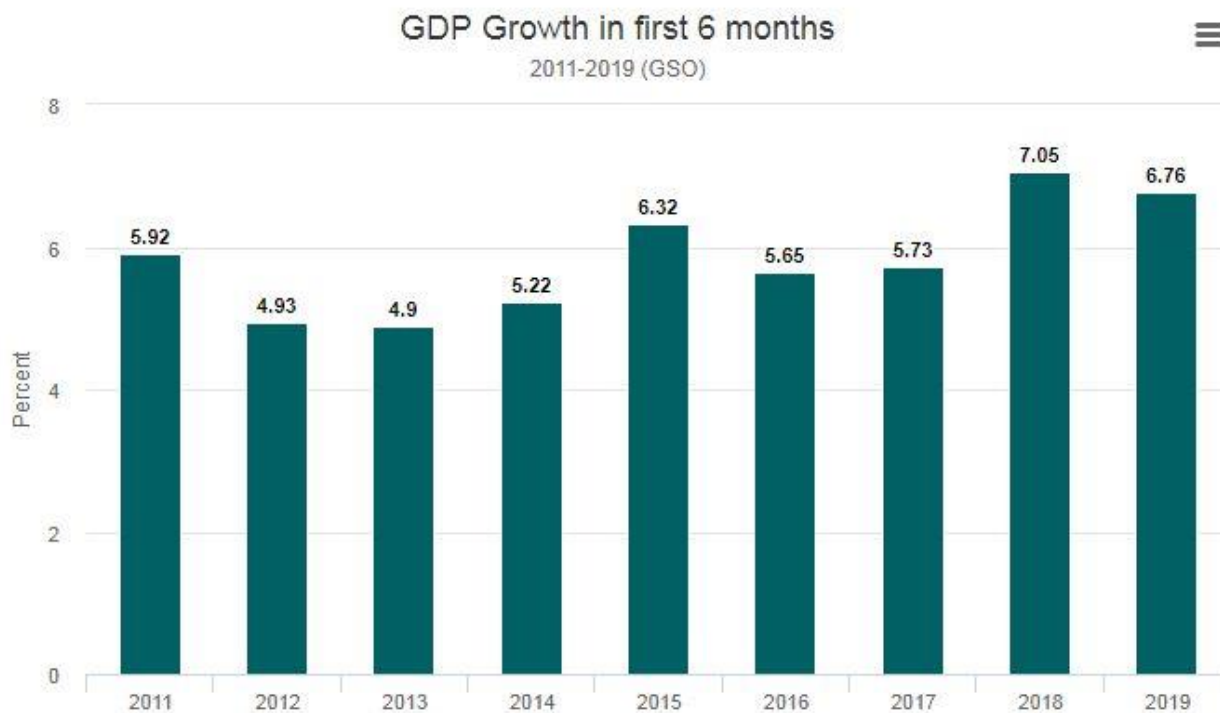
Demand for tra fish imports from central and eastern European countries is also increasing. A large proportion of tra fish imported by the Netherlands and Germany has been shipped to central and eastern European nations which do not have big import ports.

Tra fish products labeled by the Aquaculture Stewardship Council (ASC) are likely to be favoured in the European market.

To secure a firm foothold in the market, the tra fish sector needs to strengthen the management and control of food quality and safety, experts suggested.

4. Vietnam GDP grows at 6.76 percent

The growth was lower year-on-year, but higher than in the years between 2011 and 2017, the General Statistics Office said Friday.



The processing and manufacturing sector grew by 11.18 percent in the first half, the highest of any sector. Construction grew by 8.93 percent, services by 6.69 percent and agriculture, forestry and fisheries by 2.39 percent.

The mining industry recovered from a three-year decline to grow at 1.78 percent, as the country mined more coal and metal ores.

Foreign trade is estimated at \$245.5 billion, the highest half-year figure ever, driven by the foreign-invested sector. The FDI sector saw a trade surplus of \$15.68 billion (including crude oil), while domestic companies recorded a large deficit of \$15.72 billion.

The total trade deficit was \$34 million in this period.

GDP growth last year was 7.08 percent, the highest in a decade. The country targets growth of 6.6-6.8 percent this year.

The World Bank in April stated that Vietnam's GDP growth rate is projected to fall to 6.6 percent this year. The decline from the decade-high 7.1 percent last year is due to credit tightening, slower private consumption and weaker external demand, it said in a report.

"This is in line with declining year-on-year growth of 0.3 percentage points in developing countries in the East Asia and Pacific (EAP) region, which consists of 22 countries."

5. More than 12,900 enterprises enter market in six months

The average registered capital per enterprise reached 14.7 billion VND.

From the outset of the year, Vietnam secured over 18.4 billion USD in foreign investment, a year-on-year fall of 9.2 percent. Meanwhile, capital disbursement rose 8.1 percent to 9.1 billion USD.

In the coming time, the ministry will give support to local companies, particularly small- and medium-sized enterprises, and provide them with

necessary information about several free trade deals like the EU-Vietnam free trade agreement (EVFTA) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Furthermore, due attention will be given to promotion activities in potential nations who boast strength in technology and finance so as to choose projects that match the nations' development strategy.

6. Steel industry to face challenges in second half of 2019

Steel industry stocks have been fluctuating this year following the trend of the general market. From the first trading session of the year to mid-June, shares of giant steel maker Hoa Phat Group (HPG) fell by 0.069 per cent and Nam Kim Steel Joint Stock Company (NKG) moved little, its shares inching down from VND6,140 per share to VND6,100. Hoa Sen Group (HSG) and Viet Nam Steel Corporation (TVN) went up and down during the period.

Le Duc Khanh, chief economist and chief strategy officer at PetroVietnam Securities JSC (PSI), said the US Federal Reserve was likely to reduce interest rates in July, but Viet Nam was likely to suffer pressure over the rest of the year from inflation, exchange rates and rising interest rates, which would make it difficult for steel enterprises.

Other factors likely to have a big impact on the industry are geopolitical changes, the escalating US-China trade war, and the lack of steel supply caused by the damaged waste reservoir at the iron ore mine in Brumadinho, Minas Gerais State, Brazil, Khanh said.

He said the real estate market still had room for development in the remainder of 2019, so steel stocks were certain to find development opportunities. However, growth would depend much on the prestige of the business because customers only select high-quality products with competitive prices.

According Nguyen Duy Dinh, a stock analyst at MB Securities Co, the steel industry is facing

difficulties related to high input costs such as electricity prices, oil prices and ore prices. However, steel enterprises with large-scale production can still earn contracts from major construction projects or find new export markets.

According to MB Securities Corp (MBS), demand in Viet Nam is expected to increase by about 10 per cent for long steel and flat steel products. Most of the industry's long steel output is consumed domestically, while about one third to one half of flat steel is exported.

For long steel, MBS forecasts consumption at approximately 12 million tonnes in 2019, accounting for 68 per cent of total consumption. For galvanised steel products, consumption will be at 4.5-5 million tonnes.

Steel enterprises also face difficulties internally. Some businesses have a very high debt-to-equity ratio, which puts pressure on cash flow.

The analysis group from MBS said the number of industrial projects may rise thanks to the increase in foreign direct investment (FDI) and public spending on the infrastructure. Infrastructure spending in Viet Nam has been growing at a double digit rate each year since 2012.

The defensive tax on imported steel is set to expire in 2021. However, with the increase of protectionism around the world and the importance of the steel industry for Viet Nam, the

tax is likely to be re-applied, which will put pressure on many exporters, MBS said.

The company predicted that Viet Nam's steel industry will thrive in the long term due to the favourable macroeconomic environment and potential FDI flows.

According to the Viet Nam Steel Association, in the first five months of 2019, steel production reached more than 10.5 million tonnes, up 9.2 per cent over the same period in 2018. Sales of steel products reached more than 9.7 million tonnes, an increase of 11 per cent, and steel exports hit 2 million tonnes, up 6 per cent.

Corporate News

7. LTG: New principal shareholder - AUGUSTA VIET PTE.LTD

↑ 4.50%

- AUGUSTA VIET PTE.LTD - has become a principal shareholder of Loc Troi Group Joint Stock Company with information as follows:
Name of stock held: LTG

- Number of shares held by by principal shareholder before transaction: 0 share (0%)
- Number of shares acquired: 4,598,880 shares
- Total holding following transaction and total percentage holding following transaction: 4,598,880 shares (5.71%)
- Date of transaction: 24/06/2019

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↑ 6.38%

HCMC – TV Pharm Pharmaceutical JSC (TVP) will spend VND13.3 billion paying a dividend of VND1,200 per share for 2018 on record as of July 10. The company will make the payment on July 24. In 2018, TVP made VND40.14 billion in net profit on net revenue of VND415.06 billion, meeting 91.24% and 83.01% of the full-year target, respectively. TVP looks to obtain net profit of VND48 billion on net revenue of VND600 billion this year, up 29.57% and 44.55% year-on-year, respectively.

HCMC – Kinh Bac City Development Holding Corporation (KBC) plans to pay its first fiscal year 2018 cash dividend of VND500 per share. The record date is July 15 and the payment date is August 15. For 2018, shareholders approved a 10% cash dividend on par value that will be paid in two equal installments in the second and third quarters of 2019.

HCMC – Refrigeration Electrical Engineering Corporation (REE) has made a bid for a 21% stake in Khanh Hoa Water Treatment Company (KHW). REE currently owns a 24.85% stake in KHW. The purchasing price is VND27,300 per share, hence a total cost of VND149 billion for REE.

HCMC – Vietnam Electrical Equipment Joint Stock Corporation (GEX) approved a plan to divest its entire investment in Gelex Cambodia Co., Ltd. in the third quarter of this year.

HANOI – Vinataba Trading and Investment JSC (VTI) has offloaded 2.9 million shares, or a 15% stake, of Saigon Machinery Spare Parts JSC (SMA) after spending nearly VND45 billion to acquire the shares two months ago.

HANOI – Pham Thu Trieu, general director of Ben Tre Pharmaceutical JSC (DBT), acquired 250,000 DBT shares between May 28 and June 26, thereby raising his stake in the firm to over 1.03 million shares, or 8.44%.

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