



# VIETNAM DAILY NEWS

July 10<sup>th</sup>, 2019



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## Market Analysis

### 1. VN-Index up slightly, HNX-Index soars

On the Hochiminh Stock Exchange, stocks kept sliding following Monday's loss in the morning phase. Key sectors like real estate, stock brokerage, food and beverage, healthcare and pharmaceuticals, seafood processing and construction were the major cause for the continued fall.

According to securities enterprises, global investors were cautious early on, waiting for the U.S. Federal Reserve's decision on rate cuts later this month. Meanwhile, the decision of Deutsche Bank AG to withdraw from the global equity market also made them anxious.

However, the VN-Index managed to recover in the afternoon, closing the day up 2.7 points, or 0.28%, at 969.05. Trading volume increased 2% against the previous session at 169.4 million shares but value expand over 26% at VND4.3 trillion.

Lender VCB was the biggest gainer as it rose 0.9% at VND71,900, followed by retail group VRE that jumped 1.7% at VND36,400. The two stocks reported matching volumes of 740,000 shares and 1.2 million shares, respectively.

According to Bao Viet Securities Company, the VN-Index is expected to drop to the supporting zone from 960 to 965 point soon, attributing the projected correction to poor transaction on the HCMC market today. Block deals made up 37% of the market's total value, in which dairy company VNM reported 66.7 million shares exchanged with a value at over VND830 billion.

However, the firm said second quarter business result will soon be published, triggering foreign investors' net buying activities. This will support the market in the short term.

On the Hanoi Stock Exchange, the HNX-Index jumped 1.29 points, or 1.24%, at 105.1. There were 22.6 million shares worth VND350 billion exchanged, up 53% and 45% versus Monday, respectively.

Lender ACB, the top heavyweight on the northern market, was the key index driver for adding 2.8% at VND29,800 and taking the lead in terms of liquidity with 2.7 million shares traded. Meanwhile, petroleum technical service firm PVS advanced 1.3% at VND23,600 on volume of 2.1 million shares and stone producer VCS gained 1.6% at VND69,100.

## Macro & Policies

### 2. Tech ministry's cost estimate for express railway lower than expected

According to a report sent to the prime minister, the ministry noted it had consulted with experts from Germany and the Netherlands to calculate the investment amount. The new estimate can ensure a maximum speed of 200 kilometers per hour, the local media reported.

The estimated investment could drop further if the direction of the railway is planned appropriately to reduce its length.

Deputy Minister of Science and Technology Vu Dai Thang said that the most optimal solution is to upgrade the current railway for cargo transport and invest in a new high-speed railway to serve passengers.

The Ministry of Transport had earlier submitted to the prime minister a plan to upgrade the current North-South railway to carry both passengers and cargo and to build a new express railway, which will allow a maximum speed of 320 kilometers per hour and cost an estimated US\$58.7 billion.

The project was expected to be executed in 30 years, starting from 2020.

The Ministry of Science and Technology pointed out that after work on the Hanoi-Vinh and Nha Trang-HCMC sessions is completed in the first phase by 2032, the two sections would serve a total of 364,000 passengers per day, but the total

number of passengers traveling on the two sections is forecast to reach only 55,000-58,000 per day.

Despite throwing its weight behind an express railway project connecting the north and south regions, the Ministry of Science and Technology disagreed with the Ministry of Transport's proposal.

It proposed developing the North-South express railway to reach a maximum speed of 200 kilometers per hour. The development of the railway to a maximum speed of 320 kilometers per hour would cause unnecessary waste.

The ministry also suggested that domestic firms should be prioritized to execute the project, instead of depending on foreign ones.

According to former Deputy Minister of Transport La Ngoc Khue, the investment of US\$58.7 billion will put pressure on the local economy as it is 50 times higher than the capital allocated for traffic infrastructure projects in a year.

Tran Dinh Thien, former director of the Vietnam Institute of Economics, said that the effectiveness of the investment in the project must be ensured. The high investment will result in high train ticket prices, making the service uncompetitive compared with air services.

### 3. Investors explain disinterest in ETC

Statistics from the Ministry of Transport show that as of July 5, 40 investors had signed the contract appendices, but the remaining four investors have yet to negotiate with the ministry to sign the contract appendix to install ETC systems.

The four investors are Phuoc Tuong-Phu Gia BOT Joint Stock Company, the investor in the Bac Hai Van tollgate; 194 Construction Investment Corporation, the investor in the Cam Think BOT

tollgate; Duc Long Gia Lai BOT and BT JSC; and Can Tho-Phung Hiep BOT Company.

The investors explained that they did not object to the plan to install ETC systems but were opposed to the ratio of revenue being extracted to pay suppliers of nonstop fee collection services.

Speaking at a conference held by the Association of Investors in Vietnam Road Traffic Works on July 8, a representative of one of the four investors said that the previous charge was calculated based

on the revenue from automated-only lanes, but under the new plan, the fee will be extracted from the revenue of nonstop lanes and lanes with manual toll collection. This was an unreasonable calculation, the representative added.

The projects are required to extract 2%-4.5%, or even 7%, of revenue to pay the suppliers of ETC services, whereas the revenue of BOT tollgate projects was not enough to cover bank loan payments. As such, these investors proposed recalculating the fee for the suppliers of nonstop fee collection systems.

Besides this, the companies complained about installation costs, stating that the installation costs would increase the financial commitments of these projects by hundreds of billions of Vietnamese dong and would extend the fee collection period by one to two more years.

The firms said that they want to negotiate with the suppliers of ETC systems for the charge rather than pay them based on the revenue ratio as regulated by the ministry.

In addition, these investors were also concerned that the nonstop fee collection could be conducted through intermediary payment services, leading to potential risks in the processes of money transfer and data management.

#### 4. Kien Giang's exports fall short of expectation

Although the export value is 1.45 percent higher than the same time last year, it only accounted for 40.4 percent of the yearly plan, said director of the department Ngo Cong Tuoc.

He pointed out falling demand for rice and leather shoes were the main reasons.

Prices of rice slid 84 USD per tonne on average as compared to first half of 2018, and there were only three out of seven rice export firms operating, with major markets of China, Ghana and the Philippines.

Rice shipments to the Chinese market alone tapered off 70 percent, and merely one third of the

On July 8, the Ministry of Transport informed the media that it is negotiating with the four investors to ensure the signing of contract appendices takes place prior to July 10 to have ETC systems installed at 44 BOT tollgates in 2019.

After working with the four investors at a meeting on July 8 to remove bottlenecks in the negotiation of contract appendices, Deputy Minister of Transport Le Dinh Tho proposed the Directorate for Roads of Vietnam recalculate the extraction ratio to guarantee the interests of investors and suppliers.

Tho pointed out that the total investment in ETC system installation at 44 BOT tollgates nationwide during the first stage is VND1.7 trillion.

The deputy ministry also said that road investors would only hand over some lanes, not the entire tollgate, to ETC service providers to conduct automated fee collection. All staff and assets of the tollgate are still under the management of the road investors.

Besides this, the Ministry of Transport asked the directorate to recall the announcement of fee collection suspension at the four tollgates, whose investors have yet to sign a contract appendix to install ETC systems, to avoid affecting the investors' toll collection.

local firms overcome technical barriers like warehouses and milling capacity.

Meanwhile, leather shoes firms' exports made up over 32 percent of the target as most of the orders relied on parent companies.

Other factors that affected export activities included unstable seafood material supply, weak management capacity of local companies, and high standards in food safety and environmental protection of the importers. Furthermore, key exports have not given brand names, and value chain has not been well developed in the province.

The department said that the province is striving to gain 405 million USD from exports in the

second half, the only way that helps it achieve the target of 680 million USD for the whole year.

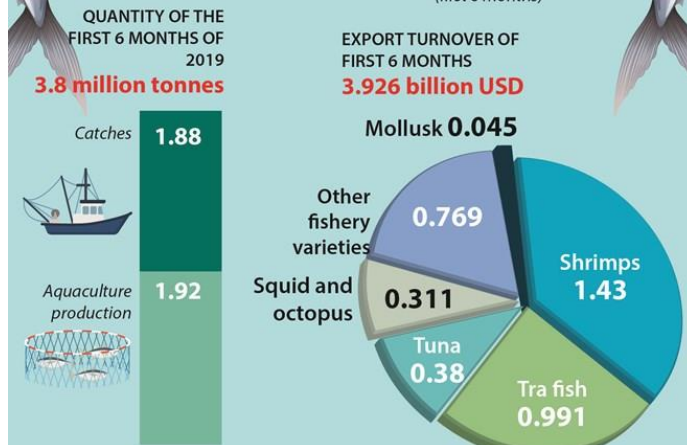
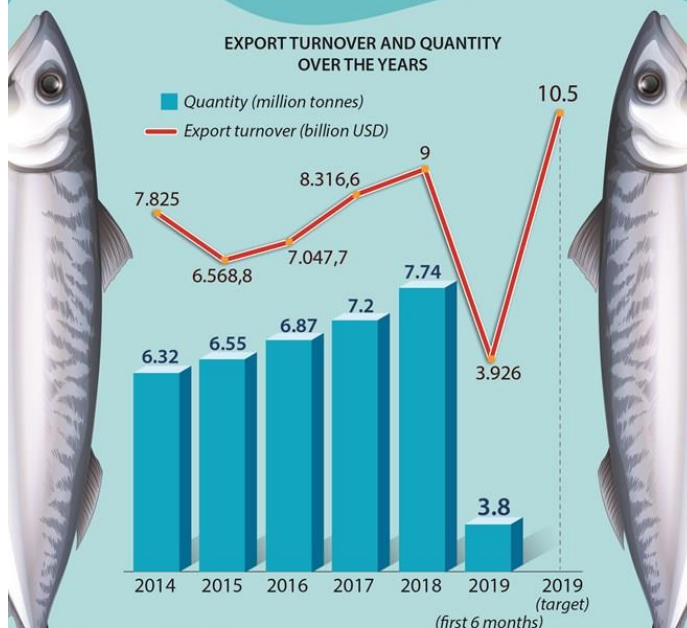
Competent authorities have kept a close watch on local firms' business activities, and helped them remove bottlenecks in capital, material sources, labourers, and technology investment.

To take full advantage of the freshly-inked EU-Vietnam Free Trade Agreement and the EU-Vietnam Investment Protection, the province will pay heed to trade promotion campaigns to expand new markets and consolidate traditional ones.

## 5. Fishery sector aims for over 10 billion USD in export value

### Fishery sector aims for over 10 billion USD in export value

In 2019, the fisheries sector aims for 10.5 billion USD in export turnover, and continues to cooperate with relevant agencies to remove trade barriers, expanding export markets.



Source: General Department of Customs, Directorate of Fisheries

<http://infographics.vn>





## 6. Sumitomo invests in Vietnamese logistics industry

Japanese-based Sumitomo Corporation has teamed up with logistics company Suzuyo and a Japanese public-private fund to take a 10 per cent stake in Vietnam's Gemadept JSC, which engages in port operation and logistics.

According to the *Nikkei Asia Review*, Sumitomo provided more than half of the roughly ¥4 billion (\$37 million) the team paid to a local fund for the stake.

With demand for container shipments growing by 7 per cent annually in Vietnam, Sumitomo plans to build a logistics network connecting plants to ports for the seamless export of locally produced goods, the newspaper reported.

Gemadept owns six ports in Vietnam and handles 1.7 million containers, accounting for more than 10 per cent market share.

Meanwhile, Sumitomo is operating three industrial parks in Hanoi's suburbs and owns a logistics unit in the country. Sumitomo will develop a smartphone app that will enable truck drivers to reserve loading services at ports and electronically handle other paperwork.

Currently, at Haiphong port drivers have to wait for one to two hours for cargo to be loaded onto ships. Suzuyohas shortened this wait time to an average 12 minutes in Japan and plans to use the expertise in Vietnam.

About 14 million container equivalents of goods are shipped in and out of Vietnam annually. With a growth rate of 7 per cent, the number is expected to reach 23 million by 2025.

One year ago, Gemadept JSC divested 51 per cent stake in Hoa Sen-Gemadept Logistics and International Port Corporation. The transaction's value was not disclosed, but it is estimated at over VND104 billion (\$4.52 million).

According to its financial statement in the first quarter of 2018, Gemadept poured VND63.1 billion (\$2.74 million) into Hoa Sen-Gemadept Port. Thanks to the transaction, the corporation's profit in the first quarter of 2018 was VND1.278 trillion (\$55.57 million), twelve-times as much as in the same period last year.

## Corporate News

### 7. CTD: Change of personnel

↑ 0.10%

Coteccons Construction Joint Stock Company announced personnel change as follows:

- Approving the resignation of Mr. Phan Huy Vinh as Deputy CEO as from July 08, 2019.

### 8. BMI: Change of personnel

↑ 1.67%

Baominh Insurance Corporation announced personnel change as follows:

- Approving the resignation of Mr. Le Minh Tri as Chief Accountant as from July 01, 2019.

### 9. BVH: Resolution of Annual General Meeting 2019

↑ 0.60%

Bao Viet Holdings has announced resolution of the 2019 Annual General Meeting of Shareholders dated June 29, 2019 as follows:

File Attachment

[20190709\\_BVH-190709-Resolution-of-Annual-General-Meeting-2019--MN.pdf](#)



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