



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index could pass 1000-point landmark soon

On the Ho Chi Minh Stock Exchange, the VN-Index inched down 0.33 per cent on Friday to close at 975.40 points, marking a slight increase of 0.01 per cent for the whole week.

On the Ha Noi Stock Exchange, the HNX-Index fell 0.15 per cent on Friday to 105.86 points. The index gained a total of 1.42 per cent last week.

An average of more than 186.5 million shares was traded each day last week, worth VND3.7 trillion (US\$158 million).

The figures were lower than the average of 177.3 million shares and VND4 trillion in value seen in the previous week.

Nguyen Trung Du, Director of the Business Development Section at VNDirect Securities Co., told tinnhanhchungkhoan.vn that the short-term trend of the local stock market was still positive, partly thanks to the rise of the US stock market, the expectation the Federal Reserve (Fed) will lower interest rates and positive macro-economic performance in the first half of the year.

"I think that the possibility of the VN-Index reaching 1,000 points may happen next week but we should not be too focused on the index but should focus on opportunities," Du said.

"The positive trend means there are chances to find success in many different industries," he said.

"Personally, I still prefer seeking opportunities in heavy-weight stocks such as Mobile World Group (MWG), FPT Corporation (FPT) and Vietcombank (VCB)," Du said.

On July 11, the US stock market posted gains after Fed Chairman Jerome Powell informed investors about the possibility of interest rate cut at the end

of this month. During the trading session, S&P 500 index surpassed 3,000 points for the first time in history before settling at 2,993.07 points, up 13.44 points (0.45 per cent) from the last session. The Dow Jones index also set a record high in the session before closing at 26,860.20 points, up 76.71 points (0.29 per cent). The Nasdaq index ended the session at a record high of 8,202.53 points, up 60.80 points (0.75 per cent).

Testifying in front of the Financial Services Commission of the US House of Representatives on July 11, Powell focused on global challenges to US economic growth amid uncertainties caused by President Donald Trump's administration's trade tensions with other major world economies.

Powell said the Fed was getting ready to "take appropriate action" to maintain the record long growth period of the world's largest economy, showing the Fed is ready to cut interest rates when necessary.

Therefore, a majority of investors now believe the Fed will cut interest rates at the end of this month. This created a spill-over effect to stock markets across the world, including in Viet Nam, helping indices extend gains.

In the next few weeks, the publication of second quarter business results will be a major influence on the markets.

Nguyen Hong Khanh, head of the Analysis Department at Viet Nam International Securities Company (VIS), said the Fed's goal of lowering interest rates, which would weaken the US dollar, will help ease pressure as Viet Nam was facing a potential trade deficit

According to Bao Viet Securities Company (BVSC), the VN-Index may face volatility and correction pressure before increasing in the short run.

2. Calls for insider traders to be dealt with criminally

Insider stock trading among business leaders has existed for years and been a thorn in the side of investors due to a lack of appropriate punishments.

In the past six months, the State Securities Commission (SSC) has punished several company leaders for violating rules on the transparency of stock trading.

On July 3, the SSC issued a fine worth VND17.5 million (US\$752.5) on a member of the board of directors in Ca Mau Water JSC (UPCoM: CMW) for selling the company's shares before the allowed period.

A fine worth VND55 million was imposed on a deputy director of Vinacomin-Water Transport JSC (UPCoM: WTC) as he bought shares without reporting the deal to the SSC and the Ha Noi Stock Exchange (HNX).

Such transactions cause concern as the firms' leaders will have more information than other investors, allowing them to make personal profits.

Some investors are questioning whether insider trading is illegal or not and what lies behind those leaders' actions.

According to Eiichiro Kawabe, deputy commissioner for international affairs at the Japan Financial Services Association, many company leaders and those with similar benefits learn information earlier than common investors to do non-public deals that bring them profits.

If the market regulator is not sharp enough, such wrongdoings may erode investors' confidence in the equities market.

Hoang Van Cuong, commissioner of the National Assembly's finance and budget committee, said there must be a regulation to deal with such

wrongdoings soon to help the equities market develop transparently and healthily.

Experts have suggested illegal insider stock trading must be handled by penal sanctions, not by fines, with the sanctions stated in the Law on Securities, which is being discussed in the National Assembly.

One measure is to force business leaders to clarify why they made illegal insider transactions and to publicise those reasons.

Some analysts and investors have suggested those violating the rules must be fined heavily and be restricted from trading stocks for a period of time.

However the new Law on Securities, which is expected to be passed late this year, doesn't contain any penal actions for wrongdoings on the market.

The proposed maximum penalty for an individual violation is VND1.5 billion and VND3 billion for an organisational action.

According to Eiichiro Kawabe, information transparency is an important and decisive factor to determine how resources are allocated on the equities market. That requires material information to be provided accurately, fully and be understandable.

If existing punishments are not strict enough to deal with market wrongdoings, investors will lose confidence in the market.

Therefore, it is important to increase sanctions for trading violations. In Japan, penal punishments are used alongside fines to ensure insider trading doesn't destabilise the market.

In addition, market members and regulators must improve their systems and technologies to discover and prevent illegal insider trading

3. Shares end week in negative note after three-day rally

On the Ho Chi Minh Stock Exchange, the VN-Index edged down 0.33 per cent to close Friday at

975.40 points. Viet Nam's benchmark index rose 1.3 per cent in the previous three sessions.

On the Ha Noi Stock Exchange, the HNX-Index fell 0.15 per cent to end at 105.86 points after expanding more than 2 per cent in the last three days.

Trading volume decreased slightly to more than 186 million shares but the value of trades increased nearly 8 per cent to VND4.03 trillion (US\$173 million) on the two exchanges.

The market could not sustain the morning rise as many heavyweight stocks declined toward the end of the afternoon session, such as Masan Group (MSN), Vincom Retail (VRE), Vinamilk (VNM), Hau Giang Pharmaceutical (DHG) and Ho Chi Minh Infrastructure Investment (CII), all dropping by more than 1 per cent.

Banking and oil and gas stocks, the market pillars in the previous rally, also slumped.

Except for HDBank (HDB), all 12 other listed banks lost value, of which Techcombank (TCB) dropped 1.4 per cent; Vietcombank (VCB), Vietinbank (CTG), Vietnam Prosperity Bank (VPB) and BIDV (BID) all decreased by less than 1 per cent.

Despite purchases from foreign investors, shares of Petrolimex (PLX) also edged down 0.2 per cent while PV Gas (GAS) was down 0.4 per cent.

According to Tran Xuan Bach, a stock analyst at Bao Viet Securities Co, bank stocks would widely diverge with slight upward slope and alternative corrections while oil and gas stocks may experience volatility near resistance zones (985-990 points) before increasing in the short term.

July is the peak time for first-half profit reporting of listed companies. The six-month figures would give investors a better view of the companies' performance for the whole year.

According to analysts at Saigon Securities Inc, caution waiting for macroeconomic data and first-half earnings would impact investors' trading. Some would likely stand out of the market and wait for clear information, they said.

“For active investors, the main strategy is to quickly take profits and prioritise selling at high prices. This explains for the downward trend of the index after a strong recovery,” they said in the SSI Retail Research.

Foreign investors increased their buying on Friday, picking up shares worth net value of VND341 billion on the two exchanges, a 2.5-fold increase over Thursday.

Macro & Policies

4. China TCL to produce speakers, headphones in northern Vietnam

China's multinational electronics firm TCL has registered two projects producing speakers and headphones in an industrial park located in the northern province of Quang Ninh, local media reported.

The two projects are still subject to local authority's approval, while TCL expected to put those into operation by May 2020 and creating jobs for 2,000 locals.

TCL revealed the information at a meeting with Quang Ninh People's Committee to explore investment and cooperation opportunities at the province's industrial parks.

Additionally, TCL's secondary investors are considering projects producing parts and accessories in Dong Mai industrial park, which is also the location of the Chinese firm's two upcoming projects.

Chairman of Quang Ninh People's Committee Nguyen Van Thang said the province would create favorable conditions for TCL and its secondary investors to carry out projects.

However, Quang Ninh maintains its stance of not attracting foreign investment at all costs, but promoting selective FDI projects towards sustainable development and environmental protection, Thang added.

The province, thus, prioritizes over projects using advanced and environmental friendly technologies, he continued.

TCL was established in 1981 and made its first presence in Vietnam in 1999. The electronics firm currently has 22 production bases worldwide, employing 75,000 people and operating in 160 markets.

FDI commitments in Vietnam in the January – June period totaled US\$18.47 billion, down 9.2% year-on-year, while disbursed FDI totaled US\$9.1 billion in the six-month period, representing an increase of nearly 8% year-on-year, a report of the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment showed.

According to the agency, 1,723 new projects have been approved with total commitments of US\$7.41 billion in the first six months, down 37.2% from the corresponding period last year, while 628 existing projects have been injected an additional US\$2.94 billion, down 33.8% year on year.

The data shows that out of 95 countries and territories investing in Vietnam in the six-month period, Hong Kong (China) took the lead with US\$5.3 billion, accounting for 28.7% of total investment and China at third place with US\$2.29 billion, or 12.4% of the total.

5. Vietnam to raise minimum wage by 5.5 percent in 2020

The hike is adequate to ensure a minimum living standard for all workers, the council said Thursday.

This proposal is expected to be finalized and submitted to the government later this year.

Depending on the region, the wages will increase by VND160,000-230,000 (\$7-10) a month.

The Vietnam Chamber of Commerce and Industry (VCCI), which represents employers, had suggested that the minimum wage should be hiked by 4 percent.

The Vietnam General Confederation of Labor had demanded a much higher increase last month and again put forward the proposal at the meeting. It had suggested three different options ranging from 8.18 percent to 6.52 percent.

This is the first time in the six years since the National Wage Council was established that the two sides reached a consensus after only two rounds of talks. It would usually take three to four rounds. The council has 15 members from the Ministry of Labour, Invalids and Social Affairs, the labor confederation and business representatives, acting as the mediator between the labor confederation and VCCI in the wage negotiation.

Doan Mau Diep, chairman of the council, said according to calculations made by the council's technical department the current minimum wage is enough to cover 95 percent of workers' basic needs.

"The 5.5 percent increase is higher than the said level of deficiency, and so both parties were agreeable."

The minimum wage is now fixed at four different levels, depending on location - VND4.18 million (\$179) for region 1, VND3.71 million (\$159) for region 2, VND3.25 million (\$139) for region 3, and VND2.92 million (\$125) for region 4. They reflect the cost of living in each area, with region 1 including largest cities like Hanoi and Ho Chi Minh City and region 4 covering rural areas.

Businesses will calculate their workers' salaries by multiplying the minimum wage rates with a coefficient determined by qualification and experiences.

Vietnam raises minimum wage every year. The increase this year was 5.3 percent.

6. List of interested investors in North-South Expressway disclosed

On July 10, the project management board under the Ministry of Transport (MoT) started to open the preliminary screening to select investors for seven of the eight subprojects of the North-South Expressway. The construction will be implemented under the public-private partnership (PPP) model.

These subprojects lured in 51 dossiers from domestic, foreign, and joint venture investors, a number of whom expressed interest in numerous subprojects.

There are numerous famous contractors, including Daewoo Engineering & Construction which developed the Daeha shopping and office building, Lotte Engineering & Construction which developed the Lotte building in Hanoi and joined in the bid for Danang-Quang Ngai Expressway, and Hyundai Engineering & Construction which successfully developed numerous expressways and railways in South Korea.

Regarding Chinese investors, China Railway Sixth Group (CRSG), the general contractor of Cat Linh-Hadong elevated railway, is also interested in joining subprojects.

Within the next 30 days, the project management board will score dossiers based on criteria built by the MoT. Five potential investors will be selected for each subproject, and then these lists will be submitted to the MoT to assess and approve within 20 days.

After the preliminary screening, the MoT plans to organise bids from October and then release the final results in March 2020. After that, the parties will sign contracts in April 2020.

With these eight subprojects, the government will spend VND40.36 trillion (\$1.75 billion) for land clearance and resettlement.

The North-South Expressway will cover 2,109 kilometres in total, stretching from the northern province of Lang Son to the southernmost province of Ca Mau.

According to research from domestic and international consultants, by 2020, the North-South corridor will serve 45.37 million passengers per year, and serve the transportation of up to 62.27 million tonnes of cargo per year.

7. EVFTA may help Phong Phu become new supplier of Zara and H&M

Phong Phu JSC has just signed a co-operation agreement with China-based Advance Denim Ltd. to establish Advance Sico Textile Ltd. The partnership will help the firm reach the annual export target of 12 million metres of denim, said Pham Xuan Trinh, Phong Phu's general director, at the ceremony of summarising business activities in the first half of 2019.

“Advance Denim previously supplied goods for Zara, H&M, Levis, and others via its venues in Thailand and China, now they chose Vietnam to produce goods,” said Trinh.

The company plans to visit Phong Phu's factory in September and the Vietnamese firm is completing denim samples for the company's appraisal. Trinh said, “If the samples reach Advance Denim's standards, the company will utilise our goods instead of imports.”

It could be seen that thanks to the EVFTA, the local textile firm has been blossoming and saw a lot more successful tie-ups with overseas partners. Accordingly, foreign investors tend to keep increasing their business in Vietnam to enjoy the 0 per cent tariff rate of the EU, and Advance Denim is one of these investors.

Accordingly, as soon as the agreement comes into force, the EU will eliminate 85.6 per cent of tariff lines, covering 70.3 per cent of Vietnam's export turnover to the EU. After seven years since the agreement's entry into force, the EU will abolish import duties on 99.2 per cent of tariff lines, covering 99.7 per cent of Vietnam's export turnover, the EU also pledged to provide Vietnam with 0 per cent tariff-rate quota.

On the other hand, the new partnership may be a motivation behind Phong Phu's target of expanding exports to Australia and North America.

8. Vietnam's population to reach 96.2 million

On the morning of July 11, 2019, the Ministry of Planning and Investment's General Statistics Office (GSO) held a conference to disseminate the preliminary results of the 2019 Vietnam Population and Housing Census, which lasted from April 1 to 25, 2019, under the chairmanship of Deputy Prime Minister Vuong Dinh Hue and Minister of Planning and Investment Nguyen Chi Dung.

According to the preliminary results, the total population of Vietnam as of April 1, 2019 was 96,208,984. This makes Vietnam the 15th most populous country in the world and the third most populous country in Southeast Asia, after Indonesia and the Philippines. Compared to 2009, Vietnam's ranking in Southeast Asia has not changed, though it fell two positions in the worldwide rankings.

The country's population has increased by 10.4 million since 2009. The average annual population growth rate in 2009-2019 was 1.14 per cent, a

slight decline compared to the 10 previous years (1.18 per cent).

The sex ratio was 99.1 males per 100 females nationwide, which has continuously increased though it has remained below 100 since the 1979 census.

Vietnam is one of the most densely populated countries regionally and worldwide. The results of the 2019 census revealed that Vietnam's population density is currently 290 persons per sq.km, an increase of 31 persons per sq.km compared to 2009. Hanoi and Ho Chi Minh City have the highest population density in the country, with 2,398 and 4,363 persons per sq.km, respectively.

Rapid and widespread urbanisation in the last decade has sparked urban population growth. Vietnam has 33,059,735 residents in urban areas, accounting for 34.4 per cent of the total population, and 63,149,249 residents in rural areas (65.6 per cent).

As of April 1, 2019, the country had 26,870,079 households, an increase of 4.4 million from 2009. The average annual household growth rate from 2009-2019 was 1.8 per cent, which is the lowest in the last 40 years.

4,800 of these households had no dwellings. This indicator has gradually improved over the last two decades from 6.7 households per 10,000 households in 1999 to 4.7 households in 2009, and 1.8 households at present.

The preliminary results of the 2019 census revealed that the growth rate of the Vietnamese population has increased at a slower pace in the past ten years than it did in the 1999-2009 period. The 2019 census results indicated improved intellectual standards, sharp increases in literacy rates, impressive school attendance rates, and low out of school rates over the last decade.

Vietnam's efforts to strengthen gender equality have been very successful in recent years,

especially in education. Housing conditions have improved significantly, particularly in urban areas over the last ten years. Most households have dwellings and many live in permanent or semi-permanent houses. Per capita housing area has risen considerably, nearly meeting the target stipulated in the National Housing Development Strategy towards 2020 with vision to 2030 issued by the prime minister in accordance with Decision No.2127/QĐ-TTg dated November 30, 2011.

“The results of the 2019 census indicate the success and efficiency of numerous recent policies. These achievements are attributed to the policies, directions, and guidelines from the Party and the government, and the relentless efforts and belief of each citizen in the process of building and developing the country,” MPI Minister Nguyen Chi Dung stated at the online conference disseminating the preliminary results the 2019 census.

Corporate News

9. ACB: Notice of share issue for dividend payment

↓ -0.33%

On 10/7/2019, Asia Commercial Bank announced the share issue for dividend payment as follows:

I. Introduction about issuer:

1. Name of issuer: Asia Commercial Bank
2. Headquarter address: No. 442, Nguyen Thi Minh Khai Street, Ward 5, District 3, Ho Chi Minh City
3. Charter capital: VND 12,885,877,380,000
4. Stock code: ACB

II. Share expected to be issued

1. Name of share: share of Asia Commercial Bank
2. Type of share: Common share
3. Par value: VND 10,000/ share
4. Number of shares issued: 1,288,587,738 shares

5. Number of outstanding shares: 1,247,165,130 shares
6. Number of treasury shares: 41,422,608 shares
7. Maximum number of shares expected to be issued: 374,149,539 shares
8. Total value of shares expected to be issued (at par value): VND 3,741,495,390,000
9. Rate of issue (number of shares expected to be issued/ number of outstanding shares): 30%
10. Capital source: Profit of dividend payment of 2018
11. Implementation date (expected): Q.III/2019
12. Method of handling odd-lot shares: number of shares issued to increase the Company's equity from owner's equity that each shareholder receives will be rounded down to unit digit. The decimal (if any) will be distributed to Union as a source of bonus shares.

10.DCL: Decision on the termination of operation of branch

↑ 0.00%

Cuu Long Pharmaceutical Joint Stock Corporation issued a decision to approve the termination of operation of branch at No.01 Lac Long Quan, Dong

Ve Ward, Thanh Hoa City, Thanh Hoa Province, effective from July 12, 2019.

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