



VIETNAM DAILY NEWS

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Table of content

Table of content

1. Stock market deep in the red
2. VN stocks decline amid investors' caution
3. Vietnam's top 10 brands worth nearly \$7 bln
4. VN-Australia venture invests 30 mln USD in marine farming in Kien Giang
5. Wood and forest products exports exceed \$6b
6. Vietnam earns trade surplus of nearly US\$1.8 billion in Jan-July
7. Foreign interest in Viet Nam's LNG sector remains high
8. ACV proposed as investor for Long Thanh airport project
9. Stock market briefs on July 30, 2019

Market Analysis

1. Stock market deep in the red

The VN-Index had been backed by some large caps since yesterday to move toward the resistance level of 1,000 points in the morning trade. However, as forecast by experts in the field, the index failed to reach this level amid selloff.

With 207 losers and only 87 gainers, the southern bourse saw the benchmark index losing 1.19% against Monday at 986.02 points. Market volume and value both rose over 4% and 3%, respectively, versus the previous day with over 150 million shares changing hands worth over VND3.6 trillion.

The VN30 basket saw up to 23 falling stocks, while only two stocks advanced, including sugar maker SBT and brewery SAB. In particular, brewery SAB added over 1 % at VND281,000, buoyed by positive business results and its after-tax profit for the second quarter of the year hitting a record high.

Besides, many stocks in the top ten largecaps encountered hefty losses.

Property firm VIC, among top three largest contributors to the index's rise on Monday, dropped 1.53% to VND122,500. Its affiliate, housing developer VHM, plunged as much as 4.3% to the intraday low of VND3,800, despite an upward trend in its revenues and profit for the second quarter and the first half of the year. Retailer VRE, another subsidiary of VIC, closed the session at the intraday low as well.

Further, bank stocks also extended their losing streak. Other bluechips remained among the major drags for the index, such as mobile phone retailer MWG and steelmaker HPG which all lost over 2%.

According to Tan Viet Securities firm, the main index will find it challenging to break the resistance zone 990-1,000 in next sessions. Market volatility is predicted to continue until final results from the U.S. Federal Reserve's meeting on interest rate cut are released.

Investors should keep observing the market and restrict new purchases during market's strong gains.

Meanwhile, brokerage Bao Viet advised investors to consider selling stocks at the resistance zone of 1,000-1,005, and only purchase stocks during market volatility and corrections.

On the northern bourse, the HNX-Index closed in the red for two straight sessions this week, down 0.86 point, or 0.82%, versus the previous session at 104.43. Turnover in the Hanoi market rose 4.5% in volume with over 23 million shares changing hands, worth over VND300 billion, up 3.8%.

Top ten large caps, including lenders ACB and SHB, gas firm PVS, all decreased. Of these, SHB led the northern market by liquidity with 3.5 million shares transacted.

2. VN stocks decline amid investors' caution

The benchmark VN-Index on the Ho Chi Minh Stock Exchange lost 1.19 per cent to end at 986.02 points.

The VN-Index rose 0.46 per cent on Monday.

Large-cap stocks were the major cause for the market's decline as the large-cap VN30-Index fell 1.20 per cent to end at 877.92 points.

Only two of the 30 largest stocks by market capitalisation and trading liquidity in the VN30 basket advanced while 23 declined.

Among declining large-cap stocks were real estate "Vin" firms Vinhomes (VHM), Vincom Retail (VRE) and Vingroup (VIC), SSI Securities (SSI), steel producer Hoa Phat (HPG), Military Bank (MBB),

retailer Mobile World (MWG) and PetroVietnam Gas (GAS).

Large-cap stocks were hit by investors as they attempted to lock in profits after those stocks had gained strongly in recent weeks, Sai Gon-Ha Noi Securities (SHS) said in its daily report.

The VN-Index had gained a total of 5.81 per cent in the last month on investors' expectations for a good corporate earnings season, especially large-cap companies.

Strong selling also helped pushed the market's trading liquidity up to more than 154.3 million shares being traded, worth VND3.66 trillion (US\$157.5 million).

On Monday, trading volume was 147.8 million shares and trading value was VND3.55 trillion.

Foreign investors net sold VND177.4 billion on the Ho Chi Minh Stock Exchange after having net-bought shares for eight straight days.

Foreign investors focused on selling shares of Vinamilk (VNM), Vietjet (VJC) and Hoa Phat (HPG).

In addition, investors in Viet Nam were kept on edge ahead of two key meetings this week, according to MB Securities Co (MBS).

On Tuesday and Wednesday, the US central bank Federal Reserve will have a two-day meeting. Global investors are betting a 76 per cent chance for Fed to cut its lending rates by 25 basis points.

US and China trade officials will also meet for the first time since May to discuss the way to resolve their trade tensions.

According to MBS, investors began to “sell the news” after large-cap firms started announcing their quarterly earnings reports.

Capital began to flow into mid-cap and small-cap stocks, proving investors were cautious and they were waiting for large-cap stocks to fall further as the market was running out of supportive news, MBS said.

On the Ha Noi Stock Exchange, the HNX-Index fell 0.82 per cent to close at 104.43 points.

The HNX-Index has dropped a total of 2.18 per cent in the last three trading days since Friday.

More than 33.5 million shares were traded on the northern bourse, worth nearly VND430 billion.

Macro & Policies

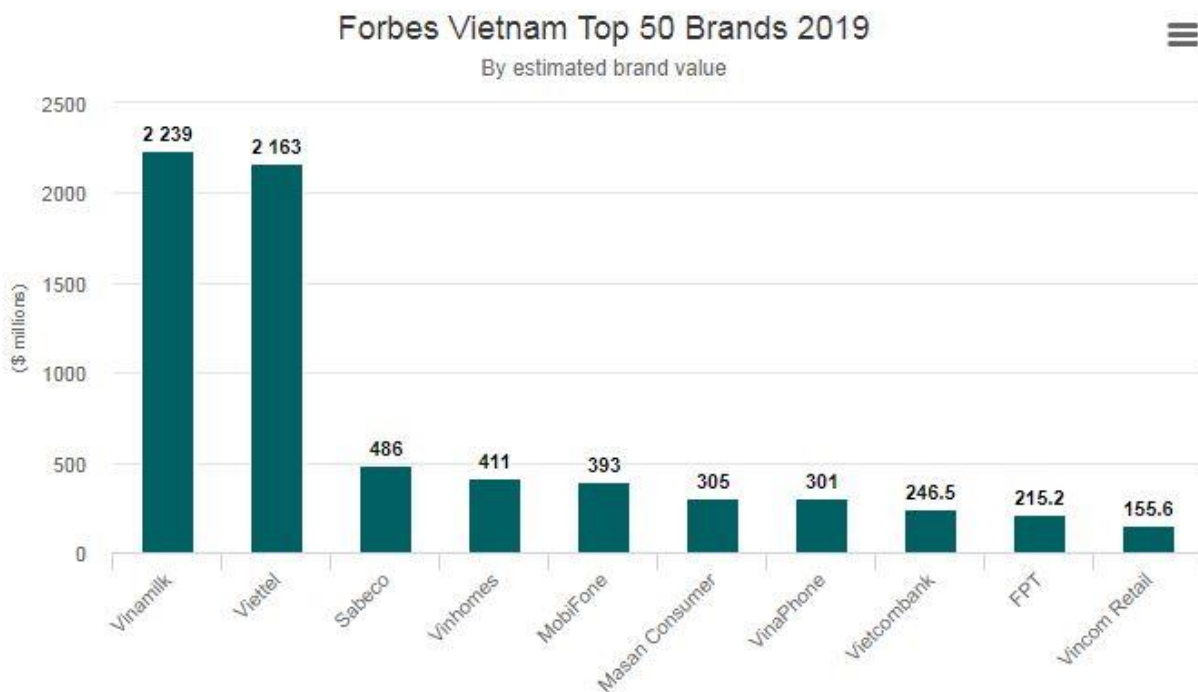
3. Vietnam’s top 10 brands worth nearly \$7 bln

Vinamilk, Vietnam's biggest dairy company, continued to top the list with an estimated brand value of over \$2.24 billion, followed by military-run telecom giant Viettel with more than \$2.16 billion, according to Forbes Vietnam's the Top 50 Brands report published Monday.

This year, Viettel registered the biggest increase in brand value, from nearly \$1.4 billion last year to \$2.16 billion this year. Sabeco, Vietnam's biggest

brewer, is in the third place with a brand value of \$486 million.

The remaining seven in the top 10, in order of ranking, were: real estate corporation Vinhomes, food giant Masan Consumer, telecommunications providers MobiFone and VinaPhone, state-owned Vietcombank, IT giant FPT, and mall operator Vincom Retail.



The estimated value of Vietnam's 50 most valuable brands rose \$1.2 billion compared to a similar list for last year, reaching over \$9.3 billion.

According to Forbes Vietnam, the food and beverage industry continued to dominate the list with 10 representatives. Supporting industries, including agriculture, securities, tourism and accommodation services had only one representative each.

Forbes Vietnam said it used the method that its parent magazine in the U.S. uses to calculate a brand's contribution to business performance.

After selecting a preliminary list of 100 companies with the highest brand recognition, product coverage and consumer awareness, Forbes averaged earnings before interest and taxes (EBIT) over the past three years, then determined the contribution by the company's intangible assets based on industry-specific averages.

4. VN-Australia venture invests 30 mln USD in marine farming in Kien Giang

The seafood farming centre, invested by Mavin Group – a joint venture between Vietnam and Australia, will cover 2,000ha of water surface off the coast of Kien Hai district to farm the fish species with high value like bass, grouper and *Trachinotus blochii*.

Mavin said the project, scheduled to become operational in 2021, will apply modern marine farming technologies.

Environmental protection and origin traceability will also be ensured to meet the European Commission's recommendations to Vietnam about fighting illegal, unreported and unregulated fishing, thus facilitating the project's exports.

Aside from this project, Mavin has also inked memoranda of understanding on several others with Kien Giang province, including a breeding

centre for mariculture, a factory producing food for aquaculture, and a seafood processing plant.

The total investment in these projects amounts to 50 million USD, the firm said, noting that they will help it complete the production chain to optimise the manufacturing process and minimise cost.

They will also help turn Kien Giang into a major marine fish farming and processing hub in Southeast Asia, Mavin added.

Aside from marine farming, this group is investing in some freshwater fish farming facilities in the Hoa Binh and Tuyen Quang hydropower reservoirs in the northern region. It is also running several animal feed, veterinary medicine and food processing factories in the provinces of Hung Yen, Ha Nam, Nghe An, Binh Dinh, Tien Giang and Dong Thap.

5. Wood and forest products exports exceed \$6b

Exports of wood and wooden products earned nearly VND5.66 trillion. Viet Nam mainly exported wood and wooden products to major markets including the US, Japan, China and the Republic of Korea.

Nguyen Ton Quyen, vice chairman of the Timber and Forest Product Association of Viet Nam, said wood export enterprises became more and more self-control in material resource. Accordingly, raw materials for domestic wood processing now account for 75 per cent, only 25 per cent of raw materials must be imported.

Growth in exports of wood products continues to be maintained at double digits and can reach \$10.5 billion as targeted, according to Quyen.

A report of the Forestry General Department under the Ministry of Agriculture and Rural Development showed as of July 28, the country has 1,342 forest owners entitled to receive forest environmental services fee with disbursed amount of approximately VND2 trillion (US\$85.84 million).

Notably, all forest environmental service fees are paid via bank transfer.

The Forestry General Department said the use of electronic payment technology to pay forest environmental services is consistent with common practices.

With this payment method, forest environmental services will come to the recipient quickly, cost-effectively, safely and transparently.

6. Vietnam earns trade surplus of nearly US\$1.8 billion in Jan-July

Statistics showed that exports in the seven-month period rose 7.5%, while imports were up 8.3% over the same period last year, according to the Vietnam News Agency.

Domestic enterprises suffered a trade deficit of US\$16.8 billion, while the foreign direct investment (FDI) sector recorded a trade surplus of US\$18.6 billion, including crude oil revenue.

Specifically, local firms' exports expanded 12.2% to more than US\$44 billion, while FDI businesses generated US\$101.13 billion from exports, including crude oil, up 5.6% year-on-year.

Thus, the export revenue growth of domestic firms was higher than that of FDI companies.

Among 24 kinds of merchandise with export revenue of over US\$1 billion each, there were four items posting export revenue of more than US\$10

billion each: phones and phone parts (US\$27.3 billion), accounting for 18.8%, followed by computers, electronic products and accessories (US\$18.6 billion); textiles and garments (US\$18.3 billion); and footwear (US\$10.4 billion).

During the period, the United States was Vietnam's largest import market, with revenue of US\$32.5 billion, up more than a quarter over the same period last year.

The European Union came in second with US\$24.3 billion, followed by China with US\$20 billion, the ASEAN with US\$15.2 billion and South Korea with US\$10.7 billion.

Meanwhile, China remained the country's largest supplier of products in the period with import turnover reaching US\$42 billion, marking a year-on-year increase of 16.9%.

7. Foreign interest in Viet Nam's LNG sector remains high

Korea Gas Corporation (KOGAS) became the latest player this week after it entered into a Memorandum of Understanding (MoU) with Energy Capital Vietnam (ECV) that provides a framework for the development of a privately funded liquefied natural gas (LNG) regasification terminal, storage, gas supply system and 3,200 MW gas-fired power project near Mui Ke Ga in the southern province of Binh Thuan.

David Lewis, CEO of ECV, said KOGAS' strong presence in the LNG business, along with ECV's position as one of the first LNG movers in Viet Nam, allows both companies to leverage each other's strengths to bring low-cost LNG to Viet Nam and help address critical energy security needs.

Interest among foreign investors in Viet Nam's natural gas and LNG sectors continues to be high, with the likes of Tokyo Gas and Marubeni Corporation interested in forging ties with domestic entities for potential opportunities in LNG, while the US Trade and Development Agency pledged its support to help improve Viet Nam's energy security status by providing smart, clean technology and developing the LNG power industry.

LNG consumption in Viet Nam is expected to grow at a robust average annual rate of 10 per cent over next decade, driven by Government efforts to gradually diversify away from coal in favour of cleaner alternatives, and the introduction of several LNG import projects to supplement declining domestic production.

The Government has primarily centred on renewable sources such as solar and wind, although their intermittent nature continues to raise questions about reliability, while hydropower, currently a prominent part of the national power mix, is increasingly being scrutinised for its harmful effects on the environment.

This opens up room for gas-fired power generation to assume a larger role in the national power mix, as a cleaner, less- environmentally hazardous alternative to coal and hydropower with a more reliable baseload power source compared with most renewables.

The country's current power plan – the Power Development Plan VII, revised in 2016 – provides for the construction of 8GW of new gas-fired capacity across Kien Giang, Dong Nai, Quang Nam

and Binh Thuan provinces between 2021 and 2027. The projects are likely to be retained in the forthcoming energy plan.

According to analysts from Fitch Solutions, Viet Nam's current crop of gas-to-power projects have a good chance of coming online as planned due to

a combination of supportive factors including availability of funding, rising foreign capital inflows into the domestic power, natural gas and LNG sectors and increasingly supportive Government rhetoric for reducing emissions and promoting greater gas use.

Corporate News

8. ACV proposed as investor for Long Thanh airport project

↑ 1.57%

The consortium explained that ACV has strong financial capacity and experience in developing airports, such as Phu Quoc International Airport, and in expanding and upgrading large airports, such as Tan Son Nhat and Noi Bai International Airports, according to Phap Luat newspaper.

According to the feasibility study, the project requires nearly VND112 trillion, or US\$4.8 billion, in funding and will be executed in the 2020-2025 period.

If ACV becomes the investor for the project, the country's public debt will not increase, as official development assistance loans will not be needed. However, ACV will have to mobilize capital from the international capital market for two decades at an interest rate of roughly 6% per year.

ACV Chairman Lai Xuan Thanh told Tuoi Tre Online newspaper that the corporation is confident of providing 40%-45% of the total investment for the first phase of the project.

ACV will have to borrow the remaining 60%, which is deemed safe as the investors of most build-operate-transfer traffic projects in the country have to borrow 80%-90% of the investment needed for their projects.

As for airport operations, ACV has experience in operating 21 airports nationwide.

According to Deputy Minister of Transport Le Dinh Tho, Long Thanh International Airport is an important project, which requires fast and careful preparations so that the project can kick off in 2021 and be completed in 2025. Therefore, the ministry proposed the National Assembly issue a resolution to approve the feasibility report for the project.

For the first phase of the Long Thanh International Airport project, the investor will develop a four-kilometer-long, 45-meter-wide runway, as well as a passenger terminal and auxiliary facilities, serving some 25 million passengers per year.

The passenger terminal's design was inspired by the lotus flower. It will feature an artificial waterfall in a garden landscape with light boxes on the roof.

The cargo terminal, which will cover some 150,000 square meters of land, is expected to have an annual capacity of 1.2 million tons of cargo. The terminal will be adjacent to the aircraft parking area.

In addition, an express cargo terminal with an annual capacity of 100,000 tons of cargo will be built. A car park in front of the cargo terminal to facilitate the transport of cargo to and from the airport was also planned.

In the first phase, the project will build an air traffic control tower 123 meters high, as well as water and electricity supply systems and a wastewater treatment plant.

According to the consulting consortium, after the first phase is completed, 200,000 jobs will be created.

The airport will be connected with National Highway 51 and the HCMC-Long Thanh-Dau Giay and Dau Giay-Phan Thiet expressways. Further, the North-South express railway is planned to pass through the airport and a light railway between Thu Thiem New Urban Area in HCMC's District 2 and Long Thanh International Airport has been proposed.

9. Stock market briefs on July 30, 2019

↓ -0.33%

HANOI - Vietnam Construction and Import-Export Joint Stock Corporation (VCG) has released its consolidated financial report for the second quarter of the year, with net revenue dipping 4% year-on-year to VND2.2 trillion, while after-tax profit of the parent firm doubled the 2018 figure to exceed VND170 billion. During the first half, VCG gained over VND3.9 trillion in net revenue, down 5% against the year-ago figure, but its after-tax profit surged a staggering 67% to nearly VND304 billion.

HCMC - Le Thi Anh Thu, a major shareholder of Thu Duc Electro Mechanical JSC (EMC), sold one million EMC shares on July 26 via put-through transactions to cut her holding to 509,000 EMC shares, or a 3.33% stake. Meanwhile, her husband Vo Tien Dung bought the same amount of one million EMC shares on the same day. After the purchase, Dung has raised his ownership at the firm to over 1.53 million shares, or a 10.01% stake.

HCMC - Nguyen Ho Hung, board chairman of An Phat Securities JSC (APG), managed to buy only 42,500 APG shares out of the registered amount of

one million from June 26 to July 25 via order-matching transactions. After the purchases, he holds 100,000 APG shares, or a stake of 0.29%.

HCMC - Tay Ninh Cable Car Tour Company (TCT) has set July 31 as the ex-dividend date to pay a 2018 cash dividend for its shareholders at 20%. The record date will be August 1 and the payment is slated for August 15.

HCMC - Ha The Phuong, vice chairman at FECON Corporation (FCN), will sell 100,000 FCN shares from July 31 to August 29 via matching and put-through deals. After the transactions, Phuong's ownership will be cut to over 1.2 million FCN shares.

HCMC - The board of directors at Phuong Nam Cultural Joint Stock Corporation (PNC) has approved the appointment of Vo Ngoc Xuan as the board chairwoman of the firm starting July 28. Also, PNC picked Nguyen Nhu Quynh as vice chairwoman on the same day.

HANOI - ANZA JSC, a major shareholder of ANI JSC (SIC), purchased 517,000 SIC shares on July 24 to spur its ownership to over 12 million SIC shares, or a 50.87% stake.

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