



VIETNAM DAILY NEWS

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Market Analysis

1. Stock market volatility forecast next week

He projected that VN-Index may possibly face profit-taking pressure at the resistance zone of 1000-1005 points, especially when foreign investors have recently net sold shares.

In a positive scenario, the market is expected to soon break this resistance zone to test the next level of 1016-1020 points in the short term.

Large-cap stocks may improve and support the market next week. Cashflow is forecast to focus on real estate, information technology and industrial parks.

With the market's wide divergence, Bach advised investors not to buy at high price and to only buy at market's corrections, focusing on basic and large-cap stocks.

Meanwhile, KB Securities Company said in its report that enterprises' announcement of business results in the second quarter has brought significant positive impacts on the market. The positive results in banking and Vingroup stocks helped related stocks grow strongly in price.

However, the effects of the announcement of business results are also waning, along with the correction of VN-Index last week. In addition, movements on the global market are becoming more unfavorable, including the Federal Reserve System's plan not to reduce interest rates as much as expected and the United States' threat to tax another US\$300 billion worth of Chinese goods.

Therefore, the benchmark index will not likely to increase strongly next week, according to KB Securities.

Last week, the VN-Index went down 2.26 points to 991.1 points. It saw three increasing sessions and two falling ones.

The biggest losers last week included national flag carrier HVN, gas firm GAS and lender CTG, while best performers on the southern bourse were housing developer VHM, lender VCB and real estate firm NVL.

Meanwhile, the HNX-Index settled at 103.7 points, down 2.7 points over the previous week.

2. VN-Index retreats to near 990 points at weekend

The VN-Index on the Ho Chi Minh Stock Exchange (HoSE) lost 0.63 per cent to end the week at 991.10 points.

It lost as much as 1.17 per cent in the opening session of the day.

The benchmark index had gained total 1.15 per cent in the previous trading day.

After five trading days of the week, the VN-Index was down total 0.22 per cent from the previous week's close of 993.35 points.

The benchmark index ended the week on a negative note as market sentiment turned from "cautious" to "bad" following US President Donald

Trump's latest announcement on another tax bill towards Chinese goods, securities firms noted.

Trump on late Thursday tweeted the US government would slap a 10 per cent tax on US\$300 billion worth of Chinese imports, worsening the trade relations between the two largest economies.

Under this circumstance, foreign investors net-sold VND202 billion worth of Vietnamese shares on HoSE, double Thursday's figure.

Large-cap stocks were hit. The large-cap VN30-Index was down 0.24 per cent to end at 885.29 points.

Eighteen of the 30 largest stocks by market value and trading liquidity in the VN30 group declined.

Among those stocks were PetroVietnam Gas (GAS), property firms Vincom Retail (VRE), Vingroup (VIC) and Vinhomes (VHM), Vietcombank (VCB) and DHG Pharmaceutical JSC (DHG).

The market's strong decline in the early morning meant investors were cautious at the moment, Thanh Cong Securities Co (TCSC) said in a note.

The VN-Index approached the 1,000-point level, which was last hit in April 2019, and investors locked in profits in large-cap stocks immediately, the company said.

But the VN-Index declined at a slower pace compared to other markets, therefore, a number of investors were still optimistic about the market's short-term prospects, MB Securities Co (MBS) said.

Willingness to buy in local stocks helped boost trading liquidity to VND6.26 trillion worth of shares on HoSE and nearly 186.8 million shares were traded on the southern market.

External impact of global markets on the Vietnamese market was less than expected and investors were firm believing in the internal strength of the local market, MBS added.

On the Ha Noi Stock Exchange, the HNX-Index inched down 0.17 per cent to finish at 103.70 points.

The northern market index has dropped total 0.7 per cent in the last two days and 2.54 per cent this week.

Nearly 26 million shares were exchanged on the northern market, worth VND460.6 billion.

Macro & Policies

3. FDI capital is not coming from the 'best' firms

The US-China trade tensions which began in 2018 was hoped to help increase the foreign capital flow to Vietnam.

In the first six months of the year, FDI increased by 9.7 percent, or higher than the 8.5 percent increase of the same period last year, but this did not catch up with the growth of the non-state sector.

By the end of June, 1,723 projects were licensed, an increase of 26.1 percent, with total registered capital of \$7.411 billion, a decrease of 37.2 percent compared with the same period last year.

Statistics show that processing and manufacturing industries remain fields that attract most FDI, accounting for 73.4 percent of total newly registered capital. The investments in the real estate sector also increased, accounting for 10.8 percent of total capital and 6.5 percent of newly registered capital.

VEPR's research team warned of the possible oversupply in the real estate market, or the real estate bubble.

Among foreign investors, China continues to be the biggest investor with newly registered capital of \$1.676 billion. The subsequent positions belonged to South Korea with \$1.239 billion, Japan \$972 million and Hong Kong \$920.8 million.

The US-China trade tensions and CPTPP have prompted China to make heavier investment in

Vietnam. Chinese newly registered capital alone now accounts for 22.6 percent of total capital.

Question about absorbing FDI

"Vietnam's strong and weak points have been exposed in the trade war," Nguyen Duc Thanh, head of VEPR, said.

According to Thanh, Vietnam is in the middle of the regional and global production chains, therefore, even when foreign investors relocate their factories out of China, the best companies won't choose Vietnam as the destination.

"Big corporations of the US and Japan move to Malaysia, Thailand and Indonesia. The capital flow to Vietnam has increased, but from medium companies with corresponding technologies," Thanh said.

This means that the regional producers don't highly appreciate Vietnam's labor force, market development or institutional mechanisms.

Meanwhile, Can Van Luc from BIDV said he is always asked by foreign experts about Vietnam's capability to absorb foreign capital.

According to Luc, four factors are needed to absorb the capital, including institutional mechanism, or investment environment, infrastructure, skilled workers and the development of supporting industries.

4. Apple supplier Sharp tumbles as trade gloom offsets Vietnam plant plans

Sharp, which makes sensors, camera modules and screens for Apple Inc's iPhones, said late on Thursday the new plant in Vietnam will make flat screens, electronic devices and air purifiers from the fiscal year starting in April next year.

The plant will allow it to shift part of its production from China if requested by customers, a Sharp executive said on Thursday after

announcing a plan to set up a unit in Vietnam with \$25 million capital to manage the factory.

But Sharp shares logged their biggest daily percentage drop since June 2016 on Friday, following U.S. President Donald Trump's threat to impose further tariffs on Chinese imports from next month.

The additional tranche of U.S. tariffs could cause more pain for Sharp, which already suffered a bigger-than-expected 41% drop in quarterly profit as tit-for-tat import tariffs dampened sales of its smartphone components.

Sharp joins a growing number of global firms looking to reduce production in China and move to low-cost countries to diversify manufacturing sites amid the escalating trade dispute.

Its parent Foxconn is exploring the sale of its new \$8.8 billion display panel factory in China, people familiar with the matter told Reuters.

Sony Corp announced a plan to close its Beijing smartphone plant, while Samsung Electronics Co is ceasing operations at one of its mobile phone plants in China.

Nintendo also plans to shift part of the production of its Switch gaming console to Vietnam from China.

5. Chinese firms seek to boost operations in Vietnam

At the opening ceremony of the Zhejiang International Trade Expo 2019, held at the Saigon Exhibition and Convention Center (SECC) in HCMC's District 7 on August 1, Li noted that bilateral trade between China and Vietnam exceeded US\$100 billion last year. China was Vietnam's largest trade partner, while Vietnam was also China's largest trade partner in the ASEAN.

The expo will help enterprises from Zhejiang seek more business opportunities in Vietnam, especially HCMC, which is the country's economic hub, Li remarked.

To Ngoc Son, deputy director of the Department of Asia-Africa Markets, under the Ministry of Industry and Trade, pointed out that in the first half of the year, the two countries' bilateral trade reached US\$52.36 billion, up 11.8% year-on-year. China was the largest supplier of products to Vietnam and the second-largest buyer of Vietnamese goods.

The trade between Vietnam and Zhejiang Province alone totaled US\$9.39 billion last year, up 18.4% over 2017. The Chinese province exported some US\$7.22 billion worth of products to Vietnam and spent nearly US\$2.18 billion on Vietnamese goods.

As for investment, Vietnam had developed 29 projects in Zhejiang as of last year, with total registered capital of US\$21.53 million. Meanwhile, 228 enterprises from Zhejiang with combined investment of US\$2.57 billion are operating in Vietnam.

The Zhejiang International Trade Expo 2019, which will last until August 3, has attracted 106 exhibitors displaying building materials, electronic products, textiles and garment materials and consumer goods.

On the same day, the 19th edition of the International Medical, Hospital & Pharmaceutical Exhibition (Vietnam Medi Pharm Expo) also opened at the SECC. The expo attracted 400 enterprises, including 200 foreign firms from 20 countries and territories.

These exhibitors introduced pharmaceutical products, medical equipment, hospital furniture and pharmaceutical manufacturing and packaging machines.

The expo also included a seminar on new regulations governing the management of medical equipment, from the Ministry of Health, and another on Vietnam's pharmaceutical market.

6. US launches anti-dumping investigation into wind tower imported from Vietnam

Launched earlier this week, the investigations target wind towers imported from Vietnam, Canada, Indonesia, and South Korea that are

allegedly sold in the US at less than fair value from their own countries.

The investigations are in response to a petition filed on July 9, 2019, by the Wind Tower Trade Coalition (Arcosa Wind Towers, Inc. (Dallas, TX) and Broadwind Towers, Inc. (Manitowoc, WI)).

The commission is expected to reach a preliminary determination in antidumping and countervailing duty investigations in 45 days, or in this case by August 23, 2019, according to Omnitrans.

The US Department of Commerce would then, if applicable, determine the amounts by which the goods are dumped and/or subsidized.

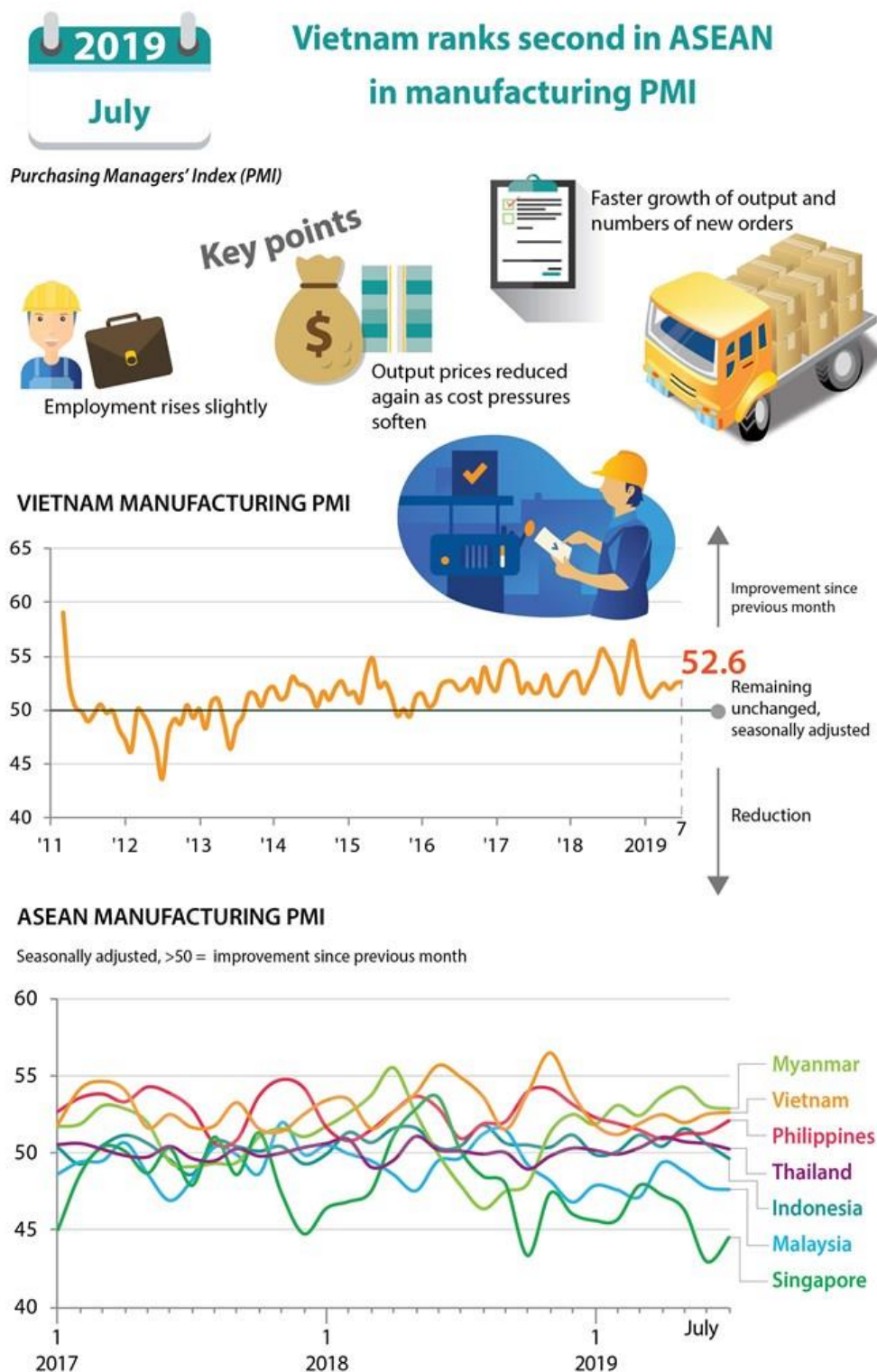
The alleged dumping margins are 39.97% to 65.96% for Vietnam, and there are reportedly 24 subsidy programs for the country.

The department will impose duties if the investigations back up the claims and if the US International Trade Commission determines that dumped or unfairly subsidized imports are causing injury to the US industry, according to the Saigontimes.

Foreign companies that price their products in the US market below production cost or below prices in their home markets are subject to antidumping duties.

Imports of wind towers from Canada, Indonesia, South Korea, and Vietnam last year were valued at an estimated US\$60.2 million, US\$37.4 million, US\$50 million, and US\$21.4 million, respectively, according to the department.

7. Vietnam ranks second in ASEAN in manufacturing PMI



Source: Nikkei; IHS Markit

<https://infographics.vn>

8. Bamboo Airways eyes to be first Vietnamese carrier to fly directly to US

“We have been very interested in launching Vietnam – US direct services from day one,” Thanh told the “Vietnam – US Direct Route: Ready for Taking Off” seminar held by FLC Group – the airline’s parent company – and the Vietnam Association on Aviation Science and Technology (VAAST) in Hanoi.

“Bamboo Airways will be the first in Vietnam to open Vietnam – US direct route,” he said, adding that he has full confidence that the new budget carrier can achieve this goal.

Chairman of the Vietnam Chamber of Commerce and Industry (VCCI) Vu Tien Loc highly spoke of the airline’s ambition, saying not only the US is Vietnam’s potential market but Vietnam is also a promising market the US wants to access.

According to Loc, demand for air freight transportation between the two countries is very large. Vietnam aims to become a global hub of new-generation FDI firms so many products must be transported by air, he explained.

Vietnam also has great potential for tourism; plus there are about 2 million Vietnamese expats living in the US, many of who fly home frequently to meet their families, the VCCI leader said.

Additionally, the US is home to many world-class universities and the number of Vietnamese students in the country has increased consistently over years, he added.

The global air transport market is thriving with the Asia-Pacific region regarded by the International Air Transportation Association (IATA) as the world’s fastest-growing market, expanding 6 – 7 percent annually, said VAAST President Tran Quang Chau.

Vietnam’s air transport growth even doubled that number, growing over 16 percent annually over the last decade, he noted.

In February, Vietnam received a Category 1 aviation safety rating from the US Department of Transportation’s Federal Aviation Administration (FAA).

With the CAT 1 status, Vietnamese carriers will be able to establish direct services to the US and carry the code of US carriers upon completion of the necessary remaining steps, including Vietnamese airports earning approval to comply with ICAO security standards and recommended practices from the US Transportation Security Administration, and Vietnamese airlines earning economic authority from the US Department of Transportation.

Statistics by the Civil Aviation Authority of Vietnam show that the number of passengers flying between Vietnam and the US grew 8 percent annually in average from 2010 – 2017 with more than 700,000 passengers in 2017.

Last year, about 107,000 Vietnamese people travelled to the US.

9. Vietnam needs to be more proactive in using products from US: experts

According to Vu Ba Phu, director of the Vietnam Trade Promotion Agency, Vietnam ranks eighth among partners which have had a trade surplus with the US over the last five years.

This is unacceptable for the US, which is considering measures to balance trade as it has been doing with China.

Warning that it would be ‘dangerous’ for Vietnam’s exports and the national economy if the US imposes high taxes on Vietnamese goods, Phu said Vietnam needs to think of solutions to the problem soon.

He said the exports increase shows an increase in production capability and the high competitiveness of Vietnamese goods. The

country must not let its exports become stagnant due to policies of big countries.

“Vietnam's economy relies heavily on exports. Vietnam should talk to the US about the measures to be applied to balance trade between the two countries and develop two-way trade in a healthy way,” Phu said.

“We should also think of correcting Vietnam's supply chain by increasing imports from the US, especially products that can complement Vietnam's production,” Phu suggested.

According to Dinh Tuan Minh, a respected economist, it is not certain that Vietnam will be taxed by the US to restrict exports. However, he said Vietnam needs to prepare for different scenarios, because the Trump administration is described as unpredictable.

“The US doesn't apply the same trade policies to all countries, but it applies different policies to different countries,” Minh said, adding that trade

is used as a weapon in negotiation, not simply buying or selling.

Minh thinks that it is necessary to apply measures to appease the situation by increasing imports from the US.

Some experts said Vietnam needs to be more proactive in using high-quality products and services from the US. It, for example, can choose American renewable energy technology.

Vietnam, which is witnessing the expansion of air fleets and the establishment of new airlines, can buy airplanes and other equipment from the US.

In late June, a newly set up air carrier signed a contract on purchasing 20 Boeing 787-9 Dreamliners worth \$5.6 billion.

In 2017, the US deficit in trade with Vietnam was \$32 billion. However, a contract on buying Boeings alone could reduce the deficit by 20 percent.

Corporate News

10.DNP: Result of transactions of Directors, PDMR (Vu Dinh Do)

↑ 0.00%

- Name of issuer: DongNai Plastic Construction JSC

- Stock code: DNP

- Securities type: Common stock

- Name of person discharging managerial responsibility /Director: Vu Dinh Do

- Position in the listed company: Chair of the Board

- Number of shares held by the shareholder before transaction: 10,062,620 shares

- Number of shares registered for acquisition: 500,000 shares

- Number of shares acquired: 500,000 shares

- Total holding following transaction: 10,562,620 shares

- Total percentage holding following transaction: 10.56%

- Start date of transaction: 30/07/2019

- End date of transaction: 30/07/2019.

11.ACB: Corporate Governance Report (first 06 months)

↓ -0.89%

Asia Commercial Bank announced the company's Corporate Governance Report of the first 06 months of 2019.

File Attachment

[ACB_2019.08.01_Corporate-Governance-Report-of-the-first-06-months-of-2019.doc](#)

12.Dat Xanh Group to issue over 87 million shares

↓ -0.28%

With the issuing price of VND100,000 (US\$4.3) per share, the corporation expects to collect over VND874 billion through this share issuance.

This amount of money will be used to develop Nam Rach Chiec Residential and Resettlement Project (Gem Riverside project) from this year-end to 2021. The project has a total investment of approximately VND5.46 trillion.

The list of shareholders will close on August 14.

Dat Xanh has also announced that it will issue more than 76.9 million shares to pay 2018 dividends for shareholders at the rate of 22 per cent. Shareholders owning 100 shares will receive 22 new shares.

Value issued by par value is over VND769 billion.

In addition, the group also plans to issue 6 million employee stock ownership plan (ESOP) shares to

employees with the issue rate of 1.72 per cent.
Value issued by par value is VND60 billion.

The subjects of issuance are 199 employees who meet the company's standards.

Profit transfer

The company's 2018 financial statement showed that its accumulated after-tax profit in 2018 was more than VND703 billion. The cumulative after-

tax profit of the parent company until the end of 2018 was VND1.455 trillion.

Thus, in order to issue 76.9 million shares to pay dividends and 6 million ESOP shares, corresponding to the total issuing value of more than VND829.6 billion, Dat Xanh Group has to transfer profits from the subsidiaries to the parent company, with a transfer amount of more than VND126 billion.

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