



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index drops for three straight days

The VN-Index on the Ho Chi Minh Stock Exchange lost 0.09 per cent to close Thursday at 976.79 points, totalling a three-day fall of 0.8 per cent.

Nearly 160 million shares were traded on the southern bourse, worth more than VND4 trillion (US\$173 million).

The large-cap VN30-Index dropped 0.11 per cent to end at 886.10 points with 15 of the 30 largest stocks by market capitalisation declining.

According to Sai Gon-Ha Noi Securities JSC (SHS), the market traded in a state of low liquidity with the main indices moving marginally. The selling force increased during the last minutes of trading session, sending the VN-Index down slightly for the third day in a row.

“The market may keep struggling and moving sideways in the next sessions,” SHS said.

According to BIDV Securities Company (BSC), there have been optimistic signals about global politics and economic developments as the Sino-US negotiations will restart in October and geopolitical tensions in Hong Kong somewhat cooled down.

However, the strong drop in liquidity showed that investors still maintained their cautious sentiment and cash flow is still outside the market, BSC said.

Real estate, securities, information and technology, retail, banking, food and beverage, seafood processing, and construction were the sectors that weighed down the stock market.

Pillar stocks were strongly hit, including Vinamilk (VNM) (-1,5 per cent), Vingroup (VIC) (-0,3 per

cent), Military Bank (MBB) (-1,7 per cent), Mobile World Group (MWG) (-1,4 per cent), Masan Group (MSN) (-0,7 per cent), FPT Corporation (FPT) (-1,1 per cent), Bank for Investment and Development (BID) (-0,3 per cent) and Novaland (NVL) (-0,7 per cent).

In the opposite direction, some pillars supported the market, such as Sabeco (SAB) (+1,5 per cent), Techcombank (TCB) (+2,3 per cent), Vietcombank (VCB) (+0,4 per cent), VPBank (VPB) (+2,3 per cent), Hoa Phat Group (HPG) (+0,5 per cent), PetroVietnam Gas JSC (GAS) (+0,1 per cent) and Vincom Retail (VRE) (+0,3 per cent).

The HN-Index on the Ha Noi Stock Exchange climbed 0.02 per cent to 100.96 points on Thursday.

Nearly 17 million shares were traded on the northern bourse, worth VND250 billion.

Foreign investors net sold VND116.19 billion on HOSE, including Vinamilk (VNM) (VND34 billion), HDBank (HDB) (VND12.7 billion) and Vietcombank (VCB) (VND10.2 billion). Foreigners were net sellers on the HNX with a value of VND7.25 billion.

According to Bao Viet Securities Company (BVSC), the VN-Index is forecast to adjust around the support zone 970-975 points next session. The market would possibly recover in this support zone.

“However, foreign investors still continued the net selling trend today. The market is expected to move sideways with alternate ups and downs together with a wide divergence among stock groups,” BVSC said.

Macro & Policies

2. Second reform after 1986's needed to create Vietnam's new driving forces

Existing from the first “Doi moi” (Reform) in 1986 are gradually diminished, requiring Vietnam to take on the second “Doi moi” focusing on reforming legal aspects and economic policies to create new driving forces, according to Prime Minister Nguyen Xuan Phuc.

Phuc made the statement at a monthly government's meeting on September 4.

Vietnam has a major advantage in political and social stability, so the issue would be to have transparent and smooth regulations and laws capable of competing with those in the region and on international scale, Phuc stated.

This would help the country attract resources from within the country and abroad to serve socio-economic development not only in this year, but also in 2020, he added.

Phuc warned without drastic measures, Vietnam could lose right on the home ground against regional peers, who are also adopting strong reform measures, not to mention the ability to attract the investment capital shifted from other countries to Vietnam due to the ongoing trade war.

The government agencies, in this context, must step up efforts in finalizing legal frameworks for a rapid and sustainable economic development in a fast-changing world with the Fourth Industrial Revolution in sight, Phuc requested.

Phuc stressed each member of the government must be aware that the people and enterprises are the center of economic development, in which the

business environment must be transparent, fair, safe and convenient for investors.

Only by reform then Vietnam could compete and attract resources such as technologies, modern corporate governance, high quality investment capital and workforce, to narrow the gap with countries in the region and in the world, he continued.

Phuc expected government agencies to closely monitor the world's situation to prevent any shocks to the economy, while giving priority to stable macro-economic conditions and giving room for economic development as other countries are implementing economic stimulus measures.

Phuc requested to create favorable conditions for trade activities in close relation with tackling trade fraud and smuggling, while urging local companies to be cautious against foreign investment capital posing potential risks.

With regard to the slow disbursement of public investment, Phuc reaffirmed government's stance of moving funds from delayed projects to the ones with faster disbursement.

The State Bank of Vietnam (SBV) is tasked with managing the monetary policy in a flexible and proactive manner, following the fluctuation of international markets.

Phuc targeted the agricultural sector to grow by over 2% with exports of US\$42 billion in 2019, requesting related agencies to work on a strategy for Vietnam's sustainable fishery development.

3. More Japanese firms target production shift to Vietnam amid trade war escalation

With the US enacting another round of tariffs on Chinese goods, Japanese companies that have production in China are scrambling for alternatives to minimize the fallout from the trade war, Nikkei Asian Review reported.

An additional 15% tariff was imposed on 3,243 items, including many consumer goods like clothing and watches, prompting companies across a wide range of industries to consider

shifting production to Vietnam and other nations in the Southeast Asia and raising prices to cope.

Uniqlo operator Fast Retailing bases much of its production in China and ships goods from there to the 52 stores it operated in the US as of the end of July. The North American market as a whole accounted for about US\$847 million in sales, or 5% of Uniqlo's total for the year ended in August 2018.

The tariff war previously affected only a handful of the apparel retailer's products, such as leather belts. But the latest round imposes higher duties on key items like T-shirts and pants.

"Our US executives have come to Japan so we can discuss the level of impact and how to respond," a Fast Retailing executive was quoted by Nikkei as saying.

The company is looking at moving some production to Southeast Asian nations like Vietnam and Cambodia, but this shift comes with its own challenges.

"We still rely on China for raw materials, so we could see higher costs in procurement and in

shipping the finished products to the US," a source familiar with the matter said.

Any additional costs could be passed on to customers if Fast Retailing cannot compensate for them.

Photocopiers and all-in-one printers are also now subject to higher tariffs. Kyocera President Hideo Tanimoto said in early August that the company will respond by switching the output at its Chinese and Vietnamese plants.

The Chinese factories currently make items for the American market, while the Vietnamese plants produce those for Europe. The goal is to swap them by the end of March.

"We expect a limited effect on our earnings," Tanimoto said. But adjusting supply chains and other necessary changes could cost the company tens of millions of dollars.

Other Japanese companies such as department store chain Takashimaya, drugstore Matsumotokiyoshi or electric wire manufacturers Hitachi Metals and Furukawa Electric have previously announced plan to shift production to Vietnam.

4. Steel exports throughout the country rise

According to the General Department of Customs, Viet Nam's steel exports in July rose by 4.7 per cent from the previous month. The steel exports saw an increase in July after three months of consecutive decreases.

The US continued to be the largest importer of steel products with turnover of \$378.3 million, accounting for 19.5 per cent of the country's total exports. It was followed by Japan, India, Thailand and South Korea.

In addition to the US and Asian markets, steel exports to European countries also rose in the January-July period.

Shipments to Switzerland increased sharply by 206 per cent from the same period last year. In addition, steel exports to Norway and England were also surged.

Leading steelmaker exports 165,000 tonnes in eight months.

Hoa Phat Group shipped abroad 165,000 tonnes of construction steel in the first eight months of this year, up 38 per cent year-on-year.

During the period, it churned out a total of 1.77 million tonnes, an increase of more than 20 per cent against the corresponding time last year.

In August alone, Hoa Phat produced 193,000 tonnes of construction steel, a year-on-year rise of 7.6 per cent, and exported nearly 18,000 tonnes, almost doubling the amount recorded in the same period last year, earning \$9.4 million.

With these achievements, the group has maintained its leading position in the domestic steel industry with a market share of 25 per cent.

Between January and August, Hoa Phat sold 252,883 tonnes of steel to the domestic market, up 2.15 times as compared with the same period of 2018.

Hoa Phat plans to produce some 4 million tonnes of construction steel in 2019.

Last year, it shipped 240,000 tonnes of steel abroad, up 50.97 per cent against the previous year.

5. Database technology needed to boost tourism

Many startups have been jumping onto tourism, building Big Data sources to improve the tourism sector.

Jason Lusk, general director of Clickable Vietnam, noted that many local travel firms have remained passive in creating new tourism products. They are still using traditional methods for collecting information on tourists and marketing tourism services and products, he added.

As such, this is a great opportunity for tourism startups to apply database technology platforms to ease information collection on entering the tourism sector.

Eytan Schmal, chief executive officer of Komorebi, noted that the startup is eyeing the advantages of database technology to tap the tourism sector in Vietnam.

Komorebi is in the process of negotiating with the competent agencies to allow it to provide quick response codes (QR codes). The QR code will introduce tourist attractions in HCMC, with accompanying information, locations and

directions, for travelers who wish to learn about them.

Data will be recorded when tourists use the code to learn about and visit various tourist destinations, according to the representative of Komorebi, adding that travel firms may analyze these data to determine the market's preferences.

Apart from this, local startup Luxstay is cooperating with homestay service facilities in Dalat City to rebuild their images and brands to attract more tourists through data sources on its platform. Luxstay provides a homestay booking service platform.

Lusk of Clickable Vietnam pointed out that the tourism sector depends on tech firms, mainly startups, to research new trends and services to develop the sector and attract more visitors. Tourism development is based on tourists' tastes, which are determined by databases.

Besides this, Lusk encouraged local travel firms to welcome foreign startups to increase competition and boost the tourism sector in the country.

6. Biggest Vietnamese trade fair in Myanmar to run in December

Held by the Vietnam Trade Promotion Agency (VIETTRADE) since 2009, the event will feature about 100 stalls this year. On display will be processed foods, consumer products, equipment and machines, electric and electronic devices, medical and chemical products.

Vietnamese enterprises taking part in the fair will have their space and advertising fees covered by the organiser.

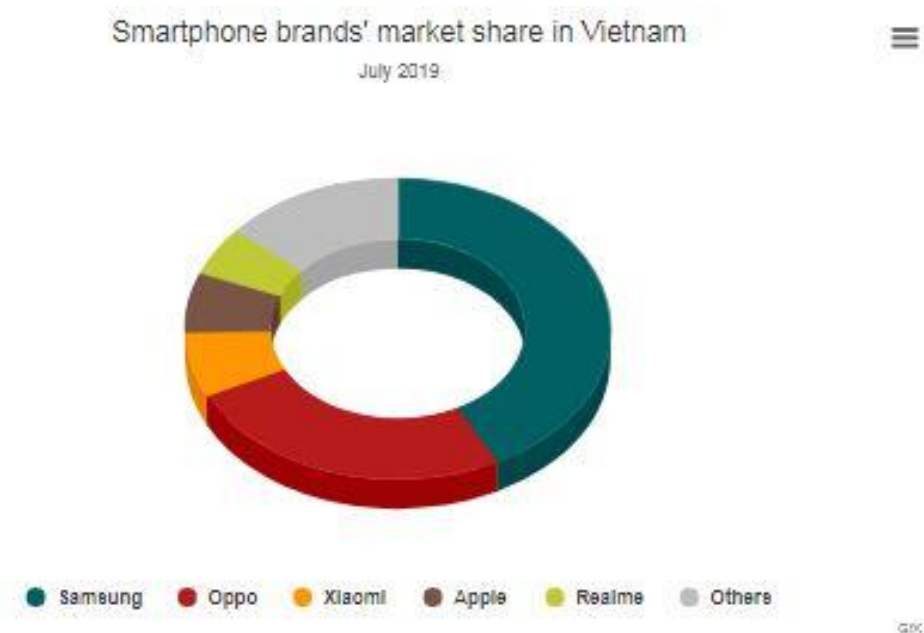
According to VIETTRADE, the event aims to promote Vietnamese businesses and trademarks to push exports of local products and expand the country's distribution network in Myanmar.

Trade between Vietnam and Myanmar reached 860 million USD in 2018, making Vietnam the 9th largest trade partner of Myanmar. Vietnam has also become the 7th largest foreign investor in Myanmar with 18 large projects totally worth nearly 2.2 billion USD.

7. iPhone drops out of top three in Vietnam

Its market share fell to 6.4 percent behind China's Xiaomi, which had a 7 percent share, according to a recent report by market research firm GfK.

South Korea's Samsung stayed top with a 42.3 percent share followed by China's Oppo with 25.4 percent.



Apple saw the biggest decline among all brands from July last year -- 2.2 percentage points.

Online sales contributed only 19 percent of its revenues in July, a steep fall from the average of 30 percent until then. Apple's share of the online market fell from 17.5 percent in June to 7.1 percent in July.

Sales at authorized stores were also lower than competitors', accounting for only 6.3 percent of the market, while for Samsung it was 45 percent and for Oppo, over 25 percent.

Industry insiders said the Vietnamese tendency to wait for the upcoming iPhone model, which is likely to be unveiled next week, is the reason for the falling sales.

Competition from Samsung and Oppo with their new products and promotions is also a reason, they said.

A report issued in January 2018 by We Are Social, a social media marketing and advertising agency, said around 75 million, or almost 80 percent of the population in Vietnam use smartphones.

CORPORATE NEWS

8. CMX: BOD approves the plan for stock issuance to existing shareholders

↓ -0.30%

The Board resolution dated September 04, 2019, Ca Mau Group Joint Stock Company approved the plan and the dossier of stock issuance to existing shareholders as follows:

1) Approving the plan for stock issuance to existing shareholders:

- Stock name: Ca Mau Group Joint Stock Company
- Stock type: common share
- Par value: VND10,000/share
- Issue volume: 13,221,234 shares
- Charter capital before the issuance: VND132,212,340,000
- Expected charter capital after the issuance: VND264,424,680,000
- Issue ratio: 1:1 (shareholder who owns 01 share will be bought 01 new share.)
- Issue price: VND10,000/share
- Expected issue time: after being approved by the State Securities Commission of Vietnam (SSC).

- The rights should be transferred only once.
- The shares refused to buy (if any) will be decided by the Board of Directors.

2) Approving the dossier of stock issuance to existing shareholders:

- Application for the stock offering;
- Prospectus;
- Audited separate & consolidated financial statements in 2017, 2018;
- Audited separate & consolidated financial statements in Q2.2019;
- Articles of Association;
- Business Registration Certificate;
- Resolution of General Meeting of Shareholders 2019;
- Decision of the BOD on planning the stock issuance;
- The confirmation of the bank regarding the opening of blocked account;
- Issuance consultant contract;
- Other related issues.

9. CTD: Resolution on the dividend payment

↑ 0.76%

The Board of Directors of Cotecons Construction Joint Stock Company approved to pay for the 2018 dividend in cash:

- Record date: September 27, 2019
- Payment date: October 11, 2019
- Dividend pay-out ratio: 30%/ par value (VND3,000/ share).

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