



VIETNAM DAILY NEWS

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Market Analysis

1. Sell-off drags VN-Index down

After a four-day winning streak, the VN-Index still found it hard to conquer the level of 1,000 points.

The market developments were contrary to most securities companies' forecasts the day earlier that the main index may reach or even break the 1,000-point level.

MB Securities JSC, for example, said in its report that the index would likely pass the 1,000-point level.

The southern bourse saw over 190 million shares worth VND4.6 trillion changing hands, falling 17.5% in volume but up 3% in value against the session earlier.

The volume of shares transacted in block deals was 50.47 million shares, contributing nearly VND1.5 trillion to the total trade value on the exchange.

Among large-cap stocks, gas distributor GAS faced the sharpest price decline of 2.71% at

VND104,000, while lender VPB reported the biggest rise of 2.43% at VND21,110.

In this group, lender MBB and steelmaker HPG were among the most liquid stocks with 6.7 million and 6.15 million shares traded. However, construction firm ROS still led the southern bourse in liquidity with 18 million shares transacted.

The day also saw over five million shares of property developer SCR, 4.2 million shares of FLC and 3.9 million shares of construction firm ASM changing hands.

Meanwhile, the HNX-Index increased a slight 0.06 point at 102.29 points. Trading volume and value tumbled 20% and 31% at 25.4 million shares worth VND320 billion.

On the northern market, lender ACB picked up 0.45% at VND22,400, port operator PHP, 3.6% at VND11,500, and plastics producer NTP, 4.52% at VND39,300, underpinning the index's rise.

Macro & Policies

2. Vietnam aviation industry craving for highly-qualified manpower

The energetic growth of Vietnam's aviation industry has led to the shortage of highly qualified manpower, especially pilots and technicians.

The country's aviation industry is experiencing double-digit growth as new air carriers are joining the market while others in operation are given green light to expand their fleets, according to Boeing's recent report on Pilots and Technicians Outlook 2019.

National flag carrier Vietnam Airlines is operating 105 airplanes and employing 1,100 pilots, of whom 75% are Vietnamese and 25% are foreigners, as well as 1,800 technicians, who are qualified to do the aircraft maintenance work under the strict safety requirements of the US' Federation Aviation Administration (FAA) and European Union Aviation Safety Agency (EASA).

The carrier is projected to expand its fleet from 135 to 177 airplanes by 2025, leading to higher demand for cabin crews, pilots and technicians.

Besides, other Vietnamese airlines including Vietjet, Jet Star, Vasco, the new entrant Bamboo Airways and the yet-to-debut Vinpearl Air are also craving for highly qualified staff in the coming time.

Vietnam's aviation market is regarded as one of the most thriving in the world over the past

decade with the average turnover growth of 17.4%, twice the rate of 7.9% throughout Asia, according to the International Air Transport Association (IATA).

At present, as many as 71 international and domestic air carriers are operating 140 flight routes, connecting Vietnam with 28 countries and territories. The figures show the huge demand for inbound and outbound air transportation in Vietnam.

However, Vietnam's aviation is facing a shortage of skilled personnel as the training is time-consuming and their foreign language proficiency among the technicians is poor compared to those from neighboring countries.

As a result, aviation experts suggest Vietnam should focus on luring, nurturing and promoting the competent people to the aviation industry by improving policies of training and internship to enhance relevant skills as well as favorable salary regime.

Additionally, the Government, relevant departments and agencies are also suggested to amend regulations to ensure a healthy competitive environment for air carriers and workers as well as improve training for pilots, technicians, and air traffic controller for the sustainable development of the aviation market.

3. HCMC pursues plans to become logistics center by 2025

Though neighboring provinces are currently exporting many key products, the city aims to maintain its lead as the country's economic growth engine by becoming a logistics hub, reported *Nguoi Lao Dong* newspaper.

The department's deputy director, Nguyen Ngoc Hoa, said that the municipal government is devising a strategy to turn logistics into a key service industry for the city and region, which is expected to reduce Vietnam's logistics costs to 16% of gross domestic product by 2025.

However, according to Hoa, this major challenge requires the city to have adequate infrastructure and to improve the scale and quality of logistics services.

The city government has asked the Vietnam Logistics Research and Development Institute (VLI) to design a logistics development scheme.

The official said that the scheme will be developed based on the principle of regional connectivity. It also aims to build technical infrastructure for the

establishment of three logistics centers in line with a Government master plan approved in 2015.

The scheme also targets increasing the number of firms that use outsourced logistics services with specialization to reduce their transportation costs and enhance their competitiveness.

“The scheme will present a regional integration strategy for logistics development. It will determine the locations and scale of logistics centers and offer solutions to improve quality and expand the provision scope of logistics services,” he said.

To Thi Hang, an official from VLI, told the participants that there are 12 inland container depots in the southern part of the country, of which the new depots are large and offer packaged services.

She noted that these depots are somewhat similar to a logistics hub connected with inland waterways and close to seaports. However, they are still too far from the sources of goods.

Southern Vietnam will have 31 new inland container depots, with 24 of them in the northeastern part of HCMC, according to a 2018 decision by the Transport Ministry.

By 2030, there will be eight depots with a total area of 102 to 137 hectares in HCMC, and these facilities will have a combined cargo capacity of 1.38 million to 1.89 million containers.

Six depots are currently located in the city, but five of them are set to be relocated or are running beyond their designed capacities.

A VLI survey found that most of the city's ports were facing obstacles, such as overloaded infrastructure, severe traffic congestion, unhealthy competition, a lack of connectivity due to their small scale and weak domestic connectivity.

A number of local ports are situated in the inner and suburban parts of the city, so they cannot be expanded. The development of port services was also found to be sluggish, leading to delays in cargo transportation.

The survey indicated that from a corporate perspective, the future logistics hub would need to be located in the region of Thu Duc District and District 9 in eastern HCMC, due to its convenient traffic infrastructure and its location next to key neighboring manufacturing provinces.

4. China no longer largest buyer of Vietnam rice

The latest report from the General Department of Vietnam Customs showed that in August, the country's rice exports to China totaled 19,370 tons, worth US\$14.3 million, dipping 67.4% in volume and 63.3% in value year-on-year.

In the year to August, some 347,520 tons of rice worth US\$173.7 million had been shipped to China, slumping 67.8% in volume and 67.2% in value year-on-year.

The China-bound rice shipments accounted for a mere 7.6% of Vietnam's January-August rice exports.

The sharp plunge in volume was attributed to China's tightening control over informal imports and its strict conditions on the quality of imported rice.

For instance, rice bound for China must be sterilized for 120 hours; rice samples must be sent to Chinese agencies for testing; rice packaging and labels must display full information on product origins in line with international practices; and products must display the labs' verification stamps.

These requirements have discouraged Vietnamese rice exporters from trading rice on the Chinese market. Only 20 firms meet its requirements for exporting rice formally, leading to a strong drop in rice shipments to China. As such, the northern neighbor is no longer Vietnam's largest rice consumer.

Nguyen Dinh Bich, a rice market analyst, told *The Saigon Times* that the rice market will continue to face hardships for the rest of the year. The rice

inventory on the global market remains high,

whereas rice export prices are in decline.

5. Hanoi develops craft village tourism

Hanoi is home to 1,350 craft villages, which is favourable condition for the capital city to develop tourism.

The most popular ones among both domestic and foreign tourists are Bat Trang pottery village in Gia Lam district, Van Phuc silk village in Ha Dong district, and Chuon Ngo mother-of-pearl inlay village in Phu Xuyen district.

Located in an area rich in clay, Bat Trang village enjoys advantages of ingredients to create fine ceramics.

Moreover, lying on a bank of the Red River between Thang Long and Pho Hien, two ancient trade centers in the north of Vietnam during 15th-17th century, Bat Trang's ceramics were favourite products not only in domestic but also foreign markets thanks to Japan, Chinese and Western merchant boats.

In the 18th and 19th century, due to the foreign trade restricting policy of the administration of Trinh lords who ruled the north of the country, it was difficult for pottery products in Vietnam to be exported to foreign countries, and some famous pottery-making villages like Bat Trang and Chu Dau (Hai Duong province) experienced a hard time.

Since 1986, thanks to economic reforms and development, more attention has been vested in the village and the world gets a chance to know more about Vietnamese porcelain through the import of many high quality Bat Trang's ceramic products.

Bat Trang ceramics are produced for daily household use such as bowls, cups, plates, pots, and bottles as well as for worshipping or decoration purposes.

Nowadays, artists bring into ceramics many innovations in production techniques, and creativity in products' features, giving birth to many new products, and even daily household items may have the beauty like decoration ones.

Meanwhile, Van Phuc silk village is located about 10km west of downtown Hanoi on the Nhue River. It is known far and wide as the cradle of the finest silk in Vietnam.

Van Phuc silk products were particularly popular during the Nguyen Dynasty (1802-1945) which used them to dress the royal family and aristocrats.

Not only prominent in the domestic market, the traditionally hand-woven and hand-dyed silk has captured the loyalty of customers outside the country.

Between 1931 and 1932, Van Phuc silk was displayed at international exhibitions for the first time in Marseille and then Paris. At the Paris Fair in 1932, the Vietnamese silk was praised by the French as the most sophisticated product to come out of Indochina. From 1958 to 1988, the silk was mostly exported to East European markets.

Based on traditional designs, locals in Van Phuc silk village are creating more modern products to meet the increasing demands of domestic and foreign markets.

Touring Chuon Ngo village in the suburban district of Phu Xuyen, visitors will have an opportunity to admire picturesque images with high artistic values created from mother of pearl, demonstrating the high craftsmanship of artisans.

This place is famous for sets of wooden furniture which are exquisitely inlaid with mother of pearl and worth up to billions of VND.

Mother-of-pearl inlaid products of Chuon Ngo village are better than those of other places thanks to the sophisticated lines and vivid decorative details.

The village's products are increasingly diverse and rich in designs, meeting domestic demand and even reaching out to international markets such as the UK, Russia, the US, the Netherlands, and Japan.

Furthermore, Chuon Ngo village still retains the traditional scenes of the northern region with millennia-old pagodas and houses.

To develop tourism in craft villages, Hanoi will select those recognised as traditional craft villages thanks to rich cultural identities, attractive surrounding, and favourable transport system to

build them into sample models, then expanding to other villages.

The Hanoi craft village association has selected potential ones such as Thach Xa bamboo dragonfly-making village in Thach That district, Chuon Ngo village in Phu Xuyen district, Du Du wood sculpture village and Chuong conical hat making village in Thanh Oai district./.

6. U.S. News & World Report: VN listed among top 10 Best Countries to Invest In

The nation overcame other Southeast Asian nations such as Malaysia, Indonesia and Singapore to be ranked among top 10 in the list.

The article says: “Doi moi” economic policy reforms beginning in 1986 have helped Viet Nam transition to a more modern, competitive nation.

Viet Nam's continued efforts to lessen international isolation are evidenced by its membership in the World Trade Organization in 2007 and participation in free trade negotiations with the Trans-Pacific Partnership in 2010. It is also a member of the United Nations, the ASEAN Regional Forum and the Asia-Pacific Economic Cooperation Forum, among other international organizations.

The Best Countries to Invest In ranking draws from the results of a global perceptions-based survey and ranks countries based on the highest scores among nearly 7,000 business decision makers on a compilation of eight equally weighted country attributes: corrupt, dynamic, economically stable, entrepreneurial, favorable tax environment, innovative, skilled labor force and technological expertise.

To determine the overall list, U.S. News & World Report surveyed over 21,000 people worldwide about 80 different countries, measuring them on 65 different attributes, including cultural influence, entrepreneurship, and quality of life.

7. VietnamWood expo attracts large number of foreign exhibitors

As many as 483 exhibitors from 30 countries and regions are joining VietnamWood and Furnitec 2019, the two international fairs displaying woodworking machinery, equipment and accessories under the same roof. The event began today, September 18, at the Saigon Exhibition and Convention Center in HCMC's District 7.

Many leading global suppliers have joined the fair to showcase a variety of manufacturing solutions essential for boosting the local woodworking industry, including the American Hardwood Export Council and the Taiwan Woodworking Machinery Association.

The event organizing board attributed the rising number of suppliers to the expected growth in the local wood industry.

Data from the Vietnam Administration of Forestry show that the country's forestry product exports exceeded US\$7 billion during the year up to August, up over 18% versus the previous year, and accounting for some 26% of total export value in the local agricultural sector.

The United States, Japan, Europe, China and South Korea are five markets that made up 80% of the country's total export turnover. Also, exports of wood and wooden products totaled some US\$6.6 billion.

If the upward trend continues, the local wood industry will reach the Ministry of Agriculture and Rural Development's target of US\$11 billion in export turnover of forestry products for 2019, up US\$1.7 billion against 2018.

According to the organizing board, this year's expo marks a record in the exhibition's floor area, which covers over 25,000 square meters of land, up a staggering 40% versus the year-ago figure.

The number of booths from European exhibitors accounted for over 30% of the expo's total booths, rising by 100 units against last year.

The participation of multiple popular international brands, such as Weinig, Siempelkamp and SCM, is expected to create an optimal business platform for wood and wooden

product operators to find high-quality products and technology to accelerate their businesses.

VietnamWood 2019 was co-organized by the Vietnam National Trade Fair and Advertising Company, trade show organizer Yorkers and the Handicraft and Wood Industry Association of HCMC.

The event will wrap up on September 21, with the number of visitors expected to total 12,000 arrivals.

CORPORATE NEWS

8. CTD: Adjustment of information on purchasing the treasury shares

↑ 0.10%

On September 17, 2019, Cotecons Construction Joint Stock Company announces the adjustment of the purchase of treasury shares from the employees resigned as follows:

- Number of treasury shares before trading: 2,876,127 shares
- Number of registered shares to buy: 86,300 shares
- Purpose: to buy shares to make its treasury shares from the employees resigned.

- Expected trading period: from August 22, 2019 to September 18, 2019

- Trading method: No through trading floor (instead of order matching)

- Purchase price:

+ For stock issuance under ESOP 2016: VND70,000/share;

+ For stock issuance under ESOP 2017: VND40,000/share;

+ For stock issuance under ESOP 2018: VND56,000/share.

9. VietinBank inaugurates headquarters in Laos

↑ 0.24%

Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) on September 17 inaugurated the headquarters in Vientiane of its affiliate VietinBank Laos.

The inauguration ceremony was attended by Lao Deputy Prime Minister and Finance Minister Somdy Duangdy, Lao Minister of Industry and Trade Khemmani Pholsena, Governor of the Lao central bank Sonexay Sithphasay, Governor of the State Bank of Vietnam Le Minh Hung, and many officials of the two countries.

VietinBank began its operation in Laos from February 2012. In August 2015, the Lao branch was officially upgraded to Vietnam Industry and Trade Limited Bank (VietinBank Laos) which operates under the wing of VietinBank.

With commitments to long-term investment and operation in the neighbouring country, VietinBank Laos opened a branch in Champassak province in September 2016.

In his remarks, Lao Deputy Prime Minister and Finance Minister Somdy Duangdy hailed the business outcomes of the bank over the past 7 years. He said the new headquarters will contribute to raising the brand name of the bank, and giving a facelift to Vientiane and Laos in general.

On this occasion, VietinBank presented 100,000 USD to the Lao Government to support victims of Storm Podul in several provinces in central and southern Laos.

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