



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index seen testing 1,000-point level again

The benchmark VN-Index could hover in a narrow range of 998 and 1,005 points, they said.

Having failed to beat the threshold for several times, the index may be able to stay firmly above the level for a while as macroeconomic factors are keeping the market buoyant. Notably, the nation's gross domestic product (GDP) expanded 6.98% in the January-September period this year.

However, the market may come under selling pressure again within the range of 1,000 and 1,005 points. If passing through this range, the VN-Index would enter into an upward trend for the medium term, said Bao Viet Securities Company.

Military Bank Securities Company said in a report that the third-quarter earnings season would start this week and company earnings reports are expected to boost the market's overall performance. Another short-term upside is the possibility of the United States and China reaching a trade deal.

The short-term market uptrend is likely to continue as institutional investors returned last week, helping the VN-Index rise for a third straight week, the report said.

Last Friday, the VN-Index on the Hochiminh Stock Exchange gained 0.72% to close at 997.84. With

three rising and two falling sessions, the index added 0.75% in all of last week.

According to securities companies, investor sentiment improved significantly but just financial stocks benefited. Investors are expecting financial firms to record strong earnings growth in the last quarter of the year.

Among lenders, VCB hit a new record high as it picked up 2.3% to VND82,900. Brokerages with the strongest gains were SSI, BSI and VND.

FTSE last Friday maintained its classification of Vietnam as a frontier market but kept Vietnam on its watch list for possible reclassification as a "secondary emerging market" within the FTSE Country Classification scheme at its next annual review in September 2020.

According to FTSE, Vietnam continues to fail the "Clearing & Settlement: T+2/T+3" criterion, which is currently rated as 'restricted', due to the Vietnamese market practice of conducting a pre-trading check to ensure the availability of funds prior to trade execution.

On the Hanoi Stock Exchange, the HNX-Index ended at 104.77 points, unchanged from the previous session. The northern market index gained a total 0.6% last week.

Macro & Policies

2. Asia stocks mixed; US-China trade talks set to resume

Mainland Chinese stocks were edged up on the day, with the Shenzhen component up 0.89% to 9,548.96 and Shenzhen composite advancing 0.91% to approximately 1,612.26. The Shanghai composite added 0.11% to around 2,932.17.

China's industrial profits for August dropped 2% from a year earlier, according to the country's National Bureau of Statistics. That followed a 2.6% gain in July and a 3.1% in June.

"The pressure is there, it's not just in terms of ... exports," Sian Fenner, lead Asia economist at Oxford Economics, told CNBC's "Street Signs" on Friday. "The investment growth has remained very weak and we've even seen that consumption has actually slowed with what we've been seeing in retail sales."

"It does look we're gonna have another weak quarter and we will need more stimulus," she added.

In Hong Kong, the Hang Seng index slipped 0.3%, as of its final hour of trading.

Japan's Nikkei 225 slipped 0.77% to close at 21,878.90 as shares of index heavyweight and conglomerate Softbank Group fell 1.96%. The Topix index also shed 1.17% to end its trading day at 1,604.25. Shares of Apple supplier Japan Display plummeted 10.45% after the company said Thursday Chinese investment firm Harvest Group would withdraw from a bailout.

In South Korea, the Kospi declined 1.19% to end its trading day at 2,049.93. Australia's S&P/ASX 200 closed 0.58% higher at 6,716.10.

Overall, the MSCI Asia ex-Japan index traded 0.24% lower.

Trade negotiations between the U.S. and China are set to resume on October 10 in Washington,

D.C., three people close to the talks told CNBC on Thursday. Chinese Vice Premier Liu He will be representing the delegation from Beijing, one of the people told CNBC.

The latest development comes as Beijing and Washington remain locked in a tariff fight that has lasted for more than a year, rattled markets and clouding investor sentiment over the global economic outlook.

Meanwhile, shares of semiconductor-related companies in Asia were mixed after Micron announced mixed first-quarter guidance and saw its stock drop as much as 7.75% in extended trade stateside.

Japan's Tokyo Electron dropped 1.89% while Renesas advanced 1.11%. Over in South Korea, Samsung Electronics slipped 1.63% and SK Hynix fell 2.28%. Taiwan Semiconductor Manufacturing Company shares in Taipei rose 1.49%.

Currencies and oil

The U.S. dollar index, which tracks the greenback against a basket of its peers, was last at 99.259 after bouncing from levels below 99.0 in the previous trading day.

The Japanese yen traded at 107.8 per dollar after weakening from levels below 107.5 yesterday. The Australian dollar changed hands at \$0.676 following a decline from levels above \$0.678 seen earlier in the trading week.

Oil prices slipped in the afternoon of Asian trading hours, with international benchmark Brent crude futures shedding 0.86% to \$62.20 per barrel and U.S. crude futures declining 0.6% to \$56.07 per barrel.

3. European stocks higher as trade hopes offset rising US political uncertainty

The pan-European Stoxx 600 rose by 0.4% in early trade, with basic resources adding 1.6% to lead gains as all sectors except utilities, which shed 0.2%, traded in positive territory.

Britain's FTSE 100 led the upward momentum, hitting its highest since August 2 as sterling fell after Bank of England Monetary Policy Committee (MPC) member Michael Saunders said it is "quite plausible" that the central bank's next move is a rate cut.

The index tends to move inversely to GBP on account of the proportion of FTSE 100 companies' profits denominated in dollars.

Investor focus is largely attuned to political developments in the U.S., following the release of a whistleblower complaint against President Donald Trump.

The report, published on Thursday, claimed the U.S. leader abused his office by enlisting the support of Ukraine to interfere in the 2020 U.S. election and that his administration tried to "lock down" records of a conversation between Trump and Ukrainian President Volodymyr Zelensky.

It sets the stage for an impeachment inquiry into the president that was announced by U.S. House of Representatives Speaker Nancy Pelosi earlier in the week.

On the U.S.-China trade front, negotiators on both sides are set to meet in Washington, D.C., on Oct.

10, three people close to the talks told CNBC on Thursday.

In Asia, stocks were mostly lower as fresh data showed China's industrial profits for August fell 2% from a year earlier. MSCI's broadest index of Asian shares excluding Japan dropped around 0.3%.

Back in Europe, political developments closer to home also weighed on investors' minds. European Commission President Jean-Claude Juncker told a German newspaper Friday that Britain would be responsible if a Brexit deal is not found.

U.K. Prime Minister Boris Johnson on Thursday said that tempers needed to be calmed down following furious scenes in Parliament the previous day. His ruling Conservative Party is set to kick off its annual conference in Manchester next week.

Elsewhere, investors will look out for euro zone economic sentiment figures due to be released later in the morning.

No substantial individual stock moves were registered at the start of the session, though mining company Glencore gained 2.4% to top the Stoxx 600 while Swiss valve maker Vat Group slipped 2.5% to the bottom of the blue chip index.

4. Vietnam's FDI inflows reach over US\$26 billion in nine months

Of the figure, US\$10.97 billion was poured into nearly 2,760 new projects, up 26.4% in the number of projects and down 22.3% in terms of the capital year on year.

Approximately US\$4.79 billion was pledged to existing projects, just equivalent to 86.4% of the value from a year ago.

Foreign firms invested US\$10.4 billion in Vietnam during the period through capital contributions and share purchases, representing a year-on-year

increase of 82.3% and accounting for 39.8% of the total registered capital.

The nine-month FDI disbursement was estimated at US\$14.22 billion, up 7.3% year on year, according to the FIA.

Processing and manufacturing remained the most attractive sector to foreign investors during the January-September period, drawing US\$18.09 billion, making up 69.1% of the total FDI pledges. It was followed by property trading at US\$2.77

billion (10.6% of the total) and wholesale and retail at nearly US\$1.4 billion (5.4% of the total).

Among the total 109 countries and territories investing in Vietnam, Hong Kong (China) was the largest investor with US\$5.89 billion, followed by the Republic of Korea at US\$4.62 billion and then Singapore at US\$3.77 billion. Japan overtook

China to rank fourth with a registered capital of US\$3.067 billion.

Hanoi was the largest FDI recipient during the period with US\$6.15 billion, accounting for 23.5% of the total, while Ho Chi Minh City and Binh Duong came second and third respectively with US\$4.52 billion (17.3%) and US\$2.52 billion (9.6%).

5. Vietnam power crunch threatens future economy

Prime Minister Nguyen Xuan Phuc has warned that power shortages could come as soon as 2021, and ordered other officials to speed up stalled plant projects. At stake is the future of an economy that relies on energy-intensive manufacturing, and which is drawing a surge of new international interest because it is seen as a refuge from, and beneficiary of, the US-China trade war.

Vietnam faces a potential energy crisis on two fronts at the same time: in addition to the shortfall of generating capacity government officials are warning about, China has been putting intense pressure on its oil and gas drilling operations at sea. For a country trying to strike a delicate balance between the US and China in diplomacy and the economy alike, Vietnam faces short-term energy choices that will have geopolitical implications for years to come.

“The potential sources of supply from Vietnam’s own domestic oil and gas reserves have met with challenges and delays, whether it’s the financial capacity of the national oil company to develop those resources, or maritime disputes and political tensions,” said Andrew Harwood, research director of the upstream oil and gas team at Wood Mackenzie in Singapore. “There is concern over how Vietnam is going to meet its future energy needs.”

Vietnam has until now relied heavily on coal, fuel oil, and hydropower for its electricity. However, several such projects have been delayed in recent years by bureaucratic constraints or foreign investors’ inability to secure government loan guarantees for their projects. Hanoi in 2016 abandoned a long-mooted nuclear energy programme.

The country is now fast-tracking solar power, studying the large-scale import of liquefied natural gas and looking into importing power from neighbouring countries, according to government officials and industry analysts.

Earlier this month a \$391m solar power farm, south-east Asia’s biggest, began operations in Tay Ninh, southern Vietnam. EVN, the state power utility, said last month that more than 4,000 households had installed rooftop solar power systems over the past three months with a total capacity of 200MW. Another 300MW was due to be added by the end of 2019.

“The rapid growth of the rooftop solar market in 2019 is a sign that the government has embraced a diversification of power generation, with increased emphasis on renewable energy as the solution,” said Gavin Smith, director of clean development with Dragon Capital in Ho Chi Minh City.

However, he added: “It remains to be seen if the rapid growth of renewable energy since 2018 will be enough to head off the risk of power cuts in the next three years.” Power has crimped the growth of other developing economies. South Africa has faced frequent power outages because Eskom, the national utility, has failed to invest enough capacity in recent years to keep up with demand. Demand for electricity in Vietnam is growing by about 9 per cent a year, faster than the economy, which grew by more than 7 per cent in 2018.

In one sign of the sensitivity of the issue, no government representative would speak to the FT on record for this story. However, one official confirmed there were “some risks of electricity shortage in extreme and unexpected

circumstances”, most likely when the reservoirs powering hydroelectric dam projects run low.

Hanoi is pursuing technical fixes to bridge the power gap including increased electricity imports from Laos. Officials have also discussed the possibility of importing power from China, though this would be politically sensitive in a country where anti-Chinese sentiment is widespread, flaring recently because of the tensions at sea.

American companies and officials are promoting LNG as one solution to Vietnam's power needs, selling it in part as a way of reducing the country's record trade surplus with the US, a point of tension with the Trump administration.

However, liquefied gas would not be a quick enough fix to head off the impending energy crunch because Vietnam needs to build onshore facilities for the resource.

Vietnam's ability to exploit its own offshore gas is now in question. Since early July a Chinese survey vessel, the Haiyang Dizhi 8, has been carrying out a survey off Vietnam's southern coast near Lan Tay-Lan Do, a field under development by PetroVietnam and Russia's Rosneft — a move described by the US as “coercion”.

Earlier this month Vietnamese social media was alight with unconfirmed reports that ExxonMobil had given Mr Phuc notice that it was pulling out of Blue Whale, Vietnam's largest offshore gas project.

ExxonMobil, which is selling some of its assets ahead of a planned share buyback, declined to comment on what it called “market rumours or speculation about our business plans”. Vietnam's government spokeswoman Le Thi Thu Hang, citing ExxonMobil's Vietnamese partner in the venture, PetroVietnam, said the project was “being implemented as planned”.

6. Sugar mill fined VND700 million for environmental pollution

The local government recently imposed the hefty fine on Long My Phat Sugarcane, Sugar and Ethanol JSC for discharging untreated effluents into the Cai Lon River, which flows through Long My District and Long My Town in the province.

The river has been severely polluted since March 22. Many pollution indicators, such as biological oxygen demand and chemical oxygen demand, were found to have far exceeded the country's acceptable limits, according to the provincial environment department.

The polluted water surface has resulted in the black color of the river and the foul odor, a representative said in May.

Aside from the fine, the polluter was forced to suspend its operations for four-and-a-half months starting from July 23, and take corrective measures to reduce its pollution impact.

The polluted water has stirred outrage among local residents, who face a shortage of clean water. The incident has killed nearly all the frogs, fish and shrimp farmed by households in the area.

The Cai Lon River is the main source of water for Long My Town, whose water treatment plant uses some 4,000 cubic meters of water from the river to serve 6,000 families living nearby. With the water so heavily polluted, the plant has had to turn to using groundwater.

Corporate News

7. Stock market briefs Sep 26, 2019

↑ 3.54%

HCMC – Vietnam Investments Group (VIG) has registered to sell its entire stake of more than 45 million shares of Gemadept Corporation (GMD), or 15.24% of GMD's total outstanding shares, through its vehicle Vietnam Investments Fund II, L.P. The transaction will be executed between October 1 and 28 via order-matching, put-through or other methods approved by the State Securities Commission of Vietnam, including off-band trading.

HCMC – Bamboo Capital JSC (BCG) approved the divestment of capital contribution from Truong Thanh Dai Nam Security Co., Ltd. BCG holds 40% of the latter's charter capital worth VND30 billion.

HCMC – Nguyen Manh Hung, Chairman of Nafoods Group JSC (NAF), has acquired more than 10.55 million NAF shares, spurring his stake in the firm to over 28.82 million shares, or 51.37%.

HCMC – The State Bank of Vietnam (SBV) has approved Vietcombank's proposal to open 31 new offices nationwide. Though Vietcombank is one of

the country's four largest banks in terms of total assets and outstanding loans, it had only 537 branches and transaction offices in 54 cities and provinces as of late last year, ranking sixth in terms of network size behind Agribank, LienVietPostBank, Vietinbank, BIDV and Sacombank.

HANOI – VNT Holdings JSC, a major shareholder of The Van Cargoes and Foreign Trade Logistics JSC (VNT), has again registered to purchase 4.75 million VNT shares from September 27 to November 25 via order-matching and put-through transactions. VNT Holdings currently owns over 1.35 million VNT shares, or 11.38%.

HANOI – The Hanoi Stock Exchange has allowed PTSC Quang Ngai Petroleum Services JSC to list 30 million shares on the UPCoM under the stock code PQN. In the first six months of this year, its net revenue exceeded VND292 billion, up 9% over the same period last year while its net profit slumped 19% to more than VND6 billion.

8. AAA: BOD resolution on issuing shares under ESOP

↓ -3.19%

The Board resolution dated September 26, 2019, An Phat Bioplastics Joint Stock Company approved the following issues:

1. The Board of Directors approved the price of stock issuance under ESOP 2019 of VND 10,000/share.
2. The Board of Directors approved to plan the stock issuance under ESOP according to the

Resolution of the Annual General Meeting 2019 dated April 16, 2019.

3. The Board of Directors approved the regulation and list of employees in the stock issuance under ESOP 2019.
4. The Board of Directors approved to expect the issue time of the fourth quarter of 2019 after being approved by the State Securities Commission of Vietnam (SSC).
5. The Board of Directors approved the dossier of stock issuance under ESOP 2019.

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