



VIETNAM DAILY NEWS

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Market Analysis

1. Shares recover on improved liquidity

The benchmark VN-Index on the Ho Chi Minh Stock Exchange rose 0.3 per cent to close at 999.59 points.

The VN-Index fell 0.13 per cent on Monday.

More than 210 million shares were traded on the southern bourse, worth VND6.3 trillion (US\$269 million).

Large-cap stocks were the main factor that drove the market up, with the large-cap VN30-Index gaining 0.37 per cent to hit 926.31 points.

Boosting the large-cap basket index were Vietcombank (VCB) (+1.6 per cent), Bank for Investment and Development (BID) (+1.5 per cent), Techcombank (TCB) (+1.7 per cent), VPBank (VPB) (+1.4 per cent), Mobile World Group (MWG) (+1.1 per cent), Bao Viet Holdings (BVH) (+1.2 per cent), Vietinbank (CTG) (+0.7 per cent), Masan Group (MSN) (+0.4 per cent), Vingroup (VIC) (+0.1 per cent) and Viet Nam National Petroleum Group (PLX) (+0.2 per cent).

Securities stocks attracted cash flow and made gains, such as Saigon Securities Incorporation (SSI) (+0.7 per cent), HCM City Securities Corporation (HCM) (+1.9 per cent), Sai Gon-Ha Noi Securities JSC (SHS) (+2.4 per cent) and Bao Viet Securities Company (BVS) (+1.8 per cent)

On a basis sector, insurance, real estate, securities, banking, wholesale, information and technology, agriculture, seafood processing, construction, construction material and retail were the gaining sectors on Tuesday, data on vietstock.vn showed.

On the Ha Noi Stock Exchange, the HNX-Index was up 0.76 per cent to end at 105.85 points.

The northern market index rose 0.27 per cent on Monday.

Nearly 33 million shares were traded on the northern market, worth VND605.3 billion.

According to Bao Viet Securities Company (BVSC), the market is forecast to head toward the resistance zone of 1,000-1,005 points next session, where previously the index reversed direction to decrease with strong selling pressure.

“However, we expect that the market will soon break this resistance zone and head toward stronger resistance. In a positive scenario, we forecast that the index will successfully break this resistance zone in several sessions and approach 1,014-1,024 points. In this zone, correction pressure may possibly push the market back to 1,000 points,” BVSC said in its daily report.

Listed companies are expected to disclose Q3 estimated profit in October. Sectors expecting positive profit in this quarter include banks, retail sales, real estate, electricity, natural rubber, and tyre rubber.

According to BVSC, stock exposure should be maintained at 45-50 per cent of the portfolio.

Investors with high stock exposure should lower stock exposure to a safe ratio during market rallies. If the market can break the resistance zone of 1,000-1,005 points, investors may cover previously sold positions or open new buying positions to raise stock exposure during market corrections.

Macro & Policies

2. WB, Switzerland support Vietnam's efforts to enhance banking sector

Specifically, the World Bank will provide technical assistance to implement reforms laid out under the Banking Restructuring Plan 2016-2020 and the subsequent 2025 Banking Sector Strategy.

“A healthy banking sector, which is the largest segment of Vietnam's financial system, is fundamental to the country's sustainable economic growth. By bringing in world-class expertise in banking sector development, we hope that we can support SBV in successfully implementing the structural reforms they are committed to deliver”, said Ousmane Dione, WB Country Director for Vietnam.

Challenges of the banking sector include issues of asset quality, weak capitalization and regulatory constraints that inhibit further investment in the sector. In addition, Vietnamese banks have higher overheads and provision more for non-performing loans. The sector is being revamped toward a more market-oriented sector, underpinned by

international standards, and stronger financial stability monitoring.

The WB will work with SBV to strengthen the legal and regulatory framework for the banking sector, especially the Law on Credit Institutions and the implementation of the National Assembly Resolution No.42/2017/QH14 on settling bad debts.

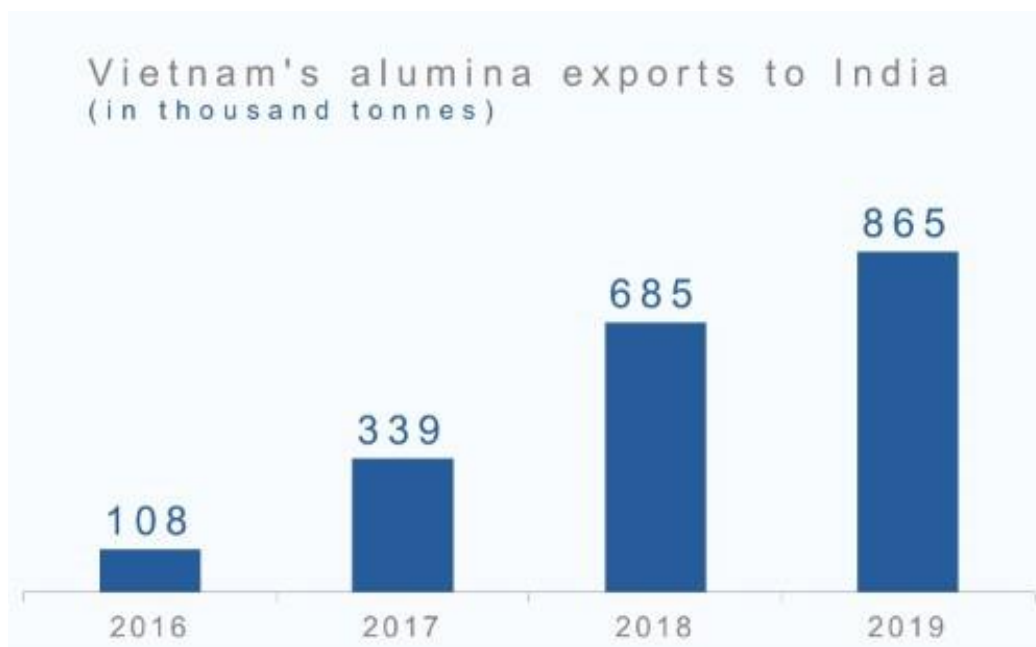
The project will also help the SBV better anticipate and withstand shocks, improve the supervisory capacity in line with international standards and good practices, support the development of a debt market, and build the capacity of the Vietnam Asset Management Company to properly manage underperforming assets.

This grant is part of the broader US\$8 million Strengthening Banking Sector Soundness and Development Program provided by Swiss State Secretariat of Economic Affairs (SECO) and administrated by the World Bank.

3. Vietnam's alumina exports to India likely to record a steady growth of 26% in 2019

Since, Vietnam's lion share of total exports go to India, let us here analyse how it has been performing over the years. According to the international export-import data, Vietnam in 2019 is expected to ship 865,433 tonnes of aluminium raw material to India, up 26.15 per cent from 685,995 tonnes in 2018. In fact, as per the

available data, Vietnam's alumina exports to India had been recording a steady growth over the years. In 2017, the country's export volume had pegged at 339,459 tonnes after recording a rise of 211 per cent from 108,989 tonnes in 2016, while in 2018, it grew by 102 per cent over the year.



Also, Vietnam reportedly generates maximum revenue from alumina exports to India, compared with the shipments to other countries. The global export-import data shows Vietnam in 2019 is expected to yield revenue of US\$91 million from alumina exports to India.

In December 2017, Emirates Global Aluminium (EGA), one of the world's largest aluminium

producers, had signed a three-year alumina supply agreement with Vietnamese state-owned miner Vinacomin as the UAE sought to secure feedstock for its smelters. As per the agreement then, EGA would receive 300,000 tonnes of alumina per year, the first such long-term supply deal between the UAE and a Vietnamese alumina producer.

4. Online consumer goods spending grows fastest of all shopping channels

From June last year to June this year, online spending of FMCG (non-durable goods that sell quickly such as such as beverages, cosmetics and fresh food), grew highest at 91 percent compared to a year earlier, according to a report by market research firm Kantar Worldpanel.

Growth in convenience stores followed at 36.3 percent, and specialty stores 14.3 percent, said the report, which uses data from Hanoi, Ho Chi Minh City, Da Nang City and the southern Can Tho City.

Spending in street shops, although accounting for over half of spending in all channels, declined by 1.1 percent in the period.



Average spending per trip online outnumber that of street shops. Although about 99 percent of shoppers go to street shops against 25 percent online, average spending per trip at street shops is

lowest among all channels at VND92,000 (\$4), while that of online is highest at VND356,000 (\$15).



About 82 percent of spending growth in cosmetics come from online channel alone, while 45 percent of that in soft drinks came from convenience stores.

Street shops account for 55 percent of FMCG spending this year, but will fall to 51 percent in 2025. However, online will rise from current 2 percent to 6 percent, and convenience stores from 5 percent to 8 percent, in the same period, Kantar Worldpanel said.

"Online, convenience stores and specialty stores will continue leading the future growth. 60 percent of Vietnamese urban households will shop FMCG online by 2025."

This means that brands should not only focus on key shopping channels such as street shops and supermarkets but also need to pay attention to growing channels (online and convenience stores) that bring incrementality to the business, it added.

Vietnam has seen increasing expansion of e-commerce players in recent years with the majority of the population are internet users.

E-commerce websites' traffic growth in Vietnam in the first half of the year was the second highest in Southeast Asia at 11 percent year-on-year, behind Indonesia at 14 percent, said a recent report by Malaysia-based market research firm iPrice.

Five of the top ten most visited e-commerce sites in Southeast Asia are Vietnam-based, showing the potential of Vietnamese e-commerce companies in competing with international players, the report said.

Online sales rose by 30 percent from 2017 to \$8 billion last year, according to the Ministry of Industry and Trade.

5. Vietnam targets digital economy to account for 20% of GDP by 2025

Vietnam has set a goal of increasing the share of the digital economy in its GDP to 20% by 2025 and the ratio is set to reach 30% by 2030, local media cited the latest resolution of the Politburo of the Communist Party on making use of the Industrial Revolution 4.0.

The resolution raises the broadband Internet coverage to 100% (accessible by all communes) from now to 2025.

By that time, Vietnam will also become one of the three leading ASEAN countries in terms of global innovation index. The country's digital infrastructure will reach advanced level of ASEAN region.

The performance of the above-mentioned indicators must achieve breakthroughs in the next five years. Accordingly, Vietnam expects to be

among 40 countries with the best Global Innovation Index (GII) ranking, and 5G mobile network will cover the whole country, all people will be able to access broadband Internet with low cost.

The resolution also sets the soon completion of digital government building, the creation a number of smart urban chains in key economic regions, step by step connecting them to the regional and global smart urban network by 2030 and becoming of the leading hubs for startups and innovation in Asia by 2045.

To achieve the goals, the resolution asks agencies to devise a series of guidelines, including design and realization of a national strategy on development of tech companies, giving priority to the development of digital and high-tech businesses.

6. Viet Nam's PMI falls to 50.5 in September

According to the latest survey released by Nikkei and IHS Markit on Tuesday, the reading was down from 51.4 in August, down for the second month in a row.

"The initial signs of a slowdown which we noted last month strengthened during September as demand waned again. Manufacturers responded to softer inflows of new work by bringing the

recent period of output growth to an end and showing a reluctance to take on extra staff and purchase inputs. Concerns about demand conditions were also evident in relatively weak sentiment data," Andrew Harker, Associate Director at IHS Markit, said.

"The latest PMI figures show that while the Vietnamese manufacturing sector has been one of

the best performers globally in recent months, the slowdown in global trade flows amid trade tensions between the US and China is starting to impact firms negatively as we enter the final quarter of 2019,” Harker added.

Vietnamese manufacturing production dipped in September amid a further slowdown in the rate of new order growth, the report said, adding employment levels were also down slightly and business confidence was low.

Signs of weakening demand conditions meant a continued lack of pressure on prices. Input costs were up only marginally, while output prices fell again.

A slowdown in new order growth was seen at the end of the third quarter, with the latest modest increase the softest since August 2016. Weaker customer demand was mentioned by a number of respondents. This was also the case in international markets as new export orders rose at a slower pace.

Weaker growth of new business resulted in a slight fall in manufacturing production, the first in two years.

Staffing levels were also reduced at the end of the third quarter, ending a three-month sequence of job creation. Employee resignations were reported to have contributed to the fall. Reduced operating capacity meant firms were sometimes

unable to complete orders during the month, leading to a modest increase in work backlogs.

Lower output requirements discouraged input buying in the sector, with growth in purchasing activity slowing to near-stagnation. Stocks of both purchases and finished goods also increased marginally.

Price reductions by some suppliers attempting to secure new business meant the rate of input cost inflation remained muted in September. Input prices rose marginally, and at a much weaker pace than the series average.

A lack of pressure from input costs allowed manufacturers to offer price reductions to customers to stimulate demand. Output prices decreased for the 10th month in a row. Although the latest reduction was slight, it was the most marked since June.

Suppliers' delivery times lengthened for the second month running, with delays sometimes linked to shortages of materials at vendors.

Business sentiment deteriorated for the second successive month in September. While firms generally remained optimistic of a rise in production over the coming year, confidence was the lowest since August 2018 and the second-weakest since future expectations data were added to the survey in April 2012. Worries about market demand were behind reduced sentiment, according to respondents.

Corporate News

7. DBD: Change of personnel

↑ 0.00%

Binh Dinh Pharmaceutical and Medical Equipment
Joint Stock Company announced personnel change
as follows:

- Mr. Nguyen Ngoc Dung was appointed as
Deputy CEO in 05 years as October 01, 2019.

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