



VIETNAM DAILY NEWS

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Market Analysis

1. Shares subdued as market shakes

The benchmark VN-Index on the Ho Chi Minh Stock Exchange slid 0.05 per cent to end Tuesday at 993.05 points.

Some 180 million shares worth more than VND4 trillion (US\$171 million) were traded on the southern market.

The VN-Index rose 0.17 per cent to close Monday at 993.57 points.

Many large-caps were strongly hit as selling pressure increased, including Vinhomes (VHM) (-1.7 per cent), PetroVietnam Gas JSC (GAS) (-0.8 per cent), Sabeco (SAB) (-0.7 per cent), Vinamilk (VNM) (-0.2 per cent), Bao Viet Holdings (BVH) (-0.6 per cent), Hoa Phat Group (HPG) (-0.5 per cent), FPT Corporation (FPT) (-0.5 per cent) and Military Bank (MBB) (-0.4 per cent).

However, the rally of Mobile World Group (MWG), Vincom Retail (VRE), Vietjet Air (VJC), Masan Group (MSN), Vingroup (VIC), Bank for Investment and Development (BID), Vietcombank (VCB), VPBank (VPB) and Techcombank (TCB) helped narrowed indexes' lost.

FLC Faros Construction Joint Stock Company (ROS) on Tuesday continued to attract cash flow and increased significantly after the information that Bamboo Airway might list shares on the stock market in 2020. ROS hit the daily limit rise of 7 per cent for two straight sessions.

Twelve of the top 30 shares by market value and liquidity gained value and 15 lost. The other three remained unchanged.

By sector, insurance, securities, oil and gas, healthcare, agriculture, information and technology, seafood processing, and construction material were the losers.

Those sectors lost between 0.29 and 1 per cent.

On the Ha Noi Stock Exchange, the HNX-Index dropped 0.03 per cent to end Tuesday at 106.01 points.

Some 31 million shares worth VND476 billion were exchanged.

The HNX-Index rose 0.74 per cent to end Monday at 106.05 points.

Foreign investors net sold VND159.13 billion on the HOSE, including Vingroup (VIC) (VND83.28 billion), Vinamilk (VNM) (VND36.94 billion) and Hoa Phat Group (HPG) (VND26.78 billion). Foreigners were net buyers on the HNX with a value of VND139.22 billion.

According to BIDV Securities Co (BSC), the market had a gloomy session when foreign investors returned to strong net selling on the HOSE.

“The excitement from the US-China agreement has been replaced by concerns that the Chinese side wants to negotiate more before officially signing,” BSC said.

Bao Viet Securities Co (BVSC) forecast that VN-Index will continuously fluctuate with alternative ups and downs in a trading range between 980-983 points and 998-1004 points.

“The market will continuously experience a wide divergence among stock sectors, depending on Q3 business results. We forecast that the following sectors will achieve positive profit in Q3, including banks, retail sales, real estate, electricity, natural rubber, and tyre rubber. Investors with high cash proportion should buy these stocks at their corrections,” BVSC said.

Macro & Policies

2. Vietnam hopes for stronger economic links with UAE: minister

Minister of Industry and Trade Tran Tuan Anh affirmed Vietnam's wish to promote the friendship and economic, trade and investment ties with the UAE while addressing a business forum between the two countries in Hanoi on October 15.

The event was part of a visit by UAE Minister of Economy Sultan bin Saeed Al Mansouri, along with some trade promotion organisations and nearly 20 major businesses of the Southwestern Asian nation.

In his speech, Minister Anh said the Vietnamese Government always welcomes and is ready to create the best possible conditions for foreign companies, including those from the UAE, to make investment and do business.

He called on the two business communities to coordinate closely with government agencies of Vietnam and the UAE to better grasp opportunities and foster economic, trade and investment partnerships.

Statistics show that bilateral trade has been growing strongly, reaching 5.67 billion USD in 2018, up 1.3 percent year on year. The figure is estimated at 4.26 billion USD in the first nine months of 2019, down slightly from the same period of 2018.

Anh said Vietnam has a number of competitive products with stable quality and prices like textile-garment, wood products, mobile phones, computers, electronic devices and footwear, which also have much export potential in Arabian and

Gulf countries. For its part, the UAE is known for liquefied chemicals, animal feed and consumer goods, for which Vietnam also has great demand.

Vietnam, with a stable economic expansion of 6.5 – 7 percent and a double-digit export growth rate, is an emerging market and also an opportunity for foreign businesses, including UAE firms, to capitalise on, the official noted.

To boost bilateral relations, he asked UAE enterprises to consider investing in such fields as energy infrastructure, logistics, oil and gas, renewable energy, energy saving, chemical industry, supporting industries, agricultural product processing and industrial park building in some potential economic zones of Vietnam like the Central Highlands, the south-central region, and the southwestern region.

At the forum, Minister Mansouri highly valued the potential of the Vietnamese market and business chances here, adding that the country's membership in many free trade agreements will generate chances for UAE firms not only in Vietnam but also in larger markets when they invest and do business in the Southeast Asian nation.

He said it is necessary for both sides to keep close coordination in facilitating trade and connecting the two countries' businesses to promote bilateral friendship and cooperation.

At the forum, the two ministers witnessed the signing of various cooperation agreements between Vietnamese and UAE enterprises./.

3. Vinh Phuc: ideal destination for foreign investors

The northern province of Vinh Phuc has been an ideal destination for investors thanks to its geographical location and preferential policies for investment attraction.

Over the years, Vinh Phuc has been focusing on luring foreign direct investment (FDI), and this

year the province has been sending delegations overseas to promote investment.

In September this year, the locality coordinated with the Vietnamese embassies in the Netherlands and the US to organise seminars introducing

investment and cooperation opportunities in Vinh Phuc.

As of July this year, Vinh Phuc had drawn 362 FDI projects from 17 countries and territories with a total investment of over 4.8 billion USD, ranking 19th out of the 63 localities nationwide in FDI attraction.

Currently, the province is home to two US-funded projects in the processing-manufacturing sector with a combined capital of 15.6 million USD.

The province is calling for more investment to automobiles, electronics, support industries, technology agriculture, new materials, renewable energy, tourism, education-training, healthcare, the environment, and smart city development.

Along with promoting investment activities, the locality has also concentrated on improving the quality of the local administration through administrative reform, enhancing the provincial competitiveness index, developing a smooth, transparent and attractive investment environment, and creating optimal conditions for all economic sectors to operate in.

The province has also completed infrastructure in industrial parks and clusters, while speeding up ground clearance to hand over the ground to investors in Thang Long Vinh Phuc industrial park, Sections A and B of Tam Duong II industrial park, as well as Phuc Yen, Chan Hung, Lap Thach, Song Lo, and Tam Duong I industrial parks.

Meanwhile, the local administration has dealt with the difficulties and obstacles facing businesses to help them boost production. Regular meetings between leaders of the provincial People's Committee and local firms have been held with the same purpose.

With its comprehensive efforts, Vinh Phuc has seen good results in FDI attraction. As of the end of September 2019, local industrial parks were

home to 343 projects, including 283 FDI ones worth over 3.76 billion USD.

The Republic of Korea is the leading foreign investor of Vinh Phuc in terms of both project number and capital. Many major firms from the Republic of Korea as well as multinational businesses are operating in the province, including Patron, Heasung Vina, Interflex, Bangjoo, Cammsys, Toyota, Honda, and Sumitomo.

According to the Vinh Phuc Industrial Park Management Board, in the first nine months of 2019, local industrial parks drew 53 new FDI projects. Together with capital poured into 38 ongoing projects, so far this year, the parks have lured 612.35 million USD, reaching 219 percent of the yearly target.

At the same time, the parks have wooed over 2.66 trillion VND for eight new and four ongoing domestic projects, equivalent to 190 percent of the goal for the whole year.

Binh Xuyen district is the leading locality in the province for investment attraction. The district is home to seven industrial parks with a total area of nearly 1,900 hectares, namely Binh Xuyen, Binh Xuyen II, Ba Thien, Ba Thien II, Thang Long Vinh Phuc, Son Loi and Nam Binh Xuyen. The parks are home to about 200 projects worth 2.11 billion VND, mostly in garments and textiles, electronic accessories, automobile and motorbike assembly, brick and steel production. The projects employ more than 35,000 labourers.

In Thang Long industrial park alone, 11 Japanese firms are operating with a combined capital of 200 million USD.

Thanks to the province's endeavors to complete infrastructure in industrial parks and a transport system connecting them, as well as efforts to improve the business environment and reform administrative procedures, Vinh Phuc has become more popular among foreign investors.

4. Mekong Delta province enjoys boom in agrotourism

The Mekong Delta province of Dong Thap is emerging as an agrotourism destination with its increasing adoption of advanced farming models

to breed fish and grow rice, tropical fruits, vegetables and flowers.

Ngo Quang Tuyen, deputy director of the provincial Department of Culture, Sports and Tourism, said the province had huge potential for agrotourism, which has already grown sharply in recent years.

Many owners of orchards and flower gardens and lotus fields offer tourism services, resulting in diversifying the province's tourism products, Tuyen said.

Agrotourism and community-based tourism enable sustainable economic development, he said.

In recent years the province has increasingly adopted advanced farming models to grow flowers and ornamental plants in greenhouses, grow mango to Vietnamese and global good agricultural practice standards, grow rice to clean product standards and breed tra fish to quality standards such as VietGAP and global GAP, according to the province's Department of Agriculture and Rural Development.

The largest tra fish producer in the delta, Dong Thap has 2,450 hectares of ponds which yield more than 470,000 tonnes a year.

The province also tops in area under mango with around 9,300 hectares, and produces more than 100,000 tonnes a year.

As the country's third largest rice producer, it has 520,000 hectares under the grain and produces 3.3 million tonnes of paddy a year.

Sa Dec flower village in the province's Tan Quy Dong ward grows more than 2,000 varieties of flowers on an area of 520ha.

The flower village welcomed more than one million visitors last year, including 40,000 foreigners.

Thap Muoi lotus fields, a popular agrotourism site, gets more than 10,000 visitors a month, mostly from HCM City.

Mango and longan orchards at Tan Thuan Dong tourist village in Cao Lanh town received more than 3,000 foreign tourists and 25,000 local visitors in the last two years.

Eight mandarin orange orchards in Lai Vung district received 75,000 tourists in the last three years, earning 24 billion VND (1.03 million USD) by providing them various services.

The Ecology Farming Corporation (Ecofarm) has invested in a hi-tech farm in Thanh Binh district with a 30,000-sq.m greenhouse for growing melon and several varieties of flowers. The farm has also invested in agrotourism.

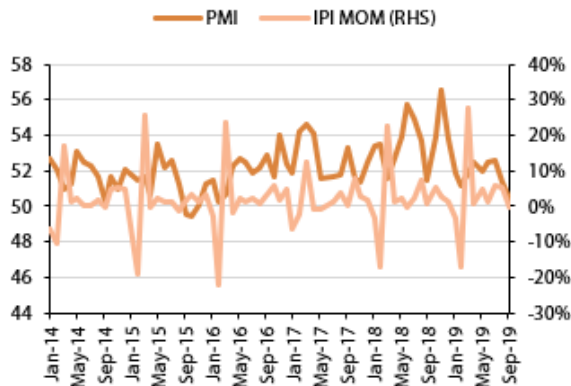
Nguyen Hong Quang, its chairman, said at the farm tourists get first-hand experience of farming work and taste fresh fruits and other agricultural produce besides delicious local foods./.

5. Expert warns of impact of Vietnam's slowing industrial activities on GDP growth

Vietnam's headline PMI from Markit's survey and month-on-month IPI indicated slowing industrial activities in September, potentially causing negative impacts on GDP growth in the remaining

months of the year, according to Viet Dragon Securities Company (VDSC).

Figure 1: Slowing total industry activities in September versus in August

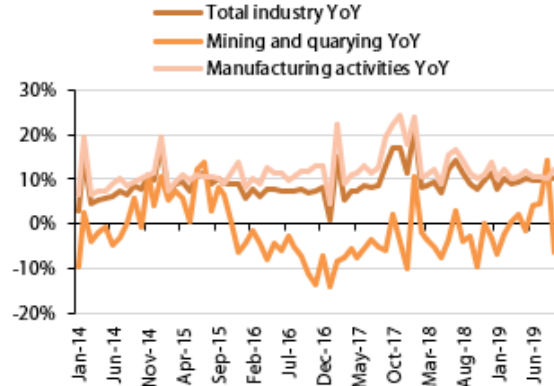


Source: Markit, GSO, Rong Viet Securities

This was despite the fact that Vietnam's economy grew strongly in the third quarter, making nine-month GDP growth recording its best reading in nine years at 6.98%.

Total industry (including mining and quarrying, manufacturing activities, production of electricity and gas, water supply, sewerage, waste management and remediation activities) peaked in July and August. During this period, although mining and quarrying activities continued to decline, total industry still maintained its pace thanks to manufacturing activities. Manufacture of

Figure 2: Total Industry is still positive in September compared to the same period last year

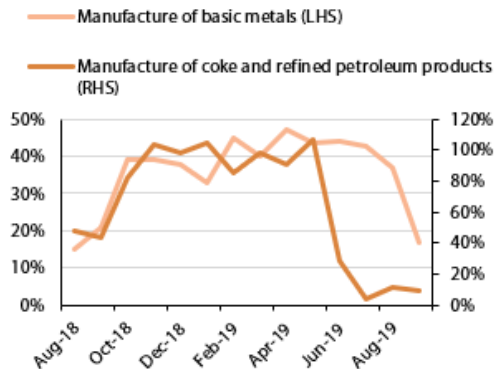


Source: GSO, Rong Viet Securities

computer, electronic and optical products contributed significantly. At the same time, there was a strong pick up in export of phones and parts in the third quarter.

In September, total industry grew 10.2% year-on-year. Although mining and quarrying slid 6.6%, manufacturing activities advanced 12.3% year-on-year in September.

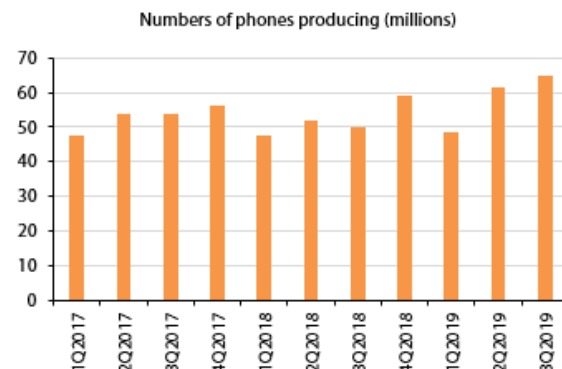
Figure 3: Contribution of manufacture of oil refinery and basic metal has decreased since June



Source: GSO, Rong Viet Securities

According to VDSC, a decrease in PMI and IPI MoM in September were not a big concern now due to a high industrial activities in August. Moreover, the GDP growth in the third quarter was still positive. However, the brokerage suggested the

Figure 4: Phone production activities picked up in 3Q2019



Source: GSO, Rong Viet Securities

government watch closely these two indices. Because the last time IPI m-o-m fell and PMI were this low, GDP growth rate of the first and second quarters in 2016 was only about 5.5%.

Furthermore, manufacturing activities from the Nghi Son refinery and Formosa steel mill in central Vietnam bolstered headline results in the first half of 2019. However, Samsung manufacturing activities replaced these two to contribute the most in the third quarter, mainly because the South Korean tech giant released new products during this period.

Hence, as the contribution of Nghi Son and Formosa will not be as significant in the fourth quarter as in the first half of the year, October data is expected to give more clues on whether Samsung can keep its pace or what kind of activities are going to support total industrial activity in the final quarter of 2019, stated VDSC.

6. Japanese investors continue to seek opportunities in Vietnam

Hideyuki Okada, chairman of the Japan Chamber of Commerce and Industry in Vietnam (JCCI) in HCMC, said that Japanese investment in Vietnam has been on the upswing for years and is expected to rise further in the future.

The adequate workforce, political stability and large market have prompted Japanese investors to prioritize investments in Vietnam, compared with other ASEAN countries, the chairman said on the sidelines of a dialogue on October 15 in Binh Duong Province.

Apart from advantages for export activities thanks to multiple free trade agreements between Vietnam and other nations, the country's thriving market of nearly 100 million people is considered highly favorable by Japanese investors.

Accordingly, the JCCI representative claimed that the influx of Japanese investment in Vietnam would rise sharply compared with other countries.

However, he voiced concern over the poor production infrastructure in some localities seeking to attract new investment.

A score of Japanese firms are pouring funds into the southern province of Binh Duong, but many parts of the province have little land left for manufacturers, he added.

Recently, multiple Japanese tech giants such as Panasonic, Sharp Manufacturing and Nitto Denko have expanded their operations in the province. As a result, manufacturers in supporting industries will set up shop there to supply parts to these tech firms. Therefore, Binh Duong should expand or develop more industrial zones to meet the rising demand for production among firms.

Japan is among the 64 countries and territories developing the most projects in Binh Duong Province. The country has 304 projects with total registered capital of US\$5.65 billion in the province, accounting for 16.2% of the province's total registered foreign investment capital.

Japanese investors have mainly poured capital into the production of electronic accessories, automobile assembly and manufacturing and supporting industries. Many others have also invested in the infrastructure, urban development, trade and service sectors.

Speaking at the conference, Binh Duong Chairman Tran Thanh Liem said that the conference was a good opportunity for provincial leaders to meet with foreign investors to listen to their opinions and proposals and work out solutions to their obstacles, making conditions favorable for these enterprises to boost their production and business activities in the province.

Liem also directed provincial departments and agencies to quickly remove obstacles hindering Japanese investors and all enterprises operating in Binh Duong as a whole, adding that the province appreciates the enterprises' contributions to the province's development and will continue to be an attractive investment destination for both domestic and foreign investors.

According to the Foreign Investment Agency at the Ministry of Planning and Investment, as of September 20, the country had attracted nearly 29,900 projects, with total registered capital of US\$357.65 billion, from 132 countries and territories. Japan was Vietnam's second largest investor with US\$60.36 billion, accounting for 16.9% of the total, after South Korea with US\$65.77 billion.

Corporate News

7. Stock market briefs Oct 15, 2019

↓ -1.96%

HCMC – The State Securities Commission has imposed a fine of VND70 million on Damsan JSC (ADS) for violating the regulations on information disclosure. ADS was found not to release information as regulated.

HANOI – Ben Tre Pharmaceutical JSC (DBT) will close its shareholder list on October 31 to pay a 2019 cash dividend of 10%. With its outstanding 13.53 million DBT shares, the firm will spend some VND13.5 billion on dividend payment. The payment date is slated for November 25. DBT targets VND725 billion in revenue and VND30.7 billion in before-tax profit this year.

HANOI – TNG Investment and Trading JSC (TNG) has reported that its third quarter after-tax profit soared 28% year-on-year to a record high of VND81 billion. Between January and September, the firm made some VND3.5 trillion in net

revenue, up 31% year-on-year, and over VND174 billion in net profit, up 34%. The rise was attributable to its restructuring plan.

HCMC – Vietnam Mechanization Electrification and Construction JSC (MCG) will divest over 2.68 million shares from Meco Electricity Development and Investment JSC to cut its ownership to 225,000 shares, or a 5% stake.

HCMC – Phat Dat Real Estate Development Company (PDR) has won a tender to own a land lot covering over 5,200 square meters with a value of VND126.5 billion on Ngo May Street in Quy Nhon City. A source from the Binh Dinh government said that the firm will team up with AKYN Service Trading Investment JSC and 559 Investment JSC, the owner of Fusion Maia Resort in Danang City, to develop a five-star hotel project at the land lot, which is considered the most beautiful site in the city.

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