



# VIETNAM DAILY NEWS

October 21<sup>st</sup>, 2019



Table of content

## Table of content

1. Market to move sideways next week
2. Vietnam, UAE look towards sustainable trade and investment development
3. Measures sought to address renewable energy overcapacity in Ninh Thuan
4. Japan adopts new forms of assistance to Vietnam to suit the new situation
5. China officially opens door to Vietnamese milk
6. Vietnam allocates US\$4.7 billion for Phase 1 construction of new mega airport
7. Universal Robots commits to Vietnamese market
8. Phu Nhuan Jewellery sees profit up 17 per cent in Q3
9. SCS: Adjustment to the result of ESOP

## Market Analysis

### 1. Market to move sideways next week

The benchmark VN-Index on the Ho Chi Minh Stock Exchange slid 0.06 per cent to close at 989.20 points, totalling a weekly loss of 0.27 per cent.

On the Ha Noi Stock Exchange, the HNX-Index edged down 0.55 per cent to end Friday at 105.48 points. The index had risen 0.21 per cent on a weekly basis.

An average of 213.9 million shares was traded on the two exchanges last week, worth VND4.3 trillion (US\$183 million).

According to Ngo Quoc Hung, senior analyst at MB Securities Co's market strategy department, thinking positively, the Vietnamese market will keep its upward trend with slight fluctuations.

"Liquidity may remain below VND3 trillion on the HOSE," Hung told news site [tinnhanhchungkhoan.vn](http://tinnhanhchungkhoan.vn).

Listed companies were publishing their third quarter earnings reports, which could lead to a divergence among stock. Foreign investors had reduced their net selling and switched to net buying in the past week, Hung said.

He said: "Technically, the VN-Index is in the accumulation stage so the index may fluctuate in a narrow range before a clearer trend appears."

Global economic growth was slackened due to trade conflicts, instability around the Brexit agreement and uncertainties of trade policies, Hung said.

Last week, the International Monetary Fund (IMF) lowered its forecast for world economic growth in 2019 to 3 per cent. Therefore, central banks around the world continue to lower interest rates, he said.

On the stock market, whenever economic data deteriorated, investors tend to expect central banks to cut interest rates further to prevent

worse economic downturn. Therefore, whenever interest rates are cut, the stock markets go up, Hung said.

"In general, the main trend of the market in October is fluctuating in a narrow range. VN-Index is in the "sideway" phase, which is usually the most time consuming period in the financial market," said Nguyen Anh Khoa, head of Market Analysis and Investment Advisory at Agribank Securities Co (Agriseco).

The market might still keep following this path for a while and wait for a change that could draw a new trend for stocks.

"In recent months, the Vietnamese stock market had not been affected much by the developments of international fluctuations," Khoa said.

According to Phan Dung Khanh, director of investment consultancy at Maybank Kim Eng Securities, the market remained short on cash flow. Foreign investors kept net selling, so large-cap stocks and major sectors were not supported and could not maintain the upward momentum.

"Therefore, it is difficult to have a positive upward trend in the near future," Khanh said.

"However, the VN-Index still has the ability to conquer the 1,000-point landmark but the index may find it difficult to maintain this level," Khanh said.

The National Bureau of Statistics of China (NBS) on October 18 said in the third quarter of 2019, the country's economy grew by 6 per cent, the lowest level since March 1992. The Chinese economy continues to decelerate sharply under the pressure of the trade war with the US.

According to Bao Viet Securities Company (BVSC), the record low growth rate shows the prolonged recession and the US-China trade war have seriously affected the production and exports of the world's second largest economy.

Beijing has set a target of 6-6.5 per cent for 2019 economic growth. With the slowdown, the Chinese economy is likely to reach the lower end of the target range. Beijing has boosted its support for the economy with tax cut, interest rates reduction and foreign investment restrictions on the stock market.

In the latest measure to support growth, the People's Bank of China (PBOC) on October 16 said

it injected 200 billion yuan (US\$28 billion) into the financial system through a medium-term lending mechanism for banks, in order to maintain liquidity in the market.

However, experts believe these efforts were not enough to compensate for the decline in domestic demand, BVSC said.

## Macro & Policies

### 2. Vietnam, UAE look towards sustainable trade and investment development

Phu made the appeal at a trade and investment forum between Vietnam and UAE held by VIETRADE and the Vietnam Chamber of Commerce and Industry (VCCI) in Ho Chi Minh City on October 17.

VIETRADE Director Vu Ba Phu said that total import and export revenue between Vietnam and UAE reached over US\$4 billion in the January-September period, including nearly US\$4 billion worth of Vietnam's export revenue to UAE, up 2.23% over the same period last year.

Vietnam has become the largest trade partner of UAE in Southeast Asia and UAE is also the largest partner of Vietnam in Middle East.

According to Deputy Director of VCCI in Ho Chi Minh City, Tran Ngoc Liem, trade cooperation between Vietnam and UAE has expanded rapidly but not sustainably and has yet to match the

potential of both countries. Vietnam wishes to penetrate the Middle East and African markets through UAE enterprises, Liem said.

In addition, Vietnam hoped UAE enterprises will invest in Vietnam through securities investment for a sustainable trade and investment development, Liem noted.

Undersecretary for Foreign Trade and Industry of the UAE Ministry of Economy, Abdullah Al Saleh, said that UAE has strengths in infrastructure, technology, and logistics services in addition to many incentives for FDI enterprises. UAE is also an intermediary place to transport goods to many regions in the world, he added.

He expressed his hoped that through the forum, business community of both sides will find out areas of common interest to open up business opportunities.

### 3. Measures sought to address renewable energy overcapacity in Ninh Thuan

The province currently has 18 wind and solar power projects with a total capacity of 1,180MW but the transmission system can only handle 800MW, forcing 10 plants to cut their capacity by up to 60%.

Ninh Thuan Chairman Luu Xuan Vinh stated that as of June 30, 2019, about 23.2 million kWh were curtailed, causing a loss of VND479 billion (US\$20.6 million) to wind and solar farm investors.

He added that most of the 110kV and 220kV transmission projects currently under construction are falling behind schedule while additional transmission capacity included in the Power Scheme VII will not be carried out until after 2020.

In order to address the issue, Ninh Thuan suggested approving a proposal by Trung Nam Group to build a solar farm combined with a transmission system, which will be transferred to

the state utility EVN once completed without asking for the return of investment costs.

The province also proposed that the government approve the inclusion of the 6,000MW Ca Na Power Centre to the national power plan for the 2011-2020 period.

Furthermore, Ninh Thuan asked for the approval to change the land use purpose for the forests where a number of transmission projects are being constructed by the province.

Speaking at the working session with provincial leaders, Deputy PM Trinh Dinh Dung said he recognised Ninh Thuan's efforts to develop renewable energy and noted that province need to make plan carefully, ensure a balance in power generation and transmission so as not to waste investors' resources.

He also asked the relevant ministries and agencies to submit adjusted plans to the government for

approval and urged EVN to work with other investors to build transmission infrastructure linking the power plants with the national grid.

The Deputy PM promised that the government will soon give instructions on addressing the issues put forward by Ninh Thuan province.

#### **4. Japan adopts new forms of assistance to Vietnam to suit the new situation**

The remark was made by Chief Representative of the Japan International Cooperation Agency (JICA) in Vietnam Konaka Tetsuo at a mid-term press conference in Hanoi on October 17.

According to the JICA official, Vietnam is maintaining an outstanding pace of growth in the context of drastic changes in the global political and economic situation.

He went on to say that Vietnam's macro-economic growth has been relatively stable since the beginning of this year.

The enactment of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in early 2019 and the signing of the EU-Vietnam Free Trade Agreement (EVFTA) and the EU-Vietnam Investment Protection Agreement (EVIPA) in June 2019 have boosted Vietnam's integration into the global economy, he said.

Furthermore, the relations between Vietnam and Japan has continued to thrive over recent times thanks to visits and working sessions between the two countries' senior officials as well as cooperation programmes and projects between localities, non-governmental organisations and universities, he added.

While evaluating the official development assistance (ODA) projects between Japan and the Vietnamese Government, Konaka said many new ODA projects on technical collaboration and non-refundable aid packages carried out by JICA have been signed and implemented smoothly.

He also mentioned the delay in some projects which were signed in 2018, and the slow disbursement of capital in underway projects, adding that the Vietnamese Government has been working to address these problems by improving relevant legal institutions and creating more favourable conditions for investors' businesses to carry out projects.

He called on Vietnam to promote its pioneering role in global issues such as climate change, universal health coverage, and sustainable development goals.

JICA will continue implementing cooperation projects to address issues not only in Vietnam but also at the regional and international scale, in line with the Japanese Government's free and open Indo-Pacific strategy and the high-quality infrastructure policy, he added.

#### **5. China officially opens door to Vietnamese milk**

State-run Chinese media quoted the General Administration of Customs' notice that based on Chinese law and the Protocol signed between the Vietnam's Ministry of Agriculture and Rural Development and the China's General Administration of Customs, China approves the import of Vietnamese milk from the announcement date of the notice (October 16).

According to the China's General Administration of Customs, Vietnamese milk products exported to

the 1.4 billion-people market must meet the relevant testing requirements, including the Food Safety Law and the Law on the Entry and Exit Animal and Plant Quarantine of China, the Protocol between the two countries, and other regulations in the supervision, quarantine and import and export of dairy products.

The announcement stated that the dairy products allowed to be exported to China include processed foods where the main ingredient is processed

cow's milk, pasteurised milk, sterilised milk, prepared milk, condensed milk, powdered milk, formula milk and others.

Chinese authorities also require Vietnamese dairy exporters to obtain approval from Vietnamese authorities and to carry out registration procedures with the General Administration of Customs of China. After that, dairy products must

undergo China's quarantine assessments to obtain a quarantine permit before being officially exported to the Chinese market.

In addition, China also makes specific requirements on hygiene certificates, packaging and brand awareness, and storage and transportation, among others.

## 6. Vietnam allocates US\$4.7 billion for Phase 1 construction of new mega airport

Total investment capital for the construction of Long Thanh International Airport is estimated at VND111.69 trillion (US\$4.77 billion) in the first phase, according to Minister of Transport Nguyen Van The.

The capital is allocated to cover construction fee, equipment, contingency costs due to price slippage factors, and interest rates, among others. The said at a hearing held by the National Assembly (NA)'s permanent committee on October 17.

During the first phase of the construction, the work items include a runway, a passenger terminal with handling capacity up to 25 million people and a cargo terminal for 1.2 million tons of goods annually, as well as other facilities, said The.

Following the pre-feasibility study of the airport, the construction of the first phase covers an area of 1,165 hectares, while the consultant proposed to expand the area to 1,810 hectares to add a logistics center, cargo station for fast delivery, solar power generation station, a detention basin, among others.

At the hearing, the NA's Economic Commission requested the government to conclude the feasibility study for the second and third phases of the construction, ensuring high competitiveness of Long Thanh Airport compared to others in the region.

The commission warned additional facilities could lead to higher investment capital, expecting the government to revise their rationality to prevent a surge in the construction cost.

Additionally, the commission expressed concern over the government's ability to meet the deadline for completion by 2025, due to the time-consuming nature of approving technical designs after approving the feasibility study, as well as complicated process of resettlement and compensation.

Long Thanh International Airport has a total investment capital of VND336.63 trillion (US\$16 billion). In November 2017, the NA approved resolution on acquiring land, compensation and supporting resettlement of affected people in the project area with investment capital of nearly VND23 trillion (US\$1 billion).

The feasibility report for Long Thanh International Airport was made by Airports Corporation of Vietnam (ACV) with supports from joint venture of JFV (Japan – France – Vietnam), including Japan Airport Consultants (JAC), ADP Ingeniere (ADPi), Nippon Koei (NK), Oriental Consultants Global (OCG).

Consultants responsible for technical design and construction supervision are Airport Design and Construction Consultancy (ADCC) and Transport Engineering Design (TEDI).

## 7. Universal Robots commits to Vietnamese market

"Viet Nam continues to be a key market for UR as automation and robot demand rises," Darrell

Adams, head of Southeast Asia and Oceania at UR told Viet Nam News.



The automation and control market in Viet Nam is estimated to be worth US\$184.5 million by 2021, Adams cited figures from the US research and consulting firm Frost and Sullivan as saying.

The country was also ranked the seventh largest robot market globally in 2017. Robot sales soared from about 1,600 units in 2016 to almost 8,300 units the following year, driven by the electrical and electronic industry, he said.

And related to growing automation demand, Viet Nam is attracting larger foreign direct investment. In the first five months of this year, FDI reached a four year high of US\$16.74 billion.

Out of 19 sectors receiving capital, manufacturing and processing came out on top with \$10.5 billion, or 72 per cent of total FDI. These industries are key adopters of cobots. This makes Viet Nam an exciting market for UR, he noted.

However, Adams said, Viet Nam has been slower to adopt cobots compared to its neighbours.

“With recent initiatives by the Government such as the “Made in Viet Nam 4.0 Programme” to prepare the country to be at the forefront of Industry 4.0, we foresee more businesses embracing automation and robotics,” he said, stressing the importance of greater awareness on cobot technology to encourage greater adoption.

He added UR has teamed up with partners to organise seminars and technical workshops to introduce manufacturers to cobots.

The company has also launched the UR Academy to offer free online modules and webinars on

cobot programming skills to users, regardless of prior robotics background.

Since its debut in 2017, more than 73,000 users from over 130 countries have participated in the training courses. This is to assist the workforce in adapting to the new technology, he said.

“Since using the cobots, our productivity has increased two and three fold and product quality is now consistent. That has led to a rise in orders as much as 50 to 60 per cent and subsequently, an increase in workers' income,” Pham Xuan Phi, Chief Executive Office of Vinacomin Motor Industry JSC (VMIC) – a subsidiary of Vinacomin Group – told the press during a trip to his company in Quang Ninh Province on Tuesday.

He said return on investment for such robotic investment is typically between six to eight years, but his company is expected to reach it within just one or two years.

“With the cobots, fewer workers are needed on the factory floor, allowing us to assign some to higher-level tasks, increasing worker satisfaction and reducing the risk of workplace accidents,” he said, adding that in the next few years, VMIC aims to add three to five UR cobots in order to automate more processes in their factories.

Apart from VMIC, Meiko Trading and Engineering Co, a PCB board manufacturer in Viet Nam, has also deployed cobots at its factory.

With 37,000 robots installed worldwide over the past 12 years, UR now makes up 58 per cent of the global market share for cobots – robots designed to work side-by-side and safely with people.

## Corporate News

### 8. Phu Nhuan Jewellery sees profit up 17 per cent in Q3

↓ -0.36%

The company reported net revenue of VND3.9 trillion in the period, up 25 per cent against last year.

Financial expenses in the third quarter rose 78 per cent year-on-year, mainly due to increasing loan interest.

Selling expenses also climbed 27 per cent to VND340.8 billion, administrative expenses rose 22 per cent to VND113.7 billion.

PNJ attributed the surge in expenses to the company's development strategy for the gold and watch retail systems.

In the first nine months this year, PNJ recorded net revenue of VND11.7 trillion, up 11 per cent. Post-tax profit was VND806 billion, up by 16 per cent year-on-year.

Earnings per share (EPS) in nine months reached VND3,619.

PNJ has completed 68 per cent of the profit target for 2019.

At the end of the third quarter, total assets of PNJ reached VND7.6 trillion, of which inventory value reached nearly VND6 trillion, an increase of nearly VND1 trillion compared to the beginning of the year.

### 9. SCS: Adjustment to the result of ESOP

↓ -0.88%

On July 17, 2019, the Board of Directors of Saigon Cargo Service Corporation would like to correct the report on the result of employees stock ownership plan (ESOP) as follows:

Content	Announced information	Corrected information
Payment deadline	September 18, 2019	September 20, 2019
Estimated trading date	- 50% additionally-issued shares: September 18, 2020	- 50% additionally-issued shares: September 21, 2020
	- 50% additionally-issued shares: September 20, 2021	- 50% additionally-issued shares: September 20, 2021
Number of distributed employees	66	64



**Research Team:** Tsugami Shoji    *Researcher*    [jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)

**Disclaimer:**

*Copyright 2015 Japan Securities Incorporated (JSI). All rights reserved. This report has been prepared on the basis of the information believed to be reliable at the time of publication as provided by StoxPlus (www.stoxplus.com) - An associate company of Nikkei Inc. and QUICK Corp. JSI makes no representation or warranty regarding the completeness and accuracy of such information. This report is provided, for information purposes only and does not constitute an offer or solicitation to buy or sell any securities discussed herein any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of JSI.*

***Japan Securities Incorporated – JSI***

*Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi*

*Tel: (024) 3791 1818*

*Fax: (024) 3791 5805*

*Email: [info@japan-sec.vn](mailto:info@japan-sec.vn)*

*Website: [www.japan-sec.vn](http://www.japan-sec.vn)*