



VIETNAM DAILY NEWS

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Market Analysis

1. Selling pressure sends VN-Index down

But a Bao Viet Securities Company report showed optimism about the prospects of the market later this year.

On the Hochiminh Stock Exchange, trade volume soared 35.76% at 249.48 million shares and value picked up over 10% at VND4.12 trillion from the day earlier.

The VN30 basket saw 19 stocks losing and eight others rising. Most bank stocks edged slightly lower; for instance, VCB slid 1.1% at VND86,400.

Other blue-chip stocks such as gas distributor GAS, consumer goods company MSN, insurer BVH and property enterprise NVL slipped around 0.5%.

On the contrary, Vingroup's stocks recovered from several sessions of losses. Specifically, housing developer VHM added 1.9% at VND87,600. The firm reported its revenue and after-tax profit at over VND10.9 trillion and VND6.1 trillion in the third quarter of the year, surging 59% and 52% year-on-year, respectively.

VIC, VRE and dairy giant VNM rose slightly, giving the market some needed support.

Notably, the rally of property firm FLC extended, with a 6.8% rise at VND5,010. There were 31.43 million FLC shares changing hands.

Despite its poor business performance, seafood exporter HVG gained for a 10th session. HVG ended at VND4,460 with 4.69 million shares matched.

On the Hanoi Stock Exchange, the strong selling also drove the HNX-Index down 0.34% at 104.68 points.

The bourse saw 16.37 million shares worth VND219.23 billion traded.

Among the 10 largest stocks by market cap on the Hanoi bourse, no stocks improved. Of which, stone manufacturer VCS fell 2.2% at VND85,200, plastics producer NTP, 1.8% at VND33,100, and lender SHB, 1.5% at VND6,600.

Securities firm ART led the market by liquidity with 1.93 million shares transacted. It declined 4.2% at VND2,300.

Macro & Policies

2. Jan-Oct CPI at three-year low

The rise of consumer prices has been mostly triggered by price hikes of fuel and pork products, along with a hike in tuition fees.

Meanwhile, the CPI this month has inched up 0.59% against last month and 2.24% versus the year-ago period.

Do Thi Ngoc, head of the GSO's Statistics Department, said that the spread of African swine fever across the country had driven up this month's CPI.

As of October 22, more than 5.6 million sick pigs, weighing a combined 327,000 tons, had been culled. The pig undersupply pushed up pork prices this month by 7.85% against September, contributing a 0.33% increase in the overall CPI.

Up to 10 out of 11 groups of consumer goods and services in the basket of items used to calculate the CPI have marked up in prices. The group of food and beverages has topped the list, with a rise of 1.04%.

The group of transportation has also recorded 0.99% growth given the two fuel price

adjustments on October 1 and 16. The group has contributed a 0.1% increase to the overall CPI.

The local gas price hike, taking effect on October 1, has also affected the group of housing and construction materials, which has picked up 0.53% and thus sent the overall CPI up 0.09%.

Besides this, as some localities increased tuition fees for the new academic year, the education group has recorded a rise of 0.21%.

Other groups of culture/entertainment/travel, equipment/household appliances and apparel/headwear/footwear have inched up 0.12%, 0.09% and 0.06%, respectively.

Only the group of post-telecommunications has dipped 0.06%.

The country's core inflation in October rose 0.15% over September and 1.99% compared with the same period last year. Meanwhile, core inflation in the first 10 months has edged up 1.92% year-on-year.

3. Ly Son seeks ways to better promote onions

Farmers on Ly Son Island have had a good onion harvest. Nguyen Thi Mai from An Vinh Commune said because of unfavourable weather, they lost VND40m (USD1,700) in two previous harvest.

"This year, I invested VND60m and harvested nearly five tonnes of onions," she said.

However, their profits may not be as high as expected. The onion prices from Ly Son used to stay at VND40,000 per kilo but sharply dropped to VND25,000. The prices were high when the supply was low but as the harvest season arrived, prices quickly dropped.

"All farmers on Ly Son have had a good harvest and everyone is really happy. The prices are now

low. We still have profits but not much," Vo Xuan Quang said.

This year, Ly Son farmers planted nearly 200 hectares of onions, accounting for 50% of the island's agricultural land. Compared to previous years, this crop has had good weather and fewer diseases. About 2,000 tonnes of onions have been harvested on Ly Son.

The most difficult challenge for the farmers is how to find outlets for their produce. Traders often use this excuse to bargain down prices. Ly Son authorities said they were planning to set up a production link to help the farmers.

4. Vietnam stops US-bound Chinese aluminum forging Vietnam origin worth US\$4.3 billion

The General Department of Vietnam Customs (GDVC) has timely prevented US\$4.3-billion Chinese aluminum forging Vietnam's origins from being exported to the US, according to Nguyen Van Can, director general of GDVC.

The case could potentially be the largest origin fraud to date in terms of export value, said Can in a meeting on October 28.

Can added an unnamed corporation, located in southern province of Ba Ria – Vung Tau, had imported 1.8 million tons of semi-aluminum products and aluminum bars for later export to the US and other countries, aiming to profit from unfair trade gains from preferential treatments.

Currently, Vietnamese aluminum exported to the US is subject to 15% import tariff, while similar Chinese products are applicable to a tax rate of up to 374%, Can said.

Such huge difference in import tariff has led to a growing number of enterprises in Ba Ria – Vung Tau importing foreign aluminum worth billions of US dollars, Can continued.

Can also revealed the GDVC is working with the US customs to verify the case, as US agents from the Department of Homeland Security have arrived in Hanoi to cooperate in the investigation.

Can stressed in case of companies importing aluminum bars or semi-aluminum products, then melt and form into different aluminum products, they are still not qualified for Vietnamese origin.

According to Can, the authority is stepping up efforts to prevent Vietnam from becoming a transshipment hub for foreign products.

Recently, Vietnam's customs authorities have intervened in a number of cases of importing foreign products forging Vietnamese origin.

Can informed 10 containers of bicycles are being stopped at Binh Duong Custom Department. Preliminary results showed 100% of these products are imported from abroad, but later would be assembled in Vietnam for export.

Additionally, Hai Phong Custom Department also held containers of equipment and parts imported from abroad and subject to assembling in Vietnam to become made-in-Vietnam.

Similar cases involving clothes, footwear, phone accessories originated from China but labeled as Vietnamese goods for domestic use are being found in ports in Hai Phong, Ho Chi Minh City, Binh Duong, Dong Nai, among others.

5. Vietnam greenlights \$1.5 bln gas-fired power plants

The Dung Quat 1 and 3 combined cycle gas turbine plants will have a capacity of 750MW each.

Work on Dung Quat 1 will begin in January 2021 and commercial operations in December 2023. Its cost is estimated at VND18.67 trillion (\$804.8 million).

Construction of Dung Quat 3 at an estimated VND17.54 trillion (\$756.1 million) will begin in January 2022, and it will go on stream in December 2024.

National power utility Vietnam Electricity, or EVN, will borrow 80 percent of the amount required for the plants.

The plants will use gas from Blue Whale, Vietnam's largest offshore gas field in the East Sea, known internationally as the South China Sea.

The country's rapidly growing economy threatens a risk of power shortage. The Ministry of Industry and Trade said in July that a 6.6 billion kWh shortage is likely in 2021, rising to 10 billion kWh in 2022 and 15 billion kWh in 2023.

The World Bank has estimated that Vietnam needs \$150 billion to develop its energy sector by 2030, with electricity demand set to grow by 8 percent annually through the next decade.

Gas-fueled power will account for about 14 percent of Vietnam's total production by 2030. It will use 22 billion cubic meters of LNG per year, half of which will be imported from the U.S., according to the Department of Electricity and Renewable Energy.

6. Agro-forestry-fishery exports generate over 33 billion USD

The agro-forestry-fishery sector raked in 3.6 billion USD from exports in October, raising the total export revenue in 10 months to 33.18 billion, rising 1.6 percent from the same time last year.

According to the Ministry of Agriculture and Rural Development (MARD), forestry products were the best performers in the period as they brought home 9.04 billion USD, up 18.8 percent year on year and accounting for 27.2 percent of the total volume shipped abroad.

Strong growth was seen in the export of rubber (up 5.6 percent), tea (14.3 percent), cinnamon (32 percent), and rattan (40.6 percent).

In stark contrast, shipments of key agricultural products dwindled 7.4 percent to 15.25 billion USD, and those of seafood dropped 2.4 percent to 7.06 billion USD.

The ministry said a strong decrease in export price of several agricultural products like cashew, pepper, rice and coffee was the main factor leading to the fall in the revenue in the period.

Vietnam sold 2.3 billion USD worth of fruits and vegetables in the 10-month period, decreasing 1.3

percent from the same time last year. Most of the exports were destined to China where authorities have tightened regulations on chemical residue, food safety, and package material requirements.

China remained the largest importer of Vietnamese agricultural products as it made up 26.8 percent of the market share, followed by the US (21.7 percent), the EU (11.9 percent) and ASEAN (10.3 percent).

The MARD has forecast shipments of farm produce will face tough seas in the coming time, sparked by global trade slowdown and increasing trade barriers from the Chinese market.

The ministry will keep close watch on market development, and give detailed evaluation on Chinese policies on official exports and temporary imports for re-export at border gates.

Besides working with competent ministries and sectors to accelerate negotiations so as to stabilise traditional markets while seeking potential ones, the ministry will support local businesses to take full advantage of the signed free trade deals./.

7. Vietnam Oct. Exports Unexpectedly Fall as Coffee Sales Drop

Overseas coffee sales in October were 100,000 tons, down 27% from a year ago, as farmers held off selling beans with prices at their lowest in a decade. In addition, Samsung Electronics Co. reduced its phone and accessories shipments between September and October, the government said. There were also significant declines in Vietnamese exports of crude oil and steel.

Imports jumped 3.5% in October from a year earlier. Exports for January through October were estimated at \$217 billion, up 7.4% from the year-ago period, after the country reported a 8.2% increase in exports for January through September, the government said.

Corporate News

8. C32: Board approves the investment policy

↑ 1.40%

On October 28, 2019, the Board of Directors of Construction Investment Corporation 3-2 approved to allow Construction Investment Corporation 3-2 to make a plan, prepare a research and necessary procedures for the office

and apartment construction investment project at the head office of Construction Investment Corporation 3-2, No.45A Nguyen Van Tiet, Lai Thieu ward, Thuan An Town, Binh Duong province, to submit them to the Board of Directors and the general meeting of shareholders for approval.

9. EIB: Board approves an agreement with a related partner

↑ 0.00%

According to the Board Resolution dated October 28, 2019, the Board of Directors of Vietnam

Export Import Commercial Joint Stock Bank (Eximbank) approved the content of uncommitted refinancing agreement between SMBC – Hochiminh Branch and Eximbank.

10. Stock market briefs Oct 29, 2019

↓ -0.68%

HANOI – SAM Holdings Corporation, an organization related to Ho Anh Dung, a board member of Dong Nai Plastic Joint Stock Company (DNP), has registered to buy over 3.37 million DNP shares, or a 3.37% stake, via put-through and order-matching transactions. The transactions are expected to be conducted between October 31 and November 29. Both SAM Holdings and Dung currently own no DNP shares.

SBT also announced that Dang Huynh Uc My, Ngoc's daughter, had been picked as the company's vice chairwoman and Pham Hong Duong as SBT's permanent vice chairman.

HCMC - Hung Vuong Joint Stock Corporation (HVG) has approved the sale of five million treasury shares via matching or put-through transactions at the market price at the date of transaction. The transactions will be carried out after HVG completes procedures as required.

HCMC - Gelex Electric Equipment Co., Ltd, has purchased 30 million shares of Viglacera Corporation (VGC) via put-through trades from October 3 to 14. Gelex's ownership in VGC is up from 57.1 million shares, or 12.74%, to 87.1 million shares, or 19.43%.

HCMC - Platinum Victory Pte, a subsidiary of Singapore-based Jardine Cycle & Carriage Limited, has registered to buy 31.3 million shares of Refrigeration Electrical Engineering Corporation (REE) at VND45,000, 21.6% higher than the current price of REE shares. Transactions will be conducted via put-through and order-matching or through the Vietnam Securities Depository Center. As REE's foreign ownership has reached the limit of 49%, Platinum Victory PTE will have to buy the shares from other foreign investors of REE. If successfully, Platinum Victory PTE's ownership in REE would rise from 24.9% to 35.01%

HCMC - Huynh Bich Ngoc, a cofounder of Thanh Thanh Cong - Bien Hoa Sugar Joint Stock Company (SBT), starts serving as chairwoman of the firm from today, October 29. Ngoc became a large shareholder of SBT on October 17. She currently holds 67.6 million SBT shares, or an 11.1% stake.

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