



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Shares sink under pressure

Shares tumbled on Wednesday after a brief recovery on Tuesday, as selling pushed heavyweight stocks down and weighed on investor sentiment.

On the Ho Chi Minh Stock Exchange, the VN-Index retreated ended Wednesday at 1,000.56, a loss of 0.77 per cent from Tuesday's close.

The VN-Index rose by 0.5 per cent on Tuesday.

Only four of the top 30 shares by market value and liquidity on the southern exchange advanced while 25 declined.

Except FLC Faros Construction (ROS) which rose more than 1 per cent, the other three – Vietjet (VJC), Ho Chi Minh Development Bank (HDB) and property developer Novaland Investment (NVL) – inched up just 0.2-0.6 per cent.

On the negative side, tech giant FPT Corp (FPT) and PV Gas (GAS) fell by over 2 per cent each. Big banks such as Vietcombank (VCB), Vietinbank (CTG), BIDV (BID), VPBank (VPB) and Techcombank (TCB) lost between 0.2 per cent and 1.9 per cent.

Market breadth was negative with 188 shares falling, 130 rising and 103 closing flat.

Liquidity declined with just 210.3 million shares worth VND5.6 trillion (US\$240.6 million) traded, down 10 per cent in volume and 12 per cent in value compared to Tuesday.

“The VN-Index spent most of the trading time in the red despite a slight increase in the first minutes of the session. Slumps of many blue chips such as GAS, Vingroup, Sabeco, Vinhomes and Vietcombank pushed the index to around 1,000 points,” analysts at BIDV Securities Co wrote in a daily report.

Foreign macro factors also did not support the index as the US-China situation did not have a new breakthrough and the impeachment investigation against US President Donald Trump was an unfavourable factor, they said.

According to Tran Xuan Bach, a stock analyst at Bao Viet Securities Co, the VN-Index is facing declining pressure and may test the support zone of 993-1,000 points on Thursday.

“However, the index's downward momentum is fairly high, therefore, even if recovering, the market will need to accumulate before sending further signals of a rebound,” Bach wrote in the daily report.

On the Ha Noi Stock Exchange, the HNX-Index edged down 0.55 per cent to close at 104.91 points. More than 17 million shares worth VND246 billion were traded on the northern bourse.

Foreign investors were net sellers on both exchanges with total value of VND17 billion.

## Macro & Policies

### 2. Pork price hikes drive up related food costs

Over the last two months, the prices of pork products at many supermarkets and food stores in Ho Chi Minh City rose 5-25 percent, a VnExpress survey has found.

For instance, the price of pork sausages has risen from around VND120,000 (\$5.18) to VND150,000 (\$6.47) per kilogram, and that of higher-end sausages from VND150,000 (\$6.47) to VND210,000 (\$9.06).

Hoa, the owner of a food store in HCMC, said that over the past week, all suppliers have announced price increases of VND3,000-20,000 (13-86 cents) on each kilogram of pork, forcing her to adjust prices accordingly.

"Many merchants have advised me to buy in bulk now and store the pork because prices will rise even further as demand rises and supply dries up," Hoa said.

Similarly, restaurant owners in HCMC have raised the prices of rice and noodle dishes with pork as an ingredient, which on average cost around VND30,000 (\$1.29), by VND2,000-5,000 (9-22 cents) each.

"I can't raise prices too much or it will shock my guests, so I have to do a balancing act of cutting

smaller portions of pork, finding cheaper suppliers," said Hue, a restaurant owner in Go Vap district, HCMC.

Vietnam has had to cull 5.9 million pigs infected with African swine fever since the beginning of the year, equivalent to 337,000 tons of pork, according to Phung Duc Tien, Deputy Minister of Agriculture and Rural Development.

This has resulted in pork prices rising by 19 percent since last November, and could rise by a further 10-15 percent by the end of this year with an expected shortage of 200,000 tons, according to the General Statistics Office (GSO).

While the consumer price index in November is forecast to reach 0.8-1 percent, pork alone is expected to contribute 0.75 percentage points to this increase, GSO officials said at a government meeting urgently called Monday to find ways to limit the surge in pork prices.

At the meeting, the government assigned the Ministry of Industry and Trade to monitor and forecast upcoming pork shortages every month, so that the government could import enough quantities to ensure balance in demand and supply and control prices.

### 3. Water treatment plants to undergo inspections

Provinces and cities that are subject to the inspections are HCMC, Hanoi, Can Tho, Haiphong, Ba Ria-Vung Tau, Ben Tre, Ca Mau, Quang Ninh, Hoa Binh, Thai Nguyen, Thanh Hoa, Thua Thien-Hue, Danang, Khanh Hoa, and Ninh Thuan.

Water treatment plants in these localities are required to report to the teams on water supply activities, equitization plans and the participation of private investors in operating water supply projects.

At the plants, the teams will conduct thorough inspections of treatment technologies, evaluate the average prices of treated water and protective

measures in use and monitor and issue warnings on water quality.

According to the ministry, the inspection teams were founded at the request of the prime minister, following a recent water contamination incident in Da River in the north. The construction ministry was asked to work with the ministries of Natural Resources and Environment, Health and Agricultural and Rural Development, as well as local agencies, to examine water treatment plants nationwide.

Saigon Water Corporation (Sawaco) on the same day said that it had petitioned the competent

agencies in HCMC to take steps to respond to the risk of an unsafe water supply triggered by pollution, ensuring an adequate water supply for the southern hub in the next 50 years.

For a long term, Sawaco suggested the city build reservoirs for sedimentation and water purification as well as dams to prevent saltwater from entering the upstream Saigon River, in addition to the construction of sediment settling and regulating reservoirs along the Dong Nai or Saigon rivers.

Besides this, the city was told to develop underground reservoirs in inner-city areas to serve as a backup water source for urban dwellers in case the water supply becomes unsafe, according to Sawaco.

#### 4. Local wood exporters eye domestic market

At a press briefing on November 19 to introduce the 10th Vietnam International Furniture and Home Accessories Fair 2019 (VIFA Home 2019), Huynh Van Hanh, vice chairman of the Handicraft & Wood Industry Association of HCMC, said that in addition to major local and foreign furniture retailers, such as Chilai, Home'Furni, Toan Phu Furniture, VietmayHome and Duy Tan, domestic wooden furniture exporters, including Scansia Pacific, Savimex, Donata, Le Tran, Viet Can and Sadaco Binh Duong, have registered to take part in the fair.

These firms, which have focused on large markets such as Europe, the United States, Japan and China, will display their products at the VIFA Home 2019 to access local customers, Hanh said, adding that this is a good sign for the local market, which has strong demand for high-quality products.

Through the fair, local wood exporters want to understand the needs of local customers, to make adjustments to their products and services and seek business opportunities in the local market.

The HCMC-based water supplier currently takes crude water from the Saigon River section at Hoa Phu station in the outlying district of Cu Chi and the Dong Nai River section at Hoa An station in Dong Nai Province. The crude water is treated at the Tan Hiep and Thu Duc water treatment plants before being provided to the city's residents.

However, the Saigon River water between Dong Nai's Hoa An station and Cat Lai in HCMC's District 2 is facing serious microbiological pollution.

Sawaco and the competent agencies have adopted multiple measures to protect the water source from pollution, but the quality of surface water in the two rivers is still getting worse.

The Vietnamese market, with a population of nearly 100 million people, will provide multiple opportunities for enterprises to turn a profit.

In addition, the wood sector has posted a high growth rate for the past few years. Last year, the sales of wood and wooden products in the domestic market amounted to US\$4 billion, and the figure was forecast to increase to US\$5 billion this year, Hanh said.

Over the last decade, VIFA Home has demonstrated its success in promoting trade among producers, traders, distributors and retailers and increasing producers' and consumers' responsibility for the environment through the use of wood materials from legal sources.

VIFA Home 2019, which will take place at Phu Tho Indoor Sport Stadium in HCMC's District 11 from November 28 to December 1, will feature 600 booths of 120 brands of interior and exterior furniture, decorations, craftwork and household items.

The fair will also include multiple promotional programs and seminars.

## 5. Govt approves regional minimum wage hike for 2020

According to Decree 90/2019/ND-CP, the monthly minimum wage for employees in region one will be hiked from VND4.18 million to VND4.42 million, the local media reported.

Those working for businesses in region two will see a monthly minimum wage rise from VND3.71 million to VND3.92 million.

In addition, the minimum wage for laborers in region three will increase from VND3.25 million to VND3.43 million per month, and in region four, from VND2.92 million to VND3.07 million per month.

If laborers work in normal working conditions, have adequate working hours per month and complete their workload, their wages must not be lower than the regional minimum wages.

As for vocationally trained workers, employers must pay them at least 7% more than the minimum wage by region.

When raising minimum wages for their staff, employers are prohibited from removing or cutting allowances for workers who work overtime, at night or in a toxic environment. Other allowances, subsidies and bonuses must be maintained as stated in labor contracts, collective labor agreements and enterprises' regulations.

## 6. US firms are pouring money into Vietnam LNG market

A number of American companies are investing in the Vietnamese LNG market as a strategy to catch up with Vietnam's energy transition and a way to help balance trade between the two countries.

Virginia-based AES signed an MOU with the Ministry of Industry and Trade to solidify cooperation on the Son My 2 Combined Cycle Gas Turbine (CCGT) Power Plant which costs an investment of US\$1.7 billion. The power plant is expected to begin commercial operations in 2024.

Together with the US\$1.4 billion Son My LNG import terminal, AES's investment in complex project reaches almost US\$3.1 billion and will play a major role in shaping Vietnam's energy future by diversifying the energy mix.

"LNG provides a solution for clean and more reliable energy at a reasonable price, so it will play a key role in resolving more and more growing energy demand in Vietnam. Signing MOU this time is an important milestone for developing Son My 2 power plant, a project that we believe will help the energy industry transition in Vietnam," said Mark Green, president of AES in Asia-Europe region.

Vietnam AES Executive Director David Stone said "The development of Son My 2 CCGT and Son My LNG Terminal projects is wonderful evidence of the partnership between the United States and

Vietnam. We believe that implementing these two projects will significantly contribute to the bilateral trade and investment relationship between our countries, and create jobs and support Vietnam towards a more clean energy future."

US-based ExxonMobil and PetroVietnam and PetroVietnam Exploration Production Corp (PVEP) are advancing the US\$10-billion Ca Voi Xanh (Blue Whale) gas field – Vietnam's largest offshore gas project with reserves of 150 billion cu.m. Between 9 and 10 billion cubic meters of gas are extracted every year.

"If the [Blue Whale] project goes forward, it is estimated to generate \$20 billion in revenue to the Vietnamese government, thousands of local jobs and improved energy security from domestic gas development," foreign media quoted President of ExxonMobil Development Company Liam Mallon as saying.

The construction of Dung Quat 1 and Dung Quat 3 in the central province of Quang Ngai has been speeded up to absorb gas from Ca Voi Xanh field.

Meanwhile Arkansas-based Murphy Oil signed the Block 15-2/17 production sharing contract (PSC) with Vietnam National Oil and Gas Group (PetroVietnam), PVEP and SK Innovation.

In addition, many American energy companies accompanied Secretary of Commerce Wilbur Ross during his visit to Vietnam two weeks ago. The names on the delegation include **AES Corporation**, **Arkansas-based Murphy Oil**, **Capstone Turbine Corporation (CPST)** – California based gas turbine manufacturer that specializes in microturbine power along with heating and cooling cogeneration systems, **Cheniere Energy, Inc.** – liquefied natural gas company headquartered in Houston, Texas, **LNG Limited** with offices in Houston, Texas, Perth, Australia, Lake Charles, Louisiana, and Halifax, Nova Scotia, and **Tellurian Inc.** – a natural gas company headquartered in Houston, Texas.

“...as we mark 25 years of trade relations between the United States and Vietnam, I am glad to see business leaders here working towards greater business-to-business ties between our nations. I am joined by a delegation of U.S. companies that are also looking to grow this important relationship,” said the secretary at a luncheon during his visit, according to the US Embassy in Hanoi.

Vietnam is estimated to import 3.6 million tons/year for the 2020-2025 period and 6-10 million tons/year during 2026-2035, according to the Nhip Cau Dau Tu magazine.



## Corporate News

### 7. Vietjet signs credit loan for medium and long-term financing programme

↑ 0.63%

On November 15, Vietjet organised the signing ceremony for the unsecured, international medium and long-term syndicated loan at one of the best interest rates in the market today. The participating international banks included Woori Bank, ICBC, and KEB Hana Bank, of which Woori Bank is the Mandated Lead Arranger.

Additionally, Vietjet entered into a credit financing agreement with Woori Bank for a total of \$140 million. The programme is going to arrange an additional amount of \$200 million with another international bank very soon.

With Vietjet's high growth potential, the financing agreements helped increase medium- and long-term foreign currency sources to meet the needs of expanding its modern fleet in line with the company's long-term international growth strategy.

Vietjet has been leading in the domestic market and continues to strengthen its international market presence. Over the past five years, Vietjet's revenue and profit have grown at an average of 50 per cent. AirFinance Journal gave Vietjet a BBB rating in 2019 and ranked it in the world's top 50 airlines in term of financial health for the second consecutive year.

The EBITDAR margin was scored at A by AirFinance, and Vietjet ranked in the top 3 among the airlines over the world in the category. The current liquidity ratio is 1.3. The debt to equity ratio was 0.6, of which equity was \$640 million and total assets \$2 billion. On November 14, Vietjet was awarded the Asia-Pacific LCC Airline of the Year title by CAPA.

With these international credit agreements, the parties look forward to greater co-operation opportunities in Vietjet's financing resources in the future.

### 8. Stock market briefs Nov 20, 2019

↑ 0.74%

HCMC – Citi and Lazada have launched Lazada Citi credit card in Vietnam, marking the first e-commerce credit card partnership in Vietnam, just one month after the launch of the same card in Malaysia and Thailand. Both sides are targeting over 500,000 sign-ups of the new card in the region over the next few years.

HCMC – Licogi 16 Company (LCG) has plans to issue nearly 29.4 million shares to the public next month to raise around VND294 billion. Of the proceeds, LCG will spend VND130 billion restructuring its short-term debts. The firm booked VND55.6 billion in after-tax profit in the third quarter of 2019, up 53% year-on-year.

HCMC – Binh Minh Plastic Company (BMP) has chosen December 4 as the ex-dividend date and

December 20 as the payment date for the first 2019 interim dividend of VND2,000 per share. The payment scheme was approved at its 2019 annual general meeting.

HCMC – The Hanoi Department of Taxation has issued a decision fining Tu Liem Urban Development Company (NTL) VND2.3 billion for failing to issue several declarations related to land use rights and value-added tax, as well as declaring incorrect financial fees and costs.

HANOI – Vietnam National Shipping Lines (Vinalines) will sell 1.52 million shares, or 24.9%, in the International Labor and Services Stock Company (Inlaco-HP). The shares will be auctioned with a reserve price of VND2,700 per share. Inlaco-HP is one of the three member

companies Vinalines plans to fully divest from by the end of this year. The other two are Tin Nghia Industrial Park Development Company and

Seagull Shipping Company, with Vinalines' respective stakes of 1.15% and 26.46%.



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