



# VIETNAM DAILY NEWS

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Table of content

## Table of content

1. Shares' gains narrow due to profit-taking
2. Sustainability, food safety management vital for Vietnam: AmCham
3. Vietnamese firms attend water technology expo in Israel
4. S. Korea, Vietnam target US\$100 billion in trade
5. CPTPP creates opportunities for foreign investors in Vietnamese aviation sector
6. Farmers keen on upsizing pig herds as prices skyrocket
7. DRC: BOD resolution on the first cash dividend for 2019
8. Stock market briefs Nov 26, 2019

## Market Analysis

### 1. Shares' gains narrow due to profit-taking

Shares traded positively on Tuesday but investors dumped a huge amount of stocks at the close to collect intra-day profits.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 0.05 per cent to close at 976.79 points.

The VN-Index lost 0.15 per cent on Monday.

Nearly 192.5 million shares were traded on the southern bourse, worth VND4.5 trillion (US\$194 million).

The market breadth was neutral on Tuesday with 191 shares gaining versus 123 declining.

The large-cap VN30-Index increased by 0.30 per cent to stand at 897.50 points.

On a sector basis, 14 of the 20 sectors saw share prices rising, including information and technology, retail, healthcare, oil and gas, banking, agriculture, rubber production, food and beverage, seafood production, construction materials, construction and logistics.

On the opposite side, six of the 20 sectors saw share prices drop, including real estate, securities and wholesale.

Large-caps like Petrovietnam Fertiliser & Chemicals Corporation (DPM), Vingroup (VIC), PetroVietnam Gas JSC (GAS), brewery Sabeco (SAB), Novaland (NVL) and Bao Viet Holdings (BVH) all declined due to profit-taking and put pressure on the overall market. DPM decreased by 3.4 per cent, BVH lost 1 per cent, GAS dropped 1.1 per cent, SAB was down 1.3 per cent and VIC slid 0.7 per cent.

Meanwhile, the rise of other pillars helped maintain the market rally. VPBank (VPB) increased 1.2 per cent, Vinhomes (VHM) rose 0.1 per cent, Vincom Retail (VRE) climbed 0.9 per cent, Mobile World Group (MWG) rose 1.3 per cent and Military Bank (MBB) was up 1.1 per cent.

According to Viet Dragon Securities Corporation (VDSC), this week, the last trading week of November, the stock market would continue to face a lack of supportive information, while investor confidence had deteriorated following a worsening economic outlook.

The amended draft law on securities may be passed by the National Assembly this week. However, this alone might not be able to strongly support the market in the short term, VDSC said.

On Tuesday, foreign investors were net sellers of VND205 billion on the whole market, focusing on Vietcombank (VCB) (VND37.3 billion), Saigon Securities Incorporation (SSI) (VND23.6 billion), Vingroup (VIC) (VND16.94 billion) and Sacombank (STB) (VND15.76 billion).

This could be attributed to the portfolio re-shaping of iShare MSCI Frontier 100 ETF. However, the value of Vietnamese stocks in the fund's portfolio was only about \$70 million, so the market was unlikely to see much change, VDSC said.

Investors needed to pay due attention to foreign capital flows. If they returned to be net buyers, the VN-Index could pass 1,000 points again this week, otherwise the index could drop to the 955 points recorded in August, VDSC said.

VDSC recommended that investors focus on portfolio risk management instead of seeking profits in the short term.

On the Ha Noi Stock Exchange, the HNX-Index climbed 0.51 per cent to end Tuesday at 103.99 points.

More than 22.3 million shares were traded on the northern bourse, worth VND148 billion.

The northern market index advanced 0.37 per cent on Monday.

## Macro & Policies

### 2. Sustainability, food safety management vital for Vietnam: AmCham

AmCham Vietnam on November 25 organized the Vietnam Food and Beverage Forum to discuss opportunities and challenges for the local food and beverage (F&B) industry from various perspectives.

Under the theme “Actions for Sustainability and Better Food Safety Management,” the event also shared international practices to reach sustainable goals in business and food safety management in Vietnam.

It offered a platform for participants to discuss and share best practices, experiences in food safety management, the latest trends among international and domestic enterprises and initiatives for sustainable development, focused on the environment and health goals.

The forum featured two main sessions with topics on the F&B industry and actions needed for a sustainable environment, as well as a dialogue to promote manufacturing and trading activities in the local F&B market.

In the first session, speakers focused on plastic waste management, business solutions to address plastic waste in Vietnam and strategies promoting a circular economic model for sustainable development.

At the second session, discussions centered on issues related to policies and regulations on quality management and commodity standards in the industry.

Speaking at the event, Mary Tarnowska, executive director of AmCham Vietnam, expected discussions and knowledge-sharing at the event to promote the enhancement of regulations based on science, in line with international standards, to ensure the provision of safe F&B products for local consumers and sustainable economic growth.

These standards will also pave the way for Vietnam to boost its F&B exports, she added.

Nguyen Hoang Linh, head of the Directorate for Standards, Metrology and Quality at the Ministry of Science and Technology, lauded the initiative of holding an annual F&B forum to connect State management agencies with businesses and researchers, to discuss policies, regulations, standards, the business environment, production and sustainable development for this important industry, said Linh.

AmCham Vietnam held the forum in collaboration with the Vietnam Chamber of Commerce and Industry, the Central Institute for Economic Management, the Vietnam Dairy Association and the Vietnam Association of Seafood Exporters and Producers.

### 3. Vietnamese firms attend water technology expo in Israel

A number of Vietnamese firms have attended the 8th World Water Technology and Environment Control Conference and Exhibition (WATEC Israel 2019) in Tel Aviv, Israel.

The focus of WATEC 2019 was “Water Stewardship and Innovation – Driving global leadership in the responsible planning management and protection of water.” The expo, held from November 19 – 21, featured over 100 booths and attracted thousands visitors from 26 countries and territories around the world. It also

saw presentations by 60 local and foreign speakers.

The event provided experts, business leaders and investors with latest information and trends in water management and treatment and provided areas for displaying advanced models and technologies in wastewater treatment.

Le Tien Truong, CEO of the Vietnam National Textile and Garment Group (Vinatex) delivered a speech at a discussion titled “Solving the water problems of developing countries” in which he

talked about the development of Vietnam's textile and garment industry as well as the necessity of advanced water management technology to sustainably develop the industry.

Sapasi 1 Limited Company, a Vietnamese provider of water management and quality control solutions, run a booth at the expo to showcase its wastewater treatment technologies./.

#### 4. S. Korea, Vietnam target US\$100 billion in trade

The Vietnamese leader led a delegation of officials to join the gathering of business leaders, as part of a special summit between South Korea and the Association of Southeast Asian Nations (ASEAN), reported the Vietnam News Agency.

Addressing the event, PM Phuc said that the governments of Vietnam and other ASEAN member states have made it easier for businesses to boost their connectivity and innovation to realize their business initiatives within the ASEAN market, which boasts a population of 630 million and recorded total gross domestic product value of nearly US\$3 trillion in 2018.

He expressed hope that businesses would cooperate with governments to promote the application of scientific and technological advances to make significant progress in their development, especially in the advent of the Fourth Industrial Revolution.

He said the New Southern Policy, initiated by South Korean President Moon Jae-in in 2017, would further elevate relations between South Korea and the ASEAN as the country has pledged to cooperate with the bloc in developing the ASEAN Community 2025 to achieve the common goal of peace and prosperity in East Asia.

The policy is also expected to help increase bilateral trade between South Korea and the bloc from US\$160 billion last year to US\$200 billion in 2020, Phuc remarked.

He said that the bilateral trade turnover between Vietnam and South Korea has reached roughly US\$67 billion so far this year, so the two countries are striving to achieve US\$100 billion in trade value next year.

Vietnam is South Korea's third largest trading partner, behind the United States and China. Korean firms, including tech giant Samsung, have so far invested in 9,000 projects in Vietnam, he added.

The ASEAN and South Korea need to accelerate multilateral trade by upgrading their free trade agreement, thereby boosting investors' confidence and encouraging them to expand production and business in the fields of sustainable infrastructure, green energy and information technology, according to the Vietnamese leader.

PM Phuc said that he is looking forward to seeing more investment from both sides in environmentally friendly technologies, climate change response, the mitigation of natural disasters, disease prevention and control and water management, among other things, to ensure that future generations will have better lives.

As the 2020 ASEAN Chair, Vietnam, together with other ASEAN members, will welcome Korean businesses that follow the New Southern Policy, with a view to enjoying thriving cooperation with the bloc, he stated.

Vietnam has moved up several places in business environment improvement, as recognized by international organizations, and will make concerted efforts to facilitate the operations of all businesses on its soil, he added.

The gathering drew the participation of more than 500 business leaders from South Korea and other ASEAN member states, who met to seek ways to strengthen cooperation in the months ahead as well as discuss the bloc's roles in the context of the changing global trade environment.

## 5. CPTPP creates opportunities for foreign investors in Vietnamese aviation sector

Under the CPTPP, Vietnam will first permit foreign investment in the aviation sector, including local and international air services, through capital contributions or stake acquisitions.

The investment must meet certain requirements, including a 30% cap on foreign ownership in an airline. Further, the largest shareholder in an airline must be a Vietnamese individual or organization, two-thirds of the board members of a foreign-invested carrier must be Vietnamese nationals and the general director and legal representative of the carrier must be Vietnamese nationals.

Speaking at a seminar titled “Vietnam Distribution, Ecommerce, Logistics sectors: Opportunities and Challenges from the CPTPP” on November 25, Nguyen Thi Thu Trang, director of the WTO Center and Integration, under the Vietnam Chamber of Commerce and Industry, noted that all air services, including cargo and passenger transport activities, will be permitted under the agreement.

The Vietnamese aviation market is considered to have great potential, with a growth rate of 10% per year.

According to the International Air Transport Association (IATA), Vietnam is the world's fifth fastest growing aviation market and is forecast to handle 150 million passengers by 2035.

Up to 72 international airlines and five Vietnamese carriers are operating flights on 200 international air routes from 25 countries and territories to eight sites in Vietnam: Hanoi, Danang, HCMC, Nha Trang, Phu Quoc, Can Tho, Haiphong and Dalat.

Currently, Vietnam's carriers are operating a combined 48 domestic air routes linked to 22 airports. Vietnam Airlines operates 33 domestic and international air routes, while Vietjet has 35 air routes connecting major cities in Vietnam and international destinations, Jetstar Pacific offers 23 domestic and international air routes and Bamboo Airways and Vietnam Air Services Company or Vasco (a subsidiary of Vietnam Airlines) fly on 24 and nine domestic and international air routes, respectively.

The local aviation market is expected to get busier in the coming months as new brands rush to enter the sector. Procedures and preparations to establish Vietravel Airlines, Vinpearl Air, Vietstar Airlines and Thien Minh are underway.

The higher the demand is, the more opportunities for development the aviation sector will have, Trang said, adding that as a result, the strong growth will drive up the economy.

However, Trang voiced concern over the severe overload facing the aviation infrastructure, noting that poor infrastructure and complicated regulations have hindered air services from developing on par with their potential.

## 6. Farmers keen on upsizing pig herds as prices skyrocket

One of the main hindrances to the recovery plan is the high prices of breeding piglets, at VND115,000-VND120,000 per kilogram, while the number of piglets is not as high as before, Nguyen Kim Doan, vice chairman of the Dong Nai Livestock Association, told the *Saigon Times* on November 25.

Accordingly, farmers will need to spend VND2.4 million purchasing a 20-kilogram breeding pig. With possible losses of 10% and VND2.5 million

worth of pig feed to raise the young pig, farmers will gain a full-sized pig weighing 100 kilograms.

Barring other complications, they can earn a profit by selling it at VND70,000 per kilogram. However, amid fear of another outbreak of African swine fever, they will likely sell the pig at a weight of 40 kilograms and will thereby encounter losses, he explained.

Further, small local farmers who have already suffered the impact of the disease with many sick

pigs being culled, leaving farms abandoned, will have difficulty recovering their herds as they have run out of capital.

It was also learned that no cure or vaccine is available for the disease, leaving the possibility of a recurrence open, said the vice chairman.

New outbreaks have been recorded in some localities after some small farmers expanded their herds under substandard conditions. This prompted many others to balk at the recovery plan.

According to Dao Huu Thuan, owner of a local farming household in Dong Nai, one of the country's major production provinces, his farms are now empty. Earlier, he incurred losses of approximately VND5 billion after culling his sick pigs and rushing to sell some 3,000 others to avoid being hit further by the disease.

Despite wanting to restart pig production, Thuan is still unsure of the plan, fearing new outbreaks.

Another Dong Nai-based farmer, Nguyen Quang Thuy, reported similar fears when purchasing an

additional 36 breeding pigs over the past month. He has had to pay close attention to farming hygiene practices to ensure his pigs remain healthy.

Previously, the disease had slashed Thuy's herds from 1,500 pigs to some 50 sows, 200 commercial pigs and 200 piglets, which were expected to be available for sale early next year.

The local market is forecast to face a pork shortage of an estimated 200,000 tons during the last two months of the year and over the Tet holiday, according to data from the ministries of Industry and Trade, Agriculture and Rural Development.

The Ministry of Industry and Trade has adopted multiple measures to stabilize the local pork market, including monitoring the supply and cross-border trade of pork products, evaluating the reproductive performance of the country's pig herds and importing safe pork from other countries.



## Corporate News

### 7. DRC: BOD resolution on the first cash dividend for 2019

↑ 0.43%

On November 25, 2019, the Board of Directors of Danang Rubber Joint Stock Company approved to pay first cash dividend for 2019 as follows:

- Record date: December 10, 2019
- Exercise ratio: 5% (500 dongs/share)
- Payment date: December 25, 2019

### 8. Stock market briefs Nov 26, 2019

↓ -1.28%

HCMC – Dry Cell and Storage Battery JSC, or Pinaco, (PAC) will finalize its shareholder list on December 6 to pay a 2019 cash dividend of 15%. With over 46.4 million outstanding shares, Pinaco will spend VND70 billion on the payment, set for December 25.

HCMC – The board of directors of TTC Hospitality (VNG) has passed a plan to issue over 4.6 million shares under an employee stock ownership plan (ESOP) at VND11,000 each, just half its market price. The plan is aimed at raising its working capital and incentivizing its employees. The issue is slated for the fourth quarter of 2019.

HCMC – Rang Dong Light Source and Vacuum Flask Company (RAL) has approved a plan to develop a VND2.5 trillion facility at Hoa Lac Hi-Tech Park in Hanoi City. The plant will produce LED 4.0 lights and hi-tech electronics.

HCMC – Vietnam Ventures Limited has sold 10 million shares of Khang Dien House Investment and Trading JSC (KDH). After the transaction, Vietnam Ventures, a member of VinaCapital Vietnam Opportunity Fund (VOF), is no longer a major shareholder of KDH, cutting its holding in the firm to 26.88 million shares, or a 4.94% stake.

HANOI – Hanoi-Thanh Hoa Beer JSC (THB) has chosen November 28 as the ex-dividend date to pay a cash dividend at 26.3%. The payment is slated for December 6.

HCMC – Ton Chuong Duong, a board member of Do Thanh Technology Group (DTT), will buy over 311,000 DTT shares from November 28 to December 27 to increase his ownership in the firm to 500,000 shares, or a 6.13% stake.

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