



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. Shares recover on bottom fishing

Vietnamese shares edged up yesterday as investors sought out stocks that had been hit hard in the previous session.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HOSE) gained 0.04 per cent to end Friday at 970.75 points.

Nearly 167.3 million shares were traded on the southern bourse, worth VND3.7 trillion (US\$159.5 million).

Market breadth was positive on Friday with 170 shares gaining and 139 declining.

The southern market index had lost 0.80 per cent to end Thursday at 970.39 points.

The large-cap VN30-Index increased by 0.20 per cent to stand at 887.47 points.

On a sector basis, eight of the 25 sectors saw share prices dropping, including retail, banking, food and beverage, rubber production and seafood processing.

On the opposite side, 17 of the 25 sectors saw share prices rising, including oil and gas, insurance, information and technology, logistics, construction material, real estate, banking, wholesale, plastic and chemicals.

Many large-caps gained such as Masan Group (MSN), Bao Viet Holdings (BVH), FPT Corporation (FPT), Phu Nhuan Jewellery (PNJ), Vinhomes (VHM), Vincom Retail (VRE), Asia Commercial Bank (ACB), Military Bank (MBB) and VPBank (VPB).

On the opposite direction, PetroVietnam Gas JSC (GAS), Vinamilk (VNM), brewery Sabeco (SAB), Viet Nam National Petroleum Group (PLX), PetroVietnam Power Corporation (POW) and Bank for Investment and Development of Viet Nam (BID) were losers.

Regional markets moved in reverse to the local market. Asian stocks plunged on Friday, harmed by cautious sentiment among investors who fear new US laws supporting Hong Kong protesters could hurt efforts to end the US-China trade war.

According to Reuters, MSCI's broadest index of Asia-Pacific shares outside Japan was down more than 1 per cent. Hong Kong plunged 2 per cent, South Korean shares lost 1.4 per cent and Japan's Nikkei decreased 0.5 per cent.

On the Ha Noi Stock Exchange (HNX), the HNX-Index was up 0.16 per cent to end Friday at 102.50 points.

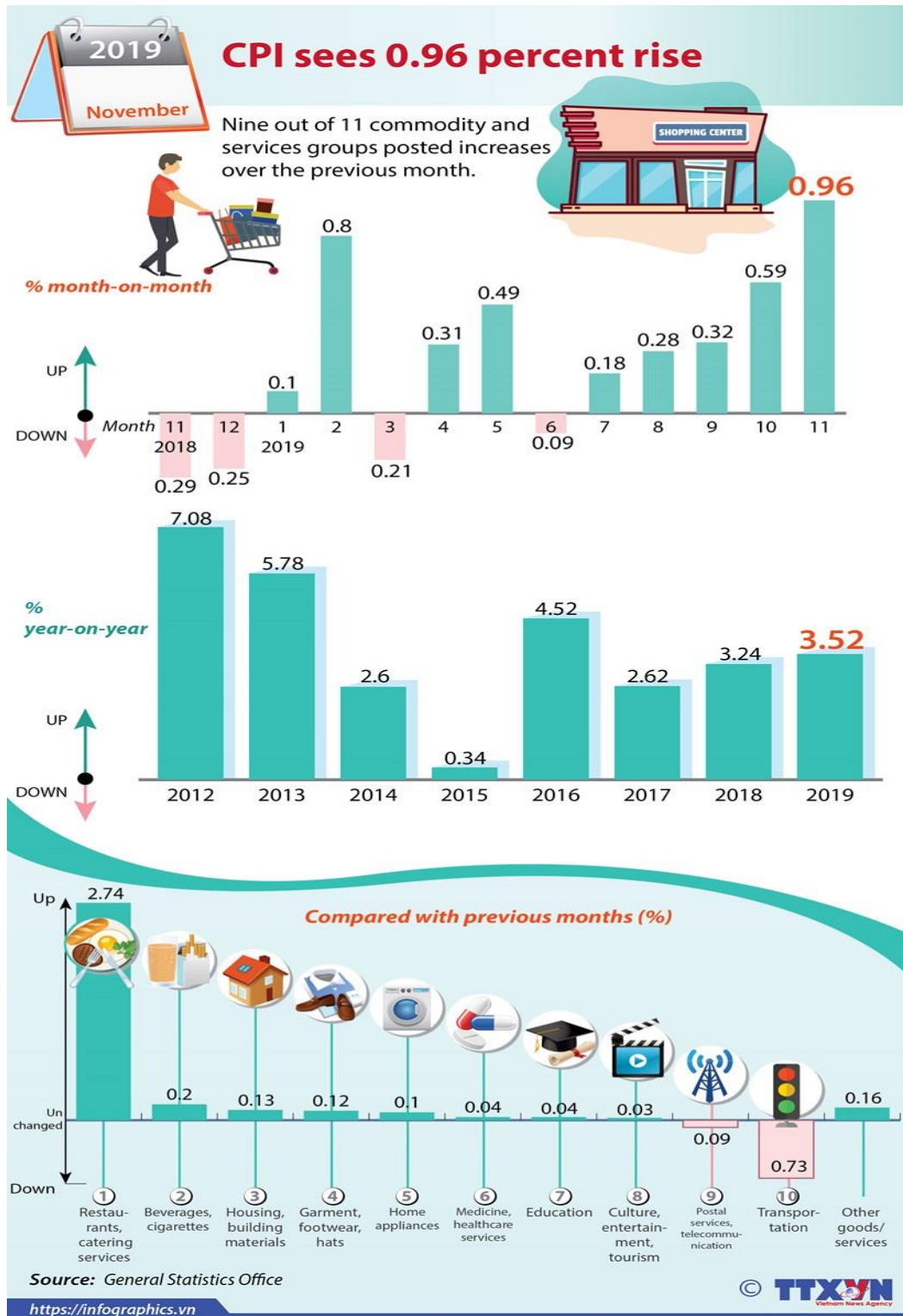
More than 22.9 million shares were traded on the northern bourse, worth VND266 billion.

The northern market index had fallen 0.86 per cent to end Thursday at 102.34 points.

On Friday, foreign investors net bought VND68.26 billion on the HOSE, including Vincom Retail (VRE) (VND53.97 billion), FLC Faros Construction Joint Stock Company (ROS) (VND34.11 billion) and Hoa Phat Group (HPG) (VND30.44 billion). They net sold VND6.69 billion on the HNX.

## Macro & Policies

### 2. CPI sees 0.96 percent rise in November



### 3. RoK tops list of investors in garment-textile industry

Foreign direct investment inflows into Vietnam's textile and garment industry mounted to 19.5 billion USD over the last three decades with the Republic of Korea (RoK) being the top investor.

Korean investors have injected roughly 4.8 billion USD to 464 projects in the sector. It is followed by Taiwan with nearly 3 billion and 132 projects, Hong Kong (2.4 billion USD, 147 projects), China (2.1 billion USD, 197 projects), and British Virgin Islands (1.6 billion USD, 70 projects).

Major garment-textile producers from the RoK, Taiwan, Japan and other countries and territories have helped the domestic industry join in global supply chains and expand foreign markets, particularly the US and the EU, said Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association (VITAS).

FDI firms have played an important part in boosting the sector's production capacity and exports. Last year, Vietnam's garment-textile exports grew by 16.1 percent from a year earlier to over 36 billion USD, 65 percent of which came from FDI companies.

The signing of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Vietnam's free trade agreements with the EU and Eurasian Economic Union (EAEU), which promise to cut taxes and further open market access to members, is expected to pave the way for more FDI to land in the industry.

FDI should be prioritised in material producing projects to make Vietnam less dependent on imports./.

### 4. Hanoi to borrow VND30.6 trillion for urban railway project

The municipal government has proposed that the People's Council add the project into the list of projects using ODA loans for the city, news site Motthegioi reported.

The city's second metro line project, which will be built in the 2021-2025 period, requires an estimated investment of nearly VND35.7 trillion. Of the total, some VND30.6 trillion is expected to be sourced from ODA loans and VND5.1 trillion from the city's reciprocal capital, accounting for 85.6% and 14.4%, respectively, of the total investment.

According to the city government, the use of ODA loans for the project is reasonable, as the capital has a long repayment term of 30 years and low interest rates, at 0.1%-0.2% per year.

Hanoi's total debt was nearly VND11.9 trillion last year. The debt may fall to VND10.7 trillion this year and rise again to VND11.7 trillion next year.

In the 2021-2025 period, the city will continue disbursing some VND38.1 trillion for ODA-financed projects.

Loans issued during this period will be balanced to ensure that the city's total debt will not exceed 70% of its annual revenue.

Also, plans to borrow and repay loans will be worked out after the adjusted investment for the project is approved and loan agreements are officially signed.

The Nam Thang Long-Tran Hung Dao urban railway project was approved in 2008 and was expected to be completed in 2015, with an initial investment of VND19.6 trillion. However, the Hanoi government later proposed that the prime minister approve the adjustment of the investment to VND35.7 trillion.

The city has explained that the scale, currency exchange rates, material costs and changes in policies are the main causes for the adjustment, which have raised the investment by VND1.8

trillion, VND2.2 trillion, VND6.8 trillion and VND5.3 trillion, respectively.

Accordingly, the speed of trains running on the route will be increased from 90 to 120 kilometers per hour. The maximum speed will be 110 kilometers per hour underground, 80 kilometers per hour on elevated sections and 15 kilometers per hour in depot areas.

## 5. Why Vietnam Needs Six Airlines

Vietnam's civil aviation authority estimates air passenger traffic will reach 131 million by 2020 following average growth of 16% last year and this year. By 2030, the authority expects 280 million civilian air trips per year.

“All the airplanes are full. The Hanoi-Ho Chi Minh trip is packed every day,” says Mike Lynch, managing director with SSI Institutional Brokerage in Ho Chi Minh City. “They put up airlines and they just fill right up.”

One of the factors supporting that growth is the business travel that comes from rising foreign investment in low-cost manufacturing that requires factory visits, searches for supplies and conferencing with employees who may be spread from Hanoi to Tokyo.

### **Business travel, inbound and outbound tourism**

Airlines are booming all over Asia on economic growth and the popularity of budget flying, but Vietnam's passenger loads doubled the rest of Asia in 2017, business consultancy Dezan Shira & Associates says in a research note. That year, the consultancy says, 94 million passengers flew in Vietnam, including 13 million foreign nationals, up 16% over 2016.

Cheap labor has drawn foreign investors to Vietnam from developed regions of Asia to make furniture, car parts and electronics, to name just a few items. They are helping drive GDP growth of 6% to 7% per year. They also fly, as do their employees, partners and suppliers.

Additionally, the number of trains will be reduced from 14 to 10 to meet the estimated number of passengers.

Due to these adjustments, the project completion deadline was proposed to be delayed until 2027.

Vietnamese tourists are also adding to the boom as they visit 10 other nations in Southeast Asia without requiring a visa. Foreign travelers are flying over on tours of Vietnam's French colonial architecture, karst peaks chiseled into the long tropical east coast and memorials to the Vietnam War. Last year, inbound tourism reached 15.5 million arrivals, about 20% more than in 2017, Dezan Shira's research note says.

“It's the combination of the business travel and the tourism together which are really making Vietnam so attractive for the aviation industry to grow,” said Rajiv Biswas, Asia-Pacific chief economist at market research firm IHS Markit.

Vietnamese passengers are motivated to fly now by falling prices and promotional offers driven by the heightened competition, Lynch says. Pleasure travelers tend to fly as families, explaining why planes are often full, he says. And the middle class-plus has hardly stopped growing: By 2030, the Boston Consulting Group forecasts, 16% of Vietnamese will be affluent compared to 5% in 2018. Vietnam leads the world in wealth growth, domestic news website VnExpress International says.

Airports are struggling to keep up. Travelers headed from the financial hub Ho Chi Minh City to Hanoi two hours away all but assume they'll board a packed shuttle from a terminal to their aircraft, where a portable stairwell awaits. The airports can't park all the planes right at a gate. “These airports have no capacity,” Lynch says. “You don't have enough room. There are more and more airlines all the time.”

In response, the Transport Ministry plans to spend \$15.4 billion by 2030 on developing 23 airports.

### Who's who behind the ticket counters

Eventually the airlines will face slower civil aviation growth, says Brendan Sobie, an independent civil aviation consultant in Singapore. That outcome “will inevitably lead to some adjustments,” he says.

But today the fleet is growing. Here's who's in it:

The country's state-invested, full-service carrier Vietnam Airlines was set up in 1956 and commands 40% of the home market with routes to 17 other countries. The airline's group owns the regional carrier Vietnam Air Service Co. (VASCO) and 70% of low-cost Jetstar Pacific Airlines. The group announced in January a “historic profit” of 2.8 trillion dong (\$121 million) for last year based partly on “robust demand.”

Vietnam Airlines competes mainly with Vietjet Air, a budget carrier that started domestically and

around Asia eight years ago. Vietjet Air claims 45% of the home passenger load based on 400 flights daily that have served a cumulative 100 million passengers. The carrier markets itself on fares and relatively new aircraft.

The latest arrival Bamboo Airways kicked off domestic flights in January just a week after getting its operator certificate. The airline calls itself a “hybrid” of budget fares and “high quality” service with routes designed to connect cities without transfers.

Now Ho Chi Minh City-based conglomerate Vingroup, which does everything now from smartphones to its own universities, is completing plans to launch Vinpearl Air, an investor relations liaison says. He says the parent company opened a school this month to train pilots and mechanics. The airline is set to fly next year. The conglomerate with a \$14.1 billion market cap happens to be owned by Vietnam's richest person, Nhat Vuong Pham.

## 6. Vietnam To Hike Minimum Wages By 5.7 Percent in January

According to the Vietnam Briefing, aside from the minimum wage hike, employers will be required to increase the pay of staffers who completed vocational training by at least seven percent more than the minimum pay.

In line with the news of minimum wage hikes next year, the Vietnam General Confederation of Labor (VGCL) noted that the existing minimum pay meets an estimated 95 percent of the living costs of workers.

While wages have been increasing over the past few years in the Vietnamese workforce, some industry experts noted that the increases are still low compared to other countries in the Southeast Asian region.

The government urged employers and companies in the country to adjust their salary budget accordingly to help ease the burdens of increased pay for laborers and workers alike.

Economists have also been largely positive of the Vietnamese market over the past few months, with some analysts noting that the business the

environment in the country is improving along with investment sentiment stabilizing.

Earlier this month, the annual Salary Trends Report by international data and research agency ECA International placed Vietnam second among top countries in the world for salary increases in 2020.

According to VN Express, Vietnam bested Indonesia, Cambodia, Thailand, and Ukraine in the top five spots to claim the second slot just below India. India's estimated real-salary increase for next year was forecasted at 5.4 percent.

The Salary Trends Report projected Vietnam's minimum wage hike to be at around 5.1 percent, but Thursday's announcement makes a clear the contrast in the country's goal of providing its workforce with better chances of supporting their living needs.

In July, the Vietnamese National Wage Council announced that the increase would reach 5.5 percent next year. At that time, the decision was

agreed on by business leaders and labor representatives.

With the minimum wage hike announced this week at an estimated 5.7 percent, the percentage is closer to the VGCL's demands in June for the increase to play around 6.52 percent to 8.18 percent.

Analysts pointed out that it appears the agreements were made with less arguments or

debates from the National Wage Council and the VGCL. This is the first time that the two parties reached an amicable agreement after two meetings to discuss next year's salary increases.

Vietnam's minimum is currently fixed at four different levels and the location will be the basis for the four categories for increases.

## Corporate News

### 7. Novaland Expo lays out buffet of sumptuous investment opportunities

↑ 0.18%

Through the diverse exhibition zones, the visitors will not only get a good grip on the overall market picture, but also a sense of the long-term and sustainable values from a pipeline of sizeable real estate projects and an ecosystem of products and services provided by Novaland's strategic partners.

The partners of Novaland Expo are D.P Consulting, Hoa Binh Group, Khai Toan Group (KTG), Schindler, Daikin, Panasonic, LG, Ricons, Hafele, Minh Thanh, Dien Quang, Rolashades, Thyssenkrupp, Austdoor, and James Boat, among others.

At the immense exhibition space, Novaland will showcase their distinct product lineups from diverse segments, such as housing real estate, satellite urban development and resort real estate.

Eminent projects include The Grand Manhattan in Ho Chi Minh City's District 1, Aqua City in Dong Nai, NovaWorld Phan Thiet in Binh Thuan, NovaWorld Ho Tram in Ba Ria-Vung Tau, or NovaBeach Cam Ranh in Khanh Hoa, with a myriad of lucrative incentives.

Overcoming a great many challenges during its 27-year development journey, Novaland has come to be known as a top real estate developer that is constantly pioneering new products.

The total land bank the company has accumulated and planned to acquire comes to around 4,900 hectares, committed into three key product lines: housing real estate in Ho Chi Minh City's central business district, satellite urban real estate in localities contiguous to Ho Chi Minh City like Dong Nai, and resort real estate in cities with ample potential for tourism development.

This could provide a firm bedrock that underpins the company's stable growth in the next decade.

Bigger in scale with fresh fields, Novaland Expo 2019 is a worthwhile opportunity for customers seeking a wide diversity of products and services for year-end investments, helping to elevate Novaland's prestige as one of Vietnam's top real estate brands.

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Recently, the company has succeeded in raising a syndicated loan valued at \$250 million from international clients. The transaction has garnered a great deal of attention from top bankers. The loan value was initially set at \$150 million, which Novaland has later scaled up to \$250 million.

Singapore's Credit Suisse AG is the first book-building organisation in the transaction, while other international bankers – Industrial & Commercial Bank of China, Taichung Commercial Bank, Taiwan Business Bank, and Taiwan Cooperative Bank – will join with similar roles in the further capital mobilisation process.

According to Edwin Low, managing director of Credit Suisse, they are happy to help Novaland achieve development targets thorough playing the advisor role to help the latter approach international capital markets.

“Novaland's robust development during the past 27 years is a testament to Vietnam's rapid economic growth as well as human resources development. We want to make further contributions to Vietnam's development by becoming a trustworthy advisor to leading businesses and groups here,” he said.

During the process, the transaction has attracted nine other foreign banks to jump on the bandwagon, with most being new partners of Novaland. They are OCBC Bank, Union Bank of



Taiwan, Cathay United Bank, King's Town Bank, Malayan Banking Berhad, Taishin International Bank, Entie Commercial Bank, Far Eastern

International Bank, and Sinopac Capital International Ltd. who will perform either capital arrangement or management activities.

## 8. SCS: Notification Insider Transaction

↑ 0.00%

Notification Insider Transaction of Sai Gon Cargo Service Corporation as follows:

[20191129\\_SCS-191129-Notification-Insider-Transaction.pdf](#)

File Attachment

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