



VIETNAM DAILY NEWS

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Market Analysis

1. Shares slide as selling force rises

The VN-Index dropped on Tuesday due to the strong selling pressure hitting large-caps during the trading session.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange (HOSE) lost 0.60 per cent to end the day at 960.30 points.

Nearly 243 million shares were traded on the southern bourse, worth VND5 trillion (US\$214 million).

The index had gained 0.26 per cent on Monday.

Market breadth was negative with 204 shares gaining and 130 declining.

The market rallied at the beginning of the session but selling pressure increased sharply after that, driving the market indices down to below the reference levels.

Fortunately, during the ATC session, bottom fishing demand appeared and helped narrow the decline of the indices.

Pillar stocks under selling pressure included Masan Group (MSN) (-6.4 per cent), PetroVietnam Gas JSC (GAS) (-1.9 per cent), brewery Sabeco (SAB) (-1.1 per cent), Vinhomes (VHM) (-0.5 per cent), Techcombank (TCB) (-1.8 per cent), the Viet Nam National Petroleum Group (PLX) (-1.2 per cent), Vincom Retail (VRE) (-0.9 per cent), Bank for Investment and Development of Viet Nam (BID) (-0.3 per cent), Vietinbank (CTG) (-0.5 per cent) and Vietjet (VJC) (-0.5 per cent).

In the opposite direction, some managed to increase thanks to the bottom fishing, such as Bao

Viet Holdings (BVH) (+3 per cent), Vietcombank (VCB) (+0.2 per cent), Hoa Phat Group (HPG) (+0.8 per cent), Vinamilk (VNM) (+0.1 per cent), FPT Corporation (FPT) (+0.4 per cent) and Phu Nhuan Jewellery (PNJ) (+0.7 per cent).

The large-cap VN30-Index decreased by 0.77 per cent to stand at 873.16 points.

On a sector basis, only eight of the 25 sectors saw share prices rising, including insurance, information and technology, retail and rubber production.

On the opposite side, 17 sectors saw share prices drop, including oil and gas, banking, food and beverage, wholesale, agriculture, seafood production, healthcare, real estate, banking, plastic and chemicals.

On the Ha Noi Stock Exchange (HNX), the HNX-Index was down 0.31 per cent to end Tuesday at 102.04 points.

More than 30.8 million shares were traded on the northern bourse, worth VND388.6 billion.

Foreign investors net sold VND146.19 billion on the HOSE, including Masan Group (MSN) (VND68.8 billion), Vinhomes (VHM) (VND58.6 billion) and FLC Faros Construction Corporation (ROS) (VND40.0 billion). They were net sellers on the HNX with a value of VND99.85 billion.

According to BIDV Securities Co (BSC), with no sudden changes in macro information, VN-Index is likely to trade in the low range of 950-960 points this week.

Macro & Policies

2. Vinh Phuc emerges as an attractive investment destination

Located close to Ha Noi, Vinh Phuc has to date attracted 752 domestically-invested projects with a total registered capital of more than VND78 trillion (US\$3.34 billion). It has also lured 378 foreign-financed projects worth more than \$5 billion.

These impressive results are attributable to the province's endless efforts to improve its investment climate and to facilitate investors to solve challenges to implement their projects in a timely manner.

In the past, the province has always ranked high on the Provincial Competitive Index (PCI) which has been conducted every year since 2005 by the Viet Nam Chamber of Commerce and Industry. The province received high rankings in terms of legal institutions, proactivity of provincial leadership and time costs and regulatory compliance as well as transparency and access to information.

However, the province's investment attraction is yet to match its potential and expectations of local authorities who have considered inflows of domestic and foreign investment as important factors that will help the locality achieve its long-term goal.

Following to the goal, the province strives to become one of the country's key industrial and service centres and a city directly under the Central Government by 2020. The province also targets to be a reliable destination for large businesses but also a place to live and work of talent and rich people.

In order to reach this ambition, Vinh Phuc needs quality investment projects that will bring great socio-economic efficiency. These projects will come into the industrial sector such as including automobiles, motorbike, electronics, telecommunication, food processing beside to those to be invested in the agriculture sector like hi-tech farming, clean fruits and vegetables, high-tech cattle and poultry breeding and agricultural processing.

The locality also needs projects to be invested in the service sector such as health-care, education-training, tourism as well as ones in infrastructure development including infrastructure constructions of industrial parks and complexes and the launches of industrial waste and water-treatment plants.

According to the provincial leaders, enterprises are important drivers of the province's development. Creating a favourable investment and trading environment for them is the duty of the whole provincial administrative system and people.

Vinh Phuc is determined to improve the investment climate in all three areas of legal environment, infrastructure, and services, they said.

The locality will continue to improve the quality of the local administration through administrative reform, enhancing the provincial competitiveness index, developing a smooth, transparent and attractive investment environment, and creating optimal conditions for all economic sectors to operate in.

The province will also offer investors many investment incentives focusing on land access and clearance, personnel training, investment procedures and several investment costs.

The locality will also support investors in developing technical infrastructure inside and outside industrial parks and clusters and large-scale urban and service areas. It has planned to develop a total of 50 industrial parks and clusters, covering a total area of more than 5,890ha.

Meanwhile, the local administration will better deal with the difficulties and obstacles facing businesses to help them boost production. In the past, regular meetings between leaders of the provincial People's Committee and local firms have been held with the same purpose.

Vinh Phuc Province in a nutshell

Vinh Phuc is located in the Red River Delta and the northern key economic region. Besides being adjacent to the Noi Bai International Airport, the province also lies on the economic corridor of Kunming-Lao Cai-Ha Noi-Quang Ninh.

After more than 22 years of re-establishment, the province's socio-economy has made great progress and achieved important results in many fields:

- The economy has continuously grown with a positive average rate of 14.66 per cent during the

1997-2019 period. Industry-service accounted for 90 per cent of the economic structure.

- Vinh Phuc is currently one of leading contributors to the State budget.

- The province ranks in the top four localities nation-wide in term of adequate infrastructure facilities.

- The quality of labour resource is always highly appreciated by many businesses in compared to many localities in the region.

3. Ha Noi attracts highest FDI in 11 months

This figure was higher than the \$6.3 billion registered in the same period last year.

Total registered investment capital for new projects and additions to existing projects reached about \$2.1 billion, including \$1.6 million for 788 new projects and \$580 million for 160 existing projects.

During the 11 months, foreign investors poured \$5.3 billion into Ha Noi through capital contributions and share purchases.

Foreign investors have chosen Ha Noi thanks to its good infrastructure, completed industrial zones and convenient transportation. The capital is one of the centres of economy, industry, trade and services and the population is rising sharply, creating a huge demand for housing.

Unsurprisingly, the largest recipients of FDI include real estate, manufacturing and processing, commercial services, and information and communications, according to the department.

The largest foreign investors in Ha Noi are Japan, Singapore and South Korea.

This year, the city is looking to attract over \$7.5 billion in FDI, but many experts predict it will surpass \$8 billion.

Ha Noi is planning to attract more FDI associated with sustainable development, while prioritising quality projects as well as value-added and highly competitive products.

The city is continuing to improve the investment environment, promote start-ups, improve the provincial competitiveness index and simplify administrative procedures.

During Prime Minister Nguyen Xuan Phuc's recent visit to South Korea, the leader of the Ha Noi People's Committee Nguyen Duc Chung signed a memorandum of understanding with South Korean firms to invest \$4 billion in Ha Noi.

By 2025, Ha Noi will need investment capital of about VND3 quadrillion (\$130 billion) for development. The city's budget can only meet about 20 per cent of the demand, so it will need to find a way of attracting the remaining.

According to the Department of Planning and Investment, in November, the city welcomed 60 new FDI projects with total registered capital of \$600 million, including 52 wholly-foreign invested projects and eight joint venture projects.

Besides that, eight projects registered to increase their investment capital by \$6.7 million in total while foreign investors poured \$72.9 million into the city through capital contributions and share purchases.

4. Vietnam textile industry orders hit by African competition

Normally, by the end of a year they would have enough orders for the whole of the following year, Nguyen Van Thoi, chairman of TNG Investment and Trading JSC, which makes garments, said. But this year many businesses have said they do not have enough orders for 2020, with some reporting a 20 percent drop in orders from last year.

Besides, many have not signed long-term contracts for products, only monthly or quarterly, Thoi said.

A Vietnam Textile and Apparel Association (VITAS) official, who did not wish to be named, said many orders have shifted to emerging countries in Africa, while competition with textiles superpowers like China, India and Bangladesh is becoming increasingly fierce.

"Even China's orders are being transferred to countries with preferential tariff rates such as Bangladesh and Cambodia."

Not only Vietnamese textile and garment producers, but also its fiber industry is facing increasing competition from foreign businesses and rivals in countries such as India, Thailand and Indonesia, he added.

Experts had forecast at the beginning of the year that the U.S.-China Trade war and new free trade agreements (FTAs) signed by Vietnam would help it increase textile exports, but had done a U-turn by mid-year to say there would be a lack of orders, VITAS said.

This is due to a slowdown in the global economy, affecting consumer demand, and failure by Vietnamese enterprises to adopt radical solutions to comply with FTAs' rules of origin, VITAS explained.

In June Vietnam signed the Vietnam-EU Trade Agreement (EVFTA), which has strict rules of origin like requiring domestic value to account for at least 42.5 percent of the ex-works price of a final textile product.

If this condition is met, goods exported from Vietnam to the EU would be tax-free once the EVFTA comes into effect whereas the average tariff levied by the bloc now is 9.6 percent.

Some 70 percent of the fabric used to produce garments in Vietnam is imported from mainland China or Taiwan, VITAS chairman Vu Duc Giang said.

Other difficulties being faced by Vietnam's textile industry include rising costs of raw materials from China and lower prices demanded by foreign buyers.

Vietnam is losing its low labor cost edge over other countries even as its use of technology in production remains limited, leading to reduced competitiveness, VITAS said.

Garment exports in the first 11 months of this year were up nearly 8 percent year-on-year to \$30 billion, according to figures from the Ministry of Industry and Trade.

5. Southern province to develop facility to serve cruise ships

With cruise ships visiting Ba Ria – Vung Tau having to dock at cargo ports, the southern province plans to build a new facility to serve cruise ships that bring cash-rich tourists to its shores.

Since 2008, an increasing number of international cruise ships have visited the province, which is located near seaport centres such as Hong Kong,

Singapore, and Shanghai, and is a convenient spot that connects the itineraries of cruise ship operators.

A representative of OSC Vietnam Travel Company, which welcomes cruise ships to the province, told Dau tu (Investment Review) newspaper that cruise ships in the area were mainly from Europe, the US, Australia and Asia.

These include luxury ships such as the 5-star Spectrum of the Seas, which carries nearly 6,500 passengers and crew members, and the 5-star Voyager of The Seas, which accommodates 5,800 guests and crew members.

Though it receives a large number of cruise ship tourists, the province does not have a dedicated port for cruise ships and the giant vessels have to dock at the cargo ports of the Cai Mep - Phu My cargo port system. As a result, travel companies and tourists face many inconveniences.

In addition, giant vessels are not always able to dock at the cargo ports because they are filled with cargo ships and there is no room for cruise ships to berth, according to industry insiders.

The provincial People's Committee has assigned the Department of Transport and other agencies to conduct research to identify a suitable site for a new port for international cruise ships to dock in Vung Tau city.

The department is responsible for creating a zoning plan for an international passenger port in the Sao Mai – Ben Dinh area (on an area of 21 ha) and Vung Tau Marina City. The deadline for completion of the 1/500 and 1/2000 zoning plans is in August next year.

While waiting for the zoning plan, many investors from the US and Europe have conducted surveys and worked with authorities, expressing their desire to invest or cooperate with the province in building the international passenger port.

One investor has committed to invest during the 2020-2021 period to build an international passenger wharf which would be put it into operation in 2022.

Nguyen Hong Linh, the provincial Party Committee Secretary, said that investors were told that the wharf was suitable for development of the province's tourism industry.

The international passenger wharf, together with a complex of restaurants and shopping centres, would contribute to the development of the tourism industry and be an impressive “check-in” destination for international visitors in Vietnam.

At the same time, the international passenger wharf would help the province fully exploit its tourism and commercial advantages, bringing significant revenue to the province's budget, and creating favourable conditions for local workers to access new and high-grade tourism services./.

6. Forum looks into sustainable energy development in Vietnam

As many as 40 policy recommendations for a sustainable energy future in Vietnam were introduced by the Vietnam Energy Partnership Group (VEPG) at the 3rd High-level Meeting and 1st Stakeholder Forum of the VEPG in Hanoi on December 10.

The recommendations focus on five areas of renewable energy, energy efficiency, energy sector reform, access to energy, and energy data and statistics.

According to Rainer Brohm, an international coordinator of the VEPG's Secretariat, the VEPG Technical Working Groups have worked to give support in solar feed-in tariff (FIT) price and revised solar power purchase agreements (PPAs), as well as rooftop solar power programme in Vietnam. Besides, they also helped Vietnam

develop electricity wholesale market and Direct Power Purchase Agreements (DPPA).

However, more works need to be done to connect renewable energy to the national grid, and complete a competitive electricity wholesale market (including subsidy, cross power price and distribution costs), he added.

Deputy Minister of Industry and Trade Dang Hoang An suggested the VEPG expand research and give more recommendations in other sectors such as oil and gas and coal as they are important energies in the nation.

The VEPG should focus more on measures to promote the use of rooftop solar power in residential areas and industrial parks, and attract more investment in renewable energy in

industrial parks, as well as policies to branch out biomass energy, he said.

Meanwhile, Ambassador Pier Giorgio Aliberti, Head of the EU Delegation to Vietnam, believed that capital plays a crucial role to ensure remote areas' access to power.

As sustainable development of green energy depends on both domestic and foreign investors, the VEPG should help the Vietnamese Government outline consistent policies, he said, adding the EU

stands ready to share knowledge with Vietnam to fulfill energy development targets.

Country Director for the World Bank in Vietnam Ousmane Dione said that the VEPG has given technical and financial assistance to Vietnam, and the World Bank also wants to make contributions to the success of Vietnamese energy sector.

It is necessary for the Vietnamese Government to improve its policies so as to ensure economic growth target and reduce emission, he added./.

Corporate News

7. Vietjet launches direct flights on Việt Nam-New Delhi routes

↓ -0.48%

Vietjet is the first airline connecting the two biggest economic, cultural and tourist centres of Việt Nam and the capital of India.

The HCM City-New Delhi route operates four return flights per week. The flight departs from HCM City at 7pm and arrives in New Delhi at 10.50pm. The return flight takes off from New Delhi at 11.50pm and lands in HCM City at 6.10am (all in local times).

Meanwhile, three return flights per week are provided on the Hà Nội-New Delhi route. The flight leaves Hà Nội at 7.10pm and arrives in New Delhi at 10.50pm. The return flight takes off from New Delhi at 11.50pm and lands in Hà Nội at 5.20am (all in local times).

According to Vietjet, India is famous for its diverse, colorful culture, religion, food and tourism.

"Not only is the majestic landscape, India also attracts tourists by many impressive historical world heritages and Bodh Gaya pilgrimage beliefs that everyone wants to come at least once in their lifetime," the airline said in a statement.

Over the past three years, tourist exchanges between the two countries have risen more than 20 per cent per year.

More than 132,000 Indian visitors came to Việt Nam in 2018, an increase of 21 per cent compared to a year earlier, while a total of 31,400 Vietnamese tourists visited India, a year-on-year increase of 32 per cent.

Prices are around VNĐ15 million for a return trip.

In the first seven months of this year, Việt Nam welcomed above 88,560 Indian holiday-makers, up 20 per cent compared to the same period last year.

8. PHR: BOD resolution on the first cash dividend for 2019

↑ 0.00%

On December 10, 2019, the Board of Directors of Phuoc Hoa Rubber Joint Stock Company approved to pay first cash dividend for 2019 as follows:

- Record date: December 25, 2019
- Exercise ratio: 30% (3,000 dongs/share).

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