



VIETNAM DAILY NEWS

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Market Analysis

1. Fed's signal of no rate hike boosts shares

Markets rallied for the second consecutive session on Thursday, partly thanks to the Fed's Wednesday announcement that it would keep interest rates unchanged and forecast no cuts or hikes in 2020.

The central bank's move helped boost market sentiment, Saigon-Hanoi Securities Co said in its daily report.

The VN-Index on the Ho Chi Minh Stock Exchange (HOSE) rose 0.66 per cent to end Thursday at 968.17 points.

Nearly 219 million shares worth almost VND4.2 trillion (US\$182 million) were traded on the southern market.

The benchmark index increased 0.15 per cent to end Wednesday at 961.78 points.

Market breadth was positive with 202 shares gaining and 127 declining.

The large-cap VN30-Index soared by 0.74 per cent to stand at 884.80 points.

Bank stocks expanded at the end of the trading session, supporting indices. Gainers in the group included Vietcombank (VCB), rising by 1.9 per cent, VPBank (VPB), soaring by 2.1 per cent, Techcombank (TCB), up by 2 per cent, and Vietinbank (CTG) climbing 1.5 per cent.

Securities stocks also attracted cash flow, with many gainers like Saigon Securities Incorporation (SSI) (+2.1 per cent), Saigon-Hanoi Securities Co (SHS) (+2.6 per cent), HCM City Securities Corporation (HCM) (+0.9 per cent) and VNDirect Securities Corporation (VND) (+4 per cent).

Other large-caps also gained ground, such as Vinamilk (VNM) (+0.5 per cent), Vietjet (VJC)

(+0.9 per cent), Viet Nam National Petroleum Group (PLX) (+0.9 per cent), and Vingroup (VIC) (+0.1 per cent).

In the opposite direction, some pillars suffered selling pressure, including Hoa Phat Group (HPG) (-0.8 per cent), PetroVietnam Gas JSC (GAS) (-0.2 per cent), PVPower (POW) (-0.8 per cent) and Vincom Retail (VRE) (-0.7 per cent).

On a sector basis, seven out of the 25 sectors saw share prices decreasing, including agriculture and construction materials.

On the opposite side, 18 sectors saw share prices climbing, including real estate, securities, food and beverage, insurance, wholesale, retail, healthcare, banking, information and technology, construction and mining.

On the Ha Noi Stock Exchange (HNX), the HNX-Index was up 0.32 per cent to end Thursday at 102.71 points.

Nearly 30.2 million shares were traded on the northern bourse, worth VND290.3 billion.

The HNX-Index was up 0.33 per cent to end Wednesday at 102.38 points.

Foreign traders net sold VND172.14 billion on the HOSE, including in Vinhomes (VHM) (VND59.78 billion), Hoa Phat Group (HPG) (VND27.02 billion) and Masan Group (MSN) (VND18.10 billion). The net sold on the HNX with a value of VND1.04 billion.

According to the Bao Viet Securities Co, the VN-Index is forecast to challenge the resistance zone at 969-970 points during the last session of the week.

Macro & Policies

2. Tra fish firms struggle to gain local market share

Many restaurants and hotels have tried serving a wide selection of tra fish dishes, but diners still hesitate to choose them, Chiem Thanh Long, general director of Binh Quoi Tourism Village, told a conference discussing ways to encourage the domestic consumption of tra fish.

The event was co-held by the Business Association of High Quality Vietnamese Goods and Business Studies and Assistance Center on December 10 in HCMC.

Because of the lack of a distribution network and stores, hospitality industry workers have to visit tra fish farms to gain an adequate supply of tra fish, or they must cooperate with tra fish businesses by pledging to purchase a large volume of the fish.

Therefore, it is important to develop tra fish distribution channels, so the fish can reach more local consumers, Long added.

Addressing the event, Pham Minh Thien, general director of Co May Company, said that tra fish and rice are among the staple products of the Mekong Delta region, but there are only a limited number of distribution channels and traditional markets offering tra fish in large markets such as HCMC, resulting in the fish's heavy reliance on export activities.

Further, the consumption habits of local residents have challenged the sector to conquer the local market, the head of Co May stressed, adding that tra fish businesses should bolster promotion activities for the fish in the local market.

The Vietnamese are not aware of the high nutritional value and appealing taste of the fish, according to Pham Buu Viet, a representative of a riverside culinary firm in Can Tho City.

Meanwhile, consumers in the United States and Japan choose tra fish as it is nutritious.

Overall, to increase the local market share and domestic consumption of tra fish, experts at the event suggested that diverse recipes, cooking

methods and marketing activities for the fish should be used, while raising the locals' awareness of the fish's nutritional value.

Downward swing forecast for local tra fish sector: VINAPA

The local tra fish sector this year will likely experience a downward trend in terms of production, farming area and export turnover, after achieving significant growth over the past two years.

Duong Nghia Quoc, chairman of the Vietnam Pangasius Association (VINAPA), predicted that the total production of tra fish in 2019 would be 1.23 tons, dipping 8% year-on-year.

New farm space for the fish reached an estimated 3,400 hectares during the year up to November, down 5% versus the year-ago period, and the figure for the whole year may drop as well, he noted at a forum on enhancing the export value of tra fish in line with the global market's requirements, held on December 11 in the Mekong Delta province of Dong Thap.

Speaking at the event, Vo Hung Dung, vice chairman and general secretary of VINAPA, made the same forecast on the decreasing output and cultivation area, but he did not release specific figures.

Besides this, the prices of tra fish as an input material started to fall in the first months of the year and currently hover at some VND20,000 per kilogram. Earlier, they soared from VND29,000 in 2017 to VND30,000 in 2018.

According to the VINAPA vice chairman, export turnover of the fish may reach US\$2 billion by end-2019, down 10% compared with last year's figure. Of this, the export revenue in the January-October period dropped 10% year-on-year to exceed US\$1.6 billion.

3. Over 100 enterprises join Vietnam International Fashion Fair 2019

The event, covering nearly 3,000 m2, is under the sponsorship of the Ministry of Culture, Sports and Tourism, and the Ministry of Industry and Trade.

It is jointly held by the Vietnam Exhibition and Fair Centre JSC (VEFAC) and Vietnam Textile and Garment Group (VINATEX), Vietnam Leather, Footwear and Handbag Association (LEFASO), and N Group.

The fair attracted over 100 exhibitors showcasing famous fashion brands in garments and textiles, leather footwear, and cosmetics and beauty care services across more than 200 stands. Renowned domestic businesses in garments and textiles, such as Viet Tien, Duc Giang, Garment 10, Hoa Tho, and Phong Phu garment corporations, also attended at the event.

The event, which runs until December 15, is expected to draw over 20,000 visitors.

The annual fair is an opportunity for domestic and international fashion businesses to meet and seek partners, while providing a platform for enterprises and designers to introduce their products to customers.

For years, the VIFF, which is a traditional activity of Vietnam fashion industry, has contributed to the sector's development and supported businesses in boosting both exports and trade within the domestic market.

4. CPI on target despite swine fever and planned petroleum shortfall

Pork price surge

Speaking at an October meeting of the Domestic Market Management Team in Hanoi, Ta Thi Thu Viet, Deputy Director of the Price Statistics Department under the General Statistics Office of Vietnam (GSO) said the October CPI increased 0.59 percent over September's - the highest October index growth of the past three years. However, in the first 10 months of 2019, the price of commodities grew 2.79 percent compared to the same period in 2018, the lowest first-10-month increase of the past three years.

The price of 10 among 11 product categories increased. About 327,000 tonnes of pork were destroyed due to the African swine fever outbreak in 63 provinces and cities nationwide. The outbreak has decreased the country's pig herd by 20 percent and therefore boosted domestic pork prices, an important staple of Vietnamese households, by 7.8 percent. This price increase is expected to continue through the remaining months of this year.

A representative of the Ministry of Finance's Department of Price Management said the growing demand for pork will push up prices beyond the forecast of 10 percent for the last

three months of this year, since it has already gone up 7.85 percent compared with the same time last year. The price could go as high as 15 percent, contributing 0.5-0.7 percent to the CPI.

The demand for oil and petrol is also expected to increase significantly in the remaining months of the year. The fact that the Nghi Son Refinery has halted operation for maintenance in the last months of the year is expected to limit supplies.

Nonetheless, the CPI growth is still expected to meet the upper 4-percent limit set by the National Assembly, Deputy Director Ta Thi Thu Viet said. It is important to ensure stable supply of essential goods, including pork and petroleum, especially in January when both Solar and Lunar New Year Holidays occur, she said.

Ensuring sufficient supply of goods

According to the GSO, the CPI will increase in the remaining months of the year due to the growing demand for such consumer goods as food and foodstuffs, garment, textile, footwear, and public transport services.

A representative of the Agro Processing and Market Development Authority under the Ministry of Agriculture and Rural Development said the African swine fever outbreak has passed its peak. As of October, no new outbreaks were reported during 30 days in 44 percent of all communes. Some provinces have announced the end of the outbreak. There are 25 million pigs nationwide, and the pig herd can be developed to ensure sufficient pork supply in the future, the department representative said. Supply of beef, eggs and chicken meat is increasing to support the supply of food and foodstuffs, he said.

Tran Ngoc Nam, Deputy General Director of the Vietnam National Petroleum Group (Petrolimex) said that by the end of November, petroleum traders will have to import about one million cubic meters of petrol and oil to make up for the

petroleum shortages caused by the suspension of Nghi Son Refinery's operations. As a major petroleum trader, Petrolimex will try to ensure sufficient petroleum supply and propose that the Vietnam Petroleum Association work with other major traders to keep supply stable in the remaining months of the year, Nam said.

Do Thang Hai, Deputy Minister of Industry and Trade and Head of the Domestic Market Management Team, said that from now to the end of the year, the Ministry of Industry and Trade, the Ministry of Agriculture and Rural Development, localities and businesses need to find solutions in order to ensure sufficient pork supply, especially ahead of the Tet holiday in January.

5. FDI attraction in wood sector should be selective

Increase of new projects

A report by researchers from Vietnamese wood associations and the Forest Trends organization shows that in the first nine months of 2019, the Vietnamese wood sector attracted 67 new FDI projects with total capital of more than US\$581 million, equivalent to 216 percent of all FDI capital attracted by this industry in 2018.

According to To Xuan Phuc, an expert from Forest Trends, FDI in the wood sector is expanding through new projects, increases in the capital of ongoing projects, and capital contributions through stock purchases. FDI expansion reflects the attraction of the wood sector and its advantages such as low labor cost and easy access to input material resources. The US-China trade war is also expected to create new opportunities for increased FDI in the Vietnamese wood sector.

However, experts say the movement of investment projects out of China will create risks for Vietnamese companies, especially wood businesses. In the context of complicated changes in the US-China trade war, Vietnamese wood exports to the US will possibly be affected by additional US tax policies applied to Chinese exports, including tax evasion investigations on

Chinese companies operating in the Vietnamese market.

Risk reduction mechanisms needed

In the opinion of To Xuan Phuc, suitable mechanisms and policies should be put in place to effectively control risks arising from FDI. He said the government can begin with checking small-scale projects, especially new projects of 2019, and then continue with larger-scale projects. Attention should be paid to major aspects such as input materials, product outlets, fuel and power consumption, and the use of labor.

Further, the government needs to set up connection channels with representatives of associations to collect information about unlicensed investment projects and create necessary mechanisms and policies to restrict risks.

Nguyen Ton Quyen, Vice President and Secretary General of the Vietnam Timber and Forest Product Association, said the government should create a mechanism that allows wood associations to admit official membership of foreign invested companies. This will help increase information exchange between domestic and foreign invested companies and minimize conflicts of interest

among them, while at the same time enabling the associations to get updated on the actual situation of FDI in the wood sector, allowing state management authorities to effectively control FDI.

6. Agriculture driving economic growth

Over the past few months, TH Group has spent millions of US dollars on beefing up production of fresh milk products. Not only being locally consumed, these products are also exported to China, where TH has become the first Vietnamese enterprise to be allowed by China's authorised agencies to export fresh milk products into this gigantic market with a population of 1.4 billion people.

Under a protocol signed in April between Vietnam's Ministry of Agriculture and Rural Development (MARD) and China's General Administration of Customs on veterinary and health requirements for dairy products to be exported, TH Group has met all strict requirements and conditions set by China.

Also, in April, TH Group inked an MoU for a strategic partnership on market development and consumption of foodstuffs, farm produce, and fresh milk products with China's Wuxi Jinqiao International Food City Co., Ltd. Both companies will expand the presence of TH Group's products in China.

Currently, TH's sterilised yoghurt products are sold in China's Datonghua, Jimailong, and Laopodaren supermarket chains. The group has also completed negotiations with other famous supermarket chains including Walmart, Shanmu, and Bubugaojia.

"Our export turnover to the Chinese market has increased by double digits on a monthly basis," said a TH representative.

Investment on the rise

According to the MARD, TH Group, which has been implementing a \$1.7 billion dairy processing project in the central province of Nghe An since 2009, is among thousands of enterprises in Vietnam that have been expanding agricultural

In the first nine months of 2019, 565 FDI companies contributed nearly US\$3.4 billion or 46.6 percent to total export

value of the wood sector (US\$7.3 billion).

investments and exports to foreign nations, thereby contributing to the imposing achievements of the agro-forestry-fishery sector this year.

Recently, MARD Minister Nguyen Xuan Cuong met with Huang Jun, general director of a farm produce distribution and consumption group in China's Liaoning province. Jun told the minister that his group wants to build a ¥150 million (\$21.8 million) plant to produce 120 tonnes of high-quality mushrooms a day in Vietnam.

In this group's business strategy, Vietnam will be a key market which will help it both produce and export agricultural products to not only China but also Europe and Africa. It is expected that this project, which has received approval from Vietnam, will be implemented in 2020.

According to the Ministry of Planning and Investment's Department of Agricultural Economy, many foreign firms expected to increase investment in agro-forestry-fisheries as the country continues cutting import tariffs under its commitments from free trade agreements and is offering new incentives to lure funding.

The department has worked with many foreign enterprises wishing to cultivate their projects in Vietnam, with products to be both locally consumed and exported.

As of November 20, Vietnam had 495 foreign-invested agro-forestry-fishery projects registered at \$3.5 billion. In the first 11 months of 2019, Vietnam attracted 11 projects of the type with total registered capital of \$63.62 million. Over the past few years, many major groups have invested heavily in the sector, especially domestic ones such as TH Group (over \$2 billion), Binh Ha (\$434.8 million), Dabaco (\$173.9 million), and Thai Duong (\$21.7 million).

“TH is now also constructing a milk processing project in Russia worth billions of US dollars. This will also help the group boost exports to the wider world,” the TH representative said.

Contribution to exports

MARD statistics show that Vietnam's total agro-forestry-fishery export turnover is expected to hit a new record of about \$41.3 billion this year, up from \$40.3 billion last year, with a total trade surplus of \$9.5-10 billion, far higher than the whole economy's expected trade surplus of \$8.1-\$8.6 billion in 2019.

In the first 11 months of this year, the sector's total export-import turnover is estimated to be a record \$65.7 billion, with export turnover estimated to reach \$37.3 billion, up 3.6 per cent on-year, and accounting for 15.5 per cent of the entire economy's total export turnover.

Also, the sector enjoyed an \$8.8 billion trade surplus, far higher than the \$1.5 billion trade surplus in the same period last year.

In a specific case, To Ngoc Ngoi, general director of woodwork exporter VinaFor Saigon, told VIR that his company reaped export turnover of \$5 million in the first 10 months of 2019, and the figure is expected to be \$6 million for the whole year.

“Not only my company, all woodwork exporters here will benefit greatly from exports this year,” Ngoi said.

A few weeks ago, VinaFor Saigon and New Zealand's Sequal Holdings Limited inked a distribution agreement, through which Sequal will provide custom cut radiata pine wood to VinaFor's manufacturers.

“We import the wood and resell it to other processors, who will use the material to manufacture products which will then be exported to Europe and the US,” Ngoi said. “Despite global uncertainties, the demand for wood products keeps going up.”

According to the MARD, in the first 10 months of 2019, total wood export turnover touched \$8.52 billion, up 17.8 per cent on-year, and strongly rose in many markets, such as Saudi Arabia (47.6 per

cent), the US (33.6 per cent), Taiwan (26.1 per cent), Laos (23.1 per cent), and Japan (17.5 per cent).

“All wood firms have been performing very well and have secured export orders until the second quarter of next year,” Nguyen Ton Quyen, vice chairman of the Timber and Forest Product Association of Vietnam, told VIR. “While enterprises' production is improving, the global demand for Vietnam's wooden products are strongly rising, focusing on key markets including the US, China, Japan, and South Korea.”

In another case, Pham Minh Thong, chairman and general director of Phuc Sinh Corporation, told VIR that over the past months, his company, specialised in processing and exporting agricultural products, has “greatly benefited” from exports, especially in new markets.

“For example, we are boosting pepper exports to Mexico, and the country's import tariff for this item has been slashed from the initial 30 per cent to zero,” Thong said.

Phuc Sinh's total export turnover in the first half of the year from the world's markets hit \$130 million, up 35 per cent on-year. The figure is expected to reach about \$250 million this year.

“The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has brought vast export opportunities to Vietnamese goods. Many of our partners have also been boosting exports to the CPTPP member states, with slashed tariffs,” Thong said.

Under the CPTPP, upon the deal's entry into force, almost all nations must reduce tariffs for Vietnamese goods, such as Canada (94 per cent), Chile (95 per cent), Japan (86 per cent), and Mexico (77 per cent). However, the rate for Vietnam is only 66 per cent, which will be raised to 86 per cent until late 2022.

Other MARD stats illustrate that other items have also benefited from exports. For example, Vietnam's vegetable export turnover from many markets also witnessed a strong on-year rise in the first 10 months, such as Laos (414 per cent), Hong Kong (315 per cent), Taiwan (56.8 per cent),

the Netherlands (41.6 per cent), and Japan (24.3 per cent).

Also, in this period, Vietnam's rubber export turnover was \$1.75 billion, up 5.6 per cent on-year. The same rosy picture was also seen in tea exports, with total turnover of \$187 million, up 14.3 per cent on-year.

However, aquatic exports hit only \$7.1 billion, down 2.4 per cent on-year. Minh Phu Corporation, which is Vietnam's largest shrimp exporter, suffered from a reduction in export turnover in the first 10 months of 2019, at over \$550 million, down 10.25 per cent from nearly \$613 million in the same period last year.

The total value of the corporation's signed contracts also dipped from \$738.2 million in the first 10 months of 2018 to \$609.9 million in the same period this year.

“Minh Phu is facing difficulties in sourcing sufficient materials to fulfil signed contracts,” stated the corporation's latest bulletin.

The MARD also reported that in the first 11 months of this year, in general, the largest import markets of Vietnam's agro-forestry-fishery products include China (accounting for 26.9 per cent of Vietnam's total export turnover), follow by the US (21.9 per cent), the EU (11.7 per cent), Southeast Asia (10.1 per cent), Japan (8.8 per cent), and South Korea (5.8 per cent)./.

Corporate News

7. PNJ: Decision on the distribution of unsold shares

↓ -0.12%

Phu Nhuan Jewelry Joint Stock Company approved the result of ESOP 2019 ending on December 16, 2019 and the plan for unsold shares as follows:

- Number of shares registered to issue: 2,625,625 shares
- Number of shares sold: 2,572,765 shares, equivalent to VND67,875,299,723.

- Number of unsold shares: 52,860 shares
- The unsold shares will be distributed to the employees in a list at VND20,000/share.
- Subscription time: from December 11, 2019 to the end of December 14, 2019.

8. VRE: BOD resolution on receiving the transfer of shares

↓ -0.71%

The Board resolution dated December 10, 2019, the Board of Directors of Vincom Retail Joint Stock Company approved to receive the transfer of stake

of North Vincom Retail Com Ltd in Ha Thanh Real Estate Development and Investment Com Ltd.

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