



VIETNAM DAILY NEWS

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Market Analysis

1. Markets forecast to get boost from supportive information

Shares are forecast to advance this week thanks to the stable macro-economy and positive development of the world socio-economic situation.

The VN-Index on the Ho Chi Minh Stock Exchange increased 0.51 per cent to close the last trading week of 2019 at 963.51 points.

The southern market index had gained 0.74 per cent last week.

An average of 232.2 million shares were traded on the southern market last week, worth VND4.2 trillion (US\$1.8 million).

On the Ha Noi Stock Exchange, the HNX-Index edged up 0.27 per cent to end last Friday at 102.60 points.

The northern market index had climbed 0.18 per cent last week.

According to Tran Xuan Bach, a stock analyst at Bao Viet Securities Co, the market is forecast to increase this week.

"The VN-Index will possibly approach the next resistance zone of 969-972 points. However, the index may experience volatility and corrections early this week toward the 960-961 point support zone, before touching the resistance zone. The market will continuously experience a wild divergence among stock sectors," Bach said.

"We expect that the market will soon receive support from foreign cash flow during early sessions of the year," he added.

Positive factors at home and abroad, together with the stable growth of the economy would help the stock market increase.

According to the General Statistics Office, GDP in 2019 achieved an impressive growth rate of 7.02 per cent, exceeding the National Assembly's target

of 6.6-6.8. This year's growth rate is lower than 2018 (7.08 per cent) but higher than 2011-2017.

Total investments are expected to increase by about 13 per cent, with a slight improvement of the disbursement of public investment while investment from the private sector and FDI is expected to remain at the same level as 2019.

"We forecast that GDP growth rate in 2020 may be slightly lower than in 2019 but remain at a stable level," said Khieu Trong Huy, a stock analyst at Bao Viet Securities Co.

The US and China have agreed on the terms of a Phase 1 trade agreement, which reduces some US tariffs on Chinese goods, while promoting China's purchase of US agricultural produce, energy and manufactured commodities.

Investors expect the US and China soon signing Phase 1 of their trade deal would add momentum to the stock market heading into 2020.

The strongest gainers of last week were Bank for Investment and Development (BID), Vietcombank (VCB) and Masan Group (MSN). BID recorded an impressive increase of over 8 per cent and contributed more than 4 points to the rise of the VN-Index.

Most banking stocks traded positively, such as Techcombank (TCB), Vietinbank (CTG), HDBank (HDB) and VPBank (VPB).

Real estate also performed well, with gainers Nam Long Investment Corporation (NLG), Khang Dien House Trading and Investment JSC (KDH), Novaland Group (NVL), Phat Dat Real Estate Development JSC (PDR) and Dat Xanh Real Estate Service and Construction Corp (DXG).

Food and beverage stocks were the worst performers last week, with Sabeco (SAB), Vinamilk (VNM), GTNFood JSC (GTN) and Vinacafe Bien Hoa Corporation (VCF) all plummeting.

According to stock analyst Bach, this week, stock exposure should be maintained at 30-40 per cent of the portfolio.

After opening buying positions at the 946-951 point support zone, investors may consider selling part of the portfolio at the 969-972 point resistance zone.

If the market successfully penetrates through the resistance zone, investors may raise stock exposure at market corrections. They should consider the stock groups of real estate, retails, steel, oil and technology, Bach said.

Macro & Policies

2. Vietnam to import 100,000 tonnes of pork

Do Thang Hai, Deputy Minister of Industry and Trade also said Thursday that authorities are looking for pork sources at reasonable prices to connect them with local importers.

Nguyen Huynh Trang, Deputy Director of Ho Chi Minh City's Department of Industry and Trade, said that the domestic supply of pork in the southern region has dropped by 50 percent from earlier this year.

The fall came after the African swine fever epidemic broke out in February and spread to all 63 localities in the country, claiming the lives of 5.9 million pigs.

Major pork producing province Dong Nai saw its supply go down by 34 percent, and in Dong Thap, fell 42 percent, Trang said.

Pork consumption in HCMC fell 30 percent year-on-year due to low supply and prices tripled from

March to over VND90,000 (\$3.9) per kilogram now, she said.

But imported pork doesn't guarantee lower prices than domestic pork, due to taxes and preservation costs, Trang said. She proposed a reduction or removal of import taxes in the city.

Prime Minister Nguyen Xuan Phuc said Monday that the rising pork prices were partly due to speculators spreading rumors of shortages, and some producers holding back their stock, waiting for prices to rise even higher.

Government agencies have previously estimated that Vietnam could be 200,000-300,000 tonnes of pork short this year.

Vietnam's January-November pork imports more than doubled year-on-year to 110,000 tonnes, according to the Ministry of Finance.

3. Vietnam trade turnover exceeds US\$500-billion mark for first time

Vietnam's trade turnover is poised to exceed the US\$500-billion mark for first time in 2019, marking the strong growth of the Vietnamese-

invested sector compared to foreign invested companies, the General Statistics Office (GSO) has said in its monthly report.



Source: GSO, GDVC. Chart: Ngoc Thuy.

In 2019, the country's trade turnover is estimated at US\$516.96 billion, up nearly 8% year-on-year, of which exports amounted to US\$263.45 billion, up 8.1% year-on-year, and imports totaled US\$253.51 billion, up 7%.

This resulted in a trade surplus of all-time high US\$9.9 billion for 2019.



Data: GSO. Chart: Ngoc Thuy.

On breaking down, the domestic sector reported a trade deficit of US\$25.9 billion this year while foreign-invested firms posted a trade surplus of US\$35.8 billion. The former's exports expanded 17.7% to US\$82.1 billion, accounting for 31.2% of total exports. Meanwhile, FDI firms reaped US\$181.35 billion from overseas shipments, up 4.2% and accounting for 68.8% of the total (down 2.5 percentage points year-on-year).

In December, Vietnam exported goods worth US\$21.8 billion, down 4.4% inter-monthly, while imports reached US\$22.8 billion, up 6.8%, resulting in a trade deficit of US\$1 billion in the final month of the year.

At a meeting on December 27, Minister of Industry and Trade Tran Tuan Anh said Vietnam's trade

surplus in the fourth consecutive year helped maintain a large amount of foreign exchange reserves and kept the exchange policy and macro-economic conditions stable.

Additionally, Japan, the US, EU and ASEAN continue to be Vietnam's major export markets in 2019.

One year since the Comprehensive and Progressive Trans – Pacific Partnership (CPTPP) came into effective, Vietnam's exports to the member nations surged compared to last year, including Canada with nearly US\$4 billion, or Mexico with US\$3 billion, said the minister.

Anh expected 2020 to be a difficult year for trade, particularly with the ongoing US – China trade war and growing trend of protectionism, among other issues.

4. Logivan: A logistics industry pioneer matching vans to shipping plans

Pioneer in logistics industry

Logivan provides cargo transportation services between Vietnam's northern and southern

provinces, using a network of truckers and small- and medium-sized shippers, providing its platform free of charge on a mobile app. The platform promises to reduce logistics costs by 30 percent.

Logivan Founder and CEO Pham Khanh Linh said her choice of the logistics industry was accidental. Returning to Vietnam after seven years of studying and working in the UK, she joined her family business - a company specializing in pesticides. After a year, she observed that all the trucks returned empty after dropping off their loads. She came up with the idea to found Logivan.

Vietnam's logistics industry is highly fragmented and 90 percent of trucking companies in Vietnam own less than five trucks. This presents a resource drain for Vietnamese businesses, Linh said.

After more than two years of development, Logivan has about 200 employees, three offices in Hai Phong, Hanoi and Ho Chi Minh City and a 44,000-truck fleet. In 2018, Logivan connected more than 22,000 transportation partners with every major commercial truck type. The network has nearly 11,000 shipping companies registered on its system.

Logivan's research team consists of MA and PhD degree holders from foreign countries such as Japan and Europe. They have worked to digitize the trucking industry by providing a high-quality automatic truck matching system.

Investors believe in Logivan

With the latest US\$5.5 million it raised, Logivan will invest in data analysis and cross-platform

integration to increase supply chain efficiency and provide an optimal experience for partners and customers. The company will also apply artificial intelligence (AI) to verify information, understand user needs, and increase prediction accuracy.

Logivan will continue developing pioneering truck-matching and pricing algorithms to optimize the utilization of trucks returning empty after unloading deliveries. The company is also investing heavily in its people, both creating jobs in rural locations and recruiting regional technology talent.

Sharing his reasons for investing in Logivan, David Su, Founding Managing Partner at Matrix Partners China, said: "Vietnam is the next rising star in the growing Southeast Asia region and it is well poised to experience a similar growth trajectory to the one we witnessed in China. Vietnam's logistics industry is highly fragmented, and logistics costs make up 23 percent of Vietnam's GDP, with 90 percent of trucks in Vietnam being owned by individuals. Given the success of Manbang, we believe that Logivan has the potential to emulate its success."

A notable co-investor is Alpha JWC, an Indonesian venture capital firm with a sharp focus on high-tech companies and a proven track record.

Last year, Logivan successfully held two funding rounds, with total capital of US\$2.4 million from Ethos Partners, Vinacapital Ventures and Insignia Ventures Partners. The company won first prize at Pitch@Palace Global 2018 organized by HRH Prince Andrew, Duke of York.

5. Government revising policy on support industry development

The revision relates to Government Decree 111/2015/ND-CP dated January 1, 2016 on development of support industries, which provides a series of policy incentives for research and development, technology transfer and production.

According to the Industry Agency under the Ministry of Industry and Trade, implementation of the decree has achieved progress in developing support industries, but shortcomings have emerged

that need to be fixed. These include products prioritized for development, support industry product manufacturing technology, incentive beneficiaries of support industry production projects, as well as the decree's compatibility with other legal documents.

The Industry Agency says support industry serves many new fields, and despite the diversification and expansion of the list of support industry

products prioritized for development, it still lack products needing to be prioritized for development of specific industries. The Industry Agency, which is compiling the draft revision, is also expected to diversify beneficiaries of the decree's incentives.

A report by the Ministry of Industry and Trade shows that there are about 3,300 support industry enterprises in Vietnam, including 1,800 manufacturers of spare parts and components, and more than 1,500 producers of raw materials for textile, garment and leather and footwear industries. Support industry companies account for almost 4.5 percent of all enterprises in the processing and manufacturing industry, and are providing jobs for more than 550,000 people.

Vietnamese enterprises are producing molds of all kinds, bicycle and motorbike components, standard mechanical components, electric cable, technical plastic and rubber components, and tires and inner tubes of all kinds, which have met domestic demand and are exported to many countries and territories worldwide, according to the report.

Component and spare part exports yielded more than US\$26 billion, while textile, garment and leather and footwear material and accessory exports brought in UD\$6 billion. Vietnam exported its support industry products China, the Republic of Korea (RoK), the US, and Japan.

The local content in some industries has improved, reaching 30-35 percent in household electronics, and 40 percent in automobile and motorbike production serving electronics. The local content of some automobile products has even exceeded targets set in the Vietnam automobile industry strategy and master plan.

Most major car manufacturers in the world, such as Toyota, Honda and Ford, operate in Vietnam, requiring components and spare parts suppliers. However, Vietnam lacks a high-quality steel and plastic industry, and manufacturers are forced to import materials with very high logistics costs so that cars imported from Thailand, for example, are still 10-20 percent cheaper than domestically manufactured cars.

6. Rice sector eyes top quality varieties next year

Rice producers need to be more creative and increase quality if they want to see export profits rise next year.

That was the message from Do Ha Nam, deputy chairman of the Vietnam Food Association (VFA) who was speaking to the Cong Thuong (Industry and Trade) newspaper about the rice export this year and targets for 2020.

"More consumers like high-value and reputable rice products in the market," Nam said.

"Therefore, we need to research and develop new rice varieties and produce fragrant rice with high value instead of growing ordinary white rice with low value."

According to rice enterprises, the thing that determines the success of a rice product on the market is good quality and reputation, not just high prices.

The VFA representative said the rice production industry will focus more on markets in Africa and the Middle East, as well as meet standards under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Nam said trade counselors in rice export markets that Vietnam has signed free trade agreements with should provide information about export procedures and standards required by importing countries.

He also said that the State should have better policies for rice production and trading enterprises to access capital for increasing investment and technological innovation.

This year, according to forecasts of the association, the rice export value will hardly reach the target of 3 billion USD as set out earlier this year.

This is due to a reduction of export price by nearly 13 percent compared to 2018 to average 439.3 USD per tonne in 11 months of 2019.

Statistics from the Ministry of Agriculture and Rural Development (MARD) showed that in the first 11 months of this year, Vietnam's rice exports reached 5.91 million tonnes, up 4.8 percent in volume but the export value decreased 9.4 percent year on year to 2.6 billion USD.

However, there were some bright spots in the domestic rice export picture during the period, Nam said.

Some markets in Southeast Asia also saw a high growth of 25.5 percent in volume to 2.63 million tonnes and 12.2 percent in value to 1.09 billion USD year on year.

The Philippines was the largest export market, with almost two million tonnes heading there in 11

months, accounting for 33.6 percent of the total export volume and 31.5 percent of the total turnover. The exports increased by 155.4 percent in volume and 133.6 percent in value year on year.

This year, the Philippines has opened a new mechanism so Vietnam's enterprises still had big contracts, making sharp increases in Vietnam's rice exports to this market against last year.

According to the MARD, Ivory Coast was the second largest export market for Vietnam with a rice export volume of nearly 535,000 tonnes, earning 231.45 million USD.

China was the third largest market with a total rice export volume of nearly half a million tonnes imported from Vietnam./.

Corporate News

7. TRA: Change of record date for the first cash dividend in 2019

↑ 1.50%

On December 26, 2019, the Hochiminh Stock Exchange issued Announcement No.1529/TB-SGDHCM about the change of record date for the first cash dividend in 2019 of Traphaco Joint Stock Company as follows:

- Ex-right date: January 06, 2020 (instead of December 31, 2019)
- Record date: January 07, 2020 (instead of January 02, 2020).
- Reason & Purpose: to pay first cash dividend for 2019

- Exercise ratio: 20%/par value (2,000 dongs/share)
- Payment date: January 17, 2020.
- Place of payment:
 - + Shareholders whose shares have been deposited: at the securities firms where the shares have been deposited.
 - + Shareholders whose shares have not been deposited: at Traphaco Joint Stock Company.

8. GTN: Change of personnel

↓ -6.86%

GTNFOODS Joint Stock Company announced personnel change as follows:

- Mr. Trinh Quoc Dung was appointed as CEO as from January 01, 2020.
- Mr. Tran Chi Son was appointed as Deputy CEO as from January 01, 2020.

- Mr. Le Huy Bich was appointed as CFO as from January 01, 2020.
- Mr. Tran Chi Son was appointed as the authorized information disclosure staff as from January 01, 2020.

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