



# VIETNAM DAILY NEWS

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Table of content

## Table of content

1. VN-Index records biggest losing session in two weeks
2. Petrol prices go up slightly
3. Finance industry rules Forbes Vietnam's top 100
4. Foreign investors more aggressive in M&As in HCMC
5. Vietnam's 2019 outbound investment exceeds US\$500 million
6. FDI enterprises optimistic about doing business in Vietnam
7. Vietnam records US\$500 billion in imports, exports
8. PGD: PV Gas D adjusts its business plan for 2019
9. HBC: HBC wins new construction projects

## Market Analysis

### 1. VN-Index records biggest losing session in two weeks

The VN-Index fell 4.04 points, or 0.42 percent, to 960.99 points on Tuesday, its biggest losing session in the last fortnight.

199 stocks lost and 137 gained on Ho Chi Minh Stock Exchange (HoSE), on which the VN-Index is based. Order-matched transactions were VND2.1 trillion (\$90.8 million), making the last session of the year one of the quietest this month.

The VN30-Index for Vietnam's 30 biggest market cap companies shed 0.14 percent, with 178 stocks closing in red and 6 in green, seven stocks having lost at least one percent.

ROS shares of real estate developer FLC Faros continued to be the biggest losing stock on the market, having fallen 7 percent, the fourth consecutive session the stock had hit floor price.

It was followed by CTD of construction giant Cotecons, which dropped 3 percent, and GAS of state-owned energy firm PetroVietnam Gas, down 2.8 percent.

For Vietnam's three biggest state-owned banks, VCB of Vietcombank and CTG of VietinBank lost 0.9 and 0.7 percent respectively, while BID of BIDV gained 0.1 percent.

VIC shares of Vietnam's biggest private conglomerate Vingroup, HoSE's highest market

cap stock, retained its opening price, while shares of its subsidiaries, VHM of real estate developer Vinhomes, and VRE of retail group Vincom Retail, lost 0.8 and 1.4 percent respectively.

Other major blue chips that lost this session included BVH of insurance heavyweight Bao Viet Holdings, down 1.2 percent, REE of appliances maker Refrigeration Electrical Engineering Corp, down one percent, and SAB of Vietnam's biggest brewer Sabeco, down 0.9 percent.

Of the six stocks that gained this session, three belonged to mid-sized private lenders, namely HDB of HDBank, VPB of VPBank, and TCB of Techcombank, adding 2.4 percent, one percent and 0.4 percent respectively.

The remaining two gainers were NVL of real estate developer Novaland, up 1.7 percent, and VJC of budget carrier Vietjet Air, up 1.2 percent.

Meanwhile, HNX-Index for stocks on Hanoi Stock Exchange, Vietnam's second main bourse for small and mid-cap stocks, fell 0.43 percent, while UPM-Index for Unlisted Public Companies gained 0.45 percent.

Foreign investors were net sellers to the tune of VND127 billion (\$5.49 million) on all three bourses, with selling pressure mostly on VIC of Vingroup and ROS of FLC Faros.

## Macro & Policies

### 2. Petrol prices go up slightly

The retail prices of petrol and oil slightly increased from 15:00 on December 31, following the latest price review by the ministries of Industry and Trade, and Finance.

The two ministries review fuel prices every 15 days to adjust domestic prices in accordance with swings in the global market.

Accordingly, the price of bio-fuel E5RON92 increased 152 VND per litre to a maximum level of 19,881 VND per litre, while the ceiling price of RON95-III was up 104 VND to over 20,990 VND per litre.

In this review, the prices of diesel 0.05S and kerosene are capped at 16,591 VND and 15,585 VND per litre, respectively. Meanwhile, Mazut 180CST 3.5S is sold at no more than 11,920 VND per kilogramme.

The two ministries flexibly used the petrol price stabilisation fund as a tool to ensure domestic petrol prices reflect global trend. They decided to subsidise 150 VND per litre for E5RON92, RON95, diesel and kerosene, while decreasing subsidies for mazut./.

### 3. Finance industry rules Forbes Vietnam's top 100

Six of the top 10 positions were occupied by commercial banks, including Vietcombank, BIDV, VietinBank, Techcombank, VPBank and MB Bank.

The next prominently ranked industry groups by number were oil and gas, real estate and retail.

Petrolimex, Vietnam's largest fuel importer and distributor, took the lead in revenue with \$8.35 billion while Vietcombank topped profits after tax with \$636 million.

With \$57 billion, BIDV ranked first in terms of total assets while Vietnam's largest private conglomerate, Vingroup, led the market cap with a total value of approximately \$16.5 billion, according to consolidated audited financial statements for 2018.

Ho Chi Minh City Stock Exchange (HSX) had 65 representatives while Vietnam's Unlisted Public

Companies Market (UPCoM) had 23. Hanoi Stock Exchange (HNX) saw seven representatives while the remaining were unlisted public companies.

The list was derived using a methodology from U.S.-based Forbes's Global 2000, which ranks businesses on revenue, profits, assets and market value.

The assessment uses financial statements audited in the latest year (2018) and listed firms' market capitalization figures based on the closing price on December 13.

Vietnam's largest private company Vingroup and three of its biggest banks, including Vietcombank, BIDV and VietinBank joined the list of 2,000 largest listed firms in the world compiled by Forbes last May.

### 4. Foreign investors more aggressive in M&As in HCMC

They made a total of 9,842 M&As in the country this year, stated the Foreign Investment Agency, under the Ministry of Planning and Investment, in a report.

This indicates that HCMC attracted the largest number of foreign investors through this indirect investment channel nationwide, making up a staggering 60% of the country's total transactions.

Meanwhile, foreign investors poured a modest US\$1.84 billion into 1,320 newly licensed projects in the city. The year also saw 309 operational FDI projects increasing their capital by roughly US\$859 million, taking the total FDI pledges to some US\$2.7 billion.

The municipal Department of Planning and Investment did not name the sectors that had attracted the foreign investors to M&A deals. As observed by the *Saigon Times*, they could be largely involved in real estate, retail, food production, fast-moving consumer goods and finance.

A number of experts ascribed the surge in M&As to a more favorable legal framework that allows foreign firms to make deals with their local peers in Vietnam.

With a population of 95 million, the country's high economic growth and sustainable development in recent years have helped attract foreign indirect investment through M&As, enabling foreigners to penetrate the Vietnamese market.

The experts pointed out the acquisition of stakes in or brands of local firms would help foreign investors to save significant amounts in initial costs and make instant use of advantages on the local market.

Meanwhile, a number of local firms are in dire need of finances to expand their business activities, so they could use the proceeds from their deals with their foreign partners to fund these activities.

Also, they can have foreign investors inject capital into their firms and get involved in their management and administration activities. Otherwise, they are at risk of falling behind firms with a larger scale and better management capacity.

Given the deeper integration of Vietnam in the global economy, many domestic firms are finding it hard to compete with their foreign rivals with strong brands, technologies and finances. Therefore, they have decided to sell their businesses.

In addition, the ongoing trade war between Washington and Beijing is pushing China-based manufacturers and their U.S. clients to move or expand production to Southeast Asian nations, including Vietnam.

The increase in stake acquisition in Vietnamese firms is also a way for foreign manufacturers to stabilize their operations quickly and export their goods to the United States.

## 5. Vietnam's 2019 outbound investment exceeds US\$500 million

Specifically, more than 164 new overseas investment projects were licensed, with total registered capital of US\$403.15 million, while 29 operational investment projects increased their outbound capital by US\$105 million, *Sai Gon Giai Phong* newspaper reported.

The wholesale and retail sector took the lead in terms of offshore investment, with total capital of US\$121.6 million, accounting for 23.9%, followed by the agro-forestry-fishery sector, with US\$86.1

million. Standing in third place was the science and technology sector, whose total outbound investment was estimated at US\$70.1 million.

Local enterprises invested in 32 countries and territories in 2019, with the largest investment going to Australia, at US\$154.6 million, accounting for 30.4% of Vietnam's total overseas investment.

The United States came in second with US\$93.4 million, poured into 26 projects.

## 6. FDI enterprises optimistic about doing business in Vietnam

The General Statistics Office's report showed that foreign invested companies were more confident about their business prospects in the coming months as 88.6% of them have forecast their

trading and manufacturing activities will improve or stabilize compared with the previous three months.

The percentages for State-owned enterprises and private owned ones were 81.1% and 83.7%, respectively.

Released last week, the survey on the business outlook for the processing and manufacturing industries showed that 46.7% of firms queried had positive operations in 2019; 17% of those surveyed had difficulties in their operations, while 36.3% of them thought their business operations were stable.

The report also highlighted questions related to the business outlook in the coming quarter compared with the fourth quarter of this year.

Some 48.1% of observed firms expected improvements in the coming months, 15.1% of enterprises forecast more difficulties and 36.8% of companies thought their business operations would be unchanged.

Vietnam is considered an attractive investment destination with an abundant labor force and

relatively low labor costs compared with other countries in the region.

The political system is stable and the economic growth rate is among the highest in the world. Meanwhile, the U.S.-China trade dispute has made Vietnam a bright spot, attracting foreign capital.

The report also showed that the total foreign investment in Vietnam as of December 20, including newly registered capital, adjusted registered capital and capital contribution and the share purchases of foreign investors, reached US\$38 billion, a 7.2% increase compared with the same period last year.

This year also saw a significant foreign investment expansion through share purchases, with total value reaching US\$15.5 billion, up 56.4% compared with 2018. Disbursed foreign investment in 2019 was estimated at US\$20.4 billion, up 6.7% from the previous year.

## **7. Vietnam records US\$500 billion in imports, exports**

Vietnam's position in terms of imports and exports has increased over the past few years, according to the World Trade Organization. In 2006, the country ranked 50th for exports and 44th for imports in the global market. The country jumped to 26th for exports and 23rd for imports last year.

In the January-November period, the country's trade surplus was recorded at US\$10.9 billion. In the 11-month period, the foreign-invested firms' total import-export turnover reached US\$297.9 billion, up 3.2% year-on-year, while domestic firms' import and export value rose by 15.1%, VietnamPlus news site reported.

Given the positive results, Vietnam ranks among the world's top 30 countries and territories with the largest value of imports and exports. In Southeast Asia, Vietnam comes third, after Singapore and Thailand.

Speaking at the recognition ceremony of the foreign trade value, Prime Minister Nguyen Xuan Phuc praised the ministries, departments and localities for their efforts and contributions to the results.

Vietnam's 2019 foreign trade value of US\$500 billion reflected the strong growth in import and export activities, PM Phuc remarked.

Apart from the significant contribution of free trade agreements, such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and the European Union-Vietnam Free Trade Agreement, as stimulus for trade activities, the Vietnamese agencies in foreign countries fulfilled their roles as bridges linking the local market and the global market, he said.

Some sectors contributed to boosting production and export activities, with the wood processing industry and the agriculture sector generating an estimated US\$11 billion and US\$41 billion in exports this year.

This year, some items saw a strong increase in export revenue, with the top six groups of goods boasting an export value in excess of US\$10 billion each.

The prime minister noted that in the coming years, Vietnam should enhance the shipment of processed goods and reduce the volume of crude exports to integrate the country with the global supply chain.

To spur import-export activities, the prime minister proposed continuing to eliminate complicated administrative procedures and boost reforms, calling on ministries and agencies to speed up the

execution of the national one-door system and the ASEAN one-stop system.

Vietnam aims to earn export revenue of US\$300 billion next year compared to roughly US\$265 billion in 2019, PM Phuc stated, adding that the relevant ministries and departments should cooperate with localities to fulfill this target to ensure a fifth consecutive year of trade surplus.

## Corporate News

### 8. PGD: PV Gas D adjusts its business plan for 2019

↑ 0.00%

On December 30, 2019, the Board of Directors of Petro Viet Nam Low Pressure Gas Distribution Joint Stock Company approved the adjustment to business plan for 2019 as follows:

– Total gas output: 920 million sm3

Of which:

- Low pressure gas output: 584 million sm3
- CNG output: 336 million sm3

– Revenue: 7,801 billion dong.

### 9. HBC: HBC wins new construction projects

↓ -1.38%

Hoa Binh Construction Group Joint Stock Company has assigned new construction packages with the total contract value of more than VND828 billion as follows:

1. Saigon Exhibition and Convention Center (SECC) Project – Phase 2

– Investor: Saigon Exhibition and Convention Joint Venture

– Address: 799 Nguyen Van Linh, Tan Phu ward, District 7, Hochiminh city.

– Value of package: more than VND710 billion

2. Four Seasons Project

– Investor: Intimex Viet Nam Joint Stock Company

– Address: 22 – 32 Le Thai To, Hoan Kiem district, Ha Noi city

– Value of package: more than VND118 billion.



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