



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index sees biggest losing session in past month

US-Plunging 9.35 points, or 0.97 percent, to 955.79 points Monday, VN-Index faces its biggest losing session since December 2.

Ho Chi Minh Stock Exchange (HoSE), on which VN-Index is based, saw an overwhelming 251 stocks losing compared to 90 gaining on Monday.

Order-matched transactions remained relatively low at VND2.23 trillion (\$96.59 million), compared to last month's average liquidity of VND2.8 trillion (\$121.28 million), having also fallen nearly 10 percent over the previous session.

VN30-Index for Vietnam's 30 biggest market cap stocks sank even further, at 1.24 percent, 26 tickets losing and three gaining, with 17 stocks in red having lost 1 percent or more.

ROS shares of real estate developer FLC Faros was again the biggest losing stock on the market, its seventh consecutive session in this position, once again hitting floor price, dropping 6.9 percent.

It was followed by VCB of Vietcombank, one of Vietnam's three biggest state lenders by assets, which fell 2.7 percent. The other two, BID of BIDV, shed 1.9 percent, while CTG of VietinBank bucked the trend of banking stocks this session having added 0.2 percent.

VRE of Vincom Retail, the retail subsidiary of Vietnam's biggest private conglomerate Vingroup,

also sank 2.7 percent. VIC shares of parent company Vingroup fell 0.7 percent, and VHM shares of real estate developer and sister corporation Vinhomes lost 2.1 percent.

Shares of private banks lost hard this session, with TCB of Techcombank losing 2.5 percent, VPB of VPBank 2.2 percent, HDB of HDBank 2 percent, and STB of Sacombank 1.5 percent.

Other major losing stocks this session included GMD of sea freight and port services firm Gemadept, down 2.2 percent, and MSN of food conglomerate Masan Group, down 1.6 percent.

The only other two stocks to gain this session were GAS of state-owned energy giant PetroVietnam Gas, which rose 3.2 percent, and EIB of private mid-sized lender Eximbank, which gained 1.4 percent.

Foreign investors net bought VND27 billion (\$1.17 million) worth of shares this session, with buying power focused on HPG of leading steelmaker Hoa Phat Group, and E1VFN30 of exchange traded fund VFMVN30, which is structured so that it replicates the performance of blue chips basket VN30.

Meanwhile, HNX-Index for stocks on Hanoi Stock Exchange, Vietnam's second main bourse for small and mid-cap stocks, dropped 1.13 percent, while UPCoM-Index for unlisted public companies shed 1.36 percent.

Macro & Policies

2. Aviation sector brings most int'l tourists to Vietnam

Statistics from the Vietnam National Administration of Tourism and the General Statistics Office of Vietnam indicate that the strong growth of the aviation sector has brought large numbers of international tourists to the local tourism sector over the past few years.

Nearly 14.4 million foreign visitors travelled to the country by plane last year and a quarter of the country's total domestic visitors, equivalent to over 21.2 million people, chose to travel by air.

The Civil Aviation Authority of Vietnam's 2019 report also highlighted the strong performance of the sector last year. The number of passengers that passed through local airports is estimated at 115.5 million, up 11.8% against 2018.

Vietnam's airlines served some 55 million passengers, rising by 11.4% from the year earlier, with an estimated 963,000 flights in 2019, up 7% versus the 2018 figure.

Although the number of visitors travelling to Vietnam by air dominated the transport market in 2019, the proportion of visitors using air services was reportedly lower, dropping from 83.3% in 2018 to 80%.

Meanwhile, the number of tourists visiting Vietnam by road and sea is on the rise.

The number of international tourists visiting the country by road accounted for 18% in 2018. The figure edged up to 18.7% in 2019, while the international tourist arrivals in Vietnam by sea inched up to 1.5% last year from 1.38% in 2018.

Many tour operators expect local sea tourism to grow more strongly in the coming years if special-use tourism ports are set up at tourist sites such as Phu Quoc, Ba Ria-Vung Tau and various destinations in Central Vietnam.

3. Vietnam government vows to combat origin frauds

The Vietnamese government on December 31, 2019 issued Resolution No.119/NQ-CP with an aim to address rampant cases of origin fraud and illegal transshipment, in a move to show its determination to ensure fair trade with major partners.

The resolution is a necessary move to ensure sustainable development of Vietnam's exports and lawful rights of local compliant traders, particularly with the enactment of new free trade agreements such as the Comprehensive Progressive Trans – Pacific Partnership (CPTPP) and the EU – Vietnam Free Trade Agreement (EVFTA) in the context of the ongoing US – China trade war, the Ministry of Industry and Trade (MoIT) said in a statement on its portal.

Additionally, the resolution is expected to attract foreign investment in hi-tech projects with greater added value, helping local firms to further integrate in the global supply chain.

To fulfil such objectives, the resolution proposed a number of measures:

Firstly, the government would continue to perfect the legal framework related to origin of goods and products, while enhancing capabilities in identifying and preventing cases of illegal transshipment, origin fraud and evasion of trade safeguard measures.

Secondly, taking stricter measures against cases of trade frauds.

Thirdly, raising awareness related to trade fraud.

Fourthly, showing Vietnam's determination to cooperate with international partners in preventing and tackling trade fraud activities.

Due to the US – China trade war, US-bound Chinese goods such as plastics, optical items, electronics that are subject to US anti-dumping duties have decreased in volume, but transshipment of such

goods to the US via third countries, including Vietnam, is surging.

A report from the Vietnam Steel Association suggested Vietnam's steel industry has been at the center of trade probes from other countries following the escalation of the trade war.

In late October, the General Department of Vietnam Customs (GDVC) timely prevented a US\$4.3-billion

Chinese aluminum batch forging Vietnamese origin from being exported to the US.

"If not properly addressed, illegal transshipment would increase the risk of Vietnamese compliant traders facing slower export procedures in the US, as well as higher customs duties," stated a USAID expert.

4. Vietnam to operationalize 2020 with new transport infrastructure

First metro

Construction on Hanoi's Cat Linh-Ha Dong metro line has completed to include 13 km of elevated railway and 12 stations.

The project was meant to become operational by April 2019, after missing a previous deadline, but missed the new target due to safety evaluation issues.

French consultancy Apave-Certifier-Tricc is currently heading a safety inspection on the line, after which the Chinese contractor will hand over the project to the Ministry of Transport.

Deputy Prime Minister Trinh Dinh Dung last week ordered the transport ministry to make the line operational this year as "local residents have been yearning for it."

Hundreds of employees have quit over delays, with the \$868-million project now bleeding VND50 billion (\$2.17 million) a month in salaries for over 200 Chinese and Vietnamese staff.

Hanoi ring road

The capital is further expected to open a 5.5 km northwestern ring road to ease traffic congestion in Cau Giay, a major business district.

The VND8.5 trillion (\$368 million) Mai Dich – Nam Thang Long section will run from Mai Dich Overpass in Cau Giay northward to Thang Long Bridge, one of the city's northern gateways.

The six-lane ground-level section opened in October last year, with the four-lane elevated part scheduled to launch September.

Hai Van Tunnel 2

Central Hai Van Tunnel 2, connecting Da Nang City and central Thua Thien-Hue Province, is set to be completed by the year-end.

It is part of a VND7.2 trillion (\$312 million) project comprising an upgrade of existing Hai Van Tunnel 1 and expansion of its emergency exit into Hai Van Tunnel 2 to include four lanes.

Consisting of two one-way tunnels, each with two lanes, the tunnel is open to traffic though 20 percent of work remains to be completed.

La Son – Tuy Loan Expressway

The 77 km La Son – Tuy Loan Expressway costs over VND11 trillion (\$477 million).

With four lanes allowing speeds up to 80 km per hour, it runs from Phu Loc District in Thua Thien-Hue Province to Hoa Vang District in Da Nang City.

The project was to become operational in December 2018 but 11.5 km of land acquisition in Da Nang held it back.

The first 66 km of the expressway is set to open in the first quarter of this year, insiders hold.

Long Thanh – Ben Luc Expressway

Long Thanh – Ben Luc Expressway connecting Ho Chi Minh City with the southern provinces of Long An and Dong Nai is expected to be completed this year, two years late.

Construction began in July 2014 and is now 80 percent complete. But land acquisition is still a challenge due to opposition from residents in both Dong Nai and HCMC.

The VND31 trillion (\$1.34 billion) expressway runs 57.7 km from Ben Luc District in Long An to Long Thanh District in Dong Nai via HCMC. The project includes 20 km of viaducts and two cable-stayed bridges passing via wetlands.

The expressway is expected to improve connectivity across the Mekong Delta and will be linked with the planned Long Thanh International Airport in Dong Nai.

5. Industry calls for national technical regulation for raw cashew

In a communication to the ministry, it said last year processing companies imported nearly 1.6 million tonnes of raw cashew.

“Therefore, the quality of imported raw cashew nuts is a very important factor that decides the efficiency of production and trading, the quality of finished products and the reputation of every Vietnamese business as well as Viet Nam's cashew industry as a whole globally.”

The country imports cashew from many countries, and there have been many problems related to recovery rate, moisture content, number of kernels per kilogramme, deformed nuts, and foreign matters affecting quality, it said.

“To ensure quality and food safety and hygiene, it is necessary to have national technical regulations for raw cashew nuts since this will be a legal basis for Vietnamese companies when negotiating contracts with foreign suppliers and for [resolving] trade disputes.”

It would work closely with the ministry and other relevant agencies to quickly develop the regulation and actively assist in the implementation process, Pham Van Cong, chairman of the association, promised.

Last year the agriculture ministry and the Ministry of Science and Technology promulgated the Viet Nam National Standards (TCVN12380:2018) for raw cashew nuts.

TCVN12380:2018 apply for the inspection, evaluation, and classification of imported raw cashew and in dispute resolution.

Vinacas encourages its members to apply it when negotiating, signing and implementing contracts.

Viet Nam exported about 450,000 tonnes of cashew nuts worth US\$3.6 billion last year, retaining its position of the world's largest cashew processor and exporter.

The sector aims to earn \$4 billion in exports in 2020.

6. Footwear, handbag sector eyes export target of \$24b in 2020

According to Viet Nam Leather, Footwear and Handbag Association (Lefaso), footwear export revenue was expected to reach \$20 billion while handbags achieved \$4 billion this year.

Nguyen Duc Thuan, Lefaso's president, said foreign-invested producers remained the major driver for footwear and handbags, citing statistics that

foreign-invested firms accounted for 75.8 per cent of the sector's export revenue in 2019

The industry, however, saw a slight expansion of domestic producers in recent years, accounting for 24.2 per cent of the export revenue in 2019, from 19.7 per cent in 2017 and 21.6 per cent in 2018.

Thuan said that the US-China trade war would continue posing risks to Viet Nam's footwear and handbag exports.

Deputy Minister of Industry and Trade Cao Quoc Hung said that the Government would continue to provide support for footwear and handbag firms in expanding markets and improving production capacity.

The ministry was developing a strategy to turn leather and footwear into a spearhead industry for export.

Hung also urged footwear and leather firms to take advantage of opportunities from free trade agreements while preparing for challenges from uncertain global and regional trade developments.

He also said firms should be proactive in renovating technologies and enhancing their production capacity as well as focusing on market research and development.

The industry reached an export revenue of \$22 billion in 2019, representing a rise of 12.2 per cent over the previous year. Up to \$18.3 billion of the export revenue came from footwear exports and \$3.7 billion from handbags.

The US was the largest market for Viet Nam's footwear and handbag products, with a revenue of \$7.41 billion (up 13 per cent) in January-November, followed by the EU with \$5.418 billion revenue (up 7.2 per cent) and China at \$1.776 billion (up 19.3 per cent).

Corporate News

7. VNG: Resolution on the distribution of unsold shares

↓ -1.76%

According to the Board resolution dated January 02, 2020, the Board of Directors of Thanh Thanh Cong Tourist Joint Stock Company approved the following issues:

Article 1: Approving the result of stock issuance under ESOP in 2019:

- Estimated issue volume: 4,610,000 shares
- Issue time: from December 23, 2019 to January 02, 2020
- Par value: VND 10,000/share
- Distributed volume: 1,174,460 shares
- Unsold shares volume: 3,435,540 shares.

Article 2: Approving the distribution of unsold shares:

- Number of shares continuing to be distributed: 3,435,540 shares
- Selling price: VND10,000/share
- Payment date: from 01/02/2020 to 01/03/2020
- Bank for blocking depository money:
 - + Account holder: Thanh Thanh Cong Tourist Joint Stock Company
 - + Account number: 113.002.783.798
 - + Bank: VietinBank – Ho Chi Minh Branch No.1

8. Stock market briefs Jan 6, 2020

↓ -0.94%

HCMC – VPBank has completed the purchase of all the special bonds (bad debts) at the State-owned Vietnam Asset Management Company (VAMC). The total value of outstanding bonds bought by VPBank from VAMC in 2019 surpassed VND3 trillion. Particularly, the bank had to set aside more than VND1.4 trillion, around 45%, to handle its outstanding bonds at VAMC.

HCMC – Cuong Thuan IDICO Development Investment Corporation (CTI) is seeking approval from its shareholders to buy 15 million to 20 million treasury shares in the first quarter of 2020. CTI also plans to issue VND100 billion worth of secured inconvertible bonds in a private placement on January 10. The three-year notes will carry a fixed coupon of 10.5% per year for the first four payments. The yield will be paid every three months.

HANOI – Vicostone Company (VCS), which is active in the field of quartz production in, targets a consolidated pretax profit of VND1.9 trillion in 2020, 20.4% above the estimate for 2019. Its consolidated revenue is projected to climb 19.8% to VND6.65 trillion this year.

HANOI – Viet Ha Investment and Trading Company has received approval from the Hanoi Stock Exchange to float 76.9 million shares under the code VHI on the Unlisted Public Company Market (UPCoM) on January 8. VHI's shares will be traded at a reference price of VND9,300 each. VHI is 51% owned by the State, 36.1% held by Fruit and Agricultural Product Corporation (Vegetexco), and 12.56% owned by Vietnam National Aviation Insurance Corporation.

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