

Trump-Kim Summit is ‘Positive’ for Vietnam Stocks: Street Wrap

2019-02-21 08:15:13.776 GMT

By Nguyen Kieu Giang

(Bloomberg) -- The summit between U.S. President Donald Trump and North Korea’s Kim Jong Un in Hanoi next week is viewed as a “positive light” that will draw investors’ attention to the country in general and to the stock market in particular, according to analysts.

Industries such as tourism and industrial park may also benefit.

* Trump-Kim summit will take place in the capital, Hanoi, Feb. 27-28

* Read: Why Kim Jong Un Is Looking to Vietnam for Lessons: QuickTake

VNDirect Securities (Anirban Lahiri, head of research)

- * The summit will help boost “Brand Vietnam” and cement the view that the country’s successfully transitioned from a closed, command economy to a market-based, trade-oriented economy
- * Event should help attract more manufacturing FDI to the country as companies seek to build a “China plus one” sourcing strategy to mitigate the risk of U.S.-China trade disputes
- * “In terms of the stock market, I see this benefiting industrial park operators, logistics and port operators and even air freight/air cargo handling companies”
- * Event may boost Vietnam’s appeal as a tourist destination as the attention may pique the curiosity of potential visitors
- * While there are no direct tourism plays in the Vietnamese stock market, airlines, the airport operator Airports Corp. of Vietnam and retailers could benefit from an increase in tourism
- * Indirectly, property developers that are active in tourism hotspots should benefit from an appreciation in land prices and potential purchases of “second homes” by visiting foreigners
- * Additionally, retail mall operators like Vincom Retail could also benefit from more foreign traffic to their malls in key tourism hubs

MB Securities (Tran Hoang Son, head of market strategy)

- * Summit will be an opportunity for Vietnam to enhance its image to international investors as an open, business-friendly economy
- * Those watching the event may see Vietnam as a safe, strategically located destination
- * “Clearly with these signals, industry leading stocks related to export, seaports, and industrial zones and logistic can benefit from these particularly important political and economic events”

Asia Frontier Capital (Ruchir Desai, senior investment analyst)

- * “The summit is more to do with U.S. - North Korea relations, but Vietnam will be viewed in a positive light by hosting it
- * “Given the attention Vietnam will get because of this, it could be an indirect advertisement for Vietnam tourism. This could potentially have a positive impact for the tourism sector”

To contact the reporter on this story:

Nguyen Kieu Giang in Hanoi at giang1@bloomberg.net

To contact the editors responsible for this story:

Divya Balji at dbalji1@bloomberg.net

Margo Towie