



VIETNAM DAILY NEWS

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Market Analysis

1. Trade tensions drag down local stocks for sixth straight day

The VN-Index on the Ho Chi Minh Stock Exchange lost 0.44 per cent to end at 947.01 points for a total six-day decline of 3.33 per cent since April 26.

Thursday marked the longest losing streak for the VN-Index since the beginning of the year.

Market sentiment continued to be weighed down by the escalation of trade tensions between the US and China.

China has warned it would have respond accordingly if the US government follows through with its plan to raise tariffs on US\$200 billion worth of Chinese goods from 10 per cent to 25 per cent on Friday.

"The VN-Index is withstanding pressure from both domestic and international markets," MB Securities JSC (MBS) wrote in its daily report. "Foreign capital continued flowing out and investors are clearly worrying about a bad outcome at the Washington talks this week."

Foreign investors net-sold VND96 billion on the HoSE, focusing on property firms Dat Xanh (DXG) and Vinhomes (VHM), Bank for Investment and Development of Vietnam (BID) and PetroVietnam Gas (GAS).

On Wednesday, net foreign selling totalled VND88.4 billion.

GAS and VHM were two of the 15 large-cap stocks in the VN30 basket – which tracks the performance of the 30 largest stocks by market capitalisation – that declined on the day.

Other losing blue-chips included IT firm FPT (FPT), Sacombank (STB), Military Bank (MBB), construction corporation Coteccons (CTD) and jewellery seller PNJ (PNJ).

"Investors are very cautious and ignorant towards the market now," Sai Gon-Ha Noi Securities JSC (SHS) said in its report.

Most investors are choosing to wait for stocks to get cheaper and bad news to fade before jumping in, SHS added.

Trading liquidity would have remained modest if there had not been extraordinary put-through trading of Vinhomes and Techcombank, worth a total of VND3.24 trillion.

Without that figure, trading value on the HoSE was only VND2.4 trillion on Thursday, which was much lower than the VND3.27 trillion value seen on Wednesday.

The VN-Index has lost its level of 950 points and it may make investors force-sell stocks, MBS said.

"Investors are not confident that the stock market will rebound next week even if the US-China trade talk goes well this weekend," MBS said.

On the Ha Noi Stock Exchange, the HNX-Index dropped 0.61 per cent to end at 105.26 points.

The northern market index had gained a total of 0.46 per cent in the previous two trading days.

More than 23.3 million shares were traded on the northern bourse, worth VND251.7 billion.

2. Derivatives market sees liquidity slump in April

When the underlying market falls, investors will theoretically seek opportunities to make profit on the derivatives market, because it allows them to

earn profits even as the underlying market declines.

The liquidity of the derivatives market often soars when the underlying market fluctuates. Thus, the derivatives market is an effective solution to retain investors, helping avoid a situation in which they withdraw from the stock market and cause collapses. But things moved in reverse in April.

According to statistics from the Ha Noi Stock Exchange (HNX), in April this year, along with the decline of the stock market, transactions on the derivatives market fell sharply compared to March. The average trading volume decreased by 40.45 per cent to about 80,700 contracts per session.

The session on April 22 had the lowest trading volume during the month – also the lowest level since the beginning of the year – reaching nearly 56,300 contracts. The session on April 9 had the highest trading volume, reaching over 103,900 contracts.

Notably, in the last trading session of the month on April 26, the derivatives market had an impressive session. Total trading volume for the session was 102,677 contracts – only slightly higher than the average figure of the previous month, 100,000.

The average trading value of the VN-30 Index basket in April reached just VND1.4 trillion (US\$59.9 million), down 30 per cent compared to the middle of March. The trading value of futures contracts on April 19 reached nearly VND950 billion, equal to 50 per cent of the average trading value of VN-30 basket in March.

The open interest (OI) – the total number of open or outstanding options and futures contracts – decreased by 10.93 per cent from the previous month. By the end of April 29, the OI volume of the whole market reached 21,267 contracts.

The number of derivatives trading accounts continued to increase. At the end of April, the figure reached 70,112 accounts, up 4.04 per cent over the previous month.

In April, the transactions carried out by individual domestic investors accounted for a large proportion but still decreased significantly compared to the previous months, standing at 92.9 per cent of the total derivatives trading volume.

The proportion of transactions carried out by domestic institutional investors (including self-trading) increased sharply, reaching 6.84 per cent, 3.2 times higher than the previous month.

Excluding self-trading, the trading value of this group nearly tripled compared to March, reaching more than 185,000 contracts, highest level since the inception of the derivatives market.

Transactions by foreign investors in April decreased according to the general trend of the stock market, reaching 8,165 contracts, equal to 60 per cent of the number seen in the previous month, accounting for 0.27 per cent of the total trading volume of the whole market.

Macro & Policies

3. Car rental market in Vietnam is growing

Car rental has emerged to be one of the most prominent services in the country of fast urbanization and the increasing growth of middle-class population.

Car rental, which is the hiring of a passenger vehicle for self-driving, including cars and small vans, by both business and leisure travelers for short term of duration, has become more popular in urban areas in the recent years.

Vietnam, with the increasing growth of middle-class population and fast urbanization, car rental has emerged to be one of the most prominent services operating in the urban transport sector for local usage, airport transport, and outstation.

The number of operational cars available for short term rental in Vietnam was 12,467 vehicles in 2017, showed statistics by Ken Research, a market research and consulting company based in India and the US.

In the same year, the number of car rental transactions between a car rental company and consumers were 1.11 million. During the historic period, the number of operational cars grew at a compound annual growth rate (CAGR) of 5.39%, while the number of rental transactions grew at a CAGR of 4.09%.

The car rental (self-driving) market in Vietnam to 2022 would be diversified with different rental occasions, rental days, average rental length and other factors.

More specifically, the market would cover different kinds of rental, including daily, overnight, or for vacations or diverse options that are based on distance (kilometers).

In Vietnam, car rental market has been on the upward trend and got more demand as the self-driving services help make full use of idle vehicles, connect car owners and clients with simple and flexible procedures.

In addition, companies and apps connecting car owners and clients have simplified the procedures, therefore, boosting the services.

Local media reported that the number of cars per 1,000 heads remains low, about 20. The figure is 10 times lower than that of Thailand and 40 times lower than that of the US.

Gradually, more apps and service firms with updated technologies have helped car owners better manage their vehicles and clients have more options.

The rental prices are different between weekdays and weekend, mostly on the occasions of holidays, especially Tet holiday or the Lunar New Year. In Tet holiday, the rental prices rise from 60% to double the common one, according to the Lao Dong.

The prices vary around VND1 million (US\$43)-VND1.5 million (US\$65) per day depending on kinds of cars (normally 5- and 7-seater vehicles).

4. Technologies help solve Hanoi's issues: Mayor

Hanoi considers smart technology solutions the major solution to enhance state governance capability and help the city address current issues, according to Nguyen Duc Chung, chairman of the Hanoi People's Committee.

Currently, Hanoi is using technologies for better linkage between local agencies, while the process of digital transformation has reduced time, cost and improved efficiency in interactions among local authority, citizens, and enterprises, Chung

said at the national forum on developing Vietnam technology companies held on May 9.

Chung added Hanoi aims for greater access to digital services for its citizens and realize the potential of technologies through various ways, including the utilization of digital services, e-document, and encouraging the use of digital technologies in citizens.

Hanoi is now home to 3,530 technology companies which generate revenue of VND244.26 trillion (US\$10.44 billion) in 2018, indicating the capital's effort in attracting major technology companies for the goal of building a smart city.

Hanoi would continue the reform effort to become the first city with open policy for the development of the business community, he stressed.

Technologies pave the way for success

Lu Thanh Long, CEO of accounting software developer MISA, said over 400,000 micro companies and 5 million business households in Vietnam do not use accounting software. Long said a software called Startbooks would help small and micro enterprises compile tax and financial reports with a fee of nearly US\$100 per month.

Local technology companies are capable of solving the country's specific issues that foreign companies are not able to, Long stated, adding they could master and integrated the latest technologies such as Blockchain, AI, machine learning, among others into their products.

Chairman of CMC Group Nguyen Trung Chinh said enterprises must use technologies to connect with digital economy.

According to Chinh, the challenge for enterprises in the Fourth Industrial Revolution would be productivity, speed, connectivity and capability of providing services anywhere and anytime.

Among these characteristics, connectivity is a major factor in the digital era, while technologies have made it possible for countries such as South Korea to make a huge leap in development, Chinh continued.

Chinh requested the government to outline a strategy and support technology companies in improving their product and service quality, in turn propelling Vietnam's economy to a new height.

Pham Hai Van, CEO of Haravan – North Branch, said putting business operations online would be the right direction.

An online platform would replace 100 brick-and-mortar shops with much lower expenses, he stated.

Meanwhile, Tran Thanh Hai, CEO of local ride-hailing firm BE, pointed to the challenges that tech startups in Vietnam are facing, including strict business conditions and the fact that some foreign companies are not complying with local policies represents an act of unfair competition to Vietnamese firms.

In the Industry 4.0 era, the most important asset would be information, which requires local enterprises to develop their own tech ecosystem, Hai added.

For Vietnamese enterprises to reach regional level, a strong base is needed, including the support from the government, he concluded.

5. 30 countries and territories join Vietnam Medi-Pharm 2019

The Vietnam International Medical and Pharmaceutical Exhibition (Vietnam Medi-Pharm) started its 26th edition in Hanoi on May 8, with the participation of over 30 countries and territories.

The expo is annually organized by Vietnam Medical Import-Export Joint Stock Company (Vimedimex VN) and Vietnam Exhibition and Advertising Joint Stock Company (Vietfair) in May.

In his opening remarks, Deputy Minister of Health Truong Quoc Cuong said that with more than 550 booths of 450 local and international firms from Belgium, China, the Czech Republic, Germany, India, Japan, Poland, South Korea, the US, Thailand, and host Vietnam, among others, Vietnam Medi-Pharm has proven its prestige, as well as expectations of manufacturers and businesses in the healthcare industry, of those in the pharmaceutical market and medical equipment manufacturers in Vietnam.

Through the exhibition, Vietnam's Ministry of Health expects to create a fair, healthy, stable and competitive business environment, based on the view of considering enterprises as a driving force for economic development, Cuong stressed.

He added that the Vietnamese health ministry recommended local and international manufacturers of pharmaceutical and medical equipment actively explore markets and partners to contribute to further trade exchanges and bilateral and multilateral cooperation in pharmaceutical and medical equipment.

The four-day exhibition offers an opportunity for participants to introduce their products, promote experience exchange, expand market and boost connection and technology transfer. Pharmaceutical products, food supplements, pharmaceutical processing, manufacturing and packaging equipment, lab equipment and healthcare services are also on display.

Besides, Vietnam Medi-Pharm 2019 is focusing on high-quality healthcare services. The highlight is the display area of the Ministry of Health with the theme of "Vietnam Health", introducing Vietnam's guidelines, policies and laws on healthcare.

Various activities will be held within the framework of the expo, including a national scientific conference on preventive medicine, a workshop on immunotherapy and stem cells for cancer and diabetes treatment, a program to respond to world hypertension day, along with other sideline events.

6. Export value to Eastern Europe remains modest

Eastern Europe is one of Vietnam's top export markets. Bilateral trade has advanced considerably lately, said Hoang Quoc Vuong, deputy minister of Industry and Trade at the Vietnam-Eastern Europe Trade Forum, which is aimed at promoting Vietnam's exports of farm produce, garments and textiles and footwear products to Eastern Europe.

Vuong cited data from the General Statistics Office as pointing out that trade revenue between Vietnam and Eastern European countries hit over US\$10 billion in 2018, up 30% year-on-year, with export revenue reaching US\$6.5 billion and import revenue making up the rest.

However, the export value to these Eastern European markets accounted for only 2.65% of Vietnam's total export value.

Vuong added that there is still room for further trade cooperation, especially for farm produce, textiles and garments and footwear.

In the years to come, free trade agreements (FTAs) between Vietnam and the European Union, as well as the Eurasian Economic Union, are expected to remove trade barriers to bolster trading activities between Vietnam and European countries in general and those in the eastern region in particular.

The FTAs will pave the way for Vietnam to export staple products, such as farm produce, aquatic products, fruit and vegetables and electronic accessories, to Europe.

Accordingly, local businesses should improve their product quality and diversify their markets and export products, to increase their competitiveness, Vuong said.

Meanwhile, some representatives of local companies and associations expressed concern over obstacles faced in exporting products to

Eastern Europe, including complicated payment procedures and language barriers.

7. Forum discusses how to enhance management of digital economy taxation

The event was held by the General Department of Taxation and the World Bank in Vietnam.

According to Luu Duc Huy, Director of general department's policy department, the tax sector has worked with authorities to manage tax collection in e-commerce businesses.

However, Huy pointed out that tax agencies have encountered various difficulties in collection.

The issuance of business licenses for e-commerce firms remains bewildering as some e-commerce activities are not included in the tax list, so it is hard for tax authorities to determine appropriate collection forms.

Besides, tax collection is constrained by paper invoices which are used in 90 percent companies in Vietnam, while there is no law stipulating those using e-invoices have to share their invoice data

with tax agencies. Therefore, tax authorities are unable to determine these firms' revenue.

Huy said that tax collection from internet-based commercial activities via Google, Facebook and YouTube also creates difficulties for agencies.

To that end, Huy called for scrupulous preparation and detailed instructions to facilitate tax payment, and prevent negative impact of e-commerce.

A representative from the World Bank said the tax system should be developed to ensure budget collection and create favourable conditions for both e-commerce and traditional businesses.

To enhance tax management, the Vietnamese Government is amending its tax management law and adding many regulations on e-commerce businesses like e-tax declaration and e-invoices.

Corporate News

8. DPR: Resolution on the 2019 AGM

↑ 2.07%

File Attachment

On April 23, 2019, Dong Phu Rubber Joint Stock Company announces Resolution of Annual General Meeting 2019 as follows:

[20190509 DPR-190509-Resolution-on-the-2019-AGM--QN.pdf](#)

9. CTG: Resolution of AGM 2019 and term 2019-2024

↓ -1.71%

File Attachment

Resolution of AGM 2019 and term 2019-2024 of Viet Nam Joint Stock Commercial Bank For Industry And Trade as follows:

[20190509 CTG-190509-Resolution-of-AGM-2019-and-term-20192024--QN.pdf](#)

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