



VIETNAM DAILY NEWS

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Market Analysis

1. Local stocks approach 980 points

The Hochiminh Stock Exchange saw 169 stocks rising versus 130 ending lower, prompting the VN-Index to gain 4.98 points, or 0.51%, against Wednesday at 978.63. Trading volume on the market rose 4.6% at 161.6 million shares while value slid 13.6% at VND3.3 trillion.

Construction firm ROS reported over 4.1 million shares traded in block deals with total value of over VND127 billion, closing at the reference price of VND29,200. It ranked second on the market in terms of matching volume with nearly 7.8 million shares, behind its associated firm FLC with nearly 10.5 million shares traded.

GAB, another member of FLC Group operating in the building material sector, went up to the upper limit of VND14,400 on its debut session today. The firm reported matching volume of over 1.3 million shares.

Saigon-Hanoi Securities Company (SHS) noticed that bank stocks continued driving the uptrend, led by VCB that soared 2.1% to an all-time high of VND74,600. Oil and gas stocks were also among the best performers, propped up by gains on world oil markets. Oil prices shot up for four consecutive sessions following escalating tensions in the Gulf on Tuesday.

Currently, foreign net buying is a positive sign for the HCMC market and this may support the market's uptrend in the short run. However, transaction remains low as investors still shun stocks at high prices, the broker commented in a report.

SHS analysts also suggested investors pay close attention to the testimony of the U.S. Federal Reserve (Fed) Chairman Jerome Powell on monetary policy before Congress on July 10-11 as this event can cause volatility in the market.

In his first day of testimony in the United States Congress, Powell confirmed that the U.S. economy was still under threat from disappointing factory activity, tame inflation and a simmering trade war.

According to Bao Viet Securities Company, Powell is expected to talk more about the slowing growth of the economy and the increase in risks, showing that the Fed is ready to cut interest rates when necessary. Currently, a majority of investors believe that Fed will cut interest rates at the end of this month.

On the Hanoi Stock Exchange, the HNX-Index rose 0.87 point, or 0.83%, at 106.01. Market turnover sharply reduced, with volume and value shedding 17.3% and 18.3% from the session earlier at 27.3 million shares worth over VND396 billion.

Macro & Policies

2. Vietnam determined to tackle U.S. concerns about steel exports: finance minister

The U.S. Commerce Department on Tuesday said it would slap tariffs of up to 456% on certain steel produced in South Korea or Taiwan which is then shipped to Vietnam for minor processing before being exported to the United States.

“We will be determined in managing the situation, handling the violations and handling the breaches,” Dinh Tien Dung told *Reuters* in an interview through an interpreter.

“We want to demonstrate to President Donald Trump that we are taking a serious attitude to this.”

He added that, while there would be some economic impact from tariffs, the impact in the immediate future will not be that high because steel exports are not the biggest share of exports to the U.S.

He declined to say whether Vietnam would consider retaliatory tariffs, adding “we first need to review (the situation).”

Amid a trade war between Washington and Beijing, some businesses are shifting their supply chains away from China to avoid U.S. tariffs.

After signing a free trade deal with the European Union last week, Dung said, Vietnam is now targeting a similar agreement with Britain after Brexit.

“We want to negotiate soon... the sooner the better,” he said.

Economic growth would be between 6.5-6.7% this year, with a similar level expected next year, Dung said.

Spurred by robust exports and foreign investment, Vietnam's gross domestic product grew 6.71% in the second quarter of this year, slowing down from a revised expansion of 6.82% in the first quarter, official data showed last week.

Dung said the government had no plans for further dollar-denominated bond issuance.

Vietnam has been a relatively infrequent visitor to international bond markets, with its last sale in 2014.

3. FDI's most profitable sector in 2017: White Book

Nguyen Bich Lam, general director of the General Statistics Office, said that all enterprises reported a combined pretax profit of VND876.7 trillion in 2017, up 23.1% against 2016.

Following the FDI sector, non-State-owned businesses generated VND291.6 trillion in profit, up 55% year-on-year and making up one-third of the total.

Meanwhile, State-run firms were least profitable in 2017, earning nearly VND201 trillion. The State sector also posted the lowest profit growth, at 1.8%.

As for the return on assets (ROA), FDI companies reported impressive business results, with ROA reaching 7%, well above enterprises' average of 2.9%. Meanwhile, the respective rates of State-owned and non-State-owned enterprises were 2.2% and 1.8%.

FDI firms also had a high return on equity (ROE) of 18.1%, while the ROE of State-owned businesses was 11.4% and the remainder, 6%.

The White Book also includes information on the contribution of enterprises to the State budget, but the information has yet to be disclosed.

However, according to economic expert Bui Trinh, non-State-owned enterprises earned low revenue and profit but contributed the most to the State budget. They accounted for nearly half of the corporate tax revenue in 2016.

Meanwhile, enterprises contributed 28% to the State budget, and FDI firms, 26%.

Thus, tax policies were not preferential for non-State-owned enterprises.

This is the first edition of the annual White Book on Vietnamese businesses, which is intended to

take stock of enterprises active in Vietnam in terms of sector, business model and location.

The Government, ministries, agencies and localities can use it to draw up strategies, action plans and policies to ensure the sustainable development of enterprises.

The White Book will be made available on the portal of the Ministry of Planning and Investment on July 22 and the print edition will come out on August 1.

4. Transport Ministry upholds high-cost express railway plan

The Ministry of Transport pointed out in a statement on Tuesday that the agency has already considered the findings of studies on the scale of and technology for the project and Vietnam's regulations and has sought advice from local and international consultants.

Due to the high cost of the project, the ministry claimed its plan has taken into account capital mobilization to reduce pressure on the public debt. As a result, the ministry has proposed two investment options for the project.

The first is to cover the entire investment and operate the sections of the express railway at a designed maximum speed of 350 kilometers per hour.

Between 2020 and 2032, a section between the capital city of Hanoi and Vinh City in the north-central province of Nghe An and another section from Nha Trang City in the south-central coastal province of Khanh Hoa to HCMC are expected to be developed at a cost of US\$24.7 billion.

Meanwhile, the remaining section, worth some US\$33.98 billion, will be built to link Vinh City with Nha Trang City between 2032 and 2050.

The second plan is to develop the infrastructure for the entire route and divide investments in equipment, transport modes and operational methods into phases.

Taking transport needs, capital mobilization and investment efficiency into account, the prefeasibility plan sets out two stages of investment.

The first stage, which is scheduled for completion between 2030 and 2032, will allow construction to start on the two railway sections of Hanoi-Vinh and Nha Trang-HCMC. Preparations for manpower will also be made at the same time to put these sections into service in 2032.

The railway section between the Vinh and Nha Trang cities will be developed in the second stage, which falls between 2032 and 2050.

5. Hanoi plans US\$21.5 million for startup development

The project received approval at the 9th session of the Hanoi municipal People's Council which ran from July 8 - 10.

It aims to assist the development of around 500 startups. Of the figure, some 150 are projected to

commercialize their products while 20 per cent of them will be capable of mobilizing funds from capital ventures and making M&A deals.

The scheme is expected to help the city consolidate its ecosystem for startups, with an

added focus on establishing business incubators and private startup support funds.

With 260,000 enterprises operating throughout the capital, Hanoi ranks second among nationwide localities in terms of number of businesses.

There has been an annual average of 20,000 firms founded during the past three years, but only 0.1 per cent of them have managed to raise capital for their operation and expansion.

6. White Book on Vietnamese Enterprises launched for first time

In order to meet the requirements of managers and researchers in looking for information to craft strategies and plans for business development, in accordance with the direction of the government, the Ministry of Planning and Investment (MPI) has published the White Book on Vietnamese Enterprises.

This is the first time the book was published to disseminate including basic information on businesses across the country, with a specific view on each locality during 2016-2018.

The book consists of four parts: (1) Situation of enterprise development in 2018; (2) Overall development in 2018 and 2016-2018; (3) Measures for enterprise development; (4) Criteria for national enterprise development in 2018 and 2016-2018; (5) Criteria for local enterprise development in 2018 and 2016-2018.

The White Book also highlights businesses which have contributed the most to the country's and localities' economic development, in addition to providing an overview of the situation of enterprises by sector, type, and locality. This will be a useful document for ministries, agencies, and localities to make policies, plans, and strategies, as well as for international organisations and enterprises to make decisions of investment and co-operation.

At the launching ceremony of the White Book on Vietnamese Enterprises held by the MPI today with the participation of hundreds of representatives of the government, ministries, agencies, and organisations, Deputy Prime Minister Vuong Dinh Hue affirmed that, "Business contributes the most to the growth of the country, as their efficiency and success can be measured in their profits and the income of their employees."

Targeting to reach one million enterprises by 2020, the number of operating and newly-established enterprises has been increasing rapidly over the last few years, significantly contributing to the economic growth of the country and localities.

At the end of 2018, number of operating enterprises was 714,755, with the number of newly-established enterprises rising sharply. Over the last three years, more than 100,000 enterprises were launched annually (110,100 in 2016, 126,859 in 2017, and 131,275 in 2018), breaking records year after year.

At today's launching ceremony, the MPI announced publishing a soft copy of the White Book on Vietnamese Enterprises 2019 at the MPI Portal (mpi.gov.vn) and the General Statistics Office Portal (gso.gov.vn) from July 22, 2019.

Hard copies of the White Book will be printed and published from August 1, 2019.

Corporate News

7. DBC: Corporate Governance Report (first 06 months)

↑ 3.54%

DABACO Group announced the company's Corporate Governance Report of the first 06 months of 2019.

File Attachment

[DBC 2019.07.10 Corporate-Governance-Report-of-the-first-06-months-of-2019.doc](#)

8. Stock market briefs July 12, 2019

↑ 2.03%

HCMC – The Hochiminh Stock Exchange has received announcements on raising the foreign ownership limit (FOL) at Hoa Binh Construction Group (HBC) and Construction Company 47 (C47) to 49% from July 4, said Viet Capital Securities Company. Earlier, HBC had set its FOL at 37.5% before issuing 25 million shares to Hyundai Elevator Co., Ltd, in a private placement following an agreement with the latter. After the issuance, the firm decided to increase the FOL. As for C47, the firm raised its FOL after removing several registered business segments which restrict the ownership of foreign shareholders. The limit of foreign ownership at C47 was set at 3.31% before the hike.

HCMC – P&Q Investment Trade and Service Company, an institutional shareholder related to Chairman Ho Minh Quang of Nam Kim Steel

Company (NKG), has offloaded 19 million NKG shares to slash its ownership from 14.2% to 3.7%.

HCMC – Asia Commercial Bank (ACB) has announced preliminary results in the first half of this year, in which its before-tax profit reached VND3.6 trillion, completing 49% of its full-year forecast. The bank's credit and deposit growth rates were 9% and 7%, respectively. ACB is about to sign another bancassurance contract with a new partner, aside from the current insurer partner AIA Vietnam.

HANOI – Minh Phu Seafood Company (MPC) has appointed Suzuki Yoshiaki as the new deputy general director of the company for two years starting July 8. Suzuki Yoshiaki was appointed after a letter of introduction from Matsuoka Taishi, director of the Food Department at Japan's Mitsui & Co Ltd. Currently, Mitsui holds a 35.1% stake in the Vietnamese shrimp processing company.

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