



VIETNAM DAILY NEWS

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Table of content

Table of content

- 1. VN-Index struggles as investors cash out for short-term profits**
- 2. IMF forecasts Vietnam's economy to grow by 6.5 percent in 2019**
- 3. Expert urges transparent origin of Vietnam products to avoid US sanction**
- 4. Taiwanese milk tea chain to cease Vietnam operations**
- 5. Vietnam economic growth to slow in 2019: IMF**
- 6. Ministry asked to speed up public investment disbursement**
- 7. Japan's cosmetics and drugstore chain to open in Vietnam**
- 8. CTD: Report on Change in Ownership by Major Shareholders**

Market Analysis

1. VN-Index struggles as investors cash out for short-term profits

The benchmark VN-Index on the Ho Chi Minh Stock Exchange inched up 0.05 per cent to close at 982.57 points.

The index was up as much as 0.35 per cent during the day.

The VN-Index soared nearly 1 per cent on Tuesday.

The Vietnamese stock market continued rising on Wednesday but its growth was narrowed towards the end of the day as investors sought profits in groups of stocks which made strong gains recently, MB Securities Co (MBS) said in its daily report.

Banking, real estate and retail were the three sectors hit by selling pressure on Wednesday. Their sector indices dropped between 0.1 per cent and 0.5 per cent, data on vietstock.vn showed.

Shares of VPBank (VPB) pushed the banking sector down, dropping 1.5 per cent after having risen 1 per cent in the previous two days. The bank shares have advanced total 8.4 per cent in the last one-and-a-half months.

Shares of Vietcombank (VCB) lost 1.3 per cent on Wednesday. Its shares have increased by total 16 per cent in the same period.

Retailer Mobile World (MWG) edged down 0.6 per cent and its shares have gained substantially by 19.5 per cent since early June.

Positive signs were seen as the market's average price level did not fall and trading liquidity remained high, MBS said.

More than 170 million shares were traded on the southern bourse, worth VND4.11 trillion (US\$176.8 million).

The figure included 142 million shares exchanged via order-matching transactions, worth VND3.37 trillion – the highest in a month.

Foreign investors continued net-buying on the Ho Chi Minh Stock Exchange with a net-buy value of VND212.4 billion.

The selling pressure was expected because large-cap stocks had rallied to their profitability levels, MBS said.

But the market stayed strong as selling was not too strong and trading liquidity was high, proving new money continued looking for opportunities at the moment, the stock brokerage added.

It proved domestic investors were quite upbeat and positive at the moment and it was a decisive factor to drive the market up, Thanh Cong Securities Co (TCSC) said.

The VN-Index would keep going up to test the 990-1,000 point zone with the divergence among stocks as the earnings season is undergoing, TCSC added.

On the Ha Noi Stock Exchange, the HNX-Index gained 0.69 per cent to end at 106.58 points.

The northern market index advanced 0.22 per cent on Tuesday.

More than 41.5 million shares were traded on the northern bourse, worth VND644 billion.

Macro & Policies

2. IMF forecasts Vietnam's economy to grow by 6.5 percent in 2019

The IMF said trade tensions and volatility affected Vietnam in 2018, but the economy had remained resilient, fueled by growth in middle class incomes and consumption, a strong harvest and surging manufacturing.

The strong economic momentum is expected to continue in 2019, aided by competitive labour costs and other strong fundamentals, including a diversified trade structure, and recently signed free trade agreements which are spurring reforms, according to the IMF.

However, Vietnam's gross domestic product (GDP) growth is expected to fall to 6.5 percent in 2019 due to weakening external conditions, the IMF said.

The country's inflation would increase from 3.5 percent in 2018 to 3.6 percent and 3.8 percent in 2019 and 2020 respectively, it added.

The IMF's executive directors welcomed Vietnam's improvements in tax policy and

administration, including higher environmental taxes, the tightening of government guarantees and lower current spending, which helped cut public and publicly guaranteed debt.

They noted that the focus should be on the quality of adjustments to keep public debt on a declining path and create room for priority infrastructure and social spending, prepare for rapid prospective population aging, and deal with the effects of climate change and digitalisation.

The directors also welcomed Vietnam's monetary and credit policies stance, especially declining credit growth which is helping Vietnam cement macroeconomic stability.

The IMF experts called on the Government to push ahead with reforms to reduce remaining barriers to investment, including improving access to land and credit, which would boost private investment and raise worker productivity and growth.

3. Expert urges transparent origin of Vietnam products to avoid US sanction

Electronics and machinery products are made of different components and parts, requiring full transparency regarding products origin in customs documents shown to the US authorities to avoid heavy punishment, according to Nestor Sherbey, expert at Global Alliance for Trade Facilitation (GTFA).

Vietnam's certification is only a source of reference for US customs, as they have their own measures to check the origin of imports, said Sherbey in a conference on July 16 discussing opportunities for Vietnamese enterprises in the current global trade context.

In case of being included in the US blacklist, Vietnamese exporters would face difficulties tapping in other markets, he added.

Lee Hye Min, consultant at law firm Kim&Chang, said the US – China trade war would lead to US and Chinese goods flooding Vietnamese market, while local products exported to the US would be subject to close supervision of their origin.

Earlier this month, the US Commerce Department decided to impose import duties of over 400% on US-bound corrosion-resistant steel products and cold-rolled steel that were actually produced in South Korea and Taiwan before being shipped to Vietnam for minor processing.

Regarding the EU – Vietnam Free Trade Agreement (EVFTA), experts at the conference urged local enterprises, especially small and medium ones, to be prepared to face major challenges.

For example, in the textile industry, most of the production process must be in Vietnam.

Vietnamese companies also have to import input materials from its free trade partners or the EU to gain the bloc's approval for its product origin.

In the long term, experts urged Vietnam to take advantage of current trade deals to reform, focusing on making products in Vietnam, and not just assembling.

Vu Thanh Tu Anh, director of the Fulbright Economics Teaching Program, said Vietnam's current economic restructuring efforts are focused on reforms in the banking sector, public investment, and state sector.

However, from the US – China trade war perspective, the way forward is how to ensure Vietnam's economy does not depend on external factors, but based on its internal strength, Anh stressed.

Moreover, Anh said the restructuring process must take into consideration recommendations from the local business community, which is the ultimate driving force for growth.

For its part, the government should draft regulations supporting the development of local enterprises, especially small and medium ones and innovation startups with high potential for growth.

4. Taiwanese milk tea chain to cease Vietnam operations

The Coffee House said its business model was not "appropriate" and does not meet "customers' demand," and "business results are not as expected."

Ten Ren's 23 stores in Ho Chi Minh City and the neighboring Dong Nai Province will close on August 15, according to a statement issued Monday.

Ten Ren was launched in November 2017, and the plan was to open 40 stores by the end of last year, but that did not happen. The brand came to Vietnam at a time when a large number of rivals were already in the market.

The number of milk tea stores reached 2,000 last year, with a new one opening every four days, according to the Vietnam Association of Small and Medium Enterprises.

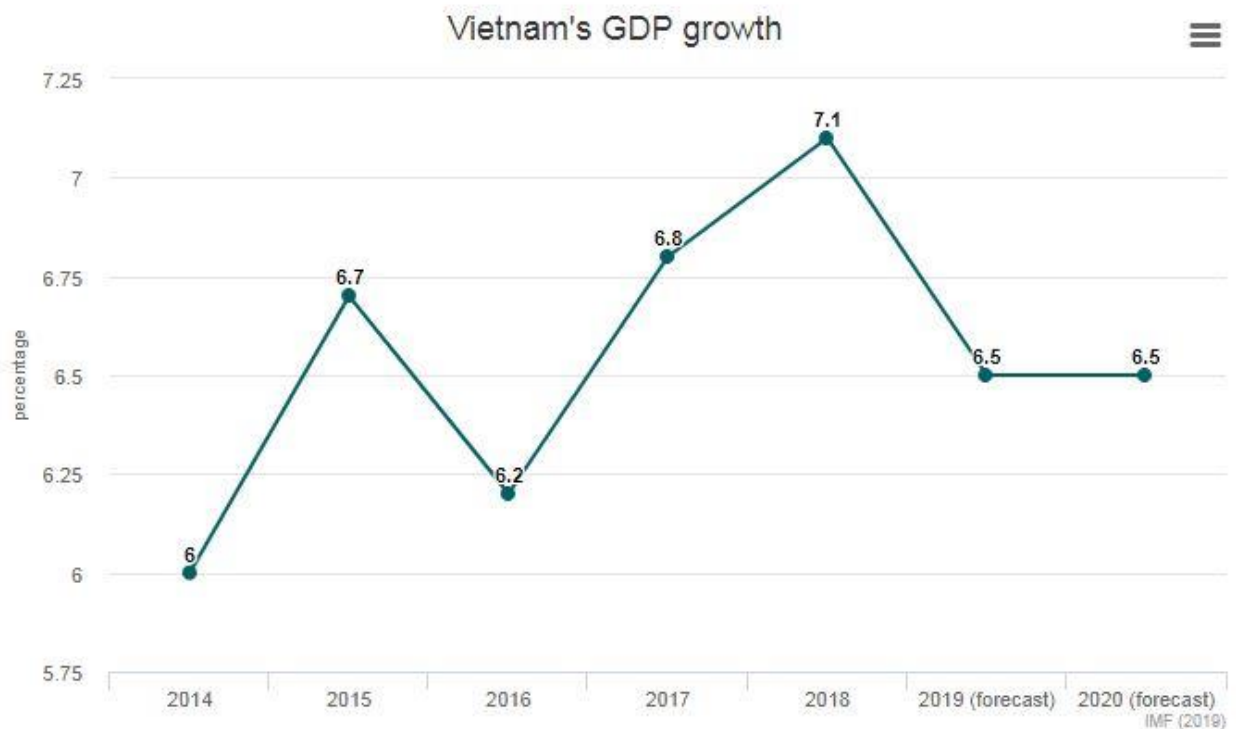
Around 30 major brands are operating in Vietnam and competing for a slice of the \$282 million dollar market, according to British research firm Euromonitor International.

Milk tea is popular among youths. A survey by market research firm Nielsen last year found 81 percent of Gen Z (birth years from 1990s to mid-2000s) in Vietnam saying they enjoyed going to a bubble tea store in their free time.

5. Vietnam economic growth to slow in 2019: IMF

Growth, which was a 10-year high of 7.1 percent last year, is expected to be 6.5 percent in 2020 too, according to an IMF report released Tuesday.

Inflation is likely rise from 3.5 percent last year to 3.6 percent this year and 3.8 percent next year, the report said. The government hopes to keep inflation below 4 percent.



Although trade tensions and volatility affected Vietnam last year, its economy had remained resilient, fueled by healthy growth in middle-class incomes and consumption, a strong harvest and a surging manufacturing sector, the report said.

"The strong economic momentum is expected to continue in 2019, aided by competitive labor costs and other strong fundamentals, including a diversified trade structure, and recently signed free trade agreements which are spurring reforms."

The IMF's numbers match that of the World Bank, which has forecast growth of 6.6 percent this year and 6.5 percent in 2020 and 2021.

Fitch Solutions, an arm of Fitch Ratings, said in a report earlier this year it expects Vietnam's GDP growth to slow to 6.5 percent in 2019 in line with a wider trend of slowing global growth, but added it would remain one of the fastest growing economies in Southeast Asia.

In the first half growth was 6.76 percent, the second highest rate for the period since 2011, according to the the General Statistics Office.

6. Ministry asked to speed up public investment disbursement

In Resolution No. 50/NQ-CP issued recently, the Government requested the MPI to promptly finalise the allocation and adjustment of public investment plan, while cutting down capital for projects with slow disbursement to increase capital for other projects, and strengthening online bidding.

Each ministry, sector and localities must form a working group to inspect and define the responsibility of individuals and collectives in

slow disbursement of public investment, according to the resolution.

The Government also asked the MPI to work with other ministries, sectors and localities to review and update the growth scenarios for each quarter and the whole year as well as each sector, thus giving suitable directions.

Heads of ministries, ministry-level agencies and the People's Committees of centrally-run cities and provinces were asked to give specific solutions to existing problems and call for the involvement of the whole political system in completing the set tasks and create breakthrough in their area and locality.

The State Bank of Vietnam must monitor and analyse the impacts of the world financial and

monetary market for the deployment of flexible monetary policies, thus controlling inflation and stabilise macro-economy.

The central bank was asked to create favourable conditions for enterprises and people to get loans for production and business, while strengthening the application of cashless payment and tackling bad debts.

7. Japan's cosmetics and drugstore chain to open in Vietnam

Under the pact, the two firms will set up a joint venture to develop and manage the Matsumoto Kiyoshi cosmetics and drugstore chain in Vietnam. Business activities in the Vietnamese market will be further discussed in the coming time.

Established in 1932, Matsumoto Kiyoshi is a famous Japanese drugstore chain that boasts a massive selection of goods, including medicine, makeup, cosmetics, oral hygiene products, supplements, among others.

According to Ryutsuu News, Vietnam's distribution and retail market is thriving, thanks to an increase in the middle-income class and stable economic growth in recent years.

Furthermore, data showed that Vietnamese tourists have huge demand for Japan's cosmetics and dietary supplements while visiting Japan.

Alongside Vietnam, the Matsumoto Kiyoshi Holdings eyes the opening of its drugstore chain in Hong Kong, as the Japanese firm has previously entered two Asian markets of Taiwan and Thailand.

Corporate News

8. CTD: Report on Change in Ownership by Major Shareholders

↑ 1.90%

File Attachment

Report on Change in Ownership by Major Shareholders of Coteccons Construction Joint Stock Company as follows:

[20190717_CTD-190717-Report-on-Change-in-Ownership-by-Major-Shareholders.pdf](#)

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