



VIETNAM DAILY NEWS

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Market Analysis

1. Stock market expected to move flat this week

Phan Dung Khanh, investment director of Maybank Kim Eng Securities, told tinnhanhchungkhoan.vn that there is increasing negativity observable on the stock market as its movements depend on news at home and abroad. Trade conflicts and currency war are escalating on the global market, he added.

Besides this, foreign investors have increased their net selling in recent sessions, putting the stock market under pressure.

The market is likely to continue the trend of foreign net selling in the next trading sessions if there is no positive supporting news, Khanh said.

Nguyen Trung Du, director of securities service unit of VNDirect Securities Company, said that the VN-Index will find it hard to reach the resistance level of 1,000 points in the context of global fluctuations and rising difficulties facing the stock market.

The liquidity on the local stock market plunged last week, Du said, adding that many domestic stocks made sluggish moves. As such, it is difficult for the stock market to see a bright outlook this month due to the shortage of strong supporting news.

Du also predicted that that VN-Index will keep moving sideways this week.

In the coming sessions, VN-Index will fluctuate in a narrow range after the National Day holiday on September 2, Tran Xuan Bach from the macro and market research department of Bao Viet Securities JSC (BVSC) wrote in a daily report.

“VN-Index is likely to test the resistance zone of 988-992 points in the early sessions this week,” he added.

Bach predicted that the index on the southern bourse will face selling pressure and fall when approaching this resistance zone. The market is expected to be affected by the third quarter business results, the restructuring of the portfolio of exchange traded funds and the U.S. Federal Reserve (Fed)'s meeting in September.

In a daily report, Thanh Cong Securities Company said that the market is still under high pressure due to the lack of supporting information amid international trade disputes.

Last Friday, the benchmark VN-Index on the Hochiminh Stock Exchange picked up 0.56%, or 5.47 points, to end at 984.06. The southern bourse saw over 143.2 million shares worth VND3.2 trillion changing hands.

On the Hanoi Stock Exchange, the HNX-Index bounced back after a two-day loss, closing the session up 0.37% at 102.32.

Macro & Policies

2. Traceability requirements hinder local shrimp exports to EU

Held by Oxfam and the International Collaborating Centre for Aquaculture and Fisheries Sustainability, the conference was aimed at starting a dialogue between stakeholders in the public and private sectors and discussing the opportunities and challenges arising from the European Union-Vietnam Free Trade Agreement (EVFTA) for Vietnam's shrimp industry.

The greatest challenge is that most local producers are only able to run small shrimp farms, whereas the European Union demands shrimp exports meet stringent hygiene standards and obtain traceability certificates, creating high costs for these producers, stated Ho Quoc Luc, chairman of Sao Ta Foods JSC.

Other experts noted that expanding shrimp farms requires investment in science, technology and equipment. However, small-scale shrimp farming accounts for a staggering 70%-80% of the total, which makes it more difficult to meet the traceability requirement.

“To achieve this standard, breeding farms must have sufficient financial resources to meet the required investment, and their farming scale must be quite large to share the additional costs,” remarked Luc.

He added that the majority of local shrimp farmers lack capital and have little land. Therefore, the standard farming area only makes up some 5% of the total farming area.

Echoing a similar view, Pham Viet Anh of GlobalG.A.P pointed out that many households farm shrimp on a medium and small scale, and their farming methods are outdated, so they find it difficult to meet the requirements.

He noted that many shrimp breeders are still inclined to use antibiotics, though the amount used is starting to decline.

According to experts, shrimp exporters should form the habit of recording the history of their shrimp's origins. None of them have any prior experience with this.

Importers will also require shrimp producers to take steps to protect the environment and safeguard the rights and interests of their workers.

Data from the Vietnam Association for Seafood Exporters and Producers (VASEP) show that shrimp, which accounts for nearly 38% of all seafood exports, recovered in July with a year-on-year increase of 13.4% to reach US\$334 million after a weak performance since the beginning of the year.

In China, the government is applying trade barriers and increasing food safety control, so crossborder exports are not acceptable. However, official exports by sea are on the rise.

From June, the volume of white-leg shrimp exported by sea to China almost doubled compared with the previous month. VASEP forecast that this trend would continue to bring positive results for the remainder of the year.

By contrast, shrimp exports to the European Union fell by 21%. The main consumption countries, such as the United Kingdom, Germany and the Netherlands, recorded a drop of 5%, 9% and 45%, respectively. The average selling price dipped by US\$1 per kilogram against the same period last year.

3. Vietnam's business formations rise 3.5% to 90,500 in Jan-Aug

In the first eight months of 2019, Vietnam has seen a total of 90,500 newly licensed enterprises with registered capital of a combined VND1,150.7 trillion (US\$49.5 billion), up 3.5% in quantity and

31% in registered capital year-on-year, according to the General Statistics Office.

Average registered capital per newly-established enterprise reached a record high of VND12.7 billion (US\$542,000) during this period compared to the past few years, up 26.6% year-on-year, indicating better health of local companies entering the market.

If including VND1,603.7 trillion (US\$69 billion) of additionally capital pumped by operational enterprises, the total registered capital added to the economy in the first eight months of 2019 was VND2,754.4 trillion (US\$118.5 billion).

Most of the newly-established enterprises are in the fields of wholesale, retail sale, automobile repair with 29,500 enterprises (accounting for 32.6%), down 0.5% year-on-year. Those in the construction sector was 11,600 (12.8%), up 0.8%; manufacturing and processing 11,500 (12.7%), up 5.4%; science, technology, consultancy, design, advertising and others 7,600 (8.4%), up 14.2%, among others.

Besides, 25,500 enterprises resumed operation, a rise of 21.8% against the similar period last year, bringing the total number of newly-registered and

revived enterprises in the eight-month period to nearly 116,000.

Total number of laborers of newly-established enterprises in the January - August period was 832,300, an increase of 13.3% against the same period last year, according to the government-run agency.

The number of enterprises temporarily ceasing operation in the period was 20,100, down 7% year-on-year. Moreover, the number of enterprises which finished the procedures for bankruptcy in the first eight months of this year was 10,600, an increase of 15.5% from the same period last year, of which there were 9,500 enterprises with capital base of less than VND10 billion (US\$429,380), accounting for 90.3% and growing by 14%.

In August, the number of newly-established enterprises reached 11,177, with registered capital of VND151.3 trillion (US\$6.5 billion), representing a decline of 9.5% in the number of enterprises and an increase of 8.7% in registered capital month-on-month.

4. Vietnam trade surplus expands to US\$3.4 billion in Jan-Aug

Vietnam reported an estimated trade surplus of US\$1.7 billion in August, leading to a surplus of US\$3.4 billion in the eight-month period, compared to a trade surplus of US\$4.9 billion recorded in the same period last year, the General Statistics Office (GSO) has said in a monthly report.

On breaking down, the domestic sector reported a trade deficit of US\$18.4 billion in the period, while foreign-invested firms posted a trade surplus of US\$21.8 billion. The former's export expanded 13.9% to US\$52.04 billion during the period, accounting for 30.6% of total exports (the rate of the same period last year was 28.8%). Meanwhile, FDI firms reaped US\$117.94 billion from shipments, up 4.6% and accounting for 69.4% of the total.

In August, Vietnam exported goods worth US\$24.5 billion, up 6.6% month-on-month, while imports reached US\$22.8 billion, down 0.6%.

Overall, Vietnam's trade turnover reached US\$336.56 billion in the January – August period, of which its export value amounted to US\$169.98 billion, up 7.3% year-on-year, and imports totaled US\$166.58 billion, up 8.5%.

According to the report, Vietnam's export staples during the January - August period were electronic products, computers and components with US\$21.9 billion, up 14.3% year-on-year; garment with US\$21.7 billion, up 9.8%; footwear with US\$12 billion, up 13.1%; equipment, parts with US\$11.3 billion, up 5.8%; wood and furniture with US\$6.5 billion, up 15.4%; vehicles and parts with US\$5.7 billion, up 7%.

Phones and parts recorded the highest export turnover of US\$33 billion, accounting for 19.4% of total exports and up 4.3% year-on-year.

In the January – August period, the US remained Vietnam's biggest export market, spending US\$38.6 billion on Vietnamese goods, up 25.3%

year-on-year, followed by the European Union with US\$27.7 billion, down 0.5%, and China with US\$23.8 billion, down 2.5%.

Meanwhile, China remained Vietnam's largest import market with turnover of US\$49.2 billion, an 18.2% climb year-on-year.

South Korea claimed the second place by exporting US\$31 billion worth of goods to Vietnam, down 0.3% year-on-year, followed by ASEAN with US\$21.6 billion, up 4.6%.

5. Vietnam's economic growth may hit 7% this year: PM Phuc

Vietnam's economy is expected to expand 6.7-7% in 2019, after growing 7.08% last year, despite global uncertainties and natural disasters, said Prime Minister Nguyen Xuan Phuc on Thursday evening.

That growth rate is higher than the regional and world average and Vietnam will strive to gain faster growth next year, PM Phuc said at a banquet for ambassadors, charge d'affaires and heads of international organizations to mark the 74th anniversary of Vietnam's National Day in Hanoi on August 29.

In his remarks, PM Phuc stressed that over the past years and as of the beginning of 2019, Vietnamese government has defined its guidelines namely "discipline, integrity, action, innovation, breakthrough, and effectiveness" focusing on enhancing the competitiveness of the nation as well as enterprises, products, and services, create a favorable environment for investors among others.

Vietnam's development shall be based on economic, political, social and environmental sustainability and inclusivity. It is built on knowledge, technology, and innovation, to realize a digital economy and the United Nations' 2030 Sustainable Development Goals, in which no one is left behind.

By August 2019, foreign direct investment (FDI) has been a spotlight as the accumulated FDI commitments had reached US\$355 billion with 29,550 active projects from 133 countries and territories.

Total export and import turnover in August amounted to US\$350 billion, up 8.3% and saw the

surplus increasing to US\$3.5 billion to US\$4 billion. Vietnam also welcomed 9.8 million foreign visitors, an increase of 7.9%.

Additionally, the standard of living of Vietnamese citizens from urban to rural areas, mountainous areas to remote islands has significantly been improved. The great national unity has further been consolidated, and defense and security maintained.

The year of 2020 will be a remarkable year to Vietnam with a series of significant events as the country will take on two important responsibilities in the regional and world organizations namely the ASEAN chairmanship and a non-permanent membership of the United Nations Security Council (UNSC) for the 2020 – 2021 tenure.

At the event, Venezuelan Ambassador to Vietnam Jorge Rondón Uzcátegui, who is dean of the diplomatic corps, said that 2019 is a memorable year to Vietnam because it marks 50 years of implementing late President Ho Chi Minh's Testament, which still is the "lodestar" for the country's development.

In the international arena, he valued Vietnam's effort on implementing friendly, cooperative and peaceful diplomatic policies. Securing 192/193 votes at the General Assembly to become a non-permanent member of the United Nations Security Council in the term of 2020-2021 demonstrated Vietnam's great achievements in the international arena and its coming chairmanship of ASEAN will consolidate the integration process and the central position of the country in Southeast Asia.

6. Google to shift Pixel smartphone production from China to Vietnam

Google is moving aggressively to shift production of its Pixel smartphone from China to Vietnam as it seeks to build a low-cost supply chain in Southeast Asia that will serve as a springboard for its growing hardware ambitions, Nikkei Asian Review reported.

Working with a partner, Google started work this summer to convert an old Nokia factory in the northern Vietnamese province of Bac Ninh to handle production of Pixel phones, sources told Nikkei.

This is the same province where Samsung developed its smartphone supply chain a decade ago, so Google will have access to an experienced workforce.

The push to develop a Vietnamese production base reflects the twin pressures of higher Chinese labor costs and the spiraling tariffs resulting from the trade war between Washington and Beijing.

The US internet giant intends to eventually move production of most of its American-bound hardware outside of China, including Pixel phones and its popular smart speaker, Google Home, according to the sources.

The Vietnam production lines will be a key part of Google's drive for growth in the smartphone market. Google aims to ship some 8 million to 10 million smartphones this year, double from a year ago, stated the sources. While Google's Pixel smartphone brand is still a minor player in the industry -- not even ranking in the global top 10, according to tech research firm Counterpoint -- it is growing rapidly.

The mid-priced Pixel, launched in April, helped Google become the fifth largest mobile brand in the US for the second quarter of 2019, grabbing market share despite a wider industry slump.

Google's aggressive hardware campaign is expected to heap pressure on second-tier mobile makers such as LG Electronics and Sony, which are struggling as the industry faces its third consecutive year of decline.

By diversifying its production into Vietnam, Google hopes to ensure sustainable production of the Pixel range, a showcase for its Android operating system. Installed in 80% of the world's smartphones, Android is facing a challenge from Chinese rival Huawei Technologies, the world's second largest handset maker, which in August unveiled its own mobile platform, Harmony OS.

In 2018, Google shipped some 4.7 million smartphones, which only accounted for 0.3% of global market share, research company IDC said. However it has already shipped 4.1 million units in the first half, according to IDC, thanks to the Pixel 3A, priced at US\$399.

Nearly 70% of Google's smartphone sales in 2018 were in the US, its biggest market, followed by the UK and Japan, according to IDC. For smart speakers, the US accounted for some 64% of shipments.

Under current plans, Google will shift some production of the Pixel 3A phone from China to Vietnam before the end of this year, the people said.

For its smart speakers, some production is likely to be moved to Thailand, sources said. But the company's new product development and initial production for its hardware lineup will still be in China, they said.

"Google are likely to keep some activities inside China. The US company knows that if it is going to be serious about making hardware, it could never give up the massive Chinese market," one of the sources said. "However, they also understand that, due to rising costs and the macro-environment, they need to have production outside China for the long term in order to support their hardware manufacturing."

Google is the latest to seek safety by diversifying its production as the trade war intensifies. HP and Dell have relocated their server production away from China to dodge Washington's punitive tariffs, while also shifting some notebook production to Taiwan and other Southeast Asian countries such as Vietnam, Thailand and the Philippines. Apple

also has started to evaluate how it might diversify its supply chain, though it remains heavily reliant on China with more than 90% of its hardware manufactured in the country.

The relatively small scale of the Pixel handset production makes it easier for Google to contemplate shifting out of China at this stage, said Mia Huang, a smartphone analyst at the Taipei-based TrendForce. "Any potential capacity shifting for [Google] would be easier than Apple."

CORPORATE NEWS

7. ACV: Change in personnel

↓ -0.60%

The company announced the change in personnel as follows:

Mr. Dao Viet Dung, Mr. Le Xuan Tung and Ms. Le Thi Dieu Thuy have resigned from Deputy general director with effect since 1/9/2019.

8. DHC: BOD approves to borrow capital at Vietinbank and BIDV

↑ 3.40%

BOD approves to borrow capital at Vietinbank and BIDV of DongHai Joint Stock Company of Bentre as follows:

File Attachment

[20190830_DHC-190830-BOD-approves-to-borrow-capital-at-Vietinbank-and-BIDV.pdf](#)

9. VietinBank Securities to pay a cash dividend at 10 per cent rate

↑ 6.26%

Each shareholder with receive VND1,000 per share, with the payout date September 27.

With more than 106 million shares in circulation, CTS expects to spend more than VND106 billion (US\$4.5 million) for the payout, which will be funded by the undistributed after-tax profit of the company recorded as of December 31, 2018.

In 2018, post-tax profit reached more than VND150 billion, up 37 per cent compared to the same period in 2017. With a post-tax profit goal of VND172 billion for 2018, CTS only achieved 87 per cent of the target.

As of December 31, 2018, undistributed post-tax profit touched more than VND183 billion.

The company has also approved a plan to issue non-convertible bonds in Vietnamese dong by private placement to supplement capital for business activities.

In the third quarter of this year, CTS will also issue 100 convertible bonds with par value of VND1 billion per bond, with a term of one year and fixed interest rate of 9.2 per cent per year. It expects to collect VND100 billion after the issuance.

On the stock market, CTS closed Friday up 6.3 per cent to VND9,500 per share. It has declined 11 per cent in less than five months.

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