



# VIETNAM DAILY NEWS

September 09<sup>th</sup>, 2019



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## Market Analysis

### 1. Market seen making technical rebound this week

Bao Viet Securities Company in its recent report said that the market may recover thanks to some support at the 970-point level. However, selling pressure may surge again because investor sentiment is still dampened by the lack of supporting information.

For a pessimistic scenario, the index could drop to a lower resistance zone from 955 to 960 points if the 970-point zone is violated. For a neutral scenario, the market is expected to move sideways, prompting investors to practice caution before making a new buying decision, it noted.

According to BIDV Securities Company (BSC), the VN-Index will oscillate within a range from 965 to 1,015 points this month.

The market will welcome the third quarter business results from the second half of September, but this may not be a breakthrough when negative information from the global market is still ahead.

Amid the current global economic slowdown, the trade war remains a matter of focus and has a strong impact on international investors.

The positive effect from the U.S. Federal Reserve's (Fed) lowering the interest rate by 0.25% for the first time in 10 years at the end of July quickly faded as Washington announced tariffs on US\$300 billion of Chinese goods beginning September 1. China responded by slapping 5-10% tax to US\$75 billion worth of goods, leading to the decision of an additional 5% tax on US\$300 billion of Chinese goods.

For the local market, in the positive scenario, the VN-Index will remain above 965 points, buoyed by third quarter business results, improved liquidity in some sectors and stocks with good growth prospects.

In the negative case, the benchmark index may drop below 950 points if there is more adverse information from the world and foreign selloffs.

Last Friday, the VN-Index dropped 0.28% against the previous day to close the session at 974.08, resulting in a four-day loss of 1%.

The HNX-Index on the Hanoi Stock Exchange lost 0.05% to end at 100.92. The northern index also declined 1% during last week.

### 2. Corporate bond issuance rises in eight months, transparency still biggest concern

The figure means the successful issuance rate in the first eight months was 90.8 per cent and the value of the corporate bond market was equal to 10.2 per cent of Viet Nam's total gross domestic product (GDP), SSI Retail Research estimated.

The total value of corporate bond offered in the first eight months was estimated at VND129 trillion, the SSI unit estimated upon information disclosed on the stock exchanges and companies' websites.

According to the Ministry of Finance, a total of VND224 trillion worth of corporate bond notes was raised in 2018, up 94.5 per cent year on year.

The value of the market last year was VND474.5 trillion, equalling 8.6 per cent of the total GDP and higher than the 6.19 per cent in 2017.

Commercial banks were still the biggest issuers, raising total VND56 trillion – 47.9 per cent of the total. Banks were followed by property developers, which raised nearly VND37 trillion – 31.5 per cent of the total, infrastructure constructors (VND9.2 trillion, 7.9 per cent), and non-banking financial firms (VND4.42 trillion, 3.8 per cent).

Though realty firms ranked second in the list of top issuers, the successful issuance rate of the

sector was 77.3 per cent – the lowest among those mentioned. Forty-four property firms opened 139 placements to offer VND47.8 trillion worth of bond notes.

Banks' bond yield rates were the lowest, fixed and annually-paid. Average per-annum bank bond yield rate was 6.75 per cent and average maturity was 3.3 years.

On the contrary, realty bond yield rates were the highest at a per-annum average of 10 per cent, which was followed by infrastructure (9.79 per cent) and financials (8.64 per cent).

According to SSI Retail Research, Decree 163/2018/ND-CP dated December 4, 2018 opened the corporate bond market for the business community by reducing the ratio of short-term capital spent on medium- and long-term lending.

The increase of the risk ratio in bank loans for real estate projects motivated companies to raise capital via bond issuance from making bank loans.

In addition, the transparency of information disclosure and more active participation of middle stakeholders like banks and brokerages made corporate bonds more attractive.

However, there are still risks with the local corporate bond market despite good growth in recent years, according to Nguyen Viet Cuong, vice director of analysis centre at Vietinbank Securities Co.

"The biggest risk now is information transparency. In other markets, the role of credit rating firms is quite clear and important because

they have various rankings for various types of corporate bond and investor appetite," he said.

"Therefore, Viet Nam will soon have to make space for business credit rating institutions to make the corporate bond market more transparent" and make it a good source of capital for companies beside bank loans, Cuong said.

Though the Vietnamese corporate bond market has made big improvements, it should be noted that commercial banks are still the biggest bond buyers, especially in the real estate sector, while the identity of buyers should be public, Nguyen Duc Hung Linh, director of individual customer analysis and consultancy at SSI Securities Corp, said.

If the role of credit rating firms remained vague, bond buyers, especially individuals, would not be able to find the appropriate yield rates, he said, adding investor protection policies must be improved in the future.

According to economic specialist Bui Quang Tin, CEO of Bizlight Business School, bondholders may face higher risks when they purchase corporate bonds because they have no collateral from the companies.

"The higher the yield rates are, the higher the risks," he said, adding "the major risk lies in true information of firms, which cannot be found publicly and is sometimes hidden from individual investors".

Purchasing corporate bonds may sometimes mean all-in for investors, according to Tin. If the company declares bankruptcy, investors may lose everything so there must be a policy to protect bond buyers from such risk.

## Macro & Policies

### 3. Oil-gas cooperation key to Viet Nam– Russia ties: officials

The two officials took the occasion to exchange their opinions on the implementation of the two countries' joint projects and agreements.

They shared the view that bilateral cooperation is going smoothly across all fields and highlighted the need for effective measures to capitalise on the potential of both countries and of the Eurasian Economic Union – Viet Nam Free Trade Agreement toward realising the US\$10 billion bilateral trade goal in 2020.

Dung affirmed that Viet Nam welcomes Russia's oil and gas companies to carry out exploration and exploitation activities in the country's continental shelf in line with international law, including the 1982 United Nations Convention on the Law of the Sea.

He asked the Russian Government to facilitate Vietnamese joint ventures' involvement in new oilfields in Russia's territory.

The two leaders reached consensus on the need to promptly remove difficulties arising in bilateral cooperation in traditional sectors and expand bilateral engagements to new potential areas like digital economy, e-government building, infrastructure development, and aviation.

They agreed to hold the 22nd meeting of the Viet Nam – Russia Intergovernmental Committee in early October this year.

Concluding their meeting, the officials witnessed the signing of an MoU on cooperation between the Vietnamese and Russian construction ministries and another MoU between Vietjet Air and Russia's Vladivostok International Airport (VVO) on the early opening of a direct air route between Viet Nam's Cam Ranh city and Russia's Vladivostok City.

### 4. Vietnam promotes organic agricultural production

However, the ministry, said the number remains moderate as compared with a total of 26.8 million ha of farming land nationwide.

Experts at the seminar pointed out factors hindering organic agricultural production in Vietnam such as small scale of production and lack of production and consumption strategies, along with issues regarding product diversity and quality.

To remove these difficulties and promote organic farming production, the MARD has consulted experts and producers about the project on developing organic agriculture in Vietnam for 2020-2030 with a combined investment of 36.49 trillion VND (1.5 billion USD).

Under the project, land for organic agricultural production will account for 1.5-3 percent of the total area of farming land by 2025. The rate is set at 7-10 percent by 2030, with major products such as rice, vegetables, fruit, pharmaceutical products, coffee and pepper.

The ministry expects to complete the project and submit it to Prime Minister Nguyen Xuan Phuc in the fourth quarter of this year.

Statistics reveal that in 2018, the EU imported over 3 million tonnes of organic products from Vietnam, with 24 percent fruits, nuts and spices; and 22 percent cereals, among others.

## 5. 13 commodities at risk of trade remedies

The ministry has established four warning levels. At levels three and four, control over the product should be tightened and enterprises producing and trading it should be inspected regularly, news site *Vietnamplus* reported.

At levels one and two, the competent agencies should continue keeping a close watch on the products.

In November last year, the U.S. Customs and Border Protection launched an investigation into the evasion of trade remedies and imposed interim measures on Vietnam's plywood due to suspicion that Finewood Vietnam was evading trade remedies.

According to the General Department of Vietnam Customs, Vietnam's plywood exports stateside, worth US\$25.6 million, faced trade defense investigations in the first five months of the year.

Six products on the recently released list are at level three: artificial stone, iron shelves, foam

cushions, electric bicycles, truck and coach tires and corrosion-resistant steel.

For artificial stone, in the January-May period, the export value of the product from China to the United States plunged 89% from US\$216.5 million to US\$23.6 million, while that of Vietnam increased 20% year-on-year from US\$21.6 million to US\$26.1 million.

Moreover, stainless steel, hot-rolled steel sheets, cast iron products and synthetic fibers are at warning level two, while ribbons are at level one.

On July 2, the U.S. Department of Commerce announced the preliminary results of its antidumping and antisubsidy investigations into Vietnam's corrosion-resistant carbon steel and cold-rolled steel using materials from Taiwan and South Korea.

In 2015, the United States also started three similar investigations into these products from Taiwan and South Korea.

## 6. Vinh Phuc betters business climate to lure investments

The provincial People's Committee has given top priority to high-tech projects which are environmentally-friendly, make contributions to promoting technology transfer, and help domestic companies to join global value chain.

Apart from removing bottlenecks for the investors, the province is paying due attention to attracting investment from both traditional markets such as China, Japan and the Republic of Korea, member countries of the Association of Southeast Asian Nations (ASEAN) and countries who are members of free trade deals like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Infrastructure developers were asked to accelerate construction at industrial parks in August while the management boards of industrial zones, departments, and localities have been ordered to handle challenges arising at Lap Thach

I, Lap Thach II, Tam Duong I, and Thai Hoa – Lien Son – Lien Hoa industrial parks.

According to reports from the management boards of local industrial parks, some 235.32 million USD was poured into 40 new FDI projects while 244.79 million USD was added to 29 existing projects in the first seven months of this year, doubling the capital registered the same time last year and surpassing the set plan by 71 percent.

Also in the January – July period, the province approved investment licenses for eight domestic projects and capital adjustment for another one, worth 2.64 trillion VND (113.6 million USD) in total, nine times higher than the same period in 2018.

Vinh Phuc province is now home to 330 projects, 270 of which are invested by foreigners and have a total investment of over 3.6 billion USD. Of the total projects, 246 are in operation, five FDI are

halting operation, while construction and equipment installation are being made to 28

others, and compensation and land clearance are underway for the remaining 51.

## 7. Vietnam lags behind regional peers in travel competitiveness

The country moved from 67th position to 63rd out of 140 economies, according to the biennial Travel and Tourism Competitiveness report produced earlier this week by the World Economic Forum.

However, it fares unfavorably against Southeast Asian peers like Singapore (17th), Malaysia (29th), Thailand (31st) and Indonesia (40th). In Southeast Asia, Vietnam stands above the Philippines (75th), Laos (97th) and Cambodia (98th).

The competitiveness ranking is based on 14 factors divided into four sub-indexes, including enabling environment, travel and tourism policy, infrastructure, and natural and cultural resources that enable the sustainable development of the travel and tourism sector, which contributes to the development and competitiveness of a country.

Vietnam's overall score increased 0.12 points from 2017 to 3.9 thanks to improvements in international openness, visa policies, price competitiveness, airport infrastructure and tourist services.

The country's tourism has been limited by low labor productivity and readiness for applying advanced information and communications technologies, the report said.

Its competitiveness index in the category of visa requirements has made substantial progress from 116th in 2017 to 53rd this year as the government has been doing more to extend visa waiver policies.

Vietnam currently offers visa exemptions to travelers from 24 countries, and e-visas for 80 countries and territories.

Spain held on to the top spot in the global tourism competitiveness ranking, followed by France, Germany and Japan, with the U.S. replacing the UK in the top five.

The report added that Asia-Pacific was one of the fastest-growing travel and tourism regions in this year's ranking.

Japan remained Asia's most competitive travel and tourism economy, ranking 4th globally, while China was the largest travel and tourism economy in Asia-Pacific and 13th most competitive globally.

## CORPORATE NEWS

### 8. CNG: CNG supplements business plan

↓ -0.22%

On September 05, 2019, the Board of Directors of CNG Viet Nam Joint Stock Company approved to supplement the business plan for 2019 as follows:

1) LPG Station for Trung Nguyen Binh Thuan.

– Beginning time: Quarter 4/2019

– Total investment: 8.0 billion dongs.

2) LPG Station for Ton Dong A Corporation in Binh Duong.

– Beginning time: Quarter 4/2019

– Total investment: 15.0 billion dongs.



**Research Team:** Tsugami Shoji      Researcher      [jsi@japan-sec.vn](mailto:jsi@japan-sec.vn)

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***Japan Securities Incorporated – JSI***

Address: 14F, TNR Tower, 54A Nguyen Chi Thanh, Lang Thuong, Dong Da, Hanoi

Tel: (024) 3791 1818

Fax: (024) 3791 5805

Email: [info@japan-sec.vn](mailto:info@japan-sec.vn)

Website: [www.japan-sec.vn](http://www.japan-sec.vn)