



VIETNAM DAILY NEWS

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Market Analysis

1. Market faces mounting selloff pressure

After seeing four straight losing sessions, investors seemed more cautious entering the first trading session of the week, resulting in sluggish trading of many stocks.

The benchmark index in the southern market closed at the reference line, slightly adding 0.04 point to stay at 974.12, with 196 stocks advancing and 111 others losing. Market volume inched up 3.9% with over 150,000 million shares, worth roughly VND3.7 trillion, changing hands.

The southern bourse saw significant contribution of over VND1.6 trillion of shares traded in block deals, including 13 million shares valued at VND330 billion of construction firm ROS and over 18 million shares, worth VND320 billion, from lender TCB.

As for the two biggest contributors, dairy firm VNM gained 1.4% to close at the intraday high at VND124,500 per share, while property firm VIC jumped 1.2% to stay at VND122,600 after four slight correcting sessions last week.

Notably, among poor performers, Rang Dong Light Source and Vacuum Flask JSC (RAL) saw its stock declining an astounding 13%, from VND85,250 on August 28 to VND74,600 as of today, September 9, as a consequence of a mercury contamination incident triggered by its factory fire.

Initially, the lamp maker said in a release that it solely used Amalgam as a solid mixture of mercury and a metal to make compact lamps and several kilograms of this substance was left intact in a warehouse when it was destroyed by the blaze, reported *Thanh Nien* newspaper. However, testing results released last weekend from local competent forces showed that the firm did use liquid mercury to make lamps, alongside Amalgam. Liquid mercury is more toxic than Amalgam.

Overall, the amount of mercury being spread into the environment through the fire was around 15.1-27.2 kilograms, said sources.

Such dishonesty of the lamp maker has sparked public rage and also serves as the main cause for its stock to suffer steep falls.

On the northern bourse, HNX-Index traded in the negative territory most of the afternoon phase as a result of low liquidity.

The index fell 0.06 point, or 0.06%, against last Friday at 100.85 points, with 33 gainers and 40 losers. More than 16 million shares worth over VND196 billion were transacted in the Hanoi market, up 4.29% in volume and 9.85% in value versus the previous session.

2. Strong foreign buys rescue VN-Index from fall

Ending the session, the VN-Index closed unchanged at 974.12 points on the Ho Chi Minh Stock Exchange. The southern market lost 1 per cent last week.

A total of 155.3 million shares worth VND5.46 trillion (US\$234.3 million) were traded on the bourse.

The market breadth was negative with 196 shares declining, 111 rising and 61 closing flat.

Large caps dragged the market down, with half of the top 30 shares by market value and liquidity falling and only nine advanced.

Tough buys by foreign traders cushioned the market with their net buy value in HCM City's market reaching VND361 billion (\$15.5 million) out of total VND363 billion value, up 18.6 per cent over Friday's number.

They were net sellers for a fourth session on the Ha Noi Stock Exchange for a value of VND8.8

billion but net buyers on the Unlisted Public Company Market for nearly VND11 billion.

Shares of the budget airline Vietjet (VJC) topped their buys with net value of VND356.4 billion, far exceeding the Vietnam Electrical Equipment Corp (GEX) with value of just VND16 billion.

VJC was also the biggest gainer among the VN30, rising 1.84 per cent to VND132,800 (\$5.70) per share.

On the other end of spectrum, shares of industrial zone developers slumped, of which Vietnam Rubber Industrial Zone and Urban Development (VRG), Sonadezi Long Thanh (SZL) and Industrial Urban Development JSC No 2 (D2D) plunged by 7 per cent, the daily maximum loss on the Ho Chi Minh Stock Exchange.

Other firms such as Sonadezi Chau Duc (SZC), Sonadezi Corp (SNZ) and Nam Tan Uyen Co (NTC) decreased between 5-6 per cent each.

On the Ha Noi Stock Exchange, the HNX-Index inched down 0.06 per cent to 100.85 points with 23.6 million shares worth VND443.7 billion exchanged.

According to Bao Viet Securities Co (BVSC), the market may move sideways with alternative ups and downs with a wide divergence among stock groups.

“Investors remain cautious and await the market's reaction to upcoming events, including the review session of exchange-traded funds (ETFs), Fed meeting and the results of FTSE classification review,” said Tran Xuan Bach, BVSC's stock analyst.

Macro & Policies

3. JCCI proposes increasing overtime to 300 hours

In its proposal submitted to the Vietnam Chamber of Commerce and Industry (VCCI), JCCI mentioned that maximum overtime should be extended to 300 hours a year for normal jobs. In a number of special cases, the statutory limit on overtime would be increased to 400-500 hours arranged on a volunteer, not a compulsory, basis.

In case the policymaker decides to keep the ceiling at 400 extra working hours for special cases (as is proposed in the current draft), the JCCI proposed changing the job “Manufacturing products for export in the sectors of textile and garment, leather, shoes, electrical and electronic components, processing agricultural, forestry, and aquatic products” into “Manufacturing products for export in the sectors of textile and garment, leather, shoes, electricity, electronics, manufacturing supporting components for the above products, processing agricultural, forestry, and aquatic products.”

The JCCI mentioned that the overtime limit in Vietnam is much lower than in other countries in the ASEAN region. Notably, Vietnamese regulations set a limit of 200 hours per year, while the figure is 1,836 hours in Thailand, 1,248 hours in Malaysia, 1,224 hours in the Philippines, and 714 hours in Indonesia.

There are numerous countries in between Vietnam and its ASEAN counterparts, including

China (423 hours), Bangladesh (408 hours), and India (300 hours).

“The large gap in overtime will impact the competitive capacity of the Vietnamese labour market compared to other countries,” said the JCCI.

The JCCI also added that its proposals were built after collecting opinions from numerous Japanese enterprises, including Canon, Panasonic, Toyota, and Denso.

The draft Labour Law is being reviewed by relevant stakeholders to be submitted to the National Assembly for approval in October 2019.

Fisheries enterprises proposed keeping the working hours unchanged. According to the Vietnam Association of Seafood Exporters and Producers (VASEP), the reduction of extra hours while enterprises are facing many difficulties will increase the burden and impact on enterprises and the economy.

Foreign enterprises are concerned about high increases in labour costs in Vietnam after the regulations reducing working hours are issued, especially when Vietnam's social insurance premiums are at a high level in the region and Vietnam's minimum regional wage has increased steadily over the years.

4. Vietnam investigates charges of dumping Chinese steel imports

The Trade Remedies Authority of Vietnam (TRAV) under the ministry said in a statement on September 6 that the investigation follows a May 5 request by three domestic producers.

In their petition, Posco Vietnam, China Steel Sumikin, and Phu My Flat Steel – all based in the southern province of Ba Ria-Vung Tau – alleged that a number of cold-rolled carbon steel coils and sheets imported from China were being dumped in the Vietnamese market, causing significant

injury to the local cold rolled steel manufacturing industry.

After initiating the investigation, the ministry will send questionnaires to the parties to gather information, with the aim of analyzing and evaluating the situation.

If necessary, based on preliminary investigations, the ministry may apply temporary anti-dumping measures to prevent significant damage to the industry.

The ministry will hold a public consultation so that the parties have the chance to discuss, provide information, and have a voice in the issue, before issuing its conclusion.

The ministry may slap retroactive anti-dumping duties for goods subject to tax within three months prior to the application of temporary anti-dumping duties.

The ministry recommends that individuals and organizations, when signing import contracts or involved in distribution, business and use of investigated goods, should be aware of the possibility of temporary anti-dumping duties and retroactive anti-dumping duties.

Earlier, the ministry announced temporary anti-dumping duties on aluminum products originating from China, and some wood fiber products and other wood-based materials from Thailand and Malaysia.

Recently, it launched an anti-dumping investigation on Biaxial Oriented Polypropylene (BOPP) film from China, Thailand and Malaysia.

5. Export of cameras to India surges

According to the General Department of Vietnam Customs, the high increase is remarkable as the total export value of the products during the period went down 3 percent year on year to nearly 2.5 billion USD.

Total exports to the Indian market also recorded an increase of close to 160 million USD in the first

Malaysia imposes duties on Vietnamese steel

Malaysia has slapped temporary anti-dumping duties, ranging from 3.7% to 20.13% on cold-rolled and non-alloy steel imported from Vietnam.

The duties will remain in force for four months, starting retroactively from August 26, according to the Trade Remedies Authority of Vietnam, or TRAV.

The decision follows a recent investigation of possible dumping by Malaysia's Ministry of International Trade and Industry into steel imports from four countries, including Vietnam, China, Japan, and South Korea.

TRAV said the Vietnamese producers have the right to appeal the decision to Malaysia before September 13.

Indonesia has also begun a dumping investigation into imports of cold-rolled galvanized steel products from Vietnam and China, it added.

seven months of 2019 on a yearly basis, reaching 4.07 billion USD.

Two-way trade between Vietnam and India experienced a year-on-year rise of 40 percent to reach 10.69 billion USD in 2018.

The countries are working towards 15 billion USD in bilateral trade by 2020.

6. Footwear, handbag exports reel in nearly 14.5 bln USD in eight months

Of the value, exports of footwear products were close to 12 billion USD, while that of handbags reached 2.475 billion USD, up 13.1 and 10.9 percent year on year, respectively.

Exports to top markets of Vietnamese footwear products saw increases compared to the same period last year, with the US market growing 13.5

percent, the EU, over 10.1 percent; and Japan, 11.8 percent.

LEFASO projected Vietnam to earn 21.5 billion USD from leather products and footwear this year, a year-on-year rise of 10 percent. It also predicted the sector's production will grow by 10-11 percent.

7. Vietnam's receipts per arrival remain low: WEF

According to the WEF's report, with over 12.9 million international tourist arrivals, Vietnam earned US\$8.89 billion, with receipts per arrival at US\$688, equal to 58.9% of figures in the Asia-Pacific region.

Statistics from the Vietnam National Administration of Tourism showed that in 2017, the average expenditure of international visitors staying overnight in Vietnam was some US\$1,171 each.

The country welcomed 12.9 million international visitors in 2017. Last year, the number of international travelers increased to 15.4 million. The figure was posted at 11.3 million in the January-August period.

Vietnam leaped from 67th to 63rd place for travel and tourism competitiveness among 140 countries and territories, thanks to improvements in international openness, price competitiveness, air transport infrastructure and tourism services, according to the report.

In the Asia-Pacific region, Vietnam was assessed as one of the countries with the highest increase in the indices of air transport infrastructure and international openness.

Vietnam's competitiveness index for visa requirements came in at 53rd place, up 63 spots.

This year, the WEF's competitiveness ranking was based on 14 factors, such as cultural resources, price competitiveness, air transport infrastructure, prioritization of travel and tourism, environmental sustainability and safety and security.

In the region, Japan was the most competitive travel and tourism economy, taking fourth place globally.

Some countries in Southeast Asia, including Singapore, Thailand, Indonesia and Malaysia, despite their drops, stayed above Vietnam on the list for travel and tourism competitiveness.

8. Vietnam strives to balance trade with US: PM

Vietnam is putting efforts to balance trade with the US, which is one of Vietnam's major trade partners, according to Prime Minister Nguyen Xuan Phuc.

Growing trade relations between Vietnam and the US would bring mutual benefits to the people of the two countries, contribute to peace, stability and cooperation in the Asia – Pacific region, Phuc said at a meeting with Governor of Nebraska John Pete Ricketts on September 6.

Phuc expressed delight that exports from Nebraska to Vietnam have been growing rapidly, including beef with an increase of 125% year-on-year in 2018.

Vietnam gives priority to relations between cities and states of the two countries, PM Phuc stressed.

Vietnam is committed to creating favorable conditions for more exports from the US, stated Phuc. The country is looking for more cooperation in agricultural sector, biology and technology transfer, which are also Nebraska's advantages.

Nebraska's exports, such as beef, to Vietnam would help balance the bilateral trade, Phuc asserted.

Phuc expected Nebraska to serve as a bridge for more improvements in the US-Vietnam exchanges, not only in agriculture, but also in finance-banking, education, science, technology, healthcare and national security, among others.

At the meeting, Ricketts said the US in general, and Nebraska in particular, seeks greater cooperation with Vietnam.

According to Ricketts, Nebraska has the largest beef export capacity in the US, while such exports to Vietnam have tripled.

Ricketts proposed holding a bilateral investment conference at Nebraska, adding Vietnam has vast opportunities to attract foreign investment.

Nebraska's governor expressed his belief that strong relation at state level would boost the ties between localities of Vietnam and the US.

CORPORATE NEWS

9. Manulife Vietnam, ACB cut bancassurance deal

↓ -0.50%

ACB customers will be able to purchase two key types of life insurance: unit-linked insurance and a critical illness product.

The partnership was part of Manulife's strategy to meet the increasing demand for life insurance in the Vietnamese market, especially among high-income customers, Manulife Vietnam stated.

The deal is also expected to help the firm diversify its distribution systems.

Despite remaining new in the local market, the bancassurance channel provides many opportunities for both banks and insurers, promising significant potential for development.

ACB is among the banks whose revenue from bancassurance has grown rapidly, surging by 250% in the first six months of this year.

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