



VIETNAM DAILY NEWS

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Market Analysis

1. VN-Index gains for second day, pre-purchases boost retail stocks

The VN-Index on the Ho Chi Minh Stock Exchange gained 1.14 per cent to close at 987.22 points.

The VN-Index has increased by total 1.84 per cent in the last two trading days and made a weekly gain of 1.35 per cent.

More than 189.2 million shares were traded on the southern bourse, worth VND4.48 trillion (US\$192.5 million).

The southern bourse was lifted by strong gains of the retail sector, whose index jumped 4.4 per cent, data on vietstock.vn showed.

Mobile World Investment Corp (MWG) and FPT Retail (FRT) surged 4.8 per cent and 7 per cent after the two companies announced on their websites they had opened pre-orders for new Apple iPhones.

The move also raised expectations that the two firms will report a rise in their fourth-quarter earnings thanks to the sales of iPhones.

Sale prices were set between VND21.99 million and VND43.99 million at the two companies' stores.

The prices are widely acknowledged as quite cheap compared to previous product launches.

Apple launched the new iPhone models on September 10 (US time), after having downsized its business in China due to concerns over trade tensions.

Investors also cheered the latest decision of the State Bank of Vietnam to cut its lending rates after other central banks have been doing the same thing facing intensive pressure of the US-China trade war and the risk of a global economic recession, MB Securities Co (MBS) said in its daily report.

Banks and securities firms were the two sectors that benefited the most from the decision. The two sector indices grew 2.7 per cent and 2.6 per cent.

Vietcombank (VCB), Vietinbank (CTG) and Bank for Investment and Development of Vietnam (BID) were the three strongest gainers in the banking sector.

The three banks' shares jumped between 3 per cent and 3.5 per cent.

Largest securities firms by market capitalisation such as SSI Securities Corp (SSI), Viet Capital Securities (VCI) and HCM City Securities Corp (HCM) also made strong gains.

MBS forecast Friday's strong gains would extend in the next trading days and the VN-Index may return to the 1,000-point level in the near term.

On the Ha Noi Stock Exchange, the HNX-Index gained 1.07 per cent to end at 102.20 points.

The northern market index increased by total 2.23 per cent this week.

More than 24.4 million shares were traded on the northern market, worth VND292.4 billion.

2. Market growth to slow as momentum runs out

The VN-Index on the Ho Chi Minh Stock Exchange on Friday gained 1.14 per cent to finish last week at 987.22 points, the highest end since August 23.

The VN-Index made a weekly gain of 1.35 per cent.

Investors are expecting the benchmark will reach its previous peak of 1,000 points soon. But analysts warn the scenario won't be realised in the coming days.

The Vietnamese stock market did not match global stocks, which advanced strongly on the softer

stance of the US and China towards their trade relations, specialist Nguyen Huu Binh said.

What really drove local shares last week were individual companies' business news and the State Bank of Viet Nam's statement on cutting lending rates, which is seen as a move to match other central banks' policies and boost the domestic economy.

Last week, technology firms, retailers and banks were among the biggest gainers that took turns giving the market a boost.

According to Binh, central banks are seeking ways to stimulate their economies and one of the ways is to cut lending rates to encourage domestic businesses and people to borrow more and spend more.

The Vietnamese central bank has decided to intervene in the monetary market as the Vietnamese dong has got stronger since the beginning of the year, putting pressure on the country's exports.

"Tightened credit policy and stricter capital control are two of the reasons that have made Vietnamese shares less attractive so far this year," Binh told tinnhanhchungkhoan.vn.

"In the coming months, some banks will get the green light to raise their lending limits," he said.

"However, it (the lending rate cut policy) will take some time to really have an impact on the Vietnamese economy, so investors will correct themselves from being too excited."

The local stock market will keep rising this week, but the growth isn't as strong as expected and there will be differentiation between different groups of stocks, he said, adding the market will soon encounter strong profit-taking pressure.

Investors might overreact on the weekend because they thought they would get an injection from banks following the central bank's statement, director of the Viet Dragon Securities Corp (VDSC)'s individual investors department Hoang Thach Lan said.

The latest statement would lift bank stocks while other sectors hardly have any support, he said.

But the market growth would be short-lived and it may end if investors are struck with bad news from the international market, he warned. "It doesn't mean capital injection."

What will really matter now is the trading liquidity, specialist Binh said. "If trading volume does not increase, it means investors haven't got a capital boost yet."

Average trading volume on the Ho Chi Minh Stock Exchange last week reached 119 million shares each day, up 1.5 per cent on a weekly basis.

The rate cut policy will not have a big impact on Viet Nam like it often does in other developed economies, according to Tran Duc Anh, director of macro-economics and market strategy at KB Securities Vietnam Co (KBSV).

Viet Nam's central bank attempts to control the volume of cash supply through lending and payment methods while European and American central banks use lending rates to keep control of the cash supply, Anh explained.

Therefore, the latest announcement of the SBV is only mentally effective and it will take more time to see if the policy really has an impact on the country's cash supply, he said.

Foreign capital returns

Foreign capital may return to the Vietnamese equity market in the next quarter after they have net-sold local assets in recent months, analysts have said.

Foreign investors net-sold VND1.6 trillion (US\$68.7 million) worth of local shares in August – the strongest since the beginning of the year. Meanwhile, investors have withdrawn their money from exchange-traded funds (ETFs) since January.

But during the eight-month period, local investors have helped absorb a part of foreign selling to keep the market from falling sharply. According to analysts, Viet Nam was the least hit by foreign selling among all Asian markets.

According to Matthew Smith, director of research and analysis at Yuanta Vietnam Securities Co, the volatility and risk of global markets and economies have forced investors to seek safe assets like gold and silver, and they are running away from emerging markets.

But foreign investors may return to the Vietnamese market as they get boosted by central banks' lending rate cuts, which provide them with

a bigger wallet. Many investment funds are holding onto a big volume of cash, so they need a trusted destination to spend that money, and Viet Nam is the trusted destination.

In addition, the development of new indices focusing on foreign-ownership-capped firms will help foreign investors filter the companies that they are interested in.

Macro & Policies

3. Rice importers' strict requirements discourage local firms

The Philippines, one of Vietnam's key rice buyers, plans to introduce stringent requirements on quarantine and food hygiene to adjust its rice import activities.

The country may cut the maximum pesticide residue limits for imported rice to zero. It will also ask sellers to estimate the risk of diseases.

The move is expected to help Filipino farmers cope with the decline in rice prices due to the availability of cheap imported rice on the market.

The director of a firm in the Mekong Delta region noted that the Philippines has also allowed the Philippine Department of Agriculture to impose tariffs on rice imports.

These tariffs, imposed on excessive rice imports, can range from 30% to 80%, though 350,000 tons of imported rice is subject to preferential duties.

Earlier, on February 15, President of the Philippines Rodrigo Duterte issued Republic Act 11203 liberalizing the import, export and trade of rice and lifting quantitative restrictions on rice imports.

Rice imports from Southeast Asian countries, including Vietnam, are subject to a 35% tariff in line with the Act.

As such, if the tariff is put in place, alongside the tariff regulated in the Republic Act 11203, the tax on rice exports to the Philippines will be significant, making life difficult for local rice exporters.

The Chinese market, accounting for 35% of Vietnam's total rice exports, had earlier established strict conditions as well, hindering local rice exporters from exploring the market.

Rice bound for China must be sterilized for 120 hours; rice samples must be sent to Chinese agencies for testing; rice packaging and labels must display full information on product origins in line with international practices; and products must display the testing facilities' verification stamps, Nguyen Van Don, director of Viet Hung Co., Ltd, said.

The strict requirements imposed by some of Vietnam's key rice importers have disappointed many local rice exporters.

"Rice exports are facing a hardship and the profit from rice exports is low," said the director of the Mekong Delta-based firm.

Lam Anh Tuan, director of Thinh Phat Company in Ben Tre Province, told the *Saigon Times* that the firm had decided to withdraw from the rice business as rice exports had not met expectations.

Nguyen Dinh Bich, a rice market analyst, pointed out that the rice market will continue to face hardships in the coming months. The rice volume in the global market remains high, whereas rice export prices are in decline.

Vietnam will have greater difficulty trading and exporting rice as it depends heavily on the Chinese market, Bich said.

Given the challenges, local rice exporters will seek to tap the African market to replace China, but this will prove difficult given the cost of rice transport as India, Vietnam's main rival in rice exports to Africa, is at an advantage in terms of price.

Besides this, China is also finding ways to transport its low-quality and cheap rice to Africa, putting Vietnam's exports at risk.

4. Vietnam likely to gain 11 billion USD from wood, forest products

Vietnam is likely to reach its export turnover target of 11 billion USD from wood and forestry

products this year as the main season for business is in the last six months of the year, according to

an official of the Vietnam Timber and Forest Product Association (VIFORES).

Businesses also have enough orders for production by year-end, said Nguyen Ton Quyen, Vice Chairman and Secretary-General of VIFORES.

Deputy Minister of Agriculture and Rural Development Ha Cong Tuan also said to meet this goal, the Government has committed to creating favourable conditions for businesses, including domestic and foreign-invested enterprises, to develop and have solutions for origin fraud in the timber industry.

According to the association, Vietnam is expected to export timber and wood products to the EU valued at over 700 million USD this year, higher than the 680 million USD achieved in 2018.

Before 2018, the EU market mainly imported outdoor wooden furniture, while since early this year this market has increased imports of indoor wooden furniture at a much higher value. This trend will continue in the future, it said.

Vietnam's exports of timber and wooden products to the EU market have good prospects thanks to the advantages from the Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade (VPA/FLEGT) and the Vietnam-EU Free Trade Agreement (EVFTA).

To seize opportunities in the EU market, Vietnamese businesses should invest in equipment, technology and materials following market demand, according to the association.

For the Japanese market, besides wooden furniture, Japan has a policy of producing wood pellets to replace fossil energy sources such as coal, oil and gas which are gradually running out. The wood pellets are used as fuel for thermal power plants replacing coal and oil and used as heating equipment in the industrial sector and civil activities.

Recently, Japanese enterprises have invested in three wood pellet production factories in Nghe An

province, producing wood pellets for export to Japan.

Therefore, it expects that Vietnam's export turnover of wooden products to Japan will surpass the EU, reaching over 1 billion USD.

Meanwhile, the Ministry of Industry and Trade's Import and Export Department has warned that the rapid increase of Vietnam's timber and wood products exports to the US at present may cause the US to pay more attention to the exports of those products to this market. Therefore, local enterprises exporting wood and forest products should actively update information from their partners and authorities to avoid this risk.

According to the Ministry of Agriculture and Rural Development's Administration of Forestry, the export value of wood and forest products in the first eight months of 2019 was estimated at 7.08 billion USD, up 18.6 percent year on year, including 1 billion USD in August, up 16 percent.

Pham Van Dien, deputy director-general of the administration, said 87 percent of the national export turnover from wood and forest products was to traditional markets, such as the US, Japan, the EU, China and the Republic of Korea.

Quyen said the US is the largest export market of Vietnam's timber industry, accounting for 45 percent of the industry's total export value. The average growth rate of exports to this market is from 15-17 percent each year. The export value of timber and wooden products in the first seven months of 2019 was 2.7 billion USD, up 32.8 percent over the same period in 2018.

Meanwhile, Vietnam's exports of wood and wooden products to Japan have increased sharply since the beginning of the year, according to the Ministry of Industry and Trade.

Vietnam was the largest kitchen furniture supplier for Japan in the first half of 2019, reaching 12,800 tonnes, up 19.8 percent year on year. Kitchen furniture from Vietnam accounted for 54.4 percent of Japan's total kitchen furniture imports./.

5. Overseas Vietnamese firms help domestic peers integrate globally

Vietnamese businesses in foreign countries serve as an important bridge to connect domestic enterprises with foreign partners and integrate into global markets, heard a conference held in Ho Chi Minh City on September 12.

Vice Chairman of the municipal People's Committee Le Thanh Liem said the southern economic hub of HCM City is leading localities nationwide in gross regional domestic product (GRDP), contributing about 24 percent of national gross domestic product (GDP), 28 percent of the State budget, 16 percent of the country's total industrial output, and 15 percent of national import-export turnover.

The city has attracted more than 8,000 foreign direct investment (FDI) projects worth more than 45 billion USD.

The private sector has become an increasingly important driving force for the city, contributing more than 55 percent of the city's GDP and accounting for 72 percent of its total investment.

These achievements are significantly contributed by the overseas Vietnamese business community, Liem stressed.

He said such new generation free trade agreements as the EU-Vietnam Free Trade Agreement (EVFTA) are key to help Vietnamese businesses make inroads into major markets.

With an insight into foreign markets and experience, overseas Vietnamese businesses can

help domestic firms make good use of export opportunities, he added.

Local authorities hope overseas Vietnamese firms will continue supporting domestic businesses to seek investment opportunities in European markets and beyond.

Nguyen Phuoc Trung, Director of the municipal Department of Agriculture and Rural Development, said the EVFTA creates both opportunities and challenges for the city's agricultural sector.

He said local agricultural firms want to cooperate with overseas Vietnamese businesses in promoting key agricultural products in the EU as well as update information and requirements relating to quality, technical barriers and safety standards.

Vietnamese businesses abroad also help transfer new technologies in production, processing and preserving farm produce in addition to attracting foreign investment and sales of agricultural products, he added.

While discussing ties between Vietnamese businesses at home and abroad, Chairman of the Vietnamese Business Association in France Nguyen Hai Nam said businesses should mobilise all resources and increase cooperation to develop products and build brands and distribution systems abroad to penetrate the EU and beyond./.

6. Binh Thuan acts to attract more foreign investors

The south-central province of Binh Thuan has strived to improve its infrastructure and offers numerous incentives to investors, said Chairman of the provincial People's Committee Nguyen Ngoc Hai.

In addition to the Government's incentives, the province had a number of specific mechanisms and policies to attract investment in its industrial clusters with a focus on supporting investors during the process of implementing their projects

and regularly organising dialogues with them to promptly resolve difficulties, Hai said.

It also continued to review and amend regulations related to the investment environment, business registration, land, capital, construction permits and taxes to simplify them. It was especially focused on creating a one-stop-shop for administrative procedures in many fields.

Amid the regional and international integration, Binh Thuan province wished to attract domestic and foreign investment and promote its potential in all fields, especially tourism, processing, renewable energy and high-tech agriculture.

To further exploit its potential, the province would focus on investments in high-class tourism, urban areas, residential areas, processing and manufacturing industry, and renewable energy.

It would also solicit investment in smart agricultural projects to adapt to climate change and building value chains in cultivation, husbandry and processing in the high-tech agricultural zone.

A Government plan envisaged making the province, which was situated close to the Southern Key Economic Region and had diverse resources, 19km of coastline, strong winds and plenty of sunshine, into a national energy centre with a total capacity of over 12,000MW by 2020.

In 2018, its electricity output was 13.56 billion KWh, 40 percent up from 2017.

Businesses had registered to invest in 108 renewable energy projects, including 88 solar power and 20 wind power, in the province with a total capacity of about 6,858MWp and at a cost of over 175.9 trillion VND (7.63 billion USD).

Of them, 26 solar power projects and 13 wind power projects with a combined capacity of 1,832MWp had begun operation.

According to the province's zoning plan for industrial parks and industrial clusters, by 2020 it would have nine industrial parks and 34 industrial clusters with a combined area of 4,092ha. So far, six industrial parks and 14 industrial clusters had been built.

The province was focusing on projects with modern technology and were environmental-friendly in these industrial parks and clusters.

Investment flows into the province had increased significantly in the past two years when it approved 264 projects with a total registered capital of over 53 trillion VND (2.3 billion USD).

7. Vietnam to start importing natural gas in 2021

Phung Van Sy, an officer of the Ministry of Industry and Trade's coal and oil department, announcing this at a conference Thursday, said the imports would rise to 6-10 billion cubic meters from 2026.

The reason is Vietnam's current gas production capacity of 8 billion cubic meters a year would start declining from 2023, he added.

Doan Hong Hai, an officer of the ministry's department of electricity and renewable energy, said Vietnam plans to triple its gas-fired power generation capacity from 7,200 MW now to 19,000 MW by 2030, which means it would need 22 billion cubic meters a year by then, with 50 percent imported.

Vietnam is set to follow other countries in Southeast Asia in importing LNG. Thailand was the first to import in 2011, while Indonesia, a former exporter, will start importing after 2020.

The country's rapidly growing economy makes it hungry for power as its hydropower potential has almost been fully exploited and oil and gas and coal reserves are running low.

It is set to face power shortages as early as next year since many projects are being delayed, the trade ministry said in June.

Vietnam would need to raise \$150 billion by 2030 to develop its energy sector as demand is set to grow by 8 percent a year for the next decade, the World Bank said last year.

8. Hanoi looks to climb in ranking of Vietnam's top business-friendly destinations

Hanoi sets sight to build on last year's achievement of being named among top 10 business-friendly destinations in Vietnam for the first time since its launch in 2005, according to Tran Ngoc Nam, vice director of the municipal Department of Planning and Investment.

The city strives for higher ranking in the PCI 2019 report by addressing concerns of the business community and taking specific measures to improve the business environment, Nam said at a conference on September 10 discussing ways to support enterprises.

In 2018, Hanoi claimed the 9th rank out of 63 provinces and cities in the in the provincial competitiveness index (PCI) 2018 report, up four places compared to the previous year's report. An achievement that Chairman of the Vietnam Chamber of Commerce and Industry (VCCI) Vu Tien Loc saw as a proof of Hanoi's strong efforts to realize its potential as one of Vietnam's economic hubs and also of the ASEAN in the future.

Director of the Hanoi Association of Small and Medium-sized Enterprises (Hanoisme) Le Van Quan said as of August 2019, Hanoi has over 272,000 enterprises, of which small and medium ones made up 97%.

The business community contributed 40% to the capital's GRDP, creating jobs for 50% of total labor force, up 9% year-on-year, added Quan.

The municipal business registration department processed a thousand applications per day, with the average registered capital of VND7 billion (US\$301,882) for a business.

"Hanoi currently ranks top nationwide in processing business registration online as 100% of applications are submitted online," Quan stated.

Vice Chairman of Hanoisme Mac Quoc Anh said Hanoi should continue to provide supporting services for enterprises and working with commercial banks to simplify procedures in bank account opening for newly created enterprises.

The ultimate goal would be to help enterprises enter the market in the fastest way possible, Anh stressed.

At the conference, representatives of enterprises expressed concern over the lack of knowledge regarding corporate governance, marketing, tax policies and related regulations, which requires strong support from local authorities for a healthy development of the business community.

CORPORATE NEWS

9. DHC: Report on the day becoming major shareholders - KWE Beteiligungen AG

↓ -0.88%

File Attachment

Report on the day becoming major shareholders - KWE Beteiligungen AG of DongHai Joint Stock Company of Bentre as follows:

[20190913 DHC-190913-Report-on-the-day-becoming-major-shareholders--KWE-Beteiligungen-AG.pdf](#)

10.CTI: Report on Change in Ownership by Major Shareholders

↓ -2.17%

File Attachment

Report on Change in Ownership by Major Shareholders of Cuongthuan Idico Development Investment Corporation as follows:

[20190913 CTI-190913-Report-on-Change-in-Ownership-by-Major-Shareholders.pdf](#)

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