



# VIETNAM DAILY NEWS

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## Market Analysis

### 1. VN-Index rescued in last minutes by Vinamilk, BIDV

The VN-Index on the Ho Chi Minh Stock Exchange inched up 0.13 per cent to close the session at 992.45 points.

Two biggest supporters included the Bank for Investment and Development of Vietnam (BID), of which share price increased by 2.6 per cent in the afternoon trade, and Vinamilk (VNM), which bounced back to growth, rising 1.6 per cent.

Some blue chips rose in the latter half of the sessions, including Vinhomes (VHM), Techcombank (TCB) and Phu Nhuan Jewelry (PNJ); or shifted from loss status to being flat such as Vietcombank (VCB), Vingroup (VIC), Vincom Retail (VRE), Vietinbank (CTG), FPT Corp (FPT) and Saigon Securities Inc (SSI).

Of the 30 largest shares by market value and liquidity, only 11 declined (down from 20 in the morning), 12 gained and seven closed unchanged.

Some continued downward such as PVGas (GAS), brewer Sabeco (SAB) and Ho Chi Minh Development Bank (HDB), each falling more than 1 per cent, which weighed on the market.

According to Bao Viet Securities Co (BVSC), sectors with expectantly positive profit in the third quarter such as banks, retail sales, real estate and electricity, natural rubber, would gain more attention in the short term.

“The index tends to establish a sideways channel between 998-1,004 points and 980-985 points, which is expected to last a short time for the market's accumulation,” Tran Xuan Bach, a BVSC's stock analyst, wrote in the daily report.

“In the long term, we maintain our positive opinion that the market will soon break resistance zone 1,000-1,005 points and head toward stronger resistance.”

Without the support of large caps, the HNX-Index on the Ha Noi Stock Exchange still inched down 0.05 per cent to close at 105.21 points.

Liquidity improved substantially with 214.7 million shares worth VND6.7 trillion (US\$287.8 million) traded in the two markets, up 6.6 per cent in volume but up 47.3 per cent in value compared to Wednesday's levels.

However, foreign investors have shown no signs of stopping their net selling. They were net sellers for the eighth consecutive session on the HCM City's exchange on Thursday, for total value of more than VND1 trillion.

They net bought on the Ha Noi's bourse for small value of VND4 billion.

## Macro & Policies

### 2. MoIT allows export of raw mineral inventory

Worldwide the price of metals and minerals has dropped which has impacted mines in Viet Nam.

Although mines are restricted over what they can and can't dig for, certain materials can still be exported.

MoIT Deputy Minister Do Thang Hai said: "The decision is only temporary to ease the raw mineral inventory in Viet Nam."

Under current regulations, even when enterprises stop mining, they still have to pay mineral mining rights.

This, Hai told a government press conference on Wednesday, has led to the closure of a number of exploitation companies.

In May 2017, the Government issued guidance to help enterprises remove the difficulties in mineral production, allowing the export of some minerals such as iron ore, titanium ore and white marble stones.

In addition, Hai said the Government did not completely ban all exports but instead installed restrictions.

The deputy added the MoIT is working with other relevant ministries and agencies to build a plan that can balance exploitation and processing to submit to Prime Minister Nguyen Xuan Phuc.

In September 2018, Viet Nam News reported that PM Phuc ordered limiting small-scale and low-tech mining projects of minerals such as gold, copper, nickel and molybdenum, because such mining causes pollution and losses to the country's natural resources.

Viet Nam's mineral export to China is criticised due to the perception that the selling price is under market value, while Viet Nam still imports a vast amount of minerals from China.

Most of the minerals exported to China are in their raw, unprocessed form, meaning the relatively minor trade gains are outweighed by the level of ecological damage caused by mining activities.

### 3. Eight-month economic growth figures defy odds

In August, the consumer price index (CPI) increased slightly, by 0.28 percent. In the first eight months, the CPI grew 2.57 percent compared with the same period last year - this was the lowest eight-month CPI growth rate in the past three years.

The eight-month index of industrial production (IIP) was up an estimated 9.5 percent compared with the same period last year - this was a lower eight-month growth rate compared with 2018 but higher compared with 2016 and 2017. The purchasing power in the domestic market kept growing. Total retail sales of goods and revenue from consumer services in the first eight months reached an estimated VND3,200 trillion, up 11.5 percent compared with the same period last year, with a majority coming from retail sales of goods.

The eight-month export value rose 7.3 percent, reaching nearly US\$170 billion. Exports by domestic companies grew an estimated 13.9 percent and for the first time accounted for more than 30 percent of total export value.

In the first eight months of 2019, about US\$12 billion of foreign direct investment (FDI) was disbursed, an increase of 6.3 percent compared with the same period last year. Nearly 90,500 new companies were established nationwide in the first eight months with total registered capital exceeding VND1,150 trillion. Meanwhile, the number of businesses registered to suspend operations for a certain period of time was down seven percent, and the number of companies resuming operations was up 21.8 percent.

According to the Ministry of Planning and Investment, domestic demand and investment will be the two major factors boosting economic growth from now to year's end. The industrial sector, especially processing and manufacturing industries, automobile, steel, oil refining,

petrochemicals and electricity, will remain a major driving force of economic growth. The acceleration of public investment in infrastructure, especially major projects, will also create new impetus for economic growth for the rest of the year.

#### 4. Vietnam takes advantage of FDI inflows

##### New movement

Prof. Nguyen Mai, chairman of the Vietnam Association of Foreign Invested Enterprises (VAFIE), said foreign investors began the “China-Plus-One” strategy a decade ago when China attaches much importance to domestic investment, promotes outward investment, reduces FDI incentives, and strictly controls activities of the FDI sector. Production costs in China are getting expensive, resulting in a move out of mainland China to new locations.

According to IMA ASIA calculations, wages in China increased from US\$2.01 per hour in 2010 to US\$3.9 per hour in 2016, much higher than the average salary in Vietnam, which ranges between US\$1-1.4 per hour.

For these reasons, Samsung Electronics announced to stop operating a mobile phone manufacturing factory in China at the end of 2018 and shift its production to Vietnam. As of mid-2019, there were more than 200 suppliers for Samsung Electronics Vietnam, including 29 tier-1 vendors. Samsung's local content rate jumped from 34 percent of total product value in 2014 to 57 percent in 2018.

In March 2019, LG Electronics halted phone manufacturing in the Republic of Korea. The production will be moved to Vietnam at its factory in Hai Phong City by the end of 2019. In addition, Foxconn also announced land lease in Vietnam in January 2019.

Thanks to FDI inflows into Vietnam, the FDI sector has become the most dynamic driver of growth and played an increasingly important role in

Vietnam's socioeconomic development. Currently, the FDI sector accounts for 22-25 percent of total capital on social investment, 55 percent of total industrial value, and 70 percent of total export turnover, while creating about 3.7 million jobs.

##### Improving efficiency

FDI provides significant development opportunities for domestic businesses, including support industry businesses. Thanks to FDI, businesses have more abundant financial resources to expand their trade and production activities. Investors have also conducted technology transfer and promoted training of human resources, contributing to improving production and management capacity.

However, only 14 percent of Vietnamese businesses have succeeded in attracting investment from foreign businesses. Of which, 21 percent of them have become suppliers in the global value chains.

The linkage between FDI and domestic businesses in value chains is yet to yield desired results. Therefore, tightening the linkage between domestic and FDI businesses has become crucial to Vietnam.

State management agencies need to provide guidance and strengthen supervision of FDI businesses to detect law

violations and handle cases to ensure investors' commitments.

## 5. Vietnam tightens control of trade remedies, origin fraud

### Potential risks

TRAV Director Le Trieu Dung said that in the first seven months of 2019, TRAV conducted anti-dumping investigations related to four cases, appraised profiles of three cases, reviewed one case, and supervised the application of anti-dumping measures to two cases.

The application of trade remedies has contributed to protecting jobs for more than 100,000 people, promoting domestic production, increasing state budget revenues and decreasing massive imports of many products, while helping businesses avoid losses and improve production stability. Industries protected by trade remedies are estimated to contribute about 6.3 percent to the country's gross domestic product (GDP).

Minister of Industry and Trade Tran Tuan Anh said the economy's increasing openness resulted in encouraging import and export growth in the first half of 2019. However, international integration has a multifaceted impact on the economy, with matters related to trade remedies affecting all economies.

Localities have limited knowledge of international trade and integration and trade remedies.

Ta Hoang Linh, Director of the European-American Market Department said that in the first half of this year, Vietnam's exports to Europe and

America increased 14.2 percent over the same period last year, despite decreases in sales to several markets. As a developing country, Vietnam is exempt from safeguard measure application, but with its fast export growth, the country would probably be subject to trade remedy application, he said. Therefore, it is necessary to efficiently implement the project on enhancing state management of trade remedies evasion and origin fraud.

### Targets

TRAV has set targets, including 1) implementation of a master program for using and coping with trade remedies to support the development of some Vietnamese industries in 2018-2020 and until 2025; 2) accomplishing cases of trade remedies under investigation, and investigation of new cases of trade remedies; 3) announcement and review of trade remedies cases; and 4) coordination with industry associations to supervise imports showing signs of damage to domestic production, such as fibers, liquid sugar and welding rods, for timely investigation and application of trade remedies; among others.

From now until the yearend, TRAV will promote the project on enhancing state management of trade remedies evasion and origin fraud.

## 6. Vietnamese enterprises moving towards smart manufacturing

Innovating technology and enhancing robotics application in the manufacturing field is essential but also a challenge for Vietnamese enterprises and workers, Mr. Trieu Tai Vinh, Member of the Party Central Committee and Vice Chairman of the Central Economic Commission, told a smart manufacturing conference on October 2 in Hanoi. "The revolution of digital transformation is not only about technology but also about a change in mindset for management and operations," he said.

The third conference session, with the theme "Smart manufacturing: Digital transformation - The future of smart manufacturing", was one of

five such sessions within the Vietnam Industry 4.0 Summit, "Vietnam's Strategy & Action Plan in Proactively Embracing the Fourth Industrial Revolution", organized by Party Central Committee's Economic Commission and several ministries and sectors.

The five conference sessions included smart banking, smart city, smart production, smart energy, and digital economy, and were all held on the same day in the same location.

Dr. Nguyen Quan, Chairman of the Vietnam Automation Association, told the conference that

smart manufacturing is an inevitable trend for Vietnam in the current context. Smart manufacturing includes two parts: smart equipment and production lines, and smart operational management systems. “Vietnamese enterprises need to integrate these two parts to make a smart factory and a smart business model,” he said. “They need to digitalize their operation systems, creating digital databases and applying technology to exploit data for digital transformation.”

Some Vietnamese enterprises have pioneered technology applications such as AI, blockchain,

IoT, and big data, etc., into their business activities, he added. Then, they have built the process of automated production lines, maximizing the process of production to create competitiveness. However, the majority of remaining enterprises are struggling with the process of digital transformation, as they don't know where they start from. Dr. Quan recommended five points, relating to infrastructure, equipment, human resources, products, and digital technology, that Vietnamese enterprises need to focus on when transforming.

## 7. Vietnam imposes anti-dumping tax on Chinese aluminum products

An investigation launched in January found that Chinese dumping activities had seriously hurt domestic producers of aluminum, with some having to suspend output, the Ministry of Industry and Trade said.

The anti-dumping tax on some aluminum products from 16 Chinese companies ranges from 2.49% to 35.58% and took effect for five years from Sept. 28, the government said on its website on Wednesday.

Aluminum imports from China nearly doubled last year to at least 62,000 tonnes, the ministry added. The figure excluded the amount of aluminum that transited through Vietnam.

In June, Vietnam had imposed an anti-dumping tax of 3.45% to 34.27% on some Chinese steel products.

This year, Vietnam said it would crack down on goods of Chinese origin illegally labeled “Made in Vietnam” by exporters seeking to avoid U.S. tariffs on products made in China.

Vietnam relies on China, its largest trading partner, for materials and equipment for its labor-intensive manufacturing.

Vietnam's trade deficit with China widened to \$25.11 billion in the first eight months of this year, from \$17.23 billion a year earlier.

## Corporate News

### 8. BID: Result of public offering of bonds

↑ 2.61%

Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV) announces the result of public offering of bonds (Phase 1 of 2019) as follows:

File Attachment

[20191003 BID-191003-Result-of-public-offering-of-bonds--MN.pdf](#)

### 9. CTG: Result of the 1st private placement in 2019

↑ 0.00%

Viet Nam Joint Stock Commercial Bank for Industry and Trade announces the result of the 1st private placement of 2019 as follows:

File Attachment

[20191003 CTG-191003-Result-of-the-1st-private-placement-in-2019--PV.pdf](#)

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