



VIETNAM DAILY NEWS

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Market Analysis

1. Market extends rallies

In the upcoming sessions, the index of the Hochiminh Stock Exchange may continue moving towards the resistance range of 997-1,000 points and undergo some correction. Bank, real estate and retail stocks may rally. A couple of stocks belonging to the VN30 basket, such as VRE, VNM and VJC, are predicted to maintain their upswing in a short term, said Bao Viet Securities in a recent report.

With 186 stocks advancing and 135 others declining on the HCMC bourse, the VN-Index added 5.81 points, or 0.59%, against Wednesday at 993.6. Trading value improved 5% at over VND3.6 trillion while volume fell nearly 11% at 160 million shares.

Many key stocks gained further, with VCB, GAS and VRE rising over 1%. MWG, FPT and HDB picked up over 3%.

Big-cap stocks such as those of Vingroup (VIC) family, brewery firm SAB, and lenders BID, CTG made substantial contributions to the main index's rise.

There were just several stocks in the VN30 basket losing, including MSN, TCB, ROS and VPB.

Construction firm ROS was still the most actively traded stock on the Hochiminh Stock Exchange (HOSE), with over 24 million shares transacted, followed by steelmaker HPG with trading volume of five million shares.

Among speculative stocks, property developer FLC bounced back after two days of falling to its floor price, up a slight 0.5%.

While the local stock market rebounded, foreign investors turned heavy sellers. They net sold over 4.5 million shares worth more than VND85 billion on HOSE, soaring a staggering 117% in volume and 8.5 folds in value compared to the last session.

The stock of food enterprise GTN was net sold by foreign investors, with over 4.39 million shares worth over VND89 billion. Besides this, they actively net sold shares of property firm VHM with the net selling value of VND34 billion, followed by VIC and ROS.

On the Hanoi Stock Exchange, the gains of large-cap stocks sent the HNX-Index up 0.49% against the previous session, equivalent to 0.51 point to close at 104.64, with 41 winners and 39 losers..

Macro & Policies

2. Reference exchange rate goes up 1 VND on October 24

The State Bank of Vietnam (SBV) set the daily reference exchange rate at 23,155 VND per USD on October 24, up 1 VND from the previous day (October 23).

With the current trading band of +/- 3 percent, the ceiling rate applied to commercial banks during the day is 23,849 VND per USD and the floor rate at 22,460 VND/USD.

The opening hour rates at some commercial banks remained stable.

At 8:15 am, Vietcombank kept both rates unchanged from the same time on October 23, listing the buying rate at 23,115 VND/USD and the selling rate at 23,265 VND/USD.

BIDV also kept both rates unchanged, with the buying rate listed at 23,145 VND/USD and the selling rate at 23,265 VND/USD.

Meanwhile, Techcombank reduced both rates by 1 VND, listing the buying rate at 23,136 VND/USD and the selling rate at 23,276 VND/USD.

3. Local banks continue raising deposit rates

Saigon Commercial Bank (SCB) on Tuesday said it had launched certificates of deposit (CDs) with a term of 469 days, offering customers an interest rate of up to 8.9% per year.

CDs have five face values ranging from VND100 million to VND2 billion. CD holders requiring capital can transfer these products at SCB.

Earlier, SCB introduced short-term CDs, attracting some 29,000 clients. CDs typically carry higher rates than standard deposit products.

At present, SCB applies the highest mobilization rate at 8.55% per year for tenors from 13 to 36 months.

ABBank has also applied the highest deposit rate of 8.5% per year for the 12-month tenor, with a promotional program that runs until the end of next month. According to the bank, this rate is seen attractive for customers who have idle money and are seeking a safe and effective investment channel.

At Eximbank, online depositors since early this month have enjoyed a rate of 8.5% per year for tenors of 24 to 36 months. This is the highest rate at the bank this year.

Earlier, many banks raised their deposit rates significantly, with some even applying a rate of 10% per year. Further, some lenders have offered rates of over 8% per year for deposits of six months or longer.

However, according to the central bank, savings rates at banks remain stable, staying at 0.5% to 1% per year for call deposits and those with a term under one month, as well as 6.6% to 7.3% for terms over 12 months. Meanwhile, lending rates are around 6%-9% for short terms and 9%-11% for medium to long terms.

Explaining the recent rate revisions by local banks, the central bank in a report sent to the National Assembly stated that banks had raised their long-term deposit rates slightly to restructure capital sources and meet safety standards in operations.

However, short-term rates remain stable, where rates for demand deposits declined. The banking system still has strong liquidity, according to a representative of the State Bank of Vietnam.

4. Vietnam Motor Show features 15 automobile brands

The five-day expo covers an area of 20,000 square meters and has indoor and outdoor exhibition areas, displaying nearly 100 car models imported and locally assembled from brands such as Audi, Ford, Honda, Jaguar, Land Rover, Lexus and Mercedes-Benz.

Although Truong Hai Auto, the distributor of Kia, Mazda, Peugeot and BMW cars, and TC Motor, which distributes Hyundai vehicles, does not attend the show, vehicles from all segments ranging from economy and mid-range to luxury vehicles from world-leading brands still attract car enthusiasts to the show.

Car lovers have the chance to see race car models used by the Red Bull Racing and Toro Rosso Formula One teams. Also, ecofriendly electric cars are on display at the event.

Moreover, suppliers of supporting products, car accessories and components and from other related industries have booths set up to showcase their products and services.

VMS 2019 is jointly organized by the Vietnam Automobile Manufacturers Association (VAMA), the Vietnam Car Importers Association, CIS Vietnam Company and Le Bros Company.

Toru Kinoshita, chairman of VAMA, said that the local automobile market has great potential for further growth, supported by the stable development of the economy and the advantage of a young population.

According to VAMA, its members sold over 230,000 automobiles in the January-September period, up 18% year-on-year. Meanwhile, among other non-VAMA members, TC Motor alone recorded sales of over 55,000 vehicles in the nine months.

Based on these sales results, local automobile traders predicted that automobile sales may exceed 350,000 units by the end of the year, beating the record high seen in 2016, when 304,000 cars were sold.

5. Hà Nội to host tourism summit in December

The details were announced by the organisers at a press conference yesterday.

The event will be co-organised by the Government's Advisory Council for Administrative Procedure Reform, the Ministry of Culture, Sports and Tourism, the Việt Nam Tourism Advisory Board (TAB), the Việt Nam Tourism Association and VnExpress.

The summit would offer an opportunity for enterprises and investors in Việt Nam and abroad to look at strategies and potential, as well as challenges, for tourism development, said Deputy Director of the Việt Nam National Administration of Tourism (VNAT), Nguyễn Thị Thanh Hương.

Hương said that Việt Nam's tourism was in a period of strong development with high growth. Vietnamese tourism has also been honoured by many prestigious international organisations and won global awards. Most recently, Việt Nam was honoured to receive four world tourism awards.

The delegates will discuss the infrastructure of Vietnamese tourism, and measures to attract investment and training in the field.

Trần Trọng Kiên, chairman of the National Tourism Advisory Board, told Việt Nam News the summit had three major goals.

Those were to promote sustainable development for Việt Nam's tourism sector, enhance national tourism competitiveness, and increase the sector's direct contribution to GDP from 8.39 per cent in 2018 to over 10 per cent in 2021, Kiên said.

"The event will also help promote the image and culture of Việt Nam to the world, thus luring more foreign investment to Việt Nam's tourism sector," he said.

The third target is to realise a common aviation market called "ASEAN Open Sky", the first-ever of its kind in the Mekong countries (CLMTV) community.

The summit will include four thematic sessions and a plenary session.

Each thematic session is expected to welcome 150-200 guests, who will discuss topics such as promotion activities, improving trip planning and travel experience, and connect the aviation market.

The plenary session will involve 2,000 guests. In addition to discussing solutions for tourism and aviation development, the session will also witness the launch of tourism promotion offices in the UK and Australia.

The organisers board will also invite leaders of the world's largest tourism corporations, along with senior representatives from the World Tourism Organisation and other international agencies.

The first Việt Nam Travel and Tourism Summit was held in Hà Nội last year with the participation of 1,500 guests. Within the framework of the event, five trade deals worth nearly US\$2 billion were signed between international partners and domestic enterprises.

6. Workshop talks EVFTA's impact on financial, telecom sectors

The European Union (EU) – Vietnam Free Trade Agreement (EVFTA) is set to have considerable impact on the future of the financial and telecom sectors of Vietnam, heard a workshop in Hanoi on October 23.

At the event, Vice Chairman of the Vietnam Chamber of Commerce and Industry (VCCI) Hoang Quang Phong said the EVFTA, signed on June 30 this year and currently in the ratification process, includes many notable commitments regarding financial services like banking, insurance and securities, and telecom services.

The openness of the Vietnamese market has already been higher than the commitment to the World Trade Organisation (WTO), and the country has also issued many minimum standards for the State's management of these services. Meanwhile, the EU has strength in financial and telecom services. Therefore, the EVFTA is predicted to have considerable influence on the future of the financial and telecom sectors in the country, he noted.

Nguyen Thi Thu Trang, Director of the VCCI's Centre for WTO and Economic Integration, said the EVFTA will not have too big direct impact on foreign investment in the financial sector, noting that reinsurance ceding service is the only new one to be opened for foreign investment under the pact, while the commitment level is unchanged compared to that in the WTO.

Under the EVFTA, no more new areas in the telecom sector will be opened for foreign investment, and the commitment level would also not change much in the first five years of the agreement's enforcement. After that, the sector's openness to foreign investment would be higher than the commitment to the WTO.

Trang noted the financial sector's business climate will become more stable and predictable while the telecom market will also be more stable and transparent thanks to commitments in the trade deal.

Indirect impact of the EVFTA will include higher service demand, better business environment, and chances created for investment in EU economies and for cooperation with EU partners.

Aside from opportunities, many economic sectors of Vietnam, especially the financial and telecom sectors, will also face stronger competition from foreign service providers. Additionally, clients' requirements for services will increase. Challenges relevant to IT application, information security and transaction safety will also be part of the indirect impact of the EVFTA, according to the centre director.

Corporate News

7. BID: Consolidated After-tax Profit -2.9% YoY, Outstanding Loans +8.6% 9M2019

↑ 0.50%

BID has announced the consolidated financial statements for Quarter 3/2019.

Main points:

- 9M2019 after-tax profit reached VND5,645 billion, -2.9% YoY.
- 9M2019 net interest income was VND26,398 billion, +3.1% YoY.
- Outstanding loans of VND1,073,511 billion, +8.6%, lower than level 9.4% of the whole industry.
- NPLs accounted for 2.09%, up from 1.9% at the end of 2018, in which Group 5 debts up 70.1% to VND12,194 billion.

In Q3, BID recorded an after-tax profit of VND 1,874 billion, up 3.5% YoY. Net interest income rose 7.4% to VND8,752 billion, while service income increased by 28.1% to VND1,050 billion.

In 9 months, BID recorded a net interest income of VND26,398 billion, up 3.1%. Service income grew 18.8% to VND3,019 billion.

8. HDG: Change of personnel

↓ -0.28%

Ha Do Group Joint Stock Company announced personnel change as follows:

Profit from forex trading, other activities and capital contribution/share purchase rose 35.1%, 25.3%, and 24.3% respectively, to VND1,077 billion, VND3,592 billion and VND177 billion.

On the contrary, profit from trading securities dropped 61.5% to VND263 billion, while investment securities saw a loss of VND266 billion compared to VND682 billion profit in 9M2018.

BID's net interest rate (NIM) in Q3/2019 was 2.6%, down slightly from 2.7% in Q3/2018.

Total operating income in 9 months edged up 4.2% to VND34,259 billion, while operating expenses fell 4.6% to VND10,729 billion. The bank made a provision of VND16,502 billion in the period, up 14.9%.

In 9 months, BID's after-tax profit was VND5,645 billion, down 2.9% YoY. Total assets was at VND1,425,399 billion, up by 8.6% YoY. Customer deposits reached VND1,084,798 billion, up 9.6%.

The bank's outstanding loans grew 8.6% to VND1,073,511 billion. NPL ratio was at 2.09%, up from 1.9% at the end of last year, of which Group 5 debt jumped 70.1% to VND12,194 billion..

- Mr. Chu Tuan Anh, Deputy CEO was appointed as the person in charge of corporate governance cum Secretary as from October 22, 2019.

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