



VIETNAM DAILY NEWS

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Market Analysis

1. Large-cap firms to drive market up, but performance would be narrow

The benchmark VN-Index on the Ho Chi Minh Stock Exchange advanced 0.30 per cent to close Friday at 996.57 points, totalling a weekly gain of 0.74 per cent.

On the Ha Noi Stock Exchange, the HNX-Index inched up 0.07 per cent to close at 104.71 points. The HNX-Index dropped 0.73 per cent last week.

An average of nearly 214 million shares was traded each day last week, worth VND4.28 trillion (US\$184 million).

With about one-third of the top 30 largest companies by market capitalisation and trading liquidity having released Q3 earnings reports, there is still room for growth.

Most of those firms were profitable in the third quarter of the year such as brewer Sabeco (SAB), Vietcombank (VCB), VPBank (VPB), Military Bank (MBB), tech group FPT Corp (FPT) and Phu Nhuan Jewellery JSC (PNJ).

Other large-cap firms that are expected to deliver good results for the third quarter include realty firms Vingroup (VIC), Vincom Retails (VRE) and Vinhomes (VHM), Bank for Investment and Development of Vietnam (BID), Vietinbank (CTG), dairy producer Vinamilk (VNM), food company Masan (MSN) and retailer Mobile World Investment Corp (MWG).

According to Le Duc Khanh, director of strategic investment at PetroVietnam Securities Corp, banks and tech firms had outperformed other sectors in the last two quarters.

Those companies could also maintain the momentum in the final months of the year thanks to the positive outlook of the Vietnamese economy, he said.

“That's the reason why the VN-Index can beat the 1,000 point level and rise towards 1,100 points at the end of 2019.”

With good performances in the third quarter, large-caps still had room to grow, Nguyen The Minh, director of market analysis at Yuanta Securities Co, said.

They would also benefit from the amended Law of Securities, which was expected to be approved by the National Assembly in November and would increase the foreign ownership cap in some sectors, he added.

Market conditions proved investors were quite confident and were not being overwhelmed by external factors (such as trade wars and geopolitical tensions), investor and specialist Nguyen Huu Binh said.

However, investors remained cautious so capital flow would be modest, he said, adding it would be difficult to find a group of stocks to lead the market at the moment.

The market would struggle in the early trading days of the week before continuing to move up at the weekend, Bao Viet Securities Co (BVSC) said in a note.

Banks, property firms and retailers may continue their uptrends, the company said.

In a different scenario, KB Vietnam Securities Co (KBSV) forecast bank stocks had been priced in and would have troubles leading the market in the coming week.

It meant investors would sell once earnings reports were released, which would not create momentum for the stock market, it said.

The VN-Index would struggle with mixed performances between different groups of stocks, which depended on the results and prospects of quarterly corporate earnings, KBSV said.

2. VN-Index driven by large-caps' earnings reports

The VN-Index on the Ho Chi Minh Stock Exchange advanced 0.30 per cent to close Friday at 996.57 points, totalling a four-day gain of 1.32 per cent.

The benchmark index was up total 0.74 per cent this week.

Friday's gain also marked the sixth time the VN-Index has approached the 1,000 points since July 29.

Lifting the benchmark index on Friday were shares of listed banks and brewery firm Sabeco.

The banking sector index increased by 0.9 per cent, data on vietstock.vn showed.

Vietcombank shares (VBC) again set up its new all-time peak, rising 1.3 per cent to end at VND88,000 per share.

MBBank shares (MBB) rose by 1.1 per cent. The bank has announced its post-tax profit gained 26 per cent year on year in the third quarter and 28 per cent yearly in the nine-month period.

Shares of Vietinbank (CTG) and VPBank (VPB) also moved higher.

Another large-cap – brewer Sabeco (SAB) – also progressed following its earnings report for the third quarter.

In the July-September period, Sabeco recorded a year-on-year increase of 41 per cent in its post-tax profit. After nine months, the post-tax profit rose nearly a quarter from last year's number.

The strong performance of Sabeco, Vietcombank, Vietinbank and MBBank also spurred other blue chips to move forward.

The large-cap VN30-Index edged up 0.19 per cent to stand at 927.05 points at the end of the day.

Fourteen of the 30 largest stocks by market capitalisation and trading liquidity increased while 12 declined.

Meanwhile, mid-cap and small-cap stocks lost steam, pulling the mid-cap and small-cap indices down 0.27 per cent and 0.12 per cent, data on HoSE showed.

Large-caps continued being the main driving factor for the stock market on Friday but market sentiment remained weak, proved by low trading liquidity, Thanh Cong Securities Co (TCSC) said in a note.

Nearly 173.5 million shares were traded on the southern bourse, worth VND3.72 trillion (US\$160 million) – which was slightly higher than Thursday's figures but still lower than the 20-day average.

MB Securities Co (MBS) said that improved liquidity is a must to drive the benchmark index over the 1,000-point level.

On the Ha Noi Stock Exchange, the HNX-Index inched up 0.07 per cent to close at 104.71 points.

The northern market index was up 0.49 per cent on Thursday.

The HNX-Index dropped total 0.73 per cent this week.

Nearly 27 million shares were traded on the northern market, worth VND312 billion.

Macro & Policies

3. Why foreign investors are feeling the time is right to flock to Việt Nam

Brian Spence*

Whichever way you look at them, Việt Nam's Key Performance Indicators tell a compelling investment story. Against a backdrop of social stability and Government that is highly supportive of business, Việt Nam is set to continue its multi-year run of 6-7 per cent annual GDP growth. And, where South Korea and other Asian peers might be wincing from drops as large as 10 per cent, Việt Nam has enjoyed an 8 per cent year-over-year increase in export growth.

These are indeed figures to conjure with, but anyone needing further proof of Việt Nam's growing stature would have to look no further than the stunning rise of foreign investment. In 2018, foreign direct investment (FDI) into Việt Nam rose by 9.1 per cent year over year to hit US\$19.1 billion, marking this dynamic country's sixth record year for FDI in a row. Almost 1,400 new FDI projects had been registered by the summer of 2019, which was up nearly 70 per cent on the prior year. The waves of capital keep flooding in.

Việt Nam has followed China's lead (from back in the late 1990s) by pursuing a “stable *đồng*” policy that has done much to encourage foreign investment. But the Government's commitment to keeping the currency on an even keel is just one among many factors that have turned - and kept - the capital taps fully turned on.

The prospect of leveraging a young, well-educated and highly motivated workforce at competitive wage rates is naturally a very attractive one, and particularly so where economic and social stability is also assured. Việt Nam's economy is on track to continue growing at 7 per cent every year, and the benefits of this boom have been widely felt. In contrast to less happy places in the region, housing and living costs are reasonable and continue to track down as a proportion of wages.

A business-friendly government

The Vietnamese Government has been incredibly supportive of business on both the small and large

scale, and on the domestic and international fronts. Entrepreneurship and innovation are thriving under Việt Nam's 'Startup Nation' initiative, which is targeting 1 million new enterprises by the end of next year, and, at the same time, the country has been busily forging international trade deals that are now set to bear serious fruit.

Last year saw the inking of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (a free trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Viet Nam) and this summer saw the long-awaited EU and Việt Nam Free Trade Agreement signed. This pact has been hailed by the EU as “the most ambitious free trade deal ever concluded with a developing country” and will pave the way for tariffs to be lifted on 99 per cent of goods between the two.

Perhaps just as important are the rapid improvements being made to Việt Nam's legal and business framework as part of these deals, greater protection of intellectual property rights being one important example. The Vietnamese Government couldn't be more committed to raising the country's standing on the world stage.

So where is all this foreign investment going, and where does it come from?

The workshop of Asia

Việt Nam's meteoric rise as a manufacturing hub off the back of increasing costs in China has been hard to miss, so it is perhaps no surprise that manufacturing and processing receive almost three-quarters of FDI currently (about \$11 billion last year). This ascendancy looks sure to continue amid the US-China trade war and the massive investments being made into Việt Nam's infrastructure.

Real estate is also seeing foreign inflows of more than \$1 billion a year which can only rise as tourism to Việt Nam increases and infrastructure improves. Close behind is retail and wholesale

investment, a market which is expected to reach \$180 billion by next year as a result of Việt Nam having one of the fastest growing middle classes in Asia. By 2020, many expect that it will have in fact doubled in size in just a decade to include 33 million people. That is a lot of people ready to deploy - and enjoy - their new-found affluence.

Those sectors are just the top three, and there is a long and diverse tail of booming FDI recipients potential investors should have in mind - science and technology being a major one. Just as diverse are the sources of this capital. Although investment from Hong Kong, South Korea, Singapore, China and Japan are all big investors. Serious money is also coming from outside Asia too: Swedish furniture giant Ikea plans a \$450 million retail centre and warehouse system in Hà Nội, while America's Universal Alloy Corporation and Alton International Enterprises have received the green light for production centres in Đà Nẵng. The roll call of cities and provinces becoming destinations for international investment just grows and grows.

If all this seems amazing, please bear in mind that these are just a few strands of the narrative. Việt Nam's investment story is as multi-faceted as it is compelling.

4. Korean automobile electric cable group wants to invest in Việt Nam

During a meeting with chairman of the provincial People's Committee Nguyễn Đình Xứng this week, THN's vice chairman Chae Seung Hoon said THN was looking for a place in Việt Nam to build a factory on an area of six hectares to manufacture electric cables for cars, which is estimated to generate jobs for about 6,000 locals.

All products of this factory are expected to be exported to global automobile manufacturers such as Hyundai, Kia and Mobis.

After three surveys of Thanh Hóa province, THN has chosen the Hà Dương Industrial Complex in Hà Trung District and wants to set up its factory there if THN and the provincial authorities come to an agreement.

Incredibly, however, the whole thing seems to be passing many by. I have been firmly settled in Việt Nam for several years now, but when I do take trips back home, it never fails to surprise me just how outdated most people's notion of Việt Nam is – even those who profess to be very internationally-minded business people. They may see the stellar growth, but not necessarily all the measures being put in place to support and sustain it long term. They may appreciate the country's manifest dynamism, but not the diligence with which its future is being built up.

That should spell opportunity to any ambitious investor – wherever in the world they may be.

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At the meeting, Xứng pledged that Thanh Hóa would create the most favourable conditions if THN Group built its factory in the province.

He also assigned the provincial Department of Planning and Investment to work with Hà Trung District to make agreements on the issues proposed by THN and send a written notice for the group before October 30.

If the group decides to invest in the factory in the province, the Department of Planning and Investment is responsible for consulting the provincial People's Committee to license the project soon, Xứng said.

THN is one of the world's leading manufacturers of automotive electric cables. The group currently has eight factories in Korea, China, Paraguay, Brazil and the Philippines.

5. MIC targets mobile number portability rates of 80 per cent

Statistics from the Ministry of Information and Communications showed that the number of successful network transfers since the beginning to the end of the third quarter of this year reached 77.3 per cent.

Among the carriers, Vietnamobile has not been able to raise the successful network transfer rate following the direction of the Ministry of

Information and Communications to over 70 per cent. Its current rate is 60 per cent.

The Vietnam Telecommunications Authority (VNTA) has asked the network operators to continue improving the network transfer process as well as circular amendments guiding the deployment of network switching services on the principle of creating maximum ease for users.

6. Land policies restrain Vietnam's agricultural development

Scattered, small-sized land lots hamper farmers and stop companies from investing in agriculture, while barriers set by land accumulation policies also marginalise farmers and hinder the development of Vietnam's agriculture.

These warnings were voiced by experts at the Vietnam Autumn Agricultural Forum 2019 – the largest gathering of researchers and policy-makers to discuss the impact of land policies on agriculture hosted by Vietnam Institute for Economic and Policy Research (VEPR).

According to a report issued by VEPR, Vietnam is among the countries with the lowest farming area per capita.

The area of agricultural land per capital in Vietnam is 0.25 ha, below the world and regional averages of 0.52ha and 0.36ha, respectively.

The country's agriculture depends heavily on some 10 million farming households with more than 76 million small land lots, hindering efforts to apply tech applications, collaborate with enterprises and establish concentrated production areas in the context of intensive global integration and rising climate change.

Land accumulation has been set to tackle these issues yet has fallen short of expectations due to inadequacies of current policies involving agricultural land.

Vu Trong Khai, former director of the Central Agricultural Cooperative Management School II, stressed upon the standardisation of terms and theoretical frameworks to evaluate policies and come up with development plans based on the market-driven economy.

There is an inevitable trend to establish big farms specialising in fruit trees, forest trees or fish breeding to utilise advantages of the economies of scale and technologies," he said.

First and foremost, Khai stressed that agricultural land must be made available for long-term rental.

Skilled labour force is the second essential factor to accelerate good farming practices and high-tech agriculture.

A strong legal framework is necessary to protect and encourage farmers and enterprises to invest in agriculture.

Tran Cong Thang, Director of the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD), said fees and taxes applied to the transfer of agricultural land are the same as other real estates. Meanwhile, domestic private enterprises can only hire agricultural land because property rights to agricultural land are not guaranteed like other land types.

There is no official instruction on changing land use purposes from planting to animal farming as

well as the Government's roles in assisting enterprises to hire land.

Thang recommended reinforcing monitoring on the minimum area of an agricultural land lot to avoid scattering fields, reduce taxes and fees related to transfer of agricultural land, encourage enterprises to invest into agricultural support services and develop an electronic land surveillance system to provide digitalised data on land use rights and transfers to ensure the market's transparency.

7. Japanese firms willing to employ Vietnamese IT engineers

Over 80 percent of Japanese firms said they are willing to receive foreign workers, and 95 percent of them are interested in Vietnamese IT engineers, according to a survey conducted by the Vietnam Software Association (VINASA).

A representative from the Japan Information Technology Service Industry Association (JISA) said Japan is facing a shortage of human resources in computer software.

As of June this year, Japanese firms needed around 781,000 IT engineers.

However, in order to qualify to work for Japanese companies, Vietnamese IT engineers need to get up to speed on new technologies, such as artificial intelligence, the Internet of Things and Big Data, along with Japanese language skills and an understanding of the Japanese business culture and market, said the representative.

A VINASA survey of 60 companies partnering with Japanese firms showed that digital transformation, virtual reality and Big Data have

In 2018, agriculture contributed 14.7 percent of Vietnam's GDP with the export value of 40 billion USD.

The country has witnessed an upward trend in a number of enterprises participating in agricultural production. Up to 90 percent of them are small enterprises employing 10 to 50 workers with the average capital of 1-5 billion VND (43,000-215,000 USD) and the annual income of 3.6 billion VND (154,800 USD)/.

the most potential for cooperation between Vietnam and Japan.

Currently, the Japanese IT market is valued at about 460 billion USD, with the software sector making up 130 billion USD.

Japan is now one of the biggest foreign investors in Vietnam, especially in the technology sector.

According to the Japan External Trade Organisation (JETRO), last year, nearly 250 Japanese companies invested in the Vietnamese IT sector with capital accounting for 8 percent of total Japanese FDI in Vietnam.

Recently, the Vietnam-Japan IT Cooperation Committee and the IT Innovation and Strategy Centre Okinawa (ISCO) signed a memorandum of understanding on supporting partnerships between Vietnamese and Japanese IT companies, especially in researching and developing new technologies in the Fourth Industrial Revolution./..

8. Vietnam's ease of paying taxes improves: World Bank

Thanks to the Government's efforts to simplify tax compliance processes, Vietnam ranked 109th out of 190 countries and territories on ease of paying taxes in the World Bank's Doing Business 2020 report (DB2020), up 22 places from the previous report.

Vietnam made paying taxes easier by upgrading the information technology infrastructure used by the General Department of Taxation, according to the World Bank.

The ranking was measured by the four component indicators - number of tax payments, tax payment

time, total tax rate and post-filing index (VAT refunds and corporate income tax audits).

According to the report, Vietnam is expected to see improvements in most of the indicators in 2020 as compared to this year.

To be more specific, the time spent on tax payment would be cut from a hefty 498 hours in 2019 to 384 hours next year. Meanwhile, total

number of tax payments will be reduced from 10 in 2019 to six next year and total tax rate is said to drop 0.2 percent to 37.6 percent in 2020.

The taxation department described the DB2020 report as a vivid illustration for the taxation sector's efforts to cut tax procedures and improve administration reform so as to facilitate conditions for local people and enterprises to exercise their responsibility for the State budget./.

Corporate News

9. FPT takes the initiative in community activities

↓ -0.34%

Playground construction

As part of the FoxSteps campaign initiated by FPT Telecom, a subsidiary of FPT Corporation, three public playgrounds were inaugurated in the provinces of Bac Ninh, Vinh Phuc and Binh Duong in mid-September this year. The campaign, which took place from August 5 to 28, eight days ahead of schedule, was aimed at building free, well-equipped playgrounds for children across the country.

As many as 10,000 FPT Telecom staff ran a total length of 520,975 kilometers, equal to 13 Earth circles. For each kilometer travelled, a sum of VND10,000 is given to the community, meaning the total sum of VND7 billion has been contributed to the playground construction fund, called FoxSteps.

The three new playgrounds are the first ones financed by the FoxSteps fund. These spacious facilities, which are equipped with swings, crawl tunnels, slides and teeter-totters, are poised to be favorite destinations for local children.

Chu Thi Thanh Ha, Chairwoman of FPT Telecom, says that the first three are among 63 playgrounds which are being built across 63 provinces and cities of the country. The entire FPT Telecom staff has made their concerted efforts to complete the month-long campaign as soon as possible.

“These efforts come from the hearts of the people who are, or will be fathers and mothers. They are aware of the best things for kids through physical exercises to develop their intelligence,” she notes, adding that the playgrounds will enable children to stay away from digital devices, such as computers and phones, which have already driven family members to distraction.

Other community initiatives

In March this year, FPT Corporation in collaboration with the Central Committee of the Ho Chi Minh Communist Youth Union organized Thang Ba Bien Gioi (The Border in March), a program to support needy people in border areas.

FPT awarded more than 6,000 national flags and 1,000 study corners with a total value of VND1.2 billion to the families of wounded soldiers and martyrs, and students in border provinces.

This program is intended to spread the spirit of action among the community, and express the gratitude of the young generation to the heroic martyrs who lost their lives to defend the northern border four decades ago, as well as raise the patriotism and responsibility of union members during the course of the country's development.

“On the occasion of marking 40 years of the border war, FPT hopes these small gifts will turn into major strength, which warms the heart of our fellow countrymen in remote, border areas, and help small kids have peace of mind to study and join hands to build bright futures for themselves and for their own hometowns and country,” says Truong Thanh Thanh, director in charge of CSR programs at FPT.

During the same month, FPT launched many community programs, such as organizing charity stalls and blood donation, in the capital city of Hanoi, the central coastal city of Danang, HCMC, and the Mekong Delta city of Can Tho.

Since 2010, FPT has chosen the annual March 13 as “The FPT Day for the Community,” when its executives and employees take specific actions to support the society. For the past nine years, they have travelled to thousands of schools and households that are hit by storms and other natural disasters to lend a helping hand.

In 2018 alone, FPT and its staff in cooperation with its partners spent VND35.7 billion on CSR activities, which offered support to nearly four

million people, particularly disadvantaged families.

For example, the corporation teamed up with the Central Committee of the Vietnam Youth Federation and the Vietnam Volunteer Center to hold a volunteer day, called “Tien phong hanh dong vi cong dong” (The community action initiative).

Within the framework of the program, volunteers mended hundreds of orphanages and gratitude

houses, a kind of houses built for martyrs' families free of charge. Also, around 3,000 FPT staff donated their blood.

Last year, FPT allocated more than VND17.3 billion to award late ‘Professor Nguyen Van Dao’ scholarships to 704 outstanding students in colleges and universities. As such, FPT has granted a total of 3,267 such scholarships worth nearly VND151 billion over the past nine years.

10.CTG: Disclosure on first amendment and supplement to money insurance contract

↑ 2.33%

Disclosure on first amendment and supplement to money insurance contract of Viet Nam Joint Stock Commercial Bank For Industry And Trade as follows:

File Attachment

[20191025 CTG-191025-Disclosure-on-first-amendment-and-supplement-to-money-insurance-contract.pdf](#)

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