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Market Analysis

1. Market makes gains, VN-Index hits 1,000 points

The benchmark VN-Index on the Ho Chi Minh Stock Exchange increased 0.50 per cent to end Wednesday at 1,000.89 points.

More than 181.1 million shares were traded on the southern bourse, worth VND3.7 trillion (US\$158 million).

The index slid 0.06 per cent to end Tuesday at 995.87 points.

The darlings of the VN-Index on Wednesday were Vingroup (VIC) (+1.5 per cent), Vietcombank (VCB) (+1.6 per cent), Vinhomes (VHM) (+ 1.4 per cent), PetroVietnam Gas JSC (GAS) (+ 1 per cent), Vincom Retail (VRE) (+2 per cent), Vietnam National Petroleum Group (PLX) (+ 1.7 per cent), Vietjet (VJC) (+ 0.9 per cent), Techcombank (TCB) (+ 0.4 per cent) and Vietinbank (CTG) (+0.5 per cent).

In the opposite direction, some pillars sank such as Vinamilk (VNM) (-1.6 per cent), Bank for Investment and Development of Vietnam (BID) (-1 per cent), Mobile World Group (MWG) (-1.7 per cent), Hoa Phat Group (HPG) (-0.9 per cent), and VPBank (VPB) (-0.5 per cent).

On a sector basis, securities, banking, insurance, seafood production, wholesale, construction and oil and gas moved up.

According to Bao Viet Securities Co (BVSC), the market is forecast to fall under the influence of the Fed policy meeting, the results of which are expected to be released early tomorrow.

However, the VN-Index is improving and will possibly break the strong resistance zone 1,000-1,004 points and head toward stronger resistance zones.

“We expect a 70 per cent chance that the Fed will cut the interest rate at this meeting, supporting the market in the short term,” BVSC said.

However, the market also remains under the influence of third quarter portfolio reviews of funds benchmarking the VN30 in the remaining sessions of the week, BVSC said.

Stock exposure can be raised to 40-45 per cent of a portfolio. Investors may consider buying part of previously sold positions if the index falls to support the 990-996 points zone.

If the market can break the resistance zone of 1,000-1,004 points, investors may consider raising stock exposure, the company said.

On the Ha Noi Stock Exchange, the HNX-Index rose 1.15 per cent to close at 105.89 points.

The northern index lost 0.16 per cent to close at 104.87 points on Tuesday.

Foreign investors net sold VND46.25 billion on HOSE, including Vinamilk (VNM) (VND57.9 billion) and Vietjet (VJC) (VND28.9 billion). They were net buyers on the HNX with value of VND5.19 billion.

Macro & Policies

2. Exports in October down

The General Statistics Office said in its latest report on the country's socioeconomic performance that the values of imports and exports during the year up to October amounted to US\$210 billion and US\$217.05 billion, up 7.8% and 7.4% from a year earlier, respectively.

As such, the country posted a trade surplus of US\$7 billion. The domestic sector saw a trade deficit of US\$21.3 billion, while the foreign direct investment sector recorded a trade surplus of US\$28.3 billion.

Five groups of exports brought in over US\$10 billion each during the 10-year period, accounting for a combined 59.4% of the total exports.

Among them, phones and their accessories earned the highest amount at some US\$43.5 billion, followed by computers, electronic products and their spare parts at US\$28.8 billion; textiles and garments at US\$27.4 billion; and footwear at US\$14.6 billion. All of them saw year-on-year increases in exports, ranging from 5% to 17.1%.

By contrast, a large number of key agricultural exports witnessed further declines in value compared with the year-ago period.

Seafood, vegetables, cashew nuts and rice earned US\$7 billion, US\$3.1 billion, US\$2.7 billion and US\$2.4 billion, respectively, down between 3.4% and 7.8% year-on-year.

Bucking the downward trend, the export earnings of rubber and tea rose by 5.5% and 7.9% to US\$1.75 billion and US\$187 million, respectively.

3. Large number of enterprises resume operations

October also saw the establishment of more than 12,000 enterprises with total registered capital of VND143.6 trillion and 94,700 registered workers, up 3.4% in terms of number of enterprises, up 2.5% in terms of registered capital and down 3% in terms of number of workers compared to September 2019.

On the other hand, imports of computers, electronic products and their spare parts increased by 21.5% against the previous year to US\$43 billion, making up 20.5% of the total imports.

Following this group was machinery, equipment and tools and their parts, earning some US\$30 billion (up 11.4%), followed by phones and phone parts at US\$12.2 billion (down 3.5%).

During the period, the United States imported Vietnamese goods worth US\$49.9 billion, while the Southeast Asian nation spent US\$12 billion on American goods, up 26.6% and 12.6% year-on-year, respectively.

China remained the largest supplier of merchandise to Vietnam with a turnover of US\$62 billion, up 16.1% over the same period last year.

Experts told the Vietnam News Agency that the country's exports would continue to grow, with traditional industries, such as textiles, footwear and furniture, being the main driving force.

Also, exports often increase in the last few months of the year as this is the peak period for consumer goods sales during the holidays.

Looking at previous performance results, the goal of achieving combined trade turnover of US\$500 billion this year is entirely feasible, they said.

In the January-October period, 114,400 enterprises registered for establishment, up 4.4% over the same period last year, and 34,900 enterprises returned to their operations, up 24.8% over the same period in 2018.

The average registered capital of a newly established enterprise reached VND12.5 billion in the first 10 months of 2019, an increase of 23.1% compared to the same period last year.

In the first 10 months of 2019, 1,700 newly established enterprises registered to operate in the agricultural, forestry and aquatic sector,

accounting for 1.5% of the total number of newly set up enterprises.

Meanwhile, 30,700 enterprises specialise in the industrial and construction sector, accounting for 26.8%, and 82,000 enterprises operate in the service sector, occupying 71.7% of the total number of newly established enterprises.

4. Vietnam's overseas investment hits nearly US\$412 million

Detailed data showed licenses were granted to 128 new projects worth US\$311.9 million while an additional US\$100 million was pledged to 28 existing projects.

Investment in wholesale, retail and motor vehicle repairs was estimated US\$110.7 million, accounting for the largest share of Vietnam's total overseas investment during the January-October period, at 26.9%.

Agricultural investment came second at US\$65.6 million while investment in scientific-technological activities ranked third at US\$59.4 million. Investment in property trading was US\$57.9 million.

During the reviewed period, Vietnamese companies invested in 30 countries and territories, with Australia being the largest recipient at US\$140.6 million, followed by the US and Spain at US\$61.5 million and US\$59.8 million, respectively.

5. Index of Industrial Production rises 9.5% in January-October

Of which, the processing and manufacturing industry recorded growth of 10.8%, contributing 8.3 percentage points to the industry's growth.

Meanwhile, the mining sector increased 1.2%, contributing 0.2 percentage points, electricity production and distribution rose by 9.9%, contributing 0.9 percentage points; and water supply and waste treatment saw growth of 7.2%, contributing 0.1 percentage points.

However, some industries experienced slight growth or even declines in the IIP, such as

electronics, computers and optical devices, tobacco, and services in support of the mining industry.

Some major industrial products which achieved high production growth in the first ten months included raw iron and steel (42.8%), oil and gas (33.2%), televisions (16.4), and mobile phones (13%).

In October alone, the country's IIP expanded by 2.9% as compared with the previous month and up 9.2% year-on-year.

6. Forestry exports expected to beat US\$11 billion in 2019

Director General of the Vietnam Administration of Forestry Nguyen Quoc Tri said on October 29 that the export value of forestry products has risen 18.8% year on year to over US\$9 billion.

For the first time the sector won a contract worth more than US\$1 billion in October, he said, adding that foreign countries have high demand for

interior and exterior wooden products towards the end of the year.

Vietnamese forestry products are present in over 120 countries and territories, with key markets including the US, Japan, China, the EU and the Republic of Korea. Export revenue to those

countries is estimated at US\$7.81 billion, accounting for 86.6% of the sector's total.

Regarding wood materials for processing, Tri said about 16.55 million cubic metres of wood were exploited from planted forests from January-October, accounting for 85% of the yearly plan, and up nearly 7% from the same time last year.

The materials met some 75% of the forestry processing sector's demand, he added.

Also in the period, the country planted over 175,500 hectares of forest land, making up 82.7% of the target for the whole year. In 2019, the sector has been entrusted to raise forest coverage to 41.85%.

7. Vietnam customs seizes Chinese aluminium being transhipped to the US through Vietnam

According to the report Vietnamese authorities have been cracking down on Chinese efforts to circumvent U.S. trade orders by transhipping their aluminium via Vietnam. The seize was a result of such effort. A few weeks ago the Vietnamese government levied duties on a wide range of aluminium products from China. The Ministry of Industry and Trade (MoIT) decided to officially impose the highest rate of anti-dumping duties on aluminium products from 16 Chinese producers. The prices of Chinese products were much lower than the production cost of the products in Vietnam affecting their domestic industry.

“The AEC applauds the actions taken by the Vietnamese government against another blatant attempt by the Chinese to break U.S. trade laws as reported today,” said Jeff Henderson, AEC President.

In the beginning of 2019, the Aluminum Extruders Council (AEC) won its circumvention case against Vietnam. The U.S. alleged that Vietnam was boosting their domestic aluminium billet production from illegally imported aluminium from China. Consequently, they requested for levying antidumping (AD) and countervailing duty (CVD) on Vietnamese extrusions produced from billet containing Chinese-produced aluminium extrusion scrap. They AD/CVD duties on those Vietnamese extrusions would be same as on aluminium extrusions from China.

The AEC has been working towards creating a level playing field for the U.S. aluminium extrusion industry by winning tariff protection that offsets unfair trade practices of extruders/importers of aluminium profiles from China.

Corporate News

8. VCB: Board approves the transaction with a related company

↑ 1.62%

On October 28, 2019, the Board of Directors of Joint Stock Commercial Bank for Foreign Trade of Viet Nam (Vietcombank) approved the transaction between Vietcombank and FPT Information

System Co., Ltd. (the affiliated person is Mr. Truong Gia Binh, Independent Member of the Board of Directors) for the following package “Purchasing the white cards of Vietcombank Connect24h VCCS card”.

9. TCB: Board approves transactions with Masan Group

↑ 0.42%

On October 28, the Board of Directors of Vietnam Technological and Commercial Joint Stock Bank (Techcombank) approved transactions (not including credit granting) with Masan Group Corporation as follows:

No.	Type of transaction/agreement	Amount
1	Limit before payment (PSE)	31,800,000,000 dongs
	BOND Forward	31,800,000,000 dongs
2	Other transactions	Each transaction will be equal to or less than 20% of the charter capital in TCB's audited financial statements.

10. Stock market briefs Oct 30, 2019

↑ 0.00%

HCMC – Binh Duong Trade and Development JSC (TDC) has approved a plan to buy back VND100 billion worth of bonds before maturity on November 15.

HANOI – Petro Vietnam Construction Joint Stock Corporation (PVX) will offload more than 1.46 million shares in Petrowaco Property Joint Stock Company at a price of VND14,523 per share.

HCMC – Ba Ria-Vung Tau House Development JSC (HDC) has reported revenue of VND165 billion and after-tax profit of nearly VND45 billion, a respective increase of two and six times over the same period last year.

HANOI – The Hanoi Stock Exchange has suspended the stock self-trading of SaigonBank Berjaya Securities JSC. The company incurred losses of VND1.7 billion in the third quarter of this year, below VND3.4 billion in the same period last year. As of last month, the firm's accumulative losses had amounted to VND242 billion.

HCMC – Southeast Asia Commercial Joint Stock Bank (SeABank) got approval from the State Bank of Vietnam (SBV) on October 29 to apply Basel II standards to its operations. It demonstrates the bank's ability to meet the stringent risk management principles proposed by the SBV to maintain operational efficiency, prudence, sustainability and transparency. SeABank has raised its charter capital to nearly VND9.4 trillion.

HANOI – Nguyen Thi Thanh Chi, deputy general director of PGT Holdings JSC (PGT), has registered to sell her entire 1.27 million PGT shares, or a 14.42% stake. Transactions are expected to be executed from October 30 to November 28 via put-through and order-matching.

HCMC – Vietnam Prosperity Joint Stock Commercial Bank (VPB) has announced to finish the purchase of 50 million treasury shares between October 2 and 23 via order-matching transactions at an average price of VND22,194.

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