



VIETNAM DAILY NEWS



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Market Analysis

1. Stock market inches up, investors begin earning profits

Vietnamese shares steadied on Wednesday as large-caps faced selling pressure while investors prepared for impacts from global markets.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained only 0.06 per cent to close at 1,024.91 points.

The VN-Index had rallied a total of 2.55 per cent in the previous three days.

Market breadth was positive with 174 gaining stocks and 156 losers.

More than 255 million shares were traded on the southern bourse, worth VND4.7 trillion (US\$202 million).

The VN-Index lost momentum in the last hour of the trading day as selling pressure mounted on large-cap stocks.

The benchmark index rose as much as 0.45 per cent during the day.

The large-cap VN30-Index was unchanged and closed Wednesday at 942.38 points.

In the large-cap basket, 13 of the 30 largest stocks by market value and trading liquidity declined while six ended flat.

Among decliners were aviation firm Vietjet (VJC), logistics company Gemadept (GMD), HDBank (HDB), real estate business Vincom Retail (VRE), PetroVietnam Gas (GAS) and retailer Mobile World Investment (MWG).

Retail, mining and petroleum, finance and logistics were the worst-performing sectors as their indices dropped between 0.3 per cent and 0.6 per cent, data on vietstock.vn showed.

The Vietnamese stock market rhymed with global markets as investors were cautious ahead of new developments in the US-China trade relationship.

Foreign investors on Wednesday net sold VND89.7 billion of local shares while they net bought VND29.6 billion in the previous session.

Market growth steam is running out as large-cap stocks weaken and cash begins seeking opportunities in mid-cap and small-cap stocks, MB Securities Co (MBS) said in its daily report.

Mid-cap and small-cap indices on the Ho Chi Minh Stock Exchange gained 0.20-0.21 per cent.

Blue-chip stocks will continue weakening and replace each other to keep the VN-Index at the current threshold of between 1,020-1,025 points, MBS said.

In the next trading days, the market will struggle at the current range. Mid-cap and small-cap stocks will make gains while large-cap stocks will move sideways, the company forecast.

Investors are betting the VN-Index will soon correct and what happened yesterday supports that idea, Sai Gon-Ha Noi Securities Co (SHS) noted.

The VN-Index may continue swinging to settle at the current range of 1,020-1,025 points before moving towards 1,040-1,045 points, the company said.

On the Ha Noi Stock Exchange, the HNX-Index inched up 0.04 per cent to end at 106.75 points, totalling a four-day increase of nearly 1.5 per cent..

Macro & Policies

2. More open policies to attract foreign capital into Vietnam's securities market

The State Securities Commission (SSC), the country's stock market watchdog, will study and submit to the Ministry of Finance more open policies for foreign investors with an aim to further support domestic firms in luring foreign capital, SSC Chairman Tran Van Dung said.

The policies will be presented in a decree to guide the implementation of the revised Law on Securities, which is being considered for approval by the National Assembly, Dung revealed. The revised Law on Securities, which will replace the 2006 Securities Law and its 2010 amendments, is expected to make Vietnamese firms more attractive to foreign investors as it covers many key issues related foreign investors, such as foreign holding cap in public companies and non-voting depository receipts.

Accordingly, public companies would be subject to no restrictions on the foreign ownership limit, unless otherwise prescribed by treaties to which Vietnam has acceded or a specialized law.

Notably, the foreign holding ratio in a public company, which operates in different sectors and subject to different foreign holding ceilings, must not exceed the lowest ratio among those prescribed for these sectors.

Foreign holding cap, the aggregate rate of voting shares and contributed capital amounts owned by foreign investors and economic institutions with foreign investors holding 51% or more of charter capital in a public company, securities trading organization, securities investment fund or securities investment company, are not specified in both the 2006 Securities Law and its 2010 amendments.

Meanwhile, Decree 60 issued in 2015 sets the maximum foreign ownership rate of 49% for public companies operating in trade and sectors subject to conditional investment and business.

The revised law will also mention for the first time the provisions related to the non-voting depository receipts (NVDRs) with an aim to

stimulate foreign trading in the Vietnamese stock market.

According to foreign funds, though the current legal regulations allow foreign investors to fully own a local firm, the investors still face hindrances to pour funds into some conditional business lines, such as banking and aviation sectors with foreign ownership capped at 30%. The implementation of NVDRs will counter the shortcoming, thanks to its capability to allow foreign investors to invest in listed companies which have foreign holding restrictions.

Nguyen Thanh Ky, secretary general of the Securities Trading Association, these changes are very important to help the Vietnamese stock market approach international standards and become more familiar with foreign investors.

Appealing market

Though global economic and trade slowdown are significantly affecting negatively many stock markets around the world and Vietnam is no exception, many foreign investors still believed the attractiveness and growth potential of the country's stock market in the medium- and long-term.

According to Vuong Tuan Duong, deputy managing director of VinaCapital Vietnam Opportunity Fund Limited (VOF), valuations of Vietnamese shares are still low compared to other ASEAN countries and some other emerging markets.

He explained although the price-to-earnings (P/E) ratio of the VN-Index has increased in the past two years, it is still 12% lower than the average level of regional countries. By the end of August 2019, Vietnam's P/E was 16.7 times, compared to 20.2 times of Indonesia, 19.5 times of Malaysia, 17.9 times of the Philippines and 18.6 times of Thailand.

Besides, Vietnam is also attractive to foreign investment inflow thanks to the stability of its currency this year, Duong said.

In the next three or four years, Vietnam's stock market is deemed to have many positive factors that can lure foreign investors, such as the Government's incentive policies on foreign capital

attraction, and the possibility of Vietnam's stock market to be upgraded by Morgan Stanley Capital International and FTSE Russell.

3. Vietnam posts growth amid global slowdown

The prime minister praised the country's socioeconomic performance in October and in the January-October period of this year, the Government news website reported.

These positive results will create an important foundation for improving production capacity, ensuring the nation's sustainable growth, the prime minister added.

Specifically, macroeconomic stability was ensured, while inflation was controlled at a low level. The average consumer price index during the 10-month period increased 2.48% over the same period last year, the lowest figure recorded in the last three years.

Besides these achievements, PM Phuc pointed to shortcomings of the economy, such as a decline in the prices of key agricultural products and the slow progress of major projects. He asked for greater efforts to prevent and control fraud, drug trafficking, online gambling and traffic accidents.

Despite fluctuations in the global market and the impact of the U.S.-China trade war, interest rates, exchange rates, the foreign currency market and gold prices remained stable.

Regarding the tragic incident in the United Kingdom where 39 people were found dead in the back of a truck, the Government chief stressed that Vietnam would do its best to protect its citizens

In addition, the State budget revenue for the 10-month period rose 9.9% year-on-year. The disbursement of foreign direct investment was also up 7.4%. Vietnam posted a trade surplus of approximately US\$7 billion between January and October.

He expressed his deepest condolences to the families of the victims and directed ministries, agencies and localities to cooperate with the United Kingdom's agencies on the case.

The number of newly established enterprises in the 10-month period continued to grow, reaching 114,400. In addition, 34,900 firms resumed operations.

He praised the British agencies for coordinating with Vietnam to address the serious incident.

The industrial and service sector maintained its strong growth momentum, with total retail sales of goods and services increasing 11.8%.

The prime minister also discussed Vietnam's participation in the 35th ASEAN Summit and Related Summits in Thailand, noting that Vietnam has taken over the ASEAN Chairmanship for 2020 from Thailand.

The country welcomed more than 1.6 million international tourists last month. In the January-October period, the number of foreign visitors to Vietnam grew 13% over the year-ago period.

Thus, the country will take on the role of the ASEAN chairman and become a non-permanent member of the United Nations Security Council next year.

According to a report by the Ministry of Planning and Investment, domestic production, business, import and export and retail sales are expected to increase sharply during the rest of the year. In case of favorable conditions, Vietnam's economic growth may exceed 6.8%.

PM Phuc said the ASEAN region had reached a strong consensus on the regional situation, especially in the East Sea in line with the 1982 United Nations Convention on the Law of the Sea, and the maintenance of peace, security, safety and freedom of overflight and navigation in the East Sea.

4. HSBC confirms Vietnam’s positive outlook

The global survey, which polled 9,131 businesses in 35 markets, found that nearly all Vietnamese businesses (97%) believe their sales will grow over the next year; significantly higher than the global and Asia-Pacific averages of 79% and 77%, respectively.

Some 39% of businesses in Vietnam are classified as “high-growth firms,” meaning they foresee achieving at least 15% growth over the next year, nearly double the number of high-growth businesses globally (22%). The mid-term view in Vietnam is even brighter with 100% of firms expecting sales to grow over the next five years.

“From an international trade perspective, Vietnam is one of the most optimistic countries globally and justifiably so,” said Tim Evans, chief executive officer at HSBC Vietnam.

Evans noted that the domestic economy is in a good place, growing to a 10-year high of 7.1% in 2018 and bolstered by the continued strong momentum in 2019 with third-quarter growth reaching 7.31%.

“Middle-class income and consumption are increasing and the manufacturing sector continues to go from strength to strength, while the service sector is providing additional positive impetus to strong underlying economic growth. Vietnam remains well-poised to make substantial gains from international trade in the years ahead,” he added.

Investing in innovation and sustainability

The survey found that Vietnamese firms also see beyond the bottom line when it comes to the positive effects of international trade. Over the next five years, 98% believe it will drive innovation, compared with 80% globally, while 96% suggest it will provide new business opportunities (79% globally) and 95% believe it will improve efficiency (78% globally).

More than one-third of firms surveyed (32%) are already exploring digital technologies to enhance

their supply chains to accelerate their speed to market and to move closer to the end consumer.

As the shortage of skilled labor continues to be a deterrent for foreign investors, businesses in Vietnam are improving the quality of their products and services and investing in new skills among their workforce.

Vietnamese companies are also increasingly recognizing the importance of sustainability as a factor that drives the long-term viability of their business and as a way to attract and retain talent.

More companies in Vietnam (28%) believe their expected sales growth will be supported by making their business sustainable than any of the 35 markets surveyed in the Navigator report.

Global partnerships unlock new opportunities

Over the last three years, businesses in Vietnam have become more aware of the global emergence of protectionism. More than four-fifths (87%) of those surveyed say governments are becoming more protective of domestic businesses, compared with 78% last year and 67% the year before.

However, like many companies around the world, 72% of Vietnamese firms believe they are gaining more than they are losing as a result of protectionism, compared with 57% globally and 56% in the Asia-Pacific region.

Only one in 10 complain that they are losing more than they gain, lower than their peers globally and in the Asia-Pacific region at 16% and 17%, respectively.

“Vietnamese firms are increasingly aware of how international trade will help shape the country’s future, making Vietnam more integrated with the global economy, more advanced from a technology perspective and, overall, an even more dynamic economy,” remarked Evans.

To counter geopolitical risks and protectionism, businesses are seeking out joint ventures and

taking more of their business online. Sourcing locally and securing a supply of raw materials and

energy are also mitigating factors, according to the report.

5. Majority of Hong Kong firms choose Vietnam as first destination in Southeast Asia

More than 70 percent of businesses from Hong Kong (China) have selected Vietnam as the first destination in the Southeast Asian region to open factories, according to a recent survey by Hong Kong Productivity Council (HKPC).

consideration when choosing places to put their production lines or factories is political stability, followed by tax incentives and operation costs.

The next countries are Cambodia and Myanmar, said the respondents, adding that their first

According to the survey, most Hong Kong firms plan to produce electronic products, garment-textile and toys in Vietnam./.

6. Israeli firms explore business opportunities in Vietnam

Some 35 Israeli companies explored business and investment opportunities in Vietnam during a seminar co-held by the Vietnamese Trade Office and Israel-based accounting and consulting firm BDO in Tel Aviv on November 5.

incentives and how the Vietnamese government will assist Israeli companies in seeking and getting in touch with Vietnamese manufacturers of products they want to import.

The firms included manufacturers, investors and importers of various products, ranging from foods, consumer goods, to clothing, electronics, furniture and construction materials.

Others shared experiences in doing business with their Vietnamese partners, saying the two sides still have plenty of room for cooperation.

Opening the event, Vietnam Desk Manager of BDO Israel Einat Halevy Levin provided attendees with an outlook of the Vietnamese market, saying the seminar is a good chance for Israeli firms to explore and get updates about business opportunities in Vietnam.

Latest statistics indicated in the first nine months of 2019, the Vietnam – Israel trade exceeded 790 million USD, with Vietnam enjoying a trade surplus of approximately 410 million USD.

Vietnamese trade counsellor Le Thai Hoa, for his part, gave an overview of Vietnam's economy, the Free Trade Agreements the country has joined or is negotiating, its business climate and investment support policies.

Vietnam's exports to Israel are likely to hit over 800 million USD this year while imports from Israel are estimated at about 260 million USD.

Representatives of some Israeli companies said they wish to learn about Vietnam's investment

In the first three quarters, Israel exported 39.26 billion USD worth of goods and services, including raw and polished diamonds, a year-on-year decrease of 3.47 percent. The country's imports slightly increased to 56.65 billion USD. Its trade deficit grew 10.2 percent year on year to 17.39 billion USD./.

7. Exports of leather and footwear likely to reach US\$21.5 billion this year

During the first ten months of 2019, the output of leather shoes stood at an estimated 246.4 million pairs, representing a year-on-year increase of 8.6 per cent with export turnover reaching US\$14.6 billion, a 11.2 per cent on-year rise.

Most notably, the signing of a number of free trade agreements (FTAs) such as the EU-Vietnam Free Trade Agreement, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has served to create greater

opportunities for the nation's leather and footwear industry. These FTAs have helped to make Vietnam a more attractive destination for investment, as well as boosting exports to the EU market and CPTPP signatories.

Following its implementation earlier this year, the CPTPP has helped the footwear industry to

expand into new markets such as Mexico and Canada.

Leather and footwear exports have been experiencing steady growth, with many positive signs present for the remainder of 2019 and future years as the country maintains its competitive advantages in traditional markets.

Corporate News

8. HPX: Resolutions of the Board of Directors

↑ 0.00%

Hai Phat Investment Joint Stock Company announces main contents of the resolutions of the Board of Directors as follows:

Board Resolution No.61 dated November 04, 2019:

The Board of Directors approved the policy on the selection of Chau Son Real Estate One-member

Limited Company to be the firm receiving the transfer of the real estate products of Hai Phat Investment Joint Stock Company.

Board Resolution No.61 dated November 04, 2019:

The Board of Directors approved the policy on the capital increase at Chau Son Real Estate One-member Limited Company.

9. VRE: Information on purchasing the treasury shares

↓ -1.26%

On November 04, 2019, Vincom Retail Joint Stock Company announces the purchase of treasury shares as follows:

- Number of treasury shares before trading: 0 share

- Number of shares registered to buy: 56,500,000 shares

- Purpose: to protect shareholders' interest

- Expected trading period: from November 14, 2019 to December 13, 2019

- Trading method: order matching or put through.

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