



VIETNAM DAILY NEWS

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Market Analysis

1. Bank stocks push markets up

Shares rebounded on Tuesday, fueled by banking stocks.

The benchmark VN-Index on the Ho Chi Minh Stock Exchange gained 0.32 per cent to close at 958.88 points.

More than 181.6 million shares were traded on the southern bourse, worth VND3.7 trillion (US\$159.2 million).

The index lost 0.97 per cent to close Monday at 955.79 points.

Market breath was neutral with 161 stocks declining and 169 gaining, while 57 ended flat.

According to Ha Noi-Sai Gon Securities Co, Tuesday's trading liquidity remained at a low level and the trend would continue in following sessions as investors slowed down ahead of Tet (Lunar New Year).

"On Wednesday, the VN-Index might continue to struggle, hovering around the 950-970 point range," SHS said in its daily report.

Bank stocks performed well and supported the indices, with gainers including Bank for Investment and Development of Viet Nam (BID) (2 per cent), Vietcombank (0.3 per cent), Techcombank (0.7 per cent) and Vietinbank (1.6 per cent).

Other pillars stock also advanced and boosted the market, including Vinhomes (VHM) (0.5 per cent), Vinamilk (VNM) (0.9 per cent), Vingroup (VIC) (0.2 per cent), Vincom Retail (VRE) (0.9 per cent), Masan Group (MSN) (0.4 per cent) and Sabeco (SAB) (0.1 per cent).

Oil and gas groups corrected after gaining for the previous two sessions, and decliners included PetroVietnam Technical Services Corporation (PVS) (1.1 per cent), PVPower (POW) (0.9 per cent), PetroVietnam Drilling and Well Services Corporation (PVD) (1.3 per cent), Binh Son Refining and Petrochemical Company (BSR) (1.2 per cent), Drilling Mud Joint Stock Corporation (PVC) (2.9 per cent) and PetroVietnam Coating JSC (PVB) (1.1 per cent).

On a sector basis, 10 of the 25 sectors on the market declined, including healthcare, oil and gas, agriculture, plastic and chemicals and logistics.

On the opposite direction, wholesale, insurance, real estate, securities, information and technology, retail, banking, agriculture, seafood processing and food and beverage all increased.

On the Ha Noi Stock Exchange, the HNX-Index increased 0.18 per cent to end at 101.42 points.

Nearly 29.3 million shares were traded on the northern market, worth VND275.6 billion.

Foreign investors net sold VND 60.28 billion on the HOSE, including Vietcombank (VCB) (VND54.31 billion), Hoa Phat Group (HPG) (VND22.28 billion) and Viet Nam National Petroleum Group (PLX) (VND10.05 billion). They were net sellers on the HNX with a value of VND7.64 billion.

According to Bao Viet Securities Co, the VN-Index was forecast to approach the resistance zone of 961-963 points during the next session.

"We believe that the market is starting to accumulate in the range of 953-963 points. The market is expected to experience a wide divergence among sectors," BVSC said.

Macro & Policies

2. Steel sector faces troubles in 2019

Last year, low-cost steel imports from China, India, Japan and Russia to the Vietnamese market surged, causing difficulties for local steel firms' production and business operations, Sai Gon Giai Phong newspaper reported.

Specifically, more than five million tons of steel from China and two million tons from India and Japan, worth some US\$10 billion, was imported by Vietnam.

Meanwhile, the country's steel exports plummeted by over 50% in both volume and value. The local consumption of steel products was also poor.

According to enterprises, the lower sales of steel products resulted from the competition of imported products and importing countries' increasing protectionism efforts.

In addition, banks have tightened control over credit for the real estate sector, hindering the progress of projects and directly affecting the sales of steel products.

To stabilize local steel enterprises' production, banks should reduce lending rates for these firms, stated a representative of the Vietnam Steel Association (VSA).

Strong trade remedies are also needed to prevent low-quality steel imports from flooding the domestic market.

Local steel producers faced still more difficulties as the U.S. Department of Commerce has imposed duties of up to 456% on corrosion-resistant and cold-rolled steel produced in Vietnam using a substrate of South Korean or Taiwanese origin.

The VSA representative noted that after the U.S. Department of Commerce launched its investigation in August 2018, the association worked with lawyers in the United States and Vietnam and export enterprises to gather the required information and asked local producers to coordinate closely with U.S. investigators.

The association had also proposed the Trade Remedies Authority of Vietnam, under the Ministry of Industry and Trade, work with the U.S. Department of Commerce, suggesting the department create favorable conditions for Vietnamese enterprises to prove the origins of materials used in their products to protect their legitimate interests.

According to the VSA, many local steel producers have built their production and business plans after being subject to heavy duties by the United States, including prioritizing the use of locally made materials rather than imported ones and improving their governance systems.

The VSA has asked local steel firms to increase their competitiveness by applying advanced technology and using locally produced materials or those from Japan, Brazil, Austria and Belgium to reduce risks.

3. Gov't Office chief wants business costs lowered

The meeting was aimed at seeking ways to improve quantitative indicators on regulations for starting a business and getting electricity under the World Bank Group's Doing Business 2020 study, reported the Vietnam News Agency.

According to the report, Vietnam ranked 115th out of the 190 economies in terms of starting a business, down 11 notches from 2018.

Local startups are required to go through eight procedures. The first procedure is to check the proposed company name, obtain certificates of business and tax registration and publish the registration contents on the National Business Registration Portal.

Other procedures include making a company seal; submitting an online notification of the seal sample; opening a bank account; approving preprinted value-added tax invoices with a municipal taxation

department; paying the business license tax; registering with the local labor office to declare the use of labor; and registering employees with the Social Insurance Fund for the payment of health insurance and social insurance.

The report indicates it is possible for startup entrepreneurs to apply for registration online, but a follow-up with hard copies is required in this case. Also, online applications may take longer in practice, especially if there were any issues with documentation. Therefore, most founders prefer to apply for registration in person.

The 2014 Business Law allows businesses to decide on the number, form and content of their seals. However, entrepreneurs must submit an online notification of the seal sample to their business registration offices.

A copy of the notification on the use of the seal and an enterprise registration certificate have become a compulsory part of the application as commercial banks ask startups to open their accounts.

National databases on enterprises, social insurance and labor have yet to be integrated. The situation caused overlaps in information provision requirements among regulatory agencies, making it difficult to reduce the number of business procedures.

Minister Dung told the meeting that Prime Minister Nguyen Xuan Phuc had called for measures to enhance the national business climate and competitiveness.

He cited the latest edition of Doing Business as saying that among the 190 economies, Vietnam secured the 70th spot on the Ease of Doing Business ranking, dropping one notch compared with a year ago. In this regard, the country was ranked first in the Association of Southeast Asian nations.

However, Vietnam's indicator on starting a business was down 11 places against 2018. The Government's second resolution for 2020 targets improving the indicator by 10-15 places this year, he continued.

He remarked that a single ministry could make good reforms in its field, but collaboration with other ministries has yet to meet expectations. He demanded a rapid transformation from paper-based procedures to electronic ones.

Also, he called for improved progress on electronic invoices, epayments and single sign-on practices. Authorities should work together to reduce the number of business registration procedures from the current eight to four, which will help reduce time and costs for businesses.

Lan Anh, a representative of the World Bank in Vietnam, said that a major recommendation of the global lender in its Doing Business 2020 study is to integrate procedures onto a single portal, which would help entrepreneurs avoid travelling to and working with regulatory agencies separately.

She added that merging steps for labor and social insurance registration with the portals on tax code provisions and business registration would mean significant reform progress.

4. Vietnam's AI development eyes breakthrough technology

AI is among the technologies that receive attention at present and the representatives of the Fourth Industrial Revolution (Industry 4.0).

In the context of development and international integration, along with the fast growth of Industry 4.0, Vietnam has been focusing on the development of artificial intelligence (AI) – a spearhead projected to become the most breakthrough technology in the next 10 years.

Initial products

Even though AI just made appearance in Vietnam in recent years, especially after the country became aware of Industry 4.0, local companies have quickly caught up with the AI trend with their products.

Despite difficulties in both fundraising and human resources, strong investment by Vietnamese firms manifests their passion for AI development to

affirm the position of Vietnam in the world's technology sector.

In Vietnam, AI has been used in apps like facial recognition camera, virtual assistants in smart phone, self-driving vehicles, nano robot developed by FPT, Zalo Brain and Zalo Assistant of VNG, among others.

Of note, AI is a new wave which promises complete change for businesses engaging in the field as well as the country's economy. Vietnam's tech firms now all go for AI research, development and application for their products.

One of the prominent achievements of engineers and scientists of Zalo AI in the year was Ki-ki virtual assistant. What distinguishes Ki-ki from other AI products developed by world's tech firms is its ability to recognise Vietnamese people's voice and respond in dialects of the country's three regions naturally.

Viettel is also among the Vietnamese firms investing in AI. The telecommunication company recently set up a cyberspace centre (VTCC), with AI being a focus in its research. VTCC.AI is working on speech recognition and language processing in Vietnamese.

A number of apps with AI developed by Vietnamese were highly regarded in the international market. ELSA was a product of Vietnamese start-ups which received great attention in the last three years. The app, voted as among the top five AI apps globally, was to help users practice English pronunciation developed by Van Dinh Hong Vu.

Other aspects of life such as traffic, education and health care could enjoy improvements with AI.

No minor challenge

Although AI is an inevitable trend and boasts huge potential, Vietnam is facing many challenges to develop this field, according to Deputy Minister of Science and Technology Bui The Duy.

Compared to countries with leading AI technology like Japan and European nations, Vietnam is far behind while research groups in information technology have yet to team up to create an AI core product. Many AI communities have been formed, mostly by the private sector.

Duy stressed that AI development could succeed only with the combination of human power and data, therefore domestic businesses need to carry out data-sharing for joint development.

Vietnam must devise a suitable national AI development strategy which identifies the size of the country's AI market and build policies to create driving forces for the market.

Breakthrough technological sector

At the AI4VN in September, Minister of Planning and Investment Nguyen Chi Dung noted that the AI sector reported a growth of more than 70 percent in 2018 compared to the previous year, equivalent to 200 billion USD.

AI is likely to become an outstanding breakthrough technology 10 years later.

He added that to bolster the sector's development, the Government has assigned the Ministry of Planning and Investment to build a national strategy on Industry 4.0. The draft strategy is being completed and AI is one of the priorities.

Human resources development will be a top priority, particularly training quality improvement for tertiary education, establishment of training centres on Industry 4.0, incentives for technology application and innovation of businesses and investment and research via funds and innovation centres.

The ministry has launched various activities to support AI start-ups and companies and sought funding from international and domestic sources./.

5. HCM City sets development goals for 2020

This year, Ho Chi Minh City will continue to restructure the economy, improve competitiveness and labour productivity, and meet the city's State budget target as set by the Government.

Speaking at a meeting on January 6, Nguyen Thanh Phong, Chairman of the municipal People's Committee, said the city last year maintained strong growth and would continue this year to implement major projects, including the smart city plan and the creative urban area in the city's eastern part (Districts 2 and 9).

A pilot project to develop an urban administrative model for more efficient governance will also be launched, he said.

The city will also focus on significant problems such as traffic congestion, traffic accidents, flooding, and environmental pollution, as well as climate-change adaptation and training of high-quality human resources, he added.

Last year, most of the city's key economic sectors, especially the service sector, grew significantly compared to 2018, he said. "The city also managed to resolve complaints of residents in many areas."

The city's labour productivity in 2019 was nearly three times that of the whole country (299.8 million VND per person, an increase of 6.8 percent over 2018), Phong said, adding that the city's budget revenue exceeded 3.3 percent of the target for the year.

In addition, the implementation of National Assembly's Resolution 54, which gives more autonomy to the city to speed up development, saw positive results in 2019.

The city's gross regional domestic product (GRDP) in 2019 reached more than 1.34 quadrillion VND, an 8.32 percent increase year-on-year, he added.

HCM City has set a target of achieving a growth rate of 8.5 percent for GRDP in 2020, with total private investment accounting for 35 percent of GRDP.

This year, the city also aims to create 44,000 new businesses, creating 135,000 new jobs.

The total number of international visitors to the city reached 8.5 million in 2019, a year-on-year increase of 14 percent with sales up by 14.5 percent over 2018, according to Phong.

In addition, the city in 2019 attracted 8.3 billion USD worth of foreign investment.

The city has also set a target in 2020 to achieve 100 percent of budget revenue set by the Government, which is one of its major goals for this year.

Also speaking at the meeting, Le Ngoc Thuy Trang, Deputy Director of the city's Department of Finance, said the Government this year set a target of budget revenue collection for the city of 405.8 trillion VND (17.55 billion USD), up 1.68 percent compared to 2019, accounting for 26.5 percent of the country's total budget revenue.

Of the figure, domestic budget revenue would be 278.6 trillion VND, up 2.3 percent compared to the estimate in 2019.

To achieve the goal, the city will improve corporate financial management, accelerate the equitisation and divestment of SOEs, and closely monitor tax collection from enterprises.

The city will also use the revenue from the transfer of land-use rights as well as transfer of State-owned houses and land.

It will also focus on recovering and auctioning the land that investors have not used to prevent wastefulness.

According to Trang, to improve the use of the State budget, the city needs to restructure the operation of State-owned enterprises and call for more private investment.

Trang proposed that the city review all investment projects and focus on urgent projects, which should be submitted to the city People's Committee to arrange for capital.

The city will also focus on accelerating the progress of ODA (official development assistance) projects in the city./.

6. Private firms to be highlight of economy in long term: forum

Despite many difficulties and challenges, the growth of private businesses will be the highlight of Vietnam's economy in the long term, heard a forum in Ho Chi Minh City on January 6.

The Investment and Business Development Forum was held by the Vietnam Association of Business Development Services Organisations and e-magazine BizLIVE.vn.

Participants shared the view that private firms should be more active to help the economy overcome challenges and adapt to international standards.

They said the Government is planning to set up a special working group to deal with overlapping business-related regulations, which could be a breakthrough step in improving the investment and business climate in 2020.

Ministries and sectors are also working hard to address obstacles to public investment, thus boosting the disbursement of public funds and stimulating private capital flow, they noted.

Economic expert Tran Du Lich, member of the Prime Minister's economic advisory group, said Vietnam's economy at present is better than five years ago. The factors that used to cause macro-economic uncertainties like the banking sector have now become very stable.

However, he also pointed out that there remain numerous challenges facing the economy.

Taking businesses' access to capital as an example, Lich said five years ago, many companies complained about capital shortages, and that remains an issue today. The economy doesn't lack capital, but the problem is that companies are unable to access it.

The longer such bottlenecks exist, the more difficult it is to handle them, he said, voicing his hope that the economy will develop at a higher level in the next 10 years, provided institutions and resources are promoted.

Chairman of the Vietnam Chamber of Commerce and Industry (VCCI) Vu Tien Loc said 2020 will be another year full of difficulties and challenges for the economy due to the global growth slowdown. The size of the Vietnamese economy has expanded fast, but its health still has problems.

He cited statistics as showing that like in previous years, the processing – manufacturing remained the “star” of the economy in 2019, but its unsold inventory was also high. Many businesses did not report a profit while exports to most markets declined and were still dominated by foreign invested firms.

Although the business environment has much improved, it has yet to meet expectations. Vietnam's business climate currently ranks fifth in ASEAN, but there is still a long way to go to reach the target of entering the top four, Loc added./.

7. Core inflation forecast at 2.5% this year

The deputy prime minister also ordered the central bank to continue applying monetary policy in an active, cautious and flexible manner and combine it with other fiscal and macroeconomic policies to control inflation, according to a notice on a conclusion by Deputy PM Dung at a meeting issued by the Government Office.

The notice stated that the 2019 consumer price index (CPI) averaged out at 2.7%-2.8% over 2018,

well above the target of 4% set by the National Assembly (NA) and the Government in early 2019.

The inflation over the past four years was kept under control, contributing to socioeconomic growth and stabilizing the macroeconomy.

The deputy prime minister asked the relevant agencies to continue these achievements and their

assignments and to enhance price management and monitoring in 2020 and the following years.

At the eighth sitting of the NA, the assembly set a gross domestic product growth target of 6.8% for 2020, while the CPI must be kept below 4%.

To fulfill these targets, Deputy PM Hue told the relevant agencies not to adjust the prices of certain products set by the State in the first and fourth quarters of the year and to foster the market stabilization program during Tet as part of preparations for the Lunar New Year 2020.

Besides this, Deputy PM Hue also told the relevant agencies to keep a close watch on the supply and demand of the local market and to adopt effective

measures to bring the prices of many items, mainly essential goods, in the weeks around the Tet holiday under control.

The ministries of Industry and Trade and of Agriculture and Rural Development were also asked to ensure the production and distribution of goods run smoothly to serve the local and global markets.

Inspections to ensure compliance with regulations on prices should be enhanced, said Deputy PM Hue.

Apart from this, the deputy prime minister also told the relevant agencies to map out scenarios to cope with a potential price hike for various items and services during Tet.

Corporate News

8. EIB: Change of Trading Office Address

↓ -0.29%

Vietnam Export Import Commercial Joint Stock Bank disclosed the change of Vietnam Export Import Commercial Joint Stock Bank - Da Nang branch – Thanh Khe trading office address as follows:

- Old address: 203 Ong Ich Khiem street, Thach Thang ward, Hai Chau district, Da Nang city.

- New address: 278-280 Xo Viet Nghe Tinh street, Khue Trung ward, Cam Le district, Da Nang city.

9. VPB: Record date to collect shareholders' opinion

↑ 2.01%

On January 03, 2020, the Hochiminh Stock Exchange issued Announcement No.07/TB-SGDHCM about the record date of VietNam Prosperity Joint Stock Commercial Bank as follows:

- Ex-right date: January 15, 2020

- Record date: January 16, 2020

Reason & purpose: to collect shareholders' opinion in writing.

Content:

- Exercise ratio: 01 share – 01 voting right

- Meeting time: expected from January 20, 2020 to February 03, 2020

- Meeting venue: VPBank Building, 89 Lang Ha, Dong Da, Hanoi.

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